Host Country	Mozambique
Name of Borrower	Central Eléctrica Da Namaacha, S.A. (incorporated in Mozambique)
Project Description	The design, construction, and operation of a 120 MW wind power project in Mozambique.
Proposed DFC Loan/Guaranty	Direct loan of up to \$99,000,000 with a tenor of 20 years.
All-Source Funding Total	Approximately \$267,702,000
Policy Review	
Developmental Objectives	Although Mozambique is a net exporter of energy and more than three- quarters of its installed capacity comes from renewable sources, the country's energy infrastructure is woefully underdeveloped. Mozambique's energy resources are heavily concentrated in hydropower, and only 34% of the population has access to electricity. Additionally, quality jobs are scarce, with 80% of the population employed in the informal economy. The Project, a 120 MW onshore wind project in Namaacha, is expected to have a positive development impact in Mozambique by fueling the government's plan to introduce 2,300 MW of new installed capacity and to add five million on- and off-grid connections by 2030. As the first utility-scale wind farm in the country, the Project is expected to produce 382 GWh of renewable energy per year and generate employment opportunities during both its construction and operational phases. Given the Project's characteristics, it is categorized as Highly Impactful per DFC's Impact Quotient ("IQ").
Environment and Social Assessment	<ul> <li>SCREENING: The Project has been reviewed against DFC's July 2020 Environmental and Social Policies and Procedures (ESPP) and determined to be categorical eligible. The Project is screened as Category A because large-scale wind projects are considered to have significant adverse impacts that could be diverse, irreversible, or unprecedented in the absence of adequate mitigation measures.</li> <li>APPLICABLE STANDARDS: The Project is subject to DFC's 2020 Environmental and Social Policy and Procedures ("ESPP"). Under DFC's ESPP, the Project Sponsor is required to comply with applicable national laws and regulations related to environmental and social performance. In addition, DFC's preliminary environmental and social due diligence indicates that the Project will have impacts that must be</li> </ul>

managed in a manner consistent with the following of the International Finance Corporation's (IFC) 2012 Performance Standards:
<ul> <li>PS 1: Assessment and Management of Environmental and Social Risks and Impacts;</li> <li>PS2: Labor and Working Conditions;</li> <li>PS3: Resource Efficiency and Pollution Prevention;</li> <li>PS4: Community Health, Safety, and Security;</li> <li>PS5: Land Acquisition and Involuntary Resettlement;</li> <li>PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and</li> <li>PS8: Cultural Heritage.</li> </ul>
The Project is not anticipated to impact any Indigenous Peoples as confirmed by the Project's ESIA and DFC's independent environmental and social consultant (IESC). Therefore, PS 7 is not triggered at this time. Applicable provisions of the IFC General Environmental, Health and Safety (EHS) Guidelines, the EHS Guidelines for Wind Energy, and the EHS Guidelines for Electric Power Transmission and Distribution also apply to the Project.
The ESIA on the proposed Project was posted for public comment on March 22, 2024, for a 60-day period and will end on May 21, 2024. No comments have been received to date.
<b>Environmental and Social Risks and Mitigation</b> <b>Measures:</b> Primary environmental and social issues of concern include the potential for impacts on resident birds, critical habitat ("CH"), cumulative biodiversity impacts, impacts to community health and safety, labor and contractor management, resettlement, supply chain management and potential population influx.
The Project developed an Environmental Impact Assessment (EIA) for the initial project design of a 63 MW WEF (wind energy farm) and obtained environmental approval in March 2022. A subsequent E&S Impact Assessment (ESIA) Addendum and E&S Management Plan (EMP) was developed and approved in 2023 to account for the current design for a 120 MW windfarm. An EIA for the 33 km-long transmission line associated with the Project was also developed and approved in 2023.
<i>Environmental and Social Management System/ Plans</i> The Project Sponsor has developed a Health, Safety, Environment, Social and Security (HSESS) Integrated Management System (IMS) which will be implemented to manage HSESS risks associated with the windfarm and the transmission line. A Project-specific Construction E&S Management Plan (CESMP) is currently being developed. The

