

FINDEV CANADA TRANSACTION SUMMARY

Maranatha Energy Investment SRL ("Maranatha")

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental, social and governance (ESG) assessment performed, potential risks identified, and related mitigation measures to be implemented.



Transaction Description

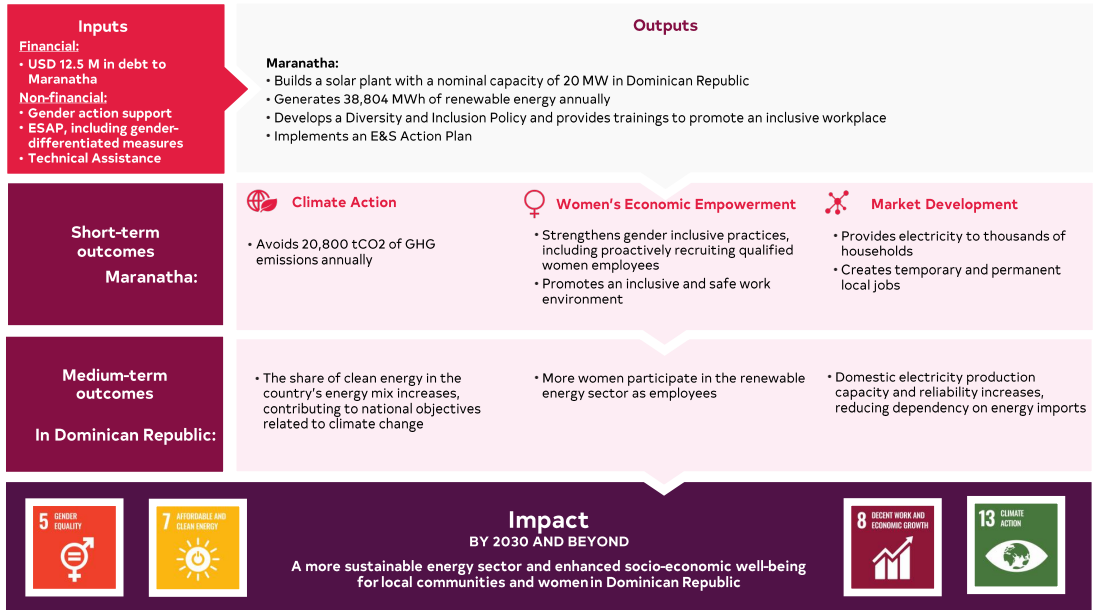
This transaction is in support of the special purpose vehicle Maranatha in the Dominican Republic and consists of an up to 14-year debt of up to USD 18M, alongside Triodos Investment Management B.V., to build and operate a 20 MW nominal capacity solar plant in two construction phases. This transaction will support the expansion of the Dominican Republic's renewable energy sector, which is a key aspect in making the island nation less dependent on expensive and polluting fossil fuels.

Transaction Details

COUNTERPARTY	Maranatha Energy Investment SRL ("Maranatha", or the "Borrower")
DOMICILE OF INCORPORATION	Dominican Republic
DOMICILE OF OPERATIONS	Dominican Republic
TERM OF FINANCING	14 years
SECTOR	Sustainable Infrastructure
IFC PERFORMANCE STANDARDS TRANSACTION CATEGORY	Category B/Medium
FINANCING PRODUCT	Debt
FINDEV CANADA TRANSACTION AMOUNT	Up to USD 18M
DATE OF TRANSACTION DISCLOSURE	20 July 2022
DATE OF TRANSACTION SIGNING	09 May 2023
DATE OF TRANSACTION SUMMARY PUBLICATION	09 August 2023
2X CHALLENGE QUALIFYING	Yes, under Leadership

Summary of Anticipated Development Impacts

The development impact value proposition of Maranatha is to increase the domestic production of renewable energy in the Dominican Republic, contributing to the country's transition to clean energy. The impact theory of change below summarizes how Maranatha will contribute to FinDev Canada's long-term development impact goals and the Sustainable Development Goals (SDGs), in particular SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action), SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth). All outputs and outcomes in this assessment are unattributed and represent the entire company impacts, not FinDev Canada's pro-rata component.





