

June 24, 2025

## **CAO Compliance Appraisal Report**

### **Regarding a complaint about IFC's third investment in Indorama Eleme Fertilizer and Chemicals, Nigeria**

**Nigeria: Eleme Fertilizer-03/Port Harcourt (IEFCL Line III)**  
**IFC Project #47723, #40420, #30967**

## About CAO

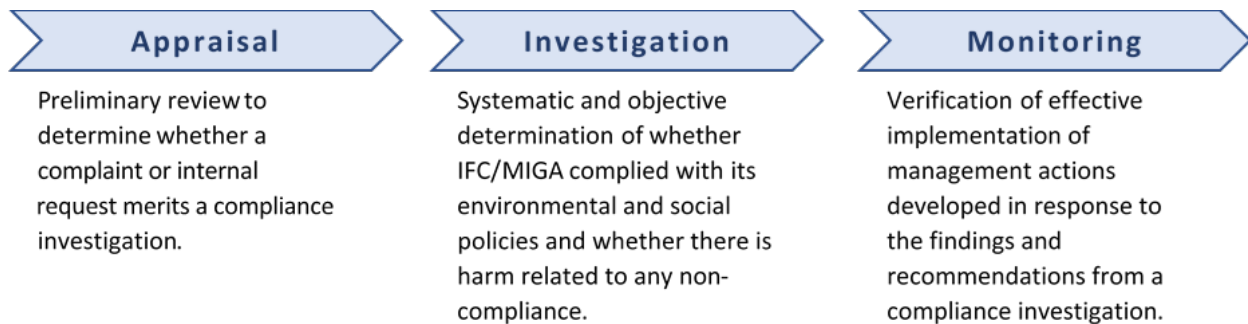
The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner, enhance environmental and social project outcomes, and foster public accountability and learning at IFC and MIGA.

CAO is an independent office that reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

## About the Compliance Function

CAO's compliance function reviews IFC and MIGA compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate.

CAO's compliance function follows a three-step approach:



## Table of Contents

<b>About CAO .....</b>	<b>2</b>
<b>Acronyms.....</b>	<b>4</b>
<b>Executive Summary .....</b>	<b>5</b>
<b>1. Background .....</b>	<b>9</b>
1.1 IFC's Investments in Indorama .....	9
1.2 Project Description .....	10
1.3 The IEFCL Line III Complaint.....	12
1.3.1 Concerns raised during CAO assessment .....	13
1.4 Compliance Appraisal Scope and Methodology .....	14
1.5 Previous CAO Cases Involving IFC Investments in Indorama.....	15
1.6 Timeline of IFC's Investments in Indorama Eleme Fertilizer and Chemicals and the Line III CAO Compliance Process .....	17
<b>2. IFC Management Response to the IEFCL Line III Complaint.....</b>	<b>18</b>
<b>3. Client Response .....</b>	<b>19</b>
<b>4. CAO Analysis .....</b>	<b>20</b>
4.1 Analysis of Preliminary Indications of Harm .....	20
4.2 Analysis of Preliminary Indications of IFC's Non-Compliance with the E&S Sustainability Framework.....	23
4.3 CAO Analysis of Plausible Links Between Harm and Non-Compliance.....	29
4.4 Additional Policy Considerations.....	31
<b>5. CAO Decision and Next Steps .....</b>	<b>32</b>
<b>Appendices.....</b>	<b>33</b>
Appendix A. Complaint Letter	
Appendix B. Full IFC Management Response	
Appendix C. Additional Appraisal Considerations	
Appendix D. Terms of Reference for Compliance Investigation	

## Acronyms

BIC	Bank Information Center
CAO	Office of the Compliance Advisor Ombudsman (IFC and MIGA)
CIA	Cumulative Impact Assessment
CSO	Civil Society Organizations
DFC	U.S. International Development Finance Corporation
DFIs	Development Finance Institutions
EHSG	Environmental, Health, and Safety (EHS) Guidelines
E&S	Environmental and Social
ESDD	Environmental and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
ESAP	Environmental and Social Action Plan
ESMMP	Environmental and Social Monitoring and Management Plan
ESMS	Environmental and Social Management System
ESRS	Environmental and Social Review Summary
FMEnv	Federal Ministry of Environment, Nigeria
GHG	Greenhouse gases
GN	Guidance Note
IAM	Independent Accountability Mechanism of the DFC
IEFCL	Indorama Eleme Fertilizer and Chemicals Limited
IFC	International Finance Corporation
MAP	Management Action Plan
MCPP	Managed Co-Lending Portfolio Program
MIGA	Multilateral Investment Guarantee Agency
NNPC	Nigerian National Petroleum Corporation
PS	IFC Performance Standards
PS1	Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
PS2	Performance Standard 2: Labor and Working Conditions
PS3	Performance Standard 3: Resource Efficiency and Pollution Prevention
PS4	Performance Standard 4: Community Health, Safety, and Security
PS6	Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
SEP	Stakeholder Engagement Plan

## Executive Summary

*This report documents CAO's compliance appraisal of a 2024 complaint about IFC investments in Indorama Eleme Fertilizer and Chemicals Limited (IEFCL), which operates the world's largest single train urea plant in Port Harcourt, Nigeria. Brought by two Nigerian civil society organizations (CSOs) on behalf of project-affected communities and residents, the complaint alleges Harm caused by inadequate environmental and social (E&S) risk management and stakeholder consultation. Specific concerns include air and water pollution, biodiversity and livelihood loss and road traffic issues. Based on the evidence set out in this report, CAO concludes that the complaint merits a compliance investigation.*

### IFC Investment

Indorama Corporation is a Singapore-based global manufacturing conglomerate spanning Africa, Asia, Europe, and the Americas. IFC's long partnership with Indorama began in 2006 and IFC has made a series of investments in the client's fertilizer facility at Port Harcourt, Nigeria, since 2012. In March 2024, IFC approved \$1.2 billion in financing to expand the facility through construction of a third line which will raise annual urea production and export capacity to 4.2 million metric tons.

The investment is made up of an IFC loan of US\$215.5 million, US\$94.5 million in Managed Co-Lending Portfolio Program (MCP) loans, and US\$940 million in syndicated loans. It includes financing for a jetty and port terminal 20 kilometers from the fertilizer complex to export urea produced under IEFCL Line III. The investment agreement was signed in March 2024.

### The Complaint

On May 30, 2024, CAO received a complaint from the Greenleaf Advocacy and Empowerment Center and the O-E'la Obor Eleme Organization (the General Assembly of Eleme People Worldwide). The CSOs raised concerns on behalf of project-affected communities and female residents from the Eleme community next to the fertilizer facility, about IFC's investment in the plant's expansion. The IEFCL Line III project will increase urea production capacity by 50%, and the complainants allege that the E&S risks and impacts of IFC's previous investments in the plant will potentially be worsened by its construction and operationalization.

The complaint argues that increased air and water pollution from existing IEFCL operations has led to adverse health effects on community members and contamination of the Okulu River by toxic effluent waste discharges. In addition, the complainants allege loss of local livelihoods, loss of biodiversity due to land clearing during construction, and increased traffic hazards. They state that the IFC client did not adequately engage project affected people during the Environmental and Social Impact Assessment (ESIA) for IEFCL Line III, and that community members who speak out against the project face threats and reprisals. Moreover, the complaint alleges employment discrimination against women at the plant site by the IFC client.

A similar complaint was also filed with the Independent Accountability Mechanism (IAM) of the United States International Development Finance Corporation (DFC), another project lender.

## **IFC Management Response**

IFC's Management Response acknowledges the seriousness of the complaint issues but asserts that the plant's operations comply with both IFC's environmental and social (E&S) Performance Standards (PS) and related national regulations. IFC states that it has implemented rigorous and continuous E&S supervision of IEFCL's operations since its first investment, including twice-yearly site monitoring visits by an independent E&S consultant team since 2019. Regarding IEFCL Line III, IFC states that as part of pre-investment due diligence it reviewed the client's existing E&S systems, identified areas for improvement, and incorporated them into the project's E&S Action Plan. According to IFC, IEFCL has since completed these actions.

Regarding pollution, IFC states that: the project area airshed remains non-degraded and within acceptable limits; the facility's water quality and effluent management meet regulatory requirements and World Bank EHS Guidelines; studies show no project-related aquatic impacts; and its supervisory activities have found no evidence of community health impacts from IEFCL's operations.

In response to complainant concerns over consultation, IFC notes that the client's Stakeholder Engagement Plan (SEP) ensured community access to information and grievance mechanisms for IEFCL Line I and II operations and the IEFCL Line III expansion. IFC's Management Response also states that biodiversity studies show no project-related aquatic impacts. About livelihood impacts, IFC states that IEFCL provides local community development programs as part of its Corporate Social Responsibility (CSR) activities and under a Memorandum of Understanding signed with the six host communities.

IFC asserts that the complaint does not meet the CAO Policy criteria for a compliance investigation because IFC has met its E&S obligations and the client's E&S risk management meets Performance Standards requirements.

## **CAO Analysis**

The CAO compliance appraisal process determines whether a complaint merits an investigation by applying three criteria: (i) Whether there are preliminary indications of Harm or potential Harm; (ii) Whether there are preliminary indications that IFC may not have complied with its E&S Policies; and (iii) Whether the alleged Harm is plausibly linked to the potential non-compliance.

Based on an initial review of available information, CAO concludes that the complaint meets the three criteria for a compliance investigation, as summarized below:

### **a) Preliminary Indications of Harm**

Based on complainant testimonies and information, project documentation, and peer-reviewed studies on types of harms linked to fertilizer plants, CAO believes there are preliminary indications of Harm or potential Harm to project-affected people and the environment related to several complaint issues.

CAO concludes that the negative health effects alleged by complainants are plausible and amount to preliminary indications of Harm. CAO's preliminary literature review of risks from ammonia-based fertilizer production confirmed that exposure, even at low concentrations, may release strong odors and pose significant local health risks, particularly through air pollution. CAO also finds the alleged effects of water pollution to be plausible preliminary indications of Harm since

effluents discharged from fertilizer production plants may contain pollutants that, when entering aquatic systems, can significantly affect both wildlife and public health.

Regarding community consultation, CAO considers that the possible lack of participation from all potential project-affected people may lead to future Harm since their feedback was not considered during the process of identifying negative project impacts and related mitigation measures. Further, CAO is of the view that if threats and intimidation have occurred, as the complainants allege, then the community would have experienced related psychological and emotional Harms as well as suppression of rights.

Finally, CAO believes it is plausible that complainants may already have experienced increased road traffic congestion and risks and may be suffering Harm as a consequence, with IEFCL Line III likely to increase these risks, primarily due to higher traffic volumes on plant and port access roads.

#### **b) Preliminary Indications of IFC Non-compliance with its E&S Policies**

In relation to the complaint issues, CAO finds preliminary indications that IFC may not have complied with its E&S policies as set out in the 2012 Sustainability Framework. Before making its IEFCL Line III investment, IFC may not have undertaken a due diligence (ESDD) process commensurate with the nature, scale, and stage of the business activity, and with the level of related E&S risks and impacts (Sustainability Policy, para. 26). In addition, IFC may not have met its Sustainability Policy obligations (para. 28) to request that the client take corresponding additional measures and actions to address the gaps identified during IFC's due diligence—beyond those identified by the existing management practices for IEFCL Lines I and II.

In relation to air pollution, CAO's preliminary assessment of information indicates that IFC may not have assured that IEFCL included management measures for fugitive emissions from the new plant operations. The Sustainability Policy (para. 28) requires IFC to identify such gaps and ensure clients take corresponding measures and actions to ensure the business activities it finances meet PS requirements. Further, CAO's review of client reporting raises concerns over whether IFC has ensured annual GHG quantification from existing plant operations in line with recognized methodologies and good practice, as required by PS3: Resource Efficiency and Pollution Prevention (para. 8), in order to track the effectiveness of proposed emission reduction measures over time.

Regarding community health, CAO's preliminary review of available information suggests that IFC may not have required its client to conduct a Health Impact Assessment (HIA) commensurate to the nature and scale of the investment's risks and impacts during ESDD, as required by the Sustainability Policy (para. 26).

Concerning consultation with project-affected people, CAO's preliminary review of project documents suggests that IFC may not have required its client to conduct a process resulting in the informed participation of all relevant parties. Consulting all affected communities is required by the Sustainability Policy (para. 30) and PS1: Assessment and Management of Environmental and Social Risks and Impacts (para. 31).

In relation to the allegations of biodiversity loss and subsequent impacts on livelihoods, CAO's preliminary assessment suggests that IFC may have incorrectly deemed Performance Standard 6: Biodiversity Conservation irrelevant for the investment. Available IFC ESDD documents state that IFC took this stance because the investment site was located within the confines of

preexisting cleared land and in a highly modified habitat. Preliminary information indicates that this assessment by IFC contradicts information in the project ESIA.

CAO did not identify preliminary indications of non-compliance related to IFC's E&S due diligence of complaint issues related to road safety and to non-discrimination and equal employment. Preliminary assessment indicated that IFC adequately assured that the client's assessment of road safety risks and impacts was commensurate with the nature and scale of its investment, and that IFC worked with IEFCL to ensure compliance with the non-discrimination and equal opportunity provisions of PS2: Labor and Working Conditions.

### **c) CAO Analysis of Plausible Links Between Harm and Non-Compliance**

CAO concludes that there are indications that the alleged Harms to the complainants are plausibly linked to potential shortcomings in IFC's application of its Sustainability Framework to the project. The preliminary indications of Harm identified in this compliance appraisal are the types of issues that IFC's Sustainability Framework seeks to avoid and mitigate, and which IFC should identify and manage as risks and impacts during its pre-investment due diligence and client supervision.

### **CAO Decision and Next Steps**

CAO will proceed with a compliance investigation of IFC's direct investments in Indorama Eleme Fertilizer and Chemicals Limited (IEFCL). The terms of reference for the investigation are described in Appendix D. The Independent Accountability Mechanism (IAM) of the United States International Development Finance Corporation will conduct a parallel compliance investigation.

This appraisal report has been shared with IFC's Board of Directors, the World Bank Group President, IFC management, the Company, and the Complainants. CAO publishes this appraisal report on its website.



## 1. Background

This section summarizes the history of IFC's direct investments in Indorama Eleme Fertilizer and Chemicals Limited (IEFCL), a Nigerian fertilizer producer, as well as CAO's process, scope, and methodology for this latest compliance appraisal case.

### 1.1 IFC's Investments in Indorama

IFC has a long history of investment in IEFCL—part of Indorama Corporation, a Singapore-based global manufacturing conglomerate spanning Africa, Asia, Europe, and the Americas. Assisted by finance from IFC and other development finance institutions<sup>1</sup> (DFIs), IEFCL now operates the world's largest single train urea plant in Port Harcourt, Nigeria, with capacity of 2.8 million metric tons of granular urea a year.

This case concerns the most recent IFC investment in IEFCL. In March 2024, IFC approved financing to expand the fertilizer facility through construction of IEFCL Line III<sup>2</sup>, which will raise annual urea production and export capacity to 4.2 million metric tons.<sup>3</sup> IFC support was made up of: a loan of US\$215.5 million from its own account; US\$94.5 million in Managed Co-Lending Portfolio Program (MCP)<sup>4</sup> loans; and US\$940 million in syndicated loans. The investment includes financing for a jetty and port terminal, situated 20 kilometers from the fertilizer complex, to facilitate the export of urea produced under IEFCL Line III. The investment was approved by the IFC Board in November 2023, and the investment agreement signed in March 2024.

IFC's partnership with the Nigeria-based Indorama Corporation began in 2007 when the client purchased a petrochemical facility at Port Harcourt with IFC financing.<sup>5</sup> In 2010, Indorama Corporation established Indorama Eleme Fertilizer & Chemicals Limited for the purpose of developing and operating a nitrogenous fertilizer facility at this same complex.<sup>6</sup>

Since then, IFC has made a number of investments—each designated category B for its environmental and social (E&S) risks and impacts.<sup>7</sup> These investments included:

- In 2012, a loan package to IEFCL to build the first fertilizer plant, IEFCL Line I.<sup>8</sup> This included a US\$150 million loan from IFC's own account, US\$75 million in syndicated loans, and US\$150 million mobilized from other DFIs.<sup>9</sup> The fertilizer plant was commissioned in June 2016 and the loan repaid in February 2024.<sup>10</sup>

---

<sup>1</sup> Including the U.S. International Development Finance Corporation (DFC) and the African Development Bank Group.

<sup>2</sup> A structured setup of machinery, equipment, labor, and processes designed for manufacturing goods in a factory or industrial environment (see Figure 1).

<sup>3</sup> IFC Disclosure, Summary of Investment Information (SII), project number 47723. Available at <https://bit.ly/4fmvWJS>

<sup>4</sup> The Managed Co-Lending Portfolio Program (MCP) is IFC's syndications platform for institutional investors. Since its launch in 2013, it has raised more than \$19 billion from 18 partners and earned global recognition for its groundbreaking approach to unlocking institutional capital and credit insurance for direct lending to IFC's borrowers in developing countries.

<sup>5</sup> [IFC Project #24802](#).

<sup>6</sup> Bloomberg, Indorama Eleme Fertilizer and Chemicals Ltd Available at <https://bloom.bg/2zqs73u>. Indorama Corporation has majority ownership and control of IEFCL.

<sup>7</sup> IFC uses a process of environmental and social categorization to reflect the magnitude of risks and impacts. Category B signifies "Business activities with 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." IFC Sustainability Policy, 2012.

<sup>8</sup> First investments in Indorama Eleme Fertilizer and Chemicals Limited.

