

NON-CONFIDENTIAL PROJECT INFORMATION

Host Country:	Kenya
Borrower:	Special Purpose Vehicle incorporated in Cayman Islands with operations in Kenya
Project Description:	Support of geothermal energy facility in Kenya
Proposed OPIC Loan:	Up to \$310 million
Total Project Costs:	Approximately \$413 million
U.S. Sponsor:	U.S. company that specializes in geothermal energy
Foreign Sponsor:	N.A.
Policy Review	
U.S. Economic Impact:	This investment will be used for the expansion of an existing geothermal power plant in Kenya, through the doubling in capacity from approximately 50 MW to up to 100 MW. All new capacity will be distributed to the national grid and not dedicated to any one industry or sector. U.S. procurement associated with this project is expected to have a positive impact on U.S. employment. The project is expected to have a net negative impact on the U.S. balance of payments over the first five years.
Developmental Effects:	This project will have a positive development impact on the host country through the doubling in capacity of an existing geothermal power plant in Kenya. This new capacity will supply the national grid through a PPA with the national electric utility. All new staff hired for the site will receive training, some of which will take place outside the host country.
Environment:	Screening: The project has been reviewed against OPIC's environmental and social policies, including those related to projects in or impacting internationally recognized protected areas, and determined to be categorically eligible. The project is physically located within the established boundaries of Hell's Gate National Park (IUCN Category II). Under OPIC's Environmental and Social Policies, extraction or infrastructure projects in or impacting protected area Categories I, II, III, and IV are not eligible for OPIC support unless it can be demonstrated through an environmental assessment that the project (i) will not result in the degradation of the protected area and (ii) will produce positive environmental and social benefits. Ten environmental assessments on geothermal development in Hell's Gate National Park (undertaken between 1994 and 2010) have demonstrated that geothermal development does not result in degradation of the park and that tourism, wildlife management

and geothermal development can compatibly co-exist in the same area. The project is expected to result in positive environmental and social benefits including a reduction in Kenya's reliance on expensive and polluting fossil fuels for power production and continuing support for education and health in neighboring Maasai communities.

The project has been screened as Category B because potential impacts are site specific and can be effectively mitigated through the application of industry best practices and compliance with the applicable standards.

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:

PS 1: Social and Environmental Assessment and Management Systems;

PS 2: Labor and Working Conditions;

PS 3: Pollution Prevention and Abatement;

PS 4: Community Health, Safety and Security;

PS 6: Biodiversity Conservation and Sustainable Natural Resource Management; and

PS 7: Indigenous Peoples.

The project does not require any new land acquisition. Previous surveys have not identified any physical cultural heritage at the project site. Therefore it is not anticipated at this time that PS 5 or PS 8 will be triggered by the project.

Consistent with the requirements of PS 3 (Pollution Prevention and Abatement) the project is required to meet applicable provisions of the IFC General Environmental Health and Safety Guideline and IFC's Environmental, Health, and Safety Guidelines for Geothermal Power Generation.

Environmental & Social Risks: The major environmental and social risks that have been identified in the environmental and social assessment process include: potential adverse impacts on flora and fauna within the park, including conversion of natural habitat during construction; noise pollution; degradation of air quality related to dust and hydrogen sulfide; increased water withdrawals from Lake Naivasha; impacts associated with the discharge of wastewater from drilling and power production operations; and visual impacts.

	<p>The project will require only a small amount of additional land (5.76 hectares) for the installation of the new power units. Other project-related activities will take place on existing roads, well pads and steam pipeline routes. Based on findings during due diligence, the project has been very successful in minimizing impacts on wildlife habitat and closely coordinates all activities with park managers. Topography surrounding the project location serves to attenuate noise and vibration associated with project activities. Recent noise audits indicate that noise levels return to background a short distance outside the perimeter fence. Long-term monitoring of hydrogen sulfide concentrations at various locations on the power plant site confirm that concentrations are below the level of concern for human health and that vegetation in the vicinity show no adverse impact. The project does not discharge brine. Spent geothermal fluids are re-injected. The project was designed to minimize visual impacts. Buildings are low profile, the project does not emit large steam plumes, steam piping is covered in green cladding and steam pipeline and transmission line right-of-way are re-vegetated with endemic species.</p> <p>The nearest indigenous Maasai community is located several kilometers away from the Project site. Although the Project does not directly impact the community, the Project does provide significant support to the community, including construction of an elementary school and payment of teachers' salaries. The Project frequently consults with the Maasai community regarding Project activities and community development.</p> <p>Environmental and Social Risk Mitigation: The project is expected to meet the Applicable Standards. An annual environmental audit process offers an opportunity for continuous improvement in environmental and social performance. OPIC will require that the project continue to operate in accordance with its environmental management plan and the environmental management agreement with Hell's Gate National Park.</p>
Workers Rights:	<p>The project already implements the International Finance Corporation's ("IFC") Performance Standards and will be required by OPIC to continue to operate in a manner consistent with the requirements of IFC's Performance Standard 2 on Labor and Working Conditions.</p> <p>OPIC's statutorily required standard worker rights language will also be supplemented with provisions concerning the right of association, organization and collective bargaining, hours of</p>

	work, the timely payment of wages, minimum age for employment and hazardous working situations. Standard and supplemental contract language will be applied to all workers of the project.
Human Rights:	OPIC issued a human rights clearance for the project on August 17, 2011.