

ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN SUMMARY

Project Title: SHARED TELECOMS INFRASTRUCTURE PROJECT
Project Number: P-NG-GB0-004
Country: NIGERIA
Department: OPSM
Division: OPSM.3

a) Brief description of the project and key environmental and social components

The project consists of the nationwide expansion of a shared telecommunication infrastructure network owned by Helios Towers Nigeria (“Helios Towers” or the “Company”). The company currently owns and operates about 383 wireless telecommunications tower sites across Nigeria. As part of its expansion, the company plans to construct 917 additional tower sites to bring its total sites to 1,300 by December 2010. Helios Towers Nigeria Limited was established in 2005 to provide GSM and fixed wireless operators in Nigeria with an economically viable and environmentally friendlier outsourced alternative to in-house construction, maintenance and ownership of telecommunication tower sites. The company builds and maintains a network of telecommunications towers, and leases space on the towers to multiple GSM, fixed wireless and other providers of wireless services under long-term lease agreements.

As this project involves the development of cellular tower sites, the key components associated with the project are environmental, health, safety, and social management; construction of towers; labor and working conditions (including employee and contractor occupational health and safety); pollution prevention and abatement; and biodiversity conservation.

Anticipated Development Impacts of the Project:

Expand mobile telephony access: With the construction of additional tower sites, existing mobile operators will be able to expand the reach of their services both in terms of geography and capacity. In addition, since Helios Towers is not affiliated with any operator, and as its business model is predicated on sharing and collocation, the benefits of expanded access through Helios Towers will also be available to new market entrants. Collocation reduces the incremental cost of expanding service for all carriers thereby allowing them to service remote and economically less developed areas where Average Monthly Revenue per User (ARPU) and usage will be lower.

Increase competition: The presence of Helios Towers in the Nigerian market will allow smaller and newer wireless operators to benefit from reduced barriers to entry as they will have access to leased tower facilities rather than having to build their own.

Expand access to other ICT technologies: Helios Towers will be building a tower network that is capable of supporting not only mobile cellular networks, but also wireless broadband and backhaul networks, thereby improving the penetration of these technologies.

Contribute to mitigating environmental impact and Climate Change: This project will provide a cost effective opportunity to telecommunication operators to reduce their carbon emission footprint by sharing infrastructure. A significant benefit of sharing tower infrastructure arises from the material, energy and emissions savings that ensue from building only one tower instead of three or four. The most immediate impact is on the visual environment, where the removal of two or three unnecessary towers creates an immediate visual benefit. The savings in resources are more significant, as only one-third or one quarter of the steel, concrete and other building materials are necessary for a shared tower. Finally, in areas of uncertain power supply like Nigeria, the ability to use only one back-up power generator to serve an area where there would formerly be 3 or 4 back-up power generators for separate towers, results in immediate and continuing reduction of harmful emissions.

Alignment with Bank's Strategy. The proposed project is a strong fit with AfDB's current development strategy as it allows the Bank to bring to bear its private sector focus and experience to improve telecommunications infrastructure as a positive contribution to development in Nigeria.

b) Major environmental and social impacts

The nature of the company's operations is such that no major adverse environmental or social impacts are expected to result from the project, and that it will be possible to avoid or mitigate any limited adverse impacts that might result. As a result, it has been classified as a *Category B* project according to International Finance Corporation's (IFC's) Procedure for Environmental and Social Review of Projects and a *Category 2* project according to the African Development Bank's (AfDB's) Environmental and Social Assessment Procedures.

The financial, environmental and social due diligence of this project consisted of a visit by IFC staff and AfDB's Private Sector Department staff to the project site, to meet with and interview Helios Towers management and to have a first-hand look at operational activities. IFC staff also appraised technical, environmental and social information submitted by Helios Towers, including:

- Technical specification for the design and construction of Helios tower sites;
- Helios Towers' human resources handbook;
- Helios Towers' standard agreement with contractors; and
- Environmental and social impact assessments of three Helios tower sites.

IFC's environmental and social due diligence indicates that the Performance Standards (PSs) to be applied to this investment are:

- PS1: Social and Environmental Assessment and Management Systems;
- PS2: Labor and Working Conditions; and
- PS3: Pollution Prevention and Abatement.

Potential beneficial impacts of the proposed project range from environmental and socio-economic to commercial/financial such as: (i) improved scenic value the area with a tower and site landscaping; (ii) improved telecommunications reception; (iii) improved commercial value/condition of business activities in the project area; (iv) enhanced employment opportunities during both construction and operations phases; and v) contribution to growth of national economy.

Potential adverse impacts of the proposed project could be primarily environmental and socio-economic such as: (i) minor impacts on plants, animals, water bodies and people from land clearing sourcing materials for construction, site preparation and access; (ii) dust generation during the construction phase; (iii) noise generation during construction and from generators during operation; (iv) change in landscape aesthetics; (v) minor traffic nuisances during construction and operation; (vi) emission of micro-wave radiation; (vii) air emissions from generators; and, (viii) security concerns (vandalizing or unlawful entry into secured facilities).

c) Enhancement and mitigation program

The proposed project will comply with applicable standards, including host country laws and regulations, IFC Performance Standards, and IFC environmental, health and safety guidelines, and AfDB Environmental and Social Assessment Policies and Procedures

Helios Towers' plans for environmental and social management are summarized as follows:

- Environmental, Health, Safety and Social Management:

Helios Towers has assessed risks and impacts relating to issues such as right-of-way alignment and the safety of both its own employees and contractor employees. The 917 tower sites planned by the company are all designed to support collocation of equipment by multiple operators. The company commissions independent consultants to perform environmental and social impact assessments for all sensitive sites. Permits are obtained for each site and

are available for viewing at the company's offices. At all sites, the company always avoids physical or economic displacement of local community members.