<sup>9</sup> IFC Disclosure, Summary of Investment Information, project number 30967. Available at <http://bit.ly/2OydgFS>

<sup>10</sup> IFC Disclosure, Summary of Investment Information, project number 42187. Available at <http://bit.ly/2RdTrdH>

- In June 2018, a loan package to finance the facility's expansion, titled IEFCL Line II.<sup>11</sup> This consisted of a US\$120 million loan from IFC's own account, a US\$50 million loan for which IFC acted in its capacity as implementing entity for the Managed Co-Lending Portfolio Program, and up to \$850 million in syndicated loans.<sup>12</sup>
- In June 2020, up to US\$35 million in IFC loans, alongside up to US\$115 million in parallel loans from commercial banks and other DFIs, for the construction of a feed conditioning unit to recover carbon dioxide and separate heavier by-products generated on-site. This equipment ensured consistent gas supply to IEFCL Line II and boosted polymer production at Indorama's petrochemical and fertilizer complex.<sup>13</sup>
- In June 2021, an IFC investment of up to US\$64 million via an "A Loan" and up to US\$9 million via a concessional senior loan, under the IDA PSW Blended Finance Facility. The funds financed the de-bottlenecking of the client's olefins and polyolefins plant at Port Harcourt, including a new furnace and two heat recovery steam generators to enhance energy recovery, improve steam reliability, reduce gas consumption, energy use, and CO<sub>2</sub> emissions.<sup>14</sup>

## 1.2 Project Description

Indorama's industrial complex in Eleme, Port Harcourt, is a hub for both fertilizer and petrochemical production. While the overall facility includes operations such as polyethylene and polypropylene manufacturing under Indorama Eleme Petrochemicals Limited (IEPL), the company's current investment, named IEFCL Line III - is dedicated exclusively to ammonia and urea fertilizer production. A line<sup>15</sup> of ammonia and urea production (Figure 1) is an integrated industrial process where natural gas<sup>16</sup> is typically used as the primary feedstock to produce ammonia (NH<sub>3</sub>), which is then further processed reacting with carbon dioxide under high pressure and temperature to form urea (CO(NH<sub>2</sub>)<sub>2</sub> or NH<sub>2</sub>CONH<sub>2</sub>)<sup>17</sup>, a nitrogen-rich fertilizer that serves as the "food of food". The new plant's production capacity includes an ammonia unit with a single train of 2,300 metric tons per day (MTPD) and a urea unit with a single train of 4,000 MTPD granular urea<sup>18</sup>, along with additional granulation units.<sup>19</sup>

<sup>11</sup> Second investments in Indorama Eleme Fertilizer and Chemicals Limited.

<sup>12</sup> IFC Disclosure, Summary of Investment Information, project number 40420. Available at <http://bit.ly/2GGN6Da>

<sup>13</sup> [IFC Project #42187](#)

<sup>14</sup> [IFC Project #44761](#)

<sup>15</sup> ESIA page 53 - 61

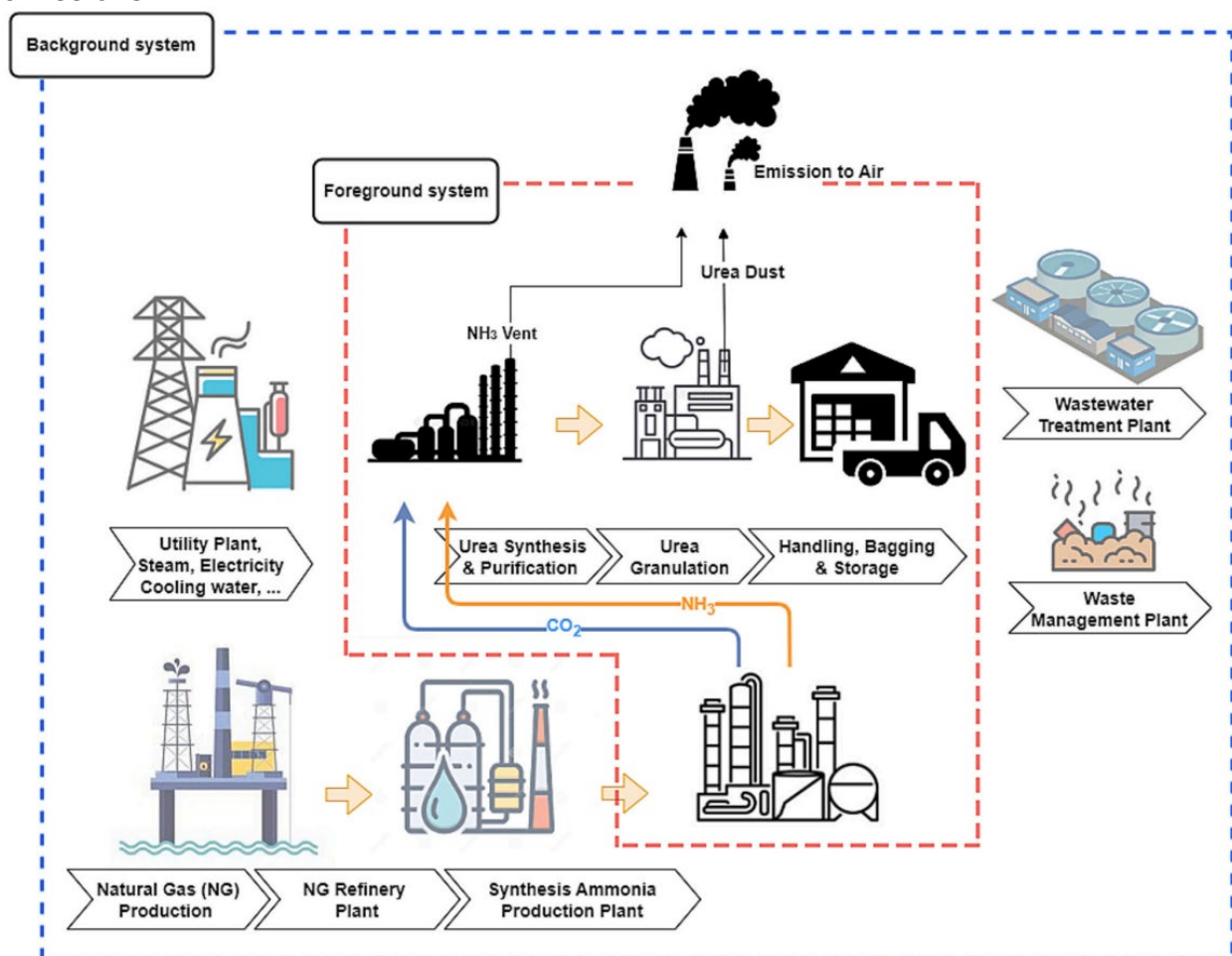
<sup>16</sup> The natural gas undergoes desulfurization and catalytic steam reforming to produce hydrogen. The hydrogen then reacts with nitrogen, derived from air, to synthesize ammonia.

<sup>17</sup> Ding, J., Ye, R., Fu, Y. *et al.* Direct synthesis of urea from carbon dioxide and ammonia. *Nat Commun* **14**, 4586 (2023). <https://doi.org/10.1038/s41467-023-40351-5>

<sup>18</sup> [ESRS for IEFCL Line III - Page 02](#)

<sup>19</sup> ESIA page 8 & 37- The new line will convert urea solution to granules employing spout bed fluid granulation technology. The production process proposed for the IEFCL Line III involves granulation of urea, which generates much less dust when compared with prilling towers.

**Figure 1: Simplified illustration of a urea production line and potential sources of air emissions**



Source: Masjedi, et. al, 2024<sup>20</sup>

The IEFCL facility is situated approximately 1.3 kilometers from the Okulu River, within the existing Indorama Complex in Eleme's industrial zone<sup>21</sup>. This area hosts substantial industrial activities, including one notable facility located in Alesa Eleme – one of the communities raising the issues under this complaint (Figure 2). The facility operates two oil refineries: an older plant commissioned in 1965 with a capacity of 60,000 barrels per stream day, and a newer plant commissioned in 1989 with a capacity of 150,000 barrels per stream day.<sup>22</sup> Subsistence agriculture<sup>23</sup> remains prevalent in the surrounding communities, the ESIA suggesting that some may take place immediately adjacent to the site boundary.<sup>24</sup>

<sup>20</sup> Masjedi, S. K., Kazemi, A., Moeinnadini, M., Khaki, E., & Olsen, S. I. (2024). Urea production: An absolute environmental sustainability assessment. *Science of the Total Environment*, 908, 168225. <https://doi.org/10.1016/j.scitotenv.2023.168225>

<sup>21</sup> ESIA Page. 164 - industry covers approximately 35% of the greater Eleme Local Government Surface Area.

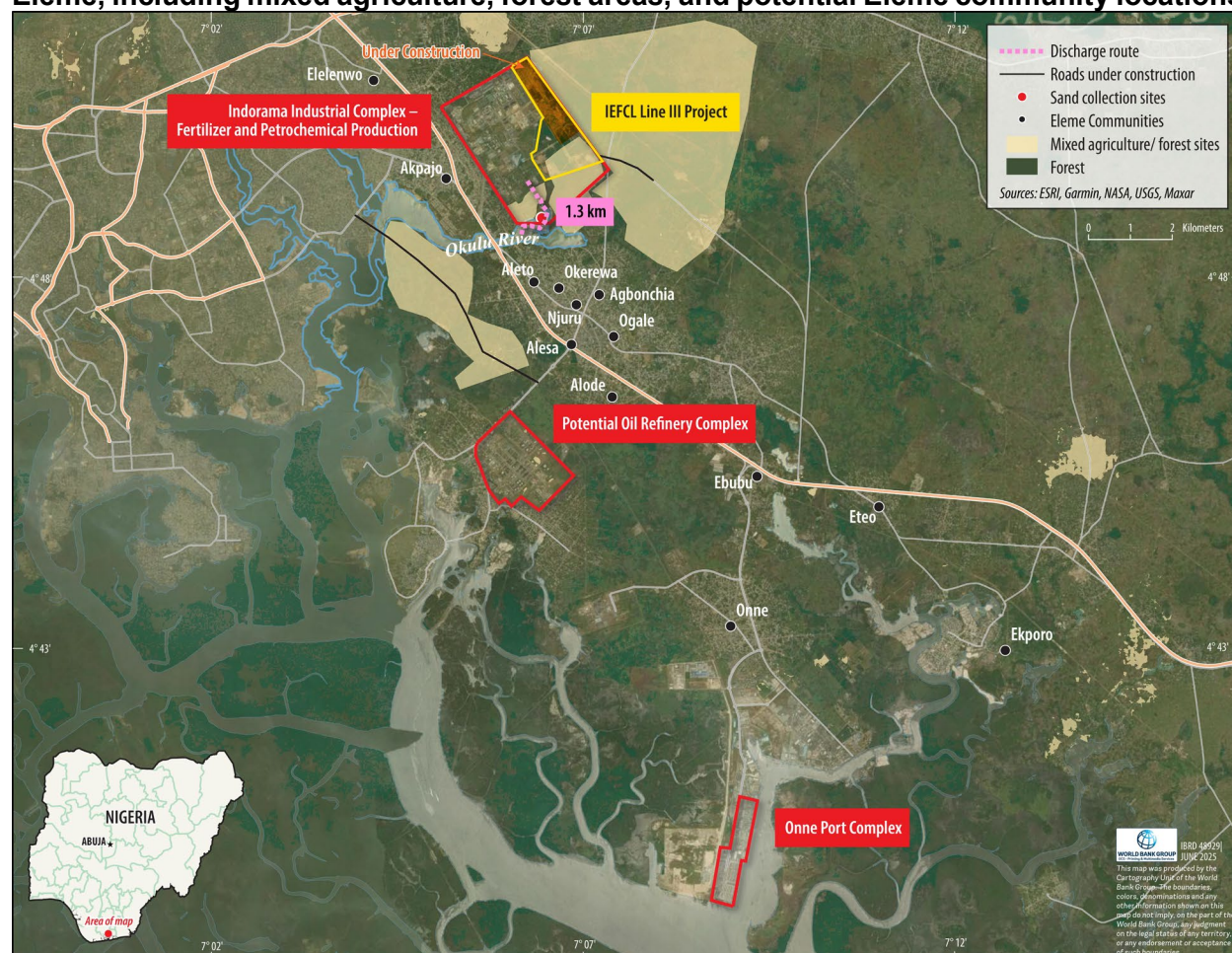
<sup>22</sup> <https://www.nsenergybusiness.com/projects/port-harcourt-refinery-rehabilitation/>

<sup>23</sup> ESIA Page. 164 - agriculture covers approximately 10% of the greater Eleme Local Government Surface Area.

<sup>24</sup> ESIA page.240



**Figure 2: Map of the Indorama complex, a refinery complex, and surrounding land use in Eleme, including mixed agriculture, forest areas, and potential Eleme community locations**



### 1.3 The IEFCL Line III Complaint

On May 30, 2024, soon after construction began on the IEFCL Line III expansion, CAO received a complaint from two Nigerian civil society organizations (CSOs) on behalf of project-affected communities—namely, Akpajo, Aleto, Agbonchia, Alesa, Alode, Ogale, Ebubu, Onne, Eteo and Ekporo as well as some female residents of the Eleme community who wish to remain anonymous. The CSOs involved were the Greenleaf Advocacy and Empowerment Center and O-E’la Obor Eleme Organization (the General Assembly of Eleme People Worldwide), which is receiving support from the Bank Information Center (BIC), an international NGO.

The complainants raised the following concerns about IFC’s investment in the Line III project, which will increase the fertilizer plant’s urea production capacity by 50%<sup>25</sup>:

- Air and water pollution and associated impacts on community health<sup>26</sup> as a result of IEFCL Lines I and II operations that will potentially be worsened by Line III construction and operationalization

<sup>25</sup> Extracted from the complaint received on May 29, 2024.

<sup>26</sup> Please refer to Appendix A for further details.

- Inadequate community consultation and threats and reprisals against community members who speak out against the project
- Biodiversity loss due to land clearing during construction and water pollution during operation
- Livelihood loss due to air and water pollution during operation
- Land devaluation in the area due to decreased agricultural and commercial potential resulting from the project's existing adverse environmental impacts
- Increased traffic congestion and safety hazards from heavy equipment transportation
- Employment discrimination against women.
- IFC's E&S risk categorization as Category B.<sup>27</sup>

### **1.3.1 Concerns raised during CAO assessment**

In July 2024, CAO found the complaint eligible and began the assessment process. The case was transferred to CAO's Compliance function on December 11, 2024, with the agreement of both parties, for appraisal of IFC's E&S performance.

During CAO's assessment process, the complainants elaborated on the complaint, expressing fears that expansion of fertilizer production would exacerbate the environmental and related health effects they already allegedly experience from the IFC client's Line I and Line II operations. Specifically, they claimed that air pollution has significantly increased in the region and the Okulu River has been contaminated by toxic effluent waste discharged as result of the existing IEFCL operations. The complainants alleged that air and water pollution had led to adverse health effects on community members, including respiratory issues, dermatitis and other skin infections, and the decline of life expectancy. They also stated that water pollution had made the river unusable for drinking water, fishing, and irrigation, which was affecting people's livelihoods and food security.

During CAO's assessment, the complainants also reiterated what they considered to be IEFCL's underwhelming engagement with stakeholders. They claimed the fertilizer company did not consult or receive input from affected communities in preparing its Environmental and Social Impact Assessment (ESIA) for IEFCL Line III, and did not share critical environmental data, particularly on air pollution and effluent discharge for IEFCL Lines I and II, despite repeated requests. Lastly, complainants noted that Indorama had not prepared a Cumulative Impact Assessment (CIA) that covered the combined effects of its petrochemical and fertilizer facilities within the same complex, which they believe is essential for understanding the IEFCL Line III project's full E&S impacts.

During CAO's assessment, the complainants also articulated a series of remediation measures to address existing and potential future impacts from the plant, as follows:

- Full and fair redress for all harms and losses suffered by them and other community members
- Provision of immediate assistance to affected communities
- Agreement to conduct a Cumulative Impact Assessment to inform IEFCL Line III construction

---

<sup>27</sup> IFC uses a process of environmental and social categorization to reflect the magnitude of risks and impacts. Category A signifies: "Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented." IFC Sustainability Policy, 2012.

- A targeted action plan to address the impacts experienced by affected communities with active participation by the complainants.

The complainants seek the above remediation measures from the project developer and IFC client. They assert that IEFCL has failed to comply with the requirements of IFC's environmental and social Performance Standards (PS) 1, 2, 3, 4, and 6 (described in section 4.2, below), and that IFC has not met its obligations to ensure client PS compliance. Furthermore, they contend that IFC and IEFCL failed to establish appropriate mitigation hierarchy procedures based on PS6 (Biodiversity Conservation) requirements, despite significant harm from the chemical complex to marine, freshwater, and terrestrial biodiversity. Appendix A includes redacted versions of the complaints.

## 1.4 Compliance Appraisal Scope and Methodology

The scope of this compliance appraisal<sup>28</sup> is limited to issues raised in the complaint<sup>29</sup> and CAO's Assessment Report of December 2024.<sup>30</sup> A CAO appraisal involves a preliminary review of available information. It does not lead to any definitive assessments or findings of harm or IFC non-compliance.<sup>31</sup> CAO made the appraisal decision based on the appraisal criteria and other relevant considerations in accordance with the CAO Policy.<sup>32</sup>

The appraisal involved a preliminary review of the following information:

- Documentation related to the complaint, [CAO's Assessment Report](#), and IFC's Management Response to the complaint<sup>33</sup>
- Documents available for the entire Indorama Eleme Fertilizer and Chemicals complex, including E&S instruments (for example, the investment's ESIA) prepared for IEFCL Lines I and II
- Available IFC and company documentation on pre-investment E&S due diligence and implementation of E&S requirements
- Additional documentation provided by the complainants, company, and IFC project team
- Relevant public reports, academic literature, and media coverage.

CAO previously conducted a compliance process into 2018 and 2023 complaints concerning IFC's investments in IEFCL Lines I and II (summarized in the section below). Under the CAO Policy (para. 93), CAO must therefore consider whether this latest complaint presents new issues or new evidence and take into account additional considerations (para. 92). Since the earlier cases concerned labor and working conditions at the plant and the use of security forces, CAO concluded that the IEFCL Line III complaint raises new issues, including environmental pollution, inadequate stakeholder engagement, and biodiversity and livelihood loss.

CAO extends its appreciation to all parties who have shared their perspectives, knowledge, and time with the compliance team.

<sup>28</sup> CAO Policy 2021: para. 88.

<sup>29</sup> See Appendix A. .

<sup>30</sup> CAO. 2024. Assessment Report Regarding a Complaint Received in Relation to IFC's investments in Eleme Fertilizer-03, Nigeria, available at: <https://www.cao-ombudsman.org/sites/default/files/downloads/CAO-AssessmentReport-NigeriaEleme03-Dec2024-ENG.pdf>

<sup>31</sup> CAO Policy 2021: para. 94.

<sup>32</sup> CAO Policy 2021: paras. 96-97.

<sup>33</sup> See Appendix B.

## **1.5 Previous CAO Cases Involving IFC Investments in Indorama**

CAO received and resolved two previous complaints about IFC's investments in the IEFCL fertilizer plant in Port Harcourt, as summarized below.

### **Case 1: IEFCL Lines I and II, Nigeria**

In April 2018, 134 employees of IEFCL filed a complaint with CAO<sup>34</sup>, citing concerns about labor and working conditions and use of security forces at the IFC client's site. The complainants raised salary and welfare issues, alleging salary discrimination between expatriate and Nigerian employees, health and safety hazards, lack of freedom to join worker trade unions, and an inadequate employee healthcare plan. They also alleged that a worker protest in July 2017 led to violent treatment by company security and the Nigerian military, and that IEFCL subsequently initiated disciplinary procedures against seven employees, dismissing three of them. The complainants argued that these were retaliatory measures designed to dissuade employees from raising concerns about their working conditions.

