

CORPORATE PRESENTATION

SECOF 2020



INTRODUCTION



Who we are

Founded
1983
DBSA
Act 1997

Owned
100%
by SA
Government

Total assets
R89.5bn
(US\$6.24bn)
Equity
R37.2bn
(US\$2.6bn)

Externally
rated

DBSA foreign
currency rating is
Baa3
(Moody's)

Well
governed

Unqualified audits

A+ rating
from AADFI PSGRS

Globally
accredited

Global Environmental
Facility

Green Climate Fund
EU 6-pillar

INTRODUCTION



Sustainable development in South Africa and the wider African continent

Mandate

- In terms of the DBSA Act , No 13 of 1997 (Amended Act No 41 of 2014) the Bank is **mandated as a DFI with a primary purpose of promoting economic development and growth, human resource development and institutional capacity building** by mobilising financial and other resources from the national and international private and public sectors for sustainable development projects and programmes in **South Africa and the wider African continent.**
- In accordance with our mandate we are responsible for **appraising, planning and monitoring the implementation of development projects and programmes** and providing technical assistance, particularly in respect of human resource development and training with regard to the identification, preparation, evaluation, financing, implementation and management of development projects and programmes.
- The **mandate of the DBSA also extends to the developmental requirements of the SADC region and the rest of Africa**, encouraging regional integration and achieving an integrated finance system for development. We are authorized to assist other institutions in the national or international, public and private sectors with the management of specific funds.

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

ALIGNMENT TO NATIONAL, REGIONAL AND GLOBAL PLANS

An enabler of government policy

National



IUDF | Integrated Urban Development Framework

Our mandate and strategy are linked to the objectives of South Africa's NDP Vision 2030, which sets out an Integrated strategy for accelerating economic growth, eliminating poverty and reducing inequality. Faster economic growth is both a key objective of the NDP and a necessary condition to raise the resources needed to fund the country's social and economic transformation. Large-scale investment in economic infrastructure, especially in energy, transport, water and ICT as well as social infrastructure, in education, health and housing, is a critical enabler.

integrated policies gas free
us renewable energy goal
resource plan

Regional



The African Union's (AU) Agenda 2063 is a blueprint and master plan for transforming Africa into the global powerhouse of the future. The aim of the strategic framework is to effect socioeconomic transformation of the continent over the next 50 years. It was adopted by the African Union Summit in January 2015. The African Continental Free Trade Area Agreement (CFTA) that came into force on 30 May 2019, is a flagship project of Agenda 2063. CFTA is a treaty between consenting countries whereby a free trade area is constituted that allows member countries to conduct trade with each other without tariffs or other hindrances.

Infrastructure Vision 2027
Regional Infrastructure Development Master Plan

Global

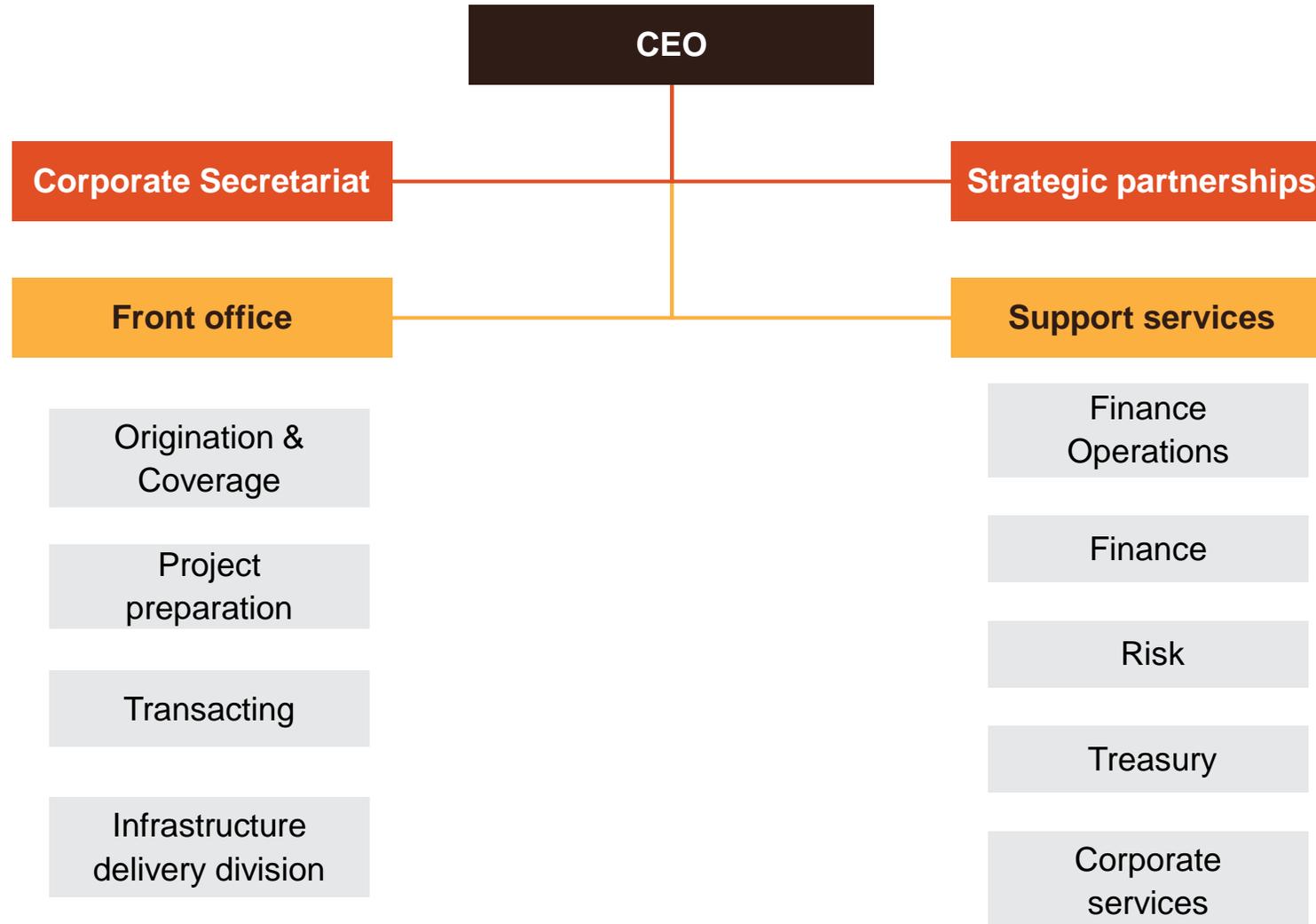


The 17 SDGs, developed to support the United Nations 2030 Agenda, are aimed overall at ending poverty and inequality, protecting the planet, and ensuring peace and prosperity for all.

