



DEVELOPMENT BANK OF SOUTHERN AFRICA

*Building Africa's Prosperity*



**Accelerating  
Development  
Impact**

**2020 SUSTAINABILITY  
REVIEW**



DÉ  
DEVELOPPEMENT  
Building

**BSA**  
BANK OF SOUTHERN AFRICA  
*Africa's Prosperity*

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# Building Africa's Prosperity



DEVELOPMENT BANK OF SOUTHERN AFRICA

*Building Africa's Prosperity*

Throughout our 2020 Integrated Annual Report, the following icons are used to show connectivity between sections.



Indicates a website reference where more information can be found.



Indicates a page reference for further information which can be found elsewhere in this reporting suite.

## OUR STRATEGIC OBJECTIVES

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Sustained growth in developmental impact



Providing integrated infrastructure solutions



Maintain financial sustainability



Sustainability innovations

Refer to pages 12 – 15 for further details of our strategic objectives.

## OUR CAPITALS



Financial capital



Intellectual capital



Social and relationship capital



Human capital



Natural capital



Manufactured capital

Refer to page 24 of the Integrated Annual Report for further details of the capitals and how we use them to create value for our stakeholders.



# REPORT NAVIGATION

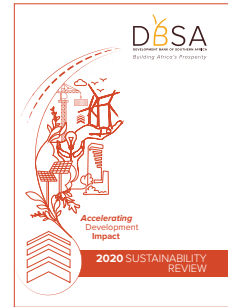
Our reporting suite for 2020 consists of three reports.



The **2020 Integrated Annual Report**, which is our primary communication with our stakeholders.



The **2020 Annual Financial Statements**, which includes the directors' report and the independent auditor's report.



The **2020 Sustainability Review**, which provides further information on our sustainability performance.

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*Kwena Molapo High School is a beneficiary of the DBSA CSI's School Leadership Development Programme in partnership with Partners for Possibility.*

This Sustainability Review provides our stakeholders with an understanding of our development and sustainability impact for the financial year, 1 April 2019 to 31 March 2020.

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# ABOUT THIS REPORT

While this report may be of interest to many of our stakeholders, including the government, it deals with issues of particular interest to bond investors and analysts, sustainable development professionals and other parties that have a specific interest in the DBSA's developmental impact and sustainability performance. This report includes a selection of case studies as well as a summary of our estimated development impact to give the reader a sense of the impact we have had in the year under review.

This report focuses on the areas where we have made long term impact while ensuring the sustainability of our business. The boundary of the review is the DBSA as a legal entity and there are no significant changes to the scope or aspect boundaries during the reporting period.

We produce a full suite of reports to cater to the diverse needs of our stakeholder base. Our Integrated Annual Report articulates how the DBSA creates value over the short, medium and long term across financial, intellectual, social and relationship, human, natural and manufactured capitals. This is complemented by our full Annual Financial Statements and our Integrated Annual Report, which caters to a broader stakeholder base and communicates the Bank's impacts on the economy, the environment and society over the last few years.

## REPORTING FRAMEWORK

We developed this report in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines (Core). A detailed GRI table, responding to each of the GRI criteria can be found in Annexure A to this report. With respect to the Specific Standard Disclosures of the GRI 4 guidelines, we provided our management approach to all our material issues. We also disclose our support to the United Nation's Global Compact principles in Annexure B.

## MATERIALITY

The DBSA defines material issues as those that have the potential to substantially impact our ability to create and sustain value for our stakeholders. In identifying matters that are material, we consulted a wide range of resources, including:

- The Shareholder Compact and the DBSA's Corporate Plan
- The DBSA's key risks identified during the risk management process
- The business context of a DFI

## ASSURANCE

The DBSA management has assessed the viability of having the Sustainability Review, other than the elements mentioned hereafter, externally assured, and concluded that the benefits exceed the cost of doing so. The DBSA Internal Audit team has reviewed the disclosures on the GRI tables with findings indicated as part of Annexure A.

In addition to providing assurance on the DBSA's Annual Financial Statements, our external auditor is required to perform certain procedures on our predetermined performance indicators. Their report and findings are reflected in the external auditor's report in the Annual Financial Statements.

## APPROVAL OF THE SUSTAINABILITY REVIEW

The integrity of the Integrated Annual Report is ultimately the responsibility of the Board, with assistance from the Audit and Risk Committee as well as the DBSA executive management. The DBSA's leadership provides management oversight to a team with the necessary skills and experience, which undertakes the reporting process. This report was prepared under the supervision of the Chief Economist and was approved by the Board of Directors on 30 September 2020.

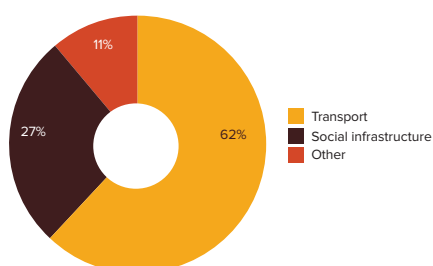
Comments on this report can be sent to DBSA's Head of Strategy at [corporatestrategy@dbsa.org](mailto:corporatestrategy@dbsa.org), or 1258 Lever Road, Headway Hill, Midrand.

# OUR SUSTAINABILITY HIGHLIGHTS

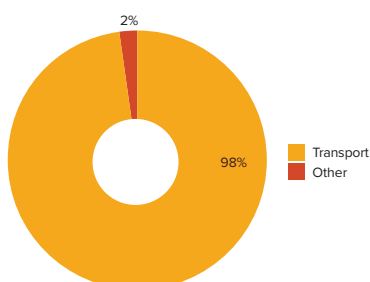
## ECONOMIC INFRASTRUCTURE AND GROWTH IN SOUTH AFRICA

The DBSA accelerates sustainable socio-economic development by funding economic infrastructure in the energy, transport, water and sanitation, information and communication technology (ICT) sectors.

