

Non-business Confidential Project Summary

Host Country	Kenya
Name of Borrower:	Kipeto Energy Limited
Project Description:	Construction and operation of a 100 MW wind power project located in Kajiado, Kenya. Kenya's lack of power generation capacity is severely affecting its economic growth. This Project will help Kenya move towards its target of an additional 5,000 MW of generation capacity by 2016, of which 2,000 MW are expected to be from renewable sources.
Proposed OPIC Loan:	Up to \$232,560,000 for a term of approximately 17.5 years.
Total Project Costs:	Approximately \$323,000,000.
U.S. Sponsor:	General Electric Company (New York)
Foreign Sponsor:	African Infrastructure Investment Fund 2 (Mauritius); African Infrastructure Investment Fund 2 Partnership (South Africa); International Finance Corporation; Craftskills Wind Energy International (Kenya)
Policy Review	
U.S. Economic Impact:	The Project is not expected to have a negative impact on the U.S. economy, as it involves the construction and operation of a wind power farm in Kenya. There is no U.S. procurement associated with this Project. Thus, the 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 Kenya, with the development, construction and operation of one of the first utility scale wind farms in the country. Kenya's heavy reliance on hydropower has made the country susceptible to energy shortages during droughts. . This Project is part of a larger effort by the Kenyan government to diversify its sources away from hydropower and increase its renewable energy capacity.
Environment:	Screening: The project has been reviewed against OPIC's categorical prohibitions and determined to be categorically eligible. The Project is screened as Category A because the Project represents a large greenfield wind development project with the potential for significant impacts to Indigenous Peoples, is located in a migratory flyway, and could have significant

	<p>adverse environmental and social impacts that are diverse and irreversible. The major environmental and social concerns related to the project include its potential impacts on resident and migrating birds and bats, potential for significant habitat alteration, visual and noise impacts, appropriate management of land acquisition and disturbance, and the potential for significant disturbance to the lifestyle and cultural practices of Maasai households.</p> <p>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:</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. 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; P.S. 7: Indigenous Peoples; P.S. 8: Cultural Heritage.</p> <p>Performance Standard 5 is not triggered by the project because the borrower represents that they do not have the ability to resort to expropriation for project-related land acquisition. As such, land acquisition or any resettlement taking place as part of the project is voluntary and the product of negotiated settlements. However, due to the sensitivity of the affected population, OPIC is requiring all land acquisition policies and processes be captured in a plan that demonstrates compliance with the requirements of PS 5.</p> <p>In addition to the Performance Standards listed above, the IFC’s April 30, 2007 Environmental, Health, and Safety (EHS) Guidelines for Wind Energy and the IFC’s April 30, 2007 Environmental, Health, and Safety General Guidelines are applicable to this project.</p> <p>Environmental and Social Risks: The project involves construction and operation of a 100 MW wind power generation facility in Kenya. The project will consist of 60 General Electric (GE) 1.7-103 model wind turbines which will be located on a 70km² site located about 18 kilometers northwest of the town of Kajiado, Kenya and about 70 kilometers southwest of Nairobi.</p>
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	<p>Environmental and Social and Impact Assessments (ESIA) were conducted for the wind farm and transmission line. Supplemental studies were performed to assure the documents conform to the requirements of the IFC Performance Standards.</p> <p>The wind farm site and transmission line are primarily open grass land, with bush and woodland near to or in the valleys. The diversity of plants is high only in the southeastern portion of the transmission line. The only species of important conservation value is the sandalwood tree, which is locally endangered. Construction will not occur within 500 meters of a sandalwood tree. Solid and liquid wastes will be segregated and stored in accordance with their classification and physical properties. Solid Waste will be removed by a licensed waste carrier and hazardous materials by licensed parties specifically certified to handle hazardous materials.</p> <p>Water will be supplied either through boreholes or will be delivered to the site. It will be tested prior to being provided as drinking water to assure it is compliant with international drinking water standards. The project is expected to avoid 254,125 tons of CO₂ annually. The wind farm is not anticipated to have a negative visual impact given its distance from major population centers.</p> <p>On-site bird surveys were conducted during several years both on site and along the transmission line corridor during spring and fall migrations. While the project area has a very diverse bird population, most species occur in low densities and are mostly classified as Least Concern according to the IUCN Red List. The project area is an important kestrel migration and foraging area, though areas of kestrel concentration have been defined and the turbine layout has been developed so as to avoid locations where these birds are concentrated. A number of bat species and bat roosting areas have also been identified on site and along the transmission line corridor. Again, none of these species are listed as conservation concern on the IUCN Red List. Nonetheless, given the high diversity of bird and bat life, the project will be required to have a rigorous bird and bat monitoring program in place once the facility is operational. The monitoring plan will include required mitigation measures, including reduced operations of turbines during the migratory season, should excessive bird or bat strikes occur.</p> <p>Risk Mitigation: An Environmental and Social Management System has yet to be finalized for the project, but will be</p>
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	<p>required. Environmental Management Plans have been developed for both the wind farm and transmission line by the developer, but still contain gaps which will be addressed in an Environmental and Social Action Plan (ESAP). Additional studies will be required as part of the ESAP including an Emergency Response Plan, Occupational Health and Safety Plan, Bird Monitoring Plan, Transportation and Traffic Management Plan, a Worker Accommodation Plan, a Water Management Plan, a Solid waste management plan, an Influx Management Plan, and a revised Stakeholder Engagement Plan.</p> <p>OPIC Disclosure and Site Visit: The project’s ESIA was posted on OPIC’s web site for a 60 day comment period, from October 1, 2013 to December 1, 2013. OPIC did not receive any comments.</p> <p>OPIC staff also undertook an environmental and social due diligence site visit from April 22 through April 25, 2013. The due diligence visit involved site visits to the wind farm site and the transmission line route, meetings with the affected communities, meetings with government officials, National Museum of Kenya staff conducting the bird studies and Bird Life International.</p>
<p>Worker Rights:</p>	<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 for employment, hours of work, the timely payment of wages 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 International Finance Corporation’s Performance Standard 2 on Labor and Working Conditions.</p>
<p>Human Rights:</p>	<p>OPIC issued a human rights clearance for this project on November 26, 2014.</p>