



**Independent
Accountability
Mechanism**

U.S. International Development Finance Corporation

IAM Appraisal Report

Rovuma LNG Project, Mozambique

DFC Project ID: 9000093392

December 15, 2025

[Independent Accountability Mechanism](#)

U.S. International Development Finance Corporation (DFC)
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Document History

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October 1, 2025	Appraisal report completed and submitted to DFC Management to enable DFC to satisfy its statutory requirements related to FOIA, Trade Secrets Act and Privacy Act, before circulating the finalized report to the Board, DFC Management, the (former) DFC client, and the Requesters.
October 12, 2025	DFC Management provided a response on December 9, 2025. An updated Appraisal report will be circulated to the DFC Board and Management, the former Client and Requesters, and web published.

About the IAM

The Better Utilization of Investments Leading to Development (BUILD) Act created the U.S. International Development Finance Corporation (DFC) and established its [Independent Accountability Mechanism](#) (IAM) in 2018. The core functions of the IAM, which reports to DFC's Board and Congress, are to (1) evaluate DFC's compliance with its environmental, social, labor, human rights, and transparency standards, (2) deliver mediation and problems-solving services in conflicts, and (3) provide an advisory function to DFC.

Purpose of Appraisal

The purpose of an Appraisal is to determine whether a request merits a compliance investigation using a set of criteria and other considerations listed in the IAM's [Terms of Reference](#) (TOR). The IAM will apply the following criteria in determining whether a compliance investigation is necessary: (a) whether there are preliminary indications of Harm or potential Harm; (b) whether there are preliminary indications that DFC may not have complied with its E&S Requirements; and (c) whether the alleged Harm is plausibly linked to the potential non-compliance. The IAM will also consider other factors. The appraisal process does not lead to a definitive assessment of DFC's compliance with the Environmental and Social Policy and Procedures and its related regulatory framework, or related Harm.

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Acronyms

AG	Attorney General
BHRRC	Business & Human Rights Resource Center
CIG	Community Insight Group
CPP	Categorically Prohibited Project
CSO	Civil Society Organization
DFC	U.S. International Development Finance Corporation
DFI	Development Finance Institution
E&S	Environmental & Social
ECA	Export Credit Agency
ESIA	Environmental and Social Impact Assessment
ESPP	Environmental and Social Policy and Procedures
FID	Final Investment Decision
FLNG	Floating LNG
FOE	Friends of the Earth U.S. (CSO based in the U.S.)
HRDD	Human Rights Due Diligence
IAM	Independent Accountability Mechanism
IFC	International Finance Corporation
JA	Justiça Ambiental (CSO based in Mozambique)
JBIC	Japan Bank for International Cooperation
LNG	Liquefied natural gas
NEXI	Nippon Export and Investment Insurance
NGO	Non-Governmental Organization
OIG	Office of Inspector General
OPIC	U.S. Overseas Private Investment Corporation (DFC's predecessor)
PAP	Project-affected People
PIS	Public Information Summary
PRI	Political Risk Insurance
RAL	Replacement Agriculture Land
RAP	Resettlement Action Plan
SACFO	Senate Appropriation subcommittee on State, Foreign Operations, and Related Programs
TEPMA1	TotalEnergies EP Mozambique Area 1, Lda.

Glossary¹

Client: The direct recipient or prospective recipient of DFC support, including FIs.

DFC Exit: With respect to any Project, the earlier of (i) the termination of negotiations or contracts with the Client for such Project; or (ii) when the Project ceases to exist, or the Project has fully repaid or been written off, the equity investment has been redeemed, sold or otherwise transferred or divested, insurance/guarantee coverage has lapsed, and technical assistance has been fully utilized.

Harm: Any material adverse environmental and social effect on people or the environment resulting directly or indirectly from a Project or Sub-Project. Harm may be actual or reasonably likely to occur in the future.

Parties: The Affected Stakeholder(s) and the Client(s) and/or Sub-Client(s).

Project: A DFC-supported Project approved by the Board, including delegated approval, to include Sub-Projects, as applicable. Such Projects or Sub-Projects include insurance, reinsurance, direct loans, loan guaranties, equity investments, financial intermediaries, or technical assistance.

Representative: Any individual(s) or organization(s) who Requesters elect, as demonstrated with written proof provided to the IAM (such as a letter signed by the Requester), to represent them for a case handled under this TOR.

Requester: Either the Affected Stakeholder(s) or the Client identified in a request to the IAM. Requester may be represented by a Representative. Many other independent accountability mechanisms refer to “requests” or “Requesters” as “Complaints” or “Complainants,” respectively.

Terms of Reference (TOR): IAM’s Terms of Reference, approved by DFC Board of Directors, that establishes the IAM’s mandate and operational procedures.

Threats and Reprisals: In connection with IAM pursuing its purposes, any detrimental act suggested, threatened, or taken, directly or indirectly, against a person to silence or punish him or her, prevent interaction with IAM or prevent the submission or continued processing of a request. Forms of Threats and Reprisals include attempts at intimidation, harassment, discriminatory treatment, withholding of entitlement, risks to livelihood or reputation, and threats of employment termination or retaliatory subcontracting, physical violence, criminalization, or incarceration.

¹ Selected definitions contained in the IAM’s [Terms of Reference](#)

Executive Summary

E.1 The Request

On October 15, 2024, the Independent Accountability Mechanism (IAM) of the U.S. International Development Finance Corporation (DFC) received and acknowledged a request from Justiça Ambiental (Mozambique) and Friends of the Earth (USA), two civil society organization (CSO) representing over 150 individuals from eight villages (the Request or Requesters) in and around the defined area of direct influence of the Rovuma LNG Project (Rovuma or the Project) in Mozambique. The Requesters allege harm connected to the Project's large-scale resettlement program, such as (a) loss of land, improper relocation, and insufficient compensation, (b) inadequate consultation and no free, prior and informed consent, (c) loss of access to fishing and related livelihoods, and (d) contextual insecurity and violence.

E.2 Procedural

The IAM determined the Request to be eligible for IAM services on November 1, 2024. Following the Client request and DFC's termination of its Commitment Letter for the Project on July 22, 2025, which signifies a DFC Exit for the purposes of the IAM, the IAM issued an updated Assessment report on August 13, 2025, redirecting the case from the IAM's problem-solving to compliance function, and initiated an Appraisal to determine if a compliance investigation is merited.

E.3 The Project

The project involves the development, construction, operation, and maintenance of an onshore natural gas liquefaction plant with two trains each having a capacity of 7.6 million tons per annum (MTPA), inlet facilities, onshore feed gas pipelines, and storage facilities, and includes rights of access to and usage of certain shared facilities (the Project). The Project represents the midstream operation associated with the integrated development and commercialization of gas reserves in Area 4 of the Rovuma Basin, located 31 km offshore of the Cabo Delgado province in northern Mozambique (Area 4), and will be operated by an affiliate of ExxonMobil Corporation (ExxonMobil). The Project will receive dedicated gas supply from the Area 4 upstream operations and will process and liquefy gas under a tolling agreement. The Project is associated with a large-scale resettlement program involving over 10,000 individuals and a government-licensed area shared with Mozambique LNG, another LNG concessionaire. The implementation of the resettlement program for Rovuma LNG and Mozambique LNG is being led by TotalEnergies EP Mozambique Area 1, Lda. (TEPMA1), the Area 1 operator.

E.4 DFC Approval

DFC's Environmental and Social (E&S) Clearance was issued on December 20, 2019. The DFC Board approved the Project on September 9, 2020. The Board approved a \$1.5 billion political risk insurance (PRI) coverage for debt related to the Project. Once contracted, the PRI beneficiaries would be the debt holders, and the insured party would be a special purpose vehicle that provided the debt to a special purpose vehicle in Mozambique, in which ExxonMobil is one of several shareholders. The Board also required that DFC reinsures \$1 billion. A commitment letter was executed on December 16, 2020.

E.5 Extensions and Exit

In April 2021, security conditions and insurgency resulted in a pause of the Project. The implementation of the resettlement program by TEPMA1 was also largely paused due to Total's *force majeure* declaration on April 26, 2021, and the associated evacuation of staff and contractors². DFC extended the expiration date of its Commitment Letter (which is not an insurance contract and does not provide an insurance coverage) three times over an approximately five-year period: on March 2022, August 2022, and July 2023 (terminating August 2025). DFC was contemplating a fourth extension prior to a Client-requested termination of the Commitment Letter. There are initial indications that no additional E&S due diligence, reviews of IESC reports, or monitoring was conducted by DFC for any of the completed extensions of the Commitment Letter. Based on representations that the extensions did not appear to raise any undue risks for DFC, raise any material questions of DFC policy, or raise any material legal issues, and in line with policies and procedures for PRI products, the Investment Committee or Board were not required to provide approval to extend DFC's commitment letter. On July 22, 2025, after the Area 4 operator indicated that it will not pursue PRI coverage under the existing application, DFC terminated its Commitment Letter without prejudice.

E.6 Legal Proceedings

On July 14, 2025, a few days before ExxonMobil or its affiliate requested and DFC terminated its Commitment Letter on July 22, 2025, Friends of Earth U.S. (FOE) and Justiça Ambiental (JA), filed a lawsuit³ challenging the U.S. Export-Import Bank's (EXIM) approval of nearly \$4.7 billion in financing in support of the Mozambique LNG project⁴. DFC's Public Information Summary (PIS)⁵ and information in the public domain⁶ indicate that the resettlement program for both Mozambique LNG and Rovuma LNG is being led and implemented by TEPMA1, the Area 1 operator of the Mozambique LNG (Area 1) project⁷. This resettlement program is both a subject matter in the lawsuit against EXIM and a core element of the Request being processed by the IAM. However, the IAM's investigative focus will be on DFC's performance and compliance with DFC's ESPP/ESPS and its associated regulatory framework. It is also the IAM's understanding that the US District Court of DC already conducted a hearing related to the EXIM case, the court denied the CSOs' request to pause disbursement while the legality of the financing is litigated, which is being appealed by the CSOs, and that a court decision can be expected well before the IAM would complete its compliance investigation.

