

October 12, 2023

**Mr. John Akinnuba**

Chief Executive Officer (CEO)

Centre for Ecological and Community Development, Port Harcourt,

**Nigeria**

***Re: Indorama Eleme Fertilizer III***

Dear Mr. Akinnuba,

Thank you for your letter dated September 7, 2023, in relation to the proposed loan to Indorama Eleme Fertilizer and Chemicals Limited (IEFCL). IFC takes your concerns about environmental and social issues related to IFC-funded projects seriously and is committed to addressing and supporting partners in managing environmental and social (E&S) impacts associated with these projects.

I would like to address the concerns raised in relation to both the E&S impacts emanating from the project as well as the rationale for ongoing investment in nitrogenous fertilizer. As noted, IFC disclosed the related Environmental and Social Review Summary (ESRS) and associated Environmental and Social Action Plan (ESAP) on July 28, 2023 (<https://disclosures.ifc.org/project-detail/ESRS/47723/indorama-eleme-fertilizer-iii>).

In 2012 and 2018, IFC financed the development of the existing lines ([Eleme Fertilizer](#) and [Eleme Fertilizer II](#)) of IEFCL. The operation of IEFCL Line 1, the construction and commissioning of IEFCL Line 2 and related facilities, and the construction and operation of FCU II are all under the purview of IFC's monitoring (including a third-party independent monitoring consultant). Over this time, we have worked with IEFCL to put in place and implement an Environment and Social Management System (ESMS) that is aligned with IFC's Performance Standards (PSs) and requirements. Per the requirement of the ESMS, IEFCL has undertaken Environmental and Social Impact Assessments (ESIAs) and has developed and implemented E&S management plans to mitigate impacts identified in those ESIAs.

In line with the ESMS and IFC PS requirements, IEFCL has completed an ESIA for the Line 3 expansion project. Based on the ESIA outcomes and the feedback from IFC's own E&S appraisal, IEFCL is required to expand, upgrade, and enhance its ESMS to manage and mitigate incremental and cumulative impacts resulting from the planned expansion.

IEFCL's current equipment design and pollution control systems are designed to Good International Industry Practice (GIIP) standards. The expansion project is located within the existing site boundary, so land and biodiversity-linked impacts are not expected. Impacts linked to discharges have been assessed under the mitigation hierarchy of IFC PSs, and avoidance, mitigation, and management measures are incorporated as part of the project. With respect to your concerns around increased quantities of discharged ammonia and urea, we want to clarify that the operations will produce ammonia and urea as core saleable products, and therefore, as in the current lines, there are not expected to be any ongoing emissions of ammonia or urea. IEFCL's stakeholder engagement program covers different categories of stakeholders, including employees and contractors, and will be further strengthened as part of the expansion project.

We acknowledge and understand your concerns about the use of nitrogenous fertilizers to boost agricultural productivity. However, we note that fertilizer use contributes to around half of all food production around the world, and nitrogenous urea fertilizer continues to be the most used fertilizer globally. It is estimated that existing agricultural systems can only feed 3.25 billion people without the use of fertilizers.

We agree with your concerns regarding acute food insecurity and the impacts of climate change on agriculture in Africa. This provides the context for why we focus our interventions on climate-smart agriculture, including increasing efficiency in crop production, building climate resilience, and reducing emissions - improving access to fertilizers is one element of climate-smart agriculture. In fertilizer production, we only support projects that use the best-available equivalent or better technologies for the lowest possible emissions. Financing support is delivered in conjunction with advisory support, which includes farmer outreach and education programs focusing on appropriate fertilizer use, weather, and soil management.

The potential for future urea demand in Nigeria is substantial. The country is the biggest agricultural producer in Africa, yet crop yield and fertilizer application rates lag far behind developed markets. Nitrogen application rates in Nigeria in 2022 are estimated at 20 kg/hectare compared to a world average of 80 kg/hectare, while elsewhere in Africa, application rates are as low as 5-10 kg/hectare. IFC's support for the largest player in urea fertilizer production in Africa will enable added production capacity, which will help keep the global urea market adequately supplied, contribute to stabilizing prices, and, in turn, bolster the African and global agricultural sector. Downstream in the value chain, through boosting agricultural productivity, interventions in nitrogenous fertilizer productions are expected to help address challenges in diet diversity and risk of malnutrition (including supply of animal proteins and fruits and vegetables), particularly affecting the developing world, including Africa. Paired with the broader World Bank Group focus on risk mitigation, more coherent food policies, and stronger safety nets, the investment in IEFCL is one of the various interventions that will ultimately contribute to reducing the number of people at risk from food insecurity.

We hope that the above clarifies your concerns, however, remain available should you wish to engage further on any of these topics.

Sincerely,



Henrik E. Pedersen  
Regional Industry Director  
Manufacturing, Agribusiness and Services  
Africa