

# Company Alignment with the U.N.'s Sustainable Development Goals

## A Case Study

Provided by ECP in Association with the EMPEA ESG Community

The Eranove Group | GP: ECP



### Eranove's Story

Eranove is an African utilities company that, as of 2017, manages over 1,247 megawatts (MW) of electricity generation capacity, produces approximately 423 million cubic meters (m<sup>3</sup>) of water annually and employs over 8,900 people. Eranove has four core subsidiaries in Côte d'Ivoire and Senegal: water operators Société de Distribution d'Eau de la Côte d'Ivoire (SODECI) and Sénégalaise des Eaux (SDE), power distribution company Compagnie Ivoirienne d'Electricité (CIE) and power generation company Compagnie Ivoirienne de Production d'Electricité (CIPREL).

The Eranove Group was initially part of the French utility group Saur, a wholly-owned subsidiary of the Bouygues Group. When Bouygues sold Saur, the African affiliates were transferred to Eranove, previously known as Finagestion. Emerging Capital Partners (ECP), having had an interest in the African utility operations for nearly a decade, invested in Eranove in 2008. Africa has had significant power and water challenges due in part to large infrastructure gaps, and ECP saw a clear opportunity to help Eranove expand its base business and develop a strong pipeline of expansion projects.

### The Role Played by Private Capital

Eranove directly contributes to seven U.N. Sustainable Development Goals (SDGs). Through its core operations, Eranove contributes to SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy) and SDG 9 (Industry, Innovation and Infrastructure).

Following its 2008 investment, ECP prioritized initiatives to maintain and upgrade Eranove's subsidiaries' networks to increase operational efficiencies, resulting in a 24% rise in clean water production from 2009 through the end

of 2015. After initial improvements, Eranove continued to emphasize sustainable operations and resource efficiency and worked to strengthen local participation in sustainable resource management. In 2015, a pilot regulation project implemented by Eranove's water operator SDE saved 550,000 cubic meters of water. In 2015 and 2016, SDE generated €1.8 million (US\$2 million) in savings from energy optimization projects.

Apart from operational improvements, ECP also identified international and local investors to facilitate Eranove's expansion. A key result was the 2016 inauguration of a 111 MW steam turbine operating from the exhaust heat of a gas-fired turbine, contributing to 500,000 fewer tons of carbon dioxide emissions annually as compared to an equivalent gas-fired turbine.

Eranove further expanded access to its services by applying state-moderated tariffs that reduced electricity and water rates for consumers and by facilitating subsidized connections to clean water and electricity for low-income homes. For instance, in 2016, Eranove's power distribution company CIE facilitated 141,529 grid connections to households without electricity through an "Electricity for All" initiative in collaboration with the Government of Côte d'Ivoire and other development partners. From 2009 to 2016, Eranove increased its electricity and water customers by 50%, reaching a combined 3.3 million consumers across Côte d'Ivoire and Senegal.

To effectively implement the company's core operations, ECP worked with Eranove to build the caliber and technical capacity of its workforce, of whom over 99% are local, thus contributing to SDG 8 (Decent Work and Economic Growth) and SDG 4 (Quality Education). Eranove has established two technical training centers—Centre des Métiers de l'Electricité (CME) and Centre des Métiers de l'Eau—that train students in electrical

#### THE COMPANY



##### Essentials

**Year Founded:** 1996

**Website:** [eranove.com](http://eranove.com)

**Countries of Operation:** Côte d'Ivoire, Senegal

**Sector:** Utilities

**Business Focus:** Power generation, transmission and distribution; water production and distribution

**Size:** US\$636.5 million (€575 million) in revenue (2016)

**GP:** Emerging Capital Partners (ECP), a Pan-African private equity firm focused on growth capital investments ([ecpinvestments.com](http://ecpinvestments.com))

**Date of Investment:** July 2008

**Investment Amount:** ECP had a 60% stake in the company as of October 2009

##### Highlights

In 2017, Eranove incorporated the SDGs in its annual sustainability report, including SDGs directly impacted as well as those indirectly impacted by its operations.

As part of an overarching sustainable development strategy, Eranove's core subsidiaries report on 120 indicators.

Nearly 60% of Eranove's total energy generation capacity is renewable, and Eranove has increased its focus on sustainable solutions.

engineering, water production and industrial management. In 2016, Eranove spent €1.5 million (US\$1.7 million) on training, generating nearly 300,000 total training hours.