E.7 Appraisal Decision

As detailed in Section 7, the IAM determined that the three criteria required to initiate a compliance investigation have been met. After also considering other aspects highlighted in Section 7, the IAM generated a Terms of Reference (annexed to this report) and will proceed with a compliance investigation of DFC's actions related to the Rovuma LNG case.

² <https://totalenergies.com/media/news/press-releases/total-declares-force-majeure-mozambique-lng-project>

³ https://foe.org/wp-content/uploads/2025/07/2025.07.14_FOE-v-EXIM-Complaint-Filed-Copy-Mozambique.pdf

⁴ <https://exim.gov/news/exim-approves-5-billion-finance-exports-mozambique-lng-project> accessed 8/19/2025 which notes that "EXIM's financing will support U.S. exports to the Area 1 concession of the Mozambique LNG project", and that the "borrower is Mozambique LNG1 Financing Company Ltd.", accessed 8/31/2025

⁵ <https://www.dfc.gov/sites/default/files/media/documents/9000093392.pdf> accessed 8/31/2025

⁶ <https://www.mozambiqueLNG.co.mz/sustainability/resettlement/> accessed 8/31/2025

⁷ <https://www.mozambiqueLNG.co.mz/sustainability/resettlement/> accessed 8/31/2025

1. Introduction

1.1 Purpose of Appraisal

The purpose of an Appraisal is to determine whether a request merits a compliance investigation using a set of criteria and other considerations presented in the IAM's Terms of Reference (TOR). The appraisal process does not lead to a definitive assessment of DFC's compliance with its Environmental and Social (E&S) Policy and Procedures (ESPP) and its related regulatory framework, or related Harm.

1.2 Report Structure

This report summarizes the IAM's appraisal of the Rovuma LNG project following its transfer to the IAM's compliance review function. The background of the Project, including DFC's key approval processes and extensions, are summarized in Section 2. This includes a tabulation of a general chronology related to the Rovuma LNG Request and its context in Section 2.9. The request submitted by two civil society organization (CSO) representing over 150 individuals from eight villages (the Requesters) in and around the defined area of direct influence of the Rovuma LNG Project in Mozambique is summarized in Section 3. The IAM's scope and methodology, and relevant E&S standards and other requirements related to the Request are presented in Sections 4 and 5, respectively. Responses received from DFC Management and former Client are summarized in Section 6. The IAM's analysis whether there are preliminary indications of Harm or potential Harm, preliminary indications that DFC may not have complied with its E&S Requirements, and whether the alleged Harm is plausibly linked to the potential non-compliance, and other considerations are detailed in Section 7. The IAM decision that a compliance investigation is merited is presented in Section 8.

2. Rovuma LNG and Context

2.1 Rovuma LNG Project

According to project documents, DFC's Rovuma LNG Project involves the development, construction, operation, and maintenance of an onshore natural gas liquefaction plant with two trains each having a capacity of 7.6 million tons per annum (MTPA), inlet facilities, onshore feed gas pipelines, and storage facilities, and includes rights of access to and usage of certain shared facilities (the Project)⁸.

The Project represents the midstream operation associated with the integrated development and commercialization of gas reserves in Area 4 of the Rovuma Basin, located 31 km offshore of the Cabo Delgado province in northern Mozambique (Area 4), and will be operated by an affiliate of ExxonMobil Corporation (ExxonMobil). The Project will receive dedicated gas supply from the Area 4 upstream operations and will process and liquefy gas for a service fee under a tolling agreement.

As noted also in the Public Information Summary (PIS)⁹ and other sources¹⁰, the implementation of the Project's resettlement program involving over 10,000 individuals¹¹ is being led and implemented by

⁸ Media articles from September 2024 indicate that the Rovuma LNG project will consist of an LNG plant with a total production capacity of 18 MTPA, comprising 12 fully modularized LNG trains of 1.5 MTPA each, see <https://gascompressionmagazine.com/2024/09/25/exxonmobil-awards-feed-contract-rovuma-lng-project/> accessed 9/1/2025.

⁹ <https://www.dfc.gov/sites/default/files/media/documents/9000093392.pdf> accessed 8/31/2025

¹⁰ <https://www.mozambiqueing.co.mz/sustainability/resettlement/> accessed 8/31/2025

¹¹ https://www3.dfc.gov/Environment/EIA/rovuma/Resettlement_Plan/RP_Vol_1_Eng.pdf, Table 3-3, at page 47

TotalEnergies EP Mozambique Area 1, Lda. (TEPMA1), the Area 1 operator of the Mozambique LNG (Area 1) project, which shares the government-licensed area allocated for land-based facilities with Rovuma LNG.

2.2 DFC Approval and Exit

DFC's Environmental and Social (E&S) Clearance was completed on December 20, 2019. DFC assigned an E&S risk categorization of "A" (high risk) and a rare "Special Consideration" (heightened social risk) to the Project. The E&S Clearance notes that the Project was eligible for support after reviewing it against OPIC/DFC's Categorical Prohibitions, which include resettlement of 5,000 or more persons.

On September 14, 2020, DFC provided a Congressional notification in advance of its intended financial commitment in support of the development of the Rovuma LNG facility. On September 20, 2020, DFC's Board approved a \$1.5 billion political risk insurance coverage for debt for the Rovuma LNG Project, Mozambique. If contracted, the beneficiaries of that coverage would be the debt holders, and the insured party would be a special purpose vehicle (the Insured Lender) that provided the debt to a special purpose vehicle in Mozambique (the Foreign Enterprise), in which ExxonMobil is one of several shareholders. The Board required that DFC reinsure \$1 billion, such that DFC's net exposure under the Insurance Contract would not exceed \$500 million plus interest.

Following Board approval on September 20, 2020, DFC executed a Commitment Letter (which is not an insurance contract) on December 16, 2020. After multiple extensions of its Commitment Letter over a period of approximately five years, described further below, DFC never executed a PRI contract. Following a request by its Client, DFC terminated its Commitment Letter in July 2025.

2.3 Management Representations

In October 2020, in response to questions by staff from the Senate Appropriation Subcommittee on State, Foreign Operations, and Related Programs (SACFO) about how many *individuals* will be resettled and eligible for benefit under the resettlement plan, DFC responds included the following:

"The establishment of the Afungi Peninsula DUAT requires the physical relocation of 556 households and the economic displacement of 962 households."

The IAM observes that DFC's response was silent about the additional approximately 4,000 individuals subject to economic displacement due to the establishment of the marine exclusion zone. The IAM also notes that it is common for resettlement plans or programs alignment with the IFC Performance Standards to present the total number of *individuals* (or project-affected people) subject to physical resettled and economic displacement. The relevant number or quantum requested by SACFO was 10,034.

Also, responding to other SACFO staff questions referencing concerns raised by several CSOs alleging flaws in consultation and compensation processes, DFC responded in October 2020 that its due diligence did not identify any evidence of such flaws, and that, if additional reports or allegations come to light, DFC will investigate promptly. DFC also noted that its client/sponsor had committed to publicly disclose reports on the implementation of resettlement, livelihood restoration, and community development activities.

As detailed further below, there is preliminary indication that DFC did not receive or review any IESC reports, or follow-up on relevant published reports highlighting shortcomings. Also, IAM was unable to identify any resettlement-related progress reporting by DFC's Client/Sponsor.

2.4 Rovuma LNG Delays

In early 2020, well prior to DFC's Board approval, media reports note that the Rovuma LNG project was on hold or that Final Investment Decision (FID) was delayed due to coronavirus and gas slump^{12,13}. Approximately one year later, in April 2021, several months after DFC's Board approval, deteriorating security conditions and insurgency resulted in the Area 4 operator pausing or delaying the Project's FID^{14,15}. The April 2021 delays appear to be connected to Total's *force majeure*¹⁶ declaration for its Mozambique LNG project (which shares a resettlement program and other activities with Rovuma LNG) on April 26, 2021, resulting in evacuation of staff and contractors¹⁷. In Aug 2024, media reports indicate that ExxonMobil, again, postpones FID for Rovuma LNG, shifting it for the third time in five years¹⁸.

This context may explain why DFC extensions of its Commitment Letter three times as listed below:

- March 2022, terminating August 2022
- August 2022, terminating August 2023
- July 2023 terminating August 2025

DFC was contemplating a fourth extension of the Commitment Letter. However, by July 22, 2025, the Area 4 operator indicated that it will not pursue PRI coverage under the existing application. Therefore, DFC terminated the Commitment Letter without prejudice. This means that the ExxonMobil or its affiliates would be able to reapply for DFC support for Rovuma LNG in the future.

Each extension of DFC's Commitment Letter was approved through the Vice President or Acting Vice President for Structured Finance and Insurance based on representations that the extensions did not appear to raise any undue risks for DFC, raise any material questions of DFC policy, or raise any material legal issues. Therefore, in line with DFC policies and procedures for PRI products, which does not limit the number of extensions which can be provided or require a referral to the Board after a set number of extensions or passing of a defined period of time, there was no requirements to generate and submit any new project memoranda for Board information or approval.