The DBSA's investments are informed by the SDGs, and we have identified goals 6, 7, 9, 11, 13 and 17 as our main priorities. Goals 1, 3, 4 and 5 are indirectly supported by the DBSA's core activities.



DBSA CORPORATE STRUCTURE



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

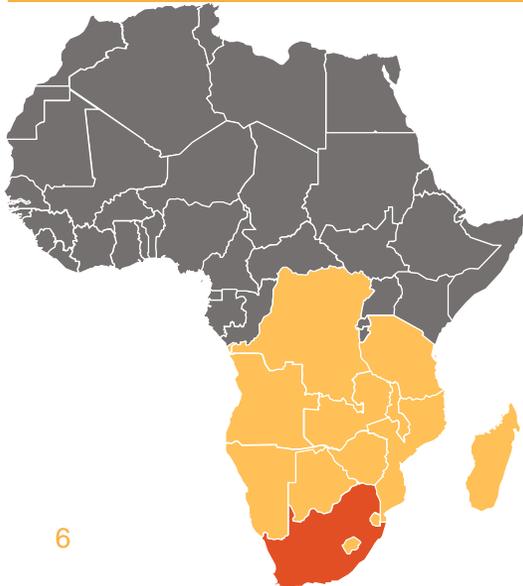
4. Build

- 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:



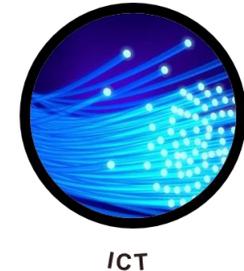
Public

- Municipalities
- SOEs
- Sovereigns

Private

- PPPs
- Private sector

SECTORS:



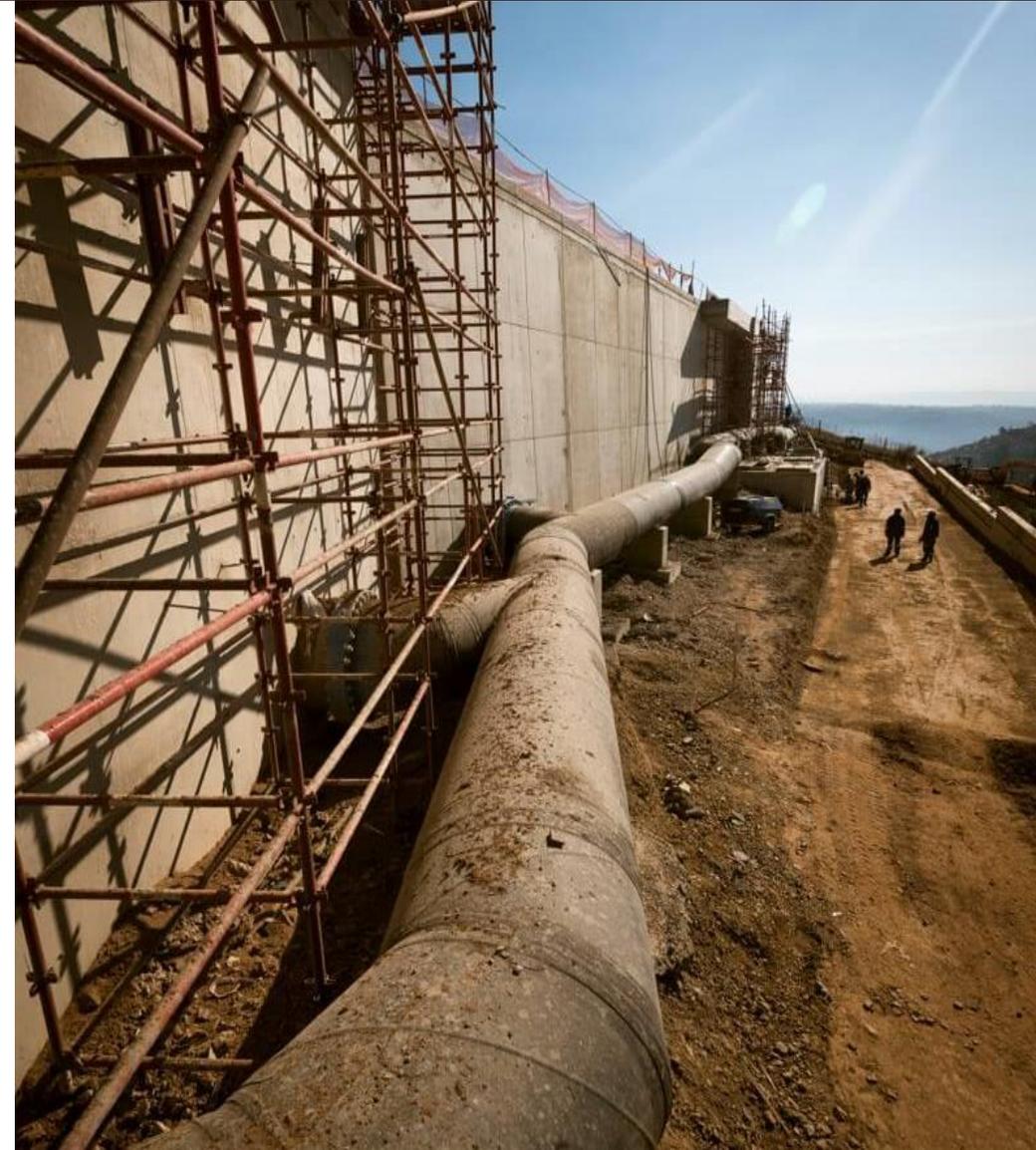
- Infrastructure planning, project preparation, implementation and skills and capacity building services
- Align with policy guidelines to ensure successful investment in economic infrastructure projects that drive effective urbanisation and economic growth
- Differentiate municipal market into metros, 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

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



Instruments

Description

Bridging Finance

- 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
- Conditional grants front loading – bridging of conditional grants over the MTREF (2-3 years)

