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- 5.0 Objectives: (1) to ensure that **Project Affected People** are informed and consulted during project preparation and implementation; and (2) to enhance transparency and accountability related to DFC's environmental and social management.
- 5.1 Scope of Application: The requirements contained within this section apply to all projects supported through DFC insurance, reinsurance, direct loans, or investment guaranties, including support through **Financial Intermediaries**.

### DFC Roles and Responsibilities

- 5.2 DFC makes information available concerning its activities to enable **Applicants** and **Stakeholders**, including **Project Affected People** and members of the interested public. Institutional information that is made available on DFC's web site includes annual reports, audited financial statements, program handbooks, Board resolutions, claims determinations, arbitral awards, bilateral agreements and annual **Greenhouse Gas** accounting for DFC's portfolio.
- 5.3 Although disclosure of project-related information is primarily the responsibility of **Applicants**, DFC is committed to making non-confidential project-specific information available to enhance transparency and accountability and to foster good governance. Project-related information that is posted on the DFC web site includes project summaries, summaries of DFC environmental and social site-monitoring reports, DFC's active portfolio list and portfolio company investments of DFC-supported investment funds. Notwithstanding this commitment, DFC may withhold records or portions of records that are exempted from public disclosure under the Freedom of Information Act (FOIA). Additional information on DFC's FOIA implementing regulation is available at <https://www.dfc.gov/foia>
- 5.4 DFC provides advance notice and information about potential projects to be voted on by DFC's Board of Directors. Information summaries on projects to be voted on by the DFC Board are made public at least 15 days in advance of the Board meeting. The summaries include the following environmental and social information as appropriate to the nature and scale of a project and commensurate with the potential environmental and social risks and impacts:
- Rationale for screening category;
  - Environmental and social standards used in the project assessment;
  - Description of the major environmental and social risks and impacts of the **Project**;
  - Key measures required to mitigate environmental and social risks to acceptable levels;
  - Description of action(s) required to achieve conformance with the environmental and social standards used in project assessment;
  - Information related to DFC environmental and social site monitoring visits; and
  - Description of the **Applicant's** consultation with **Project Affected People**.

- 5.5 DFC provides advance notice and information on Category A projects, whether subject to Board approval or not, to ensure that interested parties have sufficient information to meaningfully contribute to the DFC decision-making process. **ESIAs** and **Baseline Audits** required for Category A projects are made public on DFC's web site for a designated comment period of not less than 60 days before DFC makes a decision on whether to support a project. Acceptance of a document for disclosure does not imply project approval. Public comment on the projects are invited and considered by DFC in advance of any decision on a project. No application for a Category A project may be approved without this public disclosure and opportunity for comment. At the same time the **Applicant's ESIA** or **Baseline Audit** is released for public comment, DFC posts on its web site an initial project summary. The initial project summaries identify the rationale for designating the project as Category A, environmental and social standards to be used in project assessment and the location for local access to environmental and social project information.
- 5.6 Comments received on projects, including any comments received during public hearings, as well as DFC management's response to those comments, will be posted on DFC's web site at least 7 days prior to presenting a project for approval.
- 5.7 For those projects with the potential for significant adverse impacts on **Project Affected People**, DFC will confirm prior to project approval that: (1) the **Applicant** has engaged the affected groups and communities as required under Performance Standard 1 and (2) there is **Broad Community Support** for the **Project**.
- 5.8 DFC also prepares and discloses project summaries which contain environmental and social information related to non-Category A, non-Board projects. These project summaries are posted on DFC's web site for a period of not less than 30 days prior to execution of the **DFC Agreement**.
- 5.9 An **Applicant's ESIA** or **Baseline Audit** submitted for disclosure often does not contain all of the final negotiated commitments made by an **Applicant** to mitigate or remediate environmental and social risks and impacts. The final **ESAP** or final **Remediation Plan** for Category A projects is made public on DFC's web site following DFC acceptance.
- 5.10 DFC requires **Applicants** to conduct and certify that they have conducted third-party audits for all Category A projects. Third-party auditors must supply certifications that the audit has been completed and that the Category A projects are in compliance with all environmental and social conditions contained within the **DFC Agreement**. The auditor certification and a publically releasable summary of audit findings is made public on the DFC web site.
- 5.11 DFC is required to notify host country governments of any environmentally sensitive investment considered for support. This notification is required to identify guidelines and other standards of international organizations relating to public health, safety or the environment that are applicable to the **Project** and, to the maximum extent practicable, any restriction related to public health or safety that would apply to the project if it were undertaken in the United States. This requirement applies to all proposed investment support screened as Category A. All **Host Country Notifications** are made public on DFC's website.
- 5.12 DFC is committed to disseminating information that meets its standards for objectivity, integrity and utility in accordance with its Information Quality Guidelines.

5.13 DFC has established an Office of Accountability to assess and review complaints about DFC-supported projects. The Office of Accountability gives local communities, which may be materially, directly and adversely affected by DFC-supported projects, a means through which complaints may be raised. The Office of Accountability's mandate is to deliver problem-solving and compliance review services in a manner that is fair, objective and transparent, thereby enhancing DFC's mission effectiveness. Requests for assistance should be directed to

Director, Office of Accountability  
1100 New York Ave., NW  
Washington DC 20527  
Tel. 1-202-357-3910  
Fax 1-202-408-5133  
E-mail: [accountability@DFC.gov](mailto:accountability@DFC.gov)

## Applicant Roles and Responsibilities

5.14 **Applicants** must meet the requirements of the **Performance Standards**, and host country laws, regulations and standards related to public consultation and disclosure of information. In order to more effectively manage risks and impacts of projects, all **Applicants** are required to engage **Project Affected People** through (1) disclosure of information, (2) **Meaningful Consultation** and (3) the development and implementation of systems for responding to complaints and grievances commensurate to the level of social risk. The nature, frequency and level of effort of this engagement will be commensurate with the project's risks and impacts and the project's phase of development. Costs associated with translation, dissemination of information and consultation are the responsibility of the **Applicant**.

5.15 **Applicants** are required to disclose to **Project Affected People** DFC's potential participation in a proposed investment.