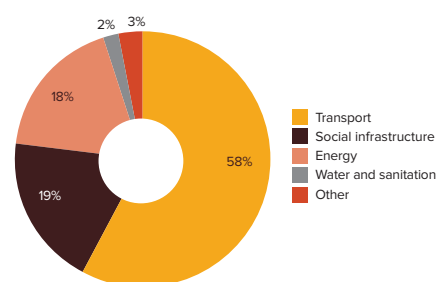
**Approvals  
2020**



**Commitments  
2020**



**Disbursements  
2020**



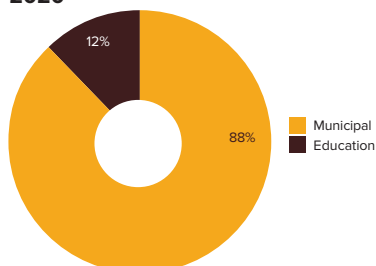
R million	2020	2019
Approvals	4 087	26 414
Commitments	9 000	8 242
Disbursements	7 301	3 581

6 »»»

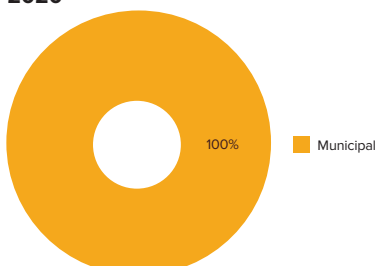
## SUPPORTING SOCIAL DEVELOPMENT AND SERVICE DELIVERY IN SOUTH AFRICA

The DBSA acts as an implementer of government priorities as local government is key to service delivery. Important to note is the DBSA is the only DFI that supports municipalities and metros. We further support the South African government in financing and accelerating implementation of infrastructure programmes at local government level in metro municipal infrastructure programmes.

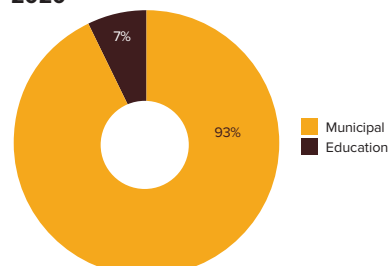
**Approvals  
2020**



**Commitments  
2020**



**Disbursements  
2020**

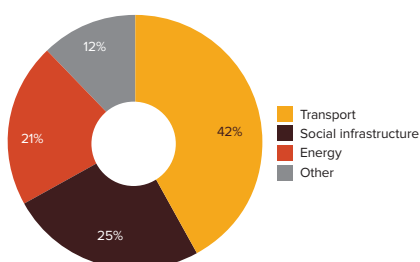


R million	2020	2019
<b>Approvals</b>	<b>10 209</b>	<b>7 656</b>
Municipal	8 978	6 830
Other social	1 231	826
<b>Commitments</b>	<b>685</b>	<b>7 517</b>
Municipal	685	6 994
Other social	-	523
<b>Disbursements</b>	<b>2 985</b>	<b>3 527</b>
Municipal	2 789	3 426
Other social	196	101

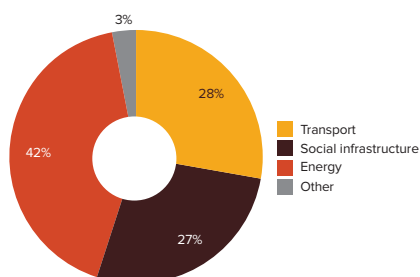
## REGIONAL INTEGRATION

Regional integration is essential to simultaneously grow the South African and the broader continent's economies. By investing in infrastructure projects that facilitate trade and increase Africa's global competitiveness, the DBSA supports regional development and integration. Ultimately, we aim to improve the quality of life of the people of the region.

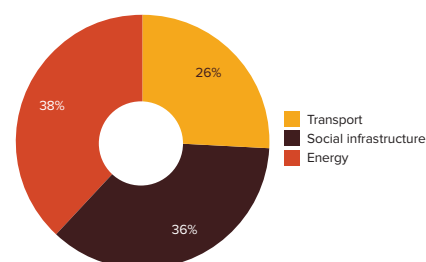
**Approvals  
2020**



**Commitments  
2020**



**Disbursements  
2020**



R million	2020	2019
<b>Approvals</b>	<b>17 181</b>	<b>5 616</b>
SADC (excluding South Africa)	10 636	2 719
Non-SADC Countries	6545	2 897
<b>Commitments</b>	<b>15 520</b>	<b>1 231</b>
SADC (excluding South Africa)	8 154	1 231
Non-SADC Countries	7 366	-
<b>Disbursements</b>	<b>5 405</b>	<b>1 727</b>
SADC (excluding South Africa)	2 119	1 300
Non-SADC Countries	3 286	427



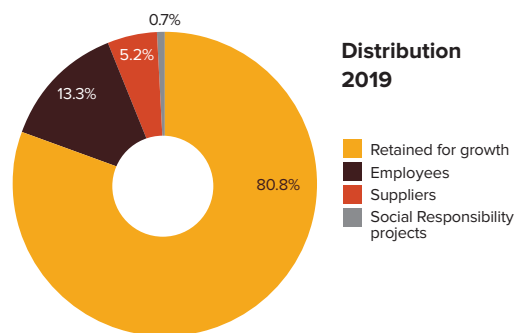
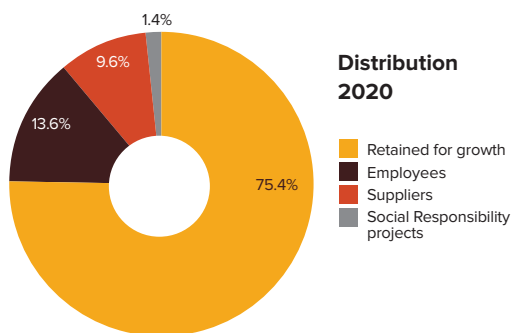
## SUPPORTING ENVIRONMENTALLY ORIENTATED INFRASTRUCTURE PROGRAMMES

The DBSA continues to support internal initiatives to reduce our carbon emissions, water use and waste generation as part of maintaining a sustainable campus. Beyond our operations, the Bank supports climate-friendly projects by developing products that promote environmental responsibility and support climate action in financial institutions.

