Early Warning System

IFC-38202

Rede Dor Growth

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Quick Facts

Countries	Brazil
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2018-05-30
Borrower	REDE D'OR SAO LUIZ SA
Sectors	Education and Health
Investment Amount (USD)	$ 130.00 million

Project Description

Founded in 1977 and based in Rio de Janeiro, Rede D'Or São Luiz S.A. ("Rede D'Or" or "the Company") is a for-profit healthcare provider with the largest network of private hospitals in Brazil. It is a privately-held company, with its founders retaining a majority shareholding and smaller stakes held by institutional investors (Carlyle and GIC) and other minority shareholders. The company's 32 hospitals, comprising close to 5,000 functioning beds at year-end 2016, are located in the states of São Paulo, Rio de Janeiro, Pernambuco, and the Federal District (Brasilia). In addition, the company has more than 30 oncology units in the states of Rio de Janeiro, São Paulo, Ceará, the Federal District, Bahia, Pernambuco, and Tocantins. Since 2009, when IFC's first investment commenced, the company has expanded significantly through the acquisition of other private hospitals in the same states and through the expansion of existing capacity. These activities have included six hospital acquisitions, greenfield constructions in São Paulo state and southern Rio de Janeiro city, and expansion wings in seven hospitals.

The IFC's new investment – which is a proposed A loan of $100 million and a C loan of $30 million for its own account and the mobilization of up to $120 million in additional financing – is aimed at assisting Rede D'Or to grow by acquiring additional hospitals, increasing the capacity of existing hospitals, or building new ones. In the period covered by the IFC's investment, Rede D'Or plans to grow through at least four greenfield construction projects and major expansion plans for a number of its current hospitals. For acquisitions, Rede D'Or will integrate newly-purchased hospital operations into its own systems, including those that form its Environmental and Social Management System (ESMS), through a gap analysis and action plan to bring them into conformity with the company's standards. Based on recent experiences with acquisitions, this process involves Rede D'Or investments and upgrades in the building design, equipment, and personnel of the acquired hospitals. Expansion and greenfield projects involve the design, permitting, construction, and commissioning of this new capacity.

At the time of appraisal, Rede D'Or's workforce consisted of more than 38,000 direct-hire staff at its hospitals, clinics, research institute, and corporate offices. It has also hired third-party contractors for providing cleaning, catering services, unarmed site security, maintenance of certain types of equipment, and removal and disposal of hospital waste, including hazardous ones. Through the amalgamation of many back-office functions across the entire hospital group – such as appointment scheduling, IT, finance, and purchasing – Rede D'Or is seeking efficiency gains in its workforce through reassignments, consolidations, and organic attrition. For its greenfield construction and the expansion of existing units, Rede D'Or acts as its own general contractor but hires outside providers for specific architectural, engineering, and construction services.

Investment Description

- International Finance Corporation (IFC)

Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/