



**Office of Inspector General
U.S. International Development Finance Corporation**

**Semiannual Report to Congress
April 1, 2023— September 30, 2023**

THIS PAGE IS INTENTIONALLY LEFT BLANK



Message from the Inspector General



I am pleased to present the U.S. International Development Finance Corporation (DFC), Office of Inspector General's (OIG) Semiannual Report to Congress for the reporting period of April 1, 2023, through September 30, 2023, in accordance with the Inspector General Act of 1978, as amended ([IG Act](#)). DFC OIG is an independent and objective oversight office created within DFC by the Better Utilization of Investments Leading to Development Act of 2018 ([BUILD Act](#)). In accordance with the IG Act, we conduct audits and investigations of DFC programs and operations to prevent, detect, and deter fraud, waste, and abuse. DFC OIG has grown to 13 full-time staff since I started as Inspector General in August 2020.

Currently, our audit planning prioritizes mandatory audits, congressional requests, and risks identified in our prior audit work. During this reporting period, our Office of Audits issued two mandatory audit reports: *DFC's compliance with the Payment Integrity Information Act of 2019 in FY 2022* and *DFC's FY 2022 Charge Card Program Audit*.

During the reporting period, we had an additional three audits in progress. These included an audit of DFC's financial statements, DFC's compliance with the Federal Information Security Modernization Act (FISMA), and a performance audit of DFC-funded renewable energy and microfinancing investments in India. The latter two are substantially complete and the draft report of the audits have been provided to DFC. We are particularly pleased with the FISMA audit results because we found marked improvement in DFC's information security program from last year.

Our job at the OIG is to be tough, but fair, in evaluating DFC's operations and programs. Making positive change at DFC starts with agreement on actionable and reasonable recommendations for practical improvements and solutions. The FISMA audit is a great example where DFC took action on audit recommendations that led to significant improvements in its information security program. Another great example of positive change through our oversight is the audit of DFC's investments in India. In that audit, we found that DFC waived its environmental and social standards for a project. We also found that DFC lacked strategic level objectives, plans, and measurable goals for project site visit monitoring to assess if the project met both financial goals and development impact as intended. We reached an agreement with DFC on recommendations to address these issues. The U.S. Senate Committee on Appropriations has proposed language for DFC in the FY 2024 State, Foreign Operations, and Related Programs appropriations bill that would require any waiver of environmental and social standards to be reported to Congress and limited to compelling circumstances and that DFC must submit a detailed plan for its staffing and expenditures on monitoring and evaluation to the Committee. We look forward to publishing both of these audit reports in early FY 2024.

Our Office of Investigations completed several investigations during this reporting period, including a joint investigation with USAID OIG that resulted in a cost avoidance of \$41 million and a referral to DFC for suspension and debarment (our first such referral). The investigation found that a DFC project sponsor falsified financial statements submitted to DFC in connection with its loan application.



We continue to rely on partners such as USAID OIG to assist us with our investigative caseload because we still lack much-needed law enforcement authority. Our request for this fundamental OIG authority has been pending at the Attorney General’s office since December 2020. At the end of this reporting period, we had seven open investigations, including one referral to foreign authorities for prosecution. We issued two Reports of Investigation to DFC management: one related to fraud by a DFC project sponsor and the other related to misconduct and whistleblower reprisal by a senior official.

In the past six months we have also conducted extensive outreach to advance our oversight mission, including:

- On June 6, 2023, in collaboration with DFC, issuing a management advisory titled “[Key Considerations to Inform DFC’s Response in Ukraine](#)” to proactively protect DFC’s investments as it works to mobilize well over \$1 billion in private sector capital to support the economy and people of Ukraine.
- On June 14, 2023, providing written testimony¹ to the U.S. Senate Committee on Appropriations, Subcommittee on State, Foreign Operations and Related Programs hearing, “Enhancing American Competitiveness Through the US International Development Finance Corporation.”
- Participating in the Ukraine Oversight Interagency Working Group and coordinating with other OIGs to prepare for oversight of DFC-financed investments in Ukraine. As a result of this effort, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) will recognize the working group with an Award for Excellence. This award recognizes the strong interagency collaboration among the many participating federal and military services oversight agencies to ensure a comprehensive and cohesive, whole-of-government approach to oversight of the U.S. Government’s response to the full-scale Russian invasion of Ukraine.
- Investigating multiple whistleblower complaints, including a whistleblower reprisal complaint that we referred to the Office of Special Counsel.
- Successfully passing a Quality Assurance Review by CIGIE that noted no deficiencies in our oversight of audits conducted by our Independent Public Accountants.²
- Continuing to establish international anti-fraud and anti-corruption partnerships, including executing Memoranda of Agreement with Export-Import Bank OIG and components of the World Bank.
- Engaging our congressional and industry stakeholders, as well as DFC’s Board of Directors, on our current and future audit and investigative work.

Additionally, after only three years as an OIG, we are reporting a positive return on investment. In the federal accountability community, the most quantifiable metric of oversight performance is return on

¹ [Inspector General Zake's Written Testimony for the Record, June 14, 2023](#)

² [Federal Trade Commission Office of Inspector General Peer Review Results](#)



investment, which is calculated as a ratio of funds appropriated for our office against savings generated through our audits and investigations, including court-ordered fines, restitutions, recoveries, forfeitures, recoveries of improper payments, recommended cost savings, recommendations for funds put to better use, and questioned costs. Due to the joint investigation highlighted above (and described in more detail in this report), our office helped DFC avoid the disbursement of \$41 million to an unscrupulous business. As a result, DFC OIG's return on investment ratio for FY 2023 is more than 7 to 1.

DFC OIG is providing meaningful oversight of U.S. foreign financial assistance through DFC's investments and programs worldwide. I appreciate the dedication, passion, and subject matter expertise of our small, but growing, workforce. As we look forward to FY 2024, we will continue to address new vulnerabilities and challenges, and will consult with Congress, our Board of Directors, OMB, and other stakeholders to improve our oversight efforts. Our work matters more than ever, and I look forward to engaging with DFC, our Board of Directors, and Congress to share insights about DFC's investments and projects through the results of our audits and investigations.

Sincerely,

Anthony "Tony" Zakel
Inspector General

Return on Investment

Financial Impact of a DFC OIG Investigation:

\$41 Million Cost Avoidance

\$7 for every appropriated dollar

– achieving a return on investment with just a fraction of DFC's total workforce and budget.



FY 2023

\$5.583 Million

Enacted Budget

13 FTEs



FY 2023

\$1 Billion

Enacted Budget

+600 FTEs

**At the end of FY 2023,
DFC's Portfolio was almost \$40 Billion**

U.S. International Development Finance Corporation Office of Inspector General

Our Mission

The U.S. International Development Finance Corporation (DFC), Office of Inspector General's (OIG) mission is to prevent, detect, and deter fraud, waste, and abuse in DFC's programs and operations around the world by conducting audits, investigations, inspections, and evaluations of DFC's projects, systems, employees, and contractors.

Our Core Values

The OIG commits to carrying out its mission in accordance with the following values:

Accountability

Is the heart of the OIG's work. We provide accountability through independent and fair audits and investigations that seek to ensure that DFC is accountable for its results and the resources the public invests into it.