	2020	2019
Electricity consumption in MW	2.7	2.7
Water consumption in kilolitres	13 056	7144

## VALUE ADDED STATEMENT

Value added statement indicates the wealth the DBSA creates through activities for its main stakeholder groups, which are the shareholder, employees, financial institutions (providers of debt capital) and suppliers. It also illustrates how much we reinvest for future growth.



in thousand of rands

	2020 Actual	%	2019 Actual	%
Interest income	8 286 317		8 409 839	
Interest expense	(3 862 814)		(3 915 389)	
<b>Wealth created by trading operations</b>	<b>4 423 503</b>		<b>4 494 450</b>	
Fee income	255 513		193 380	
Foreign exchange gain	1 171 519		743 713	
Net gain/loss from financial assets and financial liabilities	(529 027)		69 945	
Investment and other income	202 617		139 773	
<b>Total wealth created</b>	<b>5 524 125</b>		<b>5 641 261</b>	<b>100</b>
Distributed as follows:				
Retained growth	4 165 932	75.4	4 557 330	80.8
Expected credit losses/impairment on financial assets	3 632 679	65.8	1 441 056	25.5
Depreciation and amortisation	29 321	0.5	19 579	0.3
Profit for the year attributable to the shareholder	503 932	9.1	3 096 695	54.9
Employees: benefits and remuneration	751 070	13.6	751 300	13.3
Suppliers: expenses	531 277	9.6	293 808	5.2
Social responsibility projects	75 846	1.4	38 823	0.7
<b>Total wealth distributed</b>	<b>5 524 125</b>	<b>100</b>	<b>5 641 261</b>	<b>100</b>

The DBSA is exempt from normal taxation but is subject to all other South African taxes, including employees' tax and value added tax. The DBSA paid VAT amounting to R62.7 million (2019: R45.8 million) during the year.



*The DBSA's CSI programme launched a food voucher initiative targeting underprivileged schools around the DBSA Campus in Tembisa, Olifenhoutbosch and Mooiplaas, giving families reprieve during the lockdown.*



**Patrick K. Dlamini**

Chief Executive  
Officer

As we reflect on the sustainability performance of the DBSA in the year under review, we must redefine what it means to be sustainable as we face extraordinary challenges.

The COVID-19 pandemic is wreaking havoc across the globe, infecting millions, bringing economies to a standstill and changing the landscape of our future. Historically, infrastructure-based economic development has been used widely to overcome the impact of crises.

Before the pandemic, our government had already positioned infrastructure at the centre of the stimulus needed for our economy to achieve a sustainable recovery. In the year under review, economic deterioration due to trade tensions between China and the United States placed immense pressure on economies around the world. Closer to home, commodity price headwinds and credit rating downgrades have also stunted our economic outlook in the short to medium term. Infrastructure investment is a vital lever in strengthening the economy, creating jobs and enhancing the capacity and reliability of our energy, water, transport and ICT services. Large-scale infrastructure development has a knock-on effect of aggregating demand through multiple sectors of the economy such as construction, manufacturing, demand for some commodities and the financial sector. At a macroeconomic level, it enables trade, facilitates regional integration, builds economic resilience and competitiveness.

# MESSAGE FROM OUR CHIEF EXECUTIVE

In the midst of our macroeconomic challenges, the imperative to address the social challenges we face as a country, epitomised by poverty, unemployment and extreme inequality, gains momentum exponentially as time passes. When we take a step closer to these needs at an individual level, we see children in need of classrooms, a family in need of a breadwinner, communities in need of clean water and proper ablution facilities and a doctor in need of adequate medical facilities to treat patients. Throughout the infrastructure value chain, the DBSA can help address these basic needs in local government, the social and economic sectors as well as regionally in the SADC and non-SADC regions.

As we enter an era of unprecedented change due to the COVID-19 pandemic, we remain hopeful that this change will be positive in the long term. Yes, our business will inevitably be affected by the current economic climate, but we remain committed to our mandate and find solace knowing that through balance sheet growth we will be able to create value for our diverse stakeholders. The primary reason for our existence is to make a positive impact on society which we achieve by creating value across the infrastructure value chain. Accelerating this impact remains our guiding ambition. During the year under review, we made significant advances in increasing our disbursements which serve as an instrument to accelerating our development impact. Our disbursements of R15.4 billion, ahead of our target of R13.5 billion have demonstrated that we have been able to overcome the stumbling blocks we have faced in terms of converting approved financing to committed transactions and finally into disbursements.

Overall, our financial stability fuels our ability to have a meaningful and sustainable development impact in line with our mandate. Disbursements also affect our financial sustainability as they give rise to interest income over the long term. A strong interest income, in turn, funds our activities particularly our non-lending activities, which support under-resourced municipalities as we fund programmes that make a difference on the ground. We remain committed to supporting under-resourced municipalities where the needs of the community far exceed the delivery capacity of the government or private sector on their own. In this area, we can fulfil our catalytic role to crowd-in funding for projects that may not have been possible without our involvement.

Engaging stakeholders, managing emerging risks, investing in human capital and importantly good governance enables the sustainability of the DBSA in the long term. Good governance is more important now than ever before. We are custodians of the hopes of our great nation in these challenging times and our leaders must act accordingly. We must remain accountable, transparent and responsible for our actions and for how we lead the DBSA and support the country in infrastructure development. We must also remain committed in the global efforts to ensure a Just Transition to a more sustainable world.

