

Host Country:	Tanzania
Name of Borrower:	KMRI Asset Company Tanzania Limited
Project Description:	Development, construction and operation of two biomass distributed generation plants in rural Tanzania.
Proposed OPIC Loan:	A loan facility in a principal amount not to exceed \$13,350,000.
Total Project Costs:	Total anticipated project costs of \$17,800,000.
U.S. Sponsor:	KMR Infrastructure LLC.
Foreign Sponsor:	None
<b>Policy Review</b>	
U.S. Economic Impact:	The project is not expected to have a negative impact on the U.S. economy. There is expected to be U.S. procurement associated with the construction and operation of the biomass plants, which is expected to have a small but positive impact on U.S. employment. The project will have a net positive five-year U.S. balance of payments impact.
Developmental Effects:	This project is expected to be highly developmental for the people and economy of Tanzania with the construction and operation of a small scale renewable energy power project. Tanzania is one of the world's most undersupplied electricity markets, with per capita power consumption below 300kwh/person and distribution lagging well behind demand. The proposed two small-scale biomass power plants will displace diesel usage with green energy in underserved and unserved rural markets, and also offer new revenue opportunities to local landowners through fuel supply arrangements. The project will use an innovative and scalable model for power generation that is decentralized from Tanzania's primary grid. The plants will produce power that is cheaper than diesel and will be the first power project in the country using bamboo as a power source, which will create new market opportunities for local farmers.
Environment:	Screening: Construction and operation of biomass-fueled power plants are screened as Category B projects under OPIC's environmental and social guidelines because impacts are site specific and readily mitigated. The primary environmental and social concerns related to this Project are air emissions, ash disposal, wastewater discharges, fire safety, occupational health and safety, and community safety. The Project will set-up two power plants, a plant with a 4 mega Watts (MW) electricity generating capacity at Kigoma and another one with a 1 MW capacity at Tunduru (Tanzania).

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 International Finance Corporation's (IFC) 2012 Performance Standards (PS):

PS1: Assessment and Management of Environmental and Social Risks and Impacts

PS2: Labor and Working Conditions

PS3: Resource Efficiency and Pollution Prevention

PS4: Community Health, Safety, and Security

At Tunduru, the Project was allocated a vacant plot of land by the Government. At Kigoma, the Project will acquire land from 10 small farmers at prevailing market rates. Therefore, IFC's Performance Standard 5: Land Acquisition and Involuntary Resettlement has not been triggered. The Project will be located in developed rural areas where issues associated with PS 6: Biodiversity Conservation and Sustainable Natural Resource Management are not significant. There are no Indigenous Peoples in the Project's area of influence at both sites and there are no Cultural Heritage issues recorded to date. Thus, Performance Standards 6, 7, and 8 have also not been triggered.

Consistent with the requirements of Performance Standards, IFC's Environmental, Health, and Safety (EHS) General Guidelines (April 30, 2007) are also applicable to the Project.

The combustion of biomass is considered to be carbon neutral because the fuel is biological in origin. Hence, the Project does not have significant greenhouse gas emissions.

**Key Environmental and Social Risks and Mitigation:** The Project will be designed and operated in compliance with IFC's Performance Standards and Guidelines, National Fire Protection Association's (NFPA) codes (or their international equivalent), and in accordance with the local regulations. The Borrower will implement its Corporate Environmental and Social Management System and ensure that the Project's environmental and social performance is acceptable. Construction will be performed by trained and licensed personnel. Employees will also be trained on safety and environmental and social management. Communities will continue to be engaged to ensure that impacts on them are minimized and their grievances properly addressed. Air emissions will comply with the IFC's General EHS

	<p>Guidelines and wastewaters will be treated to comply with IFC's Guidelines prior to their discharge to surface water. Ash will be used as a soil conditioning material as there are no detectable metals present. In addition, the Borrower will be required to develop and implement a detailed Fire Safety Plan. The Borrower will adopt detailed procedures relating to fire safety for the facilities' operations. An Independent Engineer will verify the Project's compliance with the IFC's General EHS Guidelines.</p>
Workers 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 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>
Human Rights:	<p>OPIC issued a human rights clearance for this Project on May 1, 2013.</p>