

Host Country:	Zambia
Name of Insured Investor:	SilverStreet Private Equity Strategies Soparfi Sarl (“the Fund”)
Foreign Enterprise:	Silverlands Ranching Limited
Project Description	The project involves a \$30 million investment by the Fund into a ranch in Zimba, Zambia that produces beef and some crops, through a special purpose investment vehicle, Silverlands Ranching Limited. The proceeds of the investment will be used to enlarge the current cattle herd, build a dam, and add irrigation. 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 \$27 million, of which OPIC’s share is \$10.8 million and MIGA’s share is \$16.2 million.
Primary Insurer:	Overseas Private Investment Corporation
Reinsurer:	Multilateral Investment Guarantee Agency
Total Project Cost:	\$30 million
Proposed OPIC Insurance Amount:	Up to \$10.8 million (net of reinsurance) for Inconvertibility, Expropriation, and Political Violence.
Developmental Effects:	This project will have a positive developmental impact on Zambia by expanding a local cattle ranch. The project will increase domestic production of crops and beef, helping to reduce Zambia’s dependence on food aid and food imports from external sources. By investing in new agricultural infrastructure, the project will improve efficiency and increase productivity in the sector. The project will increase the size of the ranch’s herd by improving the health and productivity of the herd through better veterinary care and nutrition. The project will provide technical assistance to small-scale cattle farmers in the vicinity of the ranch, which will have a significant impact on Zambia’s overall production. Finally, the project will have significant human capacity building impacts by creating dozens of new local jobs in a low-income country.
Environment:	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 the irrigation dam (e.g., flow patterns and impacts on fish and other aquatic species), biosecurity issues related to disposal of carcasses and manure, wastewater management, water use, hazardous materials management, and worker and community health and safety.

APPLICABLE STANDARDS: OPIC’s environmental and social due diligence indicates that the Foreign Enterprise will have impacts that must be managed in a manner consistent with the following Performance Standards:

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. 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

Land for SRL’s operation was acquired through a willing seller-willing buyer transaction and the Foreign Enterprise will not result in any involuntary resettlement or economic displacement. P.S. 5 (Involuntary Resettlement and Land Acquisition) is not triggered at this time. PS 7 is not triggered by the Foreign Enterprise at this time because the presence of Indigenous Peoples and/or communities were not identified within the existing footprint of SRL operations. No known archaeological, paleontological or cultural heritage sites were identified in the immediate area of SRL operations. A chance finds procedure consistent with the requirements of PS 8 will be required as part of SRL’s environmental and social management system.

In accordance with the provisions of PS 3 the following sector-specific guidelines are applicable to the Foreign Enterprise: IFC General Environmental, Health and Safety Guidelines (2007); IFC Environmental, Health and Safety Guidelines for Annual Crop Production; IFC Environmental, Health and Safety Guidelines for Mammalian Livestock Production; and IFC Environmental, Health and Safety Guidelines for Construction Materials Extraction.

ENVIRONMENTAL & SOCIAL RISKS: The investment involves purchasing the assets of two existing ranches/farms, Foresythe cattle ranch and Happy Rest farm, expansion of existing ranching/agricultural activities at the ranches/farms and construction of an irrigation dam on the Luezi River (the “Project”).

The Fund conducted environmental and social due diligence on both Forsythe Estates and Happy Rest Farm. An EIA was conducted in July 2013 for the proposed dam on the Luezi River by a third party consultant. Stakeholder consultation was undertaken as part of the EIA process for dam construction. Consultation occurred from January 2013 through May 2013.

In addition, at OPIC's request the Fund commissioned additional assessments and analyses including a dam break analysis for the dam and a supplemental environmental and social impact assessment to address outstanding questions with respect to the dam's potential impacts to downstream hydrology and aquatic biodiversity. Potential impacts from the dam during operation include altered hydrology, morphology and water quality, and formation of sediment deposits.

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

An Environmental, Social and Governance (ESG) Action Plan for Forsythe and Happy Rest 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 SRL's operations. The ESMS that has been developed is missing organizational capacity and procedures related to waste management and integrated pest management. OPIC will require that these missing elements be developed and submitted to OPIC for review and approval.

	<p>SRL has developed a Stakeholder Engagement Plan (SEP) and Grievance Mechanism. SRL 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. SRL has initiated an outreach program with a local NGO, Musika, with the aim of supporting local smallholder cattle rearing by improving access to veterinary care, improved nutrition, and genetics. SRL have employed three livestock technicians to work with the local communities neighboring the Project to identify sites where service provision can be aggregated. With respect to work with smallholders, OPIC will require that SRL provide additional information regarding how the cattle outreach program will be implemented.</p> <p>Overall, the risks to biodiversity, hydrology and hydrogeology from the irrigation dam are not expected to be significant given the flow in the river is intermittent, that the aquatic sampling that was conducted turned up little in terms of aquatic biology and there were no identified downstream water users. OPIC will require monitoring as laid out in the EIA’s recommendations, ESMP and EMP and include as part of the annual report results from monitoring. OPIC will require that the Insured develop and implement an adaptive Ecological Flow Management and Aquatic Monitoring Plan to assure that the ecological flow is sufficient to maintain viability of the aquatic habitat in line with PS6. This should include the ability to increase downstream flow manually to increase water releases if needed as is stated in the ESMP.</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, minimum age, hours of work, the timely payment of wages, 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>
Human Rights	<p>OPIC issued a human rights clearance for this project on April 21, 2014.</p>
U.S. Effects	<p>The project is not expected to have a negative impact on the U.S. economy because the project is expected to sell all of its output on the domestic market, which is not a U.S. export market. Initial U.S. procurement for the purchase 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>