Long-term Facilities

- On-balance sheet debt – vanilla loans and bonds up to 30 years
- Project (cash-flows backed) Finance
- Sculpted and structured loans that match the expected project cash flows
- Blended loans (tenor and interest rates) through:
 - International DFI credit lines,
 - Mobilising third party sector specific funds (e.g., GCF and GEF)

Credit Enhancement Securitisation Structure

- Credit guarantees and first loss instruments
- Subordinated (mezzanine) debt instruments
- 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

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

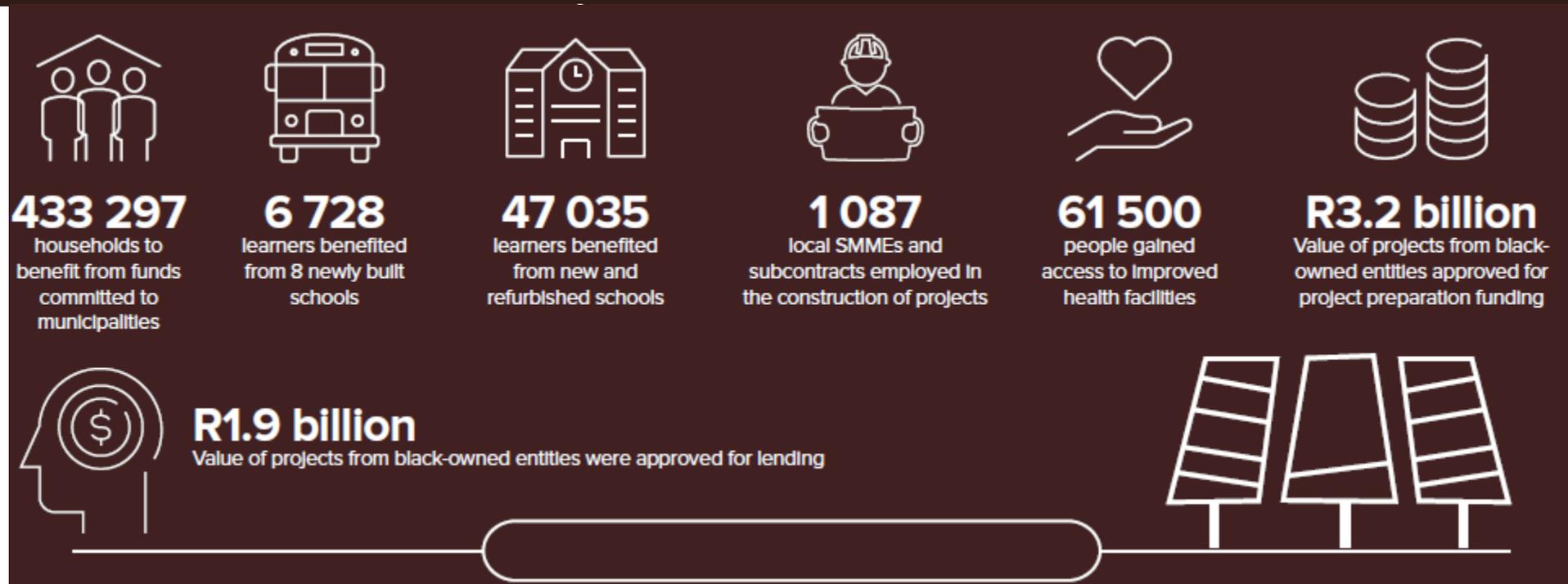
- Project management and implementation support in key sectors: education, health, housing and municipal infrastructure
- An enabler of infrastructure projects, ensuring implementation within scope of requirements
- Non-financing activities on full cost recovery basis



VALUE CHAIN ON INFRASTRUCTURE DELIVERY

	Services	Description	Focus	Clients
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"> ▪ Refurbishment/upgrades ▪ New builds construction ▪ Operations and maintenance 	<ul style="list-style-type: none"> ▪ National Government ▪ Provincial Government ▪ Municipalities ▪ State-owned Institutions
	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"> ▪ Programme Management Support ▪ Revenue Enhancement initiatives ▪ Coordination 	
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"> ▪ Capacity building initiatives ▪ Skills and artisan development ▪ Enterprise development 	

