International Development Committee

Inquiry into the CDC Group

Memorandum

from

The Corner House and Jubilee Debt Campaign

Introduction

1. The Corner House and Jubilee Debt Campaign welcome the International Development Committee's current inquiry and are grateful for the opportunity to comment on the issues that the Committee has chosen to examine.

2. The Corner House, together with Mr Dotun Oloko, submitted evidence on its concerns over the adverse development impacts of CDC Group Plc to the Committee's earlier "Inquiry into the Department for International Development's Annual Report", as did Jubilee Debt Campaign. We understand that this evidence will be carried forward to this current Inquiry.

3. This Memorandum supplements our previous submissions and focuses on the following areas where the Committee has sought evidence:

   - The effectiveness of CDC compared with other similar institutions
   - The reforms proposed by the Secretary of State for International Development
   - The extent to which the proposed reforms will be sufficient to refocus CDC's efforts, especially with respect to poverty reduction

The effectiveness of CDC compared with other similar institutions

4. We are not aware of any systematic attempt to compare the effectiveness of CDC with that of the other major Development Finance Institutions (DFIs).[1] But a number of reports, both governmental and non-governmental, have been published that evaluate aspects of specific DFIs, such as Germany's DEG, Sweden's Swedfund, The Netherlands' FMO, the European Union's European

Investment Bank (EIB) and the World Bank's International Finance Corporation (IFC). The Corner House has also initiated its own research into the standards, means of delivery and impacts of the major European DFIs.

5. Based on preliminary research, The Corner House and Jubilee Debt Campaign offer the following observations as to the effectiveness of CDC when compared with other DFIs.

6. CDC is alone in offering only one vehicle for mobilising capital for the private sector – namely, private equity funds of funds. Other DFIs offer a wider range of products – from direct equity participation to loans, insurance guarantees, credit lines and advice services. Whilst some of these services (insurance guarantees, for example) are provided in the UK by government agencies other than CDC, the exclusive reliance of CDC on funds of funds renders it less able to respond to the varied capital-raising needs of the private sector in developing countries. In fact, as noted in our previous submissions, the fund of funds model is largely inappropriate to the development mandate of CDC - private equity funds are wholly unsuited to delivering positive development outcomes (particularly poverty alleviation).

7. A number of DFIs do not provide finance directly to the private sector in developing countries but instead support private sector companies based in their own countries that are doing business abroad. The US agency OPIC is one of these.[2] The Dutch FMO is another, but only it would appear in respect of its Fund Emerging Markets.[3] Swedfund also seems to fulfil a similar role through some of its activities.[4] We would contend that such an approach is directed less at building capacity and relieving poverty in the developing countries and more at subsidising the private sector in the DFI's home country.

8. Whilst CDC has no restrictions limiting its support to UK companies, it is noteworthy that many of its funds are based in the UK (Actis being a case in point) or other Northern countries (Emerging Capital Partners, for example). In these cases, it is likely that the profits accrued through CDC support are not retained in the developing countries but return to the country of origin. This is especially likely to be the case when the funds concerned use tax havens or

where ‘investor-friendly’ tax regimes are in place in the developing country. If part of CDC’s purpose is to promote capital development in developing countries, it is imperative that capital remains in the invested country. CDC’s policies and procedures should ensure that this happens.

9. Support for Small and Medium Sized Enterprises (SMEs) is stated to be a major focus of at least two DFIs (Germany’s DEG[5] and The Netherlands’ FMO[6]). The IFC also has a number of programmes targeted at SMEs and “grassroots” enterprises,[7] although the bulk of its support goes to large projects or transnational investors.[8] Even in the case of DEG, which is committed to a target of providing 340 million euros per year to SMEs, its SME portfolio represents just over one-third of its total financial support.[9] This, however, is significantly greater than CDC’s support for SMEs, which amounted in 2008 to just four per cent of its investment portfolio,[10] despite the recognised role of SMEs in providing the bulk of employment and economic activity in many (though by no means all) developing countries.[11] CDC must set more ambitious targets for SME investment, recognising too that greater advisory support in terms of improving social and environmental impacts may be necessary when dealing with SMEs who are unused to reporting standards.

