

IFC in Africa: Year in Review, Fiscal 2015

Selected Strategic Themes

Infrastructure

IFC's financing for infrastructure, which is critical for job creation and future productivity, totaled \$1.1 billion this fiscal year - the fourth year running that IFC has committed more than a billion dollars to power, transport and utilities projects. Through investments such as our Scaling Solar initiative, IFC is creating a new market for solar power in Sub-Saharan Africa. Working closely with the World Bank and MIGA, IFC provided a variety of instruments that mitigate risk, develop projects from an early stage to bankability, and to finance projects across the continent. IFC InfraVentures, the IFC global infrastructure project development fund, committed to develop two renewable energy power projects in Mali.

Fragile and Conflict Affected Situations

During the last fiscal year, IFC's Conflict Affected States in Africa Initiative supported private sector growth in nine countries, helping them strengthen their business environments and attract investment. CASA expanded its development through a combination of market intelligence, funding and knowledge management, while increasing its focus on supporting women in business. CASA is supported by donor partners Ireland, the Netherlands, and Norway.

Agribusiness

Half of Africa's output and 70 percent of its workforce depend on agriculture, a priority sector for IFC. This year, IFC helped create rural jobs and supported farmers by investing in companies such as Afriflora, Ethiopia's largest rose producer, which employs 9,000 workers, 80 percent of them women; and Weince, which provides fertilizer and crop protection to cocoa farmers in Liberia.

Healthcare

With less than one percent of global health expenditure, and only three percent of the world's health workers, Africa's health sector bears a heavy toll. In fiscal year 2015, IFC invested over \$30 million in private sector companies that strive to improve healthcare in Africa, such as Goodlife Pharmacies, which will supply affordable, quality healthcare products in Kenya, where an estimated 30 percent of drugs are counterfeit.

Financial Inclusion

In support of the World Bank Group's goal to reach universal financial access by 2020, IFC invested \$1.2 billion, including capital mobilized from partners, in Africa's financial sector. IFC's investments in banks and financial institutions helped provide \$9 million worth of loans to entrepreneurs this year. Investments in key banks such as Chase Bank Kenya and Ecobank supported women entrepreneurs and small-scale businesses in conflict-affected countries. Through IFC's Global Index Insurance Facility, nearly 330,000 small-holder farmers were insured against weather disasters to safeguard their income and livelihoods.

Trade and Competitiveness

IFC, in collaboration with the World Bank, supported investment reform efforts in 40 Sub-Saharan African countries, and expects to record about 60 reforms for the 2015 fiscal year. Those reforms improve countries' business environment, attract investments, improve their competitiveness and increase their participation in global value chains. In Ethiopia, the new customs law drafted with World Bank Group support is making cargo clearance for imports more efficient. In Kenya, the eCitizen portal, launched in May 2015, has automated 50 government services, such as passport, driving license applications and business name registrations. The portal has already registered 330,000 users, handles 5,000 transactions a day, and has grossed \$3.6 million in revenue collection for the government, while reducing service time for applicants and increasing transparency.



Local Currency and Capital Market Development

IFC continued to develop domestic capital markets and increase local currency financing. This year, IFC provided local currency loans worth \$74 million to clients across Sub-Saharan Africa, including its first loan linked to Angolan Kwanza. Through innovative treasury operations, IFC concluded a swap arrangement with the Central Bank of the Democratic Republic of Congo, pioneered a Rwandan franc offshore bond, and provided companies in Africa access to international bond markets.

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Highlights from IFC Projects

Africa-wide Projects

Through the **Partnership for Financial Inclusion**, a \$37.4 million joint initiative of IFC and The MasterCard Foundation to advance financial inclusion in Africa, IFC is working with a number of microfinance institutions, banks and mobile network operators across the continent to develop and test technology and business models to offer affordable banking to low-income people and entrepreneurs. Supported by the Partnership, AccessBank in Tanzania rolled out an innovative rural loan product to small-holder farmers, which has made \$3.6 million in financing available to 4,000 clients as of July 2015.

Nearly 330,000 small-scale farmers were insured against adverse weather through IFC's **Global Index Insurance Facility**, which supports the development and growth of local markets for weather and disaster index-based insurance. ACRE Africa, a partner of the facility, insures more than 238,000 farmers annually and generates an annual premium volume of more than \$900,000. It recently launched an innovative mass market product, the Replanting Guarantee, in collaboration with SeedCo and Safaricom in Kenya.