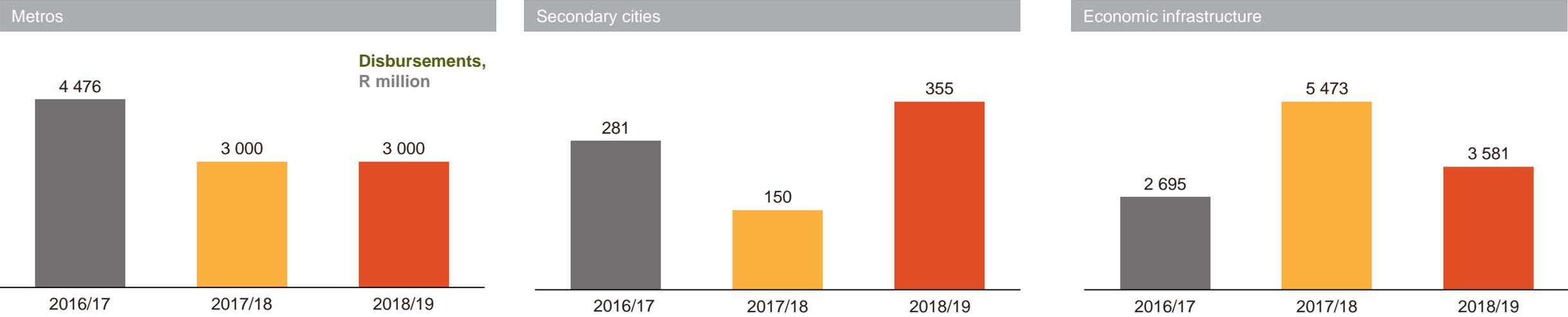
DEVELOPMENT IMPACT



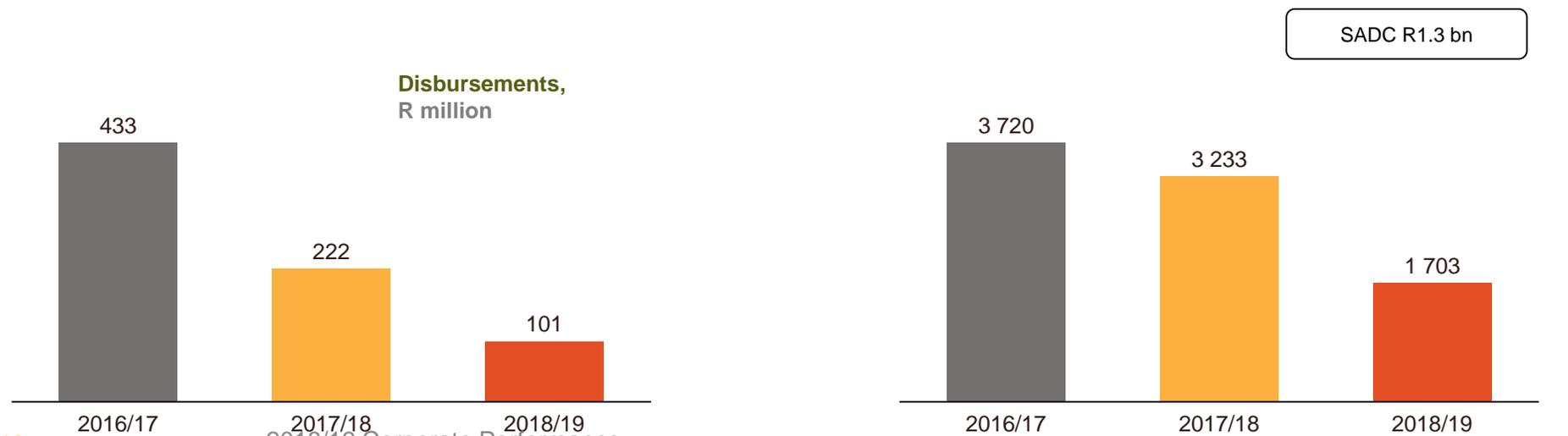
DBSA DEVELOPMENT POSITION:

DBSA contributes to a just transition towards a **renewed and inclusive economy** and society that embodies resilience, regeneration, and transcends current trajectories. As development practitioners, the DBSA holds this to be the transformative change needed to realise a **prosperous, integrated and resource efficient continent**. The stance progressively advance the common goals for sustainable and equitable wellbeing. The DBSA will work in partnership to **co-produce impactful development solution** and the sustained platforms of an enabling environment for participation, a sense of purpose, empowerment and deep connections. DBSA will bend the arc of history through our continued multi-faced investments in **sustainable infrastructure and human capacity development**.

DISBURSEMENTS ACROSS THE DIFFERENT SEGMENTS OVER THE PAST THREE YEARS



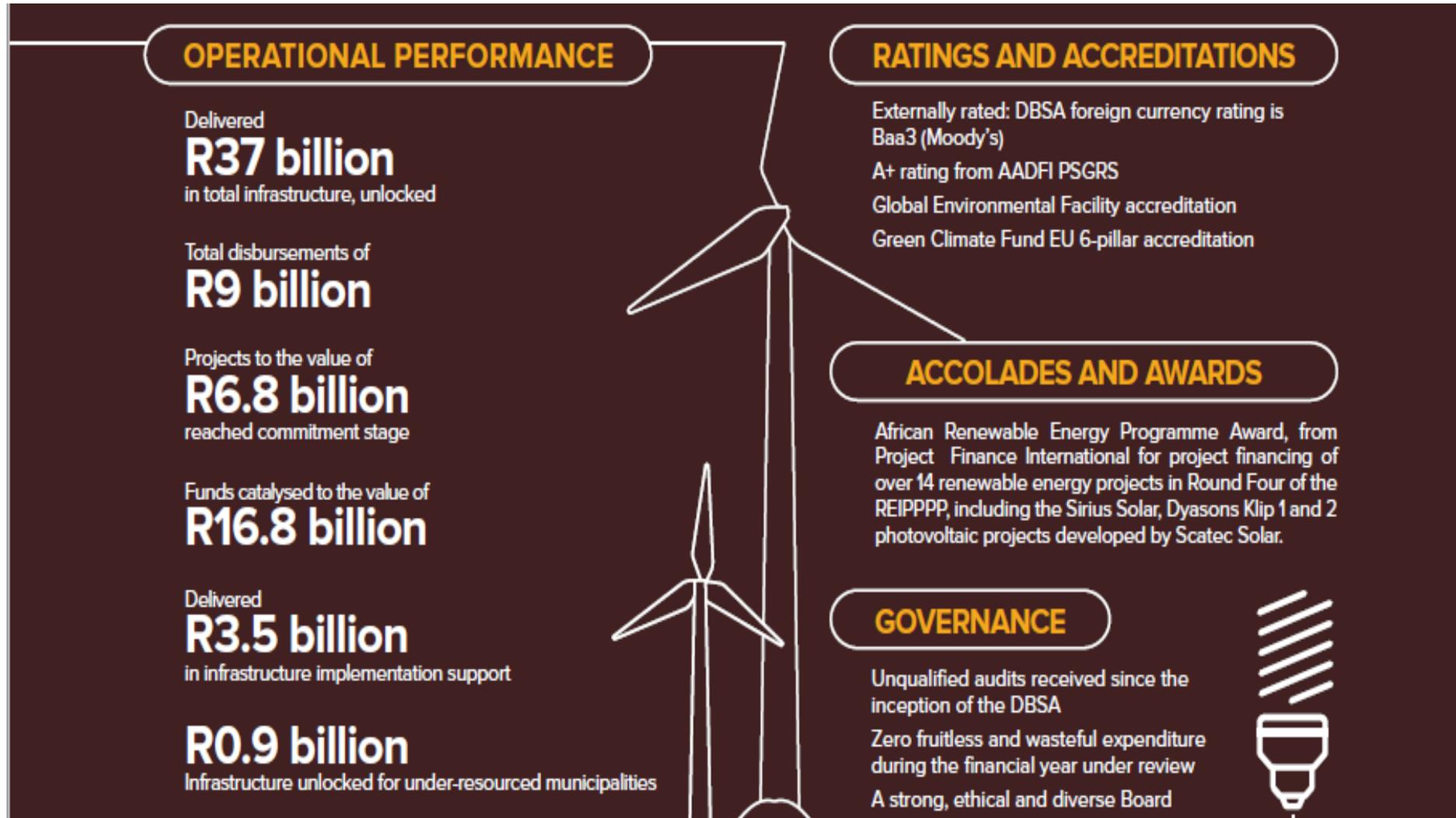
Social infrastructure Rest of Africa





FINANCIAL PERFORMANCE

PERFORMANCE HIGHLIGHTS



OPERATIONAL PERFORMANCE

- Delivered **R37 billion** in total infrastructure, unlocked
- Total disbursements of **R9 billion**
- Projects to the value of **R6.8 billion** reached commitment stage
- Funds catalysed to the value of **R16.8 billion**
- Delivered **R3.5 billion** in infrastructure implementation support
- R0.9 billion** Infrastructure unlocked for under-resourced municipalities