Integrity

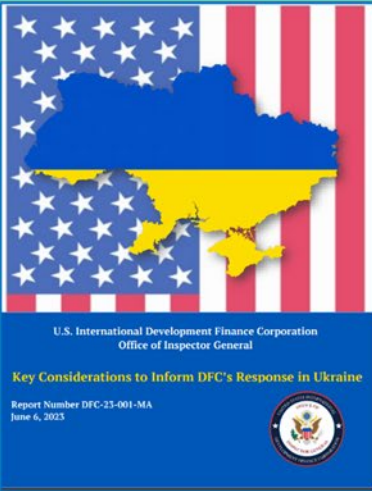
Is the OIG's foundation. The OIG maintains the highest standards of integrity for the American people, Congress, the DFC Board of Directors, Chief Executive Officer, and senior officials, and strives to set the example for objectivity, accuracy, and transparency.

Respect

Is central to the OIG's identity. We have a deep respect for DFC's mission, and we strive to promote a fair and professional work environment to maintain the highest standards of conduct.

Contents

Message from the Inspector General	3
About DFC OIG.....	8
DFC OIG Hotline	10
Top Management Challenges Facing DFC in FY 2024.....	11
Office of Audits.....	14
Office of Investigations.....	17
Outreach and Other Activities	23
Appendix A: Required Reporting.....	28
Appendix B: Audit Tables	30
Appendix C: Metrics for Audit Reporting	32
Appendix D: Metrics for Investigative Reporting	33
Appendix E: Acronyms, Definitions, DFC Products	37





About DFC OIG



Photo 1: DFC committed a \$150 million loan to Yilport Terminal Operations S.A. to finance the expansion and modernization of the Puerto Bolivar container port in Ecuador's El Oro province.

DFC OIG was established by the BUILD Act ([Public Law 115-254](#)) and gets its authority from the [IG Act](#). The OIG was organized in August 2020 following the appointment of its first Inspector General and was created to promote the integrity, transparency, and efficiency of DFC programs and operations. Through its audits and investigations, the OIG prevents, detects, and deters fraud, waste, and abuse affecting DFC's investments, projects, systems, employees, and contractors. DFC is America's development finance institution and offers debt financing, equity investments, feasibility studies, investment funds, political risk insurance, and technical assistance. DFC partners with the private sector on projects across sectors including energy, healthcare, critical infrastructure, and technology. In addition, DFC currently has an active portfolio in Africa, the Middle East, Latin America and the Caribbean, Indo-Pacific, and Europe. The European Energy Security and Diversification Act of 2019 also authorizes DFC to support certain energy and energy-related investments in eligible European and Eurasian countries without regard to host-country income classification. See www.dfc.gov and Appendix E to learn more about DFC products.

DFC's investments include commitments of over \$9.1 billion (above FY 2022's \$7.4 billion) and a portfolio of almost \$40 billion in FY 2023.³ DFC has active exposure in more than 110 countries⁴ and investments are expected to grow in the coming years. DFC funds are flowing quickly, with urgency to mobilize private capital to meet U.S. strategic and foreign policy objectives in economies that may not have adequate safeguards to address fraud and corruption.

³ DFC Press Release, [DFC Makes More than \\$9.1 Billion in Financial Commitments for FY 2023](#), October 5, 2023

⁴ [DFC FY 2022 Annual Report](#)



DFC has an important mission that benefits many people around the world. Accordingly, it is imperative that DFC OIG continue to build an effective and efficient oversight agency. DFC OIG is one of the smallest of more than 70 federal Offices of Inspector General and is leanly staffed. The DFC Inspector General is appointed by and reports to the DFC Board of Directors. Although the OIG is located within DFC, it conducts its work within the framework of the IG Act and independently of DFC. The OIG consists of the Office of Audits and the Office of Investigations, supported by the General Counsel.

The Office of Audits conducts a variety of independent statutorily mandated and discretionary audits of DFC programs and operations and makes recommendations addressing internal control weaknesses.

The Office of Investigations conducts inquiries and investigations into allegations of fraud, misconduct, corruption, and other illegal activity, which may result in criminal convictions, fines, or other sanctions.

The General Counsel provides legal support for audit and investigative work and oversees matters involving legislative and public affairs efforts, ethics, and Freedom of Information Act (FOIA) requests.

DFC OIG Administrative and Operational Activity

The OIG has made significant strides toward building an organization with the expertise, tools, resources, and support needed to accomplish its mission. The OIG's administrative and operational efforts provide critical tools that support our audit and investigative work. During this reporting period, OIG administrative and operational activities included increasing the staff to 13 FTEs.

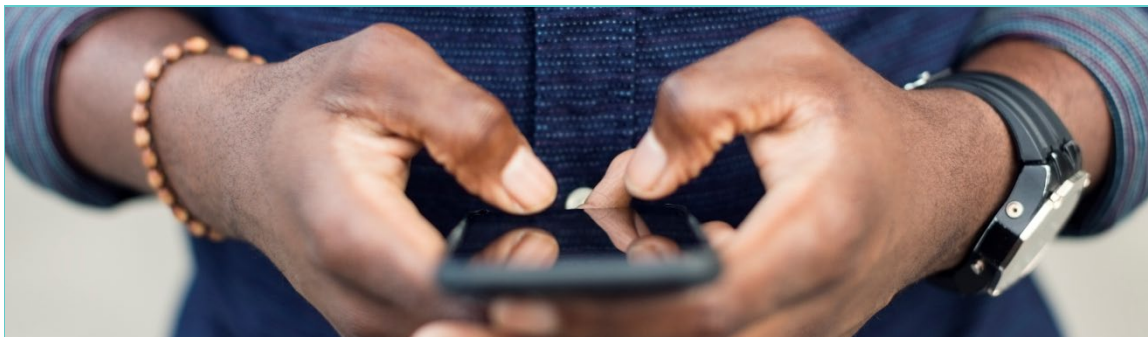
The OIG publishes all audit reports on its website: www.dfc.gov/oig. There you will find information about our mission and vision, as well as how to contact the DFC OIG Hotline. In addition to audit reports, the OIG also publishes semiannual reports to Congress, written and oral testimonies to Congress, press releases, open audit recommendations, and strategic plans.



www.dfc.gov/oig



DFC OIG Hotline



Report Fraud, Waste, and Abuse

OIG's confidential hotline receives allegations of fraud, waste, abuse, and other misconduct.

- Federal employees must disclose fraud, waste, abuse, and corruption to appropriate authorities, such as the OIG.
- Contractors and recipients of U.S. funds must report allegations of fraud and misconduct based on mandatory disclosure requirements in Federal and agency-specific rules.
- Others, including beneficiaries of investment programs and employees of federal contractors and recipients, may report allegations to the OIG directly.

Contact the OIG Hotline



+1 833-OIG-4DFC



www.dfc.gov/oig



ContactDFCOIG.gov



1100 New York Avenue, NW
Suite 270 West
Washington, DC 20527



Top Management Challenges Facing DFC in FY 2024

As required by the Reports Consolidation Act of 2000 ([Public Law 106-531](#)), DFC OIG published, [Top Management Challenges Facing DFC in FY 2024](#), which discusses four challenges facing DFC that we expect will continue over the next several years.