10. Loans form a major part of the portfolios of several DFIs, including IFC, EIB, OPIC and DEG. Whilst direct loans to companies offer many advantages over other forms of finance,[12] they can adversely affect development when they are backed by sovereign counter guarantees (which entail that defaults are added to a country’s national debt), particularly where countries are already heavily indebted. Some of CDC’s previous loans remain on the books of developing countries.

11. In addition, there is an increasing trend for loans to be made via intermediaries, with the DFIs having little or no prior knowledge of where onward sub-loans will be disbursed. A recent study by a group of international Non-Governmental Organisations (NGOs) has revealed major concerns in the intermediated loan portfolios of the major Multilateral Development Banks (MDBs), many of which now channel up to half of their private sector support via intermediaries. The NGOs conclude:

> "MDBs' procedures have not been sufficiently adapted to intermediary financing, and this part of the MDB investment portfolios is extremely poorly monitored, based almost exclusively on self-reporting. Furthermore, there is evidence that the environmental and social performance of MDBs' financial sector investments is consistently low."[13]

Similar criticisms have been raised against the EIB's intermediated loan portfolio.[14]

12. The Corner House and Jubilee Debt Campaign would strongly recommend against the generalised use of intermediated loans and against the use of sovereign guarantees by a reformed CDC. Where intermediaries are used they should be rigorously screened and monitored to ensure that their onward lending complies with responsible lending standards.[15] We note that the US agency OPIC has recently introduced rules that require intermediaries to obtain prior written consent before lending to subprojects.[16] In addition, all of OPIC's environmental and social standards apply equally to intermediated loans. Where an intermediated loan is likely to have high environmental and social impacts, for example, the applicant is required to conduct "and certify that they have conducted" third-part audits to certify that the project complies with all of OPIC's environmental and social conditions.[17] The auditor's certificate and a summary of the findings are publicly disclosed. CDC should implement similarly policies if it develops an intermediated loan portfolio.

13. The majority of the DFIs we have looked into currently operate with no binding restrictions on the use of tax havens by those funds and companies which they support, a practice that has drawn widespread criticism, both because of the role played by tax havens in facilitating corruption and because of the adverse development impacts of denying developing countries much-needed tax revenues.[18] The only undertaking is a voluntary agreement by DFIs that are members of the Association of European Development Finance Institutions (EDFI) to "self regulate" by using "acceptable" secrecy jurisdictions as defined by the OECD.[19]

14. However, three DFIs – Norfund (Norway), Swedfund (Sweden) and Proparco (France) – have been operating under stricter, mandatory restrictions on their use of secrecy jurisdictions since 2009. [20] For Norfund, this means that it cannot invest in funds that are domiciled in tax havens that appear on OECD's

"grey list" and which do not have tax agreements with Norway. [21] A recent study undertaken for Norad, Norway's bilateral aid agency, confirms that the policy has resulted in Norfund declining to participate in one project in Tanzania and "a re-routing of one fund to Luxembourg from Mauritius". [22] Proparco has similarly confirmed a greater use of Luxembourg by funds it supports. [23]

15. Jubilee Debt Campaign and The Corner House have already set out our concerns about the use of tax havens in our previous submissions and will not repeat them here. We would however draw the Committee's attention to a recent report by a group of international NGOs on the use of tax havens by DFIs and their development impacts.[24] We share the report's conclusion that tax havens have no place in development finance, a position that, as the NGO report notes:

> "accords with the United Nations consensus reached in Monterrey in 2002 when developing countries committed to delivering effective and efficient, transparent and accountable tax systems in exchange for increased international development assistance." [25]

16. In terms of environmental and social standards, all the DFIs that are members of the EDFI have committed to "benchmarking" their support against the "UN Declaration of Human Rights, the ILO Core Conventions and the International Finance Corporation's Performance Standards on Economic and Social Sustainability and associated Environmental and Health and Safety Guidelines".[26] Such benchmarking does not require compliance with the referenced standards, simply that the project is assessed against them. By contrast, for OPIC, compliance with the Performance Standards is mandatory.[27] OPIC also reserves the right to impose stricter standards and requires compliance with host government obligations under international law, which would include human rights obligations.[28]

