

Host Country	Angola
Name of Borrower	Lobito Atlantic Railway S.A. (Angola)
Project Description	The upgrade, rehabilitation, operation, and maintenance of a 1,289-kilometer brownfield railway line in Angola between the Lobito Port and Luau (“ Lobito Corridor ”), as well as a brownfield mineral port in Angola (“ Mineral Port ”) to facilitate Atlantic Ocean coast exports of copper and cobalt from the Democratic Republic of Congo as well as intra-Angola cargo transport (the “ Project ”)
Proposed DFC Loan	\$553,000,000 15-year senior secured loan
All-Source Funding Total	\$866,250,000
Policy Review	
Developmental Objectives	<p>Angola is indexed at 2.1 out of 5.0 on the World Bank’s Logistics Performance Index, trailing its peers in Sub-Saharan Africa in logistics performance. Lack of investment over time in railway upgrades has reduced rail reliability, safety, and efficiency across Sub-Saharan Africa and in Angola specifically. The Lobito Corridor, one of three railways in the country and the only cross-border rail, has not been properly maintained since its reconstruction in 2015. Road conditions along the Lobito Corridor are poor as well, especially during the rainy season. The lack of quality transport hinders trade and economic growth opportunities.</p> <p>The Project is expected to help address these challenges along the Lobito Corridor by increasing rail transport capacity, thereby reducing freight transit times, stimulating economic activity, and strengthening Angola’s transportation infrastructure resilience. The rehabilitation of the Lobito Corridor will improve rail safety and speed, facilitating cost-effective transport of critical minerals to the coast for export and key inputs inland to production areas. The Project is expected to support new jobs, generate local income through procurement of goods and services and payments to the government, and result in increased railway utilization for cross-border trade. Given the Project’s characteristics, it is classified as Exceptionally Impactful per DFC’s Impact Quotient (IQ).</p>
Environment and Social Assessment	SCREENING: The Project has been reviewed against DFC’s 2020 Environmental and Social Policy Procedures (ESPP) and determined to be categorically eligible. Projects involving the rehabilitation and operation of existing railways are screened as Category B under DFC’s environmental and social policies because the impacts are anticipated to be limited, site-specific and readily mitigated.

APPLICABLE STANDARDS: DFC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following International Finance Corporation (IFC) 2012 Performance Standards (PS):

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts
- PS 2: Labor and Working Conditions
- PS 3: Resource Efficiency and Pollution Prevention
- PS 4: Community Health, Safety, and Security
- PS 5: Land Acquisition and Involuntary Resettlement
- PS 6: Biodiversity

The Project will also be required to meet applicable provisions of the IFC Environmental, Health, and Safety (EHS) General Guidelines (2007) and the IFC EHS Guidelines for Railways (2007). Under DFC's ESPP, the Project is required to comply with applicable national laws and regulations related to environmental and social performance.

Environmental and Social Risks and Mitigation Measures:

The primary environmental and social risks for the Project include occupational health and safety for railway workers; waste, effluent, air and noise aspects related to maintenance workshops and railway stations; GHG emissions accounting; community health and safety related to rail operations; biodiversity protection relative to preventing the spread of invasive vegetation; contractor management and labor management (including labor related-risks in the supply chain); gender-related risks including gender-based violence and harassment (GBVH); security management; and the need for strong stakeholder engagement and grievance mechanisms to receive feedback and promptly resolve inquiries and grievances. Direct GHG emissions for the Project are estimated to be 90,926 CO_{2e} metric tons per annum.

The Project is required to have a robust environmental and social management system to identify, manage and mitigate environmental and social risks and impacts. An Environmental and Social Impact Assessment (ESIA) was developed for the Project and key E&S management plans are in place or will be developed as a requirement of DFC financing. In addition to an overarching E&S Management System aligned with ISO 14001, the Borrower is developing comprehensive safety management plans and systems that are aligned with good international industry practice (GIIP) for the rail sector and will undertake a third-party audit for process safety which will address potential risks to worker health and safety.

In addition to safety systems for railway operation, the Project will develop a Community Health and Safety Management Plan that will specifically address risks to communities and will include public education and information campaigns on safety issues. The Borrower will also develop an OHS Management Plan, Waste Management Plan, Effluent Management Plan; Air Quality Management Plan; Noise Management Plan; and a Contamination Management Plan to identify and manage areas of potential environmental contamination within the existing railway footprint.

The Borrower has developed Human Resources policies and procedures for its labor force, which will be expanded as required by DFC. The Borrower will be required to develop management plans for contractor compliance with labor standards and PS2. The Borrower will be required to supervise and monitor the E&S performance of the EPC contractor and all other contractors and their workers. Using the social baseline data developed through the ESIA, the Borrower is also developing an appropriate Stakeholder Engagement Plan to include a grievance mechanism accessible to all project-affected people along the railway line, which will be monitored for effectiveness. Stakeholder engagement will be closely linked to community health and safety efforts and plans discussed above. The Borrower will also develop plans to address gender and GBVH risks, as well as a supply chain policy to address risks of forced labor, child labor and unsafe working conditions in its supply chain in alignment with PS2.

All rehabilitation and construction works for the Project are anticipated to occur within the existing railroad right of way and/or on land that is owned by the government railway authority. Accordingly, no physical resettlement is anticipated. However, the Borrower will be required to develop a Land Acquisition and Resettlement Framework to address any economic or physical resettlement impacts that could arise as a result of the Project.

The Borrower has completed a biodiversity study of the railway corridor and framework for biodiversity management, primarily focused on eliminating the spread of invasive plant species within the right-of-way. The existing railway corridor crosses a buffer zone of one nationally designated protected area, however, the specialist study determined there is no management plan in place for the protected area and there is low potential for wildlife-train interactions.

As of April 2024, the Borrower has expanded its E&S management capacity by hiring 15+ staff members in its Environmental and Social; Safety; Security and Human Resources teams and anticipates hiring additional roles. An E&S Manager, Safety Manager, HR Manager and Security Manager are all in place. The E&S Manager and Safety Manager

	<p>report to the COO and the HR Manager and Security Manager report to the CEO.</p> <p>The Borrower will prepare and submit to DFC annual E&S performance reports. The Borrower will also be required to fund an Independent Environmental and Social (IESC) Monitoring Consultant contract to perform annual onsite E&S audits of the Project for the duration of the DFC finance agreement.</p>
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