

FINAL PROJECT SUMMARY

SCREENING: The Foreign Enterprise has been reviewed against OPIC's categorical prohibitions and has been determined to be categorically eligible. The Foreign Enterprise has been screened as Category A because the Foreign Enterprise involves the establishment of the installation for the intensive rearing of poultry. Key environmental and social risks and impacts include disposal of carcasses, manure and wastewater management, contamination of surface and ground water, soil erosion, pesticide use and management, hazardous materials management, energy and water use and resource conservation, air emissions, transmission of communicable disease, odor and pest nuisance impacts, occupational health and safety, worker accommodations and conversion of natural habitat.

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. The Fund has indicated that the only future land acquisition envisioned at this time is property to establish a hatchery in Dar es Salaam; that land will be acquired under a willing seller- willing buyer arrangement.

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. The Iringa District has many archaeological and fossil traces dating to the Stone Age. The closest identified site (Ismila) is located approximately 5 km from Makota Farms. A chance finds procedure consistent with the requirements of PS 8 will be required as part of STL'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 Poultry Production.

ENVIRONMENTAL & SOCIAL RISKS: The investment involves purchasing the assets of two existing agribusinesses and integration as two divisions into a new, wholly owned corporation in Tanzania (STL). The two divisions are: Poultry and Feed (Makota Farm) and Cropping and Livestock (Selous Farm Limited assets (Ifunda Farm, Iganga Hill and Makete)).

Development of the stock feed component initially involves the installation of a small feed mill with pelleting capacity of 5 tons/hour. A larger feed mill (20 tons/hour) is expected to be installed in 2015. Initial grain storage will consist of two 2,200 ton steel silos, with plans to add an additional 10 silos as the business grows. To support the poultry feed operations a 22 m long, 80 ton weighbridge will be installed. The commercial layer operation consist of rearing farms, layer farms and a packing station with 30,000 tray/week capacity. Capacity will be phased in as market demand increases and eventually STL will establish 18 rearing houses and 42 laying houses.

Development of the Selous Farm assets will involve increasing the number of hectares under irrigation, improving infrastructure and mechanization and improving staff conditions, facilities and training programs.

The Investor commissioned an ESIA study (February 2014) on the integrated poultry operation at Makota Farm in accordance with Tanzanian requirements. The Investor also commissioned an audit of operations at Ifunda and Iganga Hill Farms prior to acquisition. The audit and ESIA findings identified the need to strengthen Environmental and Social Management Systems, including Occupations Health and Safety Management, biosecurity protocols, and animal waste management.

At OPIC's request the Investor commissioned a rapid biological assessment of two wetland areas located on Ifunda. The wetlands were found to be in good condition and serving as avian habitat, but generally were too small to attract significant populations of waterfowl and migratory birds.

Development of the integrated poultry operations will involve a limited conversion of a small amount of land. On the 309 ha Makota site, approximately 18 percent of the land is already disturbed and many of the poultry operations structures will be placed on previously disturbed land. Poultry operations only require 30 ha or approximately 10% of the total land area. All vegetation located on the site are common and widespread species. No large mammals are found on the site because the area has been under cultivation for more than 10 years. Site investigations indicate that it is rich in avian biodiversity, in part because of the wide variety of habitat types found on the site. However none of the species found on the site are classified as globally threatened or endangered.

No expansion of land under cultivation is planned on Selous Farms. Development plans at Ifunda and Iganga Hill are focused on increasing yields. The Investor will convert 117 ha used for dry land farming to irrigated acres. There are no plans to increase dry land acreage.

RISK MITIGATION: As a result of ESIA and audit findings, the Investor has developed an Environmental and Social Management System (ESMS) that will apply to both divisions of STL's operations. The ESMS is expected to be adopted by the STL Board in mid-October 2014. The ESMS will include environment, health and safety procedures, including a communications and training plan; a human resource policy and handbook; provision of adequate staff housing, cooking and sanitation facilities; requirements with respect to appropriate and sufficient protective gear; and the need to develop a formal process to engage on a regular basis with local communities. Specific code requirements have also been identified to address issues related to animal welfare and animal disease control. An Action Plan has been developed to complete required actions to conform to the ESMS.

PUBLIC DISCLOSURE & CONSULTATION: The Environmental and Social Impact Assessment on Makota Farms was posted on OPIC's web site for a 60 day public comment period, from May 28 to July 28, 2014. No comments were received. Prior to issuance of the insurance coverage, OPIC is required to issue a host country notification.

A site visit was conducted in April 2014. During the site visit OPIC met with representatives of communities near Makota and Makete Farms. In addition, OPIC interviewed several employees that work at Ifunda Farm.

Representatives from the Ihemi community (near Makota and Ifunda) expressed their support for the Foreign Enterprise and indicated that they have no complaints. The Chairman of the village near Makete indicated that there were no problems or disagreements to report and that the relationship between the farm and the village is very good.

Preparers of the ESIA for Makota consulted with the following government groups: Ministry of Livestock and Fisheries Development; Ministry of Agriculture, Food Security and Cooperatives; Ministry of Industry and Trade; Veterinary Investigation Centre (Iringa); Tanzania Food and Drugs Authority; Occupational Health and Safety Authority; Rufiji Water Basin Office; Iringa Rural Agricultural Advisor; and the Iringa District Council. The following community based organizations were consulted: One Acre Fund; Southern Highlands Livestock Development Association of Tanzania; Tanzania Chamber of Commerce and Agriculture; Tanzania Grass Roots Development; and various farmers and livestock cooperatives in the area. Meetings were held with the following villages: Ihemi, Tanangozi, Kaning'ombe and Makota.