We are guided by the priorities and objectives of South Africa's National Development Plan and the United Nations' Sustainable Development Goals (SDGs) and support the South African government in terms of the proposed Nationally Determined Contributions (NDC) emanating from the Paris Agreement. The Bank is one of the key supporters of the Africa Regional Hub of the Sustainable Development Investment Partnership (SDIP), a global, neutral platform of 42 public, private and philanthropic institutions with the shared ambition to scale up finance for the SDGs. As we began the decade of action in which we need to pick up the pace in our efforts to achieve the SDGs, the immediate challenges of the COVID-19 pandemic became all-consuming. However, it has also exposed fundamental weaknesses in our global system. It has shown how the prevalence of poverty, weak health systems, lack of education, and a lack of global cooperation exacerbate the crisis.

In response to the COVID-19 pandemic, the Bank allocated R150 million to programmes in South Africa and the SADC region. We aim to provide support to various activities that will bolster national and local government capacity to manage the ongoing response, save lives and help ensure that the South African and SADC economies will recover after the COVID-19 pandemic (refer to page 142 of our Integrated Annual Report for further details). While it is still unclear what the final, full impact of the pandemic will be, we believe that it is only through our collective efforts and our partnerships that we will truly be able to build a clear pathway towards a renewed and inclusive economy and society.

Our achievements this year would not have been possible if not for the tireless efforts of our employees. I am honoured to lead such a passionate team and I am inspired by their strength in the face of recent adversities. We will remain strong as an organisation through the strength we find in one another and in our diversity.

We are focused on the future and committed to the execution of our strategy in a calculated and consistent manner. This will ensure our long-term sustainability and enable us to continue making an impact at a regional and national level as well as on an individual one. We remain committed to continuing to develop new infrastructure that helps achieve a sustainable Just Transition and equality in South Africa and the rest of the African continent. The challenges we are currently facing will come to pass. This is the time when we must continue our developmental work and strive to accelerate it even further.



**Patrick K. Dlamini**  
Chief Executive Officer and Managing Director

# Our vision

A prosperous and integrated resource efficient region, progressively free of poverty and dependency.

# Our purpose

Our purpose is to 'Build Africa's Prosperity' by driving inclusive growth and finding innovative solutions that spur socio-economic development across the African continent. Underpinning this purpose is the DBSA's development position, an ethos of bending the arc of history toward shared prosperity.

# Our mission

To advance the development impact in the region by expanding access to development finance and effectively integrating and implementing sustainable development solutions to:

- Improve the quality of life of people through the development of social infrastructure
- Support economic growth through investments in economic infrastructure
- Support regional integration
- Promote sustainable use of scarce resources

# Our values

**Shared vision:** We share and keep the sustainability, strategic intent and mandate of the DBSA top of mind in all our decisions and actions

**Service orientation:** We deliver responsive and quality service that speaks to the need of our clients and continuously build relationships that result in win-win outcomes

**Integrity:** Our deals, interactions and conduct are proof of transparent and ethical behaviour that shows respect and care for all our people (employees, stakeholders, the shareholder, clients and communities)

**High performance:** We are enabled, empowered and inspired to deliver consistent quality, effective and efficient results for which we are accountable and rewarded

**Innovation:** We challenge ourselves continuously to improve what we do, how we do it and how well we work together

# ABOUT THE DBSA

The DBSA is a leading DFI that aims to accelerate development on the African continent by expanding access to development finance to implement integrated sustainable infrastructure developments effectively. Infrastructure-led economic growth, which responds to the socio-economic needs of our people as well as addressing the threat of climate change is vital to improving the lives of the growing African population.



## Our mandate at a glance

Our mandate is outlined in the DBSA Act and requires that we:



- Promote economic development and growth, human resource development and institutional capacity building
- Enhance and protect the financial sustainability of the Bank
- Embed and monitor a robust governance framework and systems of controls
- Mobilise financial and other resources from the national and international private and public sectors for sustainable development projects and programmes
- Appraise, plan and monitor the implementation of development projects and programmes
- Provide technical assistance in the identification, preparation, evaluation, financing, implementation and management of development projects and programmes
- Mobilise funding for initiatives that minimise or mitigate the environmental impact of development projects or programmes
- Encourage regional integration and achieve an integrated finance system for development
- Address the developmental requirements of the SADC region and the rest of Africa
- Promote regional integration to support South Africa's commitments to binational and continental trade agreements with countries across the continent

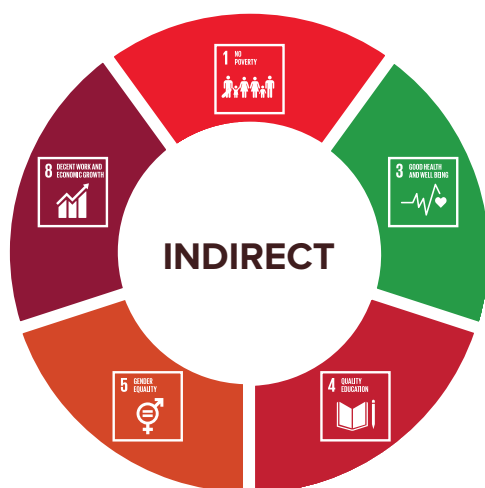
## HOW WE SUPPORT THE NDP AND SDGs

Globally, in Africa and at a national level, there exists a renewed commitment towards sustainable development, especially in this time of crisis brought about by the COVID-19 pandemic. The initiatives that the DBSA is aligned to, including the SDGs, Africa Agenda 2063 and the NDP, are broadly united in their focus on people, prosperity, planet, peace, and partnerships.



