

# DBSA OVERVIEW – 2019



# INTRODUCTION

*Preparing, financing and implementing infrastructure projects in Africa*



Founded  
**1983**  
DBSA  
Act 1997

Owned  
**100%**  
by SA  
Government

Total assets  
**R89.2bn**  
**(US\$7.5bn)**  
Equity  
**R34.3bn**  
**(US\$2.9bn)**

Externally  
rated

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DBSA foreign  
currency rating is  
**Baa3**  
(Moody's)

Well  
governed

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Unqualified audits

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**A+** rating  
from AADFI PSGRS

Globally  
accredited

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Global Environmental  
Facility

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Green Climate Fund  
EU 6-pillar

# INTRODUCTION

*Preparing, financing and implementing infrastructure projects in sub-Saharan Africa*



## Mission

- Advance development impact in Africa by expanding access to development finance and effectively integrating and implementing sustainable development solutions to:
  - Improve quality of life through the development of social infrastructure
  - Support economic growth through investment in economic infrastructure
  - Support regional integration
  - Promote sustainable use of scarce resources

## Strategic objectives

- Sustained growth in developmental impact – aggressively grow businesses to maximise developmental impact
- Integrated infrastructure solutions' provider across value chain – partner of choice
- Financial sustainability – maintain profitability and operational efficiency to enable growth in equity and fund developmental activities
- Sustainability innovations



# SECTORS

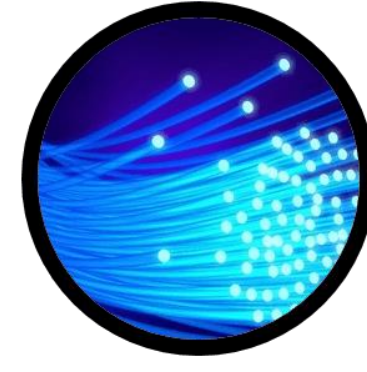
*Preparing, financing and implementing infrastructure projects in sub-Saharan Africa*



