

Public Project Profile

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| Host Country: | Nigeria |
| Name of Borrower: | Dufil Prima Foods Plc |
| Project Description: | Food manufacturing and processing company |
| Proposed OPIC Loan: | \$37,500,000 |
| Total Project Cost: | \$50,000,000 |
| U.S. Sponsor: | Citibank, N.A. |
| Foreign Sponsor: | NA |
| U.S. Economic Impact: | The Project is not expected to have a negative impact on the U.S. economy. There is no U.S. procurement associated with this Project; therefore, the Project is expected to have a neutral impact on U.S. employment. The Project is expected to have a neutral impact on the U.S. trade balance. |
| Developmental Effects: | This Project is expected to have a positive developmental impact in Nigeria by supporting the expansion of a food manufacturer and processor. Nigeria is a net food importer with food imports estimated at more than \$9 million per day. The Project will create more than 400 local jobs in a country facing high unemployment, which was estimated to be 23 percent in 2018. The Borrower makes manufactured foods that are available throughout Nigeria through a strong distribution network which includes 1,000 exclusive distributors, 10,000 sub-distributors and more than 500,000 retailers, along with a 1,000 fleet of trucks to manage the inbound and outbound logistics. The Project aligns with Nigeria's Agriculture Promotion Policy that seeks to revive the agriculture sector and boost food production, which will help Nigeria achieve its UN Sustainable Development Goal 2 (Zero Hunger). |
| Environment | <p>Screening: The Project has been reviewed against OPIC's categorical prohibitions and determined to be categorically eligible. Food manufacturing and printing/packaging projects are screened as Category B Projects under OPIC's environmental and social policies. The major environmental and social issues associated with such Projects include occupational health and safety, life and fire safety, water use, wastewater discharges, hazardous materials management; air emissions from small combustion devices; and food safety for the consumer.</p> <p>Applicable Standards: Under OPIC's Environmental and Social Policies, the Project is required to comply with applicable local laws and regulations related to environmental and social performance. OPIC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following International Finance Corporation (IFC) Performance Standards (PS):</p> <p>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</p> |

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| | <p>The Project involves providing working capital to existing food processing and printing facilities. Two new facilities will be constructed as part of the Project; both new facilities will be constructed adjacent to existing facilities and no new land will be acquired nor will land need to be cleared. All facilities are located in commercial/residential or urban areas; none are located in or near protected areas or sensitive ecosystems. Therefore, PS 6 is not triggered at this time.</p> <p>The Project is also subject to IFC Environmental Health and Safety (EHS) Guidelines for Food and Beverage Processing, IFC EHS Guidelines for Printing, and the IFC EHS General Guidelines.</p> <p>Environmental and Social Risks and Mitigation: The Company is ISO 9001, 22000, and 45001 certified and has developed standard operating procedures for environmental, health, safety, and hygiene and food safety. In 2017, the Company developed a Health, Safety, Environment and Security (HSES) Management Manual, which includes policies regarding: occupational health and safety, environmental protection, waste management, emergency response, security, and engagement of subcontractors. The HSES Manual and conversations with the Company’s management indicate that the Company has established an organizational structure to manage environmental, health and safety aspects of its operations.</p> <p>Government officials conduct an environmental audit on the Company’s facilities every three to four years and produce an Environmental Audit Report. The reports include corrective actions, which the Company is required to implement. The Company also has engaged a third-party engineering company to conduct air and noise monitoring at its facilities on a quarterly basis and wastewater monitoring on a monthly basis. The Company will be required to demonstrate to OPIC implementation of corrective actions from the most recent Environmental Audit Reports and environmental monitoring reports.</p> <p>As an ISO 22000 certified company, Dufil has developed procedures related to traceability, emergency preparedness and response (with respect to food safety specifically, for example if there is an electricity outage), preliminary steps for hazard analysis, hazard analysis and HACCP Plan, monitoring and measuring, equipment calibration, verification, handling potentially unsafe products; and product recall procedures.</p> <p>Dufil has provided policies and descriptions of processes at an overarching high level for environmental, health and safety issues. The Company will be required to provide to OPIC more detailed and facility-specific Environmental and Social Management Plans, Contractor Management Plan for overseeing new construction, Food Safety and Hygiene Manual, factory-specific Emergency Response Plans that include evacuation routes and show mustering points for each factory, and a consolidated Occupational Health and Safety Plan that is factory-specific that includes standard operation procedures for occupational health and safety that identify and list specific OHS hazards and step by step processes for mitigating risks for each of those hazards.</p> |
| <p>Labor/Human Rights</p> | <p>The Project will be required to operate in a manner consistent with the International Finance Corporation’s Performance Standards, OPIC’s Environmental and Social Policy Statement and applicable local laws. OPIC’s statutorily required language regarding the rights of association, organization and collective bargaining, minimum</p> |

age of employment, and prohibition against the use of forced labor, will be supplemented with provisions concerning non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including any contracted workers.

The Project involves refinancing of existing debt, equipment upgrades and expansion of existing food processing and packaging facilities producing instant noodles, pasta, snacks, and seasoning in four cities in Nigeria. The Project has developed and implemented an ESMS that addresses social risk, including labor, commensurate with the risks associated with food processing and packaging in Nigeria. The Borrower will be required to develop an external grievance mechanism, an anonymous channel for workers, develop a contractor management plan, provide evidence that security guards are vetted and trained, provide evidence of environmental and social training of managers, and conduct a third-party audit of the Project's working conditions.

This review covers the commensurate human rights risks associated with food processing and packaging in Nigeria.