17. Monitoring by DFIs of the development outcomes of their portfolios appears to differ considerable. Some, like the Dutch FMO, assess the performance of investee companies "after five years, or on exit from a transaction."[29] Others, like Germany's DEG, conduct monitoring throughout the lifetime of an investment, with a full-blown review every two years.[30] But the monitoring and screening procedures used by DFIs are open to criticism. With apparently

rare exceptions (OPIC[31]) all monitoring is conducted internally. Moreover, commercial outcomes are often given greater priority than development outcomes,[32] a criticism that has been made not only of CDC but also the MDBs. Moreover, independent evaluation has often been critical of the monitoring undertaken. As the Swedish Agency for Development Evaluation (SADEV), which conducted an external evaluation of Sedfund in 2008, notes:

> "Swedfund should develop better in-house capacity for monitoring and evaluation of its investments"

and

> "Swedfund has not systematically and over time collected the type of data necessary to draw conclusions on impact issues".[33]

FMO's 2008 internal evaluation of its funds likewise reports:

> "To date, evaluations have, at times, been hampered by the fact that monitoring and annual credit reviews have often focused almost exclusively on client risk, while insufficiently tracking progress towards investments' expressed development objectives."[34]

Action Aid and other NGOs report similar deficiencies for the MDBs:

> "The MDBs' project selection, monitoring and evaluation procedures have tended to prioritise commercial rather than social and environmental returns . . . Monitoring and evaluation methodologies have also been insufficiently focused on poverty reduction, and transparency and disclosure of information has been weak."[35]

18. CDC is not the only DFI to be criticised for failing to meet its development goals – though CDC's exclusive use of funds of funds means that identified systemic failures are more likely to be spread throughout its entire portfolio. SADEV's independent evaluation of Swedfund reports that the investments it scrutinised "cannot . . . be said to consistently have been chosen on the basis of their potential to have an impact on the situation for poor or disadvantaged groups". [36] An internal evaluation conducted by DEG of 16 projects found five cases where companies "showed clear deviations from DEG environmental and social standards", and a further five where "minor deviations" evident, leading DEG to conclude that there was "room for improvement".[37]

19. FMO's 2008 internal evaluation of its Small Enterprise Fund and its Seed Capital fund also found shortcomings, with 25 per cent of its investments

failing to achieve successful development outcomes. [38] The evaluation also notes of FMO's agricultural portfolio:

> "Only one of the five agriculture-related investments made in 2000-2002 managed to achieve a satisfactory level of environmental and social performance. In the others, agreed action plans were insufficiently carried out; in one case, the client's lack of willingness to carry through agreed improvements even led to termination of FMO's financing." [39]

20. If CDC is to become a world leader, it will need to learn from such shortcomings and research and utilise better ways of enforcing development outcomes.

21. As with CDC, Non-Governmental Organisations working on the ground report problems with several of the projects supported by the DFIs that we have researched to date. Criticism has been raised, for example, of FMO's support for cut flower production in Kenya, with labour rights and environmental impacts raising being major concerns. FMO's and DEG's funding of the Xacbal hydroelectric dam in Guatemala has been the subject of protests by affected communities who, even after the dam was completed, had no access to electricity and whose land was allegedly illegally appropriated to build the dam.[40] DEG's support for palm oil production in Indonesia has led to accusations by WWF of causing major adverse tropical forest loss.[41] A number of DFIs – CDC, OPIC, EIB, Swedfund and IFU (Denmark) – are also invested in Emerging Capital Partners, whose investments in Nigeria have been the subject of concern over alleged corruption, as documented in our previous submissions. Such investments suggest that the anti-corruption due diligence conducted by the investing DFIs suffers from the same deficiencies as those identified for CDC. CDC will also need to find new ways of raising human rights, social and environmental standards across the private sector.

