



**Independent
Accountability
Mechanism**

U.S. International Development Finance Corporation

IAM Assessment Report

Rovuma LNG Project, Mozambique

Version August 13, 2025

DFC Project ID: 9000093392

[Independent Accountability Mechanism](#)

U.S. International Development Finance Corporation (DFC)

1100 New York Avenue Northwest | Washington, DC 20527

Document History

Version, Date	Decisions or Changes
June 27, 2025	IAM directs the case to IAM’s problem-solving function, circulates the Assessment report to Board, Management and Parties to the Request. The Area 4 operator (an affiliate of ExxonMobil Corporation) and Management request additional changes before publication.
July 31, 2025	On July 22, 2025, based on Area 4 operator indicated that it will not pursue PRI coverage under the existing application. In response to this material change, the IAM re-directs the case from IAM’s problem-solving to compliance function. IAM circulates updated Assessment report to Management, Board, and Parties, and submits to DFC for web-publication.
August 13, 2025	DFC delays the publication of the IAM’s Assessment report and requests additional changes. The IAM updates the report and submits the report to DFC for web-publication.

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 Assessments

The purpose of an IAM Assessment is to determine which of IAM’s core functions—problem solving or compliance review—will be employed in response to an eligible request for IAM services. During Assessment, the IAM develops a thorough understanding of the issues and concerns raised in the request, engages with the DFC, the Requester, and the Client and, other relevant stakeholders, to explain IAM’s different functions, and determine whether the Parties seek to initiate problem solving or compliance review functions. Assessment does not entail any judgment on the merits of the request; rather, the IAM seeks to understand the facts and empower those involved to make informed decisions on how to address the issues raised.

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Acronyms

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
IAM	Independent Accountability Mechanism
IFC	International Finance Corporation
JBIC	Japan Bank for International Cooperation
LNG	Liquefied natural gas
NEXI	Nippon Export and Investment Insurance
NGO	Non-Governmental Organization
OPIC	U.S. Overseas Private Investment Corporation (DFC's predecessor)
PIS	Public Information Summary
PRI	Political Risk Insurance
RAL	Replacement Agriculture Land
RAP	Resettlement Action Plan
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](#)

1. Executive Summary

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 Requesters) in and around the defined area of direct influence of the Rovuma LNG Project (Rovuma or 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. The IAM determined the Request to be eligible on November 1, 2024.

The Project: 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.

DFC's Environmental and Social (E&S) Clearance was completed on December 20, 2019, the Board approved the Project on September 9, 2020, and 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 individuals² and implemented by TotalEnergies EP Mozambique Area 1, Lda. (TEPMA1), the Area 1 operator of the Mozambique LNG (Area 1) project, was largely paused due to Total's force majeure declaration on April 26, 2021³.

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). 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

² https://www3.dfc.gov/Environment/EIA/rovuma/Resettlement_Plan/RP_Vol_1_Eng.pdf, Table 3-3, at page 47

³ <https://totalenergies.com/media/news/press-releases/total-declares-force-majeure-mozambique-lng-project>

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 will not enter into a PRI contract based on the existing commitment letter.

Screening for Categorically Prohibited Projects (CPPs): The Project is associated with a large-scale resettlement program (approx. 6,625 hectares, over 10,000 individuals physically or economically displaced) conducted jointly for Rovuma and other LNG concessionaries sharing a land-based footprint. The Resettlement Plan (Rev. Date: 27-May-16) estimates that a total of 10,034 individuals will be subject to resettlement, including 3,002 individuals subject to physical resettlement⁴. DFC's E&S policies and procedures (ESPP) identify a project which resettles over 5,000 individuals as a CPP. DFC advised the IAM that, since 1999, DFC has applied a definition of resettlement for the CPP determination which is limited to physical resettlement. The IFC Performance Standards (PS), which OPIC/DFC adopted since - at least - 2010 as part of its E&S policy and procedures, defines resettlement to include both physical resettlement and economic displacement, however, the IFC does not have a categorical prohibition involving projects with large scale resettlement programs.

Legal Proceedings: The IAM is aware of the July 15, 2025 [announcement](#) by Friends of Earth U.S. and Justiça Ambiental describing their [lawsuit](#) challenging the U.S. Export-Import Bank's approval of nearly \$4.7 billion in financing for the Mozambique LNG project, an LNG concessionaire whose operator leads the execution of the resettlement program also associated with the Rovuma LNG project.

Assessment Conclusion: Over a period of approx. 180 business days encouraged by the parties (exceeding 90 days envisaged in the TOR), the IAM engaged the Parties to help them understand the options available under the IAM's processes. On July 22, 2025, DFC's Client cancelled its request for DFC support under the DFC commitment letter. Thus, there is no further opportunity to engage both Parties in a previously agreed and IAM-hosted problem-solving process, and the IAM transferred the case to its compliance function. This means that the IAM will initiate an Appraisal process to determine whether the case merits an IAM compliance investigation of DFC. The IAM is directed to complete the appraisal process within 45 business days and may extend the process by up to an additional 20 business days in exceptional circumstances.