- 1. Improve Monitoring and Evaluating Actual Development Impact.** Project monitoring and measuring actual development impact are continued areas of improvement for DFC. Effectively measuring development impact is critical to ensuring DFC meets the intended purpose of its investments. The BUILD Act requires DFC to develop standards and methods for ensuring development performance, including measurement of the projected and actual development impact of a project. DFC must continue to take action to ensure actual development impact is measured.
- 2. Balance Heightened Expectations of Congress and Stakeholders.** DFC has many stakeholders, in the United States and around the world, who are interested in what it does and how it achieves its goals. Under the BUILD Act, when evaluating development projects, DFC must consider factors relating to environmental and social impact, worker rights, and human rights, among other considerations. DFC faces difficult choices in making investments that balance the competing interests of development impact, foreign policy, and financial performance. Finding the proper balance between these competing priorities presents a significant challenge. DFC OIG believes DFC will face significant challenges in the constantly evolving global environment to advance development through its investments while meeting the expectations of Congress and other stakeholders.
- 3. Improve Performance Management, Traceability, Accuracy, and Availability of Project Data as DFC's Commitments Grow.** While Managing Reputational Risks. DFC needs to improve performance management, traceability, accuracy, and availability of project data as its commitments grow. The BUILD Act requires DFC to assess the development performance of its portfolio. A weakness in this area is that DFC does not have formal procedures for the systematic collection and storing of documentation from site visits, which inhibits enterprise level tracking against strategic goals.
- 4. Maintain Efficient Growth and Development.** Maintaining efficient growth and development has been a challenge for DFC since its inception. Now that DFC has a Chief Executive Officer (CEO), Deputy CEO, Chief Risk Officer (CRO), and Chief Development Officer (CDO), DFC has the leadership capability to make major improvements in this area. In many ways, DFC is still a new organization and accordingly, DFC OIG has identified efficient growth and development as a top management challenge for the past three years. This challenge is a significant element in DFC's plan to ensure it efficiently and effectively accomplishes its goals and objectives. This plan should include building a mission-critical workforce, developing an ideal organization structure, growing its support staff, and managing potential budgetary constraints.

The OIG previously published [Top Management Challenges Facing DFC in FY 2023](#), which can be found on the DFC OIG website, www.dfc.gov/oig.



THIS PAGE IS INTENTIONALLY LEFT BLANK



**Audits
Investigations
&
Other Outreach**



Office of Audits

The Office of Audits (OA) conducts and supervises a variety of independent statutorily mandated and discretionary performance audits assessing controls of DFC programs and operations to detect and deter waste, fraud, abuse, and mismanagement. Audits include evaluating the efficiency and effectiveness of DFC development finance investment programs and operations at headquarters and around the world. These audits lead to recommendations that may result in policy and programmatic changes to help DFC better accomplish its mission.

Audit Activity

During the reporting period, April 1, 2023 – September 30, 2023, OA completed two audits, issued a management advisory, and had three audits in progress. The box on the right provides a summary of audit statistics followed by a summary of completed audit report findings and recommendations below. Each audit report summary includes a link to the report located on the OIG’s external website. Appendix B provides additional statistical details, and Appendix C provides the definitions for audit metrics. For transparency, OIG audit reports (and other publications) are posted on our external website: <https://www.dfc.gov/oig>.

SUMMARY OF AUDIT STATISTICS
APRIL 1, 2023 – SEPTEMBER 30, 2023

Audits Completed: 2

Recommendations: 1

Audits In Progress: 3

Recommendations Closed: 6

Opened / Unresolved Recommendations: 12

Audit Report Summaries April 1, 2023 – September 30, 2023	
Report Title	DFC Implemented an Effective Charge Card Program Fiscal Year 2022 (Audit Report DFC-23-003-C , Issued April 5, 2023)
What We Reviewed	OIG contracted with the independent public accounting firm RMA Associates, LLC (RMA) to audit DFC’s charge card program in accordance with <i>Government Charge Card Abuse Prevention Act of 2012</i> (Charge Card Act). The Charge Card Act requires the OIG conduct periodic reviews of DFC’s charge card program for illegal, improper, or erroneous transactions to prevent fraud, delinquency, or misuse.
What We Found	RMA determined DFC has effectively developed and implemented policies and procedures for its charge card program. RMA concluded that based on the review results and sample testing, the next audit of the charge card program should be in FY 2025 to audit FY 2024 transactions. There were no findings for the FY 2022 audit, all prior year recommendations were closed, and no material differences were identified.
Recommendations	None



Report Title	Management Advisory – Key Considerations to Inform DFC’s Response in Ukraine (Report Number DFC-23-001-MA , Issued June 6, 2023)
Why We Reviewed	This management advisory highlights key considerations for DFC’s evolving response to the war in Ukraine. While current efforts have focused on much-needed humanitarian and military assistance, DFC will likely have a critical role in the U.S. response to the post-war reconstruction. DFC and the United States Agency of International Development (USAID) signed a Memorandum of Understanding with the Government of Ukraine to support attracting investments to Ukraine to address the country’s urgent development priorities and economic recovery. Continued due diligence will help ensure DFC uses any existing and future influx of funding for Ukraine effectively, efficiently, and with appropriate management. The advisory serves to raise awareness and to urge DFC to incorporate lessons learned from project monitoring efforts that protect program integrity.
Key Considerations	<p>Enhance due diligence steps to address risks, prevent fraud, and clearly define project goals prior to funding commitments.</p> <ol style="list-style-type: none"> 1. Coordinate with stakeholders to align projects with U.S. foreign policy and national security goals. 2. Emphasize transparency and social safeguards as well as environmental impact in commitments with project sponsors. 3. Establish strong controls to prevent financial support to prohibited entities and individuals. 4. Identify and assess fraud risks per GAO Leading Practices and document how DFC will respond to fraud. Incorporate lessons learned in project monitoring and evaluation. <p>Incorporate lessons learned in project monitoring and evaluation.</p> <ol style="list-style-type: none"> 1. Establish sound monitoring and evaluation policies that result in sound monitoring and evaluation practices. 2. Assess development outcomes and measure development impact across DFC’s Ukraine portfolio. 3. Recognize that third-party monitoring can help address site access challenges but has limitations. 4. Allocate sufficient DFC staff and resources to manage and oversee DFC-supported projects.
Report Title	Compliance with Payment Integrity Information Act of 2019 (PIIA) Requirement in Fiscal Year 2022 (Report Number DFC-23-004-C , Issued July 11, 2023)
What We Reviewed	OIG contracted with RMA to review DFC’s compliance with the <i>Payment Integrity Information Act of 2019</i> (PIIA) for fiscal year ending September 30, 2022, and to review DFC’s risk assessment process and efforts in preventing and reducing improper payments (IP) and unknown payments (UP).
What We Found	The audit determined DFC (1) complied with PIIA requirements and performed risk assessments using required criteria defined by OMB Circular A-123, and (2) conformed to OMB guidance for preventing and reducing IPs



	and UPs. However, DFC did not respond to the Office of Management and Budget’s (OMB) Annual Data Call for FY 2022.
Recommendation	One recommendation was made for DFC to respond to OMB’s Annual Data Call as required and update its procedures to include steps to verify PIIA requirements through annual communication with OMB.

Significant Audits in Progress

The Office of Audits has three significant audits in progress. The first is an audit of DFC’s renewable energy and microfinancing investments in India.⁵ The objectives of the audit are to:

- Determine if DFC involved the U.S. private sector and supported local country development in alignment with its mission;
- Assess the inputs, data, and analyses used to assess and approve the projects; and
- Assess the process and internal controls DFC used to identify and mitigate certain risks.

The second audit in progress is DFC’s compliance with the Federal Information Security Modernization Act of 2014 (FISMA) in FY 2023. FISMA requires OIGs to conduct an annual evaluation of their respective agency’s information security program and practices. The results are reported to OMB. The scope of this audit is to conduct an independent evaluation of DFC’s information security program using the metrics identified by the Department of Homeland Security to determine its practices and their effectiveness. The OIG has contracted with an independent accounting firm to complete DFC’s FISMA audit. The OIG will coordinate the transmittal of the audit firm’s findings to DFC management, ensure the scope of the audit is appropriate, and that deliverables are met with timeliness.