RATINGS AND ACCREDITATIONS

- Externally rated: DBSA foreign currency rating is Baa3 (Moody's)
- A+ rating from AADFI PSGRS
- Global Environmental Facility accreditation
- Green Climate Fund EU 6-pillar accreditation

ACCOLADES AND AWARDS

- African Renewable Energy Programme Award, from Project Finance International for project financing of over 14 renewable energy projects in Round Four of the REIPPPP, including the Sirius Solar, Dyasons Klip 1 and 2 photovoltaic projects developed by Scatec Solar.

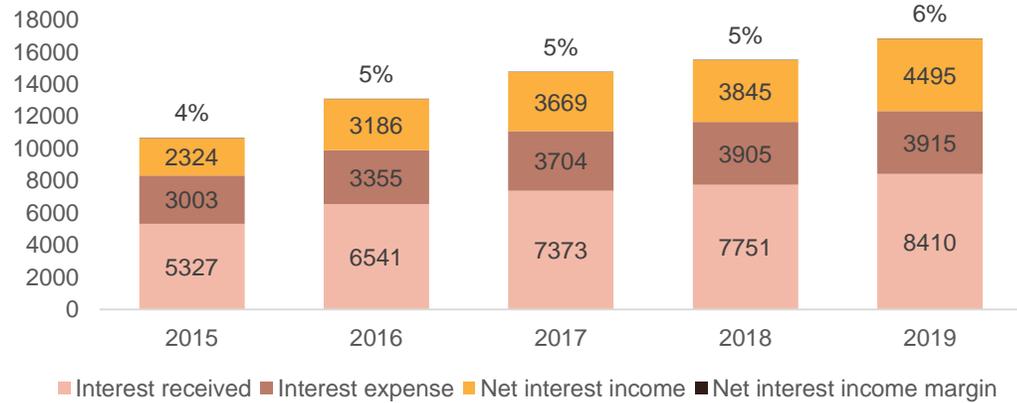
GOVERNANCE

- Unqualified audits received since the inception of the DBSA
- Zero fruitless and wasteful expenditure during the financial year under review
- A strong, ethical and diverse Board

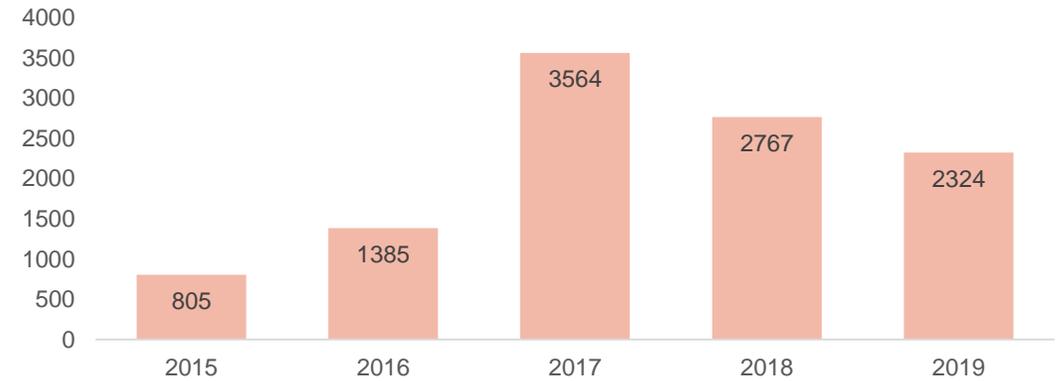
PROFITABILITY

Profitability under touch economic conditions

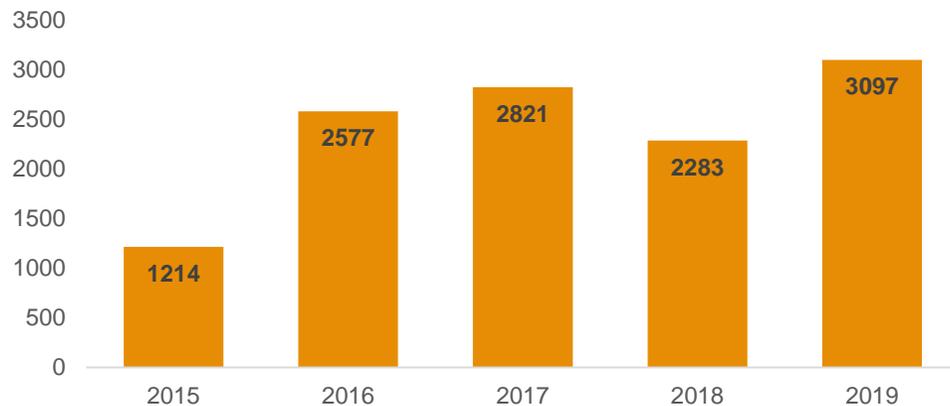
Revenue(Rm)



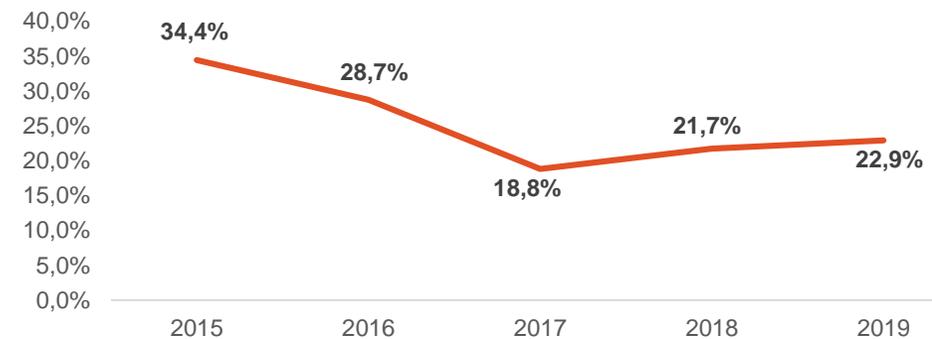
Sustainable earnings (Rm)