In line with ECP's investment thesis, sustainable development has been intrinsic to Eranove's core business to provide access to essential services, predating the 2015 establishment of the SDGs. Access to clean water and electricity is essential to inclusive development and to eradicating poverty. Infrastructure gaps must be filled, and effective operations require an educated workforce. However, the SDGs have become an increasingly important element of the region's long-term strategic outlook. This is particularly true for SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action). Nearly 60% of Eranove's total energy generation capacity is renewable, and with the continent's population growth projected to double between 2015 and 2050,<sup>1</sup> Eranove has increased its focus on sustainable solutions. Private capital will be key to Eranove's efforts to meet infrastructure gaps today while anticipating the region's future needs.

## Measuring Impact

As part of an overarching sustainable development strategy, Eranove's core subsidiaries report on 120 indicators, which form the basis of Eranove's robust, externally-verified annual sustainability reports. Indicators include operational metrics as well as figures related to employment, training, water and electricity connectivity, carbon emissions, corporate social responsibility (CSR) spending, optimization projects and other topics pertinent to sustainable development.

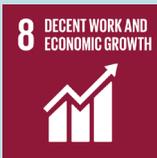
Eranove's key subsidiaries have also established environmental, health, safety and security (EHSS) management systems that are often certified and evaluated per international standards, including ISO 14001 for environmental management and OHSAS 18001 for occupational health and safety. The subsidiaries are also working to obtain ISO 500001 certification for energy management.

The strong alignment of the SDGs to Eranove's immediate operations facilitates the company's ability to measure impact in terms of contribution to the SDGs. In 2017, Eranove incorporated the SDGs in its prior year annual sustainability report, including SDGs directly impacted as well as those indirectly impacted by its operations—for example, SDG 1 (No Poverty). The report explicitly links relevant indicators to specific SDG objectives, thereby serving as a matrix through which the company assesses its sustainable development contribution.

<sup>1</sup>United Nations, *World Population Prospects*, 2015

Membership in the EMPEA ESG Community is open to all individuals at EMPEA member firms who have an active interest in ESG in the emerging markets space. This Community provides a platform to share resources and advice for EMPEA members considering how to build and/or expand their ESG management strategy, as well as offers practitioners and experts a forum to advance the development of ESG best practices through information exchange, research and the aggregation and development of innovative resources.

Find out more and get involved at [EMPEA.org](http://EMPEA.org)

SDG	Contribution(s) to the SDGs
 <p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> <li>Total drinking water produced in 2016 – 422,837,060 m<sup>3</sup></li> <li>Number of water customers in 2016 – 1.6 million</li> <li>Subsidized connections to the water grid in 2016 – 46,021</li> </ul>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> <li>PEPT (“Electricity for All”) grid connections in 2016 – 141,385</li> <li>Total interconnected hydroelectric production capacity – 604 MW</li> </ul>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> <li>Total electrical generation efficiency (ratio of net production to gross production of a generator) in 2016 – 98.81%</li> <li>Electrical generation efficiency in Abidjan in 2016 – 99.40%</li> <li>Domestic smart meters installed in Côte d’Ivoire as of the end of 2016 – 250,000</li> <li>Eranove network upgrades contributed to a 40% increase in electricity and water customers from 2011 to 2016 in Côte d’Ivoire and Senegal.</li> </ul>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> <li>Total workforce in Côte d’Ivoire and Senegal in 2016 – 8,554</li> <li>Workers trained in formal training session in 2016 – 3,402</li> <li>Financial contribution of the company to employee-dedicated funds or internal loans in 2016 – €10.7 million (US\$11.9 million)</li> <li>Local taxes paid in 2015 – US\$40.1 million</li> </ul>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> <li>CIE promotes energy efficiency to the public. In 2015, the company launched a “10 good habits to protect the planet and reduce your consumption” communications campaign. In 2016, CIE conducted an energy-savings advice outreach initiative.</li> <li>SODECI and SDE have implemented programs to promote water conservation and more efficient consumption of water by government entities, including university campuses and military bases.</li> <li>Savings from SDE's optimization projects in 2015 and 2016 – €1.8 million (US\$1.9 million)</li> </ul>
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> <li>57% of Eranove's power subsidiaries' total energy generational capacity is renewable.</li> <li>CIPREL IV, a combined gas and steam cycle facility, contributed to a 70% increase in CIPREL's total power capacity while resulting in an emission of 500,000 fewer tons of carbon dioxide annually as compared to an equivalent fully gas-fired turbine.</li> </ul>

**EMPEA**

The global industry association for private capital in emerging markets