

Project Disclosure

Project: Djibouti Ship Repair Yard

1. **Client / Project name:** Djibouti Ship Repair Yard FZE.
2. **Origin (Region and Country):** Africa - Djibouti
3. **Sector:** Water & infrastructure
4. **Signing date (Date of the main transaction document):** 29 March 2023
5. **Insert the source of funding:** Core Capital
6. **Project Description**

The funding objective is the construction of a state-of-the-art ship repair yard to be located at the Port of Djibouti. The ship repair yard will be built by Dutch company Damen Shipyards Gorinchem B.V. (as Exporter). The buyer and Invest International's client is Djibouti Ship Repair FZE ("DSRY", the Borrower), which is a company located in Djibouti. The scope of the Project includes the construction of a large floating dry-dock for vessels up to 210 meters-long, workshops, tools and equipment to serve a broad variety of vessels, providing common vessel maintenance and repair services, such as surface treatment, metalworking and maintenance of equipment and machinery.

Invest International Capital (IIC) provided a long-term financing solution for the construction of the ship repair yard and its completion in Djibouti. The financing was structured on the back of an Export Credit Agency cover from Atradius Dutch State Business.

The transaction fits with the Invest International mandate to support Dutch solutions for global challenges, as, apart from supporting a Dutch Exporter, the project supports the Djibouti economy by improving essential infrastructure support services complementary to the existing port infrastructure.

7. Impact Rationale

This project will positively support the development of the Port of Djibouti and the local economy, thereby contributing significantly to SDG 8 (Decent work and Economic Growth). The Djibouti Ship Repair Yard (DSRY) project will create jobs in Djibouti, in Romania (where the floating dry-dock is built) and in The Netherlands (Damen project team of ~25-40 people). During Construction phase, 440 jobs are created in Djibouti and approximately 2,000 jobs are supported in Romania (Damen Mangalia Shipyard). During the project's Operational phase, approximately 1,925 jobs will be created in Djibouti (~350 direct jobs, ~525 indirect jobs and ~1,050 induced jobs). DSRY and Damen commits to prioritise the recruitment of young Djiboutians without diplomas who have difficulty accessing the labour market. Both organisations will establish good working conditions and terms of employment (such as provision of decent wages and benefits, reasonable hours of work, overtime arrangements and overtime compensation, and leave for illness, maternity, vacation or

holiday, amongst others). DSRY's impact performance will be reviewed and monitored by the Lenders independent E&S Advisor.

8. Environmental & Social Category:

The E&S category is A. This is based on high potential E&S risks for construction projects, and potential contextual and human rights impacts, both directly and indirectly. IFC PS 1 – 4 and 6 are triggered. PS 5 is not triggered because no land acquisition or resettlement will occur. PS 7 and PS 8 are not triggered because no indigenous peoples will be affected, as inhabited areas are far away from the project location and no fishing activities occur in the area. Key potential E&S risks include adverse working conditions, occupational health and safety issues both at construction and operation; pollution from air emissions (particularly dust concentrations and exhaust gases from vehicles, unpaved roads, machines and diesel engines), noise and hazardous wastes; discharge of wastewater, other wastes or hazardous substances into the sea could cause significant damage to coral reefs and aquatic fauna.

An Environmental and Social Impact Assessment (ESIA) was developed in line with IFC Performance Standards, EHS General Guidelines and Industry EHS Guidelines for Shipping as well as Ports & Harbors. Based on the ESIA, a detailed Environmental, Social Action Plan (ESAP) is developed to ensure proper mitigation of the potential risks. Damen and DSRY intend to implement and operate the ship repair yard according to ISO 14001 (Environmental Management) and 45001 (Occupational Health & Safety) standards. The repair yard will perform basic vessel maintenance. DSRY and Damen have sufficient E&S capacity to manage the project's E&S risks and have set up a multi-stakeholder E&S monitoring committee. Both organisations will address any contextual and project-related human rights issues by ensuring that the project adheres strictly to its human rights policy and the UN Guiding Principles on Human Rights. An independent E&S Advisor is hired to provide detailed periodic reviews and monitoring to the Lenders.