In December 2019, CAO completed a compliance appraisal, deciding not to investigate the alleged discrimination between expatriate and Nigerian employees, health and safety hazards, lack of freedom to join worker trade unions, and inadequate employee healthcare plan. CAO did proceed with an investigation of IFC's response to allegations that the company retaliated against workers who raised grievances.

CAO's investigation report, published in September 2021, found that IFC did not take sufficient action to assure itself that the company's actions reflected PS2 requirements for workers to receive "fair treatment" and raise grievances "without any retribution". In response, IFC committed to work with its client to assess the plant's worker grievance mechanism and implement corrective actions. IFC subsequently commissioned a third-party assessment and developed action items for IEFCL to implement. After CAO monitoring confirmed the company had updated its employee policies on the handling of anti-retaliation concerns and provided antiretaliation training, the complaint was closed. However, as these anti-retaliation provisions had not yet been actioned by employees, CAO did not reach a determination about the effectiveness of their implementation.

### **Case 2: IEFCL Lines I & II, Nigeria**

In November 2023, CAO received a complaint from contract workers raising labor and occupational health and safety (OHS) concerns about the fertilizer facility. The complainants questioned the fairness of their salaries in relation to the prevailing economic conditions in Nigeria, and claimed that IEFCL's pension and housing policies failed to comply with Nigerian labor laws and the plant's own Collective Bargaining Agreement (CBA). In addition, the complainants reported handling hazardous materials without sufficient safety measures, and related safety concerns. After the parties failed to reach agreement during a CAO-supported dispute resolution process, the complaint was referred to CAO's compliance function in May 2024.

CAO's compliance appraisal found preliminary indications of Harm or potential Harm to contract workers based on complainant testimony and additional documentation received during CAO's assessment. These related to: delays in salary payments and pension contributions; lack of adequate and consistent use of PPE; excessive overtime hours; and termination of employment.

---

<sup>34</sup> Details of this CAO case are available here: <https://bit.ly/46lj8bE>

However, based on available evidence, CAO did not find preliminary indications that IFC may not have complied with its E&S Policies in relation to these issues at the client's plant. Consequently, CAO concluded that the alleged Harm was not plausibly linked to any potential IFC non-compliance. The complaint therefore did not meet the criteria for a compliance investigation and the case was closed in September 2024.



## 1.6 Timeline of IFC's Investments in Indorama Eleme Fertilizer and Chemicals and the Line III CAO Compliance Process

IFC Actions	CAO Process
<p><b>Dec.13, 2012</b></p> <p>IFC leads approval of a loan package that included a US\$150 million IFC loan, US\$75 million in syndicated loans, and US\$150 million mobilized from other DFIs to build the initial fertilizer plant (IEFCL Line I). (<a href="#">IFC Project #30967</a>)</p>	
	<p><b>April 11, 2018</b></p> <p>Case 1: CAO receives complaint from 134 employees and contract workers raising concerns about low pay, discrimination, and excessive use of force against the complainants during a peaceful protest. <b>Case closed in May 2024.</b></p>
<p><b>April 27, 2018</b></p> <p>IFC finances the plant's expansion (IEFCL Line II). This package consisted of: an IFC loan of US\$120 million; a US\$50 million loan with IFC acting in its capacity as implementing entity for the Managed Co-Lending Portfolio Program (MCPPI); up to \$850 million in syndicated loans. (<a href="#">IFC Projects # 40420</a>)</p>	
	<p><b>Nov. 17, 2023</b></p> <p>Case 2: CAO received complaint from contract workers raising labor OSH concerns about the fertilizer facility. <b>Case closed in September 2024.</b></p>
<p><b>March 2024</b></p> <p>IFC financed further expansion at the facility (IEFCL Line III) in the form of: an IFC loan of US\$215.5 million; US\$94.5 million in MCPPI loans; and US\$940 million in syndicated loans.<sup>35</sup> The investment included a jetty/port terminal 20 kilometers from the IEFCL site to facilitate the export of urea from IEFCL Line III. (<a href="#">IFC Projects # 47723</a>)</p>	
	<p><b>May 30, 2024</b></p> <p>Case 3: CAO received a complaint about IEFCL's Line III expansion from two local CSOs on behalf of Eleme community members.</p>
	<p><b>July 30, 2024</b></p> <p>CAO found the complaint eligible for assessment.</p>
	<p><b>Dec. 11, 2024</b></p> <p>Case 3 transferred to CAO's Compliance function for appraisal.</p>

<sup>35</sup> IFC Disclosure, Summary of Investment Information, project number 47723. Available at <https://bit.ly/4fmvWJS>

## 2. IFC Management Response to the IEFCL Line III Complaint

IFC's Management Response<sup>36</sup> acknowledges the seriousness of the issues raised by CSOs and community members but points out that at the time the Eleme-03 (referred to in this report as IEFCL Line III) complaint was filed, the plant's Line III expansion was still under construction and not yet operational. Regarding the complaint issues, IFC states that it has implemented a rigorous and continuous E&S supervision program for IEFCL's operations since its first investment, including twice-yearly site monitoring visits by an independent E&S consultant team since 2019. IFC reviews the outcomes of these visits and asserts that the client has met all project E&S Action Plan deadlines and consistently implemented the mitigation hierarchy and management measures required under PS 1 (Assessment and Management of Environmental and Social Risks and Impacts).

Regarding IEFCL Line III, IFC states that as part of pre-investment due diligence it reviewed the E&S systems established by the client during construction and operation of IEFCL Lines I and II. As a result, and based on its assessment of client implementation of these plant operations, IFC identified areas for improvement and incorporated them into the ESAP for IEFCL Line III. Specifically, IFC required the client to complete an ESIA for the Line III plant expansion, a separate ESIA for the port jetty, and a Cumulative Impact Assessment (CIA) for the entire petrochemical and fertilizer complex. IFC noted that the client has since completed those actions and received feedback from IFC, in line with Sustainability Framework requirements.

IFC asserts that the client's Line III ESIA and E&S Management and Monitoring Plan (ESMMP) were publicly disclosed for consultation and reviewed by Nigeria's Federal Ministry of Environment (FMEnv) with PS1 compliance confirmed through supervision and stakeholder engagement records. Regarding the complaint's concerns over consultation, IFC notes that the client's Stakeholder Engagement Plan (SEP) ensured community access to information and grievance mechanisms for Line I and II operations and for the Line III expansion. Regarding the complaint's traffic-related concerns, IFC only states that IEFCL conducted safety and traffic impact assessments with quantitative risk evaluation.

IFC notes that it has supervised the IEFCL Lines I and II fertilizer operations through site visits, review of client supervision documents, and environmental data provided by the company and independent consultants. As a result, IFC asserts that the plant complies with both the Performance Standards and national regulations.

In terms of pollution impacts, IFC states that the airshed remains non-degraded and within acceptable limits while the facility's water quality and effluent management align with regulatory requirements and World Bank EHS Guidelines. IFC further asserts that the CIA conducted in December 2024, includes cumulative air quality ranges in line with the original ESIA findings of low/negligible. IFC's Management Response also states that biodiversity studies show no project-related aquatic impacts. Regarding land valuation, IFC has found no evidence of devaluation due to environmental performance and cites data suggesting area land values have generally increased. With regard to livelihood impacts, IFC states that IEFCL provides local community development programs as part of its Corporate Social Responsibility (CSR) activities and under a Memorandum of Understanding signed with the six host communities.

Regarding land acquisition by its client, IFC states that community engagement records do not indicate that the plant investments have led to loss of access to farmland. Moreover, the Line III

---

<sup>36</sup> See Appendix B, IFC's Management Response (January 28, 2025).

investment will not require new land acquisition leading to involuntary physical or economic displacement as the site is a 250-hectare plot that forms part of a larger parcel initially allocated to the Nigerian National Petroleum Corporation (NNPC) by the Rivers State Government in 1984.

Regarding community health impacts, IFC asserts that its supervision activity included independent health assessments and reviews of the client's annual E&S progress reports, and found no evidence that IEFCL's operations have contributed to adverse health conditions in surrounding communities. Specifically, data from the on-site medical center and area hospitals shows no evidence linking the IFC-financed projects to chronic respiratory diseases, skin conditions, or hypertension, while malaria is endemic to the area.

With regard to unequal job opportunities, IFC asserts that "independent labor audits undertaken as part of the Eleme-01 complaint MAP implementation, as well as stakeholder engagement conducted by IFC during supervision missions, have not identified patterns of gender bias in hiring, layoffs, or other employment-related decisions".

IFC's Management Response does acknowledge that the IEFCL Line III complaint raises new E&S issues in relation to its investments in the fertilizer production complex. However, it asserts that the complaint does not meet the CAO Policy criteria for a compliance investigation because IFC has met its obligations under its Sustainability Policy and Environmental and Social Review Procedures (ESRP), and because the client's E&S risk management meets Performance Standards requirements.

### **3. Client Response**

CAO did not receive a statement from IEFCL in the context of this compliance appraisal.

## 4. CAO Analysis

This section presents CAO's analysis of the IEFCL Line III complaint based on the three appraisal criteria required to initiate a compliance investigation.<sup>37</sup> The criteria are:

1. Whether there are preliminary indications of Harm or potential Harm
2. Whether there are preliminary indications that IFC may not have complied with its E&S Policies
3. Whether the alleged Harm is plausibly linked to the potential non-compliance.

**Based on the analysis presented below, CAO concludes that the complaint meets the three criteria for a compliance investigation.**

### 4.1 Analysis of Preliminary Indications of Harm

A CAO compliance appraisal is required to consider whether a complaint raises "preliminary indications of Harm or potential Harm."<sup>38</sup> The CAO Policy defines Harm as "Any material adverse environmental and social effect on people or the environment resulting directly or indirectly from a Project or Sub-Project. Harm may be actual or reasonably likely to occur in the future."<sup>39</sup> A preliminary indication of Harm, determined at the appraisal stage, is present when CAO's initial review of available information generates a plausible or credible concern that Harm has happened or is reasonably likely to occur. It is not equivalent to a finding of Harm, which may only result from a compliance investigation.<sup>40</sup>

IEFCL's complex in the Eleme community of Port Harcourt houses both petrochemical and fertilizer production facilities, hence the discussion below covers known potential harms related to both types of production. Future emissions generated by the Line III facility's urea production will occur contemporaneously with the other existing emissions from the complex. They will also add to other existing sources of potential air and water pollution in the industrialized area, such as oil refining and sand mining plants.

Numerous studies have documented that, if not properly managed, petrochemical and urea fertilizer<sup>41</sup> operations can lead to substantial environmental and social impacts, including negative public health effects. Pollutants typically associated with petrochemical and urea fertilizer production have been linked to adverse human health outcomes including respiratory disorders, carcinogenesis, and neurological impairments.<sup>42</sup>

To identify preliminary indications of harm or potential harm, CAO reviewed complainant testimonies, documentation related to the investment, information received as part of the assessment phase and peer-reviewed literature pertaining to the types of harms alleged in the

---

<sup>37</sup> CAO Policy, para. 91.

<sup>38</sup> Ibid.

<sup>39</sup> CAO Policy, glossary.

<sup>40</sup> In this regard, para. 94 of the CAO Policy establishes that "the appraisal process does not lead to a definitive assessment of IFC/MIGA's compliance with its E&S Policies or related Harm. CAO may make these assessments only in the context of an investigation."

<sup>41</sup> The Environmental Integrity Project (EIP), 2023. [The Fertilizer Boom: America's Rapidly Growing Nitrogen Fertilizer Industry and Its Impact on the Environment and Public Safety](#).

<sup>42</sup> Faisyah, A. F., Ardillah, Y., and Putri, D. A., 2019. Ammonia Exposure Among Citizen Living Surrounding Fertilizer Factory. [10.2991/ahsr.k.200612.020](#)  
Brender, J. D., Maantay, J. A., and Chakraborty., 2011. Residential Proximity to Environmental Hazards and Adverse Health Outcomes. <https://doi.org/10.2105/AJPH.2011.300183>

complaint. As part of its assessment of preliminary indications of Harm and potential Harm, CAO considered scientific literature documenting adverse health effects from exposure to hazardous substances related to urea fertilizer production, which can occur when appropriate mitigation measures are lacking or not effectively implemented. CAO also considered that there are other industrial activities in the area—such as oil refining operations and sand mining—which may also contribute to air pollution.

As a result of its review, CAO concludes that there are preliminary indications of Harm or potential Harm to project-affected people and the environment. The information below describes CAO's assessment of preliminary indications of actual or potential Harm that are related to the complainants' allegations.

#### **4.1.1 Harm from air pollution caused by ammonia and urea fertilizer production**

Project documentation from IFC's pre-investment due diligence (ESDD) confirms that IFC and its client predicted that the IEFCL Line III would contribute additional emissions of potentially harmful substances to the project area, including ammonia (NH<sub>3</sub>), sulfur dioxide (SO<sub>2</sub>), methane (CH<sub>4</sub>), particulate matter (PM), and volatile organic compounds (VOCs).<sup>43</sup> Complainants allege that they have already been exposed to, and affected by, pollutants from IEFCL's existing petrochemical and fertilizer facilities.<sup>44</sup> The symptoms reported by complainants residing near the IEFCL plant next to the IEFCL Line III construction site are consistent with the peer-reviewed literature on related health effects and include respiratory illnesses such as asthma, dermatitis, and skin infections.

The health risks to communities residing near petrochemical plants and fertilizer production facilities are well documented in scientific literature. Exposure to ammonia<sup>45</sup>, even at low concentrations, may pose significant health risks to local communities, particularly through air pollution.<sup>46</sup> Ammonia primarily affects human health through inhalation, with severity depending on exposure duration and concentration. Health concerns range from dizziness and eye irritation to respiratory illnesses like those reported by nearby residents in this case.

Complainants also allege a "very strong and offensive odor". CAO's preliminary review of peer-reviewed literature indicates that due to the release of ammonia into the air, urea fertilizer factories can emit odors that, when not managed effectively, may become a nuisance of concern to people, and may cause symptoms such as headaches and nausea.<sup>47</sup>

CAO therefore concludes that the negative health effects alleged by complainants are plausible and are preliminary indications of Harm.

---

<sup>43</sup> The ESMMP for Line III (page. 29) highlights that based on IEFCL Line III dispersion modelling results, in-combination impacts with IEFCL Lines 1 and 2 are not anticipated to lead to air quality standards being exceeded.

<sup>44</sup> Other industrial activities—such as oil refining operations and sand mining—may also contribute to the emission of potentially harmful substances.

<sup>45</sup> The IEFCL Line III plant will contain 2,300 metric tons per day (MTPD) ammonia capacity and a 4,000 MTPD urea facility.

<sup>46</sup> Faisyah, A. F., Ardillah, Y., and Putri, D. A., 2019. Ammonia Exposure Among Citizen Living Surrounding Fertilizer Factory. [10.2991/ahsr.k.200612.020](https://doi.org/10.2991/ahsr.k.200612.020). Study found that individuals living near a fertilizer factory reported ammonia-related symptoms, including dizziness, coughing, nasal or throat irritation, difficulty breathing, fatigue, loss of appetite, and itchy eyes. Even low ammonia concentrations (1.60 mg/m<sup>3</sup>) and dust levels (2.63 mg/m<sup>3</sup>) were linked to respiratory distress, bronchial inflammation, and difficulty breathing.

<sup>47</sup> Ammonia is a colorless gas with a pungent, irritating odor.

#### 4.1.2 Harm from water pollution related to fertilizer production

In order to establish the plausibility of the complaint's allegations that the IFC-financed facility is a source of water pollution, CAO conducted a preliminary review of relevant scientific literature. This review suggests that effluents discharged from petrochemical and fertilizer production plants may contain a range of pollutants, including hydrocarbons, ammonia (NH<sub>3</sub>), nitrates (NO<sub>3</sub>), nitrites (NO<sub>2</sub>), sulfur compounds (e.g., sulfates, hydrogen sulfide), phosphates (PO<sub>4</sub>), volatile organic compounds (VOCs)<sup>48</sup>, and heavy metals, depending on the pollution prevention and/or control technologies employed.<sup>49</sup> When these pollutants enter aquatic systems, they can significantly affect both wildlife and public health. In this case, the complainants allege high extirpation rates of marine life and a loss of biodiversity of all flora/fauna in the region due to the IEFCL facility's waste disposal practices, which they allege pollute the watershed and river.

With respect to the facility, there is one known incident of the plant's accidental discharge in 2021 of ammonia-contaminated effluents into the Okulu River, causing significant fish loss<sup>50</sup> and potentially harming the livelihoods of residents who fished there.

Based on review of potential water pollution associated with the production of urea fertilizers, CAO concludes that these alleged effects of water pollution are plausible preliminary indications of Harm.

#### 4.1.3 Harms associated with inadequate stakeholder engagement

Complainants allege that IEFCL's consultation with project-affected communities has been inadequate and that the company has fostered an environment of retaliation. Preliminary information reviewed by CAO indicates that the stakeholder engagement process for the large-scale, \$1.2 billion IEFCL Line III project, approved by IFC in March 2024, did not include all potentially-affected community members. CAO's review of preliminary information suggests that the company's stakeholder engagement process focused exclusively on people living in the "host communities" that the Nigerian National Petroleum Corporation (NNPC) identified in 1984 when it expropriated the land now owned by IEFCL. At that time, the NNPC identified six host communities whose land was expropriated, all of which appear to have resided within what is now the IEFCL complex (the investment's direct footprint).

CAO's preliminary review of information suggests that the consultation's focus on this limited subset of stakeholders may have excluded other potentially-affected people, particularly those whose land rights fell outside the IEFCL complex, preventing them from participating in the identification and management of the project's risks, impacts, and benefits. CAO considers that the possible lack of participation from all potential project-affected people may lead to future harm since their feedback was not considered during the process of identifying negative impacts from IEFCL Line III and related management and mitigation measures.

The complainants have also raised concerns about an environment of retaliation against community members that voice objections to the construction and operation of IEFCL Line III. CAO is of the view that if such threats and intimidation have occurred, then the community would have experienced related psychological and emotional Harms as well as suppression of rights.

