



# US International Development Finance Corporation

## Office of Inspector General

### SUMMARY REPORT OF INVESTIGATION

**Title:** Alleged Road Resettlement Issues (b) (6), (b) (7)(C)

**Case Number:** 23-021-P

On (b) (6), (b) (7)(C) 2023, OIG received a complaint from a Whistleblower that DFC was planning financing of a project which will involuntarily resettle significantly more people than permitted in present environmental and social policy and procedures (ESPP). The project, the (b) (7)(C), (b) (6), involving two road upgrading concessions, a bridge and one-stop border crossing facility linking the (b) (7)(C), (b) (6). The purpose of the project is to facilitate shipment of minerals from mines in the (b) (7)(C), (b) (6) to the (b) (7)(C), (b) (6).

The Whistleblower subsequently advised OIG that they were opting to take their reprisal complaint to the Office of Special Counsel. As such, the OIG will only investigate the substantive allegation.

On (b) (6), (b) (7)(C), 2023, OIG telephonically interviewed a source of information who advised that the project sponsor, (b) (6), (b) (7)(C), contracted a third party to review the Environmental and Social Impact Assessment (ESIA) and the Resettlement Action Plan (RAP) framework dated December 2022 by (b) (6), (b) (7)(C). In short, the ESIA and the RAP were not done well and did not follow the established process.

The source stated that (b) (6), (b) (7)(C) should have recognized that a road project following the road without deviations would displace at least 9,419 people. (b) (6), (b) (7)(C) should have had a conversation with the government, the company, and project engineers to mitigate the loss of assets, and the loss of community access to assets such as schools and hospitals, or access to resources such as firewood in the forests. It should have been a collaborative. The RAP in this case failed to address many of these topics. (b) (6), (b) (7)(C) did not talk to the engineers, government, the project, or even the communities at large. They only spoke to the property owners – generally the chieftains who allow people to use their land who receive produce or rent in kind. In short, the RAP failed to understand how minimal the impact could be to the local communities if they made slight adjustments to the project, the route, and the seasonal timetable.

(b) (6), (b) (7)(C)

Signature

(b) (6), (b) (7)(C), AIGI

Name and Title

On (b) (6), (b) (7)(C), 2023, **OIG spoke with Environmental Impact Analyst (b) (6), (b) (7)(C)** (ODP), who advised that the project has been on hold since (b) (7)(C), 2023, due in part to the ESPP categorical prohibition against projects resulting resettlement of over 5,000 persons.

On (b) (6), (b) (7)(C), 2023, **OIG spoke with Director (b) (6), (b) (7)(C)** (OSFI), AGC (b) (6), (b) (7)(C) (OGC), Managing Director Middle East, North Africa and Turkey (b) (6), (b) (7)(C) (OSFI), and Associate Director (b) (6), (b) (7)(C) (OSFI) concerning the project. They advised that the implementer is rerouting the road to try to avoid the massive resettlement numbers that triggered the categorical prohibition (which DFC was not seeking to waive). However, because of Due Diligence issues, primarily with the (b) (7)(C), (b) (6) project sponsor, in the next couple weeks OSFI will be recommending to the CEO that the deal be terminated. If that happens, the associated political risk insurance deal will also be terminated.

On (b) (6), (b) (7)(C), 2023, **Director (b) (6), (b) (7)(C)** advised DFC had terminated its involvement in the project.

THE INVESTIGATION IS CLOSED