Net Profit (Rm)



Cost to income (%)

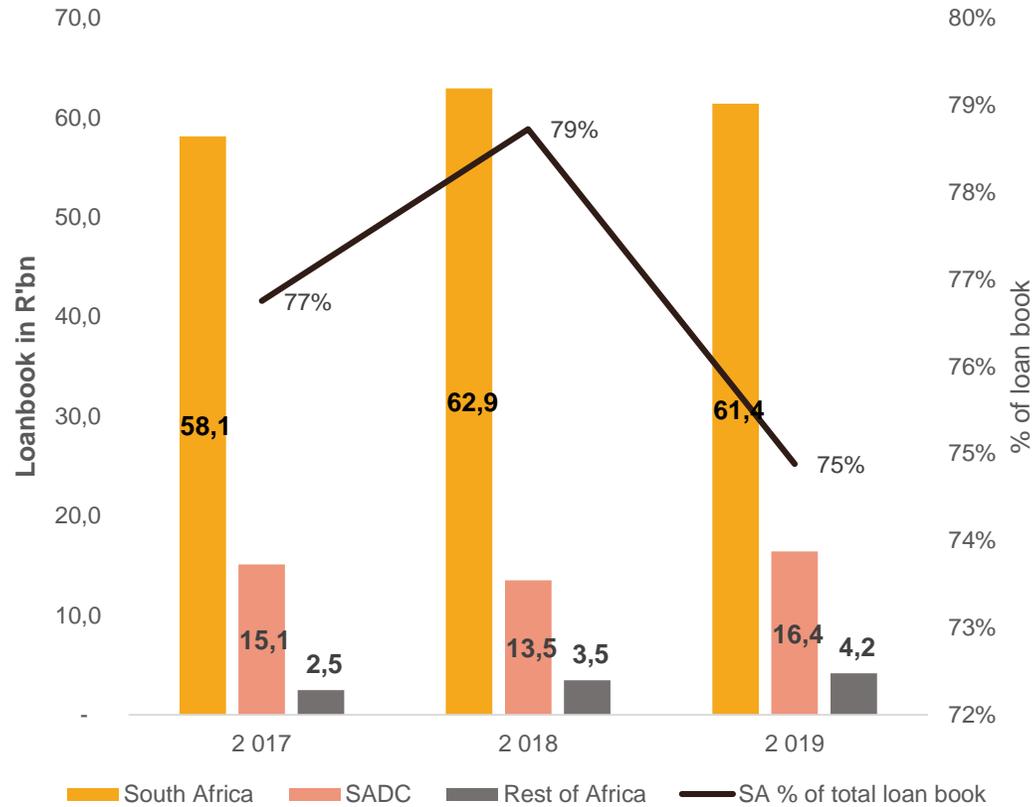


LOAN BOOK PROFILE

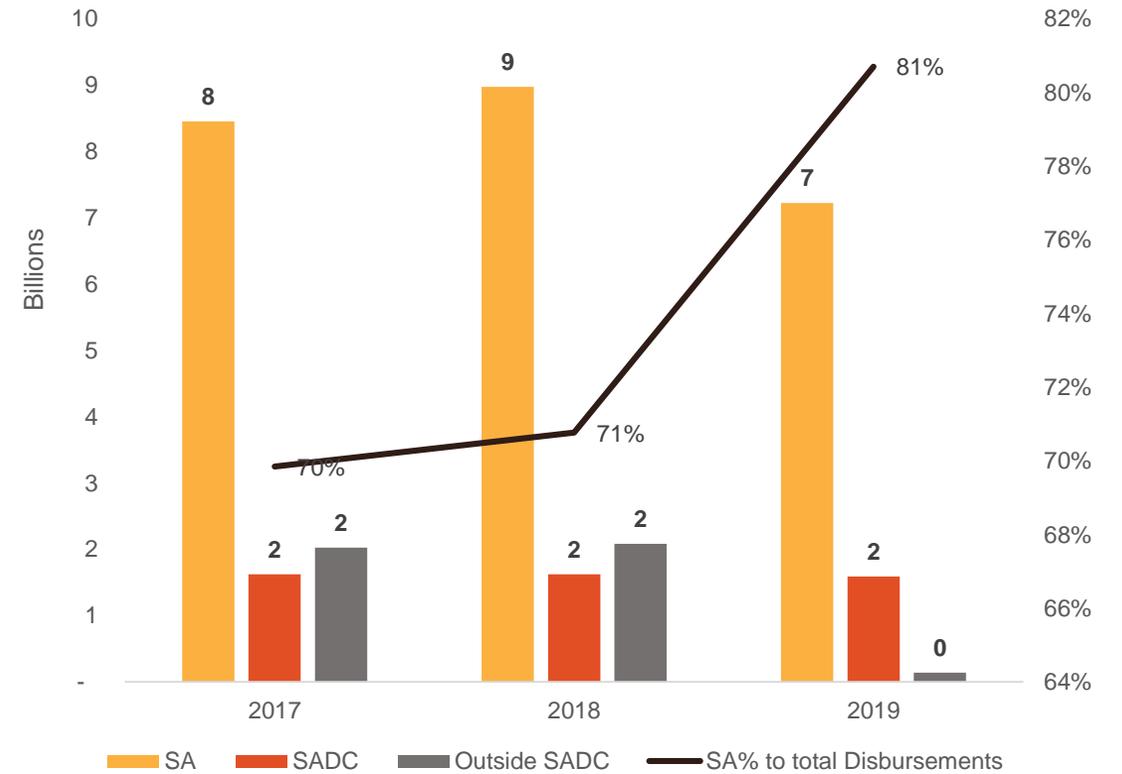
Quality asset book for long-term financial sustainability



Gross loan book split (R'bn)



Disbursements split (R'bn)