¹² <https://www.lngindustry.com/liquefaction/23032020/rovuma-lng-project-on-hold-due-to-coronavirus-and-gas-slump/> accessed 8/27/2025

¹³ <https://jpt.spe.org/exxonmobil-delays-fid-rovuma-lng-moves-forward-coral-flng-mozambique> accessed 8/27/2025

¹⁴ <https://africaoilgasreport.com/2024/08/gas-monetization/exxonmobil-again-postpones-fid-for-mozas-rovuma-lng-project/> accessed 8/23/2025

¹⁵ <https://www.nortonrosefulbright.com/en-ca/knowledge/publications/89977412/global-lng-outlook-2021>

¹⁶ *Force majeure* refers to certain events, beyond the control of the parties, which may inhibit the parties from fulfilling their duties and obligations, see also <https://ppp.worldbank.org/ppp-overview/practical-tools/checklists-and-risk-matrices/force-majeure-checklist>

¹⁷ <https://totalenergies.com/media/news/press-releases/total-declares-force-majeure-mozambique-lng-project>

¹⁸ <https://africaoilgasreport.com/2024/08/gas-monetization/exxonmobil-again-postpones-fid-for-mozas-rovuma-lng-project/> accessed 8/27/2025

2.5 Signaling Support

In September 2020, DFC announced¹⁹ Board approval for new investments included the following:

“Catalyzing development through energy production in Mozambique: Up to \$1.5 billion in political risk insurance will support the commercialization of natural gas reserves in Mozambique’s Rovuma Basin—a project with the potential to transform the country into a major energy exporter. When complete, the project is expected to increase Mozambique’s GDP by an average of \$15 billion per year, positioning one of the world’s poorest countries to achieve lasting, long-term economic growth. The project will advance development across Mozambique, with significant associated GDP benefits expected to accrue to sectors beyond oil and gas. DFC’s political risk insurance will support the development, construction, and operation of an onshore liquefaction plant, along with supporting facilities.”

DFC executed a Commitment Letter in December 2020. However, SDC never executed an insurance contract. By July 22, 2025, the Area 4 operator indicated that it will no longer pursue PRI coverage under the existing application. Therefore, DFC terminated the Commitment Letter without prejudice.

The U.S. Department of State’s annual Investment Climate Statements: Mozambique describes DFC support related to Rovuma LNG since 2020 in the following way:

- The 2021 Statement²⁰ notes that “Mozambique was the largest recipient of DFC support in Africa in 2020, with the announcement of a [...] USD 1.5 billion in political risk insurance for the development of the Rovuma LNG project co-led by Exxon Mobil and ENI.”
- The 2022 Statement is silent about DFC’s support for Rovuma LNG²¹.
- The 2023 Statement²² notes that “DFC maintains active political risk insurance to the Rovuma LNG Phase 1 onshore LNG project.”
- The 2024 Statement notes that “DFC maintains \$1.5 billion in political risk insurance to the Rovuma LNG Phase 1 onshore LNG project”²³.

As noted earlier, DFC executed a *Commitment Letter* on Rovuma LNG in December 2020. However, this never resulted in an *insurance contract* and, therefore, DFC did not provide any insurance coverage.

2.6 Portfolio Context

A search of DFC’s Active Projects database²⁴ shows that Rovuma leads the list of projects exhibiting the highest financial commitment level (\$1.5 billion). However, this was contingent on the DFC reinsuring at

¹⁹ <https://www.dfc.gov/media/press-releases/dfc-approves-36-billion-new-investments-global-development-largest-quarter> accessed 9/2/2025

²⁰ <https://www.state.gov/reports/2021-investment-climate-statements/mozambique>, Sec 12, accessed 8/24/2025

²¹ <https://www.state.gov/reports/2022-investment-climate-statements/mozambique#:~:text=Mozambique%20is%20eager%20to%20partner,joining%20the%20Global%20Methane%20Pledge>, Sec 12, accessed 8/24/2025

²² <https://www.state.gov/reports/2023-investment-climate-statements/mozambique>, Sec 12, accessed 8/24/2025

²³ <https://www.state.gov/reports/2024-investment-climate-statements/mozambique/> at section 12, accessed 8/19/2025

²⁴ <https://www.dfc.gov/what-we-do/active-projects> accessed 8/19/2025

least \$1 billion. The Rovuma Project is also a leader in DFC's portfolio in terms of a high social risk rating. DFC designated Rovuma an unusual dual "A" (highest E&S risk category) and "Special Consideration" (heightened social risk) project. A DFC database search of active projects with dual "A" and "Special Consideration" categorization for the period FY20 to FY24 only returned two such projects.

2.7 Country Context

According to the U.S. State Department's latest (2024) Investment Climate Statement: Mozambique²⁵, the country's challenges to investments include corruption, state ownership of all land, high interest rates, poor infrastructure, low education levels among the workforce, and an Islamic State-linked insurgency affecting parts of the country's northern Cabo Delgado Province. Energy companies began exporting natural gas from a floating LNG (FLNG) platform offshore of the northern province of Cabo Delgado in November 2022 and are drawing up plans for a second FLNG. However, continued terrorism-related insecurity in northern Mozambique has contributed to the delay of two larger multi-billion-dollar onshore LNG projects, an example of the impact of insecurity on the business environment. A Southern African Development Community (SADC) peace keeping mission or regional response to support the Republic of Mozambique to combat terrorism and acts of violent extremism deployed to Mozambique in July 2021²⁶. A November 2024 press release²⁷ by the Council of the EU indicates that the European Peace Facility continues to support the deployment of the Rwanda Defence Force in the Cabo Delgado province of Mozambique. This deployment started in July 2021 at the request of Mozambican authorities to support the fight against terrorism in Cabo Delgado.

2.8 Legal Proceedings

The IAM is aware of the lawsuit²⁸ filed on July 14, 2025, in the USA by Friends of Earth U.S. (FOE) and Justiça Ambiental in Mozambique (JA) challenging the U.S. Export-Import Bank's (EXIM) approval of nearly \$4.7 billion in financing in support of the Mozambique LNG project²⁹. The allegations of the lawsuits relate to EXIM's approval of a loan in support of the Mozambique LNG Project.

The plaintiffs in the lawsuit allege that EXIM (a) exceeded its statutory authority, (b) exceeded limits related to over-subsidization, (c) failed to provide notice and an opportunity to comments, (d) failed to analyze the adverse economic impacts in the United States for the time period during which the Project's production will be sold, (e) its action was arbitrary, capricious or an abuse of discretion in causing substantial economic injury in the United States, (f) failed to consider the Project's environmental, humanitarian, human rights and social risks and to provide an opportunity to comment, (g) its actions

²⁵ <https://www.state.gov/reports/2024-investment-climate-statements/mozambique/> accessed 8/24/2025

²⁶ <https://www.sadc.int/fr/node/2856#:~:text=The%20SADC%20Mission%20in%20Mozambique,and%20the%20SADC%20Executive%20Secretary>

²⁷ <https://www.consilium.europa.eu/en/press/press-releases/2024/11/18/european-peace-facility-council-tops-up-support-to-the-deployment-of-the-rwanda-defence-force-to-fight-terrorism-in-cabo-delgado/> accessed 9/1/2025

²⁸ https://foe.org/wp-content/uploads/2025/07/2025.07.14_FOE-v-EXIM-Complaint-Filed-Copy-Mozambique.pdf

²⁹ <https://exim.gov/news/exim-approves-5-billion-finance-exports-mozambique-lng-project> accessed 8/19/2025

which notes that "EXIM's financing will support U.S. exports to the Area 1 concession of the Mozambique LNG project", and that the "borrower is Mozambique LNG1 Financing Company Ltd.", accessed 8/31/2025

were arbitrary, capricious, or an abuse of discretion, (h) failed to adequately consider harms to the global climate, including in the U.S., and (i) failed to provide statutorily mandated information.

The IAM notes that the Area 1 operator associated with Mozambique LNG leads the implementation of a large-scale resettlement program which is shared with Rovuma LNG³⁰. This resettlement program and its implementation are at the core of the Request related to Rovuma Project being processed by the IAM. Also, the plaintiffs of the lawsuit, FOE and JA, also represent the Requesters on the Rovuma LNG case.

It is the IAM’s understanding that the US District Court of DC already conducted a hearing related to the EXIM case, the court denied the CSOs’ request to pause disbursement while the legality of the financing is litigated, which is being appealed by the CSOs³¹, and that a court decision is expected well before the IAM would complete its compliance investigation.

2.9 General Chronology

A general chronology related to the Rovuma LNG Request and its context is shown in Table 1.