<sup>48</sup> Masjedi, S. K., Kazemi, A., Moeinnadini, M., Khiasi, E., & Olsen, S. I. (2024). Urea production: An absolute environmental sustainability assessment. *Science of the Total Environment*, 908, 168225. <https://doi.org/10.1016/j.scitotenv.2023.168225>

<sup>49</sup> Osuji LC, Ifiora CC. Heavy Metal Concentration of a River Located Within the Vicinity of a Petrochemical Industry In Nigeria. *J Petro Chem Eng* 2024;2(2): 56-59.

<sup>50</sup> <https://independent.ng/indorama-takes-responsibility-for-pollution-as-lg-boss-warns-against-further-recurrence/>

#### 4.1.4 Harms associated with road safety

Complainants allege significantly increased traffic congestion, road damage, and decreased levels of traffic safety. Environmental and social assessment documents preliminarily reviewed by CAO indicate that the construction and operation of IEFCL Line III is likely to contribute to an increase in congestion and road safety risks, primarily due to higher traffic volumes leading to the plant and on port access roads.<sup>51</sup> CAO believes that it is plausible that complainants may already be exposed to increased congestion and road traffic risks and may be suffering Harm as a consequence.<sup>52</sup>

### 4.2 Analysis of Preliminary Indications of IFC's Non-Compliance with the E&S Sustainability Framework

A CAO compliance appraisal must consider whether there are “preliminary indications that IFC/MIGA may not have complied with its E&S Policies.”<sup>53</sup> In relation to the complaint issues raised in this case, **CAO concludes that there are preliminary indications that IFC may not have complied with its E&S policies as set out in the 2012 Sustainability Framework.**

IFC's and the client's E&S obligations in this case, and CAO's analysis of the areas of potential non-compliance, are summarized below.

#### 4.2.1 Relevant Sustainability Policy and Performance Standards requirements

IFC made an investment in IEFCL under the 2012 Sustainability Policy, which is binding on IFC, and the Performance Standards (PS), which are requirements for the client. Together, these E&S requirements are referred to as the Sustainability Framework.

The Sustainability Policy states that “[central] to [IFC's] development mission are its efforts to carry out investment and advisory activities with the intent to ‘do no harm’ to people and the environment.”<sup>54</sup> To meet this mandate, IFC seeks to ensure that “[p]roposed investments that are determined to have moderate to high levels of environmental and/or social risk, or the potential for adverse environmental and/or social impacts will be carried out in accordance with the requirements of the Performance Standards”.<sup>55</sup>

#### *Pre-investment E&S due diligence and project supervision*

As a first step, IFC is required to conduct pre-investment E&S due diligence of all potential clients and projects. This due diligence [needs be] “commensurate to the nature, scale, and stage of the business activity, and with the level of environmental and social risks and impacts.”<sup>56</sup> Through the Sustainability Policy, “IFC seeks to ensure, through its due diligence, monitoring, and supervision efforts, that the business activities it finances are implemented in accordance with the requirements of the Performance Standards.”<sup>57</sup> In the event of potential significant adverse

---

<sup>51</sup> ESIA for IEFCL Line III, page 62.

<sup>52</sup> ESIA for IEFCL Line III, page 315: “An additional 400 bus trips during construction, and 760 combined bus, employee vehicle, and contractor vehicle trips during operation would increase the current volume of about 30,800 daily vehicle trips on the East West Road by 1 to 2 percent [...] Based on the analysis provided, it is anticipated that Project construction and operations would have a Moderate Negative Impact”.

<sup>53</sup> CAO Policy, para 91.

<sup>54</sup> IFC, 2012 Sustainability Policy, para. 9.

<sup>55</sup> IFC, 2012 Sustainability Policy, para. 3.

<sup>56</sup> IFC, 2012 Sustainability Policy, para. 26.

<sup>57</sup> IFC, 2012 Sustainability Policy, para. 7.

impacts on communities, IFC [is required] to engage in a process of Informed Consultation and Participation (ICP). In such cases, through its own investigation, IFC will determine whether the client's community engagement involves adequate ICP and enables the participation of project-affected communities, leading to broad community support for the business activity.<sup>58</sup> IFC clients are required to operate in accordance with PS requirements throughout the life of the investment, and to respect human rights including in relation to grievance handling.<sup>59</sup>

Prior to investment, IFC's role is to assess client E&S policy and performance, "identifying any gaps therewith, and corresponding additional measures" required to comply with the Sustainability Framework.<sup>60</sup> In addition, IFC must obtain information to "assess the status of project's compliance with the PS and other specific E&S requirements agreed at commitment."<sup>61</sup> During project supervision, in the event of client noncompliance with these requirements, IFC is required to "work with the client to bring it back into compliance, and if the client fails to reestablish compliance, IFC will exercise its rights and remedies, as appropriate."<sup>62</sup>

In its pre-investment review, IFC "undertakes due diligence of the level and quality of the risks and impacts identification process carried out by its clients against the requirements of the Performance Standards, informed by country, sector, and sponsor [the client] knowledge"<sup>63</sup> to ascertain whether the project can be expected to meet or is meeting Performance Standard requirements. Based on its review, IFC categorizes the E&S risk of the investment as follows:<sup>64</sup>

- (i) Category A: Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
- (ii) Category B: Business activities with potential limited adverse E&S risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.
- (iii) Category C: Business activities with minimal or no adverse E&S risks and/or impacts.

### ***Applicable Performance Standards***

The following IFC Performance Standards are particularly relevant to the issues raised in this complaint about IFC's investment in IEFCL Line III:

**PS 1: Assessment and Management of Environmental and Social Risks and Impacts.** PS1 requires that clients identify and evaluate "all relevant environmental and social risks and impacts"<sup>65</sup> related to an IFC investment. "Where the project involves specifically identified physical elements, aspects, and facilities that are likely to generate impacts, environmental and social risks and impacts will be identified in the context of the project's area of influence."<sup>66</sup> That area may encompass, among other elements, regions affected by "indirect project impacts on biodiversity or on ecosystem services upon which Affected Communities' livelihoods are dependent, [...] and cumulative impacts [...] on areas or resources used or directly impacted by the project".<sup>67</sup> As part of the E&S impact assessment process, clients must consult project-affected communities—which in this case includes the complainants' communities—and provide them

---

<sup>58</sup> IFC, 2012 Sustainability Policy, para. 30.

<sup>59</sup> IFC, 2012 Sustainability Policy, para. 12.

<sup>60</sup> IFC, 2012 Sustainability Policy, para. 28.

<sup>61</sup> IFC, Environmental and Social Review Procedure, para. 1.

<sup>62</sup> IFC, 2012 Performance Standard 1, para. 24.

<sup>63</sup> IFC, 2012 Sustainability Policy, para. 12.

<sup>64</sup> IFC, 2012 Sustainability Policy, para. 40.

<sup>65</sup> IFC, 2012 Performance Standard 1, para. 7.

<sup>66</sup> IFC, 2012 Performance Standard 1, para. 8.

<sup>67</sup> IFC, 2012 Performance Standard 1, para. 8, bullet iii.



access to relevant information.<sup>68</sup> “For projects with potentially significant adverse impacts on Affected Communities, clients will conduct an Informed Consultation and Participation (ICP) process that builds on the regular consultation process and results in the Affected Communities’ informed participation”.<sup>69</sup> PS1 requires clients to engage with affected communities in a manner that is “free of external manipulation, interference, coercion, or intimidation”, and to handle grievances “without retribution” to complainants.<sup>70</sup>

**PS 2: Labor and Working Conditions.** IFC clients must implement human resource policies and procedures in compliance with PS2 requirements and national law.<sup>71</sup> Relevant to this compliance appraisal, PS2 states that IFC’s clients “will not make employment decisions on the basis of personal characteristics unrelated to inherent job requirements (such as gender, race, nationality, ethnic, social and indigenous origin, religion or belief, disability, age, or sexual orientation). The client will base the employment relationship on the principle of equal opportunity and fair treatment and will not discriminate with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation [...] and termination of employment.”<sup>72</sup>

**PS 3: Resource Efficiency and Pollution Prevention.** Among other provisions, PS3 requires a client to “consider ambient conditions and apply technically and financially feasible resource efficiency and pollution prevention principles and techniques that are best suited to avoid, or where avoidance is not possible, minimize adverse impacts on human health and the environment”.<sup>73</sup> While evaluating and selecting resource efficiency and pollution prevention and control techniques for the project, the client will refer to the World Bank Group’s EHS Guidelines or other internationally recognized sources. When host country regulations differ from the levels and measures presented in the EHS Guidelines, clients will be required to achieve whichever is more stringent.<sup>74</sup> Lastly, “when the project has the potential to constitute a significant source of emissions in an already degraded area, the client will consider additional strategies and adopt measures that avoid or reduce negative effects.”<sup>75</sup>

**PS 4: Community Health, Safety, and Security.** Among other requirements, PS4 requires IFC’s clients to avoid and minimize routine and non-routine community health, safety, and security risks<sup>76</sup>, and to evaluate and manage those risks and impacts throughout the life of the project.<sup>77</sup>

**PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.** PS6 requires clients to consider direct and indirect project-related impacts on biodiversity and ecosystem services, and identify any significant residual impacts, as part of the risk and impact assessment process set out in PS1.<sup>78</sup> PS6 requirements apply to projects that: (i) are located in modified, natural, and critical habitats; (ii) potentially impact or are dependent on ecosystem services over which the client has direct management control or significant influence; or (iii) include the production of living natural resources.<sup>79</sup>

---

<sup>68</sup> IFC, 2012 Performance Standard 1, para. 29.

<sup>69</sup> IFC, 2012 Performance Standard 1, para. 31.

<sup>70</sup> IFC, 2012 Performance Standard 1, para. 30 and 35.

<sup>71</sup> IFC, 2012 Performance Standard 2, para. 8.

<sup>72</sup> IFC, 2012 Performance Standard 2, para. 15.

<sup>73</sup> IFC, 2012 Performance Standard 3, para. 4.

<sup>74</sup> IFC, 2012 Performance Standard 3, para. 5.

<sup>75</sup> IFC, 2012 Performance Standard 3, para. 11.

<sup>76</sup> IFC, 2012 Performance Standard 4, para. 1.

<sup>77</sup> IFC, 2012 Performance Standard 4, para. 5.

<sup>78</sup> IFC, 2012 Performance Standard 6, para. 6.

<sup>79</sup> IFC, 2012 Performance Standard 6, para. 5.

#### **4.2.2 Preliminary indications of non-compliance with IFC policy**

CAO's review of available information for this compliance appraisal points to preliminary indications that IFC did not comply with some of its Sustainability Policy obligations regarding its environmental and social due diligence for its Line III investment in IEFCL.<sup>80</sup>

IFC may not have undertaken a due diligence process commensurate with the nature, scale, and stage of the business activity, and with the level of environmental and social risks and impacts (Sustainability Policy, para 26).<sup>81</sup> In addition, there are indications that IFC may not have acted on several gaps identified during its ESDD and requested that the client take corresponding additional measures and actions as required by the Sustainability Policy (para. 28). CAO also has questions as to whether categorizing the investment as Category B was appropriate given the significant risks and impacts to communities residing in proximity to a petrochemical urea fertilizer manufacturing facility.

The following subsections present CAO's analysis of what it considers preliminary indications of non-compliance by IFC, organized by complaint issue.

##### ***Air pollution***

CAO's preliminary assessment of information indicates that IFC may not have assured that its client included management measures for fugitive emissions from the new plant operations. A preliminary review of information indicates that during its due diligence for IEFCL Line III, IFC was aware of information in the ESIA that identified fugitive emissions as an existing risk in the plant's operation that required management measures. Specifically, the ESIA identified fugitive emissions of NH<sub>3</sub> from storage tanks, valves, flanges, and tubing as plant risks that should be managed. However, measures to manage those risks do not appear to have been considered in the investment's Environmental and Social Management and Mitigation Plan,<sup>82</sup> agreed by IFC and the client, nor were actions to fill those gaps included in the investment's binding Environmental and Social Action Plan (ESAP). The Sustainability Policy (para. 28) requires IFC to identify such gaps and ensure clients take corresponding measures and actions to ensure the business activities it finances meet PS requirements.

CAO's appraisal also indicates that none of the key documents prepared by IFC and its client during pre-investment due diligence appear to have identified the potential risks and impacts of fertilizer-related air pollution on agriculture or the emission of nuisance odors, despite both issues being known industry risks (see section 4.1.2). This leads, in turn, to a preliminary indication that IFC did not consider its client's compliance with paragraph 7 of PS1, which requires that "the scope of the risks and impacts identification process [...] will consider all relevant environmental and social risks and impacts of the project, including the issues identified in PS2 through 8".

Also relevant to this project, PS3: Resource Efficiency and Pollution Prevention (para. 7), requires the implementation of technically and financially feasible and cost-effective options to reduce project-related GHG emissions during the design and operation of the project. CAO's preliminary review indicates that projected emissions from the new investment will exceed<sup>83</sup> the IFC's annual

<sup>80</sup> IFC finalized its E&S due diligence for IEFCL Line III in July 2023, with the support of IBIS, an Independent Environmental and Social Advisor (hereafter referred to as IFC's Independent E&S Advisor). IBIS was already well-acquainted with the client, having already conducted six E&S monitoring assessments of IEFCL Lines I and II since April 2019.

<sup>81</sup> IFC, 2012 Sustainability Policy, para. 26.

<sup>82</sup> The ESIA points out that the production process proposed for IEFCL Line 3 involves granulation of urea, which generates much less dust when compared with prilling towers.

<sup>83</sup> The Total net GHG emissions for the Project are estimated at 688,156 TCO<sub>2</sub>eq/year

reporting threshold of 25,000 tCO<sub>2</sub>eq (PS3, para. 8). While the project includes a phased reduction strategy—applying 30 improvement<sup>84</sup> schemes from IEFCL Lines I and II to Line III from the outset—CAO’s review of client reporting raises concerns as to whether IFC has ensured annual GHG quantification in line with internationally recognized methodologies and good practice, as required by PS3 (para. 8) in order to accurately track the effectiveness of the proposed emission reduction measures over time.<sup>85</sup>

### ***Community health***

CAO’s preliminary review of available information suggests that IFC may not have required its client to conduct a Health Impact Assessment (HIA)<sup>86</sup> commensurate to the nature and scale of the investment’s risks and impacts during ESDD, as required by the Sustainability Policy (para. 26). The ESIA the client shared with IFC in July 2023 includes a community health and safety assessment that does not fully evaluate the community health consequences of exposure to emissions or other hazardous materials from the facility as it was limited to impacts related to vector-borne and sexually transmitted diseases.

Similarly, the cumulative impact assessment prepared in December 2024<sup>87</sup>, does not consider other potential impacts<sup>88</sup> to community health from existing, planned, or reasonably foreseeable industrial activities within the same geographic area. For example, there is no indication that IFC required its client to identify and assess the cumulative impacts exposure to air emissions on vulnerable groups, including children, the elderly, pregnant women, and those with pre-existing conditions.<sup>89</sup>

CAO also reviewed a separate E&S Monitoring and Management Plan prepared for the jetty and port that form part of the investment. This plan includes a community health and safety impact assessment and recommends regular environmental, social, and health audits, including random spot checks, by an audit team throughout the construction, operation, and closure of the jetty and port. This suggests a disproportionately higher level of effort invested in assessing and designing management measures for community health impacts for the jetty and port compared to those for the plant’s Line III expansion.

### ***Informed consultation with project-affected people***

CAO’s preliminary review of documentation suggests that IFC may not have required its client to conduct a consultation process resulting in the informed participation of all affected communities, as required by the Sustainability Policy (para. 30) and PS1 (para. 31).

---

<sup>84</sup> ESIA page 270 - 271 and ESDD page 75: Schemes including new hardware, process modifications, and operational improvements.

<sup>85</sup> Client’s annual reports only present GHG in Tons of CO<sub>2</sub> eq/Ton of Product (eg. 0.41 from 01-01-22 to 31-03-22)

<sup>86</sup> IFC, Performance Standard 4, para. 5, GN3: “Community health and safety considerations should be addressed through a process of environmental and social risks and impacts identification resulting in an Action Plan for disclosure to project Affected Communities. When complex health or safety issues are involved, it may be appropriate for the client to engage external experts for a free-standing assessment, complementing the risks and impacts identification process required under Performance Standard 1. Details of the Health Impact Assessment process and examples of critical elements can be found in IFC’s Introduction to Health Impact Assessment.”. Guidelines to the HIA can be found at: Introduction to HIA.

<sup>87</sup> The deadline for ESAP #3 has been revised from 31 December 2024 (as originally set at project approval) to 30 November 2025. This update was made around May 2025, during the finalization of the compliance appraisal.

<sup>88</sup> Including respiratory issues, dermatitis and other skin infections

<sup>89</sup> Children, the elderly, and pregnant women or newborns are particularly vulnerable to air pollutants—due to factors like developing or weakened physiological systems, outdoor exposure, and sensitivity to hazardous chemicals.

Instead, preliminary information indicates that stakeholder mapping and engagement for the Line III project was limited to the six “host communities”<sup>90</sup> originally identified by the NNPC 40 years earlier, in 1984, when it acquired the land to build the Indorama Eleme Petrochemical Plant and expropriated these communities’ lands. The six “host communities” all appear to have lived on or used land that now makes up the investment’s direct footprint. However, they are unlikely to represent the entirety of people affected by the project as the investment’s direct footprint predates significant subsequent demographic and industrial developments in the area.

CAO identified information suggesting that, as far back as 2019, IFC was made aware through monitoring documentation prepared by its Independent E&S Advisor of the need to expand the stakeholder map of the project area to ensure all project-affected people were included in the ongoing engagement process. Yet, CAO found no information indicating that IFC followed up on this advice. Instead, CAO’s preliminary review of investment documentation indicates that the existing stakeholder engagement plan (SEP) for IEFCL Line III seen by IFC is consistent with prior SEPs and structured around engagement only with the six host communities. Based on this information, CAO’s preliminary review suggests that IFC may not have ensured its client consulted with all project-affected people regarding the potential impacts, risks, and mitigation measures related to the construction and operation of IEFCL Line III.

### ***Biodiversity loss and subsequent impacts on livelihoods***

CAO’s preliminary assessment suggests that IFC may have deemed Performance Standard 6 (Biodiversity Conservation) irrelevant for the investment without adequate analysis. Available IFC pre-investment E&S due diligence (ESDD) documents state that PS6 was deemed irrelevant because the location of the investment site was considered to be within the confines of preexisting cleared land and in a highly modified habitat.<sup>91</sup> Preliminary information indicates that IFC made this assessment in contradiction to the information in the project ESIA. The impact assessment notes that, despite anthropogenic impacts, the project area retains valuable biodiversity and ecosystem services for the surrounding communities, and identifies vulnerable fish species within the project area. This discrepancy raises concerns regarding the adequacy of IFC’s assurance that PS6 was deemed irrelevant, and that any residual E&S risks could be effectively managed under the project’s E&S Monitoring and Management Plan (ESMMP), in accordance with the PS1 framework. As a result, CAO finds a preliminary indication that IFC may not have complied with paragraph 26 of the Sustainability Policy, which requires that IFC’s ESDD be commensurate with the nature and scale of an investment’s E&S risks and impacts.

