

## Environmental and Social Data Sheet

### Overview

Project Name:	CONVERGENCE ICT FUND
Project Number:	20110209
Country:	REGIONAL AFRICA
Project Description:	The operation constitutes Bank's equity participation in a closed-end private equity Fund with a specific focus on developing a portfolio of minority equity interests in information and communications technology (ICT) infrastructure and ancillary service assets in sub-Saharan Africa. The project is defined as all the investments to be carried out by the Fund. The identified investment opportunities of the Fund include for instance terrestrial and submarine backbone networks, communications satellite, fixed and wireless access infrastructures, software solutions, ICT hardware, switching technologies, broadcasting and content management platforms, and ICT service solutions. The project promoter is the Fund via its management and Adviser.
EIA required:	To be confirmed for each investment in the course of the Fund's decision making process.
Project included in Carbon Footprint Exercise <sup>1</sup> :	No

### Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

The Fund investee companies are active in the telecommunications sector. Projects in this sector are generally considered by EIB as acceptable, with minor negative residual impacts after application of mitigation and impact management measures and with low or moderate risk. The same rating is therefore applied to the Fund taking into account the following provisions. The EIB participation in Investment Funds is governed by its Operational Guidelines for Infrastructure Fund Activities (GIFA handbook). Accordingly the fund shall follow the principles and standards of the EU Directives on environment with the necessary procedural adaptations and on social matters the EIB and other Multilateral Financial Institutions' safeguard measures. Reference to EIB's Environmental and Social provisions (i.e. the EIB Statement on Environmental and Social Principles and Standards and the related Handbook) will be included in the side-letter to the Fund's legal documentation in connection with the EIB investment.

Without adequate compensation/mitigation, projects in protected areas, critical habitats and heritage sites are considered unacceptable. The main responsibility to comply with EIB Core Requirements during project implementation will rely on the Fund Manager team that has been confirmed during appraisal to be made up of experienced professionals. It will be the Fund's Manager obligation to assess whether Environmental and Social (E&S) impacts are duly addressed and projects are acceptable after mitigation. EIB will be periodically informed about the ongoing investments to insure that the E&S provisions are applied in accordance with legal documentation. EIB will also have the possibility to opt-out from unsatisfying investments.

### Environmental and Social Assessment

The fund investee companies are active in both fixed network and wireless telecommunications. Wireless systems, of which mobile is a particular case, have limited environmental effects apart from the visual impact of the base station towers and their electromagnetic field (EMF) radiation. These impacts can be mitigated by appropriate construction and operation measures, normally within stringent permits' conditions stipulated by the relevant authorities. However the long-term health risks from EMF radiation are still being studied at international level. In 2011, the WHO/International Agency for Research on Cancer (IARC) has classified EMF radiations as possibly carcinogenic to humans (in Group 2B).

The wired telecommunications infrastructure has no significant permanent impacts as its main elements are in the access networks the ducts and cables installed underground and in the core and transmission networks racks of electronic equipment installed inside technical buildings.

The main steps of the Fund's investment decision making are:

1. Pre-feasibility;
2. Investment Committee (IC) Sighting approval (approval to continue to feasibility);
3. Due diligence;
4. IC Interim decision;
5. IC Final decision;
6. Advisory Committee (AC) no-objection for the IC to finance a project;
7. Investment

Regarding E&S issues, the EIB influence is possible at two of the steps above where they must be addressed: at Step 2. A first report of the investment allows EIB to communicate E&S concerns to the Fund manager and to provide guidance; at Step 6. EIB will be involved in the Advisory Committee to which an appraisal report of the project will be submitted. The AC may veto the decision made by the IC if there is a clear infringement of the E&S provisions or if the investment is not in line with the Fund's mandate. EIB may in any case decide to opt out from the investment (considering it a non eligible asset) if it is contrary to its policy.

Besides intervention at the decision process, EIB will receive quarterly updates on the projects in the development, implementation and operation phase as well as more detailed annual portfolio reports. The fund manager undertakes to make available any additional information concerning the investee companies and assure that relevant documentation is kept. He shall also report on any claim or equivalent communication from any Authority concerning any investee company.

Regarding seed investments, prior to contract signature the fund shall formally confirm the information provided during due diligence that the existing portfolio of investee companies have the licenses for installation and operation of premises and equipment, insuring that they comply with national regulations including those related to E&S in the countries where they are active.

The Fund is in process of formalising the policy on E&S for all future investments and informed to be ready to accept the participating Multilateral Financial Institutions recommendations and conditions. It is proposed as an undertaking that the Fund E&S policy shall be submitted to EIB for its review and non objection. The fund foresees as main E&S principles:

- Full compliance with prevailing legislation on the various countries affected
- Strive to meet industry best practice
- Environmental Impact Assessments where required
- Reporting to Investors in the fund
- Independent expert involvement where required
- Preference for infrastructure sharing to increase efficiencies and reduce impact
- Strong consideration given to impact on local communities and ways to provide tangible benefit
- Where possible include direct benefits (e.g. subsidised capacity for research/medical/education and/or inclusion of the CP Foundation)
- Preference for use of green technologies
- No conflicts with any NGO
- Zero tolerance policy on corruption - strong emphasis during due diligence and post investment management

EIB expects to consult with and exchange information with other Multilateral Financial Institutions participating in the Fund (namely IFC). IFC S&E requirements for medium and low-risk funds include a Fund's S&E Management Plan and System (to be reviewed and amended if necessary) that will identify and address S&E risks. IFC also requires a Special Subcommittee on S&E matters to the Fund's Advisory Committee/Special Subcommittee on S&E matters. This will ensure the future alignment of the Fund and all its existing or future companies with IFC S&E Performance Standards or at least to international best practice, which is also same objective of the Bank.

The Bank's Transparency Policy applies to all Infrastructure Fund activities. In respect of those investments by the fund which do not qualify as EIB Eligible Assets the fund and the fund manager shall comply with national laws and notify any breaches.

As reference to the Fund's projects, according to the EU legislation the investments in telecommunications do not fall under Annex I or II of Directive 85/337 EC (Environmental Impact Assessment) as amended by Directives 97/11/EC and 2003/35 EC although consideration has to be taken to the impacts on protected flora and fauna under EU Directives 92/43/EC (Habitats) and 79/409/EC (Birds).

### **Carbon Footprint**

Due to the nature and expected size of the projects it is expected they will be below the EIB thresholds for the carbon Footprint exercise.