

 Early Warning System

IFC-49222

Lulalend Debt SA



Quick Facts

Countries	South Africa
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2024-10-10
Borrower	Lula Lend Pty Ltd
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	\$ 20.00 million
Project Cost (USD)	\$ 100.00 million



Project Description

According to the Bank's website, the proposed project is an up to US\$20 million (equivalent in South Africa Rand (ZAR)) senior unsecured loan under the MSME Finance Platform - BOP Envelope with a 4-year (2-year grace) tenor to Lula Lend Pty Ltd, an existing equity client of IFC. The loan is comprised of a US\$10 million A Loan for IFC's own account and an up to US\$10 million B Loan. The proceeds of the IFC loan will support the expansion of the Company's loan portfolio to Micro, Small and Medium-sized Enterprises (MSMEs), including [25%] for Women-owned MSMEs (WMSMEs), in South Africa (the "Project"). To meet the MSME Finance Platform's eligibility criteria for use of proceeds under the BOP Envelope, sub-projects should seek to address financial inclusion gaps with a focus on micro and small enterprises (MSEs), informal enterprises, and low-income households with an average aggregate outstanding loan size not to exceed US\$100 thousand.



Early Warning System Project Analysis

The project has been categorized as FI-2 (medium risk). The loan proceeds will support the expansion of the Company's loan portfolio to Micro, Small and Medium-sized Enterprises (MSMEs) in sectors such as manufacturing, construction, retail, healthcare sector, food services, and professional services. E&S risks and impacts associated with these transactions are considered limited and can be managed through mitigation measures; the project portfolio risk is thus considered 'medium'. The main E&S risks and impacts of the Project derive from the E&S risks associated with the Company's investment activities and its E&S capacity and system in place to manage these risks. These risks typically include occupational health and safety issues, waste management, and labour and working conditions issues, among others.

The Project will not support investment activities on the IFC Exclusion List, coal-related activities or higher-risk investments that may include a) involuntary resettlement, b) risk of adverse impacts on Indigenous peoples, c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage or d) significant occupational health and safety risks. IFC's applicable E&S requirements for this Project will be the IFC Exclusion List and the host country's laws and regulations.



Investment Description

- International Finance Corporation (IFC)

Senior unsecured loan of up to US\$20 million comprising a US\$10 million loan for IFC's own account and an up to US\$10 million B loan.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [Lulalend](#) (Financial Intermediary)



Private Actors Description

Lulalend is an online uncollateralized MSME lending platform based in Cape Town, South Africa. The Company utilizes technology to provide loans to banked but underserved businesses in South Africa. Lulalend's target customers are MSMEs with annual turnover ranges of US\$36,000 to US\$3.5 million.

Lulalend has a diversified shareholder base, with IFC being one of the largest institutional investors, holding 11.0%.



Contact Information

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https://apply.lula.co.za/fast-flexible-funding-cs-v3?utm_source=google_search&utm_medium=cpc&utm_term=

ACCESS TO INFORMATION

You can submit a request for information disclosure at: <https://disclosures.ifc.org/#/inquiries>

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

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>