5.16 For projects with the potential for significant adverse impacts on **Project Affected People**, **Applicants** are required to (1) engage the affected groups and communities as required under **Performance Standard 1** and (2) demonstrate that there is **Broad Community Support** for the **Project**. For projects involving impacts to Indigenous People or Cultural Heritage, Applicants are required to comply with the additional consultation and disclosure requirements identified in Performance Standards 5, 7 and 8.

5.17 If the **Project** is screened as Category A, **Applicants** are required to submit an **ESIA** (and for existing projects a **Baseline Audit**) for public disclosure on the DFC web site. **ESIAs** and **Baseline Audits** submitted for public disclosure must be in English or accompanied by an English-language translation. The **ESIAs** and **Baseline Audits** must adequately describe potential risks and proposed mitigation measures and include a draft **ESAP**, draft **Remediation Plan** (if required) and **Stakeholder** engagement plan (See paragraph 5.19). At a minimum, the **Applicant** is required to provide a local language translation of the executive summary of the **ESIA** (and **Baseline Audit**) and make the summary available to **Project Affected People** in a format that is readily understandable and tailored to meet the information needs of **Project Affected People**. The translated summary should be distributed by means that

take into account the ability of **Project Affected People** to receive, address and effectively comment on the content. DFC also discloses this summary on its web site.

- 5.18 Projects are required to develop and implement a **Stakeholder** engagement plan tailored to project risks and impacts in accordance with the requirements of **Performance Standard 1**. The **Stakeholder** engagement plan is required to be included as part of the document(s) submitted to DFC for disclosure under Paragraph 5.5 of this policy.
- 5.19 **Applicants** are required to provide periodic reports (at least annually) to **Project Affected People** concerning (1) implementation of any **ESAP** and **Remediation Plan** and (2) issues that have been identified as of concern to those **Project Affected People**. Any material changes to the project design, management systems or mitigation measures will also be communicated to **Project Affected People**. All reports must be in a language and format accessible to the **Project Affected People**.
- 5.20 Prior to DFC's issuance of approval for a project that significantly involves an **Extractive Industry** and where DFC's support to the project is valued at \$10 million or more (including contingent liability) (1) **Applicants** must agree to implement Extractive Industry Transparency Initiative (EITI) principles and criteria, or substantially similar principles and criteria related to the **Project**; and (2) the host country where the project is to be carried out must have committed to EITI principles and criteria or substantially similar principles and criteria or be taking the necessary steps to establish functioning systems. DFC may approve an **Extractive Industry** project if the host country does not meet the requirements of this paragraph only if DFC determines that it is in the foreign policy interest of the United States to provide support to the **Project** and the host country does not prevent the **Applicant** from meeting the disclosure requirements of (1) above.

## 6. CONDITIONS AND COMPLIANCE

- 6.0 Objectives: (1) to establish specific requirements for environmental and social performance in **DFC Agreements**; (2) to define remedies in the event performance requirements are not met.
- 6.1 Scope of Application: The requirements contained within this section apply to all projects supported through DFC insurance, reinsurance, direct loans, or investment guaranties, including support through **Financial Intermediaries**.

### DFC Roles and Responsibilities

- 6.2 DFC reviews information provided by the **Applicant** with respect to baseline environmental and social conditions, technical design, operating performance, mitigation measures and residual impacts of projects. Based on this information, DFC develops appropriate undertakings (covenants) required of the **Applicant**, which are included in the **DFC Agreement**. The terms of the covenants take into account, among other things, the level of project control which the **Applicant** will have regarding compliance with DFC standards and the **Applicant's** role in the **Project**. The covenants remain in effect during the term of the **DFC Agreement**. The coverage of the covenants includes (1) compliance with all applicable **Performance Standards, Industry Sector Guidelines, Internationally Recognized Worker Rights**, host country laws, regulations, and standards, including host country obligations under international law, and any supplemental standards identified by DFC; (2) mitigation commitments, including those contained within any required **ESAP** or **Remediation Plan**; (3) notification and reporting requirements, including the format for annual reports based on DFC-approved monitoring methodology; and (4) on-going **Stakeholder** engagement and reporting requirements.
- 6.3 All **DFC Agreements** include contractual language that addresses **Internationally Recognized Worker Rights** in substantially the following form (as outlined in Section 1451(d)(2) of the **Build Act of 2018**):

“The person receiving support agrees not to take actions to prevent employees of the foreign enterprise from lawfully exercising their right of association and their right to organize and bargain collectively. The person further agrees to observe applicable laws relating to a minimum age for employment of children, acceptable conditions of work with respect to minimum wages, hours of work, and occupational health and safety, and not to use forced labor or the worst forms of child labor (as defined in section 507 of the Trade Act of 1974 (19 U.S.C. 2467)). The person is not responsible under this paragraph for the actions of a foreign government.”

- 6.4 In addition to the environmental and social performance requirements that are included in all covenants contained in **DFC Agreements**, in the case of all Category A projects **DFC Agreements** include, at a minimum, the following requirements:
- Develop and implement an **ESAP**;
  - Prepare and submit to DFC an annual environmental and social report summarizing the environmental and social performance based on monitoring of













## 8. CLIMATE CHANGE AND RENEWABLE ENERGY

- 8.0 Objectives: (1) to support the reduction of **Greenhouse Gas** emissions associated with projects; (2) to promote energy efficiency and conservation; (3) to promote low and no-carbon fuels and technologies; and (4) to encourage carbon sequestration in land use and forestry practices.
- 8.1 Scope of Application. The requirements contained within this section apply to all projects supported through DFC insurance, reinsurance, direct loans, or investment guaranties, including support through **Financial Intermediaries**.

