



Development Bank
of Southern Africa



Presentation to the Human Settlements Portfolio Committee

15 June 2011



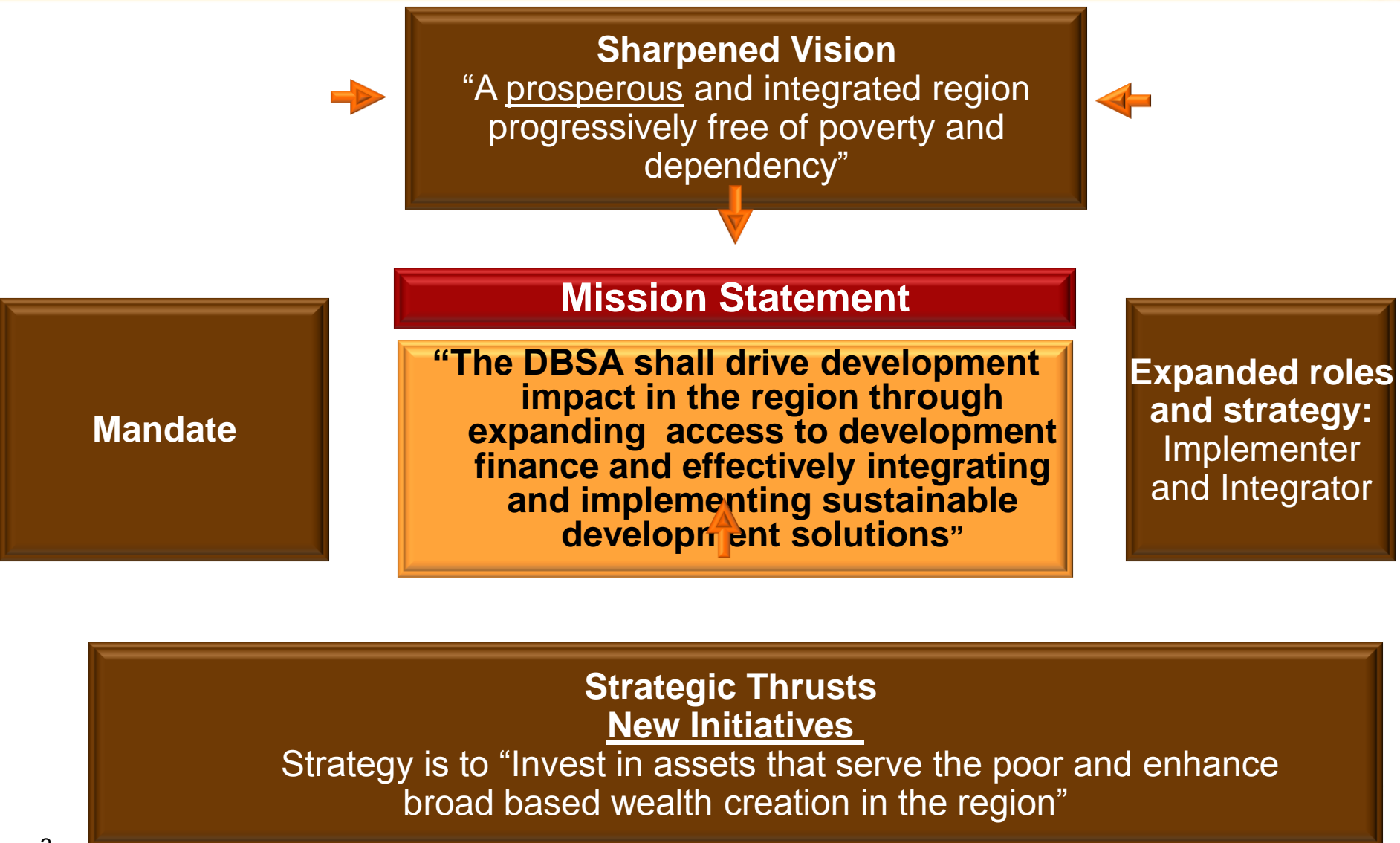
Structure of the Presentation

- DBSA Overview
- Strategic approach of the DBSA
- The Diversity of DBSA's Loan Book
- DBSA's Exposure to the Municipal Sector in South Africa
- Examples of DBSA Human Settlements Projects and Investment Programs
- Critical Human Settlements Challenges and Blockages
- DBSA's perspective on Human Settlements Development
- DBSA's Involvement in Human settlements
 - Current MoU
 - Priority Projects
 - Other Initiatives and Agreements

