

## Environmental and Social Data Sheet

### Overview

Project Name:	OFF-GRID SOLAR ACCELERATION
Project Number:	2016-1001
Country:	Ethiopia, Kenya, Nigeria, Tanzania, Uganda
Project Description:	<i>The project aims at providing access to energy to households and micro-entrepreneurs in Sub-Saharan Africa. It consists in the design, assembly, distribution, financing and installation of 7 to 10 million solar devices by the promoter over the next 2.5 years. The project is expected to have significant social impact given that technology users (and final beneficiaries) typically are rural and / or low income households and micro-SMEs.</i>

EIA required: no

Project included in Carbon Footprint Exercise<sup>1</sup>: no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

### Environmental and Social Assessment

#### Environmental Assessment

Overall the operation is expected to have limited environmental risk.

The very small solar home systems provided by the promoter financed under the operation typically comprise a few Watt of panels, complemented by small batteries, cabling & electronics and some small appliances, such as light bulbs or radio. These 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.

The implemented micro-solar energy projects are displacing polluting and dangerous kerosene lamps or diesel generators in rural Africa, and thereby significantly contribute to climate change mitigation.

Limited negative environmental impacts could arise from health & safety issues related to the inappropriate handling of batteries (notably at the time of disposal). The promoter is committed to actively reduce its adverse environmental impact in this respect, by encouraging battery re-use / recycling by its clients (offering them a discount on their next product / upgrade). It is also in the process of more systematically establishing e-waste handling schemes in its countries of operation, 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).

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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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The promoter is one of the pioneer companies to have established itself for the design, manufacturing and selling of small solar devices for basic power needs, in the form of solar lanterns, pico-solar products / solar kits, and solar home systems.

The promoter has developed a Corporate Environmental Implementation System in support of the realisation of an overarching environmental policy. It covers the whole spectrum of its operations, including product design, procurement and manufacturing. This is considered good practice by the Bank. The principles of the promoter's environmental policy are also applied to its suppliers and vendors.

### **Social Assessment**

Overall the operation is expected to have large social benefits thanks to the provision of an access to modern electricity for lighting and other small energy services (e.g. mobile phone charging), as well as access to other economic & social activities (radio providing access to information / connectivity, fan for improving customer experience in small restaurants etc.).

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). 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 micro-solar 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**

In complement to its environmental policy, the promoter has developed a health and safety management policy, supported by a set of procedures for its activities. All employees adhere and are trained to an office health & safety code of conduct. They also need to apply some client protection principles in their commercial dealings with clients. These include appropriate product design and delivery, prevention of over-indebtedness, transparency, fair and respectful treatment of clients, privacy of clients' data and mechanisms for complaint resolution. The promoter actively encourages the same for its suppliers and vendors. This setup is considered as good practice by the Bank.

Environmental and social impacts of the promoter's products are currently taken into account in an indirect manner by the above documentation and procedures, notably when controlling product quality. The promoter recognises that as it develops and integrates more products into its range, including larger solar appliances and batteries, it needs to formalise a fully fledged ESMS. The Bank proposes an undertaking in this respect.

## **Conclusions and Recommendations**

The operation is environmentally & socially sound. It is expected to have large social benefits thanks to the provision of access to modern electricity for lighting and other small energy services (e.g. mobile phone charging), as well as access to other economic & social activities (radio providing access to information / connectivity, fan for improving customer experience in small restaurants etc.). As women (and children) especially benefit from the operation, it

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supports the Bank's gender action strategy. On-going actions initiated by the promoter should adequately tackle the operation's limited environmental risk associated with the safety of the electric equipment applied and with the management of solar batteries' end-of-life. The Bank will follow up on this during monitoring:

- The promoter is committed to more systematically establish adapted waste handling systems for its products, which should 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 to obtain information on progress with regard to this aspect in particular.
- In the continuation of its efforts to have a more fully fledged Environmental and Social Management System, the Bank expects the promoter to document this structure in due course, including the recruitment of adequate E&S staff 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.