

INFORMATION SUMMARY FOR THE PUBLIC

Host Country:	Uganda
Name of Borrower:	Butama Hydro-Electricity Company Limited; formed in Uganda.
Project Description:	OPIC will be the sole lender to Butama Hydro-Electricity Company Limited for the construction of a 5.25 MW run-of-river hydro power plant in Uganda (the “Project”). The Project will bring incremental clean power to Uganda, a country with one of the lowest electrification rates in Africa. The Project will result in building out the transmission system, stabilizing the grid as well bring power to an underserved community in rural Western Uganda.
Proposed OPIC Loan:	\$13,650,000; two year grace plus 17.5 year repayment
Total Project Costs:	\$19,295,965
U.S. Sponsor:	KMRI LLC, a Delaware limited liability company
Foreign Sponsors:	Lereko Metier Sustainable Capital Fund, based in South Africa; Fieldstone Holdings S.à.r.l., based in Luxembourg; Hulisani Limited, based in South Africa; and WK Power, based in South Africa
Policy Review	
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 Project, 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 will have a positive developmental impact on Uganda, with the construction and operation of a 5.5 megawatt hydroelectric power plant. With the demand for electricity growing at more than 10 percent per annum, the 18 percent of the population with access to electricity experience severe power outages due to load-shedding. The Project will supply power to the national grid, increasing capacity to help reduce Uganda’s power deficit. This Project is part of a larger effort by the government’s energy plan to increase the use of modern renewable energy and it supports the Obama Power Africa Initiative.

<p>Environment:</p>	<p>SCREENING: The Project has been reviewed against OPIC’s environmental and social policies, including those related to dam projects, and determined to be categorically eligible for further consideration. Even though small, the Project is screened as Category A because it represents a greenfield hydropower project whose potential environmental and social impacts could be diverse and irreversible, as it is located in an area with diverse and abundant flora and fauna and where members of the local community will be economically and physically displaced. In addition, the project is in an area where other hydropower projects will be developed, including one by the current Sponsor, and is only a short distance (about 430 meters) from Rwenzori Mountains National Park, which is known for its endemic flora and fauna.</p> <p>The major environmental and social concerns related to the Projects include potential impacts on aquatic biodiversity, particularly fish, a potential reduction in the water supply of local people, economic and/or physical displacement of over 400 people, and increased access to the National Park due to the improved roads and influx of people, which could increase plant collection and poaching in the Park.</p> <p>APPLICABLE STANDARDS: OPIC’s environmental and social due diligence determined that the Project will have impacts that must be managed in a manner consistent with the following Performance Standards:</p> <ul style="list-style-type: none"> 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 PS5: Land Acquisition and Involuntary Resettlement PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources. PS8: Cultural Heritage <p>The Borrower and the ESIA represent there are no Indigenous Peoples in the area of the project. Therefore, PS 7 is not triggered at this time.</p> <p>Additionally, the World Bank Group’s April 30, 2007 Environmental, Health, and Safety General Guidelines are applicable to this Project.</p> <p>Environmental and Social Risks and Mitigation:</p>
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The Project involves the construction, operation, and management of a small run-of-river hydroelectric power generation project located on the Sindila River about 400 kilometers west of Kampala in Uganda. The Project will supply power directly into the main grid in Uganda through a 20-year power purchase agreement with the local utility, the Uganda Electricity Transmission Company Limited.

Sindila SHPP is located in the middle reaches of Sindila River in the villages of Ntuma, Kabwe, and Kyebumba (formally known as Local Council I areas) in Bunyamwera Parish in Bundibugyo District. The low (1.5 meters high) weir and 600-meter headrace channel are to be located in Ntuma village, the forebay tank, 3000-meter penstock, and powerhouse in Kabwe village, and support facilities in Kyebumba. Also, 2.6 kilometers of footpaths and roads will be upgraded. A total of 1.7 cubic meters of water per second (m^3/sec) will be diverted from the river at the weir and carried almost 4000 meters to the powerhouse, after which water will be returned to the river channel. The Directorate of Water Development has established the minimum flow of $0.04 \text{ m}^3/\text{sec}$ to be left in the river, which amounts to 2.7 percent of the average annual flow and 3.7 percent of the median annual flow. This minimum flow would be experienced only at times natural flows in the river were below $1.7 \text{ m}^3/\text{sec}$, which would be less than about 40 percent of the time.

An Environmental Impact Assessment prepared by the Sponsor in 2012 was approved by the National Environmental Management Authority in March 2013 with 31 conditions. Several other permits issued by Uganda authorities require compliance with the Certificate of Approval, which thus provides several other government authorities jurisdiction over the environmental and social conditions.

Formal community engagement for the national EIA took place in 2012 and included meetings with national and local authorities and in the local communities. Further consultations were held in December 2014 prior to issuance of the generation license by the Electricity Regulatory Authority (ERA). The meetings in December 2014 disclosed information and comments on the revised and updated Environmental and Social Impact Assessment.

The ESIA includes an Environmental Monitoring Program whose objective is to verify compliance with environmental and social obligations by the Sponsor and its contractors and

subcontractors, and to supervise implementation of prevention, control and mitigation measures. These will serve as frameworks to guide the development of Project-specific management plans by the Sponsor and contractors. The Borrower will be required to develop and submit to OPIC a final Environmental and Social Management System that integrates the various plans and that demonstrates how the plans will be implemented and monitored. The Project will require land acquisition that impacts approximately 400 people. The majority of the land acquisition will comprise small percentages of an individual or household's total land holdings. The Project has developed a Resettlement and Compensation Action Plan, but OPIC will require this plan be updated to reflect current land requirements, valuation and compensation processes, oversight programs, and grievance redress mechanism. The Borrower will also update and implement their Livelihood Restoration Plan. Monitoring and reporting against both these plans will be required in the Project's reporting requirements and a third-party resettlement completion audit will be required.

The Project lies about 430 meters downhill and downstream from the boundary of the Rwenzori Mountains National Park. Only a single species of fish, *Labeo forskalii*, was found in the river, and it is not exploited by local people. Nearly all land that will be affected has been cleared and is used for agriculture, with the only semi-natural habitat remaining in the riparian zone near the weir location. The area is erosion-prone, so strict controls will be placed on all ground-clearing and –disturbing activities, and vegetation will be re-established as soon after disturbance as possible.

OPIC Disclosure of ESIA. The Project's international ESIA and draft Resettlement and Compensation Action Plan were posted on OPIC's web site on December 22, 2014. OPIC did not receive any comments.

OPIC Site Visit: An OPIC social specialist and environmental consultant visited Uganda from February 2-8, 2015. In-country due diligence included interviews and discussions with managers and staff from KMRI; Atacama Consulting Ltd. (the primary environmental and social consultant); national authorities for ESIA and environmental protection, wildlife and national parks, and water resources development; a senior official of Rwenzori National Park; local officials of Bundibugyo District; and over 40 potentially affected people. Due diligence also included visits

	to some of the Project elements plus observations of the terrain, watersheds, and villages/housing patterns.
Worker Rights:	The Project is subject to OPIC's statutorily required worker rights language, which requires Project adherence to international standards on the rights of association, organization and collective bargaining, minimum wage of employment, hours of work, the timely payment of wages, hazardous work situations and the use of force. The Project will 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 and Performance Standard 4 on Community Health, Safety & Security. These requirements are applied to all workers engaged by the Project.
Human Rights:	OPIC issued a human rights clearance for this Project on April 22, 2015.