

**IFC****International
Finance Corporation**
WORLD BANK GROUP*Creating Markets, Creating Opportunities*

Supporting Cities in Africa

About IFC in Africa

IFC has established a leading position promoting private sector investment in Africa. Over six decades, IFC has invested more than \$60 billion in long-term finance in African businesses and financial institutions, of which more than \$40 billion is from IFC's own account. We are a leading provider of advice to promote a sustainable private sector and mobilize capital from other investors who invest alongside IFC in critical sectors for Africa's future. IFC's work is increasing access to finance for small businesses, supporting innovative startups, bridging the power gap, enabling sustainable manufacturing, bolstering resilient health systems and expanding regional trade. We are also deploying fast-track funding and advisory support to help African businesses recover from the COVID-19 pandemic.

Overview of IFC's Cities work in Africa

IFC has been actively supporting cities and other subnational government entities in Africa since 2004. Our aim is to bring sustainable commercial borrowing practices to creditworthy cities, supporting them in financing local infrastructure, and helping them address climate change challenges. IFC is positioned as a long-term value-adding partner to cities across Africa.

Examples of IFC's Cities Work in Africa

IFC's work with cities and other subnational government entities in Africa includes:

- Supporting cities with their capital investment plans by providing long-term loans and mobilizing additional financing from the market.
- Providing counter cyclical financing to cities.
- Supporting capital market issuances by cities, such as bonds.
- Providing local currency loans.
- Implementing international good practices around governance, environmental and social (E&S) risk management, procurement and financial management in cities.
- Issuing partial credit guarantees to cities to support their debt raising abilities.
- Providing advisory services to cities to improve operational efficiencies (e.g., reduce non-revenue water losses, improve electricity supply and usage, etc.) and implement greener technologies, among other areas.
- Assisting cities in navigating issues such as the impact of the COVID-19 pandemic.

Overview of IFC's Cities Portfolio in Africa



Casablanca-Settat Region, Morocco

The World Bank Group has had a multi-year engagement with the Casablanca-Settat Region. In 2015, the World Bank led a set of decentralization reforms with the central government of Morocco, strengthening the fiscal position of subnational governments such as the Casablanca-Settat Region. This paved the way for IFC's support through a \$100 million loan including mobilization of \$42 million to finance two tramway network extensions and roads in remote areas. The investment was accompanied by a comprehensive advisory support package to address E&S issues and develop an asset maintenance strategy. In late 2020, IFC committed another loan with the Fes-Meknes Region (also in Morocco) and is now mandated with another region for a possible third subnational investment in the country.

City of Ekurhuleni, South Africa

IFC subscribed to two of the City of Ekurhuleni's listed local currency corporate bond issuances: ZAR650 million in a 15-year amortizing bond in 2017 and ZAR900 million in a 12-year amortizing bond in 2020 during the height of the COVID-19 pandemic. The proceeds of the bonds were used to fund the city's capital expenditure plans. IFC also provided advisory services to the city to improve efficiency (such as the development of a non-technical energy losses roadmap and a non-revenue water action plan) and supported the City in its climate action efforts through the development of a Green City Action Plan.

State of Lagos, Nigeria

In 2022, IFC committed a \$50 million local currency loan to the State of Lagos to finance urban road expansion, with a focus on facilitating public transport. This was made possible through the IDA Private Sector Window (PSW) Local Currency Facility (LCF) and was IFC's first use of the product to support a subnational client. The investment has diversified the State's sources of long-term local currency financing and provided more resources to improve the delivery of infrastructure projects.

Buffalo City, South Africa

In 2006, IFC issued a partial credit guarantee to Buffalo City to underpin a debt issuance to support funding of critical urban infrastructure. The guarantee provided comfort to the lenders who were first time lenders to the City.

City of Johannesburg, South Africa

In 2004, IFC and the Development Bank of Southern Africa issued a partial credit guarantee to underpin four inaugural City of Johannesburg bonds, which were listed on the Johannesburg Stock Exchange. This allowed the City to fund various urban infrastructure projects.

For more information contact:

Gaetan Tiberghien
Principal Investment Officer
gtiberghien@ifc.org