CAO’s preliminary review of information further indicates that the client conducted an ecosystem services assessment as part of the pre-investment ESIA that identified subsistence fishing as a service provided by the Okulu River. However, CAO did not identify any management measures in the ESMMP associated to the ESIA’s ecosystem service assessment, including to protect subsistence fishing, which local communities claim is vital to their livelihood. Preliminary information therefore indicates that IFC may have failed to require the client to include management measures for potential impacts on ecosystem services<sup>92</sup> as required by PS6 (para. 25)—actions which may have been taken had PS6 been considered relevant by IFC during its due diligence.

---

<sup>90</sup> Agbonchia, Njuru, Aleto, Okerewa, Akpajo, and the Wakoahu family of Elemenwo.

<sup>91</sup> [ESRS for IEFCL Line III](#). However, under the financial agreement for Eleme III, PS6 appears as one of the applicable PS; IFC Response to CAO’s third round of questions by email, March 17, 2025.

<sup>92</sup> In its management response, IFC states that “with regard to livelihood impacts, IFC states that IEFCL provides local community development programs as part of its Corporate Social Responsibility (CSR) activities and under a Memorandum of Understanding signed with the six host communities”.

Furthermore, CAO has questions regarding the extent to which IFC ensured that its client assessed biodiversity and ecosystem services as part of the cumulative impact assessment conducted in December 2024.<sup>93</sup> CAO did not find information in IFC's ESDD that pointed to an assessment of cumulative impacts on biodiversity and ecosystem services from effluent discharges from existing, planned, or reasonably foreseeable activities within the same geographic region that could potentially negatively affect fish populations and overall biodiversity and ecosystem services. CAO's preliminary analysis suggests that, in this instance, IFC may not have complied with the Sustainability Policy requirement (para. 26) that pre-investment ESDD be commensurate to the nature and scale of an investment's E&S risks and impacts.

### ***Road safety***

CAO's preliminary assessment suggests that IFC appropriately ensured that the client had measures in place to implement driver and traffic safety programs proportional to the scope and nature of the project during pre-investment due diligence.<sup>94</sup> CAO finds no preliminary indications of noncompliance pertaining to traffic safety under the relevant Sustainability Policy requirements (para. 26).

CAO's review of preliminary information indicates that IFC required the client to conduct a traffic management impact assessment, develop a Traffic Management Plan, and explore alternatives to minimize congestion during the new fertilizer production line's construction and operation, as required by PS4: Community Health, Safety, and Security (para. 6). CAO's preliminary review of project documents indicates that the client's assessment included a quantitative evaluation of risks related to the increased bulk urea fleet, ammonia transport, and new port access route, and was submitted as part of the ESIA in December 2023.

### ***Non-discrimination and equal opportunity***

CAO's preliminary assessment indicates that IFC adequately ensured that its client base employment relationships on the principle of equal opportunity and fair treatment, consistent with the requirements of PS2: Labor and Working Conditions (para. 15). CAO's preliminary review of information suggests that IFC explicitly sought to assure itself that the client undertake appropriate equal employment opportunity measures regarding women. CAO therefore finds no preliminary indications of noncompliance.

Preliminary information reviewed by CAO indicates that IFC's due diligence noted the need for the client to update its equal employment opportunity policy and worked with the client to achieve that goal. That same due diligence also notes that the client has taken steps to increase the number of women employed at IEFCL.

## **4.3 CAO Analysis of Plausible Links Between Harm and Non-Compliance**

The final stage of CAO's compliance appraisal process is to consider whether the alleged Harm is plausibly linked to the potential non-compliance.<sup>95</sup> In determining whether there is a plausible link, CAO considers the relationship between the potential non-compliance and alleged Harm without requiring evidence of causation or contribution. In this case, CAO considers that there is

---

<sup>93</sup> The deadline for ESAP #3 has been revised from 31 December 2024 (as originally set at project approval) to 30 November 2025. This update was made around May 2025, during the finalization of the compliance appraisal.

<sup>94</sup> IFC, Performance Standard 4, para. 6.

<sup>95</sup> CAO Policy, para. 91.

a plausible link between some preliminary indications of Harm described in section 4.1 and the instances of potential non-compliance described in section 4.2.

CAO finds preliminary indications that IFC may not have conducted its environmental and social due diligence of the client's fertilizer plant expansion in a manner consistent with its Sustainability Policy obligations. Specifically, IFC's ESDD process may not have been commensurate to the nature and scale of risks relevant to PS4: Community Health, Safety, and Security, by not considering the full scope of potential community health risks and impacts from pollution, in particular, from air emissions. In addition, IFC's ESDD appears to have overlooked the risks of fugitive air emissions, as required by PS3. Further, CAO's review found preliminary indications of gaps in IFC's ESDD as it relates to PS3 requirements regarding GHG emissions reporting and measures to manage risks and impacts associated with fugitive emissions. CAO therefore concludes that there is a plausible link between the harm alleged by complainants in the form of negative health effects and the apparent lack of consideration by IFC and its clients of the full scope of community health risks and impacts.

Similarly, the lack of a clear rationale for IFC's assurance that PS6: Biodiversity Conservation was not relevant, despite indications in the ESIA that the project area retained valuable biodiversity and ecosystem services, raises concerns for CAO. This lack of alignment suggests a plausible link between complainants' alleged harm to the aquatic ecosystem and implications for fishing as a livelihood. It further indicates that the investment's E&S instruments may have failed to incorporate appropriate project management measures to address potential risks and impacts related to biodiversity and ecosystem services.

CAO also finds preliminary indications of non-compliance in IFC's apparent failure to require its client to conduct a consultation process involving all affected communities' ensuring informed participation. This preliminary indication of noncompliance is plausibly linked to preliminary indications of potential Harm given that a lack of participation from potentially affected people can result in significant impacts and risks from the project's operation neither being accurately identified nor effectively addressed if their feedback is not considered as part of the process of identifying negative project impacts and appropriate mitigation measures.

CAO did not identify preliminary indications of non-compliance related to IFC's E&S due diligence of complaint issues related to road safety and non-discrimination and equal employment. Rather, preliminary assessment indicates that IFC assured that the client's assessment of road safety risks and impacts was commensurate with the nature and scale of its investment, and that IFC worked with IEFCL to ensure compliance with PS2 non-discrimination and equal opportunity provisions. Since there are no preliminary indications of potential IFC noncompliance in relation to its Sustainability Policy obligations, the question of plausible link between allegations of Harm and potential noncompliance cannot be established.

## 4.4 Additional Policy Considerations

In conducting a compliance appraisal, CAO must consider additional factors as relevant under the CAO Policy (para. 92). For this case, CAO considered the two issues below:

### 4.4.1 The relevance of any concluded, pending or ongoing judicial or nonjudicial proceeding regarding the subject matter of the complaint (para 92.b).

On completion of this compliance appraisal report in June 2025, CAO was aware of three ongoing legal cases involving complaints against Indorama Eleme Petrochemical Company Limited.

- **Case 1:** Filed in 2018 (Suit No. PHC/1171/2019, formerly FHC/PH/CS/61/2018) <sup>96</sup> by a representative of the Alliance for the Defense of Eleme (ADE).
- **Case 2:** Filed in 2023 (Suit No. FHC/PH/CS/103/2023) by the President-General of the O-E'la Obor Eleme Organization, who is also a lead complainant in the submission to CAO.
- **Case 3:** Filed in 2024 (Suit No. FHC/PH/CS/23/2024) by a representative of the ADE and 69 other individuals from Alesa community.<sup>97</sup>

According to press reports and other sources, all three cases were initiated in the Federal High Court in Port Harcourt, Rivers State with the complainants pursuing judicial proceedings against Indorama Corporation and other defendants. CAO was able to access some documentation related to the second case. However, for the first and third cases, CAO has only accessed information from press reports as no official court documentation was accessible.

In the first case, the plaintiffs are seeking recognition of Alesa as a host community of IEFCL. The defendants in that case include Indorama, and the state Bureau of Public Enterprise. In the second case, the plaintiffs allege environmental pollution. According to documents provided by the international NGO Bank Information Center, the defendants are the Federal Republic of Nigeria, the Federal Ministry of Environment, the Directorate of Petroleum Resources, the Rivers State Government, Indorama Industries Limited, and Indorama Eleme Petrochemical Company Limited. The plaintiffs are seeking four trillion naira in damages as well as additional relief. In the third case, the plaintiffs allege that environmental pollution from the IEFCL plant is negatively affecting their health. <sup>98</sup> Press reports indicate that they are seeking substantial monetary compensation for alleged damages caused by pollution.<sup>99</sup>

CAO has limited information about the status of these cases and their timetable. Although one source reviewed indicates that there may be a hearing on July 9, 2025 in the second case, that information has not been confirmed. While these cases appear to be based on Nigerian law and not the IFC's performance standards, there is apparent subject matter overlap between the subject of the present Complaint and the 2023, and perhaps the 2024, Proceedings. Were the plaintiffs in the local proceedings to be successful in securing the relief that is apparently sought,

<sup>96</sup> <https://www.facebook.com/inside.eleminenewspaper1/posts/court-adjourns-suit-seeking-inclusion-of-alesa-as-indorama-host-communityby-ntor/2133922903591345/>

<sup>97</sup> <https://guardian.ng/news/firm-community-leader-bicker-over-environmental-concerns-in-rivers-community/>

<sup>98</sup> See: <https://sweetcrudereports.com/court-adjourns-alleged-pollution-suit-against-indorama-to-june-6/> (April 17, 2024). See also: <https://www.thisdaylive.com/index.php/2024/04/18/rivers-court-to-hear-pollution-suit-against-indorama-june-6/> (dated "one year ago"); <https://leadership.ng/were-not-polluting-rivers-environment-indorama-declares/> (also dated "one year ago"); <https://www.thisdaylive.com/index.php/2024/04/22/our-operations-not-polluting-host-communities-indorama-insists/> (dated "one year ago");

<https://www.thefreelibrary.com/Rivers%3A%2BCourt%2Bto%2BHear%2BPollution%2BSuit%2Bagainst%2BIndorama%2BJune%2B6-a0790695819> (dated "one year ago"); and <https://guardian.ng/news/firm-community-leader-bicker-over-environmental-concerns-in-rivers-community/> (1 March 2024 by Ann Goodwin, Port Harcourt).

<sup>99</sup> <https://www.thisdaylive.com/index.php/2024/04/18/rivers-court-to-hear-pollution-suit-against-indorama-june-6/>

that could also be relevant to any recommendations made by the CAO, depending on their nature and scope. Accordingly, CAO will endeavor to continue to monitor the status of these Proceedings as its investigation moves forward so that it can make a more informed assessment of their potential relevance and impact on CAO's processes.

#### **4.4.2 The relevance of a previous project-related investigation.**

Under the CAO Policy (para. 93), an appraisal of IFC/MIGA E&S compliance must also consider whether the complaint relates to a project or sub-project that has already been the subject of a compliance investigation.

CAO considers that this complaint raises different issues from those raised by complainants in relation to IFC's two previous investments<sup>100</sup> in the fertilizer production company, namely IEFCL Lines I and II.<sup>101</sup> The earlier complaints concerned labor impacts and risks, which fall under PS2.

## **5. CAO Decision and Next Steps**

As described above, the three appraisal criteria are met for several of the complaint issues and therefore CAO will proceed with a compliance investigation of IFC's actions in this case.<sup>102</sup> The terms of reference for the investigation are described in Appendix D of this report, and CAO expects to complete a draft compliance investigation report by June 2026.

According to the CAO Policy, this appraisal report will be published on the CAO website and shared with the Board, IFC management, the IFC client, and the complainants.

---

<sup>100</sup> CAO has closed the two prior cases as described in section 1.4.

<sup>101</sup> CAO Policy, para. 93.

<sup>102</sup> A parallel investigation will be conducted by the Independent Accountability Mechanism (IAM) of the U.S. International Development Finance Corporation, another IEFCL Line III investor (see Appendix D).



## Appendices

### Appendix A. Complaint Letter

Janine H. Ferretti  
CAO Vice President  
Office of the Compliance Advisor Ombudsman  
International Finance Corporation  
2121 Pennsylvania Avenue  
NW Washington, DC 20433  
USA

May 29, 2024

Dear Vice President Ferretti,

#### **Re: Complaint concerning IFC investments in and financing to Indorama Eleme Fertilizer III**

1. Greenleaf Advocacy and Empowerment Center and O-E'la Obor Eleme Organization (the General Assembly of Eleme People Worldwide) are submitting this complaint to the Office of the Compliance Advisor Ombudsman (CAO) on behalf of the project-affected communities, including the Eleme community women, who wish to remain anonymous. Please see attached claimant authority. This complaint is regarding the International Finance Corporation's (IFC) investment in [Indorama Eleme Fertilizer III](#), approved in November 2023 and signed March 21, 2024. Representatives from the organizations listed above live in the region impacted by the project.
2. The Indorama Corporation, a Singapore-based holding company, is a long-standing, repeat IFC client. Over the last three decades, IFC has supported Indorama's entry into high-risk markets, helping it grow from a mid-sized, domestically-focused business into one of the world's fastest-growing petrochemical and fiber companies. Indorama Eleme Fertilizer and Chemicals Limited (IEFCL), part of Indorama Corporation, has received a [\\$1.25 billion](#) loan package from IFC for Indorama Eleme Fertilizer III, which funds the construction of a third urea fertilizer line at the same site in Port Harcourt, Nigeria as two previous IFC investments to IEFCL for Indorama Eleme Fertilizer and Indorama Eleme Fertilizer II.
3. Line 3 is designed to build upon the technologies and knowledge gained from the development and operation of Lines 1 and 2, which feature similar technology and capacity. The creation of Line 3 will raise the present urea production capacity from 2.8 million metric tons per year (MMTPA) to 4.2 MMTPA. The Line 3 plant will contain [2.300 metric tons per day](#) (MTPD) ammonia capacity and a 4,000 MTPD urea facility.
4. IFC approved additional financing to IEFCL for the construction of a third urea fertilizer line despite the two open CAO complaints on previous lines of the project ([Indorama Eleme Fertilizer](#) and [Indorama Eleme Fertilizer II](#)). The construction of a third urea fertilizer line will contribute to increased effluent discharge, especially in the Okulu River in Aleto, Eleme, Nigeria. The project has also created increased air pollution, impacting both local terrestrial and marine biodiversity and, critically, the health of

people living in the project's vicinity, given the increased ammonia emissions.

5. We represent the local communities that have suffered harm due to IFC's failures and omissions in the design and implementation of the project in Port Harcourt, Nigeria. The harm has been caused by IFC and IEFCL's non-compliance with IFC's Performance Standards (PS) and failure to implement a current Environmental and Social Action Plan (ESAP), detailing how IFC and the client, in consultation with the community, will address severe social and environmental issues resulting from the project.
6. IFC's failure to adhere to its environmental and social (E&S) policies around the Indorama Eleme Fertilizer III project has resulted in several environmental, gender, and labor harms to the local community. These include, but are not limited to:
  - a. The community has experienced higher rates of adverse health effects resulting from increased pollution from urea fertilizer production, including dermatitis, chronic asthma and bronchitis, respiratory infections, hypertension, and pelvic inflammation diseases.
  - b. Higher rates of malaria, now endemic to the area, due to increased population concentration from workers at the project site.
  - c. The Okulu River, which has historically served as a source of drinking water, irrigation, and fish (for livelihoods and sustenance), has been destroyed due to IEFCL's discharge of contaminants and toxic effluent waste into the river.
  - d. There are high extirpation rates of marine life and a loss of biodiversity of all flora/fauna in the region due to IEFCL's poisonous waste disposal practices, which pollute the watershed and river.
  - e. Land devaluation in the region due to decreased agricultural and commercial potential resulting from the project's adverse environmental impacts.
  - f. Air pollution from gas flares and poisonous emissions resulting from urea production. The pollution from the project has a very strong and offensive odor, which IEFCL claims is not harmful.
  - g. Individuals in the community have lost their livelihoods due to environmental and health harms resulting from the project.
  - h. There has been increased traffic congestion and road damage from heavy equipment transport from the seaport. A trip that should take 10 minutes now takes 3-4 hours.
  - i. IEFCL paid disbursements to some members of the local population to gain consent to the project. However, IEFCL failed to disclose critical information about these disbursements, including the amount paid to individual local community members, and how those payments were determined relative to IEFCL's profit. IEFCL only disclosed a sum total amount it claims to have given to community members.
  - j. Environmental harms from the project have contributed to the rapid decline of local life expectancy. Nigeria's life expectancy has declined to about [54 years](#), one of the world's lowest and reportedly even lower in the Eleme region.
  - k. IEFCL has discriminated against and failed to provide equal employment opportunities to women, especially from the region. Women who have been hired have reported unfair treatment and have also been disproportionately laid off without pay as compared to their male counterparts, particularly during the COVID-19 pandemic.
  - l. IEFCL now owns much of the community's ancestral land, which women have historically farmed as a source of sustenance, livelihood, and economic power.

Women no longer have access to this land and have thus lost their livelihoods as farmers, reducing their ability to provide for their families and children and leading to higher rates of hunger and malnutrition. There has also been an increase in children who are not in school because their families cannot afford the school fees, leading to a rise in unemployment and crime.

- m. There have been reports of severe reprisals and retaliations by IEFCL against community members who speak out against the project, including arrests, beatings, brutalization, and kidnappings, particularly of women and youths.