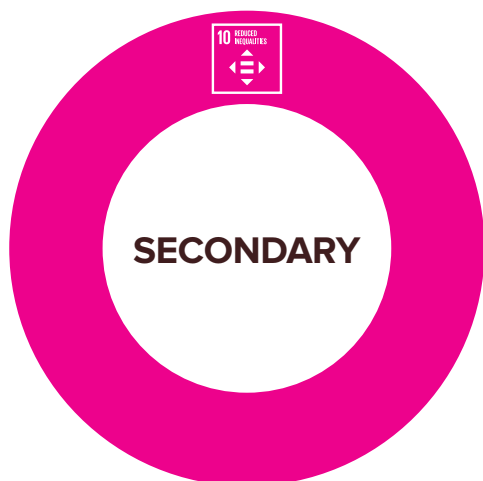
The DBSA supports six of the 17 SDGs directly and by implication the South African government's efforts towards our Nationally Determined Contributions in terms of the Paris Agreement. The Paris Agreement calls on countries to reduce their carbon emissions incrementally to collectively meet the global target of limiting the increase in the global average temperature to below 2%. We have also linked our SDG contributions to several NDP outcomes. The DBSA's overall contribution to these initiatives shows our commitment to sustainable development at a global and national level.

SDGs	NDP OUTCOMES	THE DBSA'S CONTRIBUTION
<b>SDG 6</b> Ensure availability and sustainable management of water and sanitation for all	<b>NDP Outcome 8</b> Sustainable human settlements and improved quality of household life	Funding of bulk water, reticulation and sanitation infrastructure Post implementation reviews
<b>SDG 7</b> Ensure access to affordable, reliable, sustainable and modern energy for all	<b>NDP Outcome 6</b> An efficient, competitive and responsive economic infrastructure network	Preparation and funding of IPPs Preparation and funding of renewable energy programmes Providing planning and implementation support to under-resourced municipalities
<b>SDG 9</b> Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation	<b>NDP Outcome 6</b> An efficient, competitive and responsive economic infrastructure network	Funding of various water, sanitation, renewable energy, mass transit and ICT projects. Managing the revitalisation of industrial parks
<b>SDG 11</b> Make cities and human settlements inclusive, safe, resilient and sustainable	<b>NDP Outcome 8</b> Sustainable human settlements and improved quality of household life	Housing Impact Fund Support to urban development programmes Financing of municipal infrastructure Implementing agent for Ekurhuleni infrastructure programme
<b>SDG 13</b> Take urgent action to combat climate change and its impacts	<b>NDP Outcome 10</b> Protecting and enhancing our environmental assets and natural resources	Funding of IPPs Regional hydroelectric projects Embedded power generation Climate Finance Facility
<b>SDG 17</b> Strengthen the means of implementation and revitalise the global partnership for sustainable development	<b>NDP Outcome 11</b> Create a better South Africa, contribute to a better and safer Africa in a better world	Partnerships with: Global and regional DFIs Association for African Development Finance Institutions (AADFII) International Development Finance Club (IDFC)



SDGs	NDP OUTCOMES	THE DBSA'S CONTRIBUTION
<b>SDG 1</b> End poverty in all its forms everywhere		DBSA supports emerging contractors in rural areas
<b>SDG 3</b> Ensure healthy lives and promote wellbeing for all at all ages	<b>NDP Outcome 2</b> A long and healthy life for all South Africans	Infrastructure implementation work on behalf of the Department of Health  Funding private healthcare groups
<b>SDG 4</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<b>NDP Outcome 1</b> Quality basic education  <b>NDP Outcome 5</b> A skilled and capable workforce to support an inclusive growth path	Implementation work on behalf of the National Department of Basic Education and Provincial Education Departments  Funding of student accommodation programme
<b>SDG 5</b> Achieve gender equality and empower all women and girls		An emphasis on gender mainstreaming in the DBSA's B-BBEE and economic transformation initiatives
<b>SDG 8</b> Promote inclusive and sustainable economic growth, employment and decent work for all	<b>NDP Outcome 4</b> Decent employment through inclusive economic growth	Development impact mandate  Promotion of employment of local labour and contractors in projects where the DBSA is an implementing agent

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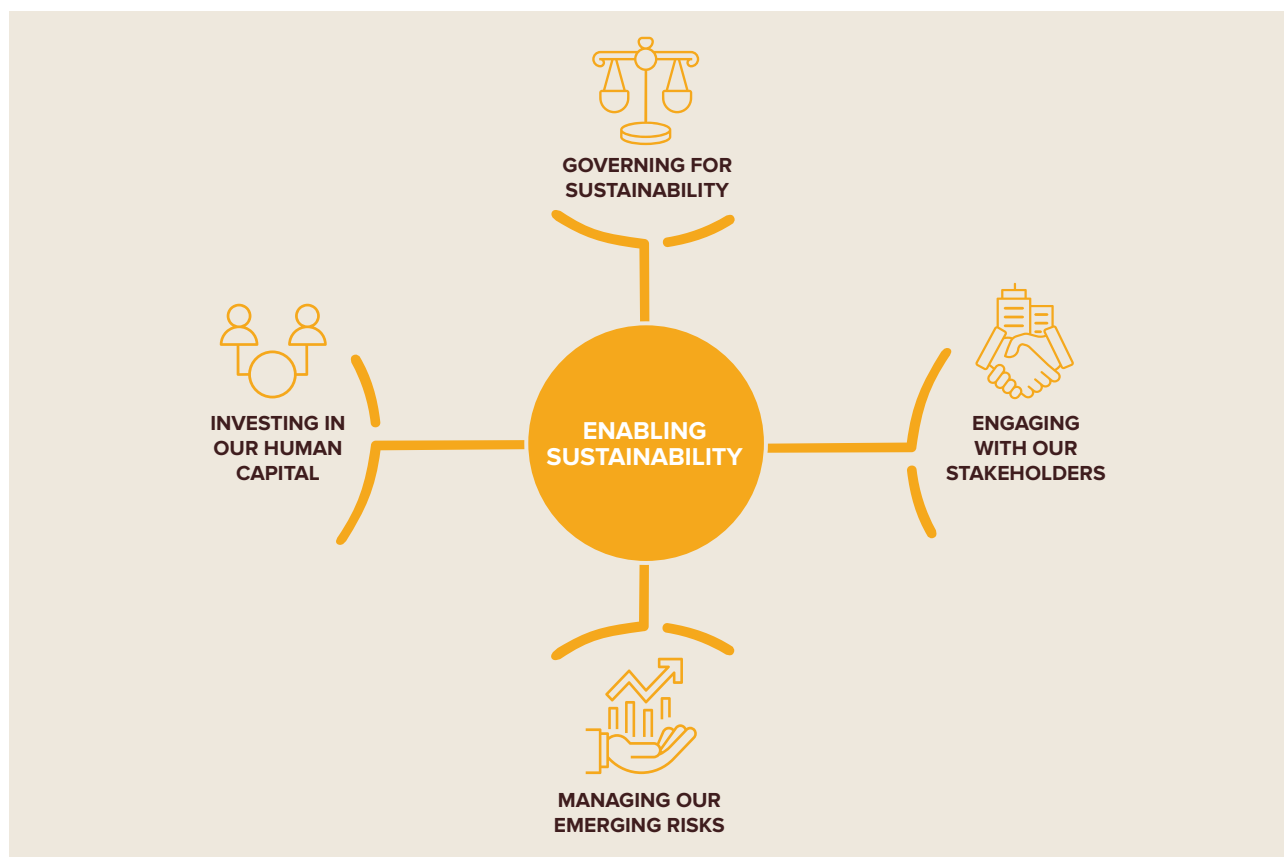
SDGs	NDP OUTCOMES	THE DBSA'S CONTRIBUTION
<b>SDG 10</b> Reduce inequality within and among countries		Funding of projects in SADC e.g.:  • Namibia: Cities Programme approval to support three key municipalities in Namibia – Windhoek, Walvis Bay and Swakopmund.  • Imaloto power plant  Funding of projects outside SADC:  • Kenya: Lamu-Isiolo Road  • Ghana and Burkina Faso energy interconnector