Helios Towers outsources construction of new tower sites to reputable companies with high quality management standards. Helios Towers provides precise specifications to contractors for durable construction of towers. The Company includes terms in its agreements with contractors requiring sound environmental and social management by the contractors, health and safety measures of workers and monitors compliance with those terms. Contract terms provide for termination of contracts in the event of non-compliance with environmental and social requirements.

Labor and Working Conditions:

Helios Towers' policies and procedures are designed to ensure compliance with all applicable local labor laws and regulations. These policies and procedures promote the fair treatment, non-discrimination and equal opportunity of its employees, and include written procedures for handling employee grievances. Helios Towers ensures that its employees are provided with appropriate personal protective equipment and health and safety training for the type of work in which they are engaged. For all of its offices, operational sites, switching centers, and retail outlets, Helios Towers employs appropriate personal protective equipment and health and safety training for the type of work in which they are engaged. For all of its offices, operational sites, switching centers, and retail outlets, Helios Towers employs appropriate measures for life and fire safety. In addition, the company has agreed to implement additional procedures to continue to ensure that no employee is below the legal employment age.

Helios Towers makes commercially reasonable efforts to ensure that contractors' employees who perform work related to core functions of Helios Towers for a substantial duration shall be provided a safe and healthy work environment, including appropriate training, personal protective clothing and equipment. Helios Towers shall also ensure that no contractors' employee who performs work related to core functions of Helios Towers for a substantial duration is below the legal employment age.

- Pollution Prevention and Abatement:

Helios Towers has established policies and procedures for waste management at construction sites, and includes terms in its agreements with contractors that cover pollution prevention and abatement. Fuel tanks at tower sites are constructed of steel, the choice of material for pressurized tanks, and go through rigorous quality assurance to ensure reliability. Remote monitoring of the tanks is performed. As a condition of investment, Helios Towers will develop and implement an action plan to add secondary containment structures around fuel tanks at all Helios Tower facilities no later than the end of 2010.

Environmental and social impact assessments of individual potential sites will screen out sites where any significant issue would exist relating to community health, safety and security or biodiversity conservation and natural habitats (PS4 and PS6). Helios Towers is committed to avoiding sites where involuntary resettlement would be an issue (PS5). No issue relating to indigenous peoples is expected to arise in this project (PS7). The company would avoid developing any site where a significant issue relating to cultural heritage would need to be managed (PS8). Nevertheless, a condition of IFC's investment will be that Helios Towers' operations shall consider all relevant social and environmental risks and impacts, including issues covered in all IFC PSs.

These Performance Standards are compliant with the Bank's Environmental and Social Assessment Procedures, cross-cutting issues (environmental, gender, poverty reduction, public participation, HIV/AIDS) as well as the Bank's Involuntary Resettlement Policy and Public Disclosure Policy.

d) Monitoring program and complementary initiatives

Helios Towers Nigeria Limited was established in 2005 to provide GSM and fixed wireless operators in Nigeria with an economically viable and environmentally friendlier outsourced alternative to in-house construction, maintenance and ownership of telecommunication tower sites. The Company builds and maintains a network of telecommunications towers, and leases space on the towers to multiple GSM, fixed wireless and other providers of wireless services under long-term lease agreements.

In accordance with the Federal Environmental Protection Agency Act of 1988 (FEPA Act) and the Environmental Impact Assessment Act of 1992 (EIA Act), Helios Towers will be required to undertake periodic environmental audits of its facilities and submit these to the Federal Ministry of Environment for review and approval. Each audit will contain a brief Environmental and Social Management Plan (ESMP). As part of this Project, Helios Towers will formalize the annual audit and Environmental and Social Management System (ESMS) specifying impacts, management responsibilities, training, monitoring and reporting. With respect to complementary initiatives the company is exploring possible options in the area of renewable energy and energy efficiency for tower sites.

e) Institutional arrangements and capacity building requirements

There are no specific institutional arrangements required for the effective implementation of an Environmental and Social Management System (ESMS) and Helios Towers will be entirely accountable for its implementation to comply with IFC and African Development Bank requirements.

f) Public consultations and disclosure requirements

Helios Towers recognizes the importance of community engagement. For acquisition of tower sites, Helios Towers shall consult with relevant municipalities and local village councils, obtain required authorizations, and comply with local codes and IFC Performance Standards. For all aspects of community engagement, Helios Towers has agreed to develop to IFC's satisfaction any further procedures needed to comply with IFC Performance Standards, including disclosure of relevant facts to community members regarding proposed new sites, and provision for handling and resolving complaints or grievances received from community members regarding any tower site.

g) Estimated costs

The funds required for the undertaking of the environmental and social audit under Nigerian law and the implementation of the ESMP will be covered within Helios Tower's operational budget. The costs for the company to formalize the environmental and social audit and environmental and social management plan process into a simple environmental and social management system specifying impacts, management responsibilities, training, monitoring and reporting will be initially be covered by the project and then by Helios Tower's operational budget.

h) Implementation schedule and reporting

The implementation of the corporate ESMS will be continuous starting from the construction phase and throughout on-going operations. Reporting to IFC and AfDB will be annually throughout the project's duration.

Note: The preparation of the AfDB's Environmental and Social Management Plan Executive Summary for this project has been developed entirely using IFC's published Summary of Proposed Investment and IFC's published Environmental and Social Review Summary.