

GROWING A FOCUSED, SUSTAINABLE AND DEVELOPMENTAL DBSA

TRANSPORT

ENERGY

ICT

WATER

PROMOTION OF BANKABLE SDG PROJECTS

DBSA FACILITATING OUTWARD INVESTMENT

MOHAN VIVEKANANDAN, GROUP EXECUTIVE: STRATEGY

30 May 2017

1 Overview of DBSA

2 Case Study 1: Renewable Energy Independent Power Producer Programme (REIPP)

3 Case Study 2: Sustainable Development Infrastructure Partnership (SDIP)

4 Case Study 3: Sustainable Development Finance resources Centre (SADC-DFRC)

5 Case Study 3: Innovative Finance Solutions



The DBSA is a Leading South African Infrastructure Finance Institution

VISION

A prosperous and integrated resource-efficient region, progressively free of poverty and dependencies

MANDATE

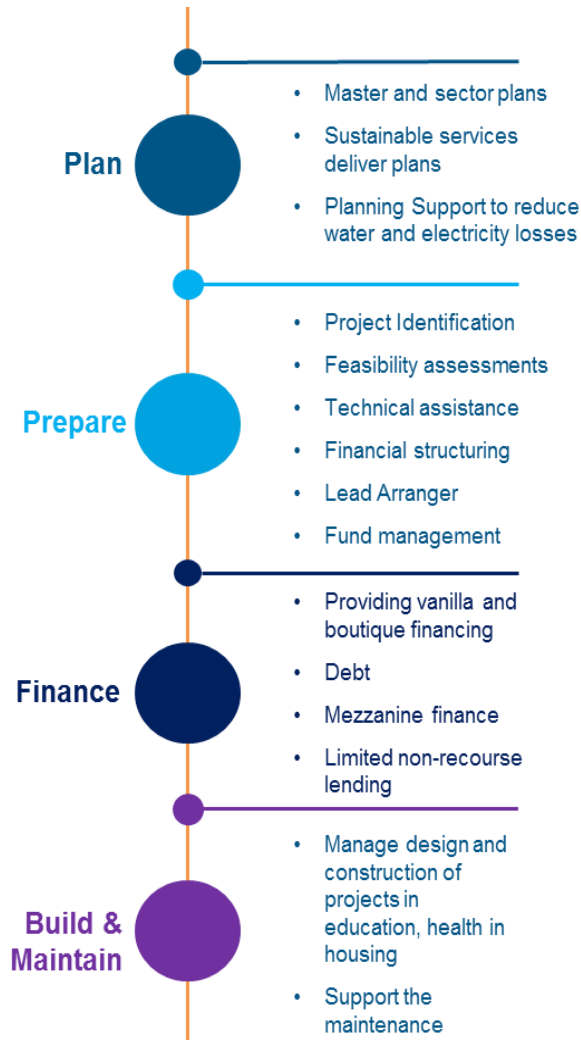
Our primary purpose is to promote economic development and growth, human resource development and institutional capacity building in South Africa and the wider African continent

GEOGRAPHIC FOOTPRINT



- DBSA's primary market
- DBSA's main focus outside of SA
- DBSA's secondary (and recent) focus outside of SA

PRODUCTS & SERVICES



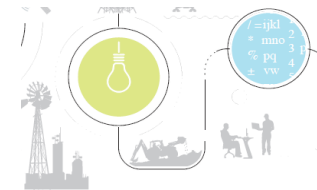
SECTORS

Primary:

- Energy
- Transport
- ICT
- Water & Sanitation

Secondary:

- Education,
- Housing
- Health (only in SA)



Performance Highlights: FY 2015/16



Delivered
R28.0 billion
in total infrastructure support



New record
disbursements of
R17.1 billion



Prepared projects
to the value of
R7.6 billion



Delivered
R2.6 billion
in infrastructure
implementation support



DBSA awarded
accreditation to the
**Green
Climate Fund**



Effective governance rated
A+ based
on AADFI SGRS



1 382
houses constructed



638 000
households to benefit
from funds committed to
municipalities



17 900
scholars to benefit from
35 schools constructed



More than **35 000**
people gained access to
improved health facilities

Agency	Rating type	Long-term rating	Short-term rating	Outlook
Fitch	National	AA+(zaf)	F1+(zaf)	Stable
Moody's	Foreign currency	Baa2	Not rated	Under review
S&P	Foreign currency	BBB-	A-3	Negative
	Local currency	BBB+	A-2	Negative