22. The Corner House and Jubilee Debt Campaign conclude that many of the problems identified with CDC are also to be found in other DFIs, strongly suggesting that the problems are in part systemic. They arise from the investment model employed by DFIs, and in particular from the failure to prioritise development outcomes in the design of programmes and the choice of investments. In CDC's case, these problems are more concentrated because of its exclusive focus on funds of funds as a delivery method.

23. If correct, such an analysis would suggest that addressing the failings of CDC would require more than simply diversifying its programmes. It would also require CDC to take steps to avoid the problems identified with other delivery mechanisms – for example, by avoiding intermediated funding, the use of sovereign guarantees and banning the use of tax havens. In addition, it would, in our view, require closer collaboration between CDC and poorer communities, with CDC backing a more diverse range of companies (cooperatives, for example, or community banks) that are Southern-based and arise from the communities, rather than fund managers identifying what investments might best address their needs. In effect, it will require moving from developing finance to financing development.

The reforms proposed by the Secretary of State for International Development

24. Jubilee Debt and The Corner House welcome the Secretary of State's announcement that CDC is to be reformed and are supportive of the move towards a broader range of financing channels, subject to the concerns expressed above in respect of intermediated loans and the continuing proposed use of funds of funds.

25. But The Corner House and Jubilee Debt regret that the Secretary of State has already decided that the Department for International Development (DfID) will continue its "hands off" approach, only setting the broad framework for CDC's operations. We believe that if CDC is to avoid the problems that beset other DFIs, new solutions will need to be evolved that will require the expertise of staff with development experience, rather than fund managers. In our view, extra staff will therefore be needed. Developing and implementing more effective forms of monitoring, utilising a greater range of instruments and providing support for a more diverse range of companies – including companies that might produce lower returns and incur greater risk and therefore require a higher degree of oversight – across a wider range of sectors, will all require a more hands-on approach by DfID. It will also require greater accountability to, and monitoring by, Parliament.

The extent to which the proposed reforms will be sufficient to refocus CDC's

efforts, especially with respect to poverty reduction

26. As discussed above, merely broadening the range of products offered by CDC will not by itself improve development outcomes, any more than it has with other DFIs. If CDC is to prioritise poverty reduction, as it should, then its approach to the choice, development, monitoring and mentoring of projects will need to be radically rethought. In particular, mechanisms that allow for direct funding, with ongoing oversight and monitoring will be critical, as will the development of mechanisms that allow poorer people to participate in the design and implementation of programmes, for their own benefit.

The Corner House and Jubilee Debt, 23 November 2010

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1 The main multilateral and bilateral agencies with private sector development functions are: African Development Bank, Asian Development Bank, Bio (Belgium), BMI-SBI (Belgium), CDC Group (UK), Cofides (Spain), DEG (Germany), European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), FinnFund (Finland), FMO (The Netherlands), IFC (World Bank Group), IFU (Denmark), Norfund (Norway), OeEB (Austria), OPIC (USA), PROPARCO (France), Private Infrastructure Development Group (PIDG), and Swedfund (Sweden). DEG is the largest national DFI.

2 OPIC, "Overview", http://www.opic.gov/about-us.

OPIC states:

"OPIC helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy".

3 FMO, "FOM", http://www.fmo.nl/smartsite.dws?id=1676.

FMO states:

"FOM stimulates the Dutch private sector to invest in emerging markets by furnishing capital and experience."

4 Swedish Agency for Development Evaluation (SADEV), "Evaluation of Swedfund International: An analysis of private sector development impacts", 2008, http://www.sadev.se/Documents/Publikationer%202008/SADEV%20Report%202008_3.pdf

SADEV notes:

"Swedfund had several goals during the period studied here; to promote the establishment of profitable companies in developing countries; to support Swedish industry in establishing itself abroad by giving priority to joint ventures with Swedish companies . . ."

5 DEG, "Promoting Small and Medium Enterprises: Their importance and the Role of DFIs in supporting them", November 2010, p.25,

http://www.deginvest.de/EN_Home/Service/Online_library/PDFs_Online-Library/DEG_Atrium_Dialogues_2010_Studie.pdf

6 FMO, “Finance”, http://www.fmo.nl/smartsite.dws?id=1481.

FMO states: “We focus especially on providing finance to micro-, small- and medium-sized business, specifically in low-income countries.”

