Early Warning System

# IDBI-12523-01

PTI

## Quick Facts

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| **Financial Institutions** | IDB Invest (IDBI) |
| **Status** | Proposed |
| **Bank Risk Rating** | B |
| **Voting Date** | 2018-12-14 |
| **Borrower** | Phoenix Tower International LLC and its relevant Subsidiaries |
| **Sectors** | Finance, Infrastructure |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 60.00 million |
| **Project Cost (USD)** | $ 60.00 million |

## Project Description

According to the bank, the proposed transaction consists of a Senior Loan for a period of 10 years for an amount up to US$60 million (the "IDB Group Financing") to support PTI's: (i) capital expenditure plan, and (ii) acquisitions. IDB Group's market knowledge and expertise in developing markets is well suited to assist PTI in the Caribbean and South American market.

The financing will consist of an A Loan of up to US$45 million and a B Loan for up to US$15 million.

PTI is a leading independent owner and operator of wireless communications infrastructure leasing sites to Mobile Network Operators ("MNOs") across the Caribbean and Latin American region.

## People Affected By This Project

1. Scope of Environmental Review

All construction and maintenance of PTI's infrastructure is done by third party contractors. PTI vets each contractor and has an onboarding process to ensure that all contractors are properly suited to operate in their individual jurisdiction. This review focused on the company's proposed activities in the Caribbean and South America. IDB Invest environmental and social officers held conference calls and exchanged documentation with representatives from PTI to assess current environmental and social performance, to identify gaps, and to develop the Environmental and Social Action Plan found at the end of this summary.

2. Environmental and Social Categorization and Rationale

For direct investments, IDB Invest categorizes operations as A, B or C based on type, sector, scale and likely magnitude and significance of potential environmental and social risks and impacts of the investment. The category indicates the appropriate extent of environmental and social impact assessment, information disclosure and stakeholder engagement required. This project has been categorized as B, as it has potential moderate environmental and social impacts and risks that are generally limited to the project sites, largely reversible and can be mitigated via measures that are readily available and feasible to implement in the context of the investment.

3. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

While all Performance Standards are applicable to this investment, IDB Invest's environmental and social due diligence found that the investment involves risk and potential impacts which must be managed in a manner consistent with the following Performance Standards:

PS 1 - Assessment and Management of Environmental and Social Risks and Impacts
PS 2 - Labor and working conditions
PS 3 - Resource Efficiency and Pollution Prevention
PS4 - Community Health, Safety and Security / PS6 - Biodiversity Conservation

PS5, PS7 and PS8 are not considered applicable given that sites are all expected to have a very small footprint; sites are expected to be leased, and any purchased ones are expected to involve a willing seller; no Indigenous Peoples are expected to be affected; and no important cultural heritage is expected to be impacted (although PTI will develop a Chance Finds Procedure to cover unexpected finds during new site construction).

Key environmental and social risks of this investment include the following: (i) worker health and safety risks during work with cranes, work at heights, and with electrical infrastructure; (ii) risks of pollution related to storage of generator fuel at tower sites and disposal of used batteries; (iii) community-related risks related to perceived impacts from electromagnetic fields or perceive impacts on landscape aesthetics; (iv) risks related to the potential presence of armed security guards; and (v) risks to birds which may strike towers or support wires.

4. Environmental Risk and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks and Impacts

PTI does not currently have a formal environmental and social management system (ESMS), although the company does already have in place several key components that would form such a system. PTI screens the placement of its new towers for potential environmental impacts as part of the permitting process for such towers. This screening is to some degree systematic, given that PTI strictly follows the Foreign Corrupt Practices Act (FCPA) guidelines when purchasing new towers. The FCPA guidelines direct the company to proceed through all legal and official channels to obtain the permits necessary to construct towers. Part of the permitting process generally includes obtaining environmental permits. Furthermore, PTI requires

## Investment Description

- IDB Invest (IDBI)

| Private Actor 1 | Private Actor 1 Role | Private Actor 1 Sector | Relation | Private Actor 2 | Private Actor 2 Role | Private Actor 2 Sector |
|---|---|---|---|---|---|---|
| - | - | - | - | Phoenix Tower International LLC | Client | - |

## Contact Information

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For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email divulgacionpublica@iadb.org

As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.

**Campaign Documents**

- Company Overview of Phoenix Tower International LLC