



TESTIMONY BEFORE THE US DEVELOPMENT FINANCE CORPORATION
Public Hearing June 3, 2020

By George Ingram, Chair of Friends of Publish What You Fund, and Sally Paxton, US
Representative to Publish What You Fund

On behalf of Publish What You Fund, the global campaign for aid transparency, and Friends of Publish What You Fund, the US-based sister organization, we submit the following testimony to the US Development Finance Corporation (DFC).

From the early days of authorizing [the BUILD Act](#) through the transition to opening this new agency, the DFC has set ambitious and laudable goals. It has put “development” at the core of its mission. It has committed to investing 60% of its portfolio in low- and low-middle income countries. Prior to passage of the legislation, its leadership committed that the DFC would set the “gold standard” for transparency. Before its doors even opened, the transition team worked in an open and consultative way with a range of stakeholders. This was especially true in the efforts to develop a new impact measurement tool, the Impact Quotient (IQ), to guide both investment decisions and subsequent measurement of a project’s development impact.

The commitment to transparency is essential. Particularly when public money is involved, transparency provides a necessary level of accountability. To what extent, for example, is it

possible to measure whether the use of public funds has actually mobilized more or better private resources? Are there improved development outcomes? Has the investment introduced a new business activity that advances development in a business sector or brought in a more developmentally impactful approach to business? Has it created more jobs than would have happened without the public funding?

Ensuring that information on a project's rationale and subsequent development impact are publicly disclosed has a number of benefits. In addition to accountability, it allows for learnings to be shared both within the DFC and across the range of other DFIs and development stakeholders. What worked? What did not? What can we improve? It will also allow the DFC to make the case for continued and possibly increased public support and provides policymakers with better information to make more informed decisions.

In addition to these commitments, the BUILD Act includes some new requirements for transparency:

- The BUILD Act requires that the DFC publish project level information—a change from OPIC's mandate. Consistent with other development agencies, this information should include basic information, financial data, objectives, and development impact results. See [here](#) for more detail.
- The Foreign Aid Transparency and Accountability Act (FATAA) and the International Aid Transparency Initiative (IATI) further define the kind of information that the DFC should

provide, both at the organization level and the project level. Under FATAA, this information needs to be published quarterly. Although OPIC had been covered by OMB Bulletin 12-01, which mandates the publication of detailed aid information, the data is incomplete.

We recognize that the DFC is still being stood up and that there are a number of organizational issues, such as staffing and operating methods, that are still in the process of being addressed. In addition, the role of the DFC as part of the US response to the COVID-19 pandemic has put an extra strain on its capacity. We would request, however, that the transparency not be unduly delayed and hope that it can be prioritized going forward.

In view of the above, we would appreciate understanding the following:

1. When will the IQ be finalized and released? What specific parts of the IQ for each project will be disclosed and at what point in the life of the investment?
2. When will the DFC start publishing its project level information according to the BUILD Act and FATAA? What specific information will be published?

Although full transparency for traditional aid has become the norm, disclosure from DFIs – especially the private sector arms – is complicated by issues of commercial confidentiality. However, as our development finance institutions grow in size and as public money is blended more with private sources, finding a balance between disclosure and protecting legitimate

commercial information is critical. Recognizing the growing role of DFIs and their potential to help achieve our global development goals, Publish What You Fund is undertaking a 2 ½ year [DFI Transparency Initiative](#). Using an evidence-based, multi-stakeholder approach – including working with the leading multi-lateral and bilateral DFIs – we are taking a deep look at the operations and disclosures of DFIs. Our objectives are to:

- Better understand the interplay between transparency and impactful investment
- Identify and highlight good and innovative practices
- Develop ambitious and actionable transparency recommendations for DFIs
- Identify potential public goods that could support increased transparency
- Advocate for the adoption of transparency recommendations

Our first work stream on basic information is just concluding and our second on theories of change, objectives, and development impact is getting under way. It is our hope that the DFC will join us in this work and help to shape the future of DFI transparency.

George Ingram

Chair, Friends of Publish What You Fund

4112 Military Road, NW

Washington DC, 2015

202-330-2278

Gmingram4@gmail.com

Sally Paxton

US Representative, Publish What You Fund

4112 Military Road, NW

Washington DC, 20015

202-486-2050

Sally.Paxton@publishwhatyoufund.org