CESMP will include plans for Emergency Preparedness and Response; Community Health, Safety and Security; Traffic; Abnormal Loads; Water; Waste; Pollution; Cultural Heritage; Biodiversity; Influx; and Gender-based Violence and Harassment (GBVH).
The Project has in place a draft Stakeholder Engagement Plan and has appointed a Community Liaison Officer (CLO), based in Namaacha, for implementation. Substantial stakeholder engagement has been underway with regards to the various EIA and resettlement processes, permitting and to meet Lender requirements. The draft SEP includes an external grievance mechanism. The Project will be required to finalize the SEP, disclose an SEP framework and grievance mechanism and to provide capacity building to the CLO to support implementation.
<i>Community Health and Safety</i> Community H&S risks for the windfarm were not adequately assessed in the EIA, specifically related to traffic risks and community exposure to disease, population influx, and security risks. This gap was identified in the ESIA Addendum in 2023 and addressed in the associated WEF EMP, which commits the Project to developing additional management plans specifically regarding traffic and transportation management, workers' code of conduct, health and safety and GBVH. Appropriate environmental and social management plans will need to be updated for the operations phase to properly cover all aspects of PS4.
The community health and safety risks for the T-line were assessed in the T-line ESIA. The T-line will have a 50-70 m safety buffer zone and the T-line EMP includes measures to address community health and safety impacts and commitments to develop appropriate management plans and training.
The Project may require use of groundwater. Hydrogeological assessments will need to be undertaken to assess groundwater supply to ensure no impacts to communities using groundwater in the area.
The Project anticipates using private unarmed security guards. Both the WEF and T-line EMPs include requirements to develop a Security Management Plan.
Supply Chain Globeleq commissioned a third-party assessment of its short-listed wind turbine suppliers, which included a combination of desk-based review and on-site audit of specific facilities of its Tier 1 and Tier 2 suppliers that will be used to supply to this Project. The assessment did not identify evidence of forced labor; however, it did identify several labor and health and safety risks to be addressed. The final supply contract

will stipulate which facilities are to be used for the Project and ensure that corrective measures identified from the audit are implemented. A final selection of suppliers is forthcoming.
In addition, the Sponsor will be required to develop an overarching supply chain management system.
<i>Resettlement Impacts</i> Displacement is anticipated for the establishment of both the WEF and the T-line. Resettlement Action Plans (RAPs) for both the WEF and T- line were developed to meet IFC PS 5 and national requirements and have been submitted for Lender review. The WEF RAP indicates that, in total, 78 households with a total of 294 PAPs will be physically and/ or economically displaced which includes both the DUAT (acronym in Portuguese for the right of land use and benefit in Mozambique) and the noise buffer zone. The T-line will impact 115 households, comprising of 649 PAPs. Across the WEF and the T-line, 40 households will be impacted by physical displacement (36 for the WEF and 4 for the T- line). From a cultural heritage perspective, the resettlement across the WEF and T-line includes 1 church, 1 community cemetery with 5 graves, 1 community circle, one private sacred house and 16 individual graves. Eight individual graves and the sacred house will be relocated with the associated household that is being relocated. The remaining graves (including those part of the community cemetery, were agreed to remain <i>in situ.</i> The T-line also crosses four mining concessions and a military base. The T-Line design and route was amended to be underground for the final section approaching the Boane substation in order to significantly reduce the number of physically displaced households.
The Project has undertaken several rounds of public consultation and the process is ongoing. Identification of resettlement host areas has been made and is currently being finalized.
<i>Biodiversity Impacts</i> The Project has the potential for significant impacts to biodiversity due to presence of critical habitat, Critically Endangered and Endangered avifauna, and bats that are vulnerable to collisions with wind turbines and T-lines.
The Project conducted three surveys (October 2022, February 2023 and March 2024) to establish the terrestrial baseline for the windfarm area, and one for the T-line in November 2022. There was one bat survey undertaken in February 2023 and four avifauna surveys undertaken in each season from November 2022 through June 2023. Even though flora surveys were conducted during appropriate seasons, the most

sensitive vegetation type found in the Project area, grassland/ open savannah, was not adequately described. This vegetation type may be representative of a highly threatened ecosystem, Lebombo Summit Sourveld, and classified as Endangered. An additional habitat survey is planned for June 2024 to better understand if this habitat type is indeed present onsite.

A Critical Habitat Assessment (CHA) was undertaken by an independent biodiversity consultant, which assessed these vegetation types as potential CH triggers in terms of IFC PS 6 Criterion 4. Information from the CHA was incorporated into the Biodiversity Action Plan (BAP). The CHA also identified the potential presence of an additional threatened ecosystem, Western Maputaland Clay Bushveld; however, the recent survey conducted in March 2024 indicated that this habitat is not present. The BAP will be revised following completion of the additional surveys and habitat mapping.

The Project will install noise deterrents on the turbines that are located in the more sensitive areas for bats and all wind turbines are subject to standard blade feathering during spring and summer. The Project will calculate fatality thresholds for each type of bat and if exceeded will apply adaptive management measures to bring fatality numbers down, which may include curtailment. The updated EMP (November 2023) has recommended a phased approach with respect to mitigating impacts to bats: conduct supplementary bat studies, additional pre-construction monitoring, and two years of operational monitoring. This will be a requirement an item as a condition of DFC financing. in the lender approved ESAP.

The Project has conducted pre-construction avifauna surveys and collision risk modeling using international best practice methodologies. Priority species have been identified and a Biodiversity Action Plan (BAP) drafted. As part of the BAP, and in order to comply with the requirements of PS 6, the Project has agreed to use an automated Shutdown on Demand system that will be set to safeguard a set of priority species. There will be post construction fatality monitoring for at least the first three years of operations; and offsets in case fatality thresholds set for priority species are exceeded.