Addendum

- DBSA's Development Fund – Examples of Projects

DBSA Overview and Vision 2014 strategic architecture – aligned with the national and regional development goals



Strategic Approach of the DBSA

National Priorities

- Creation of decent work & sustainable livelihoods
- Education
- Improvement of health outcomes
- Reduction of crime
- Rural development, land reform & food security
- Improving the capacity of the state to deliver on its mandate, particularly local government

DBSA Development Agenda

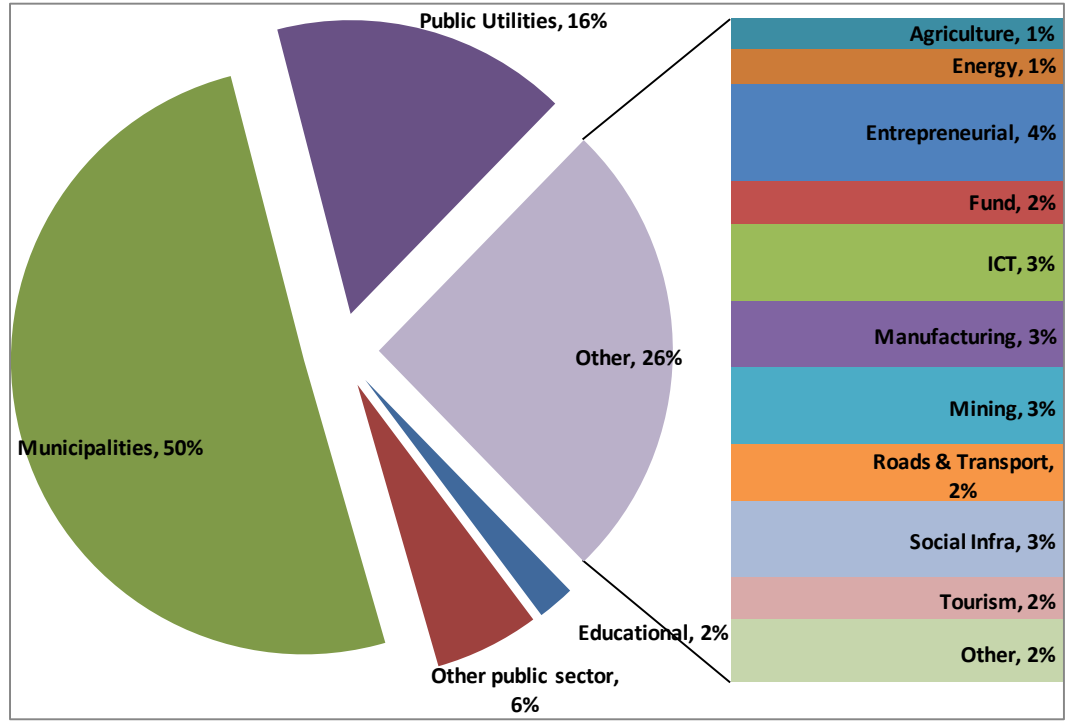
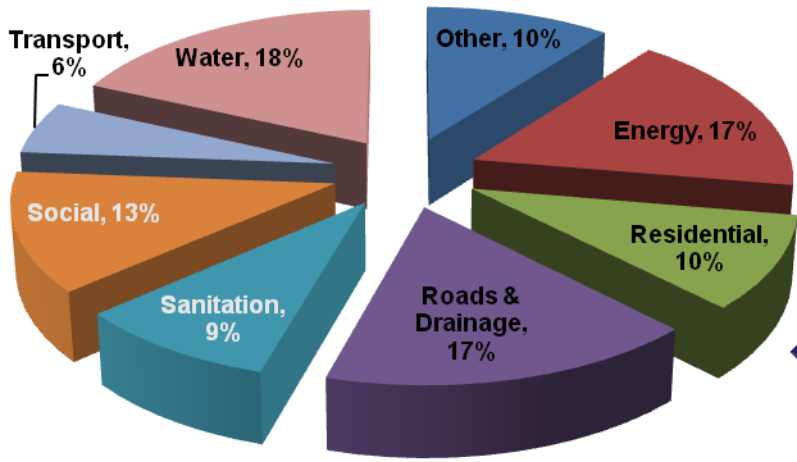
- Promoting broad-based economic growth, job creation, cooperation & good governance
- Co-delivering social & economic infrastructure
- Building human & institutional capacity
- Engendering sustainability, external and internal