### DFC Roles and Responsibilities

- 8.2 New investments are screened for **Climate-related Risks** and **Climate-related Vulnerability**.<sup>2</sup> A desk based climate vulnerability/impact assessment will utilize publically available tools and databases such as the World Bank Climate Change Knowledge Portal.
- 8.3 DFC is continuing OPIC's commitment to reduce the **Direct Greenhouse Gas Emissions** associated with projects in OPIC's active portfolio by 50 percent over a fifteen year period (June 30, 2008 – September 30, 2023). "Active portfolio" is defined as all insurance contracts in force and all guaranty and direct loans with an outstanding principal balance.
- 8.4 The baseline that is used to assess progress toward the commitment identified in Paragraph 8.2 is the sum of Direct Emissions from projects with Greenhouse Gas emissions exceeding 25,000 metric tonnes of CO<sub>2eq</sub> per year to which OPIC provided a commitment between 1974 and 2008 and which were in OPIC's active portfolio on June 30, 2008.
- 8.5 In order to achieve the 50 percent reduction goals (Paragraph 8.2) DFC establishes an annual transactional cap for all new projects with significant **Direct Greenhouse Gas Emissions**.<sup>3</sup> For the purposes of allocation of the annual cap, new projects are defined as those projects that receive DFC support within a given year. In cases where an **Applicant** requests DFC support for a portfolio of projects, DFC will allocate cap individually, as necessary, to each **Project** within the **Applicant's** portfolio. For years in which the annual emissions associated with DFC committed projects are less than the annual cap for that year, the remaining capacity may be allocated to subsequent years. Allocation of the annual transactional cap is at DFC's discretion. With respect to

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<sup>2</sup> Executive Order 13677 (September 23, 2014) requires the integration of climate-resilience considerations into all United States international development work.

<sup>3</sup> Projects that are exempt from this requirement are any coal-fired or other power generation project the purpose of which is to (i) provide affordable electricity in International Development Association (IDA)-eligible countries; and (ii) increase exports of goods and services from the United States or prevent the loss of jobs from the United States.

projects that involve the construction of coal-fired power plants, DFC will give strong preference to projects that capture and sequester 85 percent of **Greenhouse Gas** emissions.

- 8.6 Extension of financing, insurance and reinsurance terms shall be treated as new commitments for the purpose of this policy.
- 8.7 Projects involving **Renewable Energy** are assigned a **Greenhouse Gas** emission level of zero (provided there are no fossil fuel components of the **Project**) for the purpose of this policy.
- 8.8 Recognizing that meaningful reductions in **Greenhouse Gas** emissions can be achieved either through: (a) modest percent energy efficiency improvements in large projects; (b) large percent energy efficiency improvements in small projects; or (c) significant reduction in direct **Greenhouse Gas** emissions in any project. Projects that achieve either energy efficiency improvement of 15 percent or more or significant **Direct Greenhouse Gas Emissions** reductions of greater than 100,000 tons CO<sub>2e</sub>/year are assigned a **Greenhouse Gas** emission level of zero for the purposes of this policy, provided **Life Cycle Accounting** demonstrates that the project will not result in a net increase in emissions over the projected life of the project when compared to the “no project” alternative. Projects that fail to meet either the 15 percent efficiency threshold or the absolute aggregate emissions reduction target will have their entire net emissions counted.
- 8.9 DFC tracks and annually reports direct and indirect **Greenhouse Gas** emissions associated with DFC office operations in accordance with accounting and reporting methods of the Greenhouse Gas Protocol (<http://www.ghgprotocol.org>) and Executive Order 13514.
- 8.10 DFC tracks and reports on an individual project basis the annual **Greenhouse Gas** emissions associated with projects within DFC’s active portfolio with **Direct Emissions** that exceed 25,000 metric tonnes **CO<sub>2eq</sub>** per year. DFC calculates **Greenhouse Gas** emissions using internationally accepted GHG accounting protocols, including those from the U.S. Environmental Protection Agency and methodologies approved by the Climate Registry <http://www.theclimateregistry.org>.
- 8.11 DFC reports on an annual basis the projected **Greenhouse Gas** emissions associated with each newly committed project with **Direct Emissions** that exceed 25,000 metric tonnes of **CO<sub>2eq</sub>** per year. Annual **Greenhouse Gas** emission estimates are subject to third party verification.

## Applicant Roles and Responsibilities

- 8.12 For new projects, **Applicants** must meet the requirements of the **Performance Standards**, including resource efficiency requirements of **Performance Standard 3**, which require identification and implementation of technically and financially feasible and cost effective measures for improving efficiencies in consumption of energy, water

and other resources and material inputs. Rehabilitation and other modifications of existing projects should plan to meet the requirements of the **Performance Standards**, including resource efficiency requirements of **Performance Standard 3**, within a feasible period of time.

- 8.13 Consistent with the requirements of **Performance Standard 3**, **Applicants** must demonstrate that measures to reduce significant, **Project**-related **Greenhouse Gas** emissions were evaluated and that technically and financially feasible and cost effective measures were incorporated into the final design of their **Project**.
- 8.14 As a condition of DFC support, all projects that are expected to produce or currently produce **Direct Emissions** exceeding 25,000 metric tonnes of **CO<sub>2</sub>eq** per year must quantify and annually report to DFC the **Direct Emissions** from their **Project**. As a condition of DFC support and consistent with the requirements of **Performance Standard 3**, **Applicants** also shall quantify the significant indirect emissions associated with off-site production of electricity used by the **Project**.
- 8.15 As a condition of DFC support, projects in **Energy Intensive Sectors** must meet energy efficiency guidelines and benchmarks established by international organizations, or develop and implement an energy management program to achieve these guidelines and benchmarks within a feasible period of time. Energy management programs should be appropriate to the nature and scale of project operations. The project shall document methods to reduce overall energy usage patterns through reduction in energy losses and improvements in energy conversion efficiency. In some projects, process modifications will be required to achieve guidelines and benchmarks. Industry specific resources on energy efficiency may be obtained from the Energy Star program <https://go.usa.gov/xdaZP>.

## 9. COUNTRY ELIGIBILITY - LABOR

### U.S. Law Requirements

9.0 Section 1451(d) of the **Build Act of 2018** contains the following provision:

The Corporation should support projects under title II in countries that are taking steps to adopt and implement laws that extend internationally recognized worker rights (as defined in section 507 of the Trade Act of 1974 (19 U.S.C. 2467)) to workers in that country, including any designated zone in that country.

