

EnviroServ

3,852 in 2012

Employees

USD 4.7m

Fund investment

Region: South Africa, Angola, Botswana, Democratic Republic of the Congo, Lesotho, Mauritius, Mozambique, Namibia, Swaziland and Zambia

Sector:

Year of investment 2010

Fund intermediary: Evolution One

Financial intermediary: Inspired Evolution

SIFEM investment into fund: USD 8m

www.enviroserv.co.za

EnviroServ is a market leader in the waste and recycling sector in southern Africa, providing responsible and innovative waste management solutions for more than 30 years. SIFEM invested in EnviroServ via Evolution One (Evolution), a private equity fund specialized in the clean energy sector.

Our approach is to innovate and find solutions where none seem possible.

The Situation

- South Africa's population has grown by 15% in the last ten years, reaching 52.3 million in 2012.
- The growing population and economy increase the volumes of waste produced and put pressure on the existing waste management facilities, which are already in short supply.
- A historical shortfall in waste services – especially for urban informal areas, tribal areas and rural formal areas – has yet to be cleared. According to a community household survey in 2007, 61% of all South African households have access to kerbside domestic waste collection services; however this access remains highly skewed in favor of urban communities.
- Because of urbanization and industrialization the complexity of waste streams and products rises and directly affects their management, which is compounded by the mixing of hazardous wastes with general waste.
- The impact of waste on the environment and on people's health is a growing concern as the population and standards of living increase and inadequate waste services lead to contaminated, unhealthy environments.
- In 2011 South Africa generated approximately 108 million tonnes of waste, of which around 10% was being recycled. Hazardous waste accounts for about 1 million tonnes per year.
- New and innovative mechanisms for financing and offering waste management are needed to address the rising amounts and the complexity of waste produced.

Development Effects in a Nutshell

- EnviroServ is the premier private waste management company in Africa. It began as Wade Refuse in 1979, providing a door-to-door waste collection and disposal service, including areas which other companies were unwilling to serve. EnviroServ has since then continued to honor its commitment to providing high-quality responsible waste management services everywhere for everyone.
- Today EnviroServ's core operations are centered on hazardous waste management, spurred by the need for industrial waste disposal generated by South Africa's growing economy. The company owns and operates five of the six private hazardous landfills throughout South Africa to the highest level of sustainable and responsible standards.
- EnviroServ is constantly striving to develop new solutions for waste management in order to recover, reuse, minimize and recycle more and different types of waste. For example, the "Waste-2-Energy" division addresses the growing demand for green energy and the significant role waste can play as an energy source. They develop projects such as electric plants which are fed by gas produced through landfill.
- Evolution's investment was vital to the financial restructuring and repositioning of EnviroServ for sustained growth. In addition, experienced advice and recommendations from Evolution strengthened EnviroServ's social and environmental risk management.
- EnviroServ generates significant employment, with around 3,800 employees which benefit from primary health care, as well as safety, health and environmental training in local languages. Local labor is used where possible, providing localized social and economic benefits.
- EnviroServ supports numerous projects to encourage sustainability in the area of waste management as well as employment and economic development in disadvantaged communities. These projects encourage producing and selling recycled goods.
- The investment in EnviroServ was successfully exited in April 2013, however the Fund Manager of Evolution One continues to play a role as an active investment adviser to the company on an ad hoc basis.

Corporate Social Responsibility

KRIKI for Shore

Kriki for Shore is one of the many projects supported by EnviroServ. It encourages local communities to "play clean" with beach cricket sets that help clean up beaches. Each cricket set is created using waste material including plastic and bottle-tops collected from South African beaches, creating work opportunities for coastal community crafters and waste collectors.

Each Kriki 4 Shore set that is ordered creates two days of work for a craft art trainee and retails for approximately USD 18 with profits being reinvested to create more sets. To date, 20 adults (14 women who are the family's sole wage earner and 6 disabled crafters) are benefitting from the skills training and employment opportunity created.

There are two different types of Kriki sets: 100% hand-made sets that focus on a message of "re-using" waste (each bat is made entirely from waste material collected in coastal communities), and moulded plastic sets made from 60% recycled plastic that aim to educate how useful plastic waste can be. Each set includes a bat, a ball and wickets.

Finding Solutions through Innovation

As part of its journey to "zero waste to landfill", EnviroServ dealt with a problematic and costly waste product from one of its clients: liner waste. Liner waste consists of special furnace bricks which erode quickly and regularly need to be replaced. With extensive research EnviroServ was

able to identify industries which would be able to reuse the waste in the production of steel and cement. Negotiations with these industries resulted in a unique cooperation model, which not only derives a benefit from the waste, but assists in working towards eliminating the need for landfill. This total integrated waste management contract has won an award for EnviroServ from the Institute of Waste Management, KwaZulu Natal Branch.

Data as of August 2014

Obviam has made reasonable efforts to ensure the accuracy of the data presented. A case study is made possible both through Obviam's first-hand experience and/or the information provided by Obviam's investment partners. Data is valid as per the date recorded.



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