

Public Information Summary

Host Country	Nigeria
Name of Borrower	Indorama Eleme Fertilizer and Chemicals Limited/SPV Line III
Project Description	The development, design, financing, construction, operation and maintenance of the Borrower's third ammonia-urea fertilizer facility in Port Harcourt (the " Project ").
Proposed DFC Loan	\$75,000,000
All-Source Funding Total	\$1,250,000,000
Policy Review	
Developmental Objectives	The Project is expected to have a positive development impact through supporting global food security, particularly in developing and emerging economies, while also providing economic benefits to Nigeria. Fertilizer is a critical commodity for global food security: it is estimated that only half of the world's population could be sustained without nitrogen fertilizer. Yet fertilizer supply has been severely disrupted in recent years, contributing to surging food prices and decreased income for farmers. The Project is expected to result in 1.4 million metric tons per annum of additional urea fertilizer to be exported from Nigeria, largely to destinations in Latin America and Africa. The Project is also anticipated to create hundreds of full-time, formal operations and maintenance jobs as well as thousands of construction jobs in the Niger Delta, to generate local income through domestic procurement, and to support Nigeria's balance of trade through hundreds of millions of dollars of additional exports annually.
Environment and Social Assessment	<p>SCREENING: The Project has been screened as Category A because it requires an expansion of a large-scale fertilizer manufacturing complex and has the potential for accidental releases of hazardous gases (methane, hydrogen, and ammonia). In addition, the Project's greenhouse gas (GHG) emissions have been estimated to be 688,100 tons of carbon dioxide equivalent per year (DFC's share of GHG emissions has been estimated at 130,945 tons of carbon dioxide equivalent per year) which exceeds DFC's threshold of 100,000 tons of carbon dioxide per year for Category A projects.</p> <p>A jetty will be used to export ammonia and urea produced by the Project but is not part of the Project scope for DFC financing. Therefore, the jetty is considered an Associated Facility.</p>

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's (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; and

PS 4: Community Health, Safety, and Security.

Based on the information currently available, the Project will not acquire land as the Sponsor already owns the Project site, which is located in an industrial estate. No significant biodiversity resources or settlements have been identified at or near the Project site or its associated facilities. In addition, there are no indigenous people or cultural resources that have been identified at or near the Project site. Therefore, PS 5, 6, 7, and 8 are not currently triggered by the Project.

Environmental Guidelines applicable to the Project include: World Bank Group's General Environmental, Health, and Safety (EHS) Guidelines (April 2007) and Nitrogenous Fertilizer Production EHS Guidelines (2007).

Workers' accommodation used during both construction and operations will be required to meet the recommendations of the IFC/EBRD Guidance Note -Workers' Accommodation: Process and Standards.).

In addition to compliance with the applicable environmental, health, and safety regulations of Nigeria, the Project will be required to perform a Hazard and Operability (HAZOP) study which complies with both the requirements of paragraph 18 of IFC's Guidance Note of Performance Standard 3 and is consistent with the applicable requirements of 40 U.S. Code of Federal Regulations (CFR) Part 68.

ESIA DISCLOSURE: The ESIA for the Project was disclosed on DFC's website from September 20, 2023, to November 20, 2023. No comments have been received yet.

SITE VISIT: The Lenders' Independent Environmental and Social Advisor visited the Indorama Complex in January 2023, and undertook a virtual site visit in May 2023 as a part of the environmental and social due diligence. DFC visited the site of the existing facility (during DFC's due diligence for an earlier, potential investment to Line 2, which did not move forward) in 2018. During DFC's site visit, meetings were held with nearby communities and local and national regulators.

KEY ENVIRONMENTAL AND SOCIAL RISKS AND

MITIGATION: The major environmental and social risks (E&S) associated with the Project include the potential for ammonia, particulate matter (including urea), and nitrogen oxides (NO_x) releases beyond the Project boundary, occupational health and safety (OHS) risks associated with the handling of hazardous materials (including hydrogen, ammonia, and methane), potential risks to community health, safety, and security (including managing project induced influx), and labor management, especially contractor management during construction.

Environmental and Social Management

As a result of IFC's prior investment in the existing Lines 1 and 2, Indorama has established an environmental and social management system (ESMS) that is consistent with the requirements of the IFC's Performance Standards. For the Project, Indorama conducted an ESIA for Line 3 development as well as the jetty associated facility. Indorama will be required to develop and implement an Environmental and Social Management Plan (ESMP) to address the construction related E&S issues and occupational and community health and safety risks. Prior to the commencement of operations, another ESMP will be required to be developed to address E&S issues (including air emissions, noise, effluent discharges, and hazardous materials management) related to the operations phase. The Project's air emissions, including nitrogen oxide and process emissions, are expected to be controlled to levels that comply with the relevant World Bank Group's EHS Guidelines.