### Determining Country Eligibility: The USTR Process

- 9.1 The statute establishing the **Generalized System of Preferences (GSP)**, See Glossary ) program provides that the President of the United States shall not designate a country as a **GSP** beneficiary if it “has not or is not taking steps to afford **Internationally Recognized Worker Rights** to workers in that country” (See 19 U.S.C. 2462). In addition, the President must consider “whether or not such country has taken or is taking steps to afford . . . **Internationally Recognized Worker Rights**” in determining whether to designate a country as a beneficiary. For consistency of worker rights country-level determinations across the U.S. Government, DFC accepts the determinations made by the President for the purpose of the **GSP** program.
- 9.2 Through the **Office of the U.S. Trade Representative (USTR)**, the Trade Policy Staff Committee (TPSC), chaired by the **USTR** and made up of representatives from the **U.S. Department of State, U.S. Department of Labor**, and other U.S. Government agencies, advises the President as to which countries should be designated as **GSP** beneficiaries. Any person may request to have the **GSP** status of any beneficiary country reviewed with respect to any of the eligibility criteria, including the “taking steps” country standard for worker rights.
- 9.3 If a petition is accepted for review, the TPSC review typically includes examination of the issues raised in the petition and encouragement of the foreign government to implement worker rights reforms. USTR also solicits comments through the **Federal Register** and holds a public hearing.
- 9.4 Upon completion of a country review, a country’s eligibility status may remain unchanged, or be withdrawn, suspended, or limited. Based on the country review, should the President determine that a country’s **GSP** beneficiary status be withdrawn, suspended, or limited, DFC implements the determination with respect to its own programs. If a country’s **GSP** beneficiary status is withdrawn for failure to meet the statutory worker rights standard, the country becomes ineligible for DFC programs from the effective date of that country’s ineligibility under the **GSP** program. However, if a country becomes ineligible for **GSP** benefits on grounds other than worker rights, that country remains eligible for DFC programs.



- 9.5 Modifications to countries' **GSP** eligibility are implemented by **Executive Order** or **Presidential Proclamation**, and are published in the **Federal Register**. If a country's **GSP** beneficiary status is withdrawn or suspended for failure to meet the worker rights standard, the country list on DFC's website is updated to remove the country as of the effective date of the withdrawal or suspension of GSP benefits, and DFC staff are notified of the change of country status. If the determination is that **GSP** eligibility should be limited, DFC staff are instructed to follow the same limitations in the conduct of DFC's programs

## Reviewing Country Eligibility: The DFC Process

- 9.6 In making its determinations as to whether non-**GSP**-eligible countries where DFC programs are being offered are taking steps to afford workers **Internationally Recognized Worker Rights**, DFC utilizes a similar petition and review process. Petitions can be submitted to DFC at its annual public hearing to reexamine whether the status of any such country should be changed on worker rights grounds.
- 9.7 Upon an initial petition review, if DFC makes the determination that the petition merits a formal review, DFC will consult with, at a minimum, the **U.S. Department of State**, **U.S. Department of Labor**, and the **USTR** to carry out such a review. DFC may use multiple instruments to inform its country practices review, including:
- The **U.S. Department of State's Annual Country Reports on Human Rights Practices**;
  - Reports, observations and recommendations of the **International Labor Organization (ILO)**, See Glossary)
  - Independent consultants' country practice reviews;
  - Information received through DFC's public hearings; and
  - Consultations with labor organizations.
- 9.8 The "taking steps" standard is a purposely flexible standard to reflect the varying levels of economic and social development in developing countries. In its country reviews, DFC takes into account the totality of circumstances and facts available relevant to **Internationally Recognized Worker Rights**, and uses certain general criteria to assess whether countries meet the statutory standard, including:

Progress towards ratification of the relevant ILO eight fundamental conventions; and  
The progress the country has taken or is taking to adopt and implement laws and practices that extend Internationally Recognized Workers Rights in areas where national law and practice have not met the international standard.

## Granting Country Eligibility on Worker Rights Grounds

- 9.9 For non-**GSP**-eligible countries that are deemed particularly sensitive on worker rights grounds due to a documented history of issues relating to **Internationally Recognized Worker Rights**, and where DFC seeks to implement its programs for the first time or to lift suspension of DFC programs due to foreign policy or other priorities, DFC will

consult with, at a minimum, the U.S. Department of State, U.S. Department of Labor, and the USTR in making its “taking steps” determination.

## Country Status Effect on DFC-Supported Projects

**9.10** If a country becomes ineligible for DFC support on worker rights grounds, the change of status does not affect projects to which DFC made a legally binding commitment prior to the date on which the country status changed. All other projects that have not been formally committed to by DFC prior to the official ineligibility date will not be eligible for DFC support during the term of the country’s ineligibility. If a country is under a formal review on worker rights grounds (by either the TPSC or DFC), projects that are in the application process are subject to a review that is sensitive to the labor issues highlighted in the GSP or DFC petition.

## APPENDIX A – Illustrative List of Category A Projects

Although decisions on categorization are made on a case-by-case basis, the following list is indicative of the types of projects that are screened by DFC as Category A.

1. Large-scale industrial plants.
2. Large-scale industrial estates.
3. Crude oil refineries and installations for the gasification and liquefaction of 500 tonnes or more of coal or bituminous shale per day.
4. Major **Greenhouse Gas** emitting projects, defined as projects with **Direct Greenhouse Gas Emissions** of more than 100,000 (short) tons (91,000 metric tonnes) of **CO<sub>2</sub>eq** per year.
5. Cement manufacturing with an annual production rate of greater than one million dry weight tons.
6. Integrated works for the initial smelting of cast iron and steel; installations for the production of non-ferrous crude metals from ore, concentrates, or secondary raw materials by metallurgical, chemical or electrolytic processes.
7. Installations for the extraction of asbestos and for the processing and transformation of asbestos and products containing asbestos; for asbestos-cement products with an annual production of more than 20,000 tonnes of finished product; for friction material with an annual production of more than 50 tonnes of finished product; and for other asbestos utilization of more than 200 tonnes per year.
8. Integrated chemical installations, i.e. those installations that manufacture, on an industrial scale, substances using chemical conversion processes in which several units are juxtaposed and are functionally linked to one another and which produce: basic organic chemicals; basic inorganic chemicals; phosphorous, nitrogen or potassium based fertilizers (simple or compound fertilizers); basic plant health products and biocides; basic pharmaceutical products using a chemical or biological process; explosives.
9. Projects that manufacture, store, transport or dispose hazardous or toxic materials.
10. All projects that pose potentially serious occupational or health risks.
11. Construction of motorways, express roads, lines for long-distance railway traffic, and airports with a basic runway length of 2,100 meters or more. Construction of new roads with four or more lanes or realignment and/or widening of an existing road so as to provide four or more lanes where such new road, or realigned and/or widened section of road, would be 10 km or more in a continuous length.

