

IFC and South Africa

Partners in Private Sector Development

OVERVIEW

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working in more than 100 countries, IFC committed a record amount of close to US\$56 billion in own-account investments and mobilization from third parties to private companies and financial institutions in developing countries in FY24.

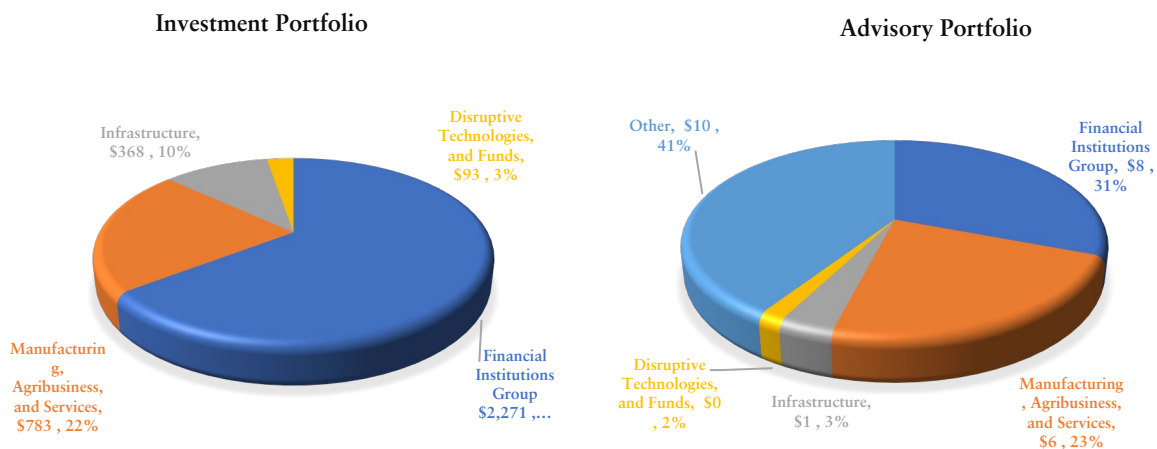


IFC AND SOUTH AFRICA

The Republic of South Africa (RSA) – IFC Technical Assistance Trust Fund South Africa was established in 2003, representing the first dedicated South Africa - IFC trust fund to support technical assistance in Africa. Contributions of US\$5.56 million from the Department of Trade, Industry and Competition (DTIC) supported 19 projects in sub-Saharan Africa across a diverse range of IFC industry groups including Health, Telecommunications, Ports and Education.

IFC'S INVESTMENT AND ADVISORY PORTFOLIO IN SOUTH AFRICA

As of June 30, 2024, IFC's Investment and Advisory portfolio in South Africa amounted to US\$3.5 billion and US\$24.9 million, respectively. South African private sector companies have benefited from co-investments with IFC, while making notable contributions to development.



The World Bank Group fiscal year runs from July 1 to June 30 of the following calendar year.

EXAMPLES OF SUCCESSFUL COOPERATION PROGRAMS

LENMED HOSPITAL GROUP TO EXPAND QUALITY HEALTHCARE SERVICES: On June 10, 2024, IFC and Lenmed Hospital Group announced a partnership to increase access to quality healthcare, especially in underserved communities, in South Africa, Botswana, Ghana, and Mozambique. Under the partnership, IFC will provide a local currency, R200 million senior loan to Lenmed to help the company expand its healthcare services over the next four years through the acquisition of new facilities, the purchase of medical equipment, and by hiring and training additional medical staff. Lenmed will also expand the number of beds in its hospital portfolio from 2,318 to almost 3,000. IFC's loan is part of a larger, syndicated loan package with three other South African lenders—Rand Merchant Bank, Ashburton Asset Managers, and ABSA Bank—totaling R2.5 billion. The combined financing will also support Lenmed's plans to expand into other African countries and help meet the company's refinancing and working capital requirements.

In addition to financing, IFC will also help Lenmed improve its environmental and social standards and ensure sustainability across its operations. Lenmed caters for multiple income groups across all its markets. It provides acute healthcare services, including but not limited to, trauma care, cardiac services, pediatric care, maternal care, acute and emergency care, cancer treatment, orthopedics, and neurosurgery.

ASPEN PHARMACARE HOLDINGS LIMITED: IFC along with other donor partners Proparco; the German Development Finance Institution (DEG); and the U.S. International Development Finance Corporation (DFC), announced a joint financing package to support the production and distribution of life-saving medicines and vaccines in Africa. The €500 million loan package to Aspen Treasury Ireland Limited, a wholly owned subsidiary of Aspen, includes €150 million from IFC's own account, and €350 million in parallel loans mobilized from DEG, DFC, and Proparco, a subsidiary of Agence Francaise Development, the French Government's development finance institution. Aspen is a South Africa-based, global specialty and branded multinational pharmaceutical company.

The financing will support Aspen's "Manufacturing in Africa for Africa" strategy, which in partnership with global multinational pharmaceutical companies aims to improve the production and accessibility of critical medicines on the continent, including insulins and pediatric vaccines. The loan package will also facilitate distribution and promotion agreements to broaden access to medicines in sub-Saharan Africa and will strengthen Aspen's financial resilience and working capital needs.

BOOSTING LEGAL HOMEOWNERSHIP FOR LOW-INCOME HOUSEHOLDS IN SOUTH AFRICA: Property is the most significant asset for most low-income households in South Africa. But without a title deed, it is almost impossible to borrow against the value of the land or house. A lack of deed also hampers the ability to participate fully in the formal property market, including selling, tax payments and valuations. Home ownership is one of the most important ways for people to build and transfer wealth to the next generation. In South Africa, IFC is helping put more people on that path, which, in addition to improved access to finance, sometimes requires resolving complex legal issues. South Africa's government has built more than a million subsidized houses for its low-income populations in recent decades. But in many cases, when people received the houses, title deeds were not transferred, leaving occupants unable to legally sell or borrow against the property. This has kept an estimated 242 billion rand (approximately \$12 billion) in assets out of the hands of the country's poorest households. IFC advisory services has helped two municipalities near Durban (KwaDukuza and Mandeni municipalities) locate the rightful owners and transfer full ownership. The IFC led pilot program helped more than 300 low-income South African seniors acquire title deeds for their land in the iLembe district. The innovative program works by leveraging South Africa's Broad-Based Black Economic Empowerment (B-BBEE) socio-economic development and by engaging law firms to offer pro-bono property conveyancing services to low-income earners.

SUPPORTING SUSTAINABLE URBAN INFRASTRUCTURE IN THE CITY OF CAPE TOWN: IFC's \$149 million (in local currency) senior loan to the city will support infrastructure upgrades and replacements, including to electrical and transport infrastructure, and the expansion of water, sanitation and wastewater management infrastructure prioritized under the City's 10-year infrastructure investment plan. With a tenor of 18 years, IFC's loan will help the city to invest sustainably in assets with long operational lifespans. The key aim is to support improved access to quality services for communities, while also improving climate and energy resilience. More than 70 percent of the infrastructure spend will benefit low-income areas. IFC's investment builds on its existing partnership with the City, which includes the provision of advice under IFC's Cities Initiative, supported by the State Secretariat for Economic Affairs (SECO) of Switzerland. The guidance included identifying and assessing solutions to improve energy services and climate change mitigation actions.

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