### **Failures to Comply with IFC Policy Requirements**

7. Indorama Eleme Line III is subject to IFC's 2012 Sustainability Framework, including its Policy and Performance Standards on Social and Environmental Sustainability. Neither IFC nor IEFCL has met the requirements of Performance Standards (PS) 1, 2, 3, 4, and 6 (which was not triggered). Further, IFC and IEFCL did not develop mitigation hierarchy procedures for Performance Standard 6 despite the harm caused by this project to marine, freshwater, and terrestrial biodiversity.
8. According to the Environmental and Social Action Plan (ESAP), by June 30, 2024, IEFCL is to:
  - a. Expand and enhance, as necessary, IEFCL's existing Environmental and Social Management System (ESMS) and management plans, including emergency response, to encompass the Line 3 project, ensuring effective management of environmental and social aspects during both the construction and operational phases of the project.
  - b. Develop and implement an Environmental and Social Management System, including emergency response, for the construction and operation of the Line 3 jetty facility.
  - c. Incorporate management and mitigation measures identified in the ESMPs for Line 3 into the established EHS monitoring program for both i) construction and ii) operations, including components such as occupational hygiene, air emissions, ambient air, environmental noise, wastewater sampling, soil and groundwater monitoring, and EHS inspections and audits.
9. Since IEFCL has not effectively implemented mitigation measures to meet the requirements of IFC's Performance Standards in either of the previous lines of this project (Indorama Eleme Fertilizer and Indorama Eleme Fertilizer II) and has not made any progress toward completing the above actions, we doubt that the June 30, 2024 completion date will be met.
10. Additionally, IFC did not meet the requirements of the Sustainability Framework, inaccurately categorizing its investment in Indorama Eleme Fertilizer III as Category B, [defined](#) as having "potential adverse E&S risks and/or impacts which are generally site-specific, are largely reversible, and can readily be addressed through mitigation measures." An early death from pollution is not reversible. Any excess mortality compared to a scenario without the project should be a basis for IFC to classify the project as Category A.

11. Performance Standard 1 covers the Assessment and Management of Environmental and Social Risks and Impacts, [requiring](#) clients to "Adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize, and, where residual impacts remain, compensate/offset for risks and impacts to workers, Affected Communities, and the environment." IEFCL has failed to implement its mitigation hierarchy, which is detailed in the ESAP, as evidenced by the continued adverse impacts of the project on environmental and community health. Further, the mitigation hierarchy for PS1 [states](#), "For the construction of Line 3, the procedures will be identical to those of Line 2 given IEFCL's engagement with the same construction contractor, Daewoo Nigeria Limited, used for previous phases, along with similar facilities being constructed." This is unacceptable, given the open complaints on Lines 1 and 2 of the project and the documented harms detailed above. At a minimum, the client and IFC should be required to reevaluate the mitigation hierarchy procedures for PS1 for Line 3 in light of open complaints and the documented failure of IEFCL and IFC to prioritize the prevention of harm.
12. Performance Standard 2 covers the client and IFC's obligation to "promote the fair treatment, non-discrimination, and equal opportunity of workers." By not granting women the same employment opportunities and disproportionately targeting women for layoffs without pay, IEFCL has failed in its obligation to abide by [PS2](#). Further, the mitigation hierarchy procedures for PS2 [state](#) that "IEFCL currently employs a total of 378 direct and contract workers across the existing Line 1 and 2 operations, with a 98% to 2% male to female ratio." This is an abysmal ratio, especially when we know of women who have sought employment with IEFCL in the Port Harcourt factory and have been rejected. For instance, a group of 40 unemployed young people were communicating with each other about employment opportunities via WhatsApp. Around 20 men were eventually employed by IEFCL within this group, but only five to eight women successfully secured employment with IEFCL.
13. Performance Standard 3 covers Resource Efficiency and Pollution Prevention, [requiring](#) clients and IFC to "avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities; to promote more sustainable use of resources, including energy and water; and to reduce project-related GHG emissions." IEFCL's air, water, and land pollution through urea fertilizer production has dramatically reduced biodiversity and human health in the region. Under the mitigation hierarchy procedures for PS 3, IEFCL [states](#), "The company currently operates a wastewater treatment system for the entire complex, including both primary and secondary treatment. The IEFCL Line 3 Project has comprehensive plans for managing various streams of wastewater...Treated wastewater will be discharged to the Okulu River." However, it's clear from the pollution in the Okulu River, which has harmed the community's terrestrial and marine biodiversity and health, that IEFCL's wastewater treatment system does not achieve the desired outcomes. The polluted Okulu River has also led to a loss of livelihoods by local fishermen, butchers (who can no longer rely on the river to clean meat), and farmers, who have experienced much lower crop yields due to pollution in irrigation water.
14. Performance Standard 4 covers Community Health, Safety, and Security, [requiring](#) clients to "Anticipate and avoid adverse impacts on the health and safety of the Affected Community during the project life from both routine and non-routine circumstances, and to ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risks to the

Affected Communities." Given the high rates of preventable disease and death in the region caused by pollution of the air and water, the heightened risks and harms resulting from this project are clear. The community has continued to suffer from IFC and IEFCL's failure to implement sufficient mitigation hierarchy procedures around these harms.

15. IFC claims that this project has no impacts that require management under Performance Standard 6, Biodiversity Conservation and Sustainable Management of Living Natural Resources, which is a stark omission. Given the scale of the investment, projected increases in production, and related increases of discharged ammonia and urea, it is clear that this assessment is inaccurate.
16. IFC's Position Statement on Retaliation Against Civil Society and Project Stakeholders states that it "does not tolerate any action by an IFC client that amounts to retaliation – including threats, intimidation, harassment, or violence – against those who voice their opinion regarding the activities of IFC or our clients." IEFCL's connection to the arrest, beating, brutalizing, and kidnapping of any community member violates this statement, and IFC should hold IEFCL accountable for these egregious actions and take steps to protect community members from these reprisals.
17. Increasing access to healthy food is urgently needed to address food insecurity, particularly in Sub-Saharan Africa. However, increasing the use and production of chemical fertilizers, which harm the environment and human health, is not the answer. Providing credit, technology, and market access to the farmers and fishers whose livelihoods have been disrupted by IEFCL and to others like them would be more effective, sustainable, and aligned with IFC Performance Standards.

## **Outcomes Sought**

18. The community complainants affected by the projects are seeking full and fair redress for all the harms and losses they and other community members have suffered in line with the protections and entitlements of the IFC Performance Standards.
19. We call on IFC to conduct a Cumulative Impact Assessment (CIA) on Lines 1 and 2 of Indorama Eleme Fertilizer, providing adequate remediations before continued construction of Line 3 proceeds.
20. We urge CAO to:
  - a. Investigate IFC's failure to implement its own Performance Standards and due diligence policies in its dealings with Indorama Corporation and IEFCL;
  - b. Draft, in consultation and with the active participation of herein complainants, an action plan to address the impacts experienced by affected communities; and
  - c. Recommend the provision of immediate assistance to affected communities.

21. If Indorama Corporation and IEFCL do not bring their investments into compliance with the IFC Performance Standards, we urge IFC to divest from all projects with the company and exclude them from future IFC investments.

We authorize the Bank Information Center (BIC) to receive information about this complaint. BIC is providing guidance and advice during the complaint process.

Sincerely,

Greenleaf Advocacy and Empowerment Center and O-E'la Obor Eleme Organization (the General Assembly of Eleme People Worldwide) on behalf of the project-affected communities

## **Appendix B. Full IFC Management Response**

**INTERNATIONAL FINANCE CORPORATION**

**MANAGEMENT RESPONSE  
TO THE THIRD CAO COMPLAINT  
ON**

**INDORAMA ELEME FERTILIZER AND CHEMICALS LIMITED  
NIGERIA – SUB-SAHARAN AFRICA**

**(PROJECT No. 30967, 40420 and 47723)**

January 28, 2025

## TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS .....	ii
EXECUTIVE SUMMARY .....	iii
I. PROJECT OVERVIEW .....	5
II. CAO COMPLAINT .....	6
III. MANAGEMENT RESPONSE.....	7
IV. CAO POLICY APPLICATION .....	12
V. CONCLUSION.....	13



## ABBREVIATIONS AND ACRONYMS

AMR	Annual Monitoring Report
BIC	Bank Information Center
CAO	Compliance Advisor Ombudsman
CAP	Corrective Action Plan
CASA	Conflict Affected States in Africa
CBA	Collective Bargaining Agreement
CDC	Company Disciplinary Committee
CIA	Cumulative Impact Assessment
CMC	Contractor Management Cell
CSI	Corporate Social Investment
CSO	Civil Society Organization
EEO	Equal Opportunity Employment
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMMP	Environmental and Social Management and Monitoring Plan
FCS	Fragile and Conflict-Affected Situation
FME <sub>env</sub> .	Federal Ministry of Environment
GAEC	Greenleaf Advocacy and Empowerment Center
GIIP	Good International Industry Practice
IEFCL	Indorama Eleme Fertilizer and Chemicals Limited
IEPL	Indorama Eleme Petrochemicals Limited
IFC	International Finance Corporation
ILO	International Labor Organization
LTI	Lost Time Injuries
MAP	Management Action Plan
MCP	Managed Co-Lending Portfolio Program
MMTPA	Million Metric Tons per Annum
MoU	Memorandum of Understanding
NNPC	Nigerian National Petroleum Corporation
NUCFRLANMPE	National Union of Chemical, Footwear, Rubber, Leather and Non-Metallic Employees
OOEO	O-E'la Obor Eleme Organization
PPE	Personal Protective Equipment
PS	IFC Performance Standards
RSA	Retirement Savings Account
SEP	Stakeholder Engagement Plan
US\$	United States Dollar
WBG	World Bank Group

## EXECUTIVE SUMMARY

- i. This Management Response has been prepared by the International Finance Corporation (IFC) to address the issues raised in a complaint received on May 30, 2024, Eleme Fertilizer-03 (Eleme-03), by the Compliance Advisor Ombudsman (CAO) concerning IFC's investments in Indorama Eleme Fertilizer and Chemicals Limited (IEFCL or the Company). Since 2012, IFC has supported IEFCL in the Niger Delta region of Nigeria, where the Company has built and operates two urea fertilizer factories in Port Harcourt (Line I and Line II) and, as of January 2024, is developing a third (Line III) (together referred to as the Projects). The Company's operations contribute to job creation and climate-smart agricultural production amid a challenging fragile and conflict-affected situation (FCS).<sup>103</sup>
- ii. The Eleme-03 complaint was lodged in May 2024 by the Bank Information Center (BIC) and two Nigerian civil society organizations (CSOs), Greenleaf Advocacy and Empowerment Center and O-E'la Obor Eleme Organization (the General Assembly of Eleme People Worldwide), on behalf of Project-affected community members (the Complainants). The complaint raises concerns in relation to the environmental and social (E&S) impacts of existing operations and Line III construction, which was in the early stages at the time of the complaint's submission in May 2024. The concerns relate to (i) inadequate assessment and management of E&S risks and impacts, including community engagement and disclosure; (ii) adverse environmental impacts, particularly related to air, water, and land pollution; (iii) adverse health effects on local communities; (iv) labor-related gender discrimination; (v) impacts on livelihoods; and (vi) reprisals.
- iii. CAO found the complaint eligible for assessment in July 2024. Following the assessment by CAO, the case was transferred to the CAO Compliance function, as both the Complainants and the Company opted to proceed with a compliance process. The CAO issued its Compliance Assessment Report in December 2024.
- iv. This complaint follows CAO's two previous complaints, the Eleme Fertilizer-01 (Eleme-01) complaint, which was closed in June 2024 following a compliance investigation and monitoring, and the Eleme Fertilizer-02 (Eleme-02), which was closed following a compliance appraisal.<sup>104</sup>
- v. In responding to the Eleme-03 complaint, IFC has carefully considered the issues raised by the Complainants and reviewed IEFCL's E&S performance. This included a review of the Environmental and Social Impact Assessment (ESIA) and associated Environmental and Social Action Plan (ESAP), Annual Monitoring Reports (AMRs), independent audits, stakeholder engagement records, and the findings from IFC's due diligence and ongoing supervision activities. IFC concludes it has met its obligations under its Sustainability Policy and environmental and social review procedures.
- vi. IFC's assessment also concludes that IEFCL's management of environmental and social risks is aligned with the requirements outlined in IFC's PSs. With regards to the assessment and management of E&S risks associated with the Projects, IFC required IEFCL to conduct a

---

<sup>103</sup> <https://thedocs.worldbank.org/en/doc/b3c737c4687db176ec98f5c434d0de91-0090082024/original/FCSListFY25.pdf>

<sup>104</sup> <https://www.cao-ombudsman.org/cases/nigeria-eleme-fertilizer-ii-01port-harcourt>  
<https://www.cao-ombudsman.org/cases/nigeria-eleme-fertilizer-ii-02port-harcourt>

Cumulative Impact Assessment (CIA) as part of the ESAP and integrate its findings into corporate Environmental and Social Management Plans (ESMPs). IFC received the CIA in December 2024, which IFC reviewed and provided feedback on. IFC will further review updates to the CIA in line with Sustainability Framework requirements. With regards to the disclosure of E&S information, IFC reviewed IEFCL's stakeholder engagement plan and concluded the Company's stakeholder engagement activities comply with PS1 requirements for transparency, continuous improvement, and effective engagement.

vii. With respect to environmental impacts and community health, IFC reviewed data provided by IEFCL in relation to their ongoing environmental monitoring and did not identify evidence of widespread contamination, biodiversity loss, or heightened health risks attributable to the Projects. In its due diligence and ongoing supervision of the Projects, IFC confirmed that ambient air quality remains non-degraded, emissions meet applicable standards, and effluent quality complies with regulatory and IFC guidelines. Regarding employment discrimination against women, IFC's reviews and labor audits did not identify systemic discrimination or unfair employment practices. As part of the Corrective Action Plan (CAP) developed in response to the Eleme 01 complaint, IEFCL established and strengthened a worker grievance mechanism designed to prevent and manage instances of worker retaliation and labor-related gender discrimination. This mechanism was independently monitored from 2022 to 2024 as part of IFC's MAP implementation for Eleme 01 and confirmed compliance with IFC's PS2 requirements. IFC continues to supervise its client in line with PS2 requirements and believes there are no compliance gaps in relation to PS2.

viii. With regards to impacts on livelihoods, IFC did not apply PS5 requirements to the Projects, as no involuntary displacement was undertaken or being planned by the client.<sup>105</sup>

ix. IFC takes seriously the allegations in the complaint and is especially concerned by the fear of reprisals expressed by the Complainants. The [IFC Position Statement on Retaliation Against Civil Society and Project Stakeholders](#) (October 2018) makes clear that IFC does not tolerate any action by an IFC client that amounts to retaliation—including threats, intimidation, harassment, or violence—against those who voice their opinions regarding the activities of IFC or its clients. IFC continues to supervise IEFCL in line with its PS requirements and, where allegations arise, IFC will engage promptly with IEFCL to investigate and ensure issues are addressed in line with the PSs.

x. In considering the criteria set out in the CAO Policy for initiating a compliance investigation, IFC's view is that its due diligence and ongoing supervision of the Projects is appropriate as it regards all the areas of the complaint. Therefore, there are no preliminary indications that IFC may not have complied with its E&S policies, which would merit a compliance investigation.

---

<sup>105</sup> <https://disclosures.ifc.org/project-detail/ESRS/47723/indorama-eleme-fertilizer-iii>

## PROJECT OVERVIEW

1. The International Finance Corporation (IFC) has supported the Indorama Corporation (Indorama), the parent company of IEFCL, through investment projects for over 30 years. Indorama has expanded from a medium-sized, domestically focused entity into a global business, becoming one of the world’s fastest-growing petrochemical companies, with operations in Asia, Africa, Europe, and the United States. IEFCL is owned 26 percent by Indorama Eleme Petrochemicals Limited (IEPL) and 74 percent by Indorama.

2. As of December 2024, IFC has six active investments in Indorama. IFC investment in IEFCL in the Niger Delta region of Nigeria began in 2012, as it supported the development of two urea fertilizer plants, with a third under construction. The fertilizer plant is the largest in sub-Saharan Africa. Among IFC’s investment aims was promoting economic diversification, direct and indirect employment and climate smart agriculture. A Memorandum of Understanding (MoU) between the Company and the host communities has defined and formalized IEFCL’s engagement approach, grievance management, and corporate social investment (CSI) planning.

3. The World Bank Group (WBG) is committed to promoting diversified growth and job creation in Nigeria, particularly in marginalized areas such as the Niger Delta region.<sup>106</sup> The IFC investment in IEFCL was part of institutional efforts aimed at supporting private sector investment and economic growth in fragile and conflict-affected situations (FCS) as part of the Conflict Affected States in Africa (CASA) initiative, a five- year program launched in 2008 that endeavored to help design and implement integrated strategies to support economic recovery in FCS countries.<sup>107</sup> In accordance with these commitments, IFC provided a series of loans to support the development of the IEFCL fertilizer plants.

4. IFC’s original A loan to IEFCL for US\$150 million, approved in December 2012, was for the development of the first fertilizer plant (#30967).<sup>108</sup> Another A loan of US\$120 million, a Managed Co-Lending Portfolio Program (MCP) loan of US\$50 million, and up to US\$830 million in B loan syndication and parallel loans along with US\$100 million equity subscription by the shareholders was approved in April 2018 for the expansion of the fertilizer plant (#40420).<sup>109</sup> The most recently committed IFC financing was for a US\$215.5 million IFC A loan, US\$940 million in mobilization of B loan syndication and parallel loans, and US\$94.5 million of MCP loans (#47723).<sup>110</sup> As of May 2024, IFC has disbursed all of its committed funds relating to #30967 and #40420, while the first disbursement has yet to occur for #47723. The first loan (#30967) was fully disbursed as of August 2016 and was repaid in February 2024. The second loan (#40420), including all financing components, was fully disbursed as of September 2021.

<sup>106</sup> <https://www.worldbank.org/en/country/nigeria/overview#2>

<sup>107</sup> <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=23862>

<sup>108</sup> <https://disclosures.ifc.org/project-detail/SII/42187/indorama-eleme-fertilizer-and-chemicals-limited>

<sup>109</sup> <https://disclosures.ifc.org/project-detail/ESRS/40420/eleme-fertilizer-ii>

<sup>110</sup> <https://disclosures.ifc.org/project-detail/SII/47723/indorama-eleme-fertilizer-iii>

5. In June 2016, IEFCL successfully commissioned a 1.4 million metric ton per annum urea fertilizer facility (Line I). A second urea fertilizer line (Line II) located at the same site was commissioned by IEFCL in May 2021, which increased capacity from 1.4 Million Metric Tons per Annum (MMTPA) to 2.8 MMTPA. IEFCL has now commenced with the construction of a third urea fertilizer line (Line III) within the same complex, which will increase current capacity from 2.8 MMTPA to 4.2 MMTPA.

## CAO COMPLAINT

6. In May 2024, CAO notified IFC of a complaint that had been filed, Eleme Fertilizer-03 ([Eleme-03](#)), relating to E&S concerns regarding: (i) inadequate assessment and management of E&S risks and impacts, information disclosure, and community consultation; (ii) adverse environmental impacts, particularly related to air, water and land pollution; (iii) adverse health effects on local communities; (iv) labor-related gender discrimination; (v) impacts on livelihoods; and (vi) reprisals. In addition, the Complainants note that IFC approved financing for the construction of Line III despite two earlier CAO complaints (Eleme-01 and Eleme-02). CAO found Eleme-03 eligible for assessment in July 2024. The CAO issued its Compliance Assessment Report in December 2024.