# ENABLING SUSTAINABILITY

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**DBSA**  
DEVELOPMENT BANK OF SOUTHERN AFRICA  
*Building Africa's Prosperity*

The sustainability of the DBSA's development impact is enabled by various key elements. Good governance, throughout our operations, enables sustainability in the short, medium and long term while the effective management of risks also reduces threats to our sustainability. Our sustainability is further enabled by our investment in our human capital as well as our ability to engage with our stakeholders.




## GOVERNING FOR SUSTAINABILITY

Good governance, enabled by our corporate governance framework and policies as well as the strength of our leadership, is essential in ensuring the sustainability of the DBSA. Governance oversight responsibility at the Bank resides with the Board and cascades through management to the whole organisation, safeguarding our ability to remain sustainable. In governing for sustainability, the Bank engages with key legislation, governance principles, partnerships, policies and procedures.

 Refer to pages 70 – 85 of our Integrated Annual Report to learn more about how we manage our Governance.


## ENGAGING WITH OUR STAKEHOLDERS

Without the support and collaborative partnerships with our stakeholders, we could not create value or be sustainable in the long term. Our stakeholders are part of the considerable social and relationship capital we have worked to build and maintain over the years. Our stakeholder-centric approach ensures we understand the needs of our clients, investors and the communities. This deep understanding of stakeholder needs enables us to be sustainable. We are successful and remain sustainable through a collective effort to develop infrastructure that improves the lives of all who live in Southern Africa.

 Refer to pages 62 – 65 of our Integrated Annual Report to learn more about how we manage our stakeholder relationships.


## MANAGING OUR EMERGING RISKS

Persistent and emerging risks continually threaten the sustainability of the DBSA. These risks force us to re-evaluate how we do business and causes us to develop within the context of our ever-changing environment. As we face these risks, we also acknowledge that opportunities may arise. We must, therefore, manage both our risks and opportunities to remain sustainable in the long term.

 Refer to pages 54 – 59 of our Integrated Annual Report to learn more about how we manage our risks and opportunities.

## INVESTING IN OUR HUMAN CAPITAL

Without our employees, we would not be able to drive the changes in infrastructure development embodied in our mandate. To remain sustainable, we must invest in our human capital by cultivating a positive company culture and investing in the development of the individuals that support us in all our endeavours.

 Refer to pages 130 – 135 of our Integrated Annual Report to learn more about how we manage our risks and opportunities.

# OUR DEVELOPMENT POSITION

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## OUR DEVELOPMENT POSITION

The development position of the DBSA was approved by the Board in 2018. The position outlines the ethos of the DBSA and forms the departure point from which the DBSA delivers on its mandate.

Furthermore, taking from our renewed purpose statement – Building Africa's Prosperity – the DBSA looks to drive inclusive growth and find innovative solutions to spur socio-economic development across the African continent.

The strategy of the DBSA is centred on ensuring financial sustainability and strong governance, while accelerating and enhancing development impact. As such the development position of the DBSA is reflected as contributing to a Just Transition toward 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. This stance progressively advances the common goals for sustainable and equitable wellbeing. The DBSA will work in partnership to co-produce impactful development solutions and the sustained platforms of an enabling environment for participation, a sense of purpose, empowerment and deep connections. The DBSA will bend the arc of history through our continued multi-faceted investments in sustainable infrastructure and human capacity development.



# OUR DEVELOPMENT IMPACT

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*The CSI Pedestrian Bridge project will result in a bridge to enable school children to safely cross the Uhlanjana river to get to school. While the bridge is being built, the DBSA's CSI programme is providing scholar transport to get the children to school and back home safely.*

# PLANNING AND PROJECT PREPARATION

**Planning and project preparation address challenges hindering infrastructure investment in South Africa, the SADC region and further afield on the African continent.**

These challenges include the shortage of bankable projects and the lack of capacity and capability in capital project planning as well as limited financing. In addressing these challenges, we focus on planning and preparing projects in electricity, water, sanitation, transport and communications infrastructure in the economic sector. In South Africa, we specifically focus on supporting local municipalities in the social sector to de-risk projects and catalyse investment positions to crowd-in third-party capital.