7 IFC, “SMEs: Frequently Asked Questions”, http://www.ifc.org/ifcext/sme.nsf/Content/FAQ.

The IFC gives a figure of $650 million I financial market support for SMEs in 2004.

8 Bretton Woods Project, Evidence to International Development Committee Inquiry into the World Bank, 19 October 2010, http://www.brettonwoodsproject.org/art-567067.

See also:

Ellmers, B., Molino, N. and Tuominen, V., “Development Diverted: How the International Finance Corporation fails to reach the poor”, Eurodad, November 2010, http://www.eurodad.org/uploadedFiles/Whats_New/Reports/IFC%20final%20for%20website.pdf?n=9645.

9 DEG, “GPR Evaluation Report: New Commitments 2009”, March 2010, p.3, http://www.deginvest.de/EN_Home/About_DEG/Our_Mandate/Development_Policy_Mandate/GPR_Reports/GPR-Auswertung-Neuzusagen-2009_English.pdf.

DEG support for SMEs fell from 38 per cent of total financial support in 2008 to 35 per cent in 2009

10 National Audit Office, “Investing for Development: The Department for International Development’s Oversight of CDC Group plc. Report by the Comptroller and Auditor general”, p.7, 2008, http://www.nao.org.uk/idoc.ashx?docId=1a2db916-cf91-4ce9-89c9-7f821b3f0d12&version=-1

11 DEG, “Promoting Small and Medium Enterprises: Their importance and the Role of DFIs in supporting them”, November 2010, p.25, http://www.deginvest.de/EN_Home/Service/Online_library/PDFs_Online-Library/DEG_Atrium_Dialogues_2010_Studie.pdf

See also:

DEG, “The Engine of Growth and employment”, 16 November 2010, http://www.deginvest.de/EN_Home/Press/Press_archive/2010/20101116_21190.jsp

DEG notes: “ In many countries, small and medium-sized enterprises (SME) account for up to 95 per cent of all companies, frequently generating more than half of the gross national product”.

SMEs are also the major employers in many countries, although this can vary considerably. As DEG records:

“It is clear that in all countries SMEs account for the vast majority of firms. Even in the United States firms with less than 500 employees make up 99.8% of all firms that employ workers. The picture becomes more differentiated when considering the share of SMEs in employment and value-added (GDP), using the World Bank standardized database with a cut-off of 250 employees as the upper limit for SMEs. At one end of the spectrum, Azerbaijan, Belarus, Georgia, Russia and Ukraine record that between 5 and 15% of workers are employed in SMEs. That may reflect the legacy of communism. Yet Bulgaria, for example, shows 50%. Nigeria and Zimbabwe say the number is around 15%. At the other end of the spectrum Chile, Greece and

Thailand claim that roughly 86% of all employees work for SMEs. In Germany the number is 60%."

12 DEG, "Promoting Small and Medium Enterprises: Their importance and the Role of DFIs in supporting them", November 2010, p.25, http://www.deginvest.de/EN_Home/Service/Online_library/PDFs_Online-Library/DEG_Atrium_Dialogues_2010_Studie.pdf.

DEG notes:

"Straight equity finance for SMEs is problematic. Loans are much simpler. Loan contracts specify how much the borrower has to repay and when. If she or he does not repay, there is default. When loans are of short maturity, there is constant monitoring of performance with minimal transaction costs. Pure equity has infinite maturity. So there is always a judgment to be made whether things will look up in the future. Equity returns come out of profit that is left over after the firm has made all other decisions. Excellent accounts are needed to establish basic facts. Close monitoring of business practices is needed to prevent managers or owners reducing profit for outside shareholders. The required complexity of accounting, auditing and corporate governance arrangements is typically not suitable for SMEs."

DEG, "Promoting Small and Medium Enterprises: Their importance and the Role of DFIs in supporting them", November 2010, p.25, http://www.deginvest.de/EN_Home/Service/Online_library/PDFs_Online-Library/DEG_Atrium_Dialogues_2010_Studie.pdf.