The third audit is of DFC’s Consolidated Financial Statements for FY 2023. Executive branch agencies are required to complete annual financial statements and obtain annual audits in accordance with generally accepted government auditing standards (GAGAS) and the Financial Audit Manual, both issued by the Government Accountability Office; OMB Bulletin No.22-01, *Audit Requirements for the Federal Financial Statements*; and generally accepted auditing standards (GAAS). OIG has contracted with an independent accounting firm to audit DFC’s financial statements, internal controls over financial reporting, and compliance with laws and regulations relating to the determination of financial statement amounts. The OIG will coordinate the transmittal of the audit firm’s opinion to DFC management, ensure the scope of the audit is appropriate, and that deliverables are met with timeliness.



During this reporting period, the OIG’s Office of Audit successfully passed a Quality Assurance Review by CIGIE that noted no deficiencies in the oversight of audits conducted by our Independent Public Accountants.

⁵ The audit was requested by the U.S. House of Representatives, Committee on Appropriations Subcommittee on State, Foreign Operations, And Related Programs ([HR Report 116-444](#)). The Committee requested that DFC OIG assess the integration and efficiency of DFC policies, procedures, and processes. After consulting with the Committee, the OIG is completing a follow-up audit in India similar to the USAID OIG audit of the Overseas Private Investment Corporation’s (PIC’s) Chile Energy Sector Portfolio completed in 2019 ([9-OPC-19-002-P](#)).



Office of Investigations

The Office of Investigations (OI) conducts inquiries and investigations of suspected fraudulent, illegal, or unethical activities, which may result in criminal, civil, or administrative sanctions. OIG investigations can originate from hotline or whistleblower complaints, congressional inquiries, or proactive initiatives. OIG investigations protect whistleblowers and address critical and sensitive issues affecting DFC's programs and investments, as well as U.S. foreign policy objectives and national security interests.

During this reporting period, April 1, 2023 – September 30, 2023, OI continued to develop its capacity to investigate a broad spectrum of allegations ranging from internal complaints of abuse of authority to external criminal fraud against DFC. A summary of investigative statistics is provided below, and Appendix D provides definitions for investigation metrics.

OI is hampered in its ability to independently conduct certain law enforcement activities because the OIG does not have much-needed law enforcement authority. The OIG's request for law enforcement authority has been pending with the Attorney General's Office since December 2020. The OIG continues to work with key stakeholders, including Congress and DOJ, to obtain law enforcement authority so that OI can effectively and efficiently conduct its investigations. Having such authority is crucial, as DFC OIG has the same oversight responsibilities for DFC that USAID OIG had for OPIC but does not have the full law enforcement authority USAID had (and has). DFC OIG needs law enforcement authority to access electronic databases and tools that are reserved for law enforcement entities. Without access to this data, DFC OIG cannot effectively and efficiently investigate crimes involving DFC programs and operations. Not having this authority also hampers OIG's authority to recruit and hire experienced investigators and is a safety issue for our investigators.

SUMMARY OF INVESTIGATION STATISTICS

APRIL 1, 2023 – SEPTEMBER 30, 2023

Complaints Received: 16

Cases Initiated: 10

Cases Open at Beginning of Reporting Period: 15

Cases Closed During Reporting Period: 18

Cases Open at End of Reporting Period: 7

Investigative Reports Issued: 2

Persons Referred for Criminal Prosecution (DOJ): 1

Persons Referred for Criminal Prosecution (State, Local, and Foreign Authorities): 1

Cases Referred to Agency Management for Administrative Action: 4



Investigative Activity

As it continues to develop its investigative capacity, OI appreciates the partnership of Homeland Security Investigations; the U.S. Customs and Border Protection, Office of Field Operations; the Diplomatic Security Service, Criminal Investigative Liaison Branch; the DOJ; the FBI; and the OIGs of the U.S. Agency for International Development and Department of State.

During the reporting period, April 1, 2023 – September 30, 2023, DFC OIG engaged in substantial investigative activity in multiple cases, including several with interagency partners. We also made one referral to DOJ concerning an individual in an ongoing investigation that we are working with foreign government authorities; DOJ declined to prosecute, but the matter is ongoing, so there is no summary in this report. The following provides a summary of notable investigations that were closed during this reporting period.

Investigation Summaries

April 1, 2023 – September 30, 2023

Alleged Involvement of a Borrower in Illegal Activities

The OIG received information that a DFC borrower was involved in money laundering, terrorist financing, and corruption, and that a host country prosecutor was investigating the matter. The OIG briefed DFC regarding the concern. The host country prosecutor refused to provide information about the case, however, the borrower subsequently provided a letter to DFC from the prosecutor indicating that the case was closed without action.

Alleged Bribery of a Foreign Official

The OIG received information that an American citizen overseas paid a bribe via an intermediary to a senior host government official to approve a particular agreement. The investigation disclosed that the agreement was not executed, the relevant official who was in place during the alleged bribery has since left the government, and the intermediary was not given the funds to make the payment. The U.S. Embassy advised that the host government did not have a cooperative relationship with U.S. law enforcement, and the inquiry was closed.

Alleged Fraud by a DFC Borrower

The OIG initiated a preliminary inquiry upon receipt of a complaint from an anonymous source that DFC was financing the expansion of a borrower's manufacturing capability. The complaint alleged the borrower was in financial trouble and closing sites. The OIG took steps to verify the company did in fact have substantial revenue, and the inquiry was closed.

Alleged Discrimination Against Veterans

The OIG initiated an inquiry upon receipt of information that a DFC hiring official was refusing to consider veterans for employment. The OIG reviewed records which disclosed that several veterans were, in fact, selected for interviews and received offers of employment. The inquiry was closed.

Alleged Circumvention of Categorical Prohibitions

The OIG received information that DFC was considering a project with a large footprint that could potentially displace almost 10,000 people who would need to be resettled. DFC environmental and social policy and procedures categorically prohibit DFC from participating in projects resulting in the resettlement of over 5,000 persons. The OIG reported the information received to DFC. DFC advised the OIG that the origination team was aware of the issue and had decided to recommend terminating DFC's involvement in the project.



Falsification of Financial Statements by a Borrower



DFC OIG and USAID OIG conducted a joint investigation involving a land developer in the Middle East that had applied for a loan to finance a development project in an underserved area. The investigation revealed that the land developer submitted falsified financial statements to DFC in connection with its loan application. The falsified financial statements improperly presented shareholder loans as equity instead of long-term debt, which dramatically improved the borrower's debt-to-equity ratio. The falsified financial statements also removed a required disclosure about the firm's status as a going concern.

OIG investigators informed DFC about the falsified financial statements. Notwithstanding the concerns this raised, DFC committed to loan the borrower \$41 million for the development project. USAID OIG and DFC OIG continued the investigation and attempted to interview the principals of the borrower and their project adviser. However, wishing to avoid being interviewed, the prospective borrower cancelled the loan commitment. Because the loan was cancelled before funds were dispersed to the disreputable borrower, the investigation resulted in a \$41 million cost avoidance.⁶

USAID OIG referred the firm and its principals to foreign authorities for further investigation and potential prosecution. DFC OIG referred the parties responsible for the falsified financial statements to DFC for suspension and debarment.

⁶ The monetary impact of this investigation would qualify as either a "cost avoidance" or a "savings" under the applicable reporting standards. See *Appendix D: Metrics for Investigative Reporting*.