Table 1: Chronology of selected events, activities, publications, decisions or approvals (entries in red (R) color signify DFC activities or decisions)

Date	Selected events, activities, reports, decisions or approvals
Nov 2016	Resettlement Plan* approved by the Government of Mozambique on 8 Nov 2016 ³²
Nov 2017	Implementation of Resettlement Plan* initiated on 6 Nov. 2017 ³³
Feb 2019 (R)	DFC received the application to support Rovuma LNG on 2/27/2019
Mar 2019 (R)	DFC received Retainer Fee on 3/7/2019
Mar 2019	Rovuma LNG development plan approved by Mozambique government ³⁴
Dec 2019	Implementation of Phase 1 Relocation* of communities to Quitunda Village ³⁵
Dec 2019 (R)	DFC E&S Clearance of the Rovuma LNG Project
Jan 2020 (R)	DFC issues updated Environmental and Social Policy and Procedures
Mar 2020	Rovuma LNG project on hold due to coronavirus and gas slump ³⁶
Apr 2020	ExxonMobil Delays FID on Rovuma LNG ³⁷
Sep 2020 (R)	DFC Board approval of the Rovuma LNG Project
Dec 2020	LKL Human Rights Due Diligence Assessment of the Mozambique LNG Project*, ³⁸

³⁰ <https://www.mozambiquelng.co.mz/sustainability/resettlement/> accessed 8/31/2025

³¹ <https://foe.org/news/ngos-appeal-mozambique-lng/> accessed 12/9/2025

³² <https://www.mozambiquelng.co.mz/sustainability/resettlement/> accessed 8/18/2025

³³ <https://www.mozambiquelng.co.mz/sustainability/resettlement/> accessed 8/18/2025

³⁴ https://corporate.exxonmobil.com/news/news-releases/2019/0514_rovuma-lng-development-plan-approved-by-mozambique-government accessed 8/27/2025

³⁵ <https://www.mozambiquelng.co.mz/sustainability/resettlement/> accessed 8/18/2025

³⁶ <https://www.lngindustry.com/liquefaction/23032020/rovuma-lng-project-on-hold-due-to-coronavirus-and-gas-slump/> accessed 8/27/2025

³⁷ <https://jpt.spe.org/exxonmobil-delays-fid-rovuma-lng-moves-forward-coral-flng-mozambique> accessed 8/27/2025

³⁸ https://www.mozambiquelng.co.mz/wp-content/uploads/2024/02/final_hrdd_report_24_may.pdf accessed 8/18/2025

Date	Selected events, activities, reports, decisions or approvals
Dec 2020 (R)	DFC executes Commitment Letter (12/16/2020, 72 pages including annex)
Apr 2021	Total pulls all staff after deadly attacks by militants, declares <i>force majeure</i> ³⁹
Mar 2022 (R)	DFC's first extension of the Commitment Letter (terminating August 2022)
Aug 2022 (R)	DFC's second extension of Commitment Letter (terminating August 2023)
May 2023	JC. Rufin's human rights report highlights shortcomings of the resettlement program ^{*,40}
Early 2023	CIG reviews Mozambique LNG's resettlement program ^{*,41}
Jul 2023 (R)	DFC's third extension Commitment Letter (terminating August 2025)
Late 2023	Rovuma increasing scope from 15MMTPA to 18MTPA, hinting at FID in 2024 ⁴²
Apr 2024 (R)	DFC issues its updated E&S Policy and Procedures
Aug 2024	ExxonMobil postpones FID for Rovuma LNG, shifting it for the third time in five years ⁴³
Oct 2024	Following the country's 9 October 2024 elections, consistent reports suggest violence and repressive measures used against protesters in peaceful demonstrations, which continued until 7 November 2024, caused at least 30 deaths, injured 200 people and led to the arrests of at least 300. ⁴⁴
Mar 2025	AG of Mozambique opened criminal investigation into allegations of human rights abuses by Defense and Security Forces in the Afungi Peninsula during summer of 2021. ⁴⁵
Jul 2025	FOE and JA file lawsuit on 7/14/2025 challenging EXIM's financing approval for Mozambique LNG*
Jul 2025 (R)	On July 22, 2025, DFC terminates the Commitment Letter after the Area 4 operator indicated that it would like to withdraw its application for PRI coverage.
Nov 2025	ExxonMobil lifts force majeure on Rovuma LNG in Mozambique: spokesperson ⁴⁶

* TotalEnergies EP Mozambique Area 1, Lda. (TEPMA1, also known as Area 1 operator) leads the resettlement program shared by Mozambique LNG and Rovuma LNG

³⁹ <https://totalenergies.com/media/news/press-releases/total-declares-force-majeure-mozambique-lng-project> accessed 8/18/2025

⁴⁰ <https://totalenergies.com/media/news/press-releases/totalenergies-publishes-jcrufins-report-human-rights-cabo-delgado>, accessed 8/25/2025

⁴¹ <https://www.mozambiquelng.co.mz/wp-content/uploads/2025/03/Press-Release-Investigations-performed-by-Mozambique-LNG-on-the-allegations-published-by-Politico.pdf> see page 2, bullet point 5, accessed 8/27/2025

⁴² <https://africaoilgasreport.com/2024/08/gas-monetization/exxonmobil-again-postpones-fid-for-mozas-rovuma-lng-project/> accessed 8/27/2025

⁴³ <https://africaoilgasreport.com/2024/08/gas-monetization/exxonmobil-again-postpones-fid-for-mozas-rovuma-lng-project/> accessed 8/27/2025

⁴⁴ <https://www.ohchr.org/en/press-releases/2024/11/mozambique-post-election-violence-and-repression-must-stop-say-un-experts> accessed 12/12/2025

⁴⁵ <https://totalenergies.com/news/mozambique-lng-totalenergies-welcomes-launch-official-investigations-mozambique> accessed 8/28/2025

⁴⁶ <https://www.spglobal.com/energy/en/news-research/latest-news/crude-oil/112025-exxonmobil-lifts-force-majeure-on-rovuma-lng-in-mozambique-spokesperson>

3 Summary of the Request

On October 15, 2024, the IAM received and acknowledged a Request from Justiça Ambiental (Mozambique) and Friends of the Earth (USA), two civil society organization (CSO) representing over 150 individuals from eight villages (the Requesters) in and around the defined area of direct influence of the Rovuma LNG Project in Mozambique. The IAM determined the Request to be eligible on November 1, 2024, and issued its Assessment report⁴⁷ on July 31, 2025, which was subsequently updated and published on August 13, 2025.

The Requesters allege Harm connected to the Project's large-scale resettlement program, including those related to (a) loss of land, improper relocation, and insufficient compensation, (b) inadequate consultation and no free, prior and informed consent, (c) loss of access to fishing and related livelihoods, and (d) contextual insecurity and violence.

The Requesters, who asked for confidentiality for fear of retribution, allege Harms experienced and anticipated in the future related to inadequate consultation, resettlement, and livelihood restoration. Specific allegations include:

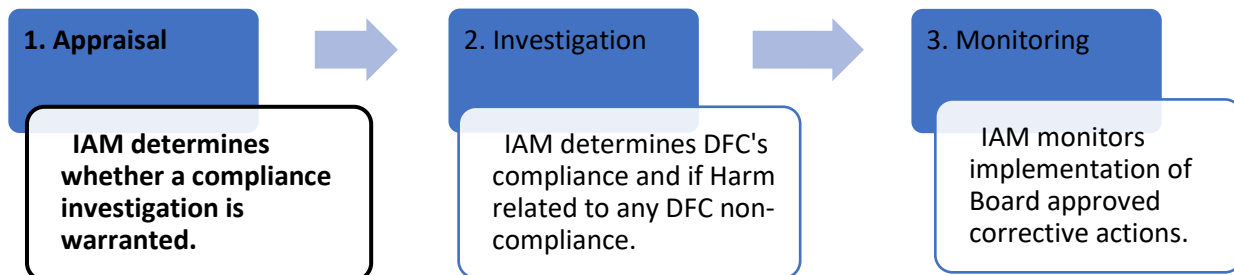
- Exclusion from the resettlement process.
- Delays in signing agreements for lands that were previously mapped.
- Delays in paying compensation for signed agreements.
- Delays in delivery of replacement land promised in agreements.
- Lack of compensation for lost communal infrastructure.
- Inadequate compensation and mitigation measures for restricted access to fishing and natural resource collection areas, including restrictions on women and other vulnerable groups.
- Inadequate restoration of commercial livelihoods (e.g., displaced small businesses).
- Lack of clear communication on the status of the mapping process.
- Lack of communication about or assurance that deposits made in the wrong accounts will be corrected.
- Lack of compensation for the transportation, food, accommodation, and time associated with the Project requirement that affected people travel long distances to receive compensation.

The Request also describes previous and unsuccessful efforts to work directly with the Project to address the Requesters' concerns.

⁴⁷https://www.dfc.gov/sites/default/files/media/documents/DFC%20IAM%20Assessment%20Rovuma%20LNG%2020250813_508.pdf

4. Scope and Methodology

The IAM's compliance function reviews DFC's compliance with its E&S policy and procedures, and the related regulatory framework. The IAM's compliance function follows a three-step approach illustrated below. This report summarizes the result of the IAM's appraisal process.



The purpose of the appraisal process is to determine whether a request merits a compliance investigation based on the criteria listed further below. The process does not lead to a definitive assessment of DFC's compliance with its E&S policy and procedures, and its related regulatory framework, or related Harm. Every appraisal decision, whether to investigate, close, or defer, will be made at the discretion of the IAM Director, applying criteria set out in the IAM's TOR.

IAM applies the following appraisal criteria in determining if a compliance investigation is necessary:

1. Whether there are preliminary indications of Harm or potential Harm;
2. Whether there are preliminary indications that DFC may not have complied with its E&S Requirements; and
3. Whether the alleged Harm is plausibly linked to the potential non-compliance.

