



Luxembourg, 20 September 2022

Environmental and Social Data Sheet

Overview

Project Name:	TLCOM TIDE AFRICA II FUND
Project Number:	2022-0276
Country:	Regional - Africa
Project Description:	Venture capital fund focusing on start-ups active in the digital and technology sectors in the sub-Saharan Africa region
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	no

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

Environmental and Social Assessment

The proposed operation concerns an equity participation of up to EUR 20 m in TLCOM TIDE AFRICA II, the successor of TLCOM TIDE AFRICA I (2016-0092), in which the EIB committed USD 10 m in 2016. The fund will be deployed and managed by a dedicated team based in Nairobi (Kenya), Lagos (Nigeria) and London (UK), which already successfully deployed the Fund I. The new Fund will continue the same investment strategy as Fund I, under the same governance, leveraging on the experienced team and a strong market position built over the past years.

The Fund focuses on technology enabled services and innovation for Africa across all stages of the venture capital cycle, with a target size of USD 120 m. It will make equity investments into fast growth entrepreneurial businesses and enterprises leveraging technology and innovation to serve the African market, with either the potential to scale globally, or the ability to profitably serve customers at the Base of the economic Pyramid (BoP), which continue to represent the vast majority of consumer demand in the region and in other developing economies.

The Fund will deliver capital as part of a larger support to the entrepreneur, which is centred on strategic, operational and financial mentoring for value generation, leveraging a senior team of business building investment professionals combining global industry expertise with local frontier market transaction and management experience.

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



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The Fund goals are two-fold: (a) To achieve value generation by delivering commercial risk adjusted returns for investors; and (b) To contribute to the social and economic development of Africa by starting and scaling profitable and sustainable companies and creating jobs and opportunities in the region through market driven investment in technology, innovation and entrepreneurship.

The partnership considers the Environmental, Social and Governance management principles and systems as an integral part of its investment process and strategy for its fund. On this basis, the partnership has developed an ESG Management System Manual that provides the Fund with adequate tools to take ESG factors into account in the assessment of potential investments and the management of portfolio companies alongside more traditional financial and business performance considerations. For each investment candidate and each investee company the team will weight ESG factors and develop an ESG improvement plan, including appropriate metrics to show progress during the whole investment period. The Promoter's Environmental, Social and Governance Policy has been approved by the Bank.

If located within the EU, these activities would not fall under Annexes I and II of the EU Directive 2014/52/EU amending the EIA Directive 2011/92/EU. Moreover, the activities will be carried out in existing facilities already authorised that will not change their scope due to the project.

Most of the proposed investments will take place inside buildings at existing RDI facilities already being used for similar activities and are not expected to have a significant environmental impact on the surroundings. On the contrary, some of the RDI projects are addressing specific environmental issues and include sub-projects that directly help decreasing GHG emissions. The RDI results will help for example to allow for a more efficient and reduced use of energy, a better integration of alternative energy sources or reduced paper usage and travels.

The fund's investment strategy is fully aligned with the Paris Agreement on climate change according to the Bank's definition (Annex 2 Table H of EIB's climate bank roadmap - CBR).

Conclusions and Recommendations

The Bank will ensure through its finance contract that the projects financed by the Fund are in eligible areas/sectors for the Bank, and that the Bank's requirements on environment and social matters will be respected.

Therefore, the project has been classified as acceptable in environmental and social terms for the Bank's financing.