TRANSPORT



ENERGY



ICT



WATER AND SANITATION

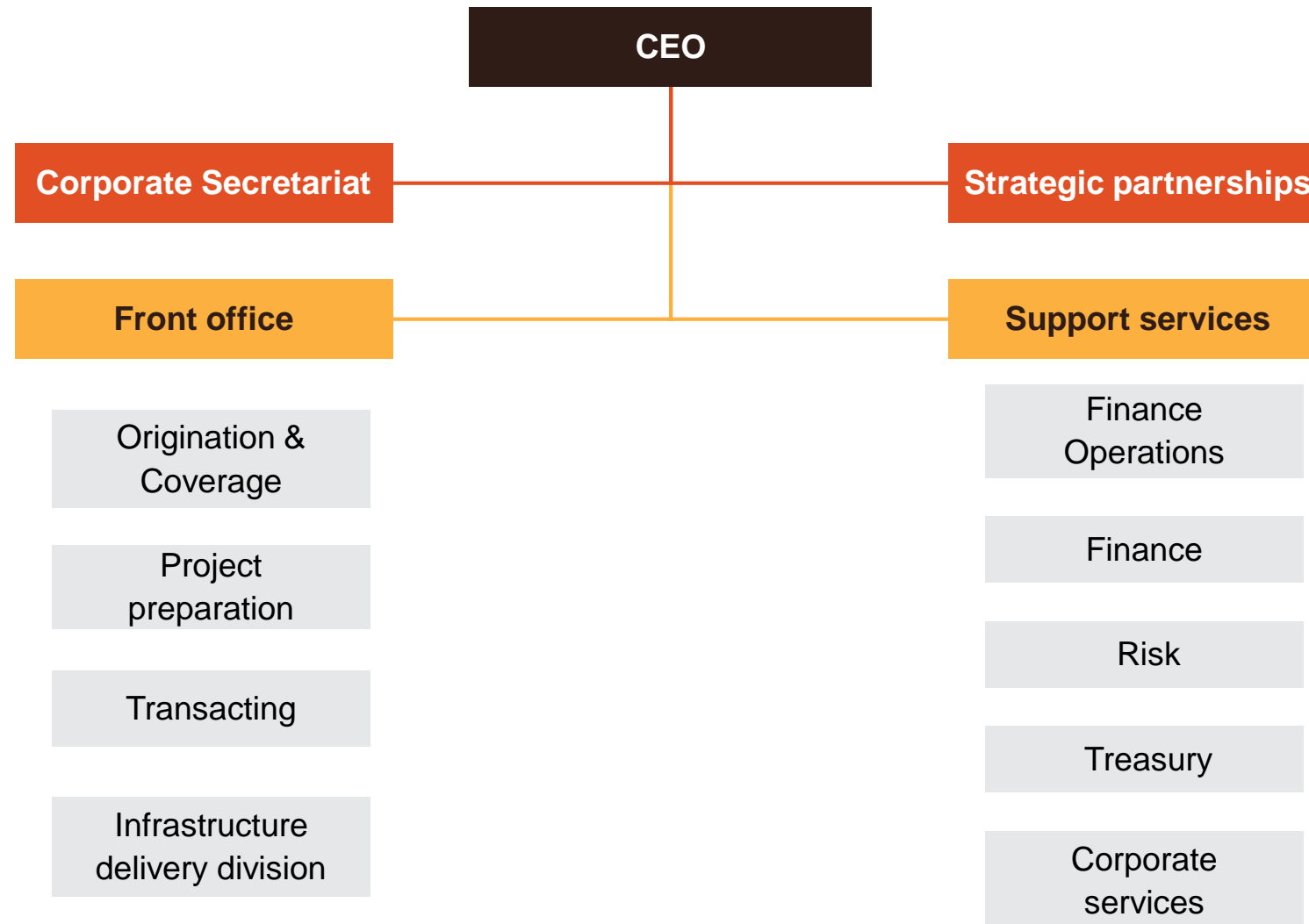


EDUCATION



HEALTH

# DBSA CORPORATE STRUCTURE



# ALIGNMENT TO NATIONAL, REGIONAL AND GLOBAL PLANS

## National



integrated policies gas free  
us renewable energy  
resource plan

## Regional



Infrastructure  
Vision 2027

Regional  
Infrastructure  
Development  
Master Plan

## Global



PARIS2015  
UN CLIMATE CHANGE CONFERENCE  
COP21·CMP11

# INTEGRATED APPROACH TO INFRASTRUCTURE DEVELOPMENT

## 1. Plan

- Municipal assessments
- Bulk infrastructure plans
- Infrastructure planning advice

## 2. Prepare

- Project identification
- Feasibility assessments
- Technical assistance
- Programme development
- Project preparation funds

## 3. Finance

- Long-term senior and subordinated debt
- Corporate and project finance
- Mezzanine finance
- Structured financing solutions

## 4. Build

- Managing design and construction of projects in education, health and housing sectors
- Project management support

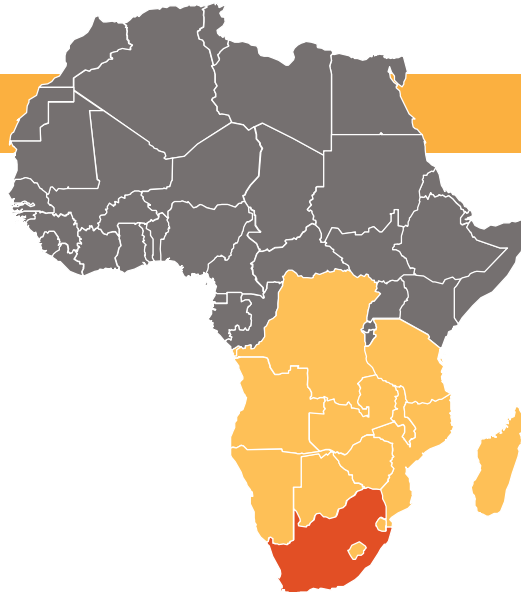
## 5. Maintain

- Supporting maintenance/improvement of social infrastructure projects

## Clients

### Public

- Municipalities
- SOEs
- Sovereigns



### Private

- PPPs
- Private sector

- Infrastructure planning, project preparation, implementation and skills and capacity building services
- Align with policy guidelines to ensure successful investment in economic infrastructure projects that drive effective urbanisation and economic growth
- Differentiate municipal market into metros, secondary cities into ability to borrow in short, medium or long term
- Emphasis on development planning to address lending challenges
- Support in unlocking Municipal Infrastructure Grant as pledge for implementation of selected infrastructure projects