Senior Executive & Whistleblower Reprisal Investigations

DFC OIG investigates allegations of improprieties by DFC staff and contractors—including DFC senior executives. DFC OIG also takes seriously and investigates allegations of reprisal against whistleblowers. We review all such complaints in a timely and thorough manner, in accordance with applicable law. Ensuring individuals' right to report wrongdoing without fear of reprisal is essential to our mission. DFC OIG prioritizes assessing and responding to allegations of whistleblower reprisal by DFC management or DFC's partners and contractors. During this reporting period, the OIG substantiated one allegation of whistleblower reprisal and improprieties by a senior executive. Below is a summary of the investigation and findings.



The OIG received a complaint from a DFC employee alleging various types of misconduct committed by a DFC senior executive. The employee also alleged that the senior executive was retaliating against the employee for filing a complaint with the OIG. During the investigation, the senior executive gave the whistleblower a failing rating, proposed the removal of the whistleblower from federal service, and placed the whistleblower on administrative leave.

The OIG investigated the allegations of misconduct and found the following:

- The senior executive improperly waived a preliminary security clearance requirement to hire a former business associate and DFC failed to document and properly justify the basis for the waiver.
- DFC violated civil service regulations when it used a third-party contract as a temporary staffing mechanism to hire the former business associate as a *de facto* managerial employee.
- Certain other allegations concerning improper hiring were not substantiated.
- The senior executive created an appearance of impropriety because of the frequency with which the executive met a close friend while traveling abroad on government business.
- The senior executive violated State Department regulations and DFC policy by working more than 240 hours while on personal foreign travel in 2022 without being in an authorized travel status or having Country Clearance from the cognizant U.S. Embassy.
- Regarding a potential conflict of interest involving a proposed investment, the senior executive did not take any official action on the deal, and thus did not create an actual conflict of interest. However, despite being recused from the deal, the senior executive appeared to be facilitating the deal behind the scenes, and thus created the appearance of a conflict of interest.

The OIG and the Office of Special Counsel (OSC) separately investigated the allegation of whistleblower reprisal. Both investigations obtained evidence supporting the whistleblower's claim. Based on the evidence obtained, the OIG determined that the allegation of whistleblower reprisal is substantiated.

The investigation also revealed that the senior executive created a hostile work environment within the executive's department.

During the investigation, the senior executive resigned. Near the end of the investigation, the whistleblower was reinstated and returned to the whistleblower's previous position.



OIG Mandate to Investigate Whistleblower Complaints



DFC employees, as well as DFC contractors, subcontractors, and partners, have the right to report what they reasonably believe to be evidence of wrongdoing, without reprisal for doing so. Retaliation against whistleblowers is a prohibited personnel practice under civil service laws. Managers who retaliate may be subject to disciplinary action up to and including removal. Protected disclosures include the disclosure of information that the employee reasonably believes provides evidence of:

- A violation of law, rule, or regulation
- Gross mismanagement
- Gross waste of funds
- An abuse of authority
- A substantial and specific danger to public health or safety.

A disclosure is protected even if the whistleblower is wrong, as long as the whistleblower reasonably believed the disclosure was correct. Federal law also protects employees of federal contractors, subcontractors, and partners, as well as personal service contractors, from reprisal concerning protected disclosures about federal contracts or grants. *See* 41 U.S.C. § 4712. Protected disclosures include information shared with any of the following authorities:

- An Inspector General.
- The Government Accountability Office.
- Members of Congress or representatives of congressional committees.
- A federal employee responsible for contract or grant oversight or management.
- An authorized official of the Department of Justice or other law enforcement agency.
- A court or grand jury.
- A manager or other employee of the contractor, grantee, or personal services contractor who has responsibility for investigating, discovering, or addressing misconduct.




Contact the OIG Hotline

-  +1 833-OIG-4DFC
-  www.dfc.gov/oig
-  ContactDFCOIG.gov
-  1100 New York Avenue, NW
Suite 270 West
Washington, DC 20527

Under the law, employees of Government contractors, subcontractors, and partners, as well as personal services contractors, who make a protected disclosure about a federal grant or contract cannot be discharged, demoted, or otherwise discriminated against, in retaliation for their good faith protected disclosure.



DFC OIG’s statutorily designated Whistleblower Protection Coordinator educates employees about their right to make protected disclosures and the protections available should they choose to come forward. The Whistleblower Protection Coordinator:

	Educates agency employees on their legal right to disclose fraud, waste, abuse, and other misconduct, free from reprisal.
	Ensures that information about whistleblower protections is presented at each DFC New Employee Orientation, as well as quarterly via an OIG newsletter to DFC employees. During the reporting period, this included six sessions and one newsletter.
	Works with our Office of Investigations to ensure DFC employees and employees of DFC partners and contractors receive information on whistleblower rights and remedies. The OIG’s General Counsel also works with DFC’s Office of General Counsel to effectively address any personnel or other actions taken or not taken because of whistleblower activity.

DFC OIG also provides information about whistleblower rights and remedies on its public website at <https://www.dfc.gov/oig> and [DFC OIG Whistleblower Rights and Protections](#).



Outreach and Other Activities

DFC OIG’s outreach and engagement efforts give stakeholders, oversight partners, and the public timely and relevant information about the OIG’s work. The OIG also seeks stakeholder input to inform its work and strengthen partnerships with other oversight offices worldwide. In addition, the OIG engages in ongoing discussions with congressional officials, policymakers, researchers, and high-level government officials on DFC programs and challenges. The OIG also has conducted numerous outreach activities with DFC’s Board of Directors, executives, and other personnel to inform DFC about who we are, what we do, and why we perform audits, investigations, and other reviews.

Outreach

As DFC OIG continues to perform its oversight role, we recognize that it is important to inform our stakeholders – Congress; DFC’s Board of Directors, CEO, and employees; the international development finance industry; domestic and international law enforcement partners; and the American public – about our mission and work. During this reporting period, we conducted the following outreach efforts, among others.



DFC Board of Directors. Inspector General (IG) Zakel held regular briefings with the DFC Board of Directors and attended Risk Committee meetings. The Board was kept informed of OIG activity, including investigations, audit announcements, and reports.

DFC Chief Executive Officer. IG Zakel met with CEO Scott Nathan and his executive staff on a regular basis, generally at least bi-weekly.

DFC General Counsel. The OIG’s General Counsel and Senior Attorney regularly meet with DFC’s Office of General Counsel. During the reporting period, DFC made substantial progress toward establishing a suspension and debarment program for DFC.

DFC Executives and Employees. In addition to meetings between IG Zakel and DFC executives, the OIG issued two quarterly newsletters to DFC employees. The newsletter is designed to communicate directly to DFC employees to share who we are and what we do. In addition, it provides contact information for the Hotline, explains whistleblower rights and protections, and provides fraud awareness tips. The OIG also presented information about OIG’s work to new DFC employees, including how to reach us and how we protect whistleblowers.



Congressional Appropriation and Oversight Committee Briefings. The OIG regularly briefed congressional committee staff on our operations progress, audits, and investigations. During this reporting period we held briefings with the following:

- Senate Foreign Relations Committee and relevant Subcommittees
- House Foreign Affairs Committee and relevant Subcommittees
- Senate and House Appropriations Committees and Subcommittees on State, Foreign Operations, and Related Programs. OIG submitted written testimony for the record to the Senate Appropriations, Subcommittee on State, Foreign Operations, and Related Programs for June 14, 2023,



hearing, [Enhancing American Competitiveness Through the U.S. International Development Finance Corporation](#)⁷

- Senate Homeland Security and Governmental Affairs Committee



Meetings with Other Offices of Inspectors General. The OIG continues to reach out to other OIGs seeking advice and guidance on many operational and mission-specific topics. During this reporting period, the OIG communicated with the following.