In project planning and preparation, the DBSA supports sponsors by developing a project pipeline that attracts both private and public sector funding for sustainable development in South Africa. This also strengthens the sustainability of the Bank.

The Bank's activities span the project preparation lifecycle including creating enabling environments, clearly defining projects, conducting pre-feasibility analysis and bankable feasibility, and deal structuring. We unlock investment opportunities through leveraging strategic partnerships and embarking on activities that ensure project bankability and ultimately, project success.

Project preparation at the DBSA focuses on four areas:

- Planning
- Programme development
- Project development support
- Climate and environmental finance

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*Polokwane AC pipeline replacement project*

# SUPPORTING UNDER-RESOURCED MUNICIPALITIES IN IMPROVING INFRASTRUCTURE PLANNING TO ENSURE THE SUSTAINABILITY OF SERVICE DELIVERY TO COMMUNITIES



LOCATION:

**SOUTH AFRICA / SADC / REST OF AFRICA**



SECTOR:

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



VALUE CHAIN:

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

The dearth of critical skills in under-resourced municipalities often leads to inadequate infrastructure plans. The absence of, or poor-quality plans, affect the quality of municipal services provided to communities in various ways. Poor planning may erode the potential impact of a project resulting in the persistence of service delivery challenges. The DBSA's non-lending support plays a crucial role in ensuring that the R45+ billion allocated to under-resourced municipalities by national government through various municipal infrastructure grants is invested appropriately. The Bank assists by directing government funding to high priority projects through the improvement of municipal infrastructure planning, making sure that municipalities prioritise high development impact projects.

## Our involvement

The DBSA supports under-resourced municipalities through the development expenditure subsidy in the form of grants. Over the past five years, more than R50 million has been disbursed in support of under-resourced municipalities in the form of grants. Over R18 million of this was disbursed during the year under review and the plan is to disburse a further R30 million in the upcoming financial year. Through this subsidy, the DBSA has supported over 20 under-resourced municipalities in developing sound municipal infrastructure plans such as master plans in water, sanitation, electricity, roads and stormwater drainage as well as for other infrastructure investments.

Through infrastructure planning, the DBSA aims to identify critical projects that seek to improve the socio-economic circumstances of our communities, thereby creating a project pipeline for preparation and funding. The non-lending support provided by the DBSA assists beneficiary municipalities in improving project identification, prioritisation, alignment, integration and budgeting. The funds unlocked for infrastructure development result in changes in the quality of life in communities.

## Our impact

During the year under review, the DBSA catalysed infrastructure to the value of over R1 billion through infrastructure planning and non-lending support programme.

The DBSA provided R7.83 million worth of non-lending support to 86 projects in six municipalities. We also catalysed R1 136 million for the implementation of these projects. These funds were mainly in the form of conditional grants such as the Municipal Infrastructure Grant (MIG) and the Water Services Infrastructure Grant (WSIG). As a result of our efforts to crowd-in funds, for every R1 million expended by the DBSA in providing the non-lending support, an amount of R145 million was catalysed for infrastructure development in the supported municipalities.

## DEVELOPING A SCALABLE SOLUTION FOR EFFICIENT SERVICE DELIVERY

The DBSA has been appointed as an implementing agent for the District Development Model (DDM). This comprises a programmatic approach that will streamline and accelerate service delivery in 44 districts and 8 metros across South Africa. The model will transform the way local government works and interacts for the benefit of South Africans. By improving cooperation between local, provincial, and national government the model will enhance the efficiency and effectiveness in the implementation of government programmes.

The DBSA will establish and resource the Programme Coordinating Office including the development of the information management system for the monitoring and reporting on the rollout of the model. The project includes the establishment of a Programme Implementation Unit as well as the setting up of District Hubs in three pilot sites. Drawing on its expertise in the municipal space and experience in developing scalable, replicable solutions, the Bank will participate in the development of a single spatially integrated government plan. This 'One Plan' will guide strategic investment spending, project delivery across government, and form the basis for accountability and monitoring of the development impact.



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*DBSA Mandela Month CSI initiative  
with Habitat for Humanity.*

# MUNICIPAL REVENUE ENHANCEMENT AND REDUCED NON-REVENUE WATER LOSS IN THE UMGUNGUNDLOVU DISTRICT MUNICIPALITY



LOCATION:

**SOUTH AFRICA / SADC / REST OF AFRICA**



SECTOR:

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



VALUE CHAIN:

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

uMgungundlovu District Municipality (uMDM) is a water service authority and water service provider to six of the seven local municipalities including Richmond, Impendle, Umngeni, Mkhambathini, Mpofana and Umshwathi. In 2013, the town of Hilton experienced significant intermittent water supplies with most consumers going for days without water. In higher-lying areas, including Winterskloof and Mount Michael, little or no water was available for more than 19 days.

The poor condition of water infrastructure led to an unreliable water supply in the area, which in turn hampered economic growth and development. An inefficient and inequitable water tariff structure further hampered revenue generation. Inadequate consumer metering contributed to under-collection of revenue, which was compounded by the disconnection of the billing and payments systems, causing billing and debt collection issues. To address these challenges, the uMDM needed to reduce the amount of non-revenue water leakages in the system, replace consumer water meters and extend the water supply system to enable new developments to boost economic growth in the district.



