

EDC PROJECT REVIEW SUMMARY: Guinea Alumina Corporation, S.A. – Phase 1

Project Description	Guinea Alumina Corporation (GAC), S.A. – Phase 1
Sponsor	Emirates Global Aluminium PJSC (EGA)
Country	Republic of Guinea
Project Category	A
Canadian Exporter(s)	Various Canadian Exporters
Description of capital goods and/or services	Sale of Various Canadian Goods and Services
EDC Product	Project Financing
Date of publication on EDC’s website (dd/mm/yy)	19/01/2018
Date of Signing (dd/mm/yy)	29/03/2019

Project Categorization

The Project consists of the development of a 12.0 million tons per annum (mtpa) greenfield bauxite mine and associated rail, port and marine infrastructure (“the Project”) located the prefecture of Boké, Republic of Guinea, at an approximate cost of USD 1.4 billion. The Project has an expected initial mine life of 20 years and holds a 50-plus year mining concession. Guinea Alumina Corporation (GAC) is wholly owned by Emirates Global Aluminium PJSC (EGA).

The Project was classified as Category A. (Category definitions can be found [here](#).)

Summary of EDC’s Review

EDC reviewed the Project in accordance with our *Environmental and Social Review Directive (ESRD)*, the *Equator Principles (EPs)*, and the *IFC Performance Standards (IFC PS)*. Project benchmarking determined that the Project has been designed to meet International Standards. Where gaps against International Standards were identified, GAC committed to address them via time-bound commitments in an Environmental and Social Actions Plan (ESAP).

EDC’s Environmental and Social Risks Management (ESRM) group has determined that with the fulfillment of ESAP measures, the Project will meet the requirements of the ESRD and the EPs for Category A projects and will continue compliance with applicable host country environmental requirements. To reach this conclusion, EDC reviewed the Project’s Environmental and Social Impact Assessment, Lender’s Independent Environmental and Social Consultant (IESC) reports, and various project management plans. In addition, the due diligence included three site visits (March 2017; April 2018; and December 2018) and a series of workshops held with Lenders, the IESC and GAC representatives (Nov. 21-22, 2016; Sept. 18-19 & 28-29, 2017; and February 12-13, 2018).

Key environmental and social issues associated with the Project, and related mitigation measures reviewed by EDC include, but are not limited to, the following:

Biodiversity: The Project will result in direct and indirect impacts to habitat of a number of International Union for Conservation of Nature (IUCN) listed species, the most prominent of which is the Critically Endangered West African Chimpanzee. Other highly threatened and restricted range species include the Endangered Pinto River Frog, the Critically Endangered Half-Toed Gecko, the Endangered Temminck’s Red Colobus, and the Vulnerable Atlantic Hump-backed Dolphin.

Mitigation Measures Include: The presence of listed species requires an assessment of critical habitat under IFC PS 6. A Critical Habitat Assessment (CHA) was completed in 2016 and updated in 2017 to further assess the presence of chimpanzees in addition to gallery forest (mine) and mangrove (port) ecosystems. Specialized surveys were undertaken between 2010 and 2014 and updated in 2018 by the Wild Chimpanzee Foundation (WCF) to characterize the impacts on the Critically Endangered West African Chimpanzee. Review of the Social and Environment Impact Assessment (SEIA) and supplemental surveys determined that GAC has implemented the Mitigation Hierarchy focusing on avoidance and minimization through a comprehensive Biodiversity Management Plan (BMP) and a Biodiversity Monitoring and Evaluation Management Plan (BMEP) at the mine concession and port. Despite the implementation of the Mitigation Hierarchy, residual impacts on the West African Chimpanzee, gallery forest and mangroves will be significant. Following IFC PS 6 for on-site impacts based on the principles of Net Positive Impact (NPI) or gain for West African Chimpanzee, the Project has developed a comprehensive offset program to address residual impacts.

In order to develop an offset strategy that aligns with the IFC PS, GAC has been working extensively with its partners, the neighbouring mining company Compagnie des Bauxites de Guinée (CBG), WCF, the Government of Guinea (OGUIPAR), and its consultants and lenders on the proposal for a new National Park in the Moyen-Bafing region in Guinea, a novel strategy that can have significant positive returns. The objective of the park is to enhance the protection of an existing but threatened chimpanzee population and contribute to the avoidance of predicted future losses of chimpanzees due to clearance of habitat for agriculture, charcoal, and future mining and other development projects.

Resettlement: The Project requires considerable access to land in both the mine and port areas, and for the expansion of the railway. In the mine area, 231 households were displaced, of which 176 households were physically displaced and an additional 55 households were economically displaced. In the port area, it was expected that 220 households would be physically resettled and 28 households would be economically displaced. A total of 133 households were expected to be economically displaced due to the construction of the dam, with an additional 33 households economically displaced due to the 15 metre right of way for the pipeline along with the access road, respectively.¹

Mitigation Measures Include: GAC has in place a Land Acquisition, Compensation and Resettlement Framework (LACRF) for the mine, port and rail areas to guide current and future land access process in line with Guinean legislation and Lenders requirements. The Resettlement Action Plans provide detailed entitlement and compensation matrix based on consultations with the Resettlement Committees composed of key community representatives. In addition, GAC has put in place livelihood restoration measures focused on land-based livelihood, which is adequate to the rural and agricultural context in the mine concession area. GAC also gives priority to Project Affected Persons (PAPs) for non-skilled employment opportunities (for both permanent and temporary jobs, including GAC's contractors). GAC's Agricultural Development Strategy and the Community Investment Strategy are also linked to the livelihood restoration activities that provide support not only to PAPs, but also to the broader communities in the area.

¹ Post-signing update: In the port area, 120 households were physically resettled and 39 households economically displaced. A total of 353 women have been economically impacted due to the construction of the dam, and an additional 23 households will be physically resettled due to the safety flood delimitation area.

While no physical resettlement is envisioned to create the National Park in the Moyen-Bafing region, a process of Information and Consultation Process with the communities will be carried out as per IFC PS 1 and a full social management program developed.

Cumulative Impacts: Development of the Project will contribute to regional cumulative impacts given the proximity of several current or potential bauxite mining operations. Impacts include contribution to regional habitat loss, increased noise and air emissions, and pressure on surface and groundwater resources and quality. It also results in impacts related to in-migration to the mining area from people in search of jobs and other economic development opportunities and loss of agricultural land. The increased development and regional pressure will present an ongoing risk to the Project.

Mitigation Measures Include: The Project's cumulative impacts were considered in its SEIAs, the Project Environmental and Social Management System (ESMS), and Environmental and Social Management Plans (ESMPs). GAC will also leverage the Cumulative Impacts Assessment undertaken by the World Bank to support the Government of Guinea's work to minimize regional impacts.

Documentation Reviewed:

The following is an illustrative list of key documentation that was reviewed as part of the current confirmation of the ESRD.

- Various Social and Environmental Impact Assessments (SEIA) and SEIA Addendums (ERM, 2015-2017)
- Moyen-Bafing Chimpanzee Offset Feasibility Assessment (The Biodiversity Consultancy Ltd, 2017)
- Various Resettlement Action Plans (Prepared by Frédéric Giovannetti, 2015-2017)
- Independent Environmental and Social Consultant Reports (Rina Consulting, 2017-2018)
- Environmental and Social Management Plans and reports (GAC)

Applicable International Finance Corporation (IFC) Environmental and Social Standards used by EDC (in addition to host country requirements):

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