- Export/Import Bank (EXIM Bank) OIG, USAID OIG, AbilityOne OIG, and Peace Corps OIG to discuss coordination on matters of mutual interest.
- USAID OIG on the Complex Emergencies Working Group (CEWG). CEWG is an international consortium of donor and development agencies, non-governmental organizations (NGOs), and oversight bodies that share information and resources to make their response to complex emergencies more effective and efficient. CEWG is currently focused on Ukraine.



Meetings with Other Oversight and Assurance Offices. The OIG continues to reach out to other oversight and assurance organizations seeking advice and guidance on many operational and mission-specific topics. During this reporting period, the OIG communicated with the following:

- World Bank Group Internal Audit (GIA)
- Center for International Private Enterprise (CIPE) – Anti-Corruption and Governance Center



Tony Zakel, Inspector General DFC OIG (r) and Anke D'Angelo, Vice President and Auditor General, World Bank Group Internal Audit (l) sign MOU

⁷ [Inspector General Zakel's Written Testimony for the Record, June 14, 2023](#)



Other Activities



Council of the Inspectors General on Integrity and Efficiency. DFC OIG is an active participant in the Council of the Inspectors General on Integrity and Efficiency (CIGIE), which is a statutorily created, independent entity within the executive branch. Congress established CIGIE to address integrity, economy, and effectiveness issues that transcend individual Federal Government agencies, and to aid in the establishment of a professional, well-trained, and highly skilled workforce in the Offices of Inspectors General. During this reporting period, the OIG supported the following activities.

- The IG participates in CIGIE’s Legislative Committee and the Small/Unique OIG Working Group, reviewing existing and proposed legislation and regulations to make recommendations concerning the impact of such legislation on the IG community.
- The OIG’s attorneys participate in the Council of Counsels to the Inspectors General (CCIG). CCIG holds monthly meetings to ensure legal advice is justifiable, consistent, and reflects best practices, and organizes training for new and experienced attorneys within the OIG community. CCIG has a subgroup for counsels who work on investigations and a subgroup for those who work at smaller OIGs. DFC OIG attorneys participate in these subgroups.
- The OIG participates in CIGIE’s subgroup for Inspectors General and Deputy Inspectors General reporting to Boards, the professional development committee’s mentoring pilot group, Investigative Attorneys, and the GAO-CIGIE Coordination Meeting.
- The OIG’s Office of Audits participated in the CIGIE Inspection & Evaluation Expansion Working Group.

Interagency Suspension and Debarment Committee. DFC OIG collaborated with DFC’s Office of General Counsel to establish a Suspension and Debarment Program for DFC, which will help protect DFC and other federal agencies from disreputable contractors. Significant progress towards establishing the program was made during the reporting period.

International Engagements. As the OIG’s Office of Investigations continues to develop its capabilities for international investigations, it is proactively conducting outreach to pertinent law enforcement entities. During this reporting period, the OIG met with anticorruption officials from Nigeria and Romania.

Overseas Contingency Operations Joint Planning Group (OCO JPG), Ukraine Oversight Interagency Working Group. Hosted by Department of Defense IG.

Loans/Loan Guarantee working group. Hosted by Export-Import Bank OIG.



THIS PAGE IS INTENTIONALLY LEFT BLANK



Required Reporting

Appendix A: Required Reporting

The following pages present summary tables and tables containing statistical and other data, as required by the IG Act and other statutes.

IG Act Section	Requirement	Results	Page Number
	Statistical Summary of Audit-Related Accomplishments (April 1, 2023 – September 30, 2023)	~	14
	Statistical Summary of Investigative-Related Accomplishments (April 1, 2023 – September 30, 2023)	~	17
5(a)(1) and 5(a)(2)	Significant Problems, Abuses, and Deficiencies Related to the Administration of Programs and Operations	None	~
5(a)(3)	Significant Recommendations Described in Previous Semiannual Reports to Congress on which Corrective Action has Not Been Completed	None	~
5(a)(4)	Matters Referred to Prosecutive Authorities	None	~
5(a)(5) and 6(c)(2)	Summary of Instances Where Information or Assistance Was Refused or Not Provided	None	~
5(a)(8)	Questioned Costs-Audits and Other Reports with Questioned Cost or Unsupported Cost	None	~
5(a)(9)	Better Use of Funds-Audit and Other Reports with Recommendations for Better Use of Funds	1	19
5(a)(10)	Unresolved Reports-Unresolved Audit and Other Reports Issued Prior to Reporting Period	None	~
5(a)(10)(B)	Reports for which No Agency Comment was Returned to the OIG within 60 Days of Issuance	None	~
5(a)(10)(C)	Outstanding Unimplemented Recommendations with Aggregate Potential Cost Savings	None	~
5(a)(11)	Significant Revised Management Decisions	None	~
5(a)(12)	Significant Management Decisions with Which the OIG Disagreed	None	~
5(a)(13)	Unmet Intermediate Target Dates Established by the Agency Under the Federal Financial Management Improvement Act of 1996	None	~
5(a)(14)	Peer Review Results	1	16

IG Act Section	Requirement	Results	Page Number
5(a)(17)	Investigative Reports Issued		
	<ul style="list-style-type: none"> Numbers of Persons Referred to the U.S. Department of Justice 	1	17
	<ul style="list-style-type: none"> Number of Persons Referred to State and Local Prosecuting Authorities 	None	~
	<ul style="list-style-type: none"> Indictments and Criminal Information that Resulted from Prior Referrals to Prosecuting Authorities 	None	~
5(a)(18)	Description of the Metrics Used for Developing the Investigative Data for the Statistical Tables under 5(a)(17)	~	33
5(a)(19)	Report on Each Investigation Conducted by the OIG Involving a Senior Governmental Employee (GS-15 or above) Where the allegations of Misconduct were Substantiated	1	20
5(a)(20)	Description of Instances of Whistleblower Retaliation	1	20
5(a)(21)	Description of Attempt by Agency to Interfere with OIG Independence	None	~
5(a)(22)(A)	Description of Audits or Inspections Closed but Not Disclosed to the Public	None	~
5(a)(22)(B)	Description of Investigations Involving Senior Government Employees (GS-15 or above) that were Closed but Not Disclosed to the Public	None	~

Appendix B: Audit Tables

Table 1: Audit and Other Reports Issued During the Reporting Period

Report Number	Report Title	Open Significant Recs	Open Other Recs	Value of Potential Cost Savings
DFC-23-003-C	DFC Implemented an Effective Charge Card Program Fiscal Year 2022	0	0	None
DFC-23-001-MA	Management Advisory – Key Considerations to Inform DFC’s Response in Ukraine	0	0	None
DFC-23-004-C	Compliance with Payment Integrity Information Act of 2019 (PIIA) Requirement in Fiscal Year 2022	0	1	None

