

# IFC and South Africa

## Partners in Private Sector Development

### OVERVIEW

IFC, a member of the World Bank, is the largest global development institution focused on the private sector in emerging markets. Working in more than 100 countries, IFC committed a record US\$43 billion in own-account investments and mobilization from third parties to private companies and financial institutions in developing countries in FY23.



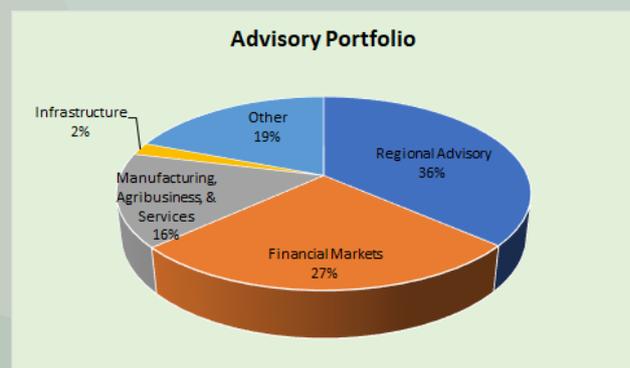
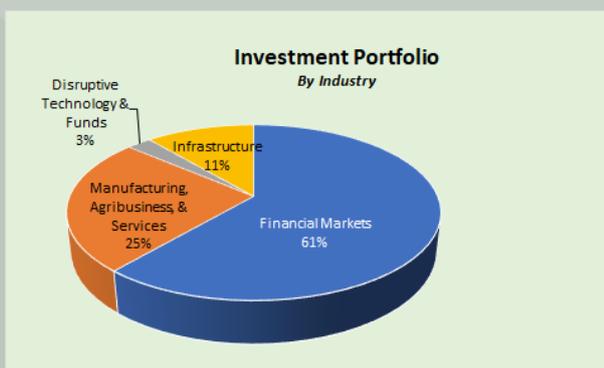
### IFC AND SOUTH AFRICA

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 September 2023, IFC's Investment and Advisory portfolio in South Africa amounted to US\$3.06 billion and US\$28.8 million respectively (data from 2004-2023). 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

### Supporting Green Residential Developments in South Africa



In December 2021, IFC anchored a ZAR1.08 billion (US\$65 million) privately placed senior unsecured green bond for Nedbank South Africa. IFC's investment totaled ZAR500 million (US\$27.6 million). The bond is fully dedicated to expanding Nedbank's nascent portfolio of EDGE-certified green residential housing development loans in South Africa. The project benefits from EDGE Advisory Services support both the Bank and the developers it finances with bond proceeds.

The project also benefits from a performance-based incentive provided by the UK's Market Accelerator for Green Construction (MAGC) program, which aims to offset some of the construction costs of end-beneficiaries to scale up green buildings.

The EDGE Program was launched in South Africa in 2015. Since then, the program has grown from two pilot projects to more than 3.3 square meters, including preliminary and post-construction green building certifications.

### Improving Education and Livelihoods in South Africa



In 2022, IFC committed a US\$100 million sustainability-linked loan to Anglo American to support community development in rural communities close to Anglo American's mining operations across South Africa.

The financing is helping improve the quality of education for more than 73,000 students in over 100 primary and secondary public schools by training educators, practitioners, and school management teams, and upgrading basic school infrastructure and equipment, including providing WiFi and computers. In addition, it will promote job creation by providing mentorship, capacity building, skills development, and access to finance to small businesses in the mining value chain and in other sectors, with a focus on women and young people.

The financing was the first sustainability linked loan in the mining sector in Africa and the first one globally in mining that focuses exclusively on social KPIs.

### Developing Affordable Residential Housing in South Africa



In 2022, IFC committed to invest ZAR325 million (US\$20.2 million) via a green loan to AlleyRoads Holdings (Pty) Ltd to develop 1,061 green affordable housing units for rent across three housing projects in the Greater Johannesburg region (South Africa). The units developed are aimed at lower-to-middle income households with an average annual salary of ZAR238,000 (US\$15,000).

The Project will help reduce the housing gap in Johannesburg's affordable housing market, which faces a significant support economic activity by creating jobs.

### 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's 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 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.

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*Creating Markets, Creating Opportunities*