12. Pipelines, terminals, and associated facilities for the large-scale transport of gas, oil, and chemicals.
13. Large-scale seaports and also inland waterways and ports for inland waterway traffic; trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers).
14. Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes.
15. Construction or significant expansion of large dams and reservoirs not otherwise prohibited.
16. Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic meters or more.
17. Industrial plants for the (a) production of pulp from timber or similar fibrous materials; or (b) production of paper and board with a production capacity exceeding 200 air-dried metric tonnes per day.
18. Large-scale peat extraction.
19. Large-scale quarries, mining, or processing of metal ores or coal.
20. Major exploration and development of on-shore oil and gas reserves.
21. Exploration and development of off-shore oil and gas reserves.
22. Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200,000 tonnes or more.
23. Large-scale logging.
24. Large-scale power transmission.
25. Municipal wastewater treatment plants servicing more than 150,000 people.
26. Municipal solid waste-processing and disposal facilities.
27. Large-scale tourism and retail development.
28. Large-scale land reclamation.
29. Large-scale primary agriculture/plantations involving intensification or conversion of previously undisturbed land.
30. Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tonnes of finished products per day.

31. Installations for the intensive rearing of poultry or pigs with more than: 85,000 places for broilers and 60,000 places for hens; 3,000 places for production pigs (over 30 kg); or 900 places for sows.
32. All projects with potentially major impacts on people or which pose serious socio-economic risk, including **Physical and Economic Displacement**, impacts on Indigenous Peoples and adverse impacts on **Cultural Heritage**.
33. Greenfield housing developments that contain more than 2,500 residential units.
34. Projects, not categorically prohibited, but located in or sufficiently near sensitive locations of national or regional importance which may have apparent environmental impacts on:
  - Wetlands;
  - Areas of archeological significance;
  - Areas prone to erosion and/or desertification;
  - Areas of importance to ethnic groups/indigenous peoples;
  - Primary temperate/boreal **Forests**;
  - Coral reefs;
  - Mangrove swamps;
  - Nationally-designated seashore areas; and
  - Managed resource protected areas, protected landscape/seascape (International Union for the Conservation of Nature (IUCN) categories V and VI) as defined by IUCN's Guidelines for Protected Area Management Categories. Additionally, these projects must meet IUCN's management objectives and follow the spirit of IUCN definitions.

## APPENDIX B – Categorical Prohibitions

1. Construction of dams that significantly and irreversibly: (a) disrupt natural ecosystems upstream or downstream of the dam; or (b) alter natural hydrology; or (c) inundate large land areas; or (d) impact biodiversity; or (e) displace large numbers of inhabitants (5,000 persons or more); or (f) impact local inhabitants' ability to earn a livelihood.
2. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phase-outs or bans such as pharmaceuticals,<sup>4</sup> pesticides/herbicides,<sup>5</sup> ozone depleting substances,<sup>6</sup> polychlorinated biphenyls<sup>7</sup> and other hazardous substances,<sup>8</sup> wildlife or wildlife products regulated under the Convention on International Trade and Endangered Species of Wild Fauna and Flora,<sup>9</sup> and trans-boundary trade in waste or waste products.<sup>10</sup>
3. Resettlement of 5,000 or more persons.
4. Any impact on natural World Heritage Sites <https://whc.unesco.org/en/list/> unless it can be demonstrated through an environmental assessment that the project (i) will not result in the degradation of the protected area and (ii) will produce positive environmental and social benefits.
5. Any impact on areas on the United Nations List of National Parks and Protected Areas <https://www.protectedplanet.net/> unless it can be demonstrated through an environmental assessment that the project (i) will not result in the degradation of the protected area and (ii) will produce positive environmental and social benefits.
6. Extraction or infrastructure in or impacting: protected area Categories I, II, III, and IV (Strict Nature Reserve/Wilderness Areas and National Parks, Natural Monuments and Habitat/ Species Management Areas), as defined by the International Union for the Conservation of Nature (IUCN). Projects in IUCN Categories V (Protected Landscape/Seascape) and VI (Managed Resource Protected Area) must be consistent with IUCN management objectives <https://www.protectedplanet.net/> unless it can be demonstrated through an environmental assessment (i) there is no degradation of the protected area and (ii) there are positive environmental and social benefits.

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<sup>4</sup> A list of pharmaceutical products subject to phase-outs or bans is available at <https://www.who.int/medicines/publications/restrictions/en/>

<sup>5</sup> A list of pesticides and herbicides subject to phase-outs or bans is available at <http://www.pic.int>

<sup>6</sup> A list of the chemical compounds that react with and deplete stratospheric ozone together with target reduction and phase-out dates is available at <https://www.epa.gov/ozone-layer-protection/ozone-depleting-substances>

<sup>7</sup> Polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

<sup>8</sup> A list of hazardous chemicals is available at <http://www.pic.int>

<sup>9</sup> A list of CITES species is available at <http://www.cites.org>

<sup>10</sup> As defined by the Basel Convention; see <http://www.basel.int>

7. Production of or trade in radioactive materials,<sup>11</sup> including nuclear reactors and components thereof.
8. Production of, trade in or use of un-bonded asbestos fibers.<sup>12</sup>
9. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to biodiversity and habitats.
10. Use of forced labor<sup>13</sup> or child labor.<sup>14</sup>
11. Projects or companies known to be in violation of local applicable law related to environment, health, safety, labor, and public disclosure.
12. Projects or companies where the primary business activities are in the following prohibited sectors: gambling; media communications of an adult or political nature; military production or sales; alcoholic beverages (if contrary to local religious or cultural norms); or tobacco and related products.
13. Projects or companies that replace U.S. production or are likely to cause a significant reduction in the number of employees in the U.S. including “runaway plants” and outsourcing the provision of goods and services (e.g., Business Process Outsourcing) from the U.S.
14. Projects or companies subject to performance requirements that are likely to reduce substantially the positive trade benefits to the U.S.
15. Projects or companies in which host country governments have majority ownership or effective management control (except for investments in privatizing companies made in accordance with the Finance Agreement).
16. Companies found by a court or administrative body of competent jurisdiction engaging in unlawful monopolistic practices.
17. Projects or companies that provide significant, direct support to a government that engages in a consistent pattern of gross violations of internationally recognized **Human Rights**, as determined by the U.S. Department of State.
18. Projects or companies that perform abortions as a method of family planning; motivate or

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<sup>11</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which DFC considers the radioactive source to be trivial and adequately shielded.