As part of this appraisal, the IAM conducted a preliminary review of the following information:

- Documents related to the Request, the Assessment report, DFC's response to the Request
- Documents available related to the Rovuma LNG Project
- Addition documents provided by the Parties and DFC's project team
- Relevant public reports, academic literatures, and media coverage

During an appraisal, the IAM also considers the following:

- a) For any Project where a DFC Exit has occurred at the time IAM completes its compliance appraisal, whether an investigation would provide particular value in terms of accountability, learning (construed broadly), or remedial action despite a DFC Exit.
- b) The relevance of any concluded, pending or ongoing judicial or non-judicial proceeding regarding the subject matter of the request.
- c) Whether DFC Management has clearly demonstrated that it dealt appropriately with the issues raised by the Requester, or in the internal request and followed the ESPP and its related regulatory framework, or whether Management acknowledged that it did not comply with the ESPP and its related regulatory framework.
- d) Whether DFC Management has provided a statement of specific remedial actions, and whether, in IAM's judgment after considering the Requester's views, these proposed remedial actions substantively address the matters raised by the Requester.

5. Applicable Standards

The IAM applied its 2024 Terms of Reference⁴⁸ to this appraisal.

DFC received the application for support for the Rovuma LNG Phase I Project on February 27, 2019. This means that the Project's E&S review or due diligence occurred when OPIC's 2017 Environmental and Social Policy Statement (ESPS) was applicable.

Further review will be required to ascertain if, after multiple extensions of the Commitment Letter over several years, straddling a period during which OPIC transitioned to DFC, and DFC generated two updated versions of its ESPP (January 2020 and April 2024), it would be more reasonable⁴⁹ to apply the 2024 ESPP and its related regulatory frameworks, and if such an application would materially change any applicable standards, requirements, or outcomes relevant to the Request.

Section 1.5 of the ESPS 2017 highlights that OPIC adopted and applied, and that projects must meet, the IFC Performance Standards (PS) and applicable Industry Sector Guidelines, including any revisions. The E&S standards relevant to the Request include PS1: Assessment and Management of Environmental and Social Risks and Impacts, and PS5: Land Acquisition and Involuntary Resettlement. IFC PS5 indicates, *inter alia*, that compensation should be provided *before* taking possession of land or related assets:

“9. When displacement cannot be avoided, the client will offer displaced communities and persons compensation for loss of assets at full replacement cost and other assistance to help them improve or restore their standards of living or livelihoods, as provided in this Performance Standard. [...]. **The client will take possession of acquired land and related assets only after compensation has been made available and, where applicable, resettlement sites and moving allowances have been provided to the displaced persons in addition to compensation.** The client will also provide opportunities to displaced communities and persons to derive appropriate development benefits from the project.” [emphasis added]

The role of OPIC to determine whether information provided is adequate, accurate, objective and appropriate is noted in the following 2017 ESPS section:

“**2.4** OPIC reviews the risks and impacts identified by the Applicant, the Applicant's defined Area of Influence, and information on Project Affected People to determine whether the information is adequate, accurate, objective and appropriate to the size and nature of project activities. As required, OPIC will seek additional information from the Applicant and knowledgeable third parties to verify the information.”

⁴⁸ [https://www.dfc.gov/sites/default/files/media/documents/IAM ToR Final Clean Dec 4 2024.pdf](https://www.dfc.gov/sites/default/files/media/documents/IAM%20ToR%20Final%20Clean%20Dec%204%202024.pdf)

⁴⁹ In Section 4.13, the ESPS 2017 indicates the following: “Complete applications that are received before the effective date of a new guideline or standard will be assessed against the guideline or standard in effect on the date of application provided that OPIC commitment to provide support is achieved within one year of the effective date of the new guideline or standard. If commitment is not achieved within one year after the effective date of the new guideline, the project will be subject to the new guideline.”

The 2017 ESPP also contains certain Information Quality Requirements:

“5.13 OPIC is committed to disseminating information that meets its standards for **objectivity, integrity and utility** in accordance with its Information Quality Guidelines. <https://www.opic.gov/who-we-are/information-quality-guidelines>” [emphasis added, the weblink is broken]

The IFC PS5 also requires continues disclosure of relevant information as shown below:

“10. The client will engage with Affected Communities, including host communities, through the process of stakeholder engagement described in Performance Standard 1. [...] Disclosure of relevant information and participation of Affected Communities and persons **will continue during the planning, implementation, monitoring, and evaluation of compensation payments, livelihood restoration activities, and resettlement** to achieve outcomes that are consistent with the objectives of this Performance Standard. [...]” [emphasis added]

In response to questions from SACFO or staff, DFC noted in October 2020 the following:

“**Exxon will report on implementation of its resettlement, livelihood, and community development activities** within its regular environmental and social reports. The periodicity of these reports is not yet determined; however, **Exxon has committed to publicly disclose them**. In addition to reviewing Exxon’s reports, the IESC will also directly monitor the implementation of resettlement, livelihood restoration and broader community development activities as part of its overall scope for environmental and social monitoring. **DFC will monitor the IESC and Exxon reports on implementation**. [...]”

The above statement implies that DFC will be monitoring periodic reporting on the implementation of the resettlement program, and that some or all these reports will be publicly disclosed by ExxonMobil and/or its affiliates.

6. DFC Management and Client Responses

6.1 DFC Management Response

The project was paused in April 2021, shortly after the letter of commitment, so all work on reaching financial close ceased and was never renewed. As set forth in the ESPP (2020 version): “7.2 DFC monitors project compliance with all environmental and social requirements (and underlying representations) that are reflected in conditions and covenants in DFC Agreements throughout the term of the contract.” DFC Agreements are defined in the ESPP as “A DFC loan agreement, guaranty agreement, project consent or insurance contract.” As there was no DFC Agreement in force in this case, monitoring had yet to start. The project had become inactive shortly after the issuance of the letter of commitment, and as such there was no basis for monitoring of the project nor for requesting the client to submit reports until such time that the project became active again – which it did not, as the client subsequently cancelled the commitment.

6.2 Client Response

On July 22, 2025, DFC terminated the Commitment Letter in response to the Area 4 operator's withdrawal of its application for PRI coverage. For the purposes of this IAM's compliance appraisal process, this signals a DFC Exit and, for the purposes of the IAM, that there is no longer a Client (defined as direct recipient or prospective recipient of DFC support). On August 26, 2025, the IAM notified ExxonMobil or its affiliates that the Rovuma case will be transferred to the IAM's compliance functions. The IAM invited any additional input which the former Client may wish to provide. Once more, the IAM also requested any progress reports or updated statistics related to the resettlement program. The IAM did not receive any response or comments from ExxonMobil or its affiliate, the Area 4 operator.

7. IAM Analysis

Based on the analysis summarized further below, the IAM determines that the Request satisfies the three criteria required to initiate a compliance investigation. The results of the IAM's considerations of other matters, such as those related to a Client-requested DFC Exit, and the relevance of legal proceeding being pursued in US courts related to US EXIM and its support for the Mozambique LNG Project (which shares a resettlement program and other activities with Rovuma LNG), are also presented below.

7.1 Preliminary indications of Harm or potential Harm

The Requesters allege Harm connected to the Project's large-scale resettlement program, including Harm related to (a) loss of land, improper relocation, and insufficient compensation, (b) inadequate consultation and no free, prior and informed consent, (c) loss of access to fishing and related livelihoods, and (d) contextual insecurity and violence.

There is preliminary indication that DFC did not receive, review or act on reports by the IESC. The following third-party studies commissioned and published by the Mozambique LNG (which leads the resettlement program also for Rovuma LNG) and/or its sponsors, which also cover the resettlement program shared with Rovuma LNG, are notable:

- LKL Human Rights Due Diligence Assessment of the Mozambique LNG Project (Dec 2020)⁵⁰.
- The Chairman and CEO of TotalEnergies commissions Dr. Jean-Christophe Rufin and Ingrid Glowacki in December 2022 to conduct a review of the socioeconomic, humanitarian and human rights situation in the Palma- Afungi-Mocímboa area (published May 2023)⁵¹.

In addition, Total also referenced the completion of the following study:

- The Community Insights Group conducted a full review of the resettlement program in 2023⁵².

LKL's report identifies "community well-being (resettlement, livelihoods and community health and safety)" as one of six salient human rights issues. The report identifies or describes challenges and delays to the livelihood restoration program, including those related to provision of replacement agricultural lands. According to the 2016 Resettlement Plan, replacement agricultural lands was required for 1,508 households⁵³, likely affecting food security or livelihood of several thousands of individuals.

To *prevent* Harm, the IFC PS5 requires that the "client will take possession of acquired land and related assets only after compensation has been made available". Such a precautionary approach would also ensure that unplanned or unpredictable events, such as those which may trigger a *force majeure*, do not interfere with timely delivery of required replacement or compensatory measures. The LKL report

⁵⁰ https://www.mozambiquelng.co.mz/wp-content/uploads/2024/02/final_hrdd_report_24_may.pdf accessed 8/18/2025

⁵¹ <https://totalenergies.com/media/news/press-releases/totalenergies-publishes-jcrufins-report-human-rights-cabo-delgado>, accessed 8/26/2025

⁵² <https://www.mozambiquelng.co.mz/wp-content/uploads/2025/03/Press-Release-Investigations-performed-by-Mozambique-LNG-on-the-allegations-published-by-Politico.pdf.pdf> see page 2, accessed 8/26/2025 (the IAM requested but has not received the report from TotalEnergies EP Mozambique Area 1, Lda., the Area 1 operator leading the resettlement program.

⁵³ https://www3.dfc.gov/Environment/EIA/rovuma/Resettlement_Plan/RP_Vol_1_Eng.pdf, Table 7-1, at page 189

provides preliminary indication that the provision of replacement agricultural land appears to have been delayed for an unquantified number of project-affected people to *after* the resettlement impacts had occurred, necessitating remedial measures, such as distribution of food baskets. Based on LKL's published report, the IAM finds preliminary indication of Harm or potential Harm related to the resettlement program already prior to impacts from the COVID pandemic and/or TotalEnergies' *force majeure* declaration in April 2021.

