

SECTION I: NON-CONFIDENTIAL PROJECT INFORMATION

Host Country:	The Hashemite Kingdom of Jordan
Name of Borrower:	AES Levant, Psc.
Project Description:	The development, construction, and operation of a 240 MW tri-fueled electric power plant designed to meet peak demands (the “Project”) to be implemented under a Build, Own, and Operate concession with a 25-year power purchase agreement. The main fuel will be Heavy Fuel Oil, or as backup fuel distillate, with an option to burn natural gas when it becomes available. The Project will be adjacent to the existing site of the Amman East project and is owned by AES Corporation (“AES”) and Mitsui & Co. Ltd. (“Mitsui”). The Project structure is based on and substantially similar to the existing Amman East project, which was approved by the OPIC Board in January 2007 for a loan of \$70 million.
Proposed OPIC Loan:	Up to \$270 million
Total Project Costs:	Approximately \$360 million
U.S. Sponsor:	AES Corporation, Virginia
Foreign Sponsor:	Mitsui & Co. Ltd., Japan
Policy Review	
U.S. Economic Impact:	Since the Project will generate power for local consumption, it is not expected to have a negative impact on the U.S. economy or employment. With no U.S. procurement, this Project is expected to have a neutral impact on U.S. employment. The Project is expected to have a net negative five-year U.S. balance of payments impact.
Developmental Effects:	This Project will have a positive developmental impact on the host country, by strengthening the stability and supply of electricity in Jordan. Enhancing Jordan’s electricity generation capacity is a priority after the Arab Spring decreased the country’s ability to import gas from Egypt at below market rates. The investment will be used to construct and operate a 240MW power plant that will use heavy fuel oil as the main input, but the facility will have the option to burn distillate and natural gas. During construction and operation, the Project will create local jobs with benefits, and some staff will receive training outside of Jordan.
Environment:	Screening: This Project has been reviewed against OPIC’s categorical prohibitions and determined to be categorically eligible. The Project has been screened as Category A because its greenhouse gas emissions exceed 100,000 tons of CO _{2eq} per year.

Applicable Standards: OPIC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following Performance Standards:

PS1: Social and Environmental Assessment and Management Systems.

PS2: Labor and Working Conditions.

PS3: Pollution Prevention and Abatement.

PS4: Community Health, Safety and Security

PS 6: Biodiversity Conservation and Sustainable Natural Resource Management

PS 8: Cultural Heritage.

The Project site is leased from the Ministry of Finance/Department of Lands and Survey; therefore, no new land acquisition is required for the Project. No physical resettlement is necessary and there are no known adverse impacts on Indigenous Peoples. Therefore, P.S.'s 5, 7 are not triggered at this time.

Consistent with the requirements of PS 3 (Pollution Prevention and Abatement) the Project is required to meet applicable provisions of the 2007 IFC General Environmental Health and Safety Guidelines and the 2998 IFC Environmental, Health and Safety Guidelines for thermal power plants.

Although field studies and survey of relevant literature indicate that there are no significant cultural or historic assets or sites in the area of influence of the Project, chance find procedures aligned with the requirements of PS 8 (Cultural Heritage) are included in the Environmental and Social Management and Mitigation Plan.

Environmental and Social Risks: The major environmental and social issues associated with the Project are related to air quality, noise, biological or ecological issues associated with disturbance to the site, water supply, wastewater discharge, and the need for appropriate occupational health and safety measures to assure worker safety during construction and operation of the Project. Additionally, the facility will be located close to the Village of Al-Manakher and mitigation of impacts to nearby residences is an important consideration.

The plant will primarily run on heavy fuel oil, but is capable of

also operating on diesel fuel or natural gas. Air emissions will be controlled using appropriate technology for controlling nitrogen oxides (SCR) and low sulfur oil (less than 1%). Additionally, space has been left on site for the installation of additional sulfur control equipment (Flue Gas Desulfurization) should sulfur emissions be problematic once the facility is operating. Low ash content fuel (less than .05%) will be used to control particulate emissions. Greenhouse gas emissions will vary depending on the fuel used and the operating hours of the facility. Estimating conservatively, the CO_{2eq} emissions are likely to be between 300,000 tons annually (operating at 20% load) and 600,000 tons annually (operating at 40% load), but are most likely to be approximately 600,000 tons annually when operating at anticipated levels (40% load).

Modeling indicates that noise from the proposed power plant alone is within the recommended IFC guideline values; however, cumulative noise may exceed the guidelines at some receptors at the village. These exceedances are primarily due to a change in operating mode of the existing plant due to a change in fuel. The Project will be required to conduct a detailed noise study and provide a noise mitigation plan to address the issue.

Site disturbance is minimal. Water use is also minimal as engines do not require large quantities of water. Additionally, the Plant has a dry cooling system in place which minimizes its water needs. Both municipal and hazardous waste disposal facilities are available for the disposal of solid and hazardous wastes. The transmission line will connect via underground line to an existing substation and transmission line.

Fuel oil will be trucked to the power plant most likely from the port of Aqaba and is the responsibility of the utility company. Roads are good quality from the port to the site and safety measures are in place.

Risk Mitigation: The Project has not yet received its approval from the Jordanian environmental ministry; however, during due diligence the Ministry indicated all agencies involved in the review have commented and no major issues were identified. The Project will be required to provide OPIC with a more detailed noise monitoring and mitigation program. Additionally, the Project will provide OPIC with annual reports summarizing the Project's Environmental and Social Performance and demonstrating compliance with the IFC Performance Standards and industry specific guidelines. The Project will also be

	<p>required to conduct an independent third party audit to show compliance with environmental and social covenants and to develop an Occupational Health and Safety Plan for both the construction and operational phase of the Project.</p> <p>OPIC Site Visit: OPIC staff undertook an environmental and social due diligence site visit from June 26 to 28, 2012. Meetings were held with the Jordanian Ministries of Environment, Health and Water and with residents of the nearby village of Al- Manakher.</p> <p>Community Consultations: Public consultation meetings were held in Al-Manakher Village in August of 2010 to identify the concerns of the residents regarding the Project. It was attended by about 75 people, including the Deputy Parliament of the area, and the Chairman of Al-Manakher Village. Additionally, house to house meetings with people of the village were undertaken to explain the Project and its expected impacts and benefits and to independently solicit input from the female members of the community. Informal meetings are continuing between the Project team and the community and the development of a formal stakeholder engagement process is in progress.</p>
Workers Rights:	<p>OPIC’s statutorily required standard worker rights language will be supplemented with provisions concerning the right of association, organization and collective bargaining, hours of work, the timely payment of wages, minimum age, and hazardous work situations. Standard and supplemental contract language will be applied to all workers of the Project. The Project will be required to operate in a manner consistent with the requirements of the International Finance Corporation’s Performance Standard 2 on Labor and Working Conditions.</p> <p>OPIC will require its Independent Engineer to monitor and conduct a review of the Project’s performance against the OPIC Worker Rights Requirements. Such a review will be performed during the construction phase, focusing on the peak construction periods, which will last approximately 2 ½ months out of the total 17-month construction phase.</p>
Human Rights:	<p>OPIC issued a human rights clearance for this Project on May 30, 2012.</p>