<sup>12</sup> This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

<sup>13</sup> Forced labor means all work or service, not voluntarily performed, that is exacted from an individual under threat of force or penalty, such as indentured labor, bonded labor, or similar labor-contracting arrangements.

<sup>14</sup> Child labor means the employment of children (persons below the age of 18) that is economically exploitative, or is likely to be hazardous to or interfere with the child’s education, or be harmful to the child’s health or physical, mental, spiritual, moral, or social development.

coerce any person to practice abortions; perform involuntary sterilizations as a method of family planning; coerce or provide any financial incentive to any person to undergo sterilizations; or perform any biomedical research which relates in whole or in part, to methods of, or in the performance of, abortions or involuntary sterilization as a means of family planning.

19. Companies which are treated as inverted corporations under 6 U.S.C. 395(b).



## **APPENDIX C – World Bank Group Environmental, Health and Safety (EHS) Guidelines**

[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/ehs-guidelines](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines)

### **General EHS Guidelines**

#### **Industry Sector**

#### **Guidelines**

##### **Forestry**

- Board and Particle-based Products
- Sawmilling and Wood-based Products
- Forest Harvesting Operations
- Pulp and Paper Mills

##### **Agribusiness/Food Production**

- Mammalian Livestock Production
- Poultry Production
- Perennial Crop Production
- Annual Crop Production
- Aquaculture Production
- Sugar Manufacturing
- Vegetable Oil Processing
- Dairy Processing
- Processing
- Fish Processing
- Meat Processing
- Poultry Processing
- Breweries
- Food and Beverage Processing

##### **General Manufacturing**

- Cement and Lime Manufacturing
- Ceramic Tile and Sanitary Ware Manufacturing
- Glass Manufacturing
- Construction Materials
- Textiles
- Manufacturing
- Tanning and Leather Finishing
- Semiconductors and Electronics Manufacturing
- Printing
- Foundries

Integrated Steel Mills  
Base Metal Smelting and Refining  
Metal, Plastic, Rubber Products Manufacturing

**Oil and Gas**

Offshore Oil and Gas  
Development Onshore Oil and  
Gas Development Liquefied  
Natural Gas (LNG) Facilities

**Infrastructure**

Tourism and Hospitality  
Development Railways  
Ports, Harbors and Terminals  
Airports  
Airlines  
Shipping  
g  
Gas Distribution  
Systems Toll Roads  
Telecommunications  
Crude Oil and Petroleum Product  
Terminals Retail Petroleum Networks  
Health Care Facilities  
Waste Management  
Facilities Water and  
Sanitation

**Chemicals**

Pharmaceuticals and Biotechnology  
Manufacturing Coal Processing  
Natural Gas Processing  
Oleochemicals Manufacturing  
Nitrogenous Fertilizer  
Manufacturing Phosphate  
Fertilizer Manufacturing  
Pesticides Formulation, Manufacturing and  
Packaging Petroleum-based Polymer  
Manufacturing  
Petroleum Refining  
Large Volume Petroleum-based Organic Chemicals Manufacturing  
Large Volume Inorganic Compounds Manufacturing and Coal Tar Distillation

**Mining**

Mining

**Power**

Wind Energy  
Geothermal Power Generation  
Electric Power Transmission and Distribution Thermal Power

## APPENDIX D – Glossary

**Advanced Biofuel** – means **Renewable Fuel**, other than ethanol derived from cornstarch, which has lifecycle **Greenhouse Gas** emissions that are at least 50 percent less than baseline **Greenhouse Gas** emissions.

**Annual Country Reports on Human Rights Practices** – Reports that are submitted annually by the U.S. Department of State to the U.S. Congress in compliance with sections 116(d) and 502B(b) of the Foreign Assistance Act of 1961 (FAA), as amended, and section 504 of the Trade Act of 1974, as amended.

**Applicants** – Investors, lenders, insurers or projects sponsors seeking DFC support.

**Area of Influence** – Areas potentially affected by a project including (1) the primary project site(s) and related facilities that the **Applicant** develops or controls, such as power transmission corridors, pipelines, canals, tunnels, access roads, borrow and disposal areas and construction camps; (2) associated facilities that are not funded as part of the project (funding may be provided separately by the **Applicant** or by third parties including the government), and whose viability and existence depend exclusively on the project and whose goods and services are essential for the successful operation of the project; (3) areas and communities potentially affected by cumulative impacts that result from the incremental impact on areas or resources used or directly impacted by the project, and from any existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted; and (4) areas and communities potentially affected by impacts from unplanned but predictable developments caused by the project that may occur later or at a different location. The **Area of Influence** does not include potential impacts that might occur without the project or independently of the project. Any identifiable supply chain expansion of materials or resource development that is inherent to a project’s success should be included within a project’s **Area of Influence**.

**Baseline Audit** - An assessment of environmental and social impacts of pre-existing or ongoing activities that is required for all Category A projects that involve the acquisition of pre-existing facilities or new construction on a site where prior industrial activities have occurred.

**Broad Community Support** – The collective expression by **Project Affected People**, through individuals or their recognized representatives, in support of a project. **Broad Community Support** may exist even if some individuals or groups object to a project.