# VALUE CHAIN PROJECT PREPARATION

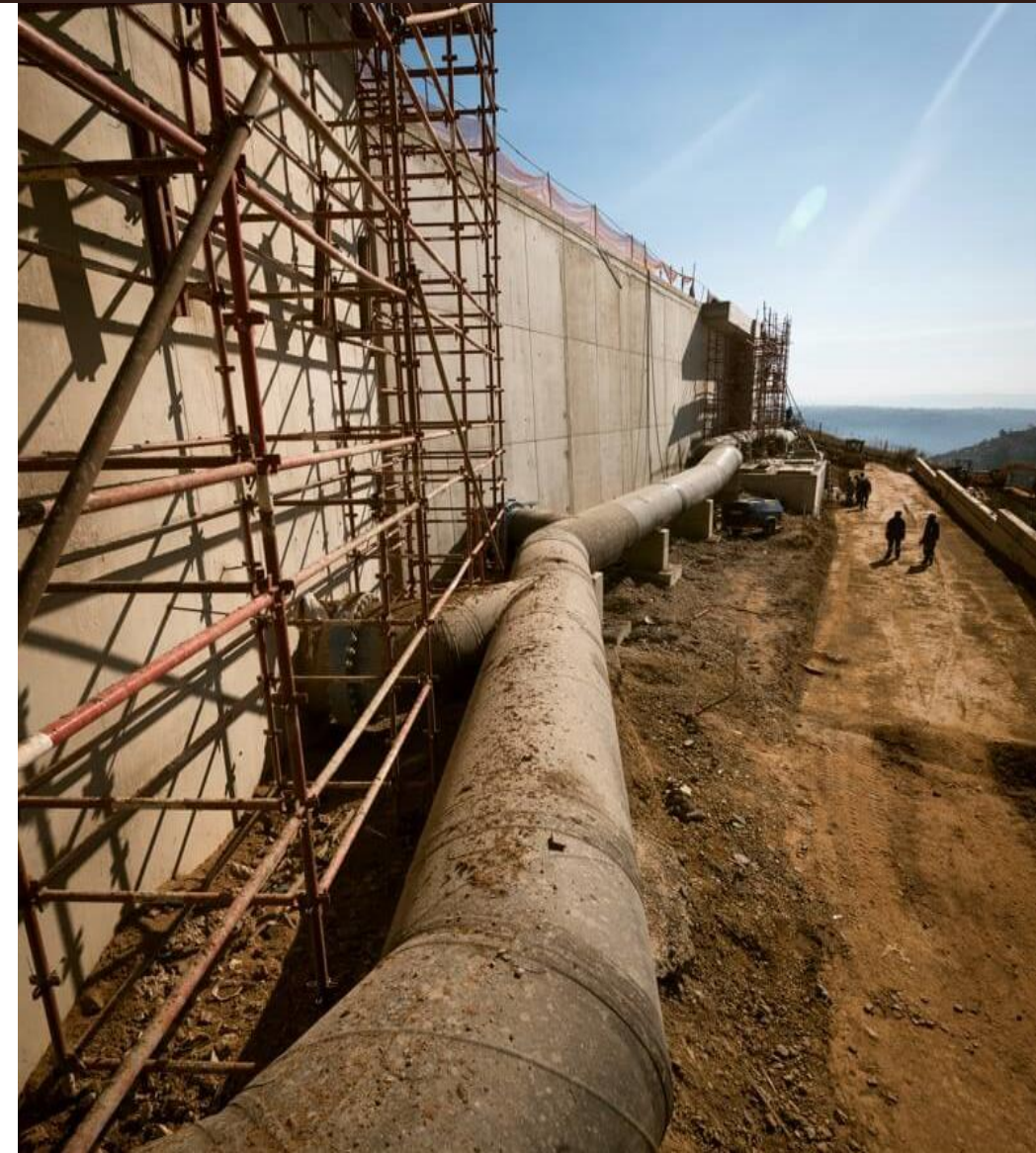
*Highly skilled, scaled-up, end-to-end project development and preparation*

Project Preparation seeks to address several key challenges hindering the African continent's ability to exploit its infrastructure investment opportunities through:

- strategic partnerships;
- activities that ensure project success; and
- leveraging third party funding

