

Public Environmental and Social Data Sheet

Overview

Project Name:	SOUTHERN SSA OFF-GRID SOLAR ENERGY ROLL-OUT
Project Number:	2019-0132
Country:	Mozambique
Project Description:	The project aims at providing access to energy to households and micro-entrepreneurs in Sub-Saharan Africa. It consists in supporting the deployment of 119,000 Solar Home Systems (SHSs) thanks to the promoter's activities over the next two years.
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

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

The small solar home systems provided by the promoter financed under the operation include solar panels of up to 50 Wp, complemented by a central unit comprising a battery, cabling and electronics. The system will include minimum three LED lights, and the customer can select further appliances: additional LED-lights, torch, shaver 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 systems are displacing polluting and dangerous kerosene lamps or the use of single-use batteries, and thereby significantly contributing to mitigation of climate change and of 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 committed to actively reduce its adverse environmental impact in this respect, by encouraging battery recycling by its clients (offering them a discount on their next product / upgrade). It is also in the process of establishing a more systematic e-waste scheme in Mozambique or South Africa, 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).

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.

Luxembourg, 28/08/2019

Social Assessment

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 people 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 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

Environmental and social impacts of the promoter's products are currently taken into account partially in an indirect manner by a set of procedures, including a code of conduct and other information on gender and employment monitored for internal and external business stakeholders. The promoter recognises that as they develop and integrate further solar systems into their range, including larger appliances, and increase the fleet of products installed, they will need to formalise a more robust ESMS. The Bank proposes an undertaking in this respect.

The promoter has already agreed to implement various improvements to their current environmental and social policy, by complementing their requirements related to labour and working conditions, by developing a health and safety management policy and procedures, by adopting a comprehensive grievance mechanism (for workforce, sale agents and customers) with specific channels for female employees and accessible to all direct and indirect employees, and by reinforcing their sales suppliers' selection process evaluation and monitoring.

The Bank will further require the promoter to apply some client protection principles in their commercial dealings including prevention of over-indebtedness, transparency, fair and respectful treatment of clients, privacy of clients' data and mechanisms for complaint resolution.

Conclusions and Recommendations

The operation is environmentally and socially sound. It 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.

Luxembourg, 28/08/2019

On-going actions initiated by the promoter should adequately tackle the operation's limited environmental and social risk - associated with the safety of the electric equipment envisaged in the Solar Home Systems (SHSs) and with the management of solar batteries' end-of-life - by developing their individual measures into a comprehensive Environmental and Social Management System (ESMS). The Bank will follow up on this during monitoring:

- The promoter is committed to more systematically establishing a waste handling system for their 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 consolidated Environmental and Social Management System (ESMS), the Bank requires the promoter to develop an ESMS which complies to the Bank's Environmental and Social Standards, including the appointment of responsible E&S staff. The ESMS will also cover e-waste management and recycling, consumer and data protection, labour conditions and client protection.

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