⁴ https://www3.dfc.gov/Environment/EIA/rovuma/Resettlement_Plan/RP_Vol_1_Eng.pdf, Table 3-3, at page 47

2. Background

2.1 The Project

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 webpages⁵, 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 \$500 million⁶ 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, 2021⁷.

Following Board approval in September 2020, DFC extended its PRI commitment letter (which is not an executed contract) in March 2022 (terminating August 2022), August 2022 (terminating August 2023), and, for the third time, in July 2023 (terminating August 2025). No additional E&S due diligence or monitoring

⁵ <https://www.mozambiquelng.co.mz/sustainability/resettlement/>

⁶ While the DFC Board approved \$1.5 billion, it was contingent on the DFC reinsuring at least \$1 billion.

⁷ <https://totalenergies.com/media/news/press-releases/total-declares-force-majeure-mozambique-lng-project>

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 not pursue PRI coverage under the existing application, DFC will not enter into a PRI contract based on the existing commitment letter.

2.2 Screening for Categorically Prohibited Projects

The Project is associated with a large-scale resettlement program conducted jointly for Rovuma and other LNG concessionaries sharing a land-based footprint. The Resettlement Plan (Rev. Date: 27-May-16) estimates that a total of 10,034 individuals will be subject to resettlement, including 3,002 individuals subject to physical resettlement⁸. DFC assigned an E&S risk categorization of "A" (high risk) and "Special Consideration" (heightened social risk) to the Project. DFC's E&S Clearance (December 20, 2019) notes that the Project has been determined to be eligible for support after reviewing it against applicable categorical prohibitions.

The PIS highlights that the resettlement program will result in physical displacement of 556 households, economic displacement of 952 households, from some terrestrial resources and assets, and 3,266 fishers and intertidal collectors would lose some access to marine resources. Similar data is also presented in DFC's Board document and was provided in response to Congressional inquiries about the total number of *individuals* affected by the resettlement program. The Resettlement Plan contains *Table 3-3: Displaced households and individuals (terrestrial and marine)*, which estimates that a total of 10,034 individuals will be subject to physical and/or economic resettlement.

DFC's E&S policies and procedures (ESPP) identify a project which resettles over 5,000 individuals as a CPP (see, for example, Appendix B in [OPIC ESPPS 2017](#), applicable at the time of project review). DFC advised the IAM that, since 1999, DFC has applied a definition of resettlement for the CPP determination which is limited to physical resettlements. The IFC Performance Standards, which OPIC/DFC adopted since, at least 2010, defines resettlement to include both physical resettlement and economic displacement, however, the IFC does not have a categorical prohibition involving projects with large scale resettlement programs.

2.3 The Request

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 2024 request supersedes a similar albeit incomplete request from the same CSO coalition regarding the Rovuma LNG Project which was submitted in 2021.

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:

⁸ https://www3.dfc.gov/Environment/EIA/rovuma/Resettlement_Plan/RP_Vol_1_Eng.pdf, Table 3-3, at page 47

- 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.

2.4 Legal Proceedings

The IAM is aware of the July 15, 2025 [announcement](#) by Friends of Earth U.S. and Justiça Ambiental describing their [lawsuit](#) challenging the U.S. Export-Import Bank's approval of nearly \$4.7 billion in financing for the Mozambique LNG project, an LNG concessionaire, whose operator leads the execution of the resettlement program also associated with the Rovuma LNG project.

3. Assessment Summary

3.1 Methodology

For this assessment, the IAM initially applied its [2014 OOA Operational Guidelines Handbook for Problem-Solving and Compliance Review Services](#) until it was superseded by the IAM's [2024 Terms of Reference](#).

The purpose of an IAM Assessment is to determine which of IAM's core functions — problem-solving or compliance review — the Parties wish to pursue in response to an eligible Request for IAM services. During an assessment, IAM seeks to develop a clear understanding of the issues and concerns raised in the request; engages with the DFC, the Requesters, the Area 4 operator, and other relevant stakeholders, to explain IAM's different functions; and determines whether the parties seek to address the issues through a problem-solving process or a compliance review. An Assessment does not entail a judgment on the merits of the request; rather, the IAM seeks to understand the facts and empower the parties to make informed decisions about how to address the issues.

IAM's assessment of the current request included:

- A desk review of selected Rovuma Project documentation
- Virtual meetings with the Requesters' CSO Representatives
- Virtual meetings with representatives of Area 4 operator and sponsors
- Virtual meetings with the DFC

IAM was unable to conduct a field visit due to the challenging security situation in northern Mozambique. This report summarizes the views communicated to the IAM by the Parties, and from DFC, and describes next steps based on the decisions taken by the Requesters and/or the Area 4 operator.

3.2 Perspectives

3.2.1 Requesters' Perspectives

During numerous virtual conversations with the IAM, the CSO representatives reiterated the allegations raised in their request (see Section 2.3 above) and provided additional details involving a range of negative social, economic and psychological harms stemming from the implementation of the RAP. These include allegations of exclusions, delays, errors, inadequate communication, unpaid compensation, and inadequate mitigation measures regarding resettlement lands and livelihood restoration. CSO representatives note that many more individuals are being adversely affected than the approximately 150 signatories and numerous other individuals without signatures contained in the Request.