7. In April 2018, 134 employees of IEFCL filed the first complaint, Eleme Fertilizer -01 ([Eleme-01](#)), with the Compliance Advisor Ombudsman (CAO), who issued a Compliance Investigation Report in June 2021.<sup>111</sup> IFC developed a Management Action Plan (MAP) in response to CAO’s recommendations and committed to working with the client to properly reflect the Performance Standard (PS) 2 commitments, particularly for fair treatment and the ability to raise grievances without any retribution. In June 2022, IFC commissioned a third-party consultant to conduct an independent assessment of IEFCL’s management of worker grievances and measures to prevent retaliation against workers. Following the assessment, IFC agreed with the client on a Corrective Action Plan (CAP) focused on strengthening the implementation of the IEFCL’s worker grievance mechanism and its approach to preventing and managing instances of worker retaliation. Successful implementation of the CAP was confirmed by two rounds of independent third-party monitoring in April and July 2023, respectively.<sup>112</sup> In its compliance investigation report, CAO confirmed IEFCL had adequately implemented the required actions, and IFC was compliant with its due diligence and supervision requirements under the Sustainability Framework in relation to the other labor issues raised in the complaint – compensation, choice of union, discrimination, employee deductions, health/safety hazards, healthcare and worker protests. The Eleme-01 complaint was closed as “satisfactory” by the CAO in May 2024.<sup>113</sup>

8. In November 2023, CAO received a second complaint, Eleme Fertilizer-02 ([Eleme-02](#)), related to labor and working conditions submitted by the branch chair of the National Union of Chemical, Footwear, Rubber, Leather and Non-Metallic Employees (NUCFRLANMPE) on behalf of several former and current IEFCL contract workers, employed by third-party subcontractors (the Complainants). Eleme-02 raises concerns about the labor and working conditions of contract

<sup>111</sup> [https://www.cao-ombudsman.org/sites/default/files/downloads/CAOInvestigationReportIEFCL\\_Nigeria\\_FINAL.pdf](https://www.cao-ombudsman.org/sites/default/files/downloads/CAOInvestigationReportIEFCL_Nigeria_FINAL.pdf)

<sup>112</sup> <https://www.cao-ombudsman.org/cases/nigeria-eleme-fertilizer-ii-01port-harcourt>

<sup>113</sup> <https://www.cao-ombudsman.org/cases/nigeria-eleme-fertilizer-ii-01port-harcourt>

workers, health and safety, and unfair employment termination. CAO found the complaint eligible for assessment in January 2024. During the assessment process, the Eleme-02 complainants indicated their preference to pursue a CAO-facilitated dispute resolution, while IEFCL preferred to proceed with the CAO Compliance process. CAO transferred the case to its Compliance function and issued its Compliance Assessment Report in August 2024. While the CAO concluded that there are preliminary indications of harm or potential harm to contractor workers related to some complaint issues, the CAO did not identify a preliminary indication of IFC’s noncompliance with its environmental and social standards. Accordingly, CAO decided not to conduct a compliance investigation.<sup>114</sup>

## **MANAGEMENT RESPONSE**

9. IFC Management acknowledges the seriousness of the issues raised in the complaint and respects the CAO’s process. This section describes how IFC considered the relevant PS requirements throughout its appraisal and supervision of IEFCL’s Line III expansion project and its broader operations under Line I and II. In line with IFC’s Policy on Environmental and Social Sustainability (paragraph 7), IFC’s role is to seek assurance — through due diligence, monitoring, and supervision — that the client’s activities conform to the applicable PS requirements.<sup>115</sup>

10. IFC notes that an active CAO case does not preclude IFC from proceeding with new investments, provided IFC’s due diligence and supervision confirm that the Projects and client remain aligned with IFC’s Performance Standards (PS).

11. The subsequent sections outline how IFC reviewed the client’s performance, verified mitigation measures, and evaluated ongoing compliance against the PS, using relevant documentation and third-party assessments to inform IFC’s view that the client’s management of E&S issues meets the standards expected.

### **A. Assessment and Management of Environmental and Social Risks and Impacts in line with PS1**

12. The Complainants claim IEFCL failed to implement a mitigation hierarchy for Line III as detailed in the ESAP and raise concerns related to IEFCL’s intention to use the same mitigation hierarchy procedures used for Line II. The Complainants also expressed concern that IEFCL has not adequately involved the community in preparing its ESIA and that IEFCL has either not conducted or not shared its CIA with the community. Relatedly, Complainants also raised concerns about the Company’s lack of data sharing regarding environmental impacts, particularly air pollution and effluent discharge data.

13. As part of its engagement on the Projects, IFC provided ongoing reviews of the client’s E&S management capabilities and track record. Since the approval of Line I, IFC has implemented a rigorous and continuous E&S supervision program for IEFCL’s operations, which includes AMR

<sup>114</sup> <https://www.cao-ombudsman.org/cases/nigeria-eleme-fertilizer-ii-02port-harcourt>

<sup>115</sup> IFC Policy on Environmental and Social Sustainability (2012), paragraph 7.



reviews and periodic supervision site visits (SSVs).<sup>116</sup> IFC and a consortium of more than 20 lenders engaged an independent E&S consultant team to conduct twice-yearly monitoring visits to the Projects since 2019, including through virtual meetings during the COVID-19 pandemic. IFC regularly reviews the outcomes of the independent monitoring visits as part of its ongoing supervision of the Projects. IFC’s supervision confirms that IEFCL met all ESAP deadlines and consistently implemented the mitigation hierarchy and management measures required under PS1.

14. During its appraisal for Line III, IFC reviewed the E&S systems established by IEFCL during the construction and operation of Lines I and II. IFC identified areas for further strengthening IEFCL’s E&S systems and included these in an ESAP in advance of Line III construction. In the ESAP, IFC required IEFCL to complete i) a separate ESIA for the Jetty expansion, ii) an ESIA for Line III, and iii) a CIA for the Eleme complex—encompassing Lines I, II, and the Jetty. IFC confirms that IEFCL delivered on all ESAP commitments related to the Line III project, and IFC provided feedback on these in line with Sustainability Framework requirements.

15. IEFCL commissioned a third-party consultant to develop the ESIAs for the Jetty expansion and Line III, which the Federal Ministry of Environment (FMEnv) validated. The ESIAs informed the development of an Environmental and Social Management and Monitoring Plan (ESMMP).<sup>117</sup> The ESIA and ESMMP were publicly disclosed for public consultation and a Public Panel Review overseen by FMEnv. IFC’s ongoing supervision of the client and review of stakeholder engagement records confirmed that community consultations on the ESIA and ESMMP were undertaken in accordance with PS1 requirements. IFC’s review of the Company’s Stakeholder Engagement Plan (SEP) confirmed that IEFCL provided channels for local community members to request additional information and lodge grievances in relation to the Line I and II operations and Line III expansion.

16. In line with the ESAP (#1a & 1b), IEFCL expanded and enhanced its ESMS and management plans to encompass the Line III project before Engineering, Procurement and Construct (EPC) contractor mobilization deadlines. The contractor for Line III also developed and submitted comprehensive Health, Safety, and Environment (HSE) procedures, policies, and plans. Additionally, IEFCL conducted process safety assessments (HAZOP/HAZID/QRA) for both Line III and the Jetty, implemented the resulting recommendations, carried out a traffic impact assessment with quantitative risk evaluation, and revised asset-wide Security Risk Assessments and Security Management Plans to address the expanded scope of operations, including compliance with the Voluntary Principles on Security and Human Rights. A CIA (ESAP #1c) was required as part of IFC’s investment to augment and build upon the cumulative impacts identified in the Line III ESIA. IFC’s review of the CIA confirmed that the assessment includes cumulative air quality considerations, which are in line with the original ESIA findings of low/ negligible. These have informed updates to the corporate ESMP by IEFCL.

17. Throughout this process, IFC reviewed environmental performance data provided by IEFCL to IFC and regulators on a quarterly/annual basis. The data included air emissions, effluent

<sup>116</sup> See IEFCL Train 3 ESIA Document Draft Final Report\_2023-07-26(ERM). pdf under Client Documentation at <https://disclosures.ifc.org/project-detail/ESRS/47723/indorama-eleme-fertilizer-iii>

<sup>117</sup> See IFC’s disclosure for the project ESIA and ESMP: <https://disclosures.ifc.org/project-detail/ESRS/47723/indorama-eleme-fertilizer-iii>

quality, ambient air measurements, occupational hygiene, and other parameters.

18. IFC’s most recent supervision mission in October 2024 and the review of Q1–Q3 2024 AMRs confirm that IEFCL’s ESMS remains effectively implemented, stakeholder engagement processes are functioning as intended, and environmental monitoring and reporting comply with IFC standards. IFC concludes that IEFCL’s approach to identifying, managing, and disclosing E&S risks and impacts satisfies IFC’s PSI requirements and reflects the client’s ongoing commitment to transparency, continuous improvement, and stakeholder engagement.

## **B. Adverse Environmental Impacts on Air, Water and Land**

19. The Complainants raise a range of adverse environmental impacts related to the discharge of contaminants and toxic effluent waste into the Okulu river, impacts on marine life and biodiversity due to IEFCL’s waste disposal practices. They also raise concerns regarding land devaluation due to environmental effects and air pollution caused by gas flares and emissions from urea production.

20. IFC notes that at the time the Eleme-03 complaint was filed, Line III construction was ongoing and not yet operational. With regards to existing operations of Lines I and II, IFC continued to supervise IEFCL through supervision visits, review of quarterly AMRs, the CIA, completed in December 2024, and data provided by IEFCL regarding air emissions, effluent quality, and ambient air quality and reports provided by independent consultants. IFC’s review indicates that the environmental performance complies with national regulations and IFC PSs. With respect to water quality and effluent management, IFC’s review of data produced through periodic testing of treated effluent and ambient water quality by independent laboratories indicates alignment with both regulatory requirements and World Bank EHS Guidelines. Additionally, IFC confirmed as part of its supervision of the Projects that IEFCL applies treatment and reuse practices. Biodiversity studies produced by the client and reviewed by IFC include marine biology assessments and have not identified current project-related impacts on aquatic ecosystems. Regarding land values, information reviewed by IFC as part of its ongoing supervision of the Projects does not indicate land devaluation linked to the Projects’ environmental performance. Information provided by the client to IFC and local context suggests that land values have generally increased over time.

21. With regards to impacts on air quality, IFC reviewed baseline and operational data from Lines I and II as part of its supervision activities and confirmed that airshed remains non-degraded, with emissions from natural gas feedstock primarily consisting of nitrogen oxides, negligible particulate matter, and no presence of sulfur dioxide. IFC’s review of dispersion modeling developed by the client confirms that impacts on ambient air quality remain within acceptable limits—less than ten percent of the applicable national standard. As Line III transitions to operation, IFC will continue to supervise existing controls, ongoing monitoring, and periodic reporting by IEFCL to confirm that impacts on air quality remain within national guidelines.

22. It is IFC’s view that IEFCL’s environmental management systems reviewed to date provide sufficient evidence that the Projects’ E&S risks and impacts are being effectively managed and IEFCL’s E&S performance satisfies IFC PS requirements.



### C. Adverse Health Effects

23. The Complainants raise a range of negative health effects, including experiencing higher rates of adverse health effects in the community resulting from increased pollution from urea fertilizer production, including dermatitis, chronic asthma and bronchitis, respiratory infections, hypertension, and pelvic inflammation diseases. Further, the Complainants claim there were higher rates of malaria, now endemic to the area, due to increased population concentration from workers.

24. IFC acknowledges that large-scale manufacturing operations, such as IEFCL, can attract population influxes. However, attributing such impacts to Line III is challenging given that Port Harcourt is a major business and industrial hub within Rivers State, experiencing an average annual population growth rate of approximately 4.5 percent.<sup>118</sup> It is IFC’s view that Port Harcourt’s population growth is driven by broader economic and demographic factors. The presence of IEFCL’s workforce (fewer than 400 personnel in existing operations, a short-term peak of around 5,000 construction workers for Line III, and an expected 172 additional permanent personnel once Line III is operational) is negligible in proportion to Port Harcourt’s metropolitan population of 3.6 million.

25. With regards to all IEFCL’s operations, IFC’s supervision, which included a review of data from independent health assessments and the Projects’ AMRs, does not indicate that the Projects’ operations have contributed to adverse health conditions in surrounding communities. Routine health surveillance, occupational hygiene monitoring, and medical assessments indicate that employee health and safety measures meet or exceed relevant standards. Available medical data from the on-site medical center and contracted hospitals do not indicate the presence of chronic respiratory diseases, skin conditions, or hypertension in the community that could be linked to the Projects. IFC recognizes that the issue of malaria is endemic in the region. Independent health experts and regional health data indicate that transmission is driven by broader environmental and public health factors.

26. Further, the Projects’ compliance with Performance Standards and implementation of the ESAP have included measures to minimize emissions and effluents, effectively manage waste and hazardous materials, and prevent pollution. Baseline health data considered during the ESIA process, along with ongoing data and information provided to and reviewed by IFC, does not indicate that the fertilizer complex has caused or contributed to elevated community health risks.

27. IFC will continue to review project monitoring data, consult independent health and environmental experts throughout supervision, and engage with community representatives to assess for emerging health concerns.

---

<sup>118</sup> <https://worldpopulationreview.com/cities/nigeria/port-harcourt>

## **D. Labor-Related Gender Discrimination**

28. The Complainants claim IEFCL has discriminated against and failed to provide equal employment opportunities to women. The complaint also raises concerns related to the unfair treatment of women who have been hired and disproportionately have been laid off without pay compared to their male counterparts, particularly during the COVID-19 pandemic.

29. As part of its supervision of the Projects, IFC reviews IEFCL’s policies and procedures for management labor and working conditions in line with PS2 requirements. This includes IFC’s review of IEFCL’s human resource policies, Employee Handbook, and Collective Bargaining Agreements and their implementation. IFC’s supervision missions and AMRs do not indicate systemic or gender-based discrimination in the Company’s labor practices.

30. IEFCL’s Non-Discrimination, Human Rights, and Code of Conduct policies explicitly prohibit gender-based discrimination. In addition, the Company adopted a Gender Based Violence and Harassment (GBVH) Policy, established a Gender Apex Committee, and hired female representatives to support the Company’s labor grievance mechanism. Independent labor audits undertaken as part of the Eleme-01 complaint MAP implementation, as well as stakeholder engagement conducted by IFC during supervision missions, have not identified patterns of gender bias in hiring, layoffs, or other employment-related decisions.

31. Data provided by IEFCL and interviews conducted by IFC during supervision missions and independent consultant monitoring visits do not indicate patterns of differential treatment or layoffs targeting women. IFC notes that retrenchments when they occur, must follow the terms of employment contracts and applicable labor law, both of which IEFCL’s policies and internal auditing systems are designed to uphold.

## **E. Additional Concerns**

### Impacts on Livelihoods

32. The complaint raises concerns regarding the loss of access for women to ancestral land used for farming activities and the increase in children who are not in school because their families cannot afford the school fees.

33. IFC’s appraisal of the Line III project confirmed that the expansion will not necessitate new land acquisitions leading to involuntary physical or economic displacement.<sup>119</sup> Specifically, the construction for Line III will be undertaken on an 80ha portion of a 250ha plot, previously secured from the Rivers State Government in 2019. This plot forms part of a larger parcel initially allocated to Nigerian National Petroleum Corporation (NNPC) by the Rivers State Government in 1984. IFC’s review of IEFCL’s land acquisition history and community engagement records does not indicate that the Projects have led to loss of access for women to ancestral farmland.

34. As part of its supervision, IFC reviews AMRs, conducts regular site visits and engages in stakeholder engagement sessions to assess IEFCL’s engagement with local communities and

---

<sup>119</sup> <https://disclosures.ifc.org/project-detail/ESRS/47723/indorama-eleme-fertilizer-iii>

potential impacts that may arise from the Projects. From its supervision of the Projects and its review Memoranda of Understanding (MoUs) and Corporate Social Responsibility (CSR) initiatives led by IEFCL, IFC concludes that IEFCL provides a range of local development programs, including scholarships, microcredit grants, and skill acquisition training aimed at improving economic opportunities for community members.

### Reprisals

35. The complaint raises concerns regarding reprisals and retaliations by IEFCL against community members who speak out against the Projects, including arrests, beatings, brutalization, and kidnappings, particularly of women and youths.

36. The [IFC Position Statement on Retaliation Against Civil Society and Project Stakeholders](#) (October 2018) makes clear that IFC does not tolerate any action by an IFC client that amounts to retaliation—including threats, intimidation, harassment, or violence—against those who voice their opinion regarding the activities of IFC or our clients. IFC takes seriously the allegations in the Complaint and is concerned especially by the fear of reprisals expressed by those making the complaint.

37. IFC’s engagement with the client, project stakeholders, including workers, contractors and community members as part of ongoing supervision activities conducted for the Line I, II and III Projects did not identify concerns relating to retaliation or reprisals against community members. Further, actions taken in response to the Eleme-01 CAO complaint included a detailed review of the client’s performance in relation to grievance management and retaliation. IFC concluded that suitable management measures have been implemented. IFC will continue to engage with IEFCL on the issue of reprisals, consistent with IFC’s Performance Standards and its Position Statement on Retaliation Against Civil Society and Project Stakeholders.

## **CAO POLICY APPLICATION**

38. The CAO Policy sets out appraisal criteria in paragraphs 91 of the CAO Policy in determining whether a compliance investigation is necessary.<sup>120</sup> In considering these criteria, it is IFC’s view that its due diligence and ongoing supervision of the Projects are appropriate as it regards all the areas of the complaint. Therefore, there are no preliminary indications that IFC may not have complied with its E&S policies that would merit a compliance investigation. IFC further

<sup>120</sup> CAO Policy 2021, paragraph 91 “(a) whether there are preliminary indications of Harm or potential Harm; (b) whether there are preliminary indications that IFC may not have complied with its E&S Policies; and (c) whether the alleged Harm is plausibly linked to the potential non-compliance”

CAO Policy 2021, paragraph 92 “(a) for any Project or Sub-Project where an IFC/MIGA Exit has occurred at the time CAO completes its compliance appraisal, whether an investigation would provide particular value in terms of accountability, learning, or remedial action despite an IFC Exit; (b) the relevance of any concluded, pending or ongoing judicial or non-judicial proceeding regarding the subject matter of the complaint; (c) whether Management has clearly demonstrated that it dealt appropriately with the issues raised by the Complainant or in the internal request and followed E&S Policies or whether Management acknowledged that it did not comply with relevant E&S Policies; (d) whether Management has provided a statement of specific remedial actions, and whether, in CAO’s judgment after considering the Complainant’s views, these proposed remedial actions substantively address the matters raised by the Complainant.”

