

INFORMATION SUMMARY FOR THE PUBLIC

Host Country(ies)	Republic of Malawi
Name of Borrower(s)	Phanes Energy Renewables Nkhotakota Limited
Project Description	The Project consists of the development, construction, and operation of a 37 MW solar photovoltaic power project located in the Nkhotakota district of the Republic of Malawi. The Project will encompass adjacent sites to be constructed in two phases.
Proposed OPIC Loan/Guaranty	Up to USD 50.0 million.
Total Project Costs	Total anticipated project costs are USD 66.6 million.
U.S. Sponsor	Chubb Bermuda Insurance Limited, a wholly-owned subsidiary of Chubb Limited, a Swiss corporation that is traded on the New York Stock Exchange and 90% owned by U.S. institutions and individuals, will provide political risk insurance to the Sponsors, or a related entity, to cover inconvertibility/transferability, expropriation (including arbitral award default and denial of justice), and political violence.
Foreign Sponsors	Phanes Group (United Arab Emirates) ResponsAbility Renewable Energy Holdings (Mauritius)
Policy Review	
U.S. Economic Impact	The Project is not expected to have a 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 neutral five-year U.S. trade balance impact.
Developmental Effects	This Project is expected to have a highly developmental impact by expanding Malawi's capacity to generate clean energy by 37 MW. The country has an installed power capacity of only 450 MW, and this limited supply is frequently subject to load shedding and blackouts. Estimates for the country suggest at least a 100 MW gap between peak demand and power supply in the country. With all of these challenges, Malawi is ranked near the bottom of the World Economic Forum's global rankings of quality of electric supply. In response, the Government of Malawi has enacted new measures to attract solar power providers with support from the U.S. Millennium Challenge Corporation. This Project will be one of the first to benefit from

	<p>those new regulations, and will be one of the first utility scale photovoltaic solar power plants in Malawi. As such, this Project has the potential for a significant demonstration effect by attracting future solar power investments in a low-income country.</p>
Environment	<p>SCREENING: The Project has been reviewed against OPIC's categorical prohibitions and determined to be categorically eligible. Solar power generation facilities not located in or near sensitive areas and that are unlikely to have significant negative impacts associated with biodiversity, Indigenous Peoples and land acquisition are screened as Category B under OPIC's environmental and social guidelines because impacts are site specific and readily mitigated. The major environmental issues associated with the Project include the need for appropriate health and safety measures, assurance that sufficient water resources exist and will not have impact on surrounding communities in drought prone areas, and that a robust environmental and social management system for day-to-day management of construction and operation, including proper management and disposal of water, wastewater, solid and hazardous wastes is developed.</p> <p>With respect to climate change impacts, the World Bank's Climate Change Portal reports that over the past two decades, drought and flood events have increased in frequency, intensity and magnitude with negative consequences for food and water security, water quality, energy and sustainable livelihoods of rural communities. As Malawi is particularly prone to flash floods and intense rainfall, the potential impacts for the Project are likely to arise from water availability and flooding. The Project will be required to provide a water management plan, which will be reviewed to assure boreholes are drilled to a depth that considers potential climate change impacts. Flooding has already been addressed in the design of the Project.</p> <p>APPLICABLE STANDARDS: OPIC's environmental due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following Performance Standards:</p> <p>PS 1: Assessment and Management of Environmental and Social Risks and Impacts; PS 2: Labor and Working Conditions; PS 3: Resource Efficiency and Pollution Prevention; PS 4: Community Health, Safety and Security;</p>

Adverse impacts on biodiversity are not anticipated as the Project is located within modified habitat and data collected on site does not note any endangered or protected species. Therefore, P.S.'s 6 is not triggered at this time.

In addition to the Performance Standards listed above, the IFC's April 30, 2007 Environmental, Health, and Safety General Guidelines and the IFC Environmental Guidelines for Transmission and Distribution are applicable to the Project. The IFC and EBRD "Workers' accommodation: process and standards" are also applicable to the Project.

Environmental and Social Risks and Mitigation: An Environmental and Social Impact Assessment (ESIA) has been completed for Phase 1 of the Project which includes a draft Environmental and Social Management and Monitoring Plan (ESMP). The ESIA does not identify any unacceptable environmental, health or safety risks, but lacks sufficient detailed management plans to mitigate risks. Before first disbursement, the Sponsor will be required to provide for OPIC's review and approval a site specific Environmental and Social Management System.

Air emissions from the Project will occur primarily during construction and will be primarily from dust. Small amounts of greenhouse gasses (GHG) will be emitted from construction vehicles. Impacts will be managed through measures included in the ESMP. Water for the Project will come from on-site boreholes and management of water to assure minimal impacts to local residents will be determined as part of a water management and conservation plan. Solid waste will be disposed of in certified disposal areas and stored in accordance with international standards on-site until removed to off-site disposal areas. Site specific procedures will be determined through preparation of a Solid Waste Management Plan to be reviewed by OPIC prior to disbursement. Sewage will be handled through portable toilets during construction. Management of sewage during operations will be detailed in a waste management plan.

Impacts to the community include noise and traffic. Noise impacts will be temporary and mitigated through measures in the ESMP. Specific traffic impacts will be further evaluated in a transportation management plan and specific measures included in the ESMP. Procedures assuring safe working conditions for workers will be detailed in a site specific Occupational Health and Safety Plan and an Emergency Preparedness Plan.

Social Assessment	<p>The Project will have impacts that must be managed 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 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.</p> <p>The Phase 1 Project site will require approximately 60 hectares of land, which will be leased from the Malawian government for up to 50 years. The land for the project site was previously used for small-scale agricultural activities and subsistence farming. Land acquisition for the Project will result in the economic displacement of 119 households; no physical relocation is anticipated. The Project has developed a Livelihood Restoration Plan (LRP) to address impacts from land acquisition; however, compensation was initiated prior to the completion of the LRP so the Project will be required to demonstrate that compensation met the requirements of the LRP and also to report regularly on the progress of this work.</p> <p>Additionally, the Project will be required to have in place a project-specific HR management system including evidence of an appropriate workers' grievance mechanism on site.</p> <p>This review covers the commensurate human rights risks associated with the solar energy sector in Malawi.</p>