

IJGlobal ESG Digital Infrastructure

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The sale by Actis of South African fibre network operator Octotel was recognised by the judges for having “genuine social impact” over the course of the fund manager’s ownership during which it had an “impact linked a whole range of positive ESG outcomes”.

Another of the IJGlobal ESG Awards 2024 judges said: “Actis has gone over and above what is required by regulation and planning. They have thought through what would make an impact on under-privileged communities – for example providing 150 schools with free internet.”

Yet another judge said: “This entry captures a great deal... digital literacy, free access for schools, employment and enabling mobility.”

Actis – founded in 2016 – [acquired Octotel](#) in December 2020 for ZAR2.3 billion (\$140m). It is an open access fibre network providing seamless fibre-optic broadband.

Under Actis’ controlling ownership, the business saw significant growth, with the number of homes passed with fibre rising from 195,000 at investment to 350,000, and the number of customers connected increasing from 56,000 to 110,000.

Much of the growth occurred in the lower “living standards measure” (LSM) areas, and Octotel designed a specific fibre product to improve affordability and increase take-up.

In March 2024, [Actis agreed to sell Octotel](#) to a consortium of investors, led by African Infrastructure Investment Managers (AIIM) and comprising STOA and Thebe Investment Corporation.

Actis’ investment in Octotel capitalised on the growing demand for high-speed connectivity and rise in data consumption in South Africa. The investment strategy expanded the number of homes passed with a fibre and drove the take-up rate on the network while generating positive social impact through enhanced digital inclusion.

On the governance front – an area where ESG submissions are often light – Actis impressed the judges with its impact having established a Social and Ethics Committee (chaired by Actis) to guide and oversee key ESG measures.

The fund manager provided a free 1GB fibre internet connection to every registered primary and high school it passed when deploying its network, resulting in more than 150 under-privileged schools accessing free internet.

Octotel in November 2022 secured a [ZAR 2 billion ‘social loan’](#) facility – provided by RMB – to support network expansion into lower LSM areas over the following 3-5 years and drive digital inclusion.

The company increased its proportion of female employees from 12% at investment to 20% by 2023, and it invested in community development activities, reaching thousands – including bringing connectivity to Waumbe Youth Development Centre to enhance digital literacy programmes and giving 150 students access to online literacy.

It created employment opportunities in lower income areas, recruiting minimum 30% of construction and installation project teams from local communities. This target was typically exceeded, with 50-60% local workers on most projects.

Around 70,000 homes passed with fibre are in lower LSM areas, with Octotel providing affordable internet connectivity on an uncapped basis.

Meanwhile, on the environmental front (which many ESG submissions lean into too heavily), Actis converted Octotel's fleet to LPG hybrid vehicles, decarbonising transportation.

It also secured a contract with an E-waste company that ensures safe disposal and recycling for its electronic waste, including batteries. Some 7,000kg of waste was recycled in 2023 alone.

Octotel's access termination boxes are made from recycled plastic, with roughly 2,800 of these units installed in clients' homes every month.

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