

INFORMATION SUMMARY FOR THE PUBLIC

Host Country:	Botswana
Name of Borrower:	Trau Bros. (Pty) Ltd.
Project Description:	A revolving working capital loan for the expansion of a Botswana-based diamond cutting and polishing business.
Proposed OPIC Loan:	\$6 million
Total Project Costs:	\$8 million
U.S. Sponsor:	Botswana Finance LLC
Foreign Sponsor:	N/A
Policy Review	
U.S. Economic Impact:	The Project is not expected to have a negative impact on the U.S. economy. The Project involves the domestic development of diamond cutting and polishing by a DeBeers' sightholder with operations in Botswana. This company cuts and polishes diamonds in Namibia and Botswana, but does not conduct this work in the U.S. As such, there does not appear to be the potential for a significant negative impact on the U.S. economy. There is no U.S. procurement associated with this Project, and therefore the Project is expected to have a neutral impact on U.S. employment. The Project is expected to have a net positive impact on the U.S. balance of payments.
Developmental Effects:	This Project is expected to have a positive development impact by supporting efforts in Botswana to build the domestic diamond cutting and polishing industry. In the past, uncut diamonds were shipped from Botswana to the U.K. to be sold at DeBeers sightholders sales in London. However, the government of Botswana and DeBeers reached an agreement to shift the location of these sales to Gaborone. With this shift, this Project will provide credit to a DeBeers sightholder to purchase diamonds in Botswana, and cut and polish them at their local subsidiary. All resulting diamonds will be exported. In addition to supporting the local development of the diamond polishing industry, this Project will create new job opportunities in Botswana. The Project will help Botswana achieve UN Sustainable Development Goals #8 (Decent Work and Economic Growth). The Developmental Clearance was issued March 27, 2017.
Environment:	The Project has been reviewed against OPIC's categorical prohibitions and determined to be categorically eligible. Diamond cutting and polishing projects are screened as Category B Projects under OPIC's environmental and social policies. The major environmental and social issues associated with such Projects include worker health and safety and proper disposal of hazardous substances, effluents and solid waste. Under OPIC's Environmental and Social Policies, the Project is required to comply with applicable local laws and regulations related to environmental and social performance. OPIC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following International Finance Corporation (IFC) Performance Standards (PS): • PS 1: Assessment and Management of Environmental and Social Risks and Impacts;

	<ul style="list-style-type: none"> • PS 2: Labor and Working Conditions; • PS 3: Resource Efficiency and Pollution Preventions; and • PS 4: Community Health, Safety and Security. <p>The Foreign Enterprise is an existing facility that is located on an industrial plot in Gaborone, Botswana. No new land will be cleared for the Project and the Project’s facilities are not located in or near protected areas or sensitive ecosystems. Therefore, PS 6 is not triggered at this time. The Project is also subject to the IFC General EHS Guidelines (2007). The Project is expected to have minimal greenhouse gas emissions. Trau is compliant with the De Beers Best Practice Principles (BPP). De Beers’ oversight program aims to ensure best practices for human rights, labor and environmental sustainability throughout the diamond supply chain. Trau is Kimberly Process certified.</p> <p>Trau has developed a Best Principles Practice and Health and Safety Manual that incorporates elements required by De Beers BPP such as an environmental, health and safety policies and procedures for environmental, health and safety aspects including first aid, firefighting, evacuation, accident and incident reporting, workplace hygiene and emergency preparedness. In addition, organizational responsibilities for HSE aspects are outlined in the Health and Safety Manual.</p> <p>Trau uses household acetone, alcohol and borax in small quantities, which evaporate and therefore no spent chemicals are generated. The facility is connected to the municipal water and wastewater system and the Botswana Power Corporation. Solid wastes are collected by the municipality. An Environmental Clearance was issued on March 3, 2017.</p>
Social Assessment:	<p>The Project will be required to operate in a manner consistent with the International Finance Corporation’s Performance Standards, OPIC’s Environmental and Social Policy Statement and applicable local laws. OPIC’s statutorily required 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. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers.</p> <p>This Project involves a revolving loan facility for Trau Bros Diamonds Botswana to purchase, cut and polish diamonds in Botswana for export. The Project has developed and implemented an ESMS that addresses social risk, including labor, commensurate with the risks associated with gemstone processing in Botswana. The Project Company is subject to independent audits of compliance with supply chain, environmental, and labor requirements established by De Beers.</p> <p>This review covers the commensurate human rights risks associated with gemstone cutting and polishing in Botswana.</p> <p>A Social Clearance was issued on march 31, 2017.</p>