International, Regional And Local Conventions

International



Regional



1. Infrastructure Vision 2027
2. Regional Infrastructure Development Master Plan

National



DBSA's Strategy On A Page

Strategic Ambition:

Deliver **R100Bn** annually in **infrastructure unlocked** by 2019-20, while maintaining financially sustainable

Paths to Victory:

Continue core
long-term
infrastructure
lending activities

De-risk project
finance
structures to
crowd-in third
party funding

Greater
investment in
early-stage
programme and
project
development

Develop structured
products and
funding structures
to unlock
infrastructure and
crowd-in third
parties

Establish project
management
offices and focus
on maintenance
of public
infrastructure

Sources of Competitive Advantage:

Strategic
partnerships

Greater risk-return
trade-off & Tenor

Integrated
infrastructure
solutions,
including early-
stage risk and
delivery capability

Access to
concessionary
financing

1

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Producer Programme (REIPP)**

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Case Study 3:
Innovative Finance Solutions



DBSA In RENEWABLE ENERGY INDEPENDANT POWER PRODUCER PROCUREMENT (REIPPP)

A programme developed to channel **private sector expertise and investment** into grid-connected renewable energy in South Africa

The Department of Energy (DoE), National Treasury (NT) and **the Development Bank of Southern Africa (DBSA)** established the IPPPP Office

The IPPPP Office provides the following services:

- Professional advisory services;
- Procurement management services;
- Monitoring, evaluation and contract management services



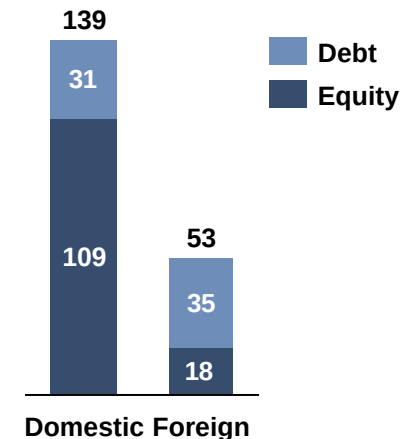
- Private sector investment totaling **R192.6 billion committed** (total project costs) for IPP development in BW1–4 of which **R53.2bn from foreign financiers**

- **92 projects** will generate **6 327 MW**
- **1.2 mn households powered**
- **19 050 job years**

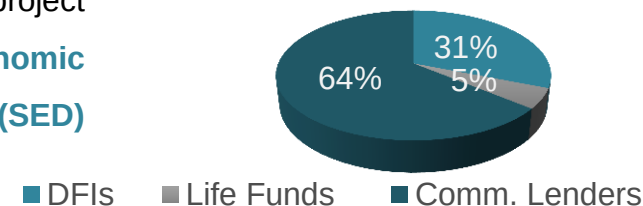
DBSA funded over **16 projects** to the value of **R7Bn**

- **R19.1 billion** of projected revenues accrued over the 20 year project operational life toward **Socio-economic and enterprise development (SED) initiatives**

Debt Equity Share of total project cost, Rbn



Major debt providers in REIPPP Rounds 1,2,&3, %



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SDIP Overview

The SDIP is a coalition of public and private entities with similar ambitions to **use blended finance to scale sustainable infrastructure investments in developing countries** to contribute to closing the financing gap required to achieve the SDGs



Announced

Third International Conference on Financing for Development, Addis Ababa, July 2015



Goal

Mobilize \$100 billion in blended finance, particularly in sustainable infrastructure



Secretariat

World Economic Forum & OECD



SDIP Members



European Bank
for Reconstruction and Development



SDIP Africa-Hub Activities

Vision

To help accelerate infrastructure investment by facilitating blended finance across stages of the project lifecycle

