

Environmental and Social Data Sheet

Overview

Project Name:	NEW SPARTA AFRICA RENEWABLE POWER FUND
Project Number:	2017-0638
Country:	Africa (Sub Saharan region)
Project Description:	Equity fund focused on medium size renewable energy projects (10-60 MW) in Africa.
EIA required:	yes
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

This operation intends to bring about environmental benefits by supporting renewable energy ("RE") (onshore wind, solar PV, small hydro, biomass and geothermal) in Sub-Saharan Africa.

The NSAM Africa Renewable Power Fund (NSAM ARPF, the Fund) is a first-time fund and NSAM Africa Power Management Limited (Fund Manager, FM), is a first-time fund management team formed in 2017. The Fund's core team is composed of experienced professionals with a proven track record in originating, developing, financing and constructing energy infrastructure in Sub-Saharan Africa and elsewhere. The Project Director responsible for development will be based in Africa and it is planned to open local regional platforms for the team of professionals that will compose the local support, including in-house development, technical, legal, financial and environmental and social experts, as relevant for the pipeline development.

The objective of the Fund is to invest in African independent renewable energy power generation projects, on-shore wind, solar PV, small hydro and biomass, through equity and equity risk instruments that will, predominantly, involve pre-financial close development. The Fund may, on a selective basis, also invest in projects during their construction or operation phase (for example distressed assets, which need restructuring and reorganisation).

The mitigation of key risks and impacts derive from the Fund's capacity to identify and manage the potential environmental and social risk and impacts associated to projects in the pipeline and to maintain and operate an appropriate environmental and social management system. Risks and impacts may include but are not limited to: (i) environmental impacts on air emissions, waste management, (ii) Occupational health and safety (iii) community and social impacts such as land acquisition, economic and/or physical displacement, health, safety and security; (iv) biodiversity (v) stakeholder engagement.

The Fund is in the process of developing an overall Environmental and Social Management System (ESMS). The ESMS will outline the set of E&S management processes and procedures, including the modalities for the establishment of an appropriate grievance mechanism at Fund level, which would allow the Fund to adequately identify, appraise and address the E&S risks and impacts across its portfolio and for each portfolio project. Staff with

¹ 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 CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

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overall responsibility for the implementation of the ESMS supporting the portfolio team on a day-to-day basis, and ensuring continued alignment with investors regarding E&S requirements, as well as ensuring, at project level, compliance with the approved ESMS, will have to be clearly designated. The E&S standards to be guiding the risk assessment and mitigation across the Fund's pipeline include the IFC Performance Standards 2012.

In addition the Fund will be required to ensure compliance of the investments with the EIB Excluded and Restricted Lists of activities, the EIB E&S Standards 2013, E&S national laws and regulations as well as its requirements under the ESMS.

Conclusions and Recommendations

The Fund will enhance its ESMS, which will incorporate EIB's environmental and social requirements to the satisfaction of the Bank

The Fund will have appointed designated E&S staff responsible for the implementation of the ESMS as well as for undertaking the environmental and social due diligence and monitoring of the Fund's investments. Additional sector-specific support including capacity building may also be required to support the implementation of the ESMS. In addition, the Fund needs to develop an implementation and training plan for any new team member.

Given the E&S risk profile of the portfolio and to ensure adequate ESMS implementation, the EIB will review the first three environmental and social due diligences undertaken by the Fund, after commitment, prior to the Fund's investment.

The Fund will, on an annual basis, prepare and submit to the Bank an E&S performance report.

For Investments subject to an environmental impact assessment (EIA) as defined by national legislation or for Investments identified in Annex I of Directive 2014/52/EU amending the Directive 2011/92/EU (if they were located in the EU), the Manager shall (i) ensure that an Environmental and Social Impact Assessment (ESIA) is carried out and that public consultation is undertaken in accordance with national legislation and the EIB E&S standards, (ii) collect and publish the ESIA Study on the Manager's/Investee Company's website, or if otherwise agreed with EIB, send the ESIA to the EIB for publication in compliance with the EIB's Transparency Policy, as amended from time to time and published on EIB's website (www.eib.org), (iii) retain on file a copy of the ESIA for a period of not less than six (6) years, (iv) upon request, provide a digital copy to the EIB, and (v) upon request, confirm to the EIB that the Investment incorporates relevant mitigating measures recommended as a result of the EIA.

With these conditions in place, the Fund is considered acceptable for the Bank in environmental and social terms.