Enhancing Economic Growth through Tourism

Tourism makes a sizable contribution to employment, foreign exchange earnings, and tax revenues in countries across Africa. The sector is the second largest job generator, after agriculture, and it supports small business growth through supply chain development. To support the sector's recovery from the impact of the COVD-19 panedmic, IFC is helping to develop sustainable and inclusive tourism infrastructure and markets across 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 work in Tourism

IFC invests in hotels because of their strong development impact and ability to generate jobs, particularly for low-income countries and in fragile and conflict-affected places. Hotels also provide opportunities for local small- and medium-sized businesses in the value-chain. IFC has provided around $900 million in debt and equity to more than 130 projects in 35 African countries, mostly IDA/FCS countries. IFC's current portfolio is composed of greenfield city/business hotels, and IFC also supports heritage destinations in line with government tourism plans.

IFC emphasizes the implementation of green building standards with the **EDGE** (edgebuildings.com) tool, which is also a pillar of IFC's climate agenda, as well as Environmental & Social and Corporate Governance standards. Further upstream, IFC works with governments to strengthen the overall tourism ecosystem to support more competitive, resilient destinations that attract holidaymakers, adventure seekers, and business travelers alike.

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Examples of IFC's work in Tourism

- **Deploy blended finance**, especially by leveraging the International Development Association Private Sector Window (IDA-PSW) and climate finance funds, to support projects in higher risk environments.

- **Develop advisory program**s to support hotel developers and operators enhancing their local supply chains and better manage their relationships with the local community and other key stakeholders.

- **Provide the EDGE** (Excellence in Design for Greater Efficiencies) **service** to hotel developers to introduce reliable way to save on utility bills while reducing a project's carbon footprint.

- **Create the enabling environment** by proposing policy reforms in coordination with the World Bank that will unlock private sector participation in the tourism market.

- **Support national governments** through advisory programs on tourism-related policies and market positioning.

Examples of IFC's Portfolio in Tourism

Kasada Hospitality Fund LP (2021)

IFC provided a EUR 67.5 million debt financing package comprised of EUR 33.7 million A-loan and EUR 33.7 million loan from Proparco to support Kasada's hotel portfolio expansion in West and East Africa, including Senegal, Cote d'Ivoire and Cameroon. In addition, IFC also worked with MIGA to further support Kasada's growth.

Onomo (2021)

IFC provided a EUR 36.1 million debt financing package comprised of EUR 20.9 million A-loan and EUR 15.2million subordinated loan from IDA PSW to support Onomo (i) refurbishing some of their hotels in Mali, Senegal and Cote d'Ivoire, (ii) refinancing its debt for more sustainable terms, and (iii) expanding to Djibouti City (Djibouti) and Yaoundé (Cameroon).

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