Para 93. In relation to a Project or Sub-Project that has already been the subject of a compliance investigation, CAO may: (a) close the complaint; (b) merge the complaint with the earlier compliance process, if still open, and the complaint is substantially related to the same issues as the earlier compliance process; or (c) initiate a new compliance investigation only where the complaint raises new issues or new evidence is available.

maintains that IEFCL has implemented sufficiently robust management processes and procedures in relation to the management of risks and impacts on air, water, and land, labor and working conditions, and stakeholder engagement.

39. Management notes that paragraph 93 of the CAO Policy defines that in relation to a Project that has already been the subject of a compliance investigation, the CAO may initiate a new compliance investigation only where the complaint raises new issues or new evidence is available. While this third complaint raises new issues in relation to the Projects, IFC reiterates that there are no gaps in its ongoing monitoring and supervision of the Projects that preliminary indicate areas of noncompliance that would warrant a compliance investigation.

## **CONCLUSION**

40. IFC acknowledges the issues raised in the complaint are serious. Nevertheless, it is IFC's view that this case does not meet the criteria for a compliance investigation as per the CAO Policy.

41. In responding to the Eleme-03 complaint, IFC has carefully considered the issues raised by the Complainants and reviewed IEFCL's environmental and social performance record. IFC's assessment concludes that it has met its obligations under its Sustainability Policy and environmental and social review procedures and that IEFCL's management of environmental and social risks is aligned with the requirements outlined in IFC's Performance Standards.

## **Disclaimer**

This IFC Management Response is provided in response to the Assessment Report of the Office of the Compliance Advisor Ombudsman (CAO) finding a complaint to a project supported by IFC finance or investment eligible for compliance appraisal.

Nothing in this IFC Management Response or in the process provided for in the CAO Policy (“CAO Process”) (1) creates any legal duty, (2) asserts or waives any legal position, (3) determines any legal responsibility, liability, or wrongdoing, (4) constitutes an acknowledgment or acceptance of any factual circumstance or evidence of any mistake or wrongdoing, or (5) constitutes any waiver of any of IFC’s rights, privileges, or immunities under its Articles of Agreement, international conventions, or any other applicable law. IFC expressly reserves all rights, privileges, and immunities. IFC does not create, accept, or assume any legal obligation or duty, or identify or accept any allegation of breach of any legal obligation or duty by virtue of this IFC Management Response.

While reasonable efforts have been made to determine that the information contained in this IFC Management Response is accurate, no representation or warranty is given as to the accuracy or completeness of such information. CAO is not a judicial or legal enforcement mechanism. Its analyses, conclusions, and reports are not intended to be used in judicial or regulatory proceedings nor to attribute legal fault or liability and it does not engage in factfinding nor determine the weight that should be afforded to any evidence or information. No part of this IFC Management Response or the CAO Process may be used or referred to in any judicial, arbitral, regulatory, or other process without IFC’s express written consent.

## Appendix C. Additional Appraisal Considerations

Under the CAO Policy, in conducting a compliance appraisal CAO must take into account additional considerations, as outlined in the table below.

Additional Compliance Appraisal Considerations	Description	Analysis
IFC/MIGA exit	For any Project or Sub-Project where an IFC/MIGA Exit has occurred at the time CAO completes its compliance appraisal, whether an investigation would provide particular value in terms of accountability, learning, or remedial action despite an IFC/MIGA Exit (para. 92a).	N/A
Judicial or non-judicial proceedings	The relevance of any concluded, pending or ongoing judicial or non-judicial proceeding regarding the subject matter of the complaint (para. 92b).	On June 6, 2024, the Federal High Court in Port Harcourt was scheduled to hear a lawsuit filed by residents of Alesa community in Eleme Local Government Area, Rivers State, against Indorama Eleme Petrochemicals and Fertilizer Limited. The plaintiffs alleged that the company's operations led to environmental pollution, adversely affecting their health and livelihoods. However, during the proceedings, the court directed that the parties properly file their proceedings, resulting in a postponement of the case. A new hearing date was set for July 09, 2025.
Management's handling of issues	Whether IFC Management has clearly demonstrated that it dealt appropriately with the issues raised by the Complainant or in the internal request and followed E&S Policies or whether Management acknowledged that it did not comply with relevant E&S Policies (para. 92c).	No
Statement of remedial actions	Whether Management has provided a statement of specific remedial actions, and whether, in CAO's judgment after considering the Complainant's views, these proposed remedial actions substantively address the matters raised by the Complainant (para. 92d).	No

Merging complaints	CAO may merge the complaint with the earlier compliance process, if still open, and the complaint is substantially related to the same issues as the earlier compliance process (para. 93).	n/a
Initiating new compliance investigation	CAO may initiate a new compliance investigation only where the complaint raises new issues or new evidence is available (para. 93).	Since the earlier cases concerned labor and working conditions at the plant and the use of security forces, CAO concluded that the Line III complaint raises new issues, including environmental pollution and biodiversity and livelihood loss.

## Appendix D. Terms of Reference for Compliance Investigation



### Terms of Reference for Compliance Investigation of IFC’s and DFC’s Environmental and Social Performance in relation to their Investment in Indorama Eleme Fertilizer and Petrochemicals Limited (IFC project #47723, #40420, #30967) at Port Harcourt, Nigeria

#### 1. About CAO and the IAM of the U.S. International Development Finance Corporation

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner, enhance environmental and social project outcomes, and foster public accountability and learning at IFC and MIGA.

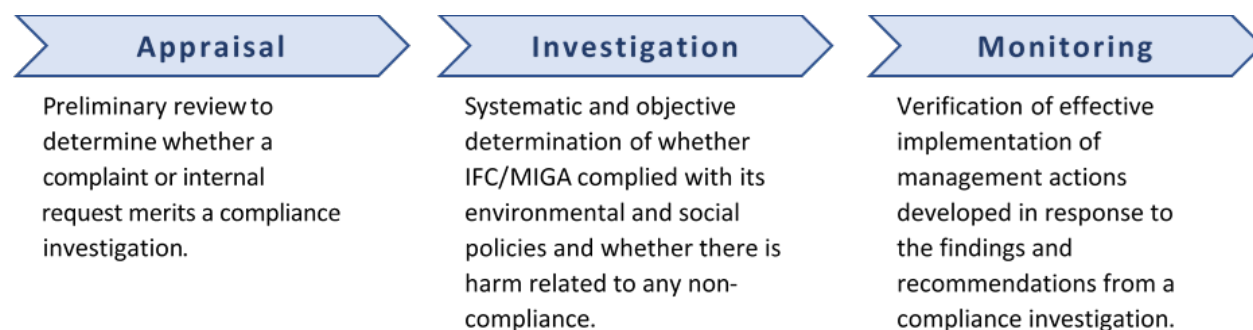
CAO is an independent office that reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

The role of the Independent Accountability Mechanism (IAM) of the U.S. International Development Finance Corporation (DFC), which reports to DFC’s Board and the U.S. Congress, is to (1) evaluate compliance with environmental, social, labor, human rights, and transparency standards, (2) deliver mediation and problems-solving services in conflicts, and (3) provide an advisory function to DFC. The flowchart below depicts the process the IAM follows when receiving a request for its compliance and problem-solving functions. For more information, see <https://www.dfc.gov/our-impact/transparency/independent-accountability-mechanism>.

#### About the CAO and IAM Compliance Functions

The CAO and IAM compliance functions are very similar and are designed to review their respective institutions’ compliance with environmental and social policies, assesses related harm, and recommend remedial actions where appropriate.

CAO’s and the IAM’s compliance functions follow a three-step approach:





## 2. Context and Investment

In 2007 Indorama Corporation purchased a petrochemical facility at Port Harcourt, Nigeria. In 2010, Indorama Corporation established Indorama Eleme Fertilizer & Chemicals Limited (IEFCL) for the purpose of developing and operating a nitrogenous fertilizer facility at a site it owned in Port Harcourt.<sup>121</sup> The Indorama Corporation operates a petrochemical facility at the same site.

In 2012, IFC approved a loan package to IEFCL to build the first fertilizer plant. This included a US\$150 million loan from IFC’s own account, US\$75 million in syndicated loans, and US\$150 million mobilized from several other development finance institutions, including DFC.<sup>122</sup> The fertilizer facility was commissioned in June 2016 and the loan repaid in February 2024.<sup>123</sup>

In June 2018, IFC agreed to finance the company’s expansion of its fertilizer facility (‘Line II’). This package consisted of: an IFC loan of US\$120 million; a US\$50 million loan with IFC acting in its capacity as implementing entity for the Managed Co-Lending Portfolio Program (MCPPI); and up to \$850 million in syndicated loans.<sup>124</sup> In March 2024, IFC and DFC financed further expansion at the facility (‘Line III’) in the form of: an IFC loan of US\$215.5 million; (b) US\$94.5 million in MCPPI loans; and US\$940 million in syndicated loans.<sup>125</sup> Part of this new investment will finance a jetty/port terminal situated 20 kilometers from the IEFCL site to facilitate the export of all urea produced under Eleme Line III.

## 3. The Complaint

On May 30, 2024, CAO received complaints from the Eleme community, filed by local civil society organizations with the support of Bank Information Center (BIC), regarding the IFC investment in IEFCL Line III. A very similar request (complaint) was also submitted to DFC’s IAM on August 16, 2024. The complainants state that the IEFCL Line III investment will exacerbate alleged existing Lines I and II impacts including air and water pollution—adversely affecting health, biodiversity and livelihoods loss—land devaluation in the region due to decreased agricultural productivity, and traffic safety and congestion due to increased traffic and hazardous material transport. They also claim the IFC/DFC client conducted inadequate consultations during project preparation, with women allegedly losing access to ancestral lands and being unfairly laid off without compensation. Additionally, the community complainants report health issues, contaminated water sources, and concerns over a lack of transparency, including the company’s failure to share environmental data and its Cumulative Impact Assessment, hindering proper public understanding of the project’s broader impacts.

## 4. Investigation Terms of Reference

In the present case, separate appraisal processes by CAO and IAM have resulted in a decision to conduct a compliance investigation. CAO and IAM will conduct separate, parallel, compliance investigations with joint terms of reference, outlining:

*a) The objectives and scope of the investigation*

<sup>121</sup> Bloomberg, Indorama Eleme Fertilizer and Chemicals Ltd Available at <https://bloom.bg/2zqs73u>. Indorama Corporation has majority ownership and control of IEFCL.

<sup>122</sup> IFC Disclosure, Summary of Investment Information, project number 30967. Available at <http://bit.ly/2OydgFS>

<sup>123</sup> IFC Disclosure, Summary of Investment Information, project number 42187. Available at <http://bit.ly/2RdTrdH>. IFC Management Response to CAO Complaint on Indorama Eleme Fertilizer and Chemical Limited, Nigeria. June 13, 2024

<sup>124</sup> IFC Disclosure, Summary of Investment Information, project number 40420. Available at <http://bit.ly/2GGN6Da>. CAO Assessment Report, February 2019. Available at <http://bit.ly/33nkM2i>.

<sup>125</sup> IFC Disclosure, Summary of Investment Information, project number 47723. Available at <https://bit.ly/4fmvWJS>

- b) Any limitations on the scope of the investigation that may be appropriate, considering, among others, issues closed at the appraisal stage, the presence of concurrent judicial proceedings, or an IFC/MIGA or DFC investment exit*
- c) The approach and method of investigation, and specific consultant qualifications*
- d) A schedule for the investigation tasks, timeframe, and reporting requirements, to include deadlines for the submission of information by IFC/MIGA and DFC to inform the compliance investigation process.*

## **5. Objective and Scope of the Compliance Investigation**

In June 2025, the CAO and DFC released their separate compliance appraisal reports. The reports identified questions regarding IFC and DFC review and supervision of Indorama’s environmental and social procedures associated with air and water pollution, approach to stakeholder engagement, and the specific issues related to land, traffic safety, and labor raised in the complaint.

The CAO and IAM investigations will determine whether IFC and DFC complied with their environmental and social (E&S) policies relevant to the investment in question and whether there is Harm related to any IFC or DFC noncompliance. CAO and IAM will include, where appropriate, an assessment of whether IFC or DFC deviated in a material way from relevant policies, directives, and procedures.

As set out in CAO’s and IAM’s appraisal reports, CAO and IAM will conduct a joint compliance investigation of IFC’s investments in IEFCL in relation to the issues raised in the complaint related to Indorama Eleme Fertilizer and Chemicals Limited Line III (IEFCL Line III).

The objective of the investigation is to determine:

- Whether IFC has complied with its E&S policies, and specifically whether IFC has conducted adequate ESDD and supervised its investment in IEFCL Line III as required by the Sustainability Policy
- Whether DFC has complied with its E&S Policies and Procedures (2020), specifically whether DFC has conducted adequate ESDD and supervised its investment in IEFCL Line III as required by the ESPP
- Whether there is Harm or potential Harm to the complainants related to any IFC and DFC noncompliance.

In considering findings regarding Harm and whether any Harm is related to IFC and DFC non-compliance, CAO and IAM will consider project-level E&S performance particularly in relation to the application of the following Performance Standards to the project, which are relevant to the issues raised in the complaint:

- PS1 (Assessment and Management of Environmental and Social Risks and Impacts) in relation to: identification and mitigation of all E&S risks and impacts; cumulative impacts assessment; stakeholder identification and engagement including information disclosure, consultation with affected communities, a process of Informed Consultation and Participation (ICP), and the project grievance mechanism.

- PS3 (Resource Efficiency and Pollution Prevention) in relation to adverse current and future impacts on human health, the environment, and ecosystem services due to pollution (affecting ambient air quality), and alternatives to and management of GHG emissions.
- PS4 (Community Health, Safety and Security) in relation to adverse impacts on human health and use of security forces, and threats and retaliation against those who raise concerns about the project.
- PS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources) in relation to biodiversity risks and impacts on the fish population and other ecosystems and resulting impacts to ecosystem services.

## 6. Methodological Approach

CAO and IAM will base their compliance investigations on information available from interviews, statements, reports, correspondence, CAO and IAM observations of activities and conditions, and other sources they deem relevant.

The compliance investigation process and compliance investigation reports will include:

- a) The investigation findings with respect to compliance, non-compliance, and any related Harm*
- b) Context, evidence, and reasoning to support CAO/DFC findings and conclusions regarding the underlying causes of any non-compliance identified*
- c) Recommendations for IFC and DFC to consider in the development of a Management Action Plan (MAP) relating to the remediation of project-level noncompliance and related Harm, and/or steps needed to prevent future non-compliance, as relevant in the circumstances. In case of a project where an IFC or DFC exit has occurred, recommendations will consider the implications of such an exit.*

Sufficient, relevant evidence is required to afford a reasonable basis for CAO's and IAM's compliance findings and conclusions. CAO and IAM will assess whether there is evidence that IFC/MIGA and DFC applied relevant E&S requirements considering the sources of information available at the time the decisions were made, and will not make findings and conclusions with the benefit of hindsight.

## 7. External Expert(s)

In line with established practice, CAO and DFC will engage one or more external experts for their compliance investigations, and consider the following qualifications as necessary:

- Significant expertise in evaluating and implementing E&S risk management systems
- Knowledge of IFC's and DFC's E&S policies, standards, and procedures
- Experience and knowledge of conducting E&S reviews of large nitrogenous fertilizer facilities
- Demonstrated ability to analyze policies and practices and develop proposals for reform in complex institutional contexts
- Significant expertise and experience in assessing risks and potential impacts to riverine biodiversity as well as designing and implementing preventive and mitigating measures to protect biodiversity, particularly in the context of fertilizer projects
- Demonstrated knowledge of ecosystem services assessment, species conservation, habitat restoration, and biodiversity impacts from human activities with a focus on IFC PS6
- Proficiency in techniques and best practices for controlling and mitigating air pollution, with a focus on compliance with IFC PS3

- Experience and knowledge relevant to conducting compliance investigations
- Fluency in English.

## **8. Field Visit and Potential Limitations of the Investigation**

A field visit to the complainants’ community and IEFCL’s complex facilities and offices is anticipated during the compliance investigation. The CAO and IAM case teams and external experts are expected to participate in any field visit.

## **9. Compliance Investigation Schedule, Timeframe, and Reporting Requirements**

According to the CAO Policy<sup>126</sup>, the timeline of which will be mirrored by DFC, a draft compliance investigation report must be circulated within one year of the disclosure of an appraisal report. A draft compliance investigation report for this case will be circulated to IFC and DFC management and all relevant departments for factual review and comment. IFC and DFC Managements may share the draft report with the client on the condition that appropriate measures are in place to safeguard the confidentiality of the draft report prior to public disclosure. IFC and DFC will have 20 business days to provide written comments.

At the same time, the draft investigation report will be circulated to the complainants for their factual review and comment, provided that appropriate measures are in place to safeguard the confidentiality of the draft report prior to public disclosure. If such confidentiality measures are not in place, complainants will, at a minimum, receive a draft table of the investigation’s findings for factual review and comment and as a source of information to inform future consultations on any IFC and DFC Management Action Plans (MAPs).

Upon receiving comments on the consultation draft from IFC, DFC, and the complainants, CAO and IAM will finalize their respective investigation reports. These final reports will be submitted to IFC and DFC’s senior management and circulated to their respective Boards for information. The Boards have no editorial input on the content of a CAO and IAM compliance investigation report. Once this step is taken, CAO and IAM will notify the public on their websites of the investigations’ completion.

Upon CAO’s and IAM’s final submission of the compliance investigation reports to IFC and DFC, IFC and DFC Managements will have 50 business days to submit a management report to their Boards for consideration. The management reports must each include a MAP for Board approval containing time-bound remedial actions that IFC and DFC propose for the purpose of addressing CAO and IAM findings of non-compliance and related Harm. The reports must also include a reasonable response to CAO and IAM findings or recommendations on non-compliance or related harm that IFC and DFC are unable to address in their MAPs.

IFC and DFC must consult with the complainants and clients during their MAP preparation processes. CAO and IAM will submit comments on the proposed MAPs to their Boards, and the complainants may submit a statement to CAO and IAM on the proposed MAP and the adequacy of consultations for circulation to their Boards. Upon the Boards’ approval of the MAPs, the compliance investigation reports, IFC and DFC management reports, and MAPs will be published on CAO’s and DFC’s website.

---

<sup>126</sup> CAO Policy, para. 121.