MARKET DEVELOPMENT

- **Enhancing energy security:** The construction of a solar plant with a nominal capacity of 20 MW in the Dominican Republic will feed directly into the national grid, increasing the share of renewable energy in the country's energy mix, providing electricity to thousands of households annually, and contributing to the sustainable growth of the island.
- **Supporting local job creation:** The company will create local job opportunities during the operation and maintenance phase of the project, with employees receiving benefits such as health insurance, parental leave and pension fund contributions. They will also receive capacity building and training opportunities.
- **Upskilling of employees:** All staff will be trained in first aid, protection and safety measures, as well as environmental and human rights, and some will receive specific skill trainings on areas such as carpentry, electricity, and masonry.



WOMEN'S ECONOMIC EMPOWERMENT

- **Promoting diversity in leadership:** Maranatha is 20% owned by a woman from the Dominican Republic, and 50% (3 out of 6) staff on the leadership team are women.
- **Creating an inclusive workplace:** A Gender Action Plan was developed by Maranatha and FinDev Canada and will be implemented with a focus on establishing an inclusive and safe working environment for all.
- **2X Eligibility:** Given the representation of women in senior management, and Maranatha's intentionality in supporting women's economic empowerment, this transaction is eligible under the Leadership criteria (over the 30% threshold).



CLIMATE ACTION

- **Supporting transition to a low-carbon economy:** The high cost of fossil fuel imports and the direct consequences of its usage on climate change have made the advancement of renewable energy projects a priority for the Government of the Dominican Republic. The country has committed to reducing its greenhouse gas emissions ("GHG") by one third before 2030 (using 2010 data as benchmark) and has set national targets to increase the contribution of renewable energy sources in electricity generation to 25% by 2025 (18% in 2021)¹.
- **Diversifying sources of electricity generation:** The majority of the Dominican Republic's electricity generation is produced from fossil fuels (40% natural gas, 31% coal and 11% fuel oil), and the rest is generated through hydro (8%), wind and solar plants (10%)². The deployment of new renewable energy plants contributes to increasing domestic electricity production, in the long-term contributing to the reduction of electricity costs and higher energy security. The Maranatha project will increase the supply of clean energy to the East grid of the country, contributing to the decrease of fossil fuel use and imports. This will result in estimated 20,800 tons of GHG emissions avoided annually over the two construction phases of the project³.

¹Official International Trade Administration, Dominican Republic, Country Guide, 2021

²Dominican Republic Government, Performance Report Electric Utilities, 2021

³This calculation is based on the 'GHG Accounting for Grid Connected Renewable Energy Projects' from the International Financial Institutions Technical Working Group on Greenhouse Gas Accounting

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

The FinDev Canada E&S Risk Management Team considers the transaction to be Category B, given the project's nature and size. This project has potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

During due diligence, a benchmark review of Maranatha's E&S management framework was completed, which involved an extensive review of documentation, including the company's Environmental and Social Impact Assessment ("ESIA"), the proposed Environmental and Social Management plans, relevant policies, internal capacity, and responses to due diligence questions. A site visit was also conducted to Santo Domingo, Dominican Republic between May 9–11, 2022.

The primary risks and impacts identified during due diligence include: 1) community expectations in relation to potential for employment during construction and operations, 2) community health and safety (road safety, use of private security forces, foreign worker influx), 3) occupational health and safety of employees during construction, 4) labour and working conditions, and 5) human rights and reputational risk associated with the sectoral risks in the solar photovoltaic supply chain and the project's suppliers. In addition, FinDev Canada's E&S team assessed the climate physical risks of the project and identified that Maranatha is in a region highly exposed to wind hazards (i.e., hurricanes and tropical storms), with elevated exposure to tectonic risks (i.e., earthquakes), and flooding.

Even though Maranatha developed E&S procedures to align with the IFC Performance Standards, FinDev Canada identified gaps that are addressed in an Environmental and Social Action Plan ("ESAP"). The actions include the implementation of a Stakeholder Engagement Plan to ensure the mitigation of risks associated to community expectations, and the definition of clear labour and working conditions, among others. The adverse environmental, social, or human rights risks associated with the Project will be mitigated and managed in a manner that aligns with FinDev Canada's Environmental and Social Policy and the IFC Performance Standards and relevant International Standards, after the implementation of the ESAP.

The following International Finance Corporation (IFC) Performance Standards were applied in FinDev Canada assessment in addition to host country requirements:

- IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- IFC Performance Standard 2: Labor and Working Conditions
- IFC Performance Standard 3: Resource Efficiency and Pollution Prevention
- IFC Performance Standard 4: Community Health, Safety, and Security
- IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement
- IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- IFC Performance Standard 8: Cultural Heritage