European Investment Bank

Luxembourg, 15 June 2023

Environmental and Social Data Sheet

Overview

Project Name:	AXIAN TELECOM EXPANSION
Project Number:	2022-0703
Country:	United republic of Tanzania / Madagascar
Project Description:	The project relates to the investments in the promoters' mobile broadband networks in Tanzania and Madagascar. In Tanzania, the existing hardware of the radio access networks will be replaced by hardware based on a new innovative technology that will substantially improve the networks' energy efficiency and the promoter will activate 4G technology in around 3 000 additional sites. In Madagascar, 4G will be activated on around 1 300 sites. The promoter will also start its 5G deployment in both countries, adding this new technology to a limited number of sites mainly located in urban areas. Finally, the project will also include core network upgrade and expansion in Madagascar, investments in microwave links to support the radio access network growth and 3G coverage and capacity expansion in both countries.
EIA required:	no
Project included in Carbon Footprint Exercise[1]:	yes

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

Environmental and Social Assessment

Environmental Assessment

The project relates to equipment renewal, coverage and capacity expansion of the promoters' mobile network in Tanzania and Madagascar. The project includes only the mobile network equipment, and not the passive infrastructure, as this component belongs to specialised infrastructure companies (tower companies), which provide it as a service to the promoters and other mobile network operators. Therefore, the project will not involve any construction activities, as these activities will be carried out by the tower companies, who will decide, for each new request from the promoters, whether to build a new mast site or reuse an existing one, based on availability and the promoters' network coverage requirements. It is estimated that the majority of the project's components (around 75% of the interventions in the radio access network) will be installed in existing sites, while the rest will require construction of new sites. Given the small footprint of the sites and the fact that they are generally located in urban areas accessible by road, residual environmental impacts during construction are not expected to be significant, as they will mainly be related to dust and noise and will be mitigated through the application of industry-standard practices. National regulations in both countries require an

[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.

environmental and social impact study to be conducted for the construction of a new tower cell site. The promoters require their suppliers to comply with environmental laws, as per the signature of a supplier code of conduct included in the supply contract and monitor the tower companies' compliance actively.

During project operations the only expected relevant potential impact is related to the exposure of the population to EMF (electromagnetic field) in the area of tower cell sites. Studies continue to be conducted to further assess the potential long-term effects of exposure to EMF emissions on human health. The ICNIRP (International Commission on Non-Ionizing Radiation Protection) has issued guidelines to determine the thresholds, with the corresponding margin of safety, under which exposure to EMF does not represent a risk for human health, according to the relevant studies conducted since more than 20 years ago. Both Madagascar and Tanzania have adopted the ICNIRP guidelines in practice, and in the case of Tanzania there are additional specific restrictions relating to the minimum distance of a tower cell site from residences or other premises, which needs to be documented in the site permit documentation.

The project is aligned with the Paris agreement as it relates to the deployment of mobile broadband networks consistent with the Bank's definition (Annex 2 Table H of EIB's climate bank roadmap - CBR).

As a corporate, the counterpart is in scope but screened out of the PATH Framework because it is neither a high emitting nor a highly vulnerable entity.

The component of the project related to the modernisation of the radio access network in Tanzania will result in substantial savings in energy consumption (estimated at 21,210 MWh per year) and therefore qualifies for Climate change mitigation – energy efficiency.

EIB Carbon Footprint Exercise

The annual GHG emissions of the project are estimated at 57,000 tonnes of CO_2 equivalent in a standard year of operation, while estimated emission savings are around 10,000 tonnes of CO_2 equivalent per year. The calculation of the annual emissions is based on the energy consumption of the network elements covered by the project, and the estimated savings relate to a baseline scenario which excludes the efficiencies generated by the modernisation of the access network in Tanzania.

For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in the same year, as a proportion of project cost.

Social Assessment

The project is expected to have positive social impacts in both countries, related to the wide-ranging socio-economic benefits derived from the availability of high-quality broadband connectivity. The promoters have active CSR programmes to ensure their activities create these positive impacts. In particular, the promoters carry out specific actions in the gender equality domain, to help girls and women benefit from digital technologies. With respect to their own organisations, both promoters have effective gender equality policies and a workforce with more than 30% of women, which is above the 2X challenge targets for the telecom sector, in which it is particularly challenging to achieve these objectives due to the low number of female candidates.

On the other hand, due to the small footprint of the sites, the project is not expected to have any significant negative social impact. Although both promoters (in Tanzania and Madagascar) are socially conscious entities that have generally adequate social policies to address and

mitigate any potential social impacts of their activities that may arise, the Bank has recommended to update some parts of these policies, particularly to specify that any involuntary resettlement or impacts on Indigenous Peoples are to be avoided. The updated policies, integrated in a new version of the promoters' Environmental and Social Management Systems (ESMS), as well as the obligation to comply with them for the tower companies, included in the supplier code of conduct, will be a condition for disbursement of the EIB loan.

Other Environmental and Social Aspects

The promoter in Tanzania has developed an Environmental and Social Management System (ESMS), which has been certified according to ISO-14001. The promoter in Madagascar is planning to obtain the same certification in the short term for its own ESMS. Both ESMSs outline the roles and responsibilities of the different actors involved and further provide an overview of the overall E&S requirements and operational frameworks for the project in both countries, including the stakeholder engagement and grievance management policies in place. These ESMSs, including the code of conduct will be updated as a result of the project, notably in line with the abovementioned aspects and labour requirements applicable to the supply chain.

Conclusions and Recommendations

The project is not expected to have any significant residual negative E&S impacts. The potential construction of the new tower sites will not be financed by the Bank as these sites will not be built nor owned by the promoters, but by their suppliers (tower companies), which will have to comply with the promoters' E&S requirements. The project will result in the update of each promoter's E&S policies including the supplier code of conduct, as a condition for disbursement of the EIB loan. Moreover, the project will generate significant positive E&S impacts related to the socio-economic benefits of improved mobile broadband availability and the project's contributions to gender equality and climate change mitigation.

With the appropriate conditions in place, the project is acceptable for financing in environmental and social terms.