

## INFORMATION SUMMARY FOR THE PUBLIC

Host Country:	Tanzania
Name of Borrower:	Kilombero Plantations Limited, a Tanzanian company limited by shares.
Project Description:	The project entails the expansion of existing rice production at Mngeta Farm in the Kilombero Valley of southern Tanzania primarily through the installation of overhead center-pivot irrigation systems, the purchase of additional field and processing equipment, upgrades to a mini-hydro plant and the construction of two new rice-husk gasification units to provide captive power to the farm (the "Project").
Proposed OPIC Loan:	\$20,000,000
Total Project Costs:	\$30,200,000
U.S. Sponsor:	Pacific Sequoia Holdings, a limited liability company formed in Delaware.
Foreign Sponsors:	Norfund - the Norwegian Investment Fund for Developing Countries - a governmental authority established by the Norwegian Parliament in 1997 which serves as an instrument in Norwegian development policy and the Africa Agriculture Development Company Limited, a company registered in the United Kingdom.
<b>Policy Review</b>	
U.S. Economic Impact:	The Project is not expected to have a negative impact on the U.S. economy, as Tanzania, Rwanda, Burundi, Kenya and Uganda are insignificant destinations for U.S. rice, mungbean and maize exports. U.S. procurement associated with the Project is expected to have a positive 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 Tanzania through the expansion of a large scale rice, mungbean and maize farm that is owned by a public private partnership. The Project will help improve food security by increasing the supply of rice, which is an important food staple in Africa. In 2010-11, about 730,000 households in Tanzania, or one of every twelve, were considered vulnerable to food insecurity, and one third faced a situation in which there was not enough food to feed the household. The Project is expected to create over 150 permanent local jobs. The Borrower will utilize renewable energy through its rice husk biomass facilities and will improve its crop yields through center pivot irrigation technology which is uncommon to the host country. The Borrower supports the local community through charitable donations to a health center and provides extensive technical assistance to smallholders producing rice. The Project is expected to generate foreign exchange earnings through exports to African countries. The Project aligns with USAID's development objective in Tanzania to sustain inclusive broad-based economic growth through increasing agricultural productivity and profitability in target value chains such as rice.

<p>Environment:</p>	<p><u>Screening:</u> The Project has been reviewed against OPIC’s categorical prohibitions and has been determined to be categorically eligible. Agricultural projects that do not involve intensification or conversion of previously undisturbed land are screened as Category B projects under OPIC’s environmental and social policies. The major environmental and social issues associated with agricultural projects include fertilizer and pesticide use, runoff to nearby wetlands and surface water, water use and downstream impacts on wetlands, risks associated with processing and storage of grain, community health and safety concerns related to potential exposure to pesticide spray drift, and worker accommodations. Legacy impacts associated with resettlement which occurred in 2010 are also of concern.</p> <p><u>Applicable Standards:</u> 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; and  P.S. 5: Land Acquisition and Involuntary Resettlement; and  P.S. 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.</p> <p>PS 7 is not triggered by the Project at this time because the presence of Indigenous Peoples and/or communities were not identified within the existing footprint of the Borrower’s operations. No known archaeological, paleontological or cultural heritage sites were identified in the immediate area of the Borrower’s operations.</p> <p>In accordance with the provisions of PS 3 the following sector-specific guidelines are applicable to the Project: IFC General Environmental, Health and Safety Guidelines (2007) and IFC Environmental, Health and Safety Guidelines for Annual Crop Production.</p> <p><u>Environmental &amp; Social Risks and Risk Mitigation:</u> The Project has an environmental and social management system in place. The management system establishes procedures and goals for addressing the major risks of the project including wildlife protection, water conservation, occupational health and safety, community relations, integrated pest management, soil management and conservation and integrated waste management. An Environmental and Social Impact Assessment was prepared on the irrigation expansion and approved by the Tanzanian National Management Council in 2014. The ESIA includes an approved Environmental and Social Management</p>
---------------------	---

	<p>Plan that identifies required mitigation, standards and target levels that must be achieved and responsible parties for implementing the required mitigation.</p> <p>The Project will reduce the farm’s reliance on the use of diesel fuel for the production of electricity by increasing the power generated by the hydroelectric facility and new power generation capacity through the combustion of rice husks. The estimated power requirement of the Project is projected to be approximately 3 MW. The hydroelectric and husk gasifier units are expected to generate a combined 2.3 MW, leaving a power shortfall of 680 kW which must be supplied using diesel (primarily during September and October when water levels are low). Based on the projected diesel use the estimated GHG emissions from the Project should be less than 5000 tons CO<sub>2</sub>e/year.</p> <p>The Project will withdraw an additional 26.5 million m<sup>3</sup>/year from the Mngeta River. An independent evaluation confirmed the permit requirement of a minimum environmental flow of 1 m<sup>3</sup>/sec is sufficient to maintain biodiversity and ecosystem services in the river, which has seasonal fluctuations in flow. During periods of lowest flow (September – November) this environmental flow represents 66 percent of the mean monthly flow. The Project is required to monitor flows and reduce withdrawals as necessary during drought conditions.</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, communication of terms and conditions of work, minimum age, hours of work, the timely payment of wages, minimum wage requirements and hazardous work situations. 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. Standard and supplemental contract language will be applied to all workers engaged by the Project.</p> <p>The Project employs 278 permanent workers, 193 of which are low-skilled. There are also 429 seasonal workers and 800 casual workers hired each year. The Project will also hire approximately 37 professional/technical workers through subcontractors for construction activities.</p> <p>The Project will be required to extend the project-level grievance mechanism to casual workers, consistent with IFC Performance Standard 2.</p>
Human Rights:	OPIC issued a human rights clearance for this Project on June 11, 2015.