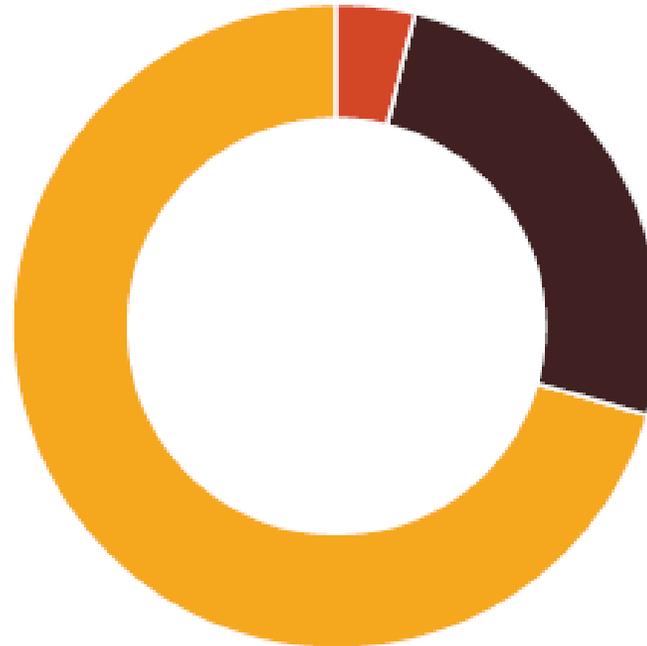
FUNDING SOURCES

Outstanding debt by source (%)



- Bank Lines 16%
- Multilateral & Bilateral DFI's 15%
- Offshore Bonds 7%
- JSE Bonds 62%

Outstanding debt by currency (%)



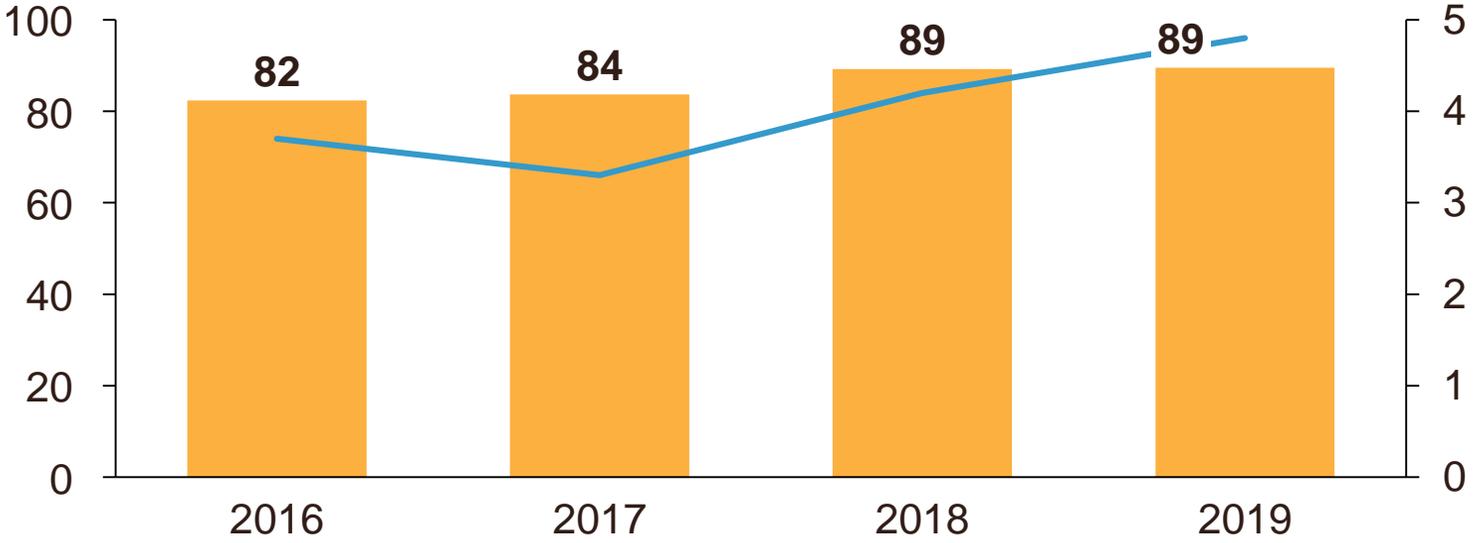
- JSE Bonds 62%
- Euro 26%
- USD 25%

- 56% sourced from local bond market
- Through partnerships tap into concessional funding of various terms and tenors
- ZAR funding via DMTN programme
- Bilateral Euro and USD loans from DFIs and commercial banks

DBSA'S STRONG FINANCIAL POSITION



Total assets
R billion



ADEQUATELY CAPITALISED

- Debt/ equity ratio kept at prudential levels (139%)
- Debt/equity ratio well positioned for growth opportunities

	2016	2017	2018	2019
Total equity, R bn	29.3	32	34.3	37.2
Total liability, R bn	53.1	51.6	54.9	52.3
Debt / Equity ratio (%) ¹	178	158	156	139



ANNEXURES: CASE STUDIES

KEY PROJECT: SOUTH AFRICA

Renewable Energy Independent Power Producers Programme (REIPPP)

Key role as a funder

R12.4m (US\$936m)

on 14 projects

Features

- The **REIPPP** is a public-procurement program that allows Independent Power Producers (IPPs) to submit competitive bids to design, develop and operate large-scale renewable energy power plants across South Africa. DBSA's expertise enabled the set up of the Project Management Office to facilitate all contracting and IPPP and promote Private Sector Participation into South Africa infrastructure.

Impact

R2.5bn
(US\$188.7m)
funding
support



for 9

BEE
Entities

and 15



local
community
trusts

Renewable Energy Independent Programme (REIPP)

- 33 projects: ~R17bn (US\$1.3bn)
- 14 projects in round 4: R12.4bn (US\$936m)
- Enabled participation of B-BBEE parties and local community trusts: R2.5bn (US\$188.7m)
- 31% projects owned by black South Africans

KEY PROJECT: SOUTH AFRICA

Mbizana Municipality, Eastern Cape Electrification Project

Loan to implement Municipal Infrastructure Grant Pledging Programme

R40.4m (US\$3.1m)

Features

- A bespoke integrated plan which enabled the Mbizana Municipality to access Grant funding from National Treasury. The project included bulk infrastructure electrification of 2559 households in this rural villah.