DBSA's mission is broad and highly aligned with that of the government

The Diversity of DBSA's Loan Book Portfolio as at 31 March 2010

Value of net loan book – R33bn

Significant support to municipalities

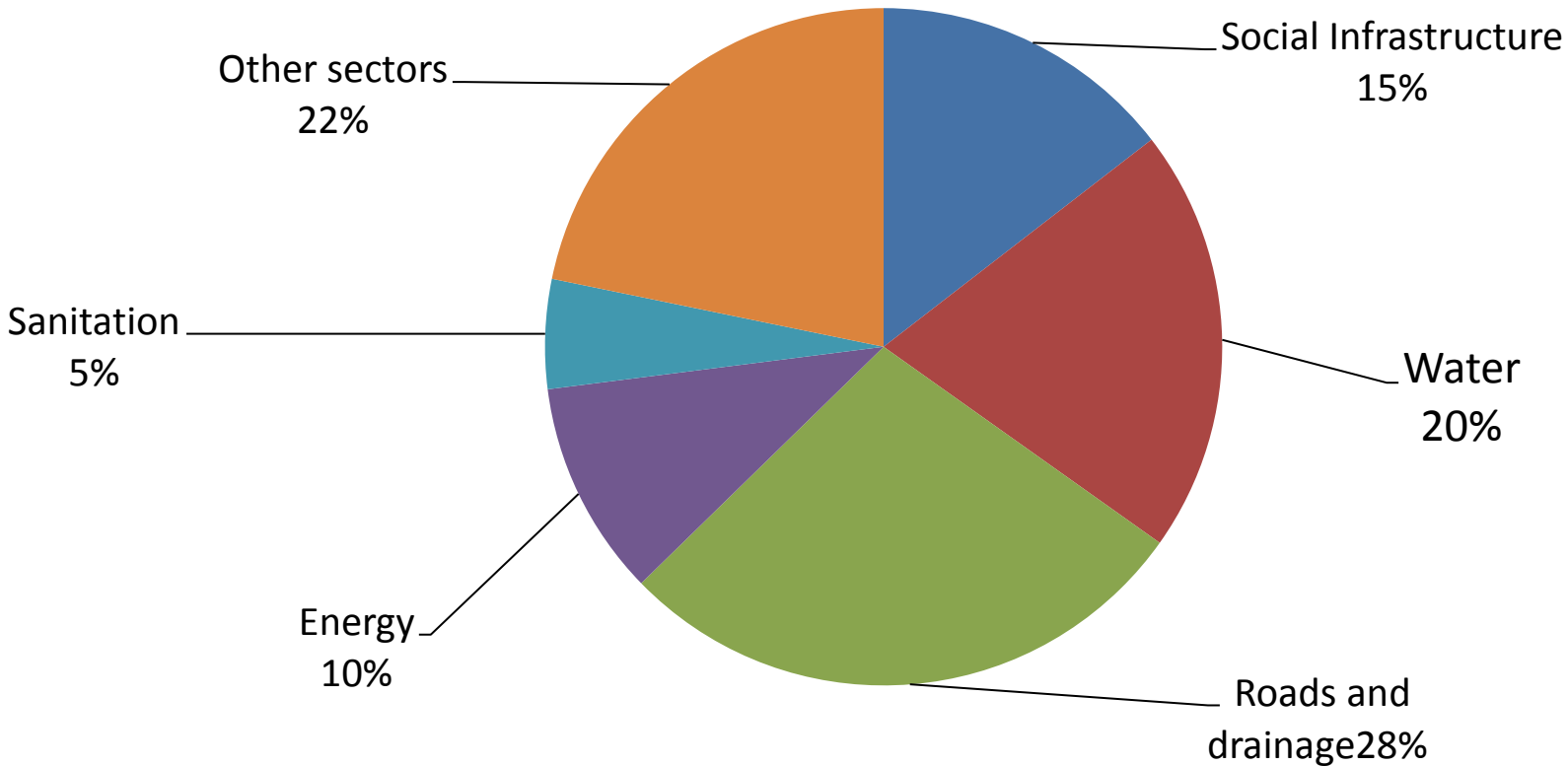


Funding of both social and economic infrastructure through public sector intermediaries