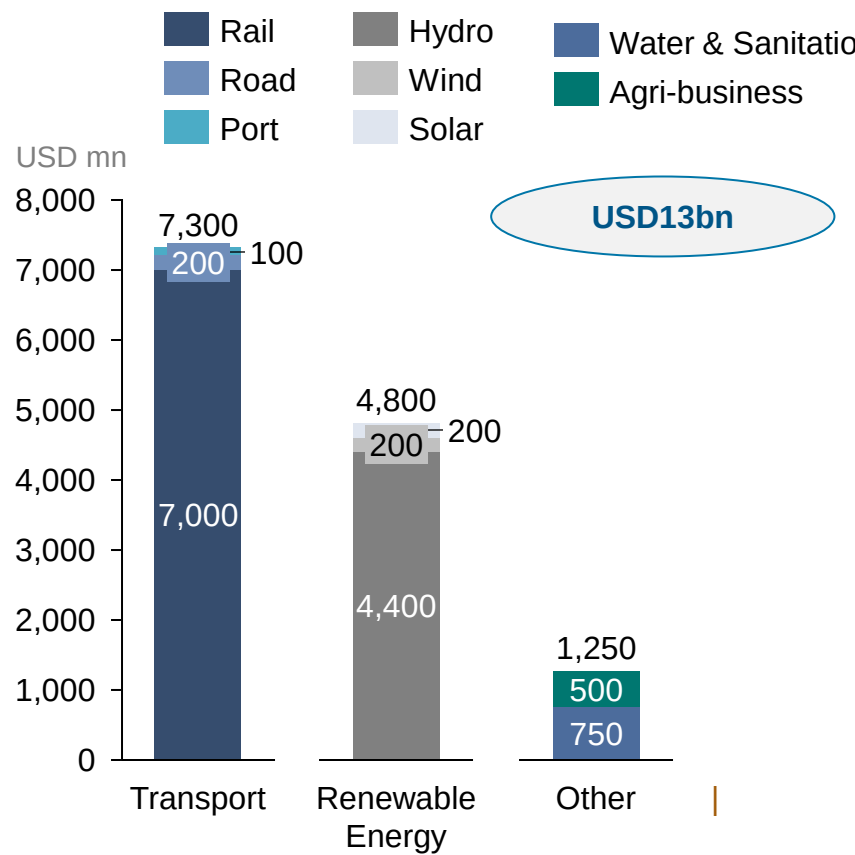
Objectives

-  Enhance public sector understanding of the enabling environment for blended finance
-  Facilitate private input early in public project preparation to ensure common definitions of bankability
-  Connect projects with preparation resources, including transaction structuring expertise
-  Facilitate risk mitigation instruments and concessional capital to achieve necessary risk-adjusted returns
-  Create a marketplace for capital to come together to finance bankable deals

Outcomes

23 Submission, with investment need of **\$13bn**.
Nominations from **19 countries** across **9 sub-sectors**

Investment need by sector



SDIP Africa Hub Activities

The Sustainable Development Investment Partnership (SDIP) Africa Hub's activities will influence projects **across project lifecycle stages**, consistent with SDIP's objective to accelerate projects **toward bankability and financial close**



*Project Phases defined by Infrastructure Consortium for Africa (ICA), "Assessment of Project Preparation Facilities for Africa," 2012.

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The DBSA has been a strategic partner to the SADC DFI Infrastructure Working Group

Vision: Working together to plan, identify, develop and deliver mutually beneficial and sustainable economic infrastructure projects in SADC region

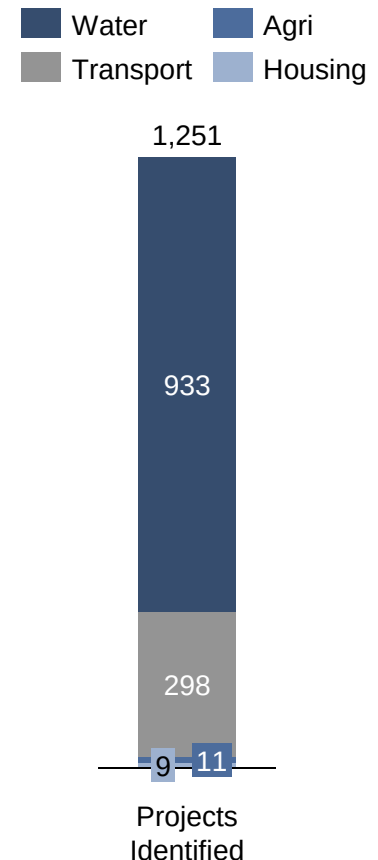
- Since 2003, DBSA has rendered **technical and financial assistance** as well as **non-financial support to the capacity building, policy and advisory services** of the SADC-DFRC

SADC – DFRC grounds its work in relevant **Sustainable Development Goals (SDGs)** with the ultimate goal of :

- Creating a SADC **concessional guarantee** instrument
- Developing infrastructure **project prioritizations** at the national and regional level
- Establishing an **integrated project planning** function at a regional level.



Value of Projects Identified,
USD mn



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