

PROJECT INFORMATION SUMMARY FOR THE PUBLIC

Host Country:	Zambia
Name of Insured Investor:	SilverStreet Private Equity Strategies Soparfi Sarl (the “Fund”)
Foreign Enterprise:	Silverlands Zambia Limited (“SZL”)
Project Description	<p>This project involves a \$28.2 million investment by the Fund into four farms in the Luwombwa Commercial Farm Block in the Serenje District of Zambia in Senior Chief Muchinda’s area. The project intends to consolidate the four farms into a single commercial entity. SZL aims to invest in irrigation and infrastructure as well as professionalize farming operations (the “Project”). The farms will primarily grow maize, soya, wheat and barley and will be used to rear cattle. The Fund is seeking joint OPIC and the Multilateral Investment Guarantee Agency (“MIGA”) political risk insurance on its equity and debt to cover expropriation, inconvertibility, and political violence. The total requested coverage for the investment is \$28.2 million, of which OPIC’s share is \$10.1 million and MIGA’s share is \$15.2 million. The Fund will bear the risk of loss for \$2.9 million, which is 10% of the total project cost of \$28.2 million.</p>
Primary Insurer:	Overseas Private Investment Corporation
Reinsurer:	Multilateral Investment Guarantee Agency
Total Project Cost:	\$28.2 million
Proposed OPIC Insurance Amount:	Up to \$10.1 million (net of reinsurance) for Inconvertibility, Expropriation, and Political Violence.
Developmental Effects:	<p>This Project is expected to have a highly developmental impact by integrating individual farms into a single, large-scale commercial grains farm in Zambia, and increasing domestic production of wheat, maize, barley and soybean crops. The Project is expected to help reduce Zambia’s dependence on food aid and imports, and introduce best husbandry practices and strong biosecurity standards to increase food security. Furthering the development impact, the Project will provide technical assistance and supply seeds and fertilizer to local farmers in partnership with the local government.</p>

<p>Environment:</p>	<p>SCREENING: The Project has been reviewed against OPIC’s categorical prohibitions and has been determined to be categorically eligible. The Project has been screened as Category B because impacts are site specific and readily mitigated. Key potential environmental and social risks and impacts include biodiversity impacts from land conversion and operation of commercial agriculture, water use and management, chemical and hazardous materials management, waste management, worker and community health and safety, and impacts to protected habitats.</p> <p>APPLICABLE STANDARDS: OPIC’s environmental and social due diligence indicated that SZL will have impacts that must be managed in a manner consistent with the following Performance Standards:</p> <p>P.S. 1: Assessment and Management of Environmental and Social Risks and Impacts; P.S. 2: Labor and Working Conditions; P.S. 3: Resource Efficiency and Pollution Prevention; P.S. 4: Community Health, Safety and Security; P.S. 5: Land Acquisition and Involuntary Resettlement; and P.S. 6: Biodiversity Conservation and Sustainable Management of Natural Resources.</p> <p>PS 7 is not triggered by SZL at this time because the presence of Indigenous Peoples and/or communities was not identified within the Project’s area of influence. No known archaeological, paleontological or cultural heritage sites were identified in the immediate area of SZL operations. A chance finds procedure consistent with the requirements of PS 8 will be required as part of SZL’s environmental and social management system.</p> <p>In accordance with the provisions of PS 3 the following sector-specific guidelines are applicable to SZL: IFC General Environmental, Health and Safety Guidelines (2007); IFC Environmental, Health and Safety Guidelines for Annual Crop Production; and IFC Environmental, Health and Safety Guidelines for Mammalian Livestock Production.</p>
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Host Country Requirements: An environmental and social impact assessment (“ESIA”) for large scale agriculture projects is required under Zambian Law. The ESIA for the Luwombwa Commercial Farm Block Agriculture Project was submitted to the Zambian Environmental Management Authorities (“ZEMA”) and approval was granted on March 4, 2015. The ESIA for the proposed Conversion of Usage from Forestry to Row Cropping was submitted to ZEMA and approval was granted on August 17, 2015.

ENVIRONMENTAL & SOCIAL RISKS:

The investment will be used to purchase 4 farms from private owners: Vundu, Venturas, Sichilima and Green Forestry Development (“GFD”). SZL plans to consolidate the farms into a single commercial farm and expand, professionalize and invest in further irrigation infrastructure on the farms, which will primarily grow corn, soy beans, wheat and barley, as well as rear cattle. The Project involves farm acquisition, land clearing, tilling, leveling and construction of irrigation systems to provide the necessary water required for crop production on 2,350 ha, using water sourced from the Luwombwa River. Areas closest to the River will be irrigated first to reduce CAPEX (piping) and pumping costs. A portion of the investment will also be used to construct other related infrastructure including staff housing, silos, workshops, cattle pens, fencing and access roads.

The Fund conducted environmental and social due diligence at Vundu, Venturas, Sichilima and GFD farms. Two ESIA’s, one that covers the Project on Vundu, Venturas, and Sichilima farms and one that covers the conversions of usage from forestry to row cropping on GFD, were completed and approved. Stakeholder consultation was undertaken as part of the ESIA process. Consultation occurred in August 2014 and March 2015.

RISK MITIGATION: As part of the ESIA’s for the Project, an Environmental and Social Management Plan (“ESMP”) was developed. The ESMP comprises risk identification and proposed mitigation measures related to environmental management, health and safety and emergency preparedness and response.

	<p>An Environmental, Social and Governance (“ESG”) Action Plan for Vundu, Venturas, Sichilima and GFD were developed as part of the Fund’s E&S due diligence process. In addition, to implement the ESG Action Plan and for overall management of E&S aspects during Project operations, the Fund, in conjunction with a third party environmental consulting firm, has developed an Environmental and Social Management System (“ESMS”) that will apply to SZL’s operations. OPIC will require some additional documents be added to the ESMS as risk mitigation measures, and that these elements be developed and submitted to OPIC for review and approval. Those documents include a Waste Management Plan, and Integrated Pest Management Strategy, Pesticide Management Plan, Resettlement Action Plan, and Biodiversity Conservation Plan.</p> <p>SZL has developed a Stakeholder Engagement Plan (“SEP”) and Grievance Mechanism. SZL will appoint a Community Liaison Officer (“CLO”) who will be appropriately trained to implement the SEP. The SEP outlines the roles and responsibilities of the CLO. SZL has started to engage with a local non-governmental organization, Musika, to identify areas of collaboration with regards to empowering farmers to benefit from the out grower scheme.</p> <p>Overall, the risks to biodiversity, water use management, chemical and hazardous materials management, waste management, worker and community health and safety, and protected habitats are not expected to be significant. OPIC will require monitoring as laid out in the ESIA’s recommendations, ESMP and EMP and include as part of the annual report results.</p>
Worker Rights	<p>OPIC’s statutorily required standard worker rights language will be supplemented with provisions concerning the rights of association, organization and collective bargaining, minimum age of employment, prohibition against the use of forced labor, non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. The Project will also 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, OPIC’s Environmental and Social Policy Statement and applicable local labor laws. Standard and supplemental contract language will be applied to all workers of the Project.</p>
Human Rights	<p>OPIC issued a human rights clearance for this project on January 8, 2016.</p>
U.S. Effects	

	<p>This Project is not expected to have a negative impact on the U.S. economy, as the Project's production is will be sold domestically, and Zambia is not a significant export market for U.S. grains. U.S. procurement of irrigation equipment is expected to have a positive impact on U.S. employment. The Project is expected to have a negative five-year U.S. balance of payments impact.</p>
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