The CSO representatives also described ongoing efforts by the communities to resolve their concerns through district and provincial government processes, and by engaging the Project's community liaisons and grievance mechanisms. In addition, they described and provided images of weeks-long protests beginning in November 2024 at the Project site by an estimated 400 people from some of the affected communities. According to the CSOs, protesters blocked the gates into the Project site and roads that were built through lands from which communities were resettled.

The CSO representatives explained that the Requesters are eager to resolve their concerns expeditiously, as the continued uncertainty compounds the negative impacts on their livelihoods. When the IAM offered a problem-solving approach involving, for example, an independent review of the RAP, conducted by expert consultants acceptable to both Parties, and/or providing mediation services, the CSOs stated such approaches would be their preference over an IAM compliance review of DFC.

In addition to submitting the Request to DFC's IAM, the CSOs indicated that they previously raised concerns with the U.S. Congress and OPIC/DFC staff⁹, the U.S. Export-Import Bank, and the IAMs (or their equivalents) at other Development Finance institutions (DFIs) or Export Credit Agencies (ECAs), such as the Japan Bank for International Cooperation (JBIC), the Nippon Export and Investment Insurance (NEXI), and the African Development Bank.

⁹ Examples of comments include those related to the ESIA which can be accessed at https://www3.dfc.gov/Environment/EIA/rovuma/ESIA_Comments_DFC_Responses.pdf

3.2.2 Area 4 Operator's Perspectives

During numerous virtual meetings with the IAM team and email communications, the Area 4 operator (an affiliate of ExxonMobil Corporation) described its pride about the Project and a commitment to apply best industry practice. The Area 4 operator highlighted investment directly and with consultants (working alongside the Area 1 Operator) significant time and resources into the resettlement process and the existence of well-established and functioning grievance mechanisms and was therefore disappointed to hear of the complaints filed with the IAM. The Area 4 operator also noted that it took these complaints seriously and expressed willingness to investigate them and requested further details to support direct resolution.

The Area 4 operator noted that, to date, the IAM has not responded to requests for additional information to support existing process including via direct information, anonymized information or further details on IAM's eligibility assessment process. The Area 4 operator also voiced concerns about opportunistic individuals or cases which may be unrelated to those which are eligible for RAP compensation, and that the objectives of NGOs may be to try and frustrate the financing of Africa's largest energy project rather than considering the interests of Mozambique and its people. The Area 4 operator noted that further information on the claims and/or evidence of submission to the grievance process would help factually assess the situation.

The Area 4 operator pointed out that, during the insurgency, there was no access to the site, and provision of transition food assistance was secured for all physically displaced households. Examples of progress identified by the Area 4 operator included providing Tuk-Tuks to the physically displaced and economically impacted households in response to feedback and as part of the adaptive management of relocation support programs to support transport needs and access to their place of work. The Area 4 operator also noted Replacement Agriculture Land (RAL) allocation to the physically displaced households has been completed, the economically displaced households' RAL compensation approach was revisited, negotiated and agreed with the affected households, and is currently being implemented. This process was complicated by the pause of the Project, an influx of newcomers to the area, lengthy consultations and alignment and new claimants to the resettlement process. For example, the protests in Nov 2024 involved a small number of newcomers to the area and not the resettled community members or economically impacted. The protesters were disputing their ineligibility for compensation, which was based on the fact that they were not being displaced. Their eligibility was duly assessed through the grievance process and communicated to them by the Area 1 Operator. Although not deemed eligible for resettlement compensation directly, an assistance and support package was and is currently being implemented to support communities, including newcomers, via livelihood support and other measures. Moreover, in addition to the resettlement program, there are a significant number of other socioeconomic programs being executed throughout the region by the Area 4 operator supporting community stability and generating opportunity.

The Area 4 operator reiterated its objective to continue the implementation of the agreed RAP and resolve any outstanding items in a timely manner. The appropriate management by the Project's Community Grievance Mechanism was highlighted. And the Area 4 operator noted also that, for complex matters, or where the parties are otherwise unable to reach agreement or an acceptable resolution, the Project and complainant may mutually agree to proceed to a third-party dispute resolution process according to the national legislation.

3.2.3 DFC Management Perspectives

DFC informed the IAM that, on July 22, 2025, the Area 4 operator indicated it will not pursue PRI coverage under the existing application. Thus, DFC will not enter into PRI contract based on the existing commitment letter. DFC Management has no further comments on this transaction.

4. Assessment Conclusion

Over a period of approx. 180 business days encouraged by the parties (exceeding 90 days envisaged in the TOR), the IAM engaged the Parties to help them understand the options available under the IAM's processes. Following the Client's cancellation of its request for DFC support under the existing application on July 22, 2025, there was no further opportunity to engage both Parties in a previously agreed and IAM-hosted problem-solving process, the IAM transferred the case to its compliance function. This means that the IAM will initiate an Appraisal process to determine whether the case merits an IAM compliance investigation of DFC. The IAM is directed to complete the appraisal process within 45 business days and may extend the process by up to an additional 20 business days in exceptional circumstances.