The IAM's preliminary review also indicates that Dr. JC Rufin's report provides preliminary indication of Harm associated with Rovuma's resettlement program. Based on Rufin's report, the IAM finds preliminary indication of shortcomings related to consultation (compensation documents drafted in Portuguese with locally spoken/preferred language being Swahili), and other shortcomings creating a negative spiral or domino effect: use of outdated or inaccurate asset inventories prepared between 2013 and 2015 and compensated several years later (potentially resulting in inaccurate or inadequate compensation), delays in compensation payments (requiring collection of a "complex circuit of signatures" from community leaders and district government, each creating further delays), with compensation payment apparently arriving post resettlement impacts, and delayed access to agricultural replacement land because of delays of payments of communities providing the replacement plots leading to delayed release of the lands until compensation has been provided.

In addition, Rufin's report highlights ineffective or inadequate approach to enabling access to fisherfolks resulting in reduction of income, and ambiguous or unclear dispute or grievance resolution procedures. Based on Dr. Rufin's report, the IAM finds preliminary indication of Harm or potential Harm, including those which appear to be unrelated to or not driven by *force majeure* conditions or impacts (see also corroborating information provided LKL's report and discussed further above). A precautionary approach would have likely ensured that unplanned or unpredictable events, such as those which may trigger a *force majeure*, do not interfere with timely delivery of required replacement or compensatory measures.

Preliminary interviews of DFC E&S staff confirmed that, DFC did not request, receive, review or act on any IESC or other published third-party reports describing the successes or shortcomings of the resettlement program over a period of approximately five years, between December 2020 (Board approval) and July 2025 (termination of the Commitment Letter). The IAM was also unable to identify substantive resettlement-related progress report disclosures by ExxonMobil or the Area 4 operator, as was implied in representations made by DFC's Management to the Board or SACFO/Congress. The IAM notes that, despite provisions in the executed Commitment Letter allowing reasonable request for information, ExxonMobil or the Area 4 operator did not provide the information requested by the IAM related to current scale and key performance indicators of the resettlement program.

The IAM's interviews and preliminary review of information provided with the assistance of the Requesters and other sources indicate that by the time DFC extended its Commitment Letter for a third time in July 2023, approximately 1/3 of affected households were still waiting to be resettled and/or receive their replacement housing, approximately 4/5 of the replacement agricultural plots had not been allocated to affected people, and few if any of the new business replacement structures had been provided to the dozens of affected businesses. This information also provides preliminary indication of Harm or potential Harm and further substantiates that the core principle of PS5 to provide compensation/replacement *before* generating adverse resettlement impacts may not have been implemented for a significant number of resettlement-affected individuals and businesses.

7.2 Preliminary indications that DFC may not have complied with its E&S Requirements

7.2.1 Due Diligence, Review or Monitoring

The categorization of the Project as “A” and “Special Consideration”, in large part due to the project’s large-scale resettlement program, highlights that project-induced displacements or resettlements are key E&S risk drivers and, therefore, material to OPIC/DFC’s consideration of the Project.

The Project’s executed Commitment Letter notes that, once executed, it constitutes an effective and legally binding agreement. Item two (2) of the Commitment Letter notes that any extension was at DFC’s sole discretion and subject to modification of the terms. Item three (3) states that the Investor was required to assist DFC in its due diligence, including without limitation, by promptly providing to DFC on *an on-going basis* all information material to DFC’s consideration of the Project, including information DFC may reasonably request. This implies that DFC continued to have access to material E&S and resettlement-related information and updates throughout the approximately five-year period involving multiple extensions and prior to DFC’s termination of the Commitment Letter.

The IAM’s initial interviews with DFC staff and document reviews provide preliminary indication that DFC did not request, receive, review or monitor IESC or other types of E&S-related reporting to be informed about material E&S/resettlement risks and related mitigations throughout the approximately five-year period involving multiple extensions and prior to DFC’s termination of the Commitment Letter.

Based on reports which are readily available in the public domain, such as of LKL Human Rights Due Diligence (Dec. 2020), and Rufin’s Human Rights Report (May 2023), which provide preliminary indication that Rovuma’s resettlement programs may not have been compliant with IFC PS5 (see also next section), the IAM finds preliminary indication that DFC’s due diligence or monitoring did not comply with its ESPS/ESPP, which requires that projects and their resettlement plans or programs need to comply with IFC PSs, including IFC PS5.

Also, there are preliminary indication that DFC did not obtain the necessary information, some of it readily available in the public domain, to assure itself that the three extensions of the Commitment Letter, which were executed during periods involving, for example, two revisions of DFC’s ESPP, several LNG concessionaire-commissioned reports apparently highlight material shortcomings of a large-scale resettlement program, mobilization of SADC and Rwanda military forces to the Project area, and a *force majeure* declaration of a third-party leading Rovuma LNG’s resettlement program, would not potentially raise any material E&S-related risks, policy, or legal questions to be considered by DFC and/or its Board.

7.2.2 Compliance with IFC PS5

The IFC PS5 provides a benchmark which is required to be used by OPIC/DFC when reviewing a project, including for displacement or resettlement risks and mitigation. To prevent Harm, the IFC PS5 requires that the “client will take possession of acquired land and related assets only after compensation has been made available”. Such a precautionary approach would also ensure that unplanned or unpredictable events, such as those which may trigger a force majeure, do not interfere with timely delivery of required compensatory measures, such as providing replacement agricultural land to ensure food security.

In general, the IAM finds preliminary indication that the public comments by a coalition of CSOs related to resettlement impacts provided to DFC during the ESIA disclosure phase⁵⁴ in 2020 appear broadly consistent with key findings contained in subsequent third-party reports by IKL (2020) and Rufin (2023), which were commissioned and published by an LNG-concessionaire leading Rovuma's resettlement program, and other sources consulted by the IAM, and the statements made by the Requesters.

An initial review of the above references reports provides preliminary indication that OPIC/DFC's due diligence or monitoring may have failed to identify that Rovuma's resettlement program did not meet key IFC PS5 criteria or standards at the time of Board approval (September 2020), or prior to DFC executing or extending the Commitment Letter on multiple occasions. Therefore, there is preliminary indication that OPIC/DFC did not comply with the 2017 ESPS or subsequent ESPPs.

7.2.3 Information Quality Requirements

The 2017 ESPS notes that

"5.13 OPIC is committed to disseminating information that meets its standards for objectivity, integrity and utility in accordance with its Information Quality Guidelines. <https://www.opic.gov/who-we-are/information-quality-guidelines> [weblink broken]"

In this regard, the IAM finds it noteworthy that Rovuma LNG's E&S Clearance, the published Public Information Summary, the Board memorandum, and answers provided by DFC in response to specific questions asking about the *number of individuals* affected from the DFC Board and U.S. Congress do *not* present the *total number of individuals* subject to a large-scale resettlement program. It is also noteworthy that DFC did not explicitly describe and discuss or justify why the resettlement program, which involves over 10,000 individuals, did not trigger OPIC/DFC's Categorical Prohibitions threshold of 5,000 or more people.

The IAM finds preliminary indication that OPIC/DFC did not comply with its 2017 ESPS and its information quality requirements by not providing more fulsome or useful answers or disclosures to indicate that a total of 10,034 individuals (2016 numbers) were to be resettled (physically and economically displaced) and include an explanation or justification why this scale of resettlement does not exceed DFC/OPIC's categorical prohibition threshold of 5,000 resettled individuals (see also next section).

7.2.4 Categorical Prohibited Projects

Early in the due diligence stage, DFC/OPIC's role includes screening applications to identify those that may preclude DFC/OPIC support because they meet defined criteria in the 2017 ESPS (and subsequent ESPPs) entitled "Categorical Prohibitions". Relevant to the Request related to Rovuma LNG is the Categorical Prohibition threshold "5. Resettlement of 5,000 or more persons."

DFC advised the IAM that Categorical Prohibitions are intended to ensure that U.S. statutory requirements and U.S. Government policy decisions are reflected in OPIC/DFC policies. DFC advised that Categorical Prohibitions are not related to the IFC Performance Standards, which do not have a categorical prohibition involving projects with large-scale resettlement programs. DFC also noted that, since 1999, the Corporation has applied a definition of resettlement for the Categorical Prohibitions determinations which

⁵⁴ https://www3.dfc.gov/Environment/EIA/rovuma/ESIA_Comments_DFC_Responses.pdf

is limited to *physical* resettlements, although the qualification “physical” is not explicitly noted in any definitions or procedures related to DFC’s ESPS/ESPPs.

As detailed below, the IAM’s preliminary review indicates that it is plausible that OPIC/DFC complied with its ESPS when determining that Rovuma was categorical eligible in term of the scale of expected physical resettlement impacts at the time of project review.

The IAM notes that the widely accepted definition of resettlement, including among Development Finance Institutions (DFIs), is contained in the IFC Performance Standard 5, which have been adopted by OPIC/DFC since they have been issued in 2006, which states the following in paragraph 1:

“Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood) as a result of project-related land acquisition and/or restrictions on land use. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement.” [emphasis added]

In other words, resettlement refers to both (a) physical and (b) economic displacement. In response to the IAM’s request for definitions, documentation or project examples to help showcase a more qualified or restricted definition of *physical* resettlement for the determination of Categorical Prohibitions, DFC did not provide any such definitions or project examples.

The IAM’s preliminary review of a handful of A-level projects which can be expected to generate large-scale resettlement impacts, identified two project examples which can help illustrate DFC’s approach.

