

**Public**

## Environmental and Social Data Sheet

### Overview

Project Name:	CONVERGENCE PARTNERS DIGITAL FUND III
Project Number:	2019-0782
Country:	Regional - Southern Africa Regional - East Africa Regional - West Africa
Project Description:	The proposed operation concerns an equity participation of up to EUR 15 m in CONVERGENCE PARTNERS DIGITAL FUND III, an ICT fund focusing mainly on Sub-Saharan Africa.
EIA required:	To be determined: It is expected that some investments will require an environmental and social impact assessment.
Project included in Carbon Footprint Exercise <sup>1</sup> :	No: Intermediated operations are not covered by the Carbon Footprint Exercise.

### Environmental and Social Assessment

The Fund expects to invest in companies at various maturity levels: from early stage to mature. In terms of sector, the Fund expects to invest in telecommunication networks; mainly i) mobile communication (3G, 4G, 5G, fixed wireless access) (ii) fibre rollouts; (iii) Internet of Things (IoT), in datacentres and other digital infrastructure sitting on top of physical networks (mainly services and fintech platforms).

The Fund is expected to contribute to the Sustainable Development Goals Objective 9: Industry, Innovation and Infrastructure.

The Fund manager will be required to ensure compliance of the investments with the EIB Excluded and Restricted Lists of activities, the EIB Environmental and Social (E&S) Standards and core E&S requirements, as well as the E&S national laws and regulations.

The mitigation of key risks and impacts derive from the Fund's capacity to identify and manage the potential environmental and social risks and impacts associated to projects in the pipeline and to maintain and operate an appropriate environmental and social management system (ESMS).

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

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Most of the environmental and social risks and impacts will be during construction and related to civil works. These risks may include but are not limited to (i) occupational health and safety risks; (ii) community issues such as impacts on stakeholder engagement, health, safety and security; (iii) labour standards; and (iv) biodiversity and ecosystems.

During the operational phase, the main environmental impact will be the electromagnetic field (EMF) radiation from base stations and microwave radio equipment. The EMF radiation produced by mobile handsets is classified by the International Agency for Research on Cancer, a WHO specialized agency, as possibly carcinogenic to humans. Studies are ongoing to further assess the potential long-term effects of use. To date, mitigation measures adopted are to limit the radiation of the mobile base stations, restrictions to their locations, the control of the power of the handsets and guidelines for consumer usage. In the case of Kenya, Kenya applies the exposure limits stipulated by the ICNIRP (International Commission on Non-Ionizing Radiation Protection). The National Environment Management Authority (NEMA) monitors compliance.

The investees operating a wireless network will have to comply with national legislation or with the ICNIRP guidelines in the absence of local legislation. The datacentre assets will have to be aligned with the European Code of Conduct for Energy Efficiency in Data Centres at the time of investment by the Fund. The fibre network deployments are expected to have very limited environmental effects.

The Fund has developed an Environmental and Social Management System (ESMS), which describes the process for managing the environmental and social risks and impacts. In order to meet the EIB's requirements, the Fund will be required to enhance its ESMS (to reflect the application of the EIB E&S Standards) including the development of an external grievance mechanism and the disclosure, where applicable, of the ESIA report.

## **Conclusions and Recommendations**

The Fund manager will be required to ensure compliance of all the underlying investments with the EIB Excluded and Restricted Lists of activities, the EIB E&S Standards and core E&S requirements, as well as the E&S national laws and regulations.

The Fund Manager will revise and enhance its ESMS to reflect the application of the EIB E&S Standards.

In case an ESIA is required for any of the sub-projects included in the Fund, the Fund Manager shall make the ESIA report available to the EIB.

The EIB requirements in terms of (1) techno-economic eligibility, restricted and excluded activities, (2) core requirements on ESG aspects (covering environmental & social, procurement and transparency standards of the Bank, and (3) reporting requirements, will be incorporated into the legal documentation signed between the EIB and the Fund

The Fund manager will report annually to the EIB on the implementation of its ESMS, including its E&S procedures as well as the E&S performance of its investees, where relevant.

The Fund will be required to ensure that a climate risk and vulnerability assessment (CRVA) is completed and appropriate adaptations are included for investments in infrastructure that may be considered sensitive to climate change risks. A copy of the CRVA shall be provided to the Bank as required and before completion of the project.



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With the above E&S conditions to be included in the legal documentation, the Fund is considered acceptable for Bank investment in environmental and social terms.