**Biomass-based Diesel** – A **Renewable Fuel** that has lifecycle **Greenhouse Gas** emissions that are at least 50 percent less than 2005 baseline lifecycle **Greenhouse Gas** emissions and (1) is a transportation fuel, fuel additive, heating oil or jet fuel; (2) meets the definition of either biodiesel or non-ester; and (3) is approved for use as a motor vehicle fuel or fuel additive. Renewable fuel that is co-processed with petroleum is not **Biomass-based Diesel**.

**Build Act of 2018** - Better Utilization of Investments Leading to Development Act of 2018, Division F of Public Law 115-254

**Categorically Prohibited Project** – A project of the type listed in Appendix B where potential

adverse environmental or social impacts of the project preclude DFC support.

**Cellulosic Biofuel** – A **Renewable Fuel** derived from any cellulose, hemi-cellulose or lignin that has lifecycle **Greenhouse Gas** emissions that are 60 percent less than the 2005 baseline lifecycle **Greenhouse Gas** emissions.

**Climate-related Risks** – Combination of the magnitude of the potential consequence(s) of climate change impacts) and the likelihood that the consequence(s) will occur.

**Climate-related Vulnerability** – The degree to which a system is susceptible to, or unable to cope with, adverse effects of climate change, including variability and extremes. Vulnerability is a function of the character, magnitude and rate of climate variation to which a system is exposed, its sensitivity and its adaptive capacity.

**CO<sub>2</sub>eq** – Carbon Dioxide Equivalentents are a metric measure used to compare the emissions from various **Greenhouse Gases** based upon their global warming potential (GWP) over a given timeframe. The carbon dioxide equivalent for a gas is derived by multiplying the tonnes of the gas by the associated GWP. For example, the 100-year GWP for methane (CH<sub>4</sub>) is 28 and for nitrous oxide (N<sub>2</sub>O) 265. This means that the emissions of 1 million metric tonnes of methane and nitrous oxide respectively are equivalent to emissions of 28 and million metric tonnes of carbon dioxide.<sup>15</sup>

**Cultural Heritage** – Tangible property or sites having archaeological (prehistoric), paleontological, historical, cultural, artistic and religious value, as well as unique environmental features that embody cultural values, such as sacred groves. **Cultural Heritage** also includes intangible forms of culture, such as cultural knowledge, innovations and practices of communities embodying traditional lifestyles.

**DFC Agreement** – A DFC loan agreement, guaranty agreement, project consent or insurance contract.

**Direct Emissions** – Emissions from sources that are owned or controlled by a project, including stationary combustion emissions, mobile combustion emissions, process emissions and fugitive emissions.

**Economic Displacement** – Loss of assets or access to assets that leads to loss of income sources or means of livelihood.

**Energy Intensive Sectors** – Projects in the following sectors: aluminum, brewing, cement, mining, corn refining, forest products, glass, metal casting, motor vehicle manufacturing, oil and natural gas production, petroleum refining, pharmaceuticals, pulp and paper, steel and iron, and thermal power.

**Environmental and Social Action Plan (ESAP)** – A systematic program designed to prevent, mitigate and monitor anticipated environmental and social impacts of prospective and ongoing activities. Required on all Category A projects. The **ESAP** provides an implementation schedule for measures

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<sup>15</sup> GWP values from the IPCC Fifth Assessment Report, 2014.

that must be carried out as part of the project showing phasing and coordination with overall implementation plans and the capital and recurrent costs estimates and sources of funds for implementing the **ESAP**.

**Environmental and Social Impact Assessment (ESIA)** – A comprehensive analytical body of work designed to evaluate environmental and social impacts of major projects having the potential to have significant, diverse and irreversible impacts on the natural environment and on humans dependent on that environment. Required for all Category A projects involving new (greenfield) developments or significant expansion of existing facilities.

**Environmental and Social Management System (ESMS)** – Part of a project’s overall management system that includes the organizational structure, responsibilities, practices and resources necessary for implementing the project-specific management program developed through the environmental and social assessment of the project.

**Executive Order** – An order issued by the President, the head of the executive branch of the federal government.

**Extractive Industry** – An enterprise engaged in the exploration, development, or extraction of oil and gas reserves, metal ores, gemstones, industrial minerals (except rock used for construction purposes), or coal.

**Federal Register** – The official daily publication for rules, proposed rules, and notices of Federal agencies and organizations, as well as **Executive Orders** and other presidential documents.

**Financial Intermediary** – Investment funds, banks or other financial institutions, or other entities or vehicles that receive financing, guaranties or insurance.

**Forest** - An area of land not less than 1.0 hectare with a tree crown cover (or equivalent stocking level) of more than 10 percent that has trees with the potential to reach a minimum height of 2 meters at maturity *in situ*. A **Forest** may consist of either closed forest formations, where trees of various stories and undergrowth cover a high proportion of the ground, or open **Forest**. Young natural stands and all plantations that have yet to reach a crown density of 10 percent or tree height of 2 meters are included under **Forest**, as are areas normally forming part of the forest area that are temporarily unstocked as a result of human intervention such as harvesting or natural causes but that are expected to revert to **Forest**. The definition includes **Forests** dedicated to forest production, protection, multiple uses, or conservation, whether formally recognized or not. The definition excludes areas where other land uses not dependent on tree cover predominate, such as agriculture, grazing or settlements. In countries with low forest cover, the definition may be expanded to include areas covered by trees that fall below the 10 percent threshold for canopy density, but are considered **Forest** under local conditions.

**Generalized System of Preferences (GSP)** – A trade preferences program, overseen by the **USTR** that provides preferential duty-free entry for products from designated beneficiary countries and territories with the purpose of promoting economic growth in the developing world.

**Greenhouse Gases** – The following six gases or class of gases: carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O), methane (CH<sub>4</sub>), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF<sub>6</sub>).

**Host Country Notification** – A notification to government officials in the country where a Category A project is located that identifies international guidelines and standards and restrictions under U.S. law that would be applicable to the project.

**Human Rights** – Those rights expressed in the International Bill of Rights and the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.

**Industry Sector Guidelines** – Technical reference documents issued by the **International Finance Corporation** with general and industry specific performance levels and measures.

**International Finance Corporation (IFC)** – An affiliate of the World Bank group that makes loans to and investments in, private sector projects in developing countries and emerging markets.