13 Action Aid, Bretton Woods Project, Christian Aid, Campagna per la Riforma della Banca Mondiale, Eurodad, Third World Network, "Bottom lines, better lives? Rethinking multilateral financing to the private sector in developing countries", 22 April 2010, http://www.brettonwoodsproject.org/doc/private/privatesector.pdf

14 Counterbalance, "Trusted and experienced financial partners?The European Investment Bank's controversial use of intermediated loans and private equity funds in developing countries", November 2010.

15 The European Network on Debt and Development has set out a Charter of Responsible Finance: http://www.eurodad.org/whatsnew/reports.aspx?id=2060

16 OPIC, "Environmental and Social Policy Statement", August 2010, http://www.opic.gov/sites/default/files/docs/final_environmental_social_policy_statement.pdf.

OPIC states at Para 2.6:

"OPIC screens, reviews and provides prior written consent to all Subprojects on the basis of potential environmental and social risks."

17 OPIC, "Environmental and Social Policy Statement", August 2010, para 5.20, http://www.opic.gov/sites/default/files/docs/final_environmental_social_policy_statement.pdf.

18 *See*:

Counterbalance, "Secret Havens, Secret Policies: The Scandal of EIB loans to companies based in tax havens", 29 May 2009, http://www.counterbalance-eib.org/component/option,com_datsogallery/Itemid,98/func,detail/id,109/

Counterbalance, "Flying in the face of development: How European Investment Bank loans enable tax havens", July 2009.

Murphy, R, "Investments for Development: Derailed for Tax havens – A report on the use of tax havens by development finance institutions", IBIS, NCA, CRBM, Eurodad, Forum Syd, Tax Justice Network, September 2010, http://www.eurodad.org/uploadedFiles/Whats_New/Reports/Investment%20for%20development.pdf?n=7931

19 EDFI, "Summary of EDFI Guidelines for Offshore Financial Centres", October 2009, http://www.edfi.be/component/downloads/downloads/13.html.

20 Bracking, S. (ed.), Future Directions for Norwegian Development Finance: Evidence and Appendices, Norad, ref. no: 0902364-54, 2010.

See also:

Bracking, S, Hulme D, Lawson, D, Sen, K and Wickramasinghe D, Future Directions for Norwegian Development Finance, Norad, ref.no: 0902364-55, 2010.

21 Bracking, S. (ed.), Future Directions for Norwegian Development Finance: Evidence and Appendices, Norad, ref. no: 0902364-54, 2010.

See also:

Bracking, S, Hulme D, Lawson, D, Sen, K and Wickramasinghe D, Future Directions for Norwegian Development Finance, Norad, ref.no: 0902364-55, 2010.

22 Bracking, S. (ed.), Future Directions for Norwegian Development Finance: Evidence and Appendices, Norad, ref. no: 0902364-54, 2010.

See also:

Bracking, S, Hulme D, Lawson, D, Sen, K and Wickramasinghe D, Future Directions for Norwegian Development Finance, Norad, ref.no: 0902364-55, 2010.

23 Bracking, S. (ed.), Future Directions for Norwegian Development Finance: Evidence and Appendices, Norad, ref. no: 0902364-54, 2010.

See also:

Bracking, S, Hulme D, Lawson, D, Sen, K and Wickramasinghe D, Future Directions for Norwegian Development Finance, Norad, ref.no: 0902364-55, 2010.

24 Murphy, R, "Investments for Development: Derailed for Tax havens – A report on the use of tax havens by development finance institutions", IBIS, NCA, CRBM, Eurodad, Forum Syd, Tax Justice Network, September 2010, http://www.eurodad.org/uploadedFiles/Whats_New/Reports/Investment%20for%20development.pdf?n=7931

25 Murphy, R, "Investments for Development: Derailed for Tax havens – A report on the use of tax havens by development finance institutions", IBIS, NCA, CRBM, Eurodad, Forum Syd, Tax Justice Network, September 2010, http://www.eurodad.org/uploadedFiles/Whats_New/Reports/Investment%20for%20development.pdf?n=7931

26 EFDI, "Principles of Sustainable Lending", May 2009, http://www.edfi.be/component/downloads/downloads/25.html

27 OPIC, "Environmental and Social Policy Statement", August 2010, para 3.6, http://www.opic.gov/sites/default/files/docs/final_environmental_social_policy_statement.pdf.