## Activities







- Identify projects for preparation
- Prepare projects from inception to bankability
- Supporting under-resourced municipalities to unlock key infrastructure programmes and projects
- Facilitating crowding in of private sector funders through syndication
- Aligning project preparation activities to key policy frameworks e.g. NDP and B-BBEE



# VALUE CHAIN PROJECT PREPARATION

*Programmes and funds managed on behalf of agencies/entities*



Fund/ Programme	Description	Fund size
	<ul style="list-style-type: none"> <li>Supports the preparation of DBSA's financing divisions project pipeline for projects within SADC and other select African countries</li> <li>Solely DBSA-funded</li> </ul>	*R1bn
	<ul style="list-style-type: none"> <li>Established jointly by the SA government and the EU to support SA's NDP and the Regional Infrastructure Development Master Plan of SADC</li> <li>DBSA has been selected to be the implementing agent, FM and secretariat for IIPSA</li> <li>Funding partners: EU, KfW, EIB &amp; AFD</li> </ul>	R1bn
	<ul style="list-style-type: none"> <li>Created to address the shortage in project preparation funding for infrastructure projects within SADC</li> <li>DBSA administers, manages and disburses funds on behalf of the SADC Secretariat</li> <li>Funding partners: EU &amp; KfW</li> </ul>	R340m
	<ul style="list-style-type: none"> <li>Aims to support green initiatives to assist SA's transition to a low carbon, resource efficient and climate resilient development path delivering high impact economic, environmental and social benefits</li> <li>Managed by the DBSA on behalf of Department of Environmental Affairs</li> </ul>	R1.1bn
	<ul style="list-style-type: none"> <li>GCF is a new global fund created to support the efforts of developing countries to respond to the challenge of climate change</li> <li>GCF helps developing countries reduce their GHG emissions and adapt to climate change</li> <li>DBSA is one of many entities accredited to access GCF funds to promote the GCF's mandate and manage projects and programmes on behalf of the GCF</li> </ul>	R10.2bn
	<ul style="list-style-type: none"> <li>GEF funds are available to developing countries and countries with economies in transition to meet the objectives of the international environmental conventions and agreements</li> <li>DBSA is one of many entities accredited to access GEF funds to promote the GEF's mandate and manage projects and programmes on behalf of the GEF</li> </ul>	\$4.8bn project basis



# VALUE CHAIN FINANCING

*Development impact in areas of social and economic infrastructure*



DBSA provides vanilla and boutique financing solutions:

- Debt
- Mezzanine finance
- Limited non-recourse lending
- Domestic and regional funding
- Structured solutions to catalyse infrastructure development
  - MLA
  - B-BBEE financing;
  - Credit Enhancements
- Drive development impact through investing in results-based infrastructure projects.



# VALUE CHAIN FINANCING

*Development impact in areas of social and economic infrastructure*



Instruments	Description
Bridging Finance	<ul style="list-style-type: none"><li>▪ Bridging finance (BF) to assist with expediting grant funded projects or bridging proceeds of long-term loans. To be repaid within the same financial year</li><li>▪ Conditional grants front loading – bridging of conditional grants over the MTREF (2-3 years)</li></ul>
Long-term Facilities	<ul style="list-style-type: none"><li>▪ On-balance sheet debt – vanilla loans and bonds up to 30 years</li><li>▪ Project (cash-flows backed) Finance</li><li>▪ Sculpted and structured loans that match the expected project cash flows</li><li>▪ Blended loans (tenor and interest rates) through:<ul style="list-style-type: none"><li>○ International DFI credit lines,</li><li>○ Mobilising third party sector specific funds (e.g., GCF and GEF)</li></ul></li></ul>
Credit Enhancement Securitisation Structure	<ul style="list-style-type: none"><li>▪ Credit guarantees and first loss instruments</li><li>▪ Subordinated (mezzanine) debt instruments</li><li>▪ Catalysing of private sector (commercial banks and asset managers) funds by allowing private sector to take the shorter end with the DBSA taking the tail end of the deal</li></ul>



# VALUE CHAIN BUILD

*Leveraging skills and capabilities to accelerate implementation*

Infrastructure Delivery Division is an implementing agent of excellence that augments the capacity of clients to deliver infrastructure by:

- providing rapid procurement to enable fast project initiation and execution
- providing accurate project monitoring and reporting
- providing client-centric infrastructure delivery solutions through a multi-disciplinary team of professionals and technical specialists.