Table 2: Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed

Report Title Number, and Link	Open Significant Recs	Open Other Recs	Value of Potential Cost Savings
OPIC Implemented Controls in Support of FISMA for Fiscal Year 2017 but Improvements Are Needed (A-OPC-17-007-C , 9/28/2017)	None	1	N/A
OPIC Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2018 (A-OPC-19-006-C , 1/30/2019)	None	2	N/A
DFC Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA (A-DFC-21-005-C , 1/28/2021)	None	1	N/A
DFC Implemented an Effective Information Security Program for FY 2021 in Support of FISMA (A-DFC-22-003-C , 12/1/2021)	None	1	N/A
DFC Made Significant Progress Implementing Provisions of the Better Utilization of Investments Leading to Development Act (DFC-22-005-C , 9/22/2022)	None	3	N/A
FY 2022 DFC Federal Information Security Modernization Act of 2014 Audit (issued November 9, 2023 (DFC-23-001-C))	None	4	N/A

Table 3: Audit and Other Reports with Questioned or Unsupported Costs

Requirement	Number	Unsupported Questioned Costs	Amount
Inspector General Act, Section 5(a)(8)	~	None	N/A

Appendix C: Metrics for Audit Reporting

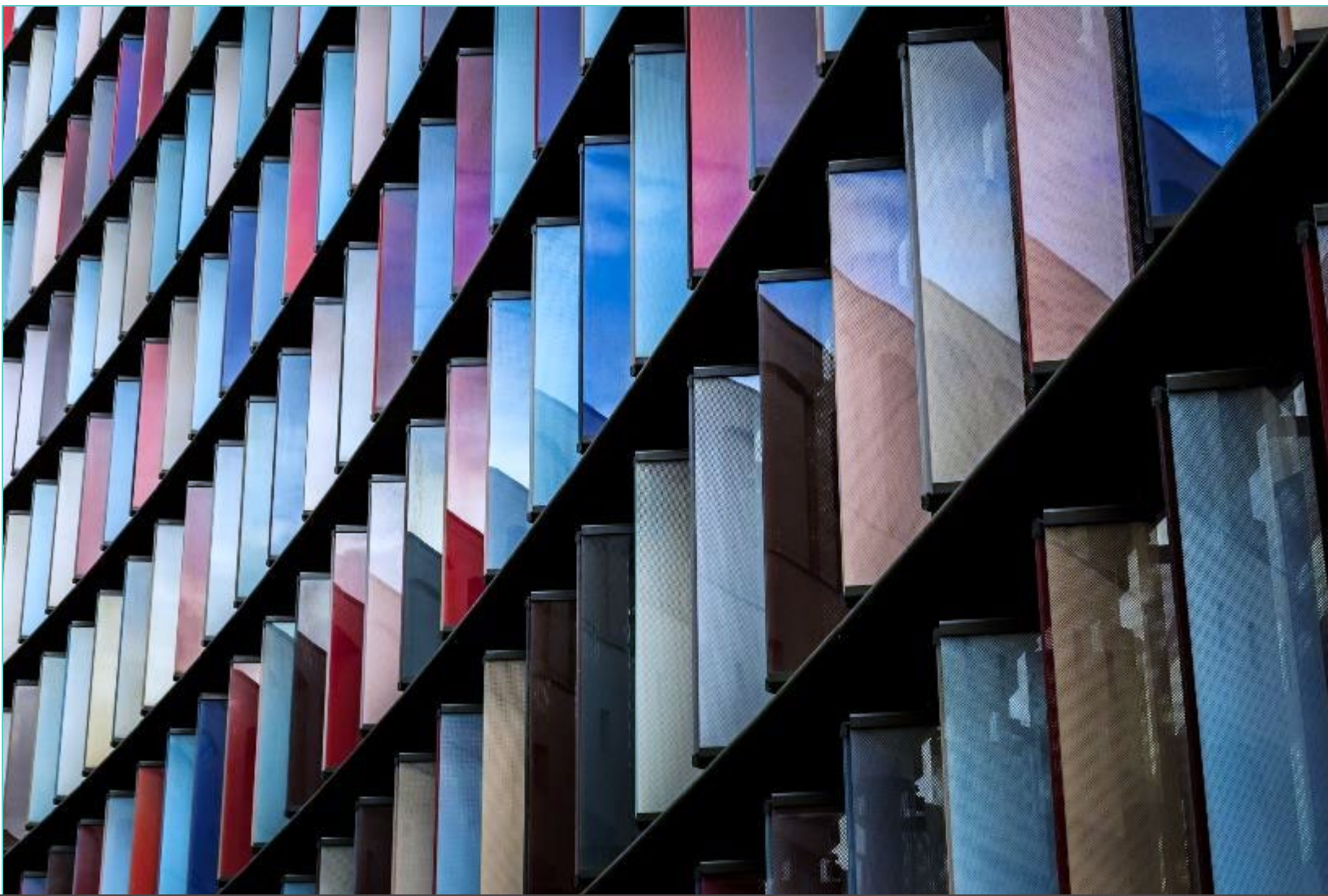
Metric	Description
Questioned Cost	A cost that is unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, and contract
Unsupported Cost	A cost that is not supported by adequate documentation. Unsupported costs are included with the amounts shown as Unsupported Questioned Costs.
Funds Put to Better Use	Funds that could be used more efficiently by implementing recommended actions.
Total Number of Reports Issued	The number of audit reports issued during the reporting period.
Recommendations	Recommendations highlight actions that will improve entity performance when implemented. The appropriate and timely implementation of audit recommendations agreed to by management is an important part of realizing the full benefit of an audit.
Unresolved Recommendations	A recommendation that management has not concurred with and for which a resolution has not been reached between the OIG and management. These recommendations remain open until resolved.

Appendix D: Metrics for Investigative Reporting

Metric	Description
Investigation Opened	<p>When a complaint or disclosure meets the following conditions:</p> <ul style="list-style-type: none"> • There is identifiable evidence of a potential violation of a law or policy with a nexus to DFC. • The allegation falls within a stated management priority, or an investigation of it can otherwise be justified. <p>OIG management is committed to expending the necessary resources to fully investigate the matter.</p>
Investigations Closed	When all investigative activity has concluded, all legal and administrative actions have been finalized, and all case results have been recorded in OIG’s case management system.
Total Number of Reports Issued	Referrals of investigative activity are referred to one or more recipients outside of OIG. As part of the referral process, OIG provides referral recipients with a written summary of its investigative findings that inform decision-makers considering potential administrative action.
Prosecutive Referrals	Referrals: Matters referred by OIG to the appropriate entity responsible for initiating criminal prosecution when investigative activity identifies evidence of potential violations of criminal law.
Arrests	Instances in which an individual has been seized pursuant to legal process and taken into custody in connection with an OIG investigation.
Criminal Indictments / Information	<ul style="list-style-type: none"> • Indictment: An accusation in writing found and presented by a grand jury, legally convoked and sworn, to the court in which it is impaneled, charging that a person therein named has done some act, or been guilty of some omission, which by law is a public offense, punishable on indictment. A formal written accusation originating with a prosecutor and issued by a grand jury against a party charged with a crime. An indictment is referred to as a “true bill,” whereas failure to indict is called a “no bill.” • Information: An accusation exhibited against a person for some criminal offense, without an indictment. An accusation in the nature of an indictment, from which it differs only in being presented by a competent public officer on his oath of office, instead of a grand jury on their oath. A written accusation made by a public prosecutor, without the intervention of a grand jury.
Convictions	An adjudication of a criminal defendant’s guilt; specifically, it is the act or judicial process of finding a criminal defendant guilty of a charged offense.
Sentencings	The formal legal consequences associated with a conviction.
Fines	Monetary penalties are imposed on a defendant as part of sentencing.
Special Assessments	Monetary penalties are imposed on a defendant as part of sentencing. Special assessments are applied on a per-count basis and are collected in the same manner as fines for criminal cases.
Restitution	Monetary penalties are imposed on a defendant as part of sentencing. Restitution serves as recompense to a victim for injury or loss.
Personnel Suspensions	The placement of Federal employees in a temporary non-duty status for disciplinary reasons.
Resignations	Voluntary separation of employees from the Federal agency. Employees who tender their resignations as the result of an OIG investigation typically do so in lieu of removal.