DBSA's Exposure to Municipal Sectors in South Africa

DBSA's exposure to municipal sectors in South Africa (water, sanitation, roads, drainage, and energy): these are examples of sectors where DBSA typically supports municipalities in the construction of sustainable human settlements.



Examples of DBSA Human Settlements Investment Projects and Programs

	DBSA Approval R'm	DBSA Disbursement R'm	Total Project Value R'm
Private Equity Funds to address GAP Housing Market failure (International Housing Solutions Fund and Housing Impact Fund)	3,210	1,150	11,000
Housing /property development projects	300	92	500
Inner City Rejuvenation (affordable housing / student accommodation)	736	281	1000
Pipeline of integrated human settlements projects / programs	Projects/programs are in various stages of appraisal and decision-making processes	Funds will be disbursed upon approval	5,000

DBSA's current exposure to the housing / residential sector amounts to R4.098 billion

Critical Human Settlements Challenges and Blockages

DBSA's involvement in the sector indicates that most municipalities continue to face the following challenges in terms of planning and implementation:

- The absence of appropriate human settlements policies and plans;
- The unavailability of strategically located land;
- Outstanding re-zoning processes;
- Lack of or sub-standard feasibility studies;
- Lack of project / program management expertise;
- Inadequate provision of bulk services;
- Inadequate provision of affordable housing
- Inadequate equity to carry early stage project preparation costs;
- Poor credit-worthiness of promoters;
- Slow, uncoordinated and overly complex planning and development processes

However, during the past three to four years, DBSA has also show-cased (through documented case studies) examples of successful human settlement projects that it supported, e.g. Flora Park / Serala View Development in Limpopo, Elliotdale in the Eastern Cape

DBSA's Perspective on Human Settlements Development – Strategic Position

In 2008, the DBSA Board approved the Bank's Human Settlements Strategy

In 2010, DBSA repositioned itself to become a partner to the state by accelerating key infrastructure delivery programs - **human settlements** has been identified as one of the priority areas of investment . The Human Settlements Strategy has been reviewed and the new strategic position aims to address:

The Implementation Need – support medium/long term projects and programs from conceptualization to financial close, e.g. Lephalale and Cornubia

Innovative Funding Models & Partnerships – increase & maximize resources to knock off the bulk infrastructure deficit

Integrated Development Planning – fill major gaps of integration & coordination of different facets of human settlements; and ensure proper design of settlements

Project & Program Management Capacity for identified priority programs

Strategic position underpinned by the principles of sustainability and integration:

- Mixed use, mixed income, higher densities, integration of income levels, employment & economic opportunities, provision for socio-economic facilities, viable non motorized & public transportation, environmental and energy efficiency



DBSA's Involvement in Human Settlement Development

The Current MoU between DBSA and the Department of Human Settlements

2008: DBSA signs MoU with the Department of Human Settlements , defining the following areas of collaboration:

- Support the implementation of the BNG Policy
- Implementation of the national framework for sustainable development through agreed pilot projects
- Provision of hands on implementation capacity support to key DoHS projects and unblock priority housing projects
- Provision of technical assistance grant funding for planning and capacity support.
- Provision of bridging finance to accommodate fiscal flows
- Research and knowledge sharing

DBSA's Involvement in Human Settlements Development (cont'd)

Progress on the Implementation of the MoU

- The framework for provision of technical support to Provincial DoHS was concluded and approved in 2009 by DBSA and DoHS.
- Two functional Committees were established as per the MoU i.e. the National Joint Working Committee (NJWC) and the National Strategic Working Committee (NSWC).
- The DBSA has been appointed as Implementing Agent for the EC Elliotdale Rural Housing Project (1000 Units).
- The DBSA has assisted in the planning of the Eco-Village in Ba-Phalaborwa.