## Key activities

- Project management and implementation support in key sectors: education, health, housing and municipal infrastructure
- An enabler of infrastructure projects, ensuring implementation within scope of requirements
- Non-financing activities on full cost recovery basis





# VALUE CHAIN BUILD

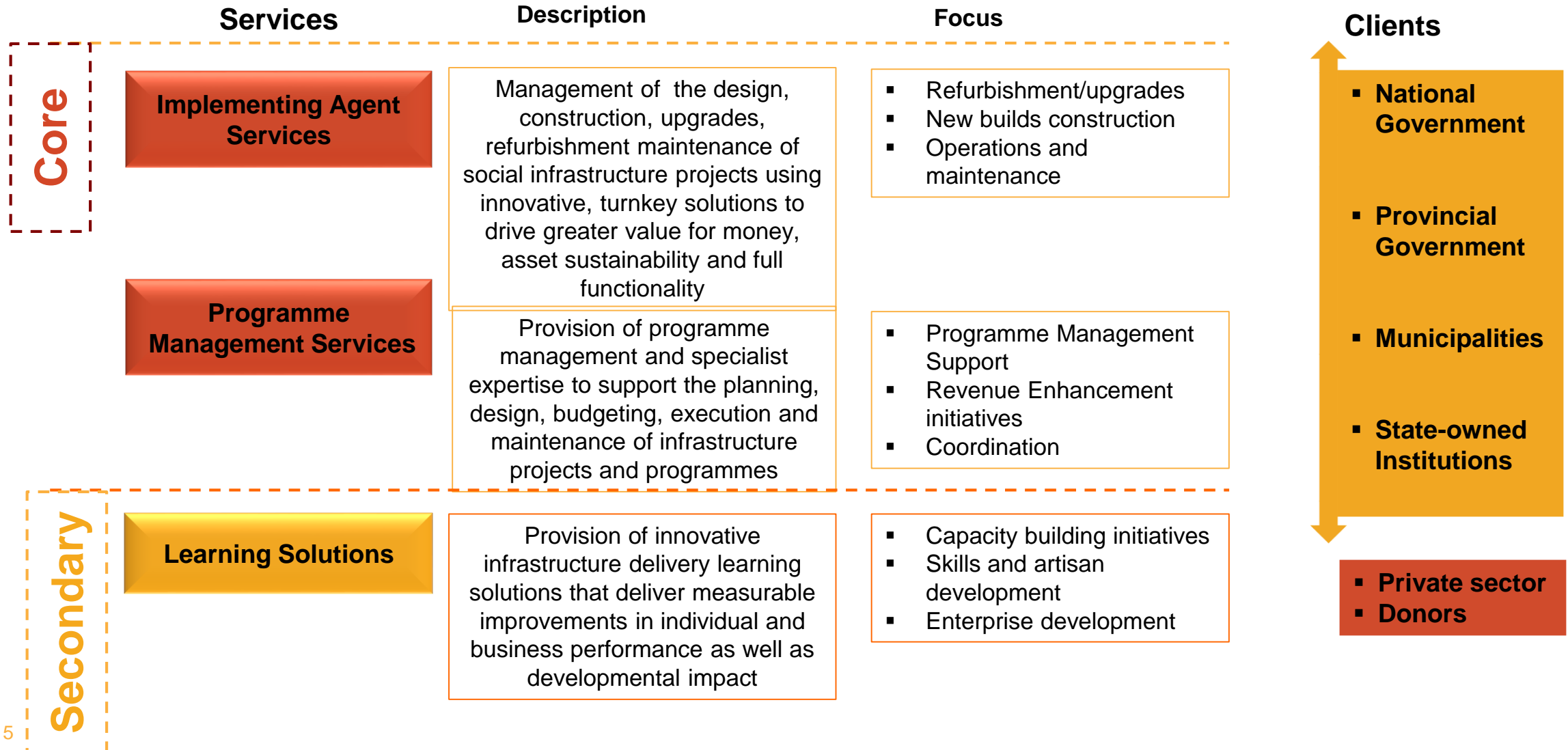
*Implementation and project management*



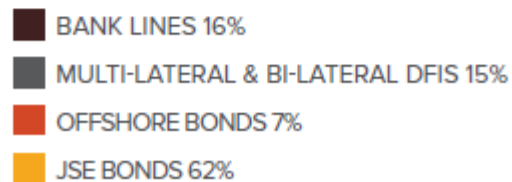
	Services	Description	Focus
Core	Implementing Agent Services	Management of the design, construction, upgrades, refurbishment maintenance of social infrastructure projects using innovative, turnkey solutions to drive greater value for money, asset sustainability and full functionality	<ul style="list-style-type: none"><li>▪ Refurbishment/upgrades</li><li>▪ New Builds construction</li><li>▪ Operations and maintenance</li></ul>
	Programme Management Services	Provision of programme management and specialist expertise to support the planning, design, budgeting, execution and maintenance of infrastructure projects and programmes	<ul style="list-style-type: none"><li>▪ Programme Management Support</li><li>▪ Revenue Enhancement initiatives</li><li>▪ Coordination</li></ul>