**International Labour Organization (ILO)** – The tripartite United Nations agency that brings together governments, employers and workers of its member states in common action to promote decent work throughout the world.

**Internationally Recognized Worker Rights** – The term, as specified in the Trade Act of 1974 (as amended), includes: (1) the right of association; (2) the right to organize and collective bargaining; (3) prohibition on forced labor and the worst forms of child labor; (4) a minimum age for the employment of children; and (5) acceptable conditions of work with respect to minimum wages, hours of work, and occupational health and safety.

**Labor Rights** – Rights of **Workers**, which includes **Internationally Recognized Worker Rights**, and protection from discrimination with respect to employment and occupation on the basis of personal characteristics that are unrelated to inherent job requirements.

**Life Cycle Accounting**– An analytical method used for evaluating and comparing the climate change implications of a product or system. For the purposes of this policy, the boundary definition of the analysis for both the project and the “no project” alternative includes raw material input acquisition, raw material transport, energy conversion and product transport to consumers.

**Mitigation Hierarchy** – A system used to anticipate and avoid, or where avoidance is not possible, minimize, and, where residual impacts remain, compensate/offset risks and impacts to the environment.

**Meaningful Consultation** – A process that (1) begins early in the project preparation stage and is carried out on an on-going basis throughout the project life cycle; (2) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to **Project Affected People**; (3) is undertaken in an atmosphere free of intimidation or coercion; (4) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (5) enables the incorporation of all relevant views of affected people and other **Stakeholders** into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues.

**Office of the U.S. Trade Representative (USTR)** – An agency of the U.S. Government that is

responsible for developing and coordinating U.S. international trade, commodity, and direct investment policy, and overseeing negotiations with other countries.

**Performance Standards** – Technical reference documents issued by the **International Finance Corporation** with environmental and social impact management performance criteria.

**Physical Displacement** – Relocation or loss of shelter.

**Presidential Proclamation** – An instrument that states a condition, declares a law and requires obedience, recognizes an event or triggers the implementation of a law (by recognizing that the circumstances in law have been realized).

**Project** – All facilities owned or controlled within a physical project boundary that constitute a commercially viable business unit eligible for DFC support.

**Project Affected People** – Individuals, workers, groups or local communities, including within the supply chain, which are or could be affected by the project's Area of Influence, directly or indirectly, including as a result of cumulative impacts. Emphasis should be placed on those who are directly and adversely affected, disadvantaged or vulnerable.

**Remediation Plan** – A systematic program designed to reverse adverse environmental and social impacts of previous activities at a site. The **Remediation Plan** will provide an implementation schedule for the measures that must be carried out as part of the project, and capital and recurrent costs estimates and sources of funds for implementing the **Remediation Plan**.

**Renewable Biomass** – Each of the following (including any incidental *de minimis* contaminants that are impractical to remove and are related to customary feedstock production and transport): (1) planted crops and crop residue harvested from existing agricultural land cleared or cultivated prior to December 19, 2007 and that was nonforested and either actively managed or fallow on December 19, 2007; (2) planted trees and tree residue from a tree plantation that was cleared at any time prior to December 19, 2007 and actively managed on December 19, 2007; (3) animal waste material and animal byproducts; (4) slash and pre-commercial thinning from forestland that is not ecologically sensitive; (5) biomass (organic matter that is available on a renewable or recurring basis) obtained from the immediate vicinity of buildings and other areas regularly occupied by people or public infrastructure, in an area at risk for wildfire; (6) algae; and (7) separated yard waste and food waste, including recycled cooking and trap grease and separated municipal solid waste.

**Renewable Energy** - Energy supplied from renewable energy sources, such as wind and solar power, geothermal, hydropower not otherwise categorically prohibited, and **Renewable Biomass**, but does not include nuclear power.

**Renewable Fuel** – A fuel that meets the following criteria: (1) a fuel produced from **Renewable Biomass**;  
(2) a fuel that is used to replace or reduce the quantity of fossil fuel present in a transportation fuel, heating oil or jet fuel; and (3) a fuel that has lifecycle **Greenhouse Gas** emissions that are at least 20 percent less than 2005 baseline lifecycle **Greenhouse Gas** emissions.

**Retrenchment** - The elimination of a significant number of **Workers** or the dismissal or layoff of a significant number of **Workers**, generally by reason of project closing or for cost savings. Retrenchment does not include isolated cases of termination of employment for cause or voluntary departure.

**Social Risk Due Diligence** – Process through which the Applicant identifies and manages heightened risks pertaining to Project Affected People, including communities and Workers, and related to socioeconomic status, vulnerability, gender, Human Rights, Cultural Heritage, Labor Rights and working conditions, health and safety, security, and participation in decision making. Includes risk identification, consultation with **Project Affected People** and **Workers**, and resulting management and monitoring programs. Process can be integrated into the Applicant's **Environmental and Social**

**Management System** provided it identifies, manages, and communicates risks to **Project Affected People** and **Workers**.

**Special Consideration** – A screening classification that is applied to a project when there are heightened social risks within a project. The decision to designate a project as **Special Consideration** will take into consideration the significance of the social risk, as determined by the scale and severity of the potential impacts and vulnerability of the affected people. The **Special Consideration** classification of a project indicates (1) a project's heightened potential for **Labor Rights** or **Human Rights** risks or impacts; and (2) a higher risk to **Workers** or **Project Affected People**.

**Stakeholder** – **Stakeholders** are persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively. **Stakeholders** may include **Project Affected People** and their formal and informal representatives, national or local government authorities, politicians, religious leaders, civil society organizations and groups with special interests, the academic community, or other businesses.

**Subproject** – A project or enterprise that receives financing or investment from a DFC-supported **Financial Intermediary**.

**U.S. Department of Labor** – An agency of the U.S. Government that is responsible for administering labor laws on working conditions, unemployment insurance benefits and re-employment services, and tracks national economic measurements.

**U.S. Department of State** – An agency of the U.S. Government that is responsible for the international relations of the United States.

**Workers** – Individuals who are employed directly by the project or under a project contract, and who perform on-site work for a substantial duration of time on a project or are material to the primary operations of a project. Workers can be temporary or permanent.