Metric	Description
Removals	The involuntary separation of agency employees from the agency.
Suspensions	The temporary disqualification of firms or individuals from receiving U.S. government awards.
Debarments	Actions are taken by a debarring official to exclude a contractor or grantee, or individual from government contracting and assistance awards for a specified period.
Judicial Recoveries	Monetary amounts are recovered from firms or individuals as part of a criminal or civil sentencing or settlement.
Administrative Recoveries	Funds that were already distributed and for which the agency formally issued a bill of collection or another recovery mechanism after an OIG investigation revealed that the funds were lost, misappropriated, stolen, or misused, and all or a portion of the recovery was paid back.
Savings	Funds that were obligated, but not yet distributed, to be spent as part of an agency's award that was preserved and made available for better uses after an OIG investigation revealed evidence that those funds were vulnerable to fraud or waste. Savings often accompany contract terminations or the discovery of disallowed, questioned, or unsupported costs.
Cost Avoidance	Federal funds were obligated and subsequently set aside and made available for other uses resulting from an OIG investigation. This includes instances in which the awarding agency made substantial changes to the implementation of the project based on an OIG referral. The key operating factor in claiming these as cost avoidance is that the funds were not de-obligated.
Other	<p>Includes a number of investigative results, the most significant of which are the following, relating to U.S. employees, Foreign Service Nationals, and/or personal services contractors:</p> <ul style="list-style-type: none"> • Reprimand: An official written rebuke, censure, or disapproval of a specific action or actions by a Federal employee. • Demotion: A change of a Federal employee's status to a lower grade or a position with a lower rate of pay. • Audit Scheduled: An instance in which the responsible organization schedules an audit of the organization or program that OIG's investigation deems to be vulnerable to fraud, waste, or abuse resulting from.

THIS PAGE IS INTENTIONALLY LEFT BLANK



Acronyms
Definitions
DFC Products

Appendix E: Acronyms, Definitions, DFC Products

Acronyms







Term	Definition
BUILD Act	Better Utilization of Investments Leading to Development Act of 2018; DFC's authorizing statute
CDO	Chief Development Officer
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CRO	Chief Risk Officer
DFI	Development Finance Institution
FAA	Foreign Assistance Act of 1961, as amended (P.L. 97-195) codified at 22 U.S.C. §2191 et. seq.
HIC	High Income Country
IQ	Impact Quotient (Development Impact Assessment Tool)
LIC	Low Income Country
LMIC	Lower Middle-Income Country
OOA	Office of Accountability
ODC	Office of Development Credit
OPIC	Overseas Private Investment Corporation
SME	Small and Medium Enterprise
UMIC	Upper-Middle-Income Country
2X	DFC's Women's Economic Empowerment Initiative
WBG	World Bank Group
IFC	International Finance Corporation

Definitions

Term	Definition
Additionality	The quality of DFC provides support that the private sector cannot provide. Please see the full definition in Directive PD-008.
Commitment	A binding offer to provide insurance or financing (i.e., loan or guaranty) under explicit terms and conditions for a specified period of time. The commitment may precede the execution of a loan agreement or insurance contract, but binds the agency to issue the loan, guaranty, or issuance coverage provided the terms and conditions of the offer are met within the specified time period
Country Status	The status of whether DFC can provide support for projects in a given country, which may be subject to certain restrictions.
DFC Policy Requirements	Those policy requirements, preferences, and restrictions are imposed by DFC from time to time on sponsors, investors, and projects. DFC Policy Requirements are imposed as a result of statutory and foreign policy guidance, good corporate governance, and other agency considerations.
Eligible Investor	(1) United States citizens; (2) corporations, partnerships, or other associations including nonprofit associations, created under the laws of the United States, any State or territory thereof, or the District of Columbia, and substantially beneficially owned by United States citizens; and (3) foreign corporations, partnerships, or other associations: Provided, however, that the eligibility of such foreign corporation shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, held by other than the United States owners: Provided further, that in the case of any loan investment a final determination of eligibility may be made at the time the insurance or guaranty is issued; in all other cases, the investor must be eligible at the time a claim arises as well as at the time the insurance or guaranty is issued.
Expropriation	One of the types of risks that may be covered under DFC’s political risk coverage.
Financing	DFC investment guaranty, direct loan, and local currency authorities.
Foreign government	“Foreign government” means: (1) Any unit of a foreign government, including any national, State, local, and municipal government, and their foreign equivalents; (2) Any international or multinational organization whose membership is composed of any unit of a foreign government; and (3) Any agent or representative of any such foreign government unit or organization while acting as such.
Internationally Recognized Worker Rights	Defined by section 507(4) of the Trade Act of 1974. Includes: (A) the right of association; (B) the right to organize and bargain collectively; (C) a prohibition on the use of any form of forced or compulsory labor; (D) a minimum age for the employment of children; and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.
ODP Policy Requirements	A subset of DFC Policy Requirements. ODP Policy Requirements are those project-related restrictions and requirements in the areas of the environment, worker rights, human rights, U.S. effects, and developmental benefits. The application of these requirements is handled by ODP. ODP Policy Requirements are imposed because of statutory and foreign policy guidance, good corporate governance, and other agency considerations.

DFC Products

DFC products include debt financing, equity investments, feasibility studies, investment funds, political risk insurance, and technical assistance. Below is a brief description of DFC products and learn more by visiting its website at www.dfc.gov.

DFC Product Descriptions	
	Debt Financing. Direct loans and guarantees of up to \$1 billion for tenors as long as 25 years, with specific programs targeting small and medium U.S. businesses. DFC provides financing of more than \$50 million to projects in critical infrastructure, energy, and other projects requiring large investments.
	Equity Investments. DFC direct equity investments can provide critical support to companies committed to creating developmental impact. Equity investments can be highly developmental because of their ability to support early and growth-stage companies that would otherwise not be able to take on debt, especially companies in low and lower-middle-income countries.
	Feasibility Studies. Support for the analysis of a potential DFC project. In most cases, grants for feasibility studies and technical assistance will be designed to increase the developmental impact or improve the commercial sustainability of a project that has received or may receive, DFC financing or insurance support.
	Investment Funds. Support for emerging market private equity funds to help address the shortfall of investment capital. DFC can invest debt and equity into emerging market private equity funds to help address the shortfall of private equity capital in developing countries and help these economies access long-term growth capital, management skills, and financial expertise, all of which are key factors in expanding economic development and creating new opportunities for people in low-income and developing nations.
	Political Risk Insurance. Coverage of up to \$1 billion against losses due to currency inconvertibility, government interference, and political violence including terrorism. DFC also offers reinsurance to increase underwriting capacity.
	Technical Assistance. Support to increase the developmental impact or commercial sustainability of existing DFC projects or develop potential DFC projects.

THIS PAGE IS INTENTIONALLY LEFT BLANK



U.S. International Development Finance Corporation
Office of Inspector General
1100 New York Avenue, NW
Suite 270 West
Washington, DC 20527
www.dfc.gov/oig

DFC OIG Hotline
Toll-Free +1 833-OIG-4DFC
Online at [DFC OIG Hotline](#)