The first example is a transport project which was investigated by DFC’s Office of Inspector General (OIG) in 2023. The OIG’s Summary Report of Investigation describes a Whistleblower complaint related to a project which, partly due to its expected potential breach of resettlement-related Categorical Prohibition, was placed on hold and eventually terminated. The IAM’s review confirmed that the draft resettlement plan provided by DFC shows the plan was using IFC’s definitions related to resettlement, and that only the *combined total* of physical and economic displacements described in the report would breach the Categorical Prohibition threshold of 5,000 or more individuals resettled. However, the draft resettlement plan provided by DFC only seems to cover one part of the overall transport project. Therefore, the IAM concludes that the total number of individuals potentially affected by the overall transport projects may well have been much larger such that the physical resettlement alone may have exceeded the Categorical Prohibition limit.

The second example involves a transport project presented more recently presented to the Board. While the Board memorandum identifies the need for multi-million-dollar land acquisitions, the document is silent about physical or economic displacement or resettlement and does not present the number of individuals affected. The project’s Public Information Summary document highlights significant impacts associated with physical and economic resettlement, without fully segmenting or quantifying them, noting that the project was categorically eligible.

In addition to these two examples, the IAM is also aware of older OPIC-supported pipeline projects which tend to have large-scale and often temporary economic resettlement impacts involving well over 5,000 individuals and, typically, involve a much smaller physical resettlement impact (below 5,000 individuals).

This suggest to the IAM that OPIC/DFC used the more restricted or qualified definition of *physical* resettlement when considering project eligibility against Categorical Prohibitions criteria.

Therefore, the IAM finds that, while DFC's Board memoranda and Public Information Summaries seem to be is remarkably inconsistent when describing and disclosing significant resettlement impacts, it also seems plausible that DFC may have used "physical resettlement" when considering Categorical Prohibitions. Related to this, the IAM does not find preliminary indication of non-compliance.

7.3 Preliminary indication that alleged Harm is plausibly linked to the potential non-compliance

1. By not reviewing and acting on resettlement-related IESC or public reporting during the commitment period or prior to PRI contracting, which DFC committed to do during its representations to or communications with the Board or SACFO/Congress, DFC failed to require that its Client/Sponsor adopts more timely or assertive actions to provide compensation/replacement agricultural lands (and/or other benefits) prior to creating resettlement impacts, as required by applicable standards (IFC PS5). Changes to resettlement programs such as further phasing or reduction in scale, perhaps aligned with FID-related decision making, and/or more timely provision of replacement agricultural land prior to generating resettlement impacts, could have reduced project-induced potential or actual Harm likely affecting thousands of individuals.
2. A review of reports by LKL (2020) and Cuffin (2023), which were commissioned and published by Mozambique LNG/Area 1 operator and cover also the shared resettlement program for Rovuma LNG/Area 4 operator, provide preliminary indication of Rovuma LNG's non-compliance with IFC PS5. In turn, this provides preliminary indication of DFC's non-compliance with its ESPS/ESPP in terms of due diligence, review or monitoring. There are preliminary indications that DFC. did not identify, discuss, or follow-up on apparent non-compliance with IFC PS5 related to Rovuma's large-scale resettlement program in 2019, during representations made to the Board, and, later on, prior to executing and extending the Commitment Letter on multiple occasions, over an approximately five-year time period. DFC's inaction resulted in no requests by DFC for its Client/Sponsor to instigate changes or corrective actions to ensure more timely provision of compensation or replacement agricultural land (or other such measures), prior to generating resettlement impacts as required under IFC PS5. There is preliminary indication that such DFC interventions could have materially reduce project-induced potential or actual Harm likely affecting thousands of individuals.
3. There is preliminary indication that OPIC/DFC internal and external documents describing Rovuma's resettlement program, and communication and representations made to the Board and SACFO/Congress, did not comply with OPIC's 2017 ESPS information quality requirements by not highlighting the total number of individuals resettled. This, in turn, may not have allowed DFC's Board, SACFO or the public to fully appreciate the scale of the resettlement program (typically expressed as total number of project-affected people or individuals), how this number relates to DFC's list of Categorically Prohibitions (containing a trigger of 5,000 or more resettled individuals), and identified the need for further risk awareness or mitigation measures. The latter could have included the scale, phasing or timing of the resettlement program, especially given multiple delays to Rovuma's Financial Investment Decision, or, for example, capacity building measures for the Government of

Mozambique, given its central role in land acquisition (all land is state owned) and more timely provision of replacement agricultural land, or other such measures.

7.4 Other Considerations

7.4.1 Introduction

In addition to the three appraisal criteria analyzed in sections 7.1 to 7.3 above, the IAM is also directed to consider other relevant aspects, such as a DFC Exit and judicial and non-judicial proceedings regarding the subject matter of the request.

7.4.2 DFC Exits

On July 22, 2025, DFC terminated its 2020 Commitment Letter. For the purposes of the IAM, this signals a DFC Exit (see also Glossary) related to the IAM's Rovuma case. When a DFC Exit occurs, the IAM is directed to consider whether an investigation would provide particular value in terms of accountability, learning (construed broadly), or remedial action despite of a DFC Exit. Considering that the DFC terminated its Commitment Letter without prejudice indicates that DFC may have future opportunities to support the Rovuma LNG or other related projects. This means that any compliance investigation related to Rovuma could provide valuable institutional accountability and learning opportunities and, potentially, allow consideration of remedial action related to potential or actual Harm linked to Rovuma LNG and/or related projects. Also, DFC continues to engage in projects located in conflict or post-conflict areas, or projects likely associated with large-scale resettlement act. This means that the outcome of a compliance investigation relate to Rovuma LNG can provide valuable and transferable lessons.

7.4.3 Ongoing Lawsuit

Section 2.8 of this appraisal report presents information about an ongoing lawsuit in a US court challenging EXIM's approval of financial support related to the Mozambique LNG in Mozambique. Mozambique LNG and Rovuma LNG projects share, *inter alia*, a large-scale land acquisition, resettlement and livelihood restoration program. This program is both a subject matter in the lawsuit against EXIM and a core element of the Request being processed by the IAM. However, the IAM's investigative focus will be on DFC's performance and compliance with DFC's ESPP/ESPS and its associated regulatory framework. It is the IAM's understanding that the US District Court of DC already conducted a hearing related to the EXIM case, the court denied the CSOs' request to pause disbursement while the legality of the financing is litigated, which is being appealed by the CSOs⁵⁵, and that a court decision is expected well before the IAM would complete its compliance investigation.

8. IAM Decision and Next Steps

As detailed in Section 7, the IAM determined that the three criteria required to initiate a compliance investigation have been met. After also considering other aspects highlighted in Section 7, the IAM generated a Terms of Reference (annexed) and will proceed with a compliance investigation of DFC's actions related to the Rovuma LNG case. According to the IAM's TOR, this Appraisal report will be published on the IAM's website and circulated to the Board, DFC Management, the (former) DFC Client, and the Requesters.

⁵⁵ <https://foe.org/news/ngos-appeal-mozambique-lng/> accessed 12/9/2025

Appendix: Terms of Reference for Compliance Investigation

Terms of Reference for Compliance Investigation of DFC's Environmental and Social Performance in Relation to its Investment in the Rovuma LNG Project, Mozambique

1. About the IAM of the U.S. International Development Finance Corporation

The Better Utilization of Investments Leading to Development (BUILD) Act created the U.S. International Development Finance Corporation (DFC) and established its Independent Accountability Mechanism (IAM) in 2018. The core functions of the IAM, which reports to DFC's Board and Congress, are to (1) evaluate DFC's compliance with its environmental, social, labor, human rights, and transparency standards, (2) deliver mediation and problems-solving services in conflicts, and (3) provide an advisory function to DFC.

For more information, see <https://www.dfc.gov/ourimpact/transparency/independent-accountability-mechanism>.

About the IAM's Compliance Function

IAM's compliance function is designed to review DFC's compliance with its Environmental and Social Policies and Procedures (ESPP) and its related regulatory framework, assesses related Harm, and recommend remedial actions where appropriate. The IAM's compliance functions follow a three-step approach:

- 1) Appraisal - Preliminary review to determine whether a complaint or internal request merits a compliance investigation.
- 2) Investigation - Systematic and objective determination of whether DFC complied with its environmental and social policies and procedures and whether there is Harm related to any noncompliance.
- 3) Monitoring - Verification of effective implementation of management actions developed in response to the findings and recommendations from a compliance investigation.

2. Context and Investment

According to DFC's Board document, the project is the development, construction, operation, and maintenance of an onshore natural gas liquefaction plant with two trains each having a capacity of 7.6 million tons per annum (MTPA), inlet facilities, onshore feed gas pipelines, and storage facilities, and includes rights of access to and usage of certain shared facilities (the Project). The Project represents the midstream operation associated with the integrated development and commercialization of gas reserves in Area 4 of the Rovuma Basin, located 31 km offshore of the Cabo Delgado province in northern Mozambique (Area 4), and will be operated by an affiliate of ExxonMobil Corporation (ExxonMobil). The

Project will receive dedicated gas supply from the Area 4 upstream operations and will process and liquefy gas for a service fee under a tolling agreement.

The Board approved a \$1.5 billion political risk insurance coverage for debt. The beneficiaries of that coverage would be the debt holders, and the insured party would be a special purpose vehicle (the Insured Lender) that provided the debt to a special purpose vehicle in Mozambique (the Foreign Enterprise), in which ExxonMobil is one of several shareholders. The Board also required that DFC reinsure \$1 billion, thereby making DFC support effectively \$500 million.