DBSA's Involvement in Human Settlements Development (cont'd)

Progress on the Implementation of the MoU

- 12 Experts have been deployed to Provincial DoHS to assist with housing programmes as follows;
 - 4 x Planners deployed in Gauteng Provincial Dept of Housing.
 - 1 x Programme Manager, 2 x Planners; 1 x Technical Expert and 1 x Financial Expert deployed in the WC Provincial Dept of Human Settlements.
 - 1 x Technical Expert deployed in the City of Cape Town
 - 1 x Technical Expert deployed in the Provincial DoHS office in Eastern Cape.
 - 1 x Technical Expert deployed in the Provincial DoHS office in Free State Province.

DBSA's Involvement in Human Settlements Development (cont'd)

Progress on the Implementation of the MoU (Projects Supported by DBSA Experts)

- ❑ Gauteng Province
 - Hostels re-development.
- ❑ Western Cape Province
 - Urban Renewal programme
 - Our Pride Housing Project (821 Units)
 - Nuwe Begin Housing Project (1900 Units)
 - Old Mandela Square Housing Project
 - Zwelethemba Hostel Upgrade
 - Watergate Housing Development
 - N2 Gateway Housing Development Project
- ❑ City of Cape Town
 - Management of Khayelitsha and Mitchell's Plain Housing Projects
- ❑ Eastern cape Province
 - Duncan Village Redevelopment Initiative (DVRI) – 21 000 Units
 - Elliotdale Sustainable Rural Housing Development
 - King Sabata Dalindyebo (KSD) Housing Project

DBSA's Involvement in Human Settlements Development (cont'd)

Current discussions with the Department of Human Settlements on possible new areas of cooperation and mandate agreements

- Support the implementation of the BNG Policy and Outcome 8 (The “Creation of Sustainable Human Settlements and Improved Quality of Household Life”) by, inter alia:
 - Creating partnerships between the government spheres (including government agencies) and the DBSA around the development of mechanisms for program capability support to key DoHS projects and programs
 - Mobilizing funds from the private and other funding institutions including international donors in support of integrated human settlements
 - Assisting municipalities with the development of credible human settlement plans and project pipeline
 - Establishing a Human Settlements Research and Knowledge Sharing Forum

DBSA's Involvement in Human Settlements Development (cont'd)

DBSA is currently in discussions with DHS to support the Department's Priority Programs

The Affordable Social and Rental Housing Program is likely to entail:

- The delivery of 80,000 units over the next 3 years;
- Planning and program roll-out (provinces and cities will identify priority/flagship areas);
- Integrated planning support to provinces and cities for the identified priority areas;
- Project preparation support to cities and provinces;
- New funding models (topping up DHS funding by leveraging private sector funds);
- A stakeholder mapping process which will involve the following departments / organizations: DHS, National Treasury, DBSA, NHFC, and the Social Housing Regulatory Authority

DBSA's Involvement in Human Settlements Development (cont'd)

The Bulk Infrastructure Program is likely to entail:

- Scoping Requirements for municipal bulk infrastructure;
- DHS, National Treasury and DBSA will look at interventions in terms of addressing the funding gap;
- DHS, National Treasury and DBSA will develop appropriate interventions to assist with driving implementation (including identifying areas of national priority, e.g. Lephalale in Limpopo, Cornubia in KwaZulu Natal and parts of the Western Cape outside Cape Town);
- A stakeholder mapping process which will involve National Treasury, DHS, DBSA, Department of Economic Development and the Department of Public Enterprises;
- Leveraging on the recently-formed Urban Settlement Development Grant (USDG) in support of this program

DBSA's Involvement in Human Settlements Development

Other Initiatives / Agreements:

- DBSA is partnering with provincial Departments of Human Settlements (specifically Mpumalanga and Limpopo) to support the development of bulk services;
- An agreement has been signed with the Gauteng Provincial Government;
- DBSA is exploring a partnership with the Lephalale Local Municipality;
- Various agreements and social compacts have been signed with different partners through the Sustainable Communities Program

DBSA's Involvement in Human Settlements Development (cont'd)

