

INFORMATION SUMMARY FOR THE PUBLIC

Host Country:	Botswana
Name of Borrower:	KGK Diamonds
Project Description:	A revolving working capital loan for the expansion of a Botswana-based diamond cutting and polishing business.
Proposed OPIC Loan:	\$11.25 million
Total Project Costs:	\$15 million
U.S. Sponsor:	Botswana Finance LLC
Foreign Sponsor:	N/A
Policy Review	
U.S. Economic Impact:	The Project is not expected to have a negative impact on the U.S. economy. The Project involves the domestic development of diamond cutting and polishing by a DeBeers' sightholder with operations in Botswana. This company cuts and polishes diamonds, primarily in India, but does not conduct this work in the U.S. As such, there does not appear to be the potential for a significant negative impact on the U.S. economy. There is no U.S. procurement associated with this Project, and therefore the Project is expected to have a neutral impact on U.S. employment. The Project is expected to have a net positive impact on the U.S. balance of payments.
Developmental Effects:	This Project is expected to have a positive development impact by supporting efforts in Botswana to build the domestic diamond cutting and polishing industry. In the past, uncut diamonds were shipped from Botswana to the U.K. to be sold at DeBeers sightholders sales in London. However, the government of Botswana and DeBeers reached an agreement to shift the location of these sales to Gaborone. With this shift, this Project will provide credit to a DeBeers sightholder to purchase diamonds in Botswana, and cut and polish them at their local subsidiary. All resulting diamonds will be exported, most likely to India. In addition to supporting the local development of the diamond polishing industry, this Project will create new job opportunities in Botswana. The Project will help Botswana achieve UN Sustainable Development Goals #8 (Decent Work and Economic Growth). A Developmental Clearance was issued on March 17, 2017.
Environment:	The Project has been reviewed against OPIC's categorical prohibitions and determined to be categorically eligible. Diamond cutting and polishing projects are screened as Category B Projects under OPIC's environmental and social policies. The major environmental and social issues associated with such Projects include worker health and safety and proper disposal of hazardous substances, effluents and solid waste. An Environmental Clearance was issued on February 22, 2017.
Social Assessment:	The Project will be required to operate in a manner consistent with the International Finance Corporation's Performance Standards, OPIC's Environmental and Social Policy Statement and applicable local laws. OPIC's statutorily required language will be supplemented with provisions concerning the rights of association, organization and collective bargaining, minimum age of employment, prohibition against

	<p>the use of forced labor, non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers. This Project involves a revolving loan facility for KGK Diamonds (the “Project Company”), to purchase, cut and polish diamonds in Botswana for export. The Project has developed and implemented an ESMS that addresses social risk, including labor, commensurate with the risks associated with gemstone processing in Botswana. The Project Company is subject to independent audits of compliance with supply chain, environmental, and labor requirements established by De Beers. This review covers the commensurate human rights risks associated with gemstone cutting and polishing in Botswana. A Social Clearance was issued on June 7, 2017.</p>
--	--