28 OPIC, "Environmental and Social Policy Statement", August 2010, http://www.opic.gov/sites/default/files/docs/final_environmental_social_policy_statement.pdf.

OPIC states (para 4.2):

"Applicants are required to meet the Performance Standards, Industry Sector Guidelines, and host country laws, regulations and standards related to environmental and social performance, including host country obligations under international law."

29 FMO, "Investment Procedures and Policies", http://www.fmo.nl/smartsite.dws?id=451

30 DEG, "Corporate Policy Project Rating", February 2010, http://www.deginvest.de/EN_Home/About_DEG/Our_Mandate/Development_Policy_Mandate/GPR-Brief-Description-Englisch_02-2010.pdf.

31 As noted, OPIC requires third-party certification of compliance with its standards for projects with high environmental and social standards.

See:

OPIC, "Environmental and Social Policy Statement", August 2010, para 5.20, http://www.opic.gov/sites/default/files/docs/final_environmental_social_policy_statement.pdf.

32 An exception is DEG which gives equal weighting to commercial and development outcomes.

See:

DEG, "Corporate Policy Project Rating", February 2010, http://www.deginvest.de/EN_Home/About_DEG/Our_Mandate/Development_Policy_Mandate/GPR-Brief-Description-Englisch_02-2010.pdf.

33 Swedish Agency for Development Evaluation (SADEV), "Evaluation of Swedfund International: An analysis of private sector development impacts", 2008, http://www.sadev.se/Documents/Publikationer%202008/SADEV%20Report%202008_3.pdf

34 FMO, "FMO's internal evaluations: Informing Policy and Strategy – FMO's 6th Annual Evaluation Review 2007/08, along with the response from FMO's Management Board", May 2008, p.12 http://www.fmo.nl/FMO/documents/ESG/Annual%20Evaluation%20Review%202007_2008.pdf

35 Action Aid, Bretton Woods Project, Christian Aid, Campagna per la Riforma della Banca Mondiale, Eurodad, Third World Network, "Bottom lines, better lives? Rethinking multilateral financing to the private sector in developing countries", 22 April 2010, http://www.brettonwoodsproject.org/doc/private/privatesector.pdf

36 Swedish Agency for Development Evaluation (SADEV), "Evaluation of Swedfund International: An analysis of private sector development impacts", 2008, http://www.sadev.se/Documents/Publikationer%202008/SADEV%20Report%202008_3.pdf

37 DEG, "Summary of the most important results of the evaluation regarding Corporate Social Responsibility of DEG financing projects", undated, http://www.deginvest.de/EN_Home/About_DEG/Our_Mandate/Development_Policy_Mandate/GPR_Reports/Summary_of_the_results_of_the_CSR_evaluierung_Internet_version.pdf

38 FMO, “FMO’s internal evaluations: Informing Policy and Strategy – FMO’s 6th Annual Evaluation Review 2007/08, along with the response from FMO’s Management Board”, May 2008, p.12 http://www.fmo.nl/FMO/documents/ESG/Annual%20Evaluation%20Review%202007_2008.pdf

39 FMO, “FMO’s internal evaluations: Informing Policy and Strategy – FMO’s 6th Annual Evaluation Review 2007/08, along with the response from FMO’s Management Board”, May 2008, http://www.fmo.nl/FMO/documents/ESG/Annual%20Evaluation%20Review%202007_2008.pdf

40 Central America Report, “Ixil communities demand greater benefits from new hydroelectric dam”, 27 July 2007, http://www.nisgua.org/themes_campaigns/index.asp?id=2982&mode=pf.

41 WWF Germany, “Oil Palm Plantation and Deforestation in Indonesia. What role do Europe and Germany Play?”, November 2002, http://assets.panda.org/downloads/oilpalmindonesia.pdf. .