Impact

Electrification of 2 559



rural village households

Bulk infrastructure



to ensure constant supply of electricity



KEY PROJECT: SOUTH AFRICA

Jeffrey's Bay Wind Project

Social loan

R784m
(US\$59m)

B-BBEE equity

Jeffrey's Bay Renewable
Energy Company

R43m (US\$3.2m)

Features

60



3 700 hectare
wind farm

132kV



connected

110 000



get power

1.1%



total revenue
to socio-economic
development

0.4%

local enterprise



6%
community
trust ownership

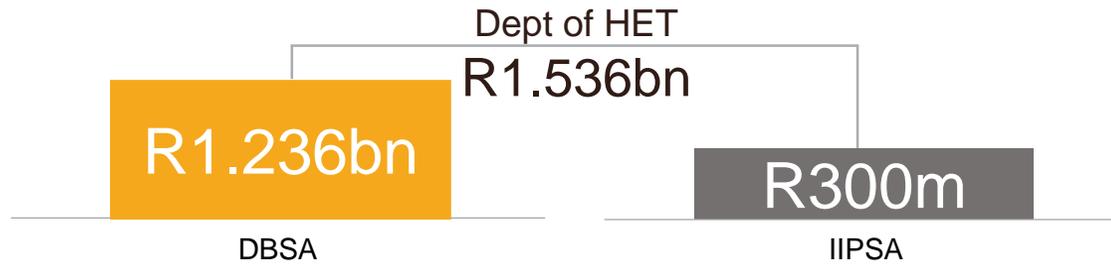
Impact

- Jeffrey's Bay Project sees RSA contributing towards its pledge towards the Sustainable Development Goals amongst others. In addition, this alternative energy source contributed significantly towards transformation in the energy sphere as well as financial sector inclusion of previously disadvantaged individuals.



KEY PROJECT: A PROGRAMMATIC APPROACH

Student Accommodation – Department of Higher Education and Training



Features

DBSA has been approached by DHET to assist with the roll-out of 300 000 beds over the next 10 years, at an estimated R65bn at 26 universities and TVET colleges.

IIPSA has made available a R300m facility to support the first Phase of seven universities with capital grants, interest rate subsidy, project preparation and seed capital to establish a PMO to expand Phase 2 of the programme.

Impact

Build new student accommodation



24 300 000 student beds

Designed to support



Direct and indirect jobs

Facilitate infrastructure



26 universities and TVET colleges



KEY PROJECT – DRAKENSTEIN MUNICIPALITY

Infrastructure Sub-sector: Energy and Water

Project features

Project description

- Drakenstein is implementing the following projects:
 - **Sanitation** – Wellington Waste Water Treatment plant; Paarl Waste Water Treatment plant; New Simodium Bulk Sewer
 - **Water** – Wellington, Saron and Courtrai Bulk Water storage; Strawberry King Bulk Water Supply; Roads – Upgrading of Bergriver Boulevard North
 - **Electricity** – N1 Electricity substation, Paarl Mall substation and other small substations

Project status

- The projects are at implementation stage.



Development impact

- Address backlogs and current demand.
- Develop infrastructure for middle to high income housing and improve the revenue stream of the municipality that will cross subsidise the required infrastructure for low income housing.
- **13 900 new housing units** with the related infrastructure to create functional settlements.
- The projects will positively impact on 13 900 households and of these 4 900 will be BNG houses.
- There will be at least 158 jobs created during construction as well as after construction.
- The implementation of the projects will lead to the avoidance of diverse hazards, such as water pollution and soil contamination.
- The project will have a positive multiplier effect on the area due to the growth in the area and its proximity to Cape Town but with less congestion challenges compared to Cape Town.

Project Development Stage	Construction
DBSA Investment	R404,76m
Third Party Investment	R15,86m IIPSA Interest Rate Subsidy

KEY PROJECT : SA CONNECT PROGRAMME

Infrastructure Sub-sector: ICT

Project description and status

Project description

- The SA Connect Programme is a programme of national priority under the auspices of the Department of Telecommunications and Postal Services (DTPS) and is aimed at bridging broadband connectivity gaps by providing broadband connectivity to 46 000 government facilities countrywide
- The programme is divided into two phases:
 - Phase 1 – providing broadband connectivity to the first 2 200 facilities; and
 - Phase 2 – providing broadband connectivity to the remainder of the facilities in the rest of the country

Project status

- Phase 1 currently in implementation stage
- Phase 2 in scoping stage



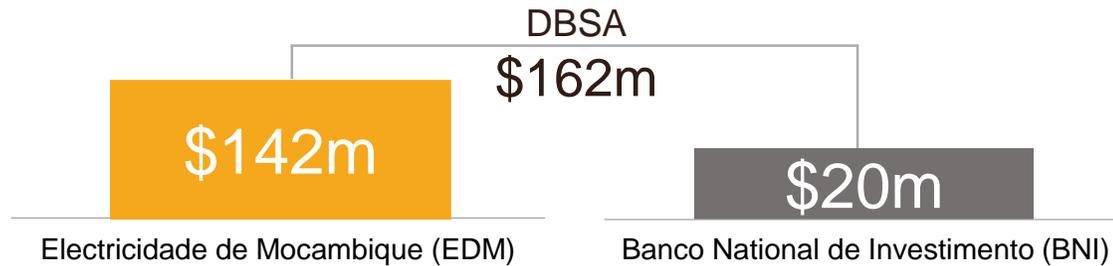
Development impact

- Ensuring universal service and access to reliable, affordable and secure broadband services to all South Africans – prioritising rural and under-served areas
- Job creation during rollout of infrastructure
- Tele-medicine at rural clinics
- E-learning using tablets at schools

Development Impact	
Programme Development Stage	Scoping
DBSA Investment	Phase 1 – R635m Phase 2 – R80m
Third Party Investment	N/A

KEY PROJECT: MOZAMBIQUE

EDM Urgent Network Rehabilitation Programme



Features

The Project involves the rehabilitation of the existing network and upgrade of current project. A significant portion of the work to be done relates to the replacement of obsolete equipment and the construction of new substations. Without the implementation of these projects in the short term, EDM is of the view that the power system would be at risk of collapsing.

Impact

Rehabilitation and upgrade of existing



power transmission infrastructure

Designed to increase



transmission capacity and avert system failure



KEY PROJECT: GHANA

Cenpower Kpone Independent Power Plan

Total funding

\$900m

DBSA portion

\$50m 29.6m capex
24m fuel

Features

350MW



Combined-cycle power generation plant

Capable of operating on



liquid fuel and natural gas

10% installed capacity



20% available thermal capacity

4



International awards

Impact

- Project is funding the development, construction of a 350 MW combined-cycle power generation plant, capable of operating on both liquid fuel and natural gas.
- Impact achieved through job creation mainly in construction, increase in access to energy and energy related services.
- Further economic growth is realized.



THANK YOU