Secondary	Learning Solutions	Provision of innovative infrastructure delivery learning solutions that deliver measurable improvements in individual and business performance as well as developmental impact	<ul style="list-style-type: none"><li>▪ Capacity building initiatives</li><li>▪ Skills and artisan development</li><li>▪ Enterprise development</li></ul>

# INFRASTRUCTURE DELIVERY

*Why IDD exists in DBSA – IDD service offerings*



OUTSTANDING DEBT BY SOURCE (%)



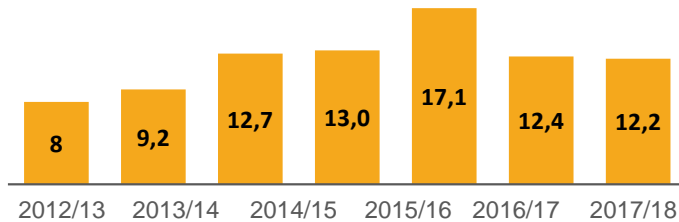
- 62% sourced from local bond market
- Through partnerships DBSA taps into concessional funding of various terms and tenors
- ZAR funding via DMTN programme
- Bilateral Euro and USD loans from DFIs and commercial banks

OUTSTANDING DEBT BY CURRENCY (%)

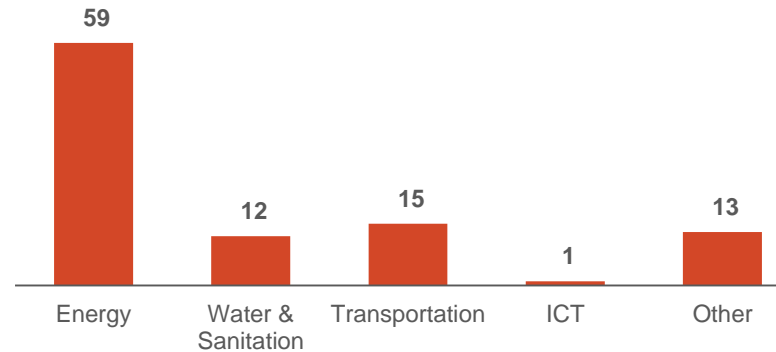


# LENDING ACTIVITY

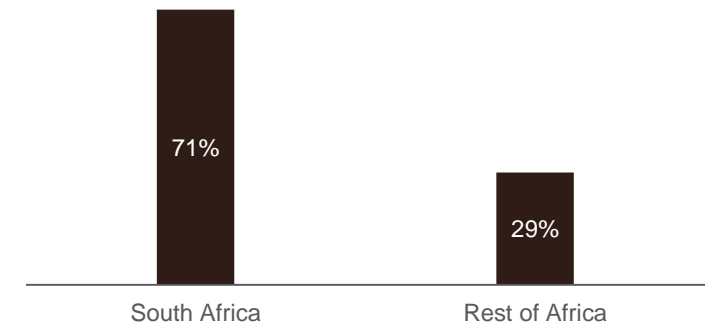
Total disbursements – Rbn  
stronger



Disbursements per sector – %



Disbursements: SA vs Rest of Africa



## Approvals

R14.5bn  
(US\$1.1bn)

## Commitments

R9.2bn  
(US\$0.7bn)

## Highlights

## 72 projects

Energy	R6.9bn (US\$530.0m)
South Africa	R8.7bn (US\$656.7m)
Rest of Africa	R3.7bn (US\$279.3m)

**THANK YOU**