

**Public**

## Environmental and Social Data Sheet

### Overview

Project Name:	OFF-GRID SOLAR UGANDA ACCELERATION
Project Number:	2018-0642
Country:	Uganda
Project Description:	The project will finance Fenix International's deployment of solar home systems in Uganda. The solar home systems are composed of a solar panel, a central unit (including battery storage, an energy management system/ charge controller and communication technology) and several appliances, and will be sold on a payment plan basis to individual beneficiaries located in Uganda under pay as you go contracts.
EIA required:	no
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

#### Environmental Assessment

Overall the operation is expected to have limited environmental risk.

The small solar home systems provided by the promoter financed under the operation comprise solar panels up to 80 W<sub>p</sub>, complemented by a central unit comprising of a battery, cabling and electronics. The system will, at least, include two LED lights, and the customer can select further appliances: additional LED lights, torch, shaver, radio and TV. These systems will not require an EIA under local legislation, nor would they fall under the scope of Annex II of the EIA Directive, if they were located in the EU.

When acquired by the customer, the solar systems are displacing polluting and dangerous kerosene lamps or the use of single-use batteries, and thereby significantly contributing to climate change mitigation and environmental risks related to unsafe disposal of single-use batteries.

Limited negative environmental impacts could arise from health and safety issues related to the inappropriate handling of batteries (notably at the time of disposal). Considerable e-waste is expected to arise from the operation in four to six years (after the average lifetime of the units and the appliances). To mitigate this risk, the promoter is already committed to actively reducing its adverse environmental impact in this respect, by encouraging battery recycling by its clients (offering them a discount on their next product / upgrade). The promoter has already established a systematic e-waste scheme with service contractors based in Uganda,

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<sup>1</sup> Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO<sub>2</sub>e/year absolute (gross) or 20,000 tons CO<sub>2</sub>e/year relative (net) – both increases and savings.

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Tanzania and Rwanda, to ensure the maximisation of the re-use of some components (such as plastics, handles, circuits and cables), whilst ensuring the appropriate handling of more polluting items (like batteries).

### **Social Assessment**

Overall the operation is expected to have large social benefits thanks to the provision of access to modern electricity and appliances for lighting and other services (e.g. mobile phone charging, radio or TV providing access to information), as well as potentially access to other economic and social activities (lighting for shops, electricity for cafés or restaurants).

Being naturally suited for off-grid use, the promoter's products are particularly popular in rural areas or for people not having access to the grid (e.g. poor suburban dwellers) or for people who cannot afford the grid connection fee. The operation is therefore expected to significantly reach people at the bottom of the pyramid, who are both particularly vulnerable and likely to benefit the most. This aligns well with the project being financed under the Bank's Impact financing envelope.

Notably, the solar home systems energy projects displace other forms of energy supply, such as kerosene lamps, which are both polluting and dangerous, especially for women and children who spend the most time at home. The use is also beneficial for these two populations, by enhancing their experience of the provided energy service (such as lighting), enabling e.g. women to have an economic activity at night and/or children to study after dark.

### **Other Environmental and Social Aspects**

Environmental and social impacts of the promoter's products are currently taken into account partially in an indirect manner by a set of procedures included in the employment contract (labour and working conditions), and other information on gender and employment monitored for internal and external business stakeholders. The promoter recognises that as the business develops and consolidates, increasing the fleet and the size/type of products installed, they will need to formalise a more robust ESMS. The Bank proposes an undertaking in this respect.

The promoter has also adopted the health and safety management policy of the parent company, Engie Africa, which included, among other things, the integration of health and safety management in the decision making process and in the management and execution of all activities. The Bank notes that the promoter lacks a comprehensive grievance mechanism (for workforce, sales agents and customers) with specific channels for female employees and accessible to all direct and indirect employees, and reinforcing their sales suppliers' selection process evaluation and monitoring. In addition, the promoter has no policy in place regarding client protection principles in their commercial dealings, including prevention of over-indebtedness, transparency, fair and respectful treatment of clients, privacy of clients' data and mechanisms for complaint resolution.

## **Conclusions and Recommendations**

The operation is expected to have large social benefits thanks to the provision of access to modern electricity for lighting and other energy services (e.g. mobile phone charging), as well as access to other economic & social activities (radio and television providing access to information / connectivity, fridge or fan in households or small commercial activities). As women (and children) especially benefit from the operation, it supports the Bank's gender action strategy.

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On-going actions initiated by the promoter should adequately tackle the operation's limited environmental and social risk, associated with the safety of the electric equipment envisaged in the SHS and with the management of solar batteries' end-of-life, by developing their individual measures into a comprehensive Environmental and Social Management System (ESMS). The Bank will follow up on this during monitoring:

- The promoter is already following systematic waste handling systems for its products, via third party service contract, to adequately address environmental risks and ensure proper procedures for the disposal/recycling of used batteries and other e-waste. The Bank has proposed an undertaking for the promoter to formalise its e-waste policy and procedures and report semi-annually on the e-waste disposal and recycling activities undertaken, from last mile collection to disposal/recycling centres, with statistics on number of units involved in the process and volumes of e-waste processed.
- In the continuation of its efforts to have a more consolidated Environmental and Social Management System, the Bank expects the promoter to document this structure in due course, including the recruitment of additional E&S staff, if needed, to ensure it continues to deliver on the objectives of its E&S policies. The ESMS will (at least) include the following aspects: e-waste and recycling, consumer and data protection, affordability. The Bank has proposed an undertaking to obtain documentation on this aspect in particular.
- It is further requested to the promoter to adopt a comprehensive grievance mechanism (for workforce, sale agents and customers) with specific channels for female employees and accessible to all direct and indirect employees, and reinforcing their sale suppliers' selection process evaluation and monitoring.

Under these conditions, the operation is considered acceptable for EIB financing in E&S terms.