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## Environmental and Social Data Sheet

### Overview

Project Name:	BENIN OFF-GRID SOLAR ACCELERATION
Project Number:	2020-0836
Country:	Benin
Project Description:	The project will finance the deployment of solar home systems in Benin. 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 Benin under pay-as-you-go contracts.
EIA required:	no
Project included in Carbon Footprint Exercise <sup>1</sup> :	yes

### Environmental and Social Assessment

#### Environmental Assessment

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 consisting of a battery, cabling and electronics. The system will, at a minimum, include two LED lights, and the customer can select further appliances: additional LED lights, torch, hair trimmer, 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 home systems are displacing polluting and dangerous kerosene lamps or the use of single-use batteries, and thereby significantly contributing to climate change mitigation and avoiding 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. Having just recently started operations in Benin, e-waste management has not been an acute issue for the promoter as its products have not yet reached end of life. The Bank has requested the promoter to formulate a clear e-waste policy and management plan in line with industry best practice, and compliant with EIB's environmental standard 2 concerning pollution prevention and abatement. The Bank will monitor the development and implementation of the e-waste management plan.

<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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The project is aligned with the objectives of the Paris agreement and the Climate Bank Roadmap, as it actively contributes to climate change mitigation by providing renewable energy and does not cause significant harm to other environmental and social objectives.

Overall, the operation is expected to have limited environmental risk.

### **EIB Carbon Footprint Exercise**

Estimated emissions savings are about 44,700 tonnes of CO<sub>2</sub> equivalent per year from avoided kerosene burning, by substitution through solar home systems, financed through this operation. For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

### **Social Assessment, where applicable**

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 those 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 of such systems 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.

In line with the sustainability and social responsibility policies of the parent company (Engie), the promoter is requiring its suppliers to comply with labour standards. This is followed up by the promoter's procurement and quality assurance teams, and includes compliance with human rights in the PV supply chain.

### **Public Consultation and Stakeholder Engagement**

The promoter has a comprehensive grievance mechanism (for workforce, sales agents and customers) in place.

The central contact points for the customers are the call centre, the sales agents concerned, and the staff in the sales points. Complaints are systematically recorded and there are escalation mechanisms available for customers.

For employees and contract agents, the Ethical Operations Officer is available as an independent recourse outside the line management, to address sensitive issues and escalate in case line management response is not accepted.



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## Other Environmental and Social Aspects

Environmental and social impacts of the promoter's products are currently taken into account partially by a set of procedures included in the employment contract (labour and working conditions), as well as a set of company policies containing the principles of ethical behavior, occupational health and safety, and customer protection principles.

The promoter recognises that, as the business develops, it will need to formalise a more robust ESMS in line with the Bank's standards. The Bank proposes an undertaking in this respect.

## 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.

On-going actions initiated by the promoter should adequately tackle the operation's limited environmental and social risk, especially associated with the management of e-waste of end-of-life solar home systems, by developing the measures into a comprehensive Environmental and Social Management System (ESMS). The Bank will follow up on this during monitoring:

- 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 to ensure it continues to deliver on the objectives of its E&S policies. The Bank has proposed an undertaking to obtain documentation on this aspect in particular.

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