IFC invested \$246 million in Sub-Saharan Africa's **fragile and conflict affected situations**, supporting projects in finance, mining, infrastructure, and smaller businesses. That included more than \$80 million in new investments to companies and financial institutions in Guinea, Liberia and Sierra Leone as part of a \$450 million, three-year target to step up new investments that respond to Ebola and support economic recovery in countries worst-affected by the epidemic.

Leasing is an innovative financing solution for small and medium enterprises that often lack the credit history or sufficient collateral required by most banks to finance the necessary equipment to heighten productivity. IFC worked with the governments of the Democratic Republic of Congo and Chad to pass new laws to boost leasing activities for entrepreneurs. IFC's leasing program produced market reports for Chad, Djibouti, Niger, Guinea Bissau, Guinea Conakry and Somaliland and trained over 2,500 entrepreneurs, government officials, financial institutions and lawyers in Africa.

Eastern and Southern Africa

Due to rapid urbanization, African cities become home to over 40,000 new people every day, increasing the need for housing at all levels. IFC and Chinese multinational company **CITIC Construction Co. Ltd** launched a \$300 million investment platform to develop affordable housing in Sub-Saharan Africa. The platform will partner with local housing developers and provide long-term capital to develop 30,000 homes over next five years. IFC estimates that each housing unit will create five fulltime jobs – resulting in nearly 150,000 new jobs on the continent.

Afriflora Group, Ethiopia's leading rose grower and distributor, received a loan of €90 million from IFC to expand production, install water recycling systems, and increase employment by more than 50 percent. Afriflora employs more than 9,000 workers, more than 80 percent of them women. The company also engages in a wide array of community development activities, including operating schools, a hospital and a football stadium, all of which benefit close to 40,000 people.

IFC invested \$36.5 million in **BIDCO** to support expansion of the company's consumer goods operations into new market categories and create more opportunities for small farmers to enhance productivity and earn better incomes. BIDCO is a leading player in Africa's consumer goods sector, producing more than 40 different brands of edible oils, bakery fats, shortening agents, margarines, detergents, soaps and animal feeds. BIDCO is active in 16 countries across Africa and has more than \$500 million in annual revenues in East Africa.

IFC made its **first hospitality investment in Ethiopia** with a loan of \$9.5 million to Tsemex Global Enterprise, an Ethiopian company that will develop an international-standard hotel in Addis Ababa. InterContinental Hotels Group will manage the Addis Ababa hotel, providing its global brand and expertise to local staff and suppliers. The hotel will provide rooms, conference facilities and employ 300 local staff. While Ethiopia's economy is expanding, the capital city is currently home to only three international-standard hotels.

IFC invested \$15 million in **Chase Bank Kenya** to increase access to finance for small scale businesses, with half the investment earmarked for women entrepreneurs. To further strengthen the bank's offering to women clients, IFC is providing 15 months of advice to train bank staff and clients on credit analysis, gender awareness and sales, and business management.

The World Bank Group estimates that more than 50 million children are out of school in sub Saharan Africa. IFC invested \$4.1 million in **Merryland High Schools, Uganda** to expand access to secondary education. The loan will enable Merryland to enroll an additional 2,500 students in Uganda, where demand for education exceeds the number of school places available. Merryland currently operates two boarding campuses in Entebbe, attended by 3,500 students, of whom 34 percent are from rural Uganda.

Portucel's \$3 billion **integrated plantation forestry operations** project marks the largest investment outside of the extractives and infrastructure sectors in Mozambique. IFC agreed to provide an initial investment of around \$30 million to support the first phase of the project. By the close of 2016, Portucel plans to develop 40,000 hectares of sustainable tree plantations, generating thousands of jobs and improving living standards for 130,000 people. IFC aims to be a long-term financial partner and advisor supporting Portucel's long term investment in Mozambique. Portucel has also established a \$40 million program to benefit local communities in two of the poorest provinces of Mozambique, where the company will operate.

IFC has supported several renewable energy projects over the past three years developed under **South Africa's Renewable Energy Independent Power Producer Procurement Programme**. In FY15 IFC provided a ZAR 455 million (\$37 million) loan to support a new solar thermal electricity power facility in South Africa's Northern Cape region, building on a series of pioneering renewable energy investments in the country. The 100-megawatt Xina Solar One facility being developed by Abengoa is expected to produce clean energy for more than 95,000 households, create jobs and reduce carbon emissions. It will be located next to Abengoa's 100-megawatt Kaxu Solar One, the first solar thermal electricity power plant in commercial operation in South Africa, which was also supported by IFC financing. Those projects, along with the 50-megawatt Khi Solar One facility, another Abengoa facility with IFC support, are set to help South Africa meet its growing energy demands and boost access to sustainable, reliable electricity. Under REIPP, IFC also supported the 134-megawatt Amakhala wind farm in the Eastern Cape.