Hazardous Materials Management

Current information indicates that the nearest residences to the Project are located outside the safety exclusion zone needed to protect the nearby communities from accidental releases of hazardous gases. However, further verification is underway via the ongoing Hazard and Operability (HAZOP) studies. In the event of a major fire or explosion, damage may be expected to other facilities within the Indorama complex and the HAZOP that is currently being performed will identify opportunities to reduce the potential for accidental release of hazardous gases, fire, and explosion. The Project will adopt detailed procedures relating to the safety of facilities' operations, including any recommendations made in the HAZOP analysis. The Project will also be required to develop and implement Fire Prevention and Control Plan which will be designed to ensure fire safety. The Project will be required to develop and implement an Emergency Preparedness and Response Plan (EPRP) to ensure that appropriate emergency response measures are in place.

Occupational Health and Safety

Occupational health and safety risks unique to this Project include those associated with construction activities and the operations phase (including the handling of ammonia and flammable and explosive hydrogen and methane). These risks are expected to be adequately managed through the implementation of the Project's ESMPs and Occupational Health and Safety Plans (OHSP; both for construction and operations). Employees will be trained on OHS and environmental and social impacts management.

Community Health and Safety

The Project has received the required approval from the Federal Ministry of the Environment, which requires that the Project maintain community safety. Indorama will develop and implement a community health and safety plan to ensure compliance with IFC's Performance Standard 4 and the local regulations. The community health and safety plan is expected to address environmental releases (including dust, noise, and effluent discharges), transport management, and other construction and operations-related community health and safety issues. In addition to existing businesses operating in the immediate vicinity of the Project area, primarily food industries, there is the possibility of other industrial establishments being constructed in the foreseeable future. Cumulative impacts associated with the Project have been identified in the ESIA and are manageable as only food industries are currently planned in the industrial estate. However, there exists a possibility of a few light industrial establishments to be constructed in the foreseeable future. All of these could contribute to air emissions, noise, and effluent discharges in the immediate area of the Project. These impacts are planned to be mitigated through the implementation of the Project's Environmental and Social Management Plans (ESMP).

Labor Management

The Project anticipates that construction will require approximately 5,000 workers of whom 90% are expected to be Nigerian. The EPC contractor and its subcontractors will be required to align its labor and working conditions to the Project's labor policies and IFC Performance Standard 2. A local hiring plan has been developed to guide the EPC contractor and its subcontractors. In order to address the potential for additional in-migration, the Project will communicate labor needs and required skills to local stakeholders, update local supplier database, implement a local content and recruitment plan, implement policies to address code of conduct and gender-based violence risks, and partner with government and other industries in the area to undertake interventions to alleviate the impact of Project induced in-migration. For operations, the Project will require a staff of 150.

Two unions are active to represent workers for current operations. These contracts expire in 2023 and it is anticipated that employees for the expansion will be included in the negotiations for renewal. The Project is currently addressing gaps identified as a result of a CAO complaint filed in April 2018. These include improvements to its internal grievance mechanism, including ensuring that grievance management is free from retaliation. This CAO process remains open as the Sponsor continues to address the identified gaps.

Stakeholder Engagement

The Sponsor has developed and continues to implement a Stakeholder Engagement Plan (SEP) for the Project that builds upon the Sponsor's existing policies. The SEP maps stakeholders, highlights previous engagement, analyzes organization capacity, identifies needed engagement throughout the Project life, and outlines monitoring and reporting. The Project undertook external consultation as part of its ESIA process, which was confirmed by the Federal Ministry of Environment to have met all national requirements for public consultation and disclosure. The Project has in place and continues to utilize its current external grievance mechanism for the expansion. The Project will be required to conduct training to ensure the process is accessible to all parties impacted by the Project, including vulnerable populations. The Project has committed to quarterly reporting on Project status to concerned citizens and community groups.

Security Management

The Project will utilize the Sponsor's current security management plan, which will be required to align with the Voluntary Principles on Security and Human Rights. The Sponsor currently utilizes armed private security personnel and public security officers when necessary to protect Project assets and escort visitors. The Project conducts human rights training for its own security personnel, as well as public security personnel engaged by the Project.