According to DFC's [Public Information Summary](#) (PIF), the Rovuma Project and the Area 1 Operator will separately construct and operate their own respective onshore LNG liquefaction and offshore extraction facilities. The two operators are cooperating on, inter alia, resettlement, security, stakeholder engagement, logistics, and worker relations.

As noted on Mozambique LNG's webpages⁵⁶, securing land for the construction and operation of the Mozambique LNG Project and the Area 4 Rovuma LNG Project involves the physical and economic displacement of thousands of individuals within the project area. TotalEnergies EP Mozambique Area 1, Lda. (TEPMA1) and Area 4 Rovuma LNG Project have developed a resettlement plan. The plan was approved by the Government of Mozambique in 2016 and implementation initiated with the Moratorium announced on 6 November 2017. Delivery of the resettlement plan is led by TEPMA1 as Operator while both Area 1 and Area 4 share the cost thereof.

DFC's Environmental and Social (E&S) Clearance was completed on December 20, 2019, the Board approved up to \$1.5 billion⁵⁷ political risk insurance to cover a portion of a loan to the project approved on September 9, 2020, and a commitment letter to provide PRI coverage was entered into on December 16, 2020. In April 2021, deteriorating security conditions and insurgency resulted in a pause of the Rovuma project. Its associated resettlement program, involving over 10,000 individuals and implemented by TEPMA1, was largely paused by Total's force majeure declaration on April 26, 2021⁵⁸.

Following Board approval in September 2020, DFC extended its PRI commitment letter (which is not an executed PRI contract) in March 2022 (terminating August 2022), August 2022 (terminating August 2023), and, for the third time, in July 2023 (terminating August 2025). There is preliminary indication that no additional E&S due diligence or monitoring was conducted by DFC for these extensions. Based on representations that the extensions did not appear to raise any undue risks for DFC, raise any material questions of DFC policy, or raise any material legal issues, and in line with policies and procedures for PRI products, the Investment Committee or Board were not required to provide approval to extend DFC's commitment letter.

On July 22, 2025, after the Area 4 operator indicated that it will no longer pursue PRI coverage under the existing application, DFC terminated its commitment letter without prejudice, and will not enter into a PRI contract based on that commitment letter.

⁵⁶ <https://www.mozambiquelng.co.mz/sustainability/resettlement/>

⁵⁷ While the DFC Board approved \$1.5 billion, it was contingent on the DFC reinsuring at least \$1 billion.

⁵⁸ <https://totalenergies.com/news/press-releases/total-declares-force-majeure-mozambique-lng-project>

3. The Complaint

On October 15, 2024, the IAM received a Request from Justiça Ambiental (Mozambique) and Friends of the Earth (USA), two CSO representing over 150 individuals, with names and signatures, and an extensive list of additional names lacking signatures, from eight villages in and around the defined area of direct influence of the DFC-supported Rovuma LNG Project (Rovuma). The IAM determined the request eligible for further review on November 1, 2024.

The Requesters, who asked for confidentiality for fear of retribution, allege harms experienced and anticipated in the future related to inadequate consultation, resettlement, and livelihood restoration. Specific allegations include:

- Exclusion from the resettlement process.
- Delays in signing agreements for lands that were previously mapped.
- Delays in paying compensation for signed agreements.
- Delays in delivery of replacement land promised in agreements.
- Lack of compensation for lost communal infrastructure.
- Inadequate compensation and mitigation measures for restricted access to fishing and natural resource collection areas, including restrictions on women and other vulnerable groups.
- Inadequate restoration of commercial livelihoods (e.g., displaced small businesses).
- Lack of clear communication on the status of the mapping process.
- Lack of communication about or assurance that deposits made in the wrong accounts will be corrected.
- Lack of compensation for the transportation, food, accommodation, and time associated with the Project requirement that affected people travel long distances to receive compensation.

The Request also describes previous and unsuccessful efforts to work directly with the Project to address the Requesters' concerns.

Due to the confidential nature of the Request, the IAM was unable to provide, and the Area 4 operator was unable to verify specific claims underlying the Request, if or when they were submitted to the Project, or their status. However, the Area 4 operator is aware of ongoing engagements with parties from the claimant communities via a project-level grievance mechanism.

4. Investigation Terms of Reference

The terms of reference outlines:

- a) The objectives and scope of the investigation
- b) Any limitations on the scope of the investigation that may be appropriate, considering, among others, issues closed at the appraisal stage, the presence of concurrent judicial proceedings, or a DFC Exit
- c) The approach and method of investigation, and specific consultant qualifications

- d) A schedule for the investigation tasks, timeframe, and reporting requirements, to include deadlines for the submission of information by DFC to inform the compliance investigation process.

5. Objective and Scope of the Compliance Investigation

IAM investigations will determine whether DFC complied with its environmental and social policies and procedures (ESPP) and related regulatory framework relevant to the investment in question and whether there is Harm related to any DFC noncompliance. IAM will include, where appropriate, an assessment of whether DFC deviated in a material way from relevant policies, directives, and procedures.

In considering findings regarding Harm and whether any Harm is related to DFC noncompliance, IAM will consider project-level E&S performance particularly in relation to the application of the following Performance Standards to the project, which are relevant to the issues raised in the complaint:

- PS1 (Assessment and Management of Environmental and Social Risks and Impacts) in relation to: identification and engagement of all relevant E&S stakeholders, inclusion of all affected communities, and the performance of the project grievance mechanism.
- PS5 (Land Acquisition and Involuntary Resettlement) in relation to: including of all project-affected people in the resettlement program, timely implementation of Resettlement Action Plan (signing agreements, compensation, replacement land), and adequacy of compensation and restoration of livelihoods.

6. Methodological Approach

IAM will base its compliance investigations on information available from interviews, statements, reports, correspondence, IAM observations of activities and conditions, and other sources deemed relevant by the IAM.

The compliance investigation process and compliance investigation report(s) will include:

- a) The investigation findings with respect to DFC's compliance, non-compliance, and any related Harm
- b) Context, evidence, and reasoning to support DFC findings and conclusions regarding the underlying causes of any non-compliance identified
- c) Recommendations for DFC to consider when developing a Management Action Plan (MAP) relating to the remediation of project-level noncompliance and related Harm, and/or steps needed to prevent future non-compliance, as relevant in the circumstances. Recommendations will also consider the DFC Exit and the status and outcome of any relevant legal proceedings.

Sufficient, relevant evidence is required to afford a reasonable basis for IAM's compliance findings and conclusions. IAM will assess whether there is evidence that DFC applied relevant E&S requirements considering the sources of information available at the time the decisions were made, and will not make findings and conclusions with the benefit of hindsight.

7. External Expert(s)

In line with established practice, IAM may engage one or more external experts for its compliance investigation, and consider the following qualifications as necessary:

- Significant expertise in evaluating and implementing E&S risk management systems
- Knowledge of DFC's E&S policies, standards, and procedures
- Experience and knowledge of conducting E&S reviews of onshore natural gas liquefaction plant
- Demonstrated ability to analyze policies and practices and develop proposals for reform in complex institutional contexts
- Demonstrated experience with land acquisition, involuntary resettlement, and Resettlement Action Plans, with a focus on compliance with IFC PS5
- Experience and knowledge relevant to conducting compliance investigations
- Fluency in English.

8. Field Visit and Potential Limitations of the Investigation

A field visit for fact finding to the complainants' community and Rovuma's facilities and offices is unlikely during the compliance investigation due to security concerns. If a field visit becomes possible due to improving security context and/or is deemed necessary by the Director of the IAM, the IAM case team and any external experts engaged to support the compliance investigation would be expected to participate in the field visit.

9. Compliance Investigation Schedule, Timeframe, and Reporting Requirements

A draft compliance investigation report must be circulated within one year of the disclosure of an appraisal report. A draft compliance investigation report for this case will be circulated to DFC management and relevant departments for factual review and comment. DFC Management may share the draft report with the former client on the condition that appropriate measures are in place to safeguard the confidentiality of the draft report prior to public disclosure. DFC will have 20 business days to provide written comments.

At the same time, the draft investigation report will be circulated to the complainants for their factual review and comment, provided that appropriate measures are in place to safeguard the confidentiality of the draft report prior to public disclosure. If such confidentiality measures are not in place, complainants will, at a minimum, receive a draft table of the investigation's findings for factual review and comment and as a source of information to inform future consultations on any DFC Management Action Plans (MAPs).

Upon receiving comments on the consultation draft from DFC and the complainants, IAM will finalize its investigation report in 20 days. The final report will be submitted to DFC's senior management and circulated to its Board for information. The Board has no editorial input on the content of an IAM compliance investigation report. Once this step is taken, IAM will notify the public on its website of the investigations' completion.

Upon IAM's final submission of the compliance investigation reports to DFC, DFC Management will have 50 business days to submit a management report to its Board for consideration. The management report

must include a MAP for Board approval containing time-bound remedial actions that DFC propose for the purpose of addressing IAM findings of non-compliance and related Harm. The reports must also include a reasonable response to IAM findings or recommendations on non-compliance or related harm that DFC is unable to address in its MAP. DFC must consult with the complainants and clients during the MAP preparation processes. IAM will submit comments on the proposed MAP to its Board, and the complainants may submit a statement to IAM on the proposed MAP and the adequacy of consultations for circulation to its Board. Upon the Board's approval of the MAP, the compliance investigation report, DFC management report, and MAP will be published on DFC's website.