IFC is helping **Agrivision Africa** expand its grain production to become a market leader in **Zambia**, and eventually outside its home market. Agrivision is an investee company of the Johannesburg Stock Exchange-listed agribusiness group Zeder Investments. IFC will provide a \$20 million equity investment in Agrivision to support its \$30 million expansion program. The IFC investment supports modernization of existing grain production operations, contributing to increased food security by helping expand the agricultural and food processing industry in Zambia, and applying IFC's high environmental and social standards.

West and Central Africa

IFC invested €880,000, in **Marina Market, Burkina Faso's** leading supermarket chain, to support the company's operations and expansion. The investment will create new jobs and promote modern retail infrastructure in Burkina Faso, where retail facilities of this nature are still novel.

IFC and Eiffage S.A., a leading European construction firm signed a financing agreement for the extension of the **Dakar toll road in Senegal**. This new toll road connecting Dakar to the new international airport and the hinterland will increase the access of outlying areas to the capital city. The existing Dakar toll road was



inaugurated in August 2013 by SENAC S.A., the Senegalese concession company set up by Eiffage S.A. As the first Public Private Partnership in West Africa, it is widely considered a flagship project for Senegal and the surrounding region.

IFC signed an \$8 million loan agreement with **Quantum Oil Terminal Limited**, a leading player in the oil and gas sector in **Ghana** to finance the development of a 55,000 metric ton petroleum products storage facility near the port of Tema. The project will help address storage constraints in the petroleum products distribution value chain and reduce shortages in Ghana.

EDF, a global leader in the power sector, signed an agreement with IFC to jointly develop off-grid electrification solutions in developing countries, with the immediate goal of providing electricity to half a million people living in rural areas, primarily in sub-Saharan Africa. A pilot project is already under development in **Benin**, which will provide electricity to 25,000 people during the first phase thanks to the installation of a hybrid solar-diesel network and two biomass-fired power stations.

Demand for private healthcare services is growing in Chad, driven by rising incomes, a growing population and few suitable alternatives. IFC is helping to expand **Clinique la Providence**, Chad's leading private hospital, to improve the quality of healthcare in the country by upgrading service standards. The €1.23 million investment will be used to construct and equip a new 56-bed hospital in Ndjamena, Chad by Clinique la Providence, which currently operates a 26-bed hospital on leased premises. The new clinic will deliver high-quality health services in a country where healthcare expenditure is estimated at 4.6 percent of GDP.

IFC and **Ecobank** launched a joint \$110 million risk-sharing facility to increase access to finance for small and medium sized enterprises in fragile and conflict affected states in West and Central Africa. The facility is designed to overcome the challenges of lending to smaller businesses, which have a higher risk profile, in Burundi, Chad, Cote d'Ivoire, the Democratic Republic of Congo, the Republic of Congo, Guinea, Mali and Togo.

IFC provided a \$100 million loan facility to **Zenith Bank** to grow its lending, driving forward economic growth and job creation in Nigeria. The facility will be provided from IFC's own account and Zenith Bank will use the financing to reduce the lending gap in critical sectors such as infrastructure and power.

IFC signed an agreement to provide a \$20 million convertible loan to **AIICO Insurance** to support the company's expansion across Nigeria. AIICO will use the loan facility to add more retail centers and increase its footprint across the country. The financing will also enable AIICO to improve its information technology platform to make claims processing and customer services more efficient.

In **Liberia**, IFC helped establish and launch a **collateral registry** to enhance access to finance for entrepreneurs by allowing them to register movable assets as collateral for loans. Despite being launched in June 2014 in the midst of the Ebola crisis, the registry had facilitated \$226 million in financing for small-scale entrepreneurs within 10 months, capital which is expected to aid in the country's post-crisis recovery.

The **Cote d'Ivoire Investment Climate Agribusiness Project** supported the passing of the Warehouse Receipts System Law. Warehouse receipts allow farmers to deposit a commodity in a certified warehouse, collect a warehouse receipt and use it as collateral to apply for loans from participating banks and financial institutions. The receipts reduce the pressure on farmers to sell immediately after a harvest, when prices are normally low. While the commodity is in the warehouse, the depositor can monitor the prices and sell when it is favorable, often resulting in a 35-40 percent increase in price.