Program Management Support in relation to the priority programs will entail:

- Putting in place central program management capacity to roll-out the priority programs; this capacity will be co-financed by DHS;
- Incubation of this central program management capacity by DBSA, while also concurrently capacitating officials in the department, in provinces and the cities; and
- A partnership between National Treasury and the World Bank to strengthen this capacity building program

It is envisaged that these programs will be rolled-out in Gauteng (the three Metros), KwaZulu Natal (Ethekewini), and Limpopo (Lephalale)

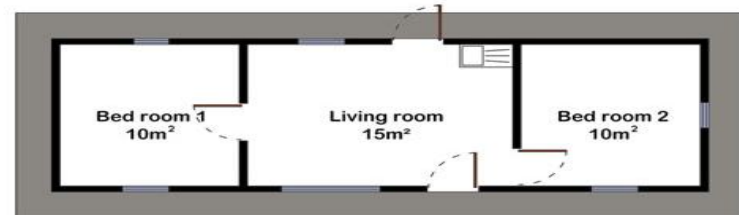
Thank you.

DBSA's Development Fund – Engagement in Human Settlements

SITE/PROJECT LEVEL

Elliotdale Sustainable Rural Housing Development

- *Type of engagement:* This pilot project is in support of the Peoples Housing Programme (PHP) strategy within the Breaking New Ground (BNG) policy of government. which This project comprises 1000 housing units and promotes the usage of alternative technology. The DF has been appointed as the Implementing Agent for this project.
- *Funding:* The EC DoH has transferred R16.1 M (funding managed by the Agencies unit) to the DBSA for the implementation of this project.
- *Progress & Development Impact:* Ninety units of the first phase (200 units) are currently under construction. Importantly, the delivery strategy conceptualized on the project is the need not to alter the rural character of the area by imposing on them the invasive architectural theme of a 'township' development. This has enabled the housing development to be developed within the individual homesteads hence enabling vegetable gardens and livestock 'kraals' to be retained within homesteads, side-by-side with each individual's housing development.



DBSA's Development Fund – Engagement in Human Settlements

Rooidakke

- **Type of engagement:** For the DF and the TWK municipality to demonstrate prototypes for different housing designs for the area. The initiative was originally designed for 400 units and due to DF intervention, the DF was assigned to build 805 housing units in total. For phase 1 (185 housing units) the DF provided a grant on the urban design process to develop a range of house types and an integrated plan for Rooidakke. The DF is currently also involved in phase 2 (110 units) and 3 of the project
- **Funding:** The DF allocated grant amount R490 000 (now fully disbursed) in 2008 for the urban design work of Rooidakke Phase 1.
- **Development Impact:** Phase 1 has been successfully completed and 185 units were completed and are now occupied by beneficiaries.



Ba-Phalaborwa Eco village

- **Type of engagement:** The DF is assisting with the planning of the Eco-village in Ba-Phalaborwa. Aim of the project is to assist in the preplanning to realize the establishment of sustainable integrated housing. The project will serve as a pilot to promote the use of alternative technology in future developments.
- **Funding:** The DF allocated a grant amount of R655,000 in 2010 towards the pre-planning phase.
- **Progress & Development Impact:** Proposals are soon to be invited from the developers who will be interested to develop the area.

DBSA's Development Fund – Engagement in Human Settlements

King Sabata Dalindyebo (KSD)

- *Type of engagement:* The Eastern Cape Department of Human Settlements allocated an amount of R1.1 Billion for the construction of 17,000 units in KSD. Prior to DBSA involvement, the project failed a number of times to be implemented. DBSA was requested to assist to unlock the challenges around implementation. The role of the bank included the following:
 - Finalising the planning aspects
 - Building demonstration housing using alternative construction
 - Procurement and development of an implementation model
- *Progress & Development Impact:* Planning is being finalised based on the principle of densification. Six houses in total have been completed. Procurement has been finalised and a service provider appointed to implement the project. Lessons learnt from Roodakke are being included in the implementation.



FUTURE PROJECTS – 2011

- Replication of rural housing
 - Eastern Cape
 - KwaZulu Natal
- Integrated housing project in Kokstad. Discussion currently being finalised.