## Our involvement

The DBSA provided the planning and preparation support needed for the uMDM to conduct infrastructure refurbishment to replace ageing pipelines and further provided a R230 million loan to fund the implementation of the Water Infrastructure Refurbishment Programme which entailed:

- Replacement of 89.7km of ageing asbestos cement pipes and 1 500 consumer meters
- Design and installation of 15 bulk zone water meters, 22 pressure control valves and nine break pressure tanks
- Design and construction of 51 brick and reinforced concrete chambers
- Upgrade of the elevated tanks to service the high lying low-pressure zones

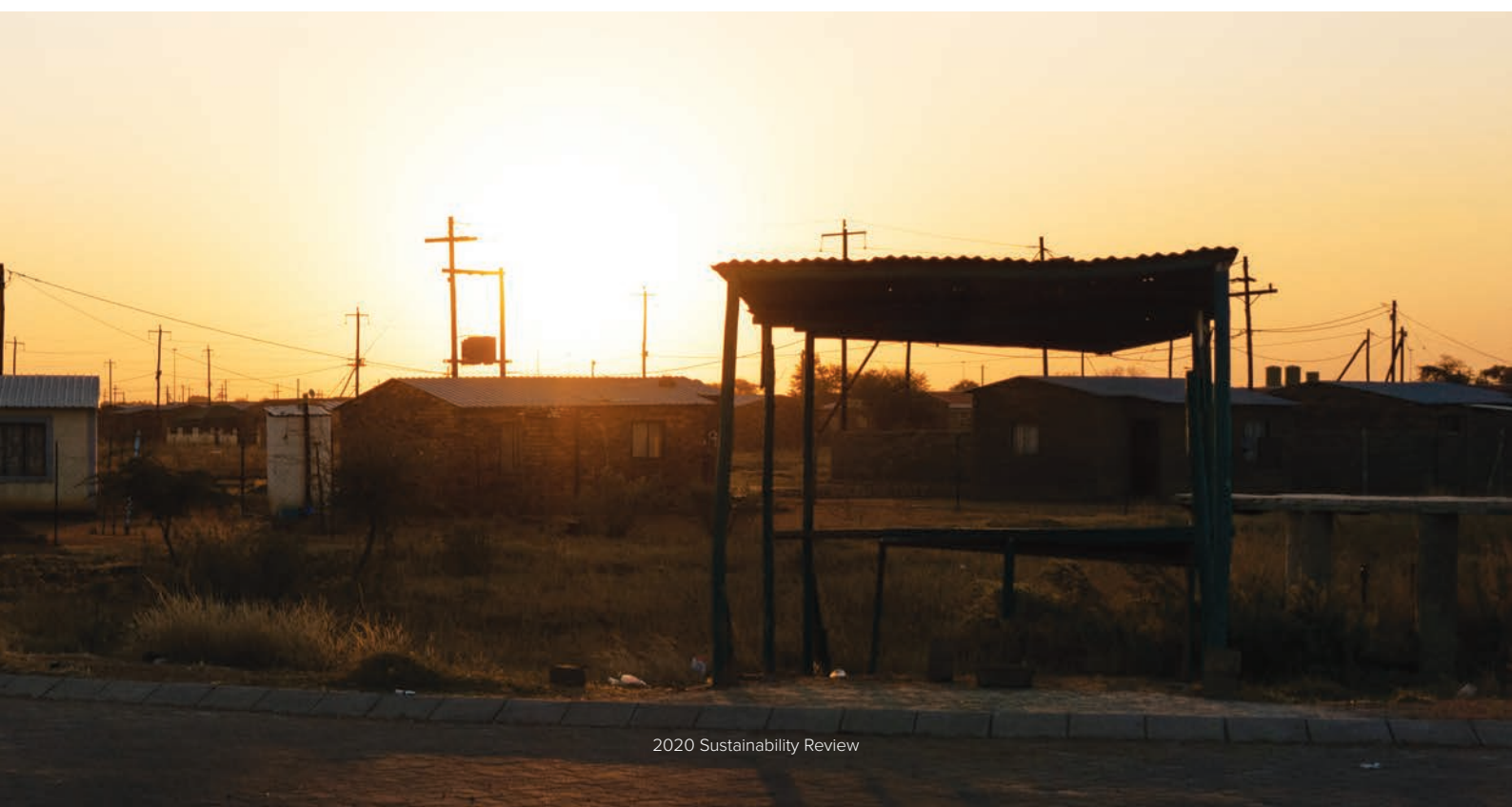
## Our impact

Replacing aged pipelines led to an almost 100% reduction in the purchase of bulk water from Umgeni Water. Following the infrastructure refurbishment, the volume of water purchased per day reduced from 4.12 mega litres per day to 2.16 mega litres per day representing significant savings to uMDM.

The replacement of the pipelines contributed to a 48.7% increase in the number of consumer accounts, up from 1 264 in 2018 to 1 880 in 2020. Several developments are now underway that were on hold due to unreliable water service delivery, further enhancing the revenue generation stream.

The Hilton Pipe replacement project employed a labour force of 150 to 180 persons for trench excavation at the peak of construction. During the project, 80 students were recruited and trained in basic plumbing skills over a two-month period. In addition, the contractor employed 40 trainees on a full-time basis to remove the old underground consumer meters and install the 1 500 new above ground consumer meters.

Non-revenue water loss of an estimated 57% pre-infrastructure refurbishment in the 2012/13 financial year reduced to 17% in the post-infrastructure refurbishment period. The introduction of pressure managed district metered areas allows the uMDM to undertake leak identification and repairs much faster, resulting in a reduction in water loss. Newly installed consumer meters improved the revenue from consumer water sales and there is still an opportunity to reduce this even further by replacing old consumer meters. This will improve the billing and cost recovery process.



# EMBEDDED GENERATION INVESTMENT PROGRAMME



LOCATION

**SOUTH AFRICA / SADC / REST OF AFRICA**



SECTOR

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



VALUE CHAIN

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

Embedded generation is the production of electricity from smaller-scale power stations and usually defined as projects that are planned for their own use. In South Africa, these include projects that lie outside of the formal government procurement programmes such as the Renewable Energy Independent Power Producers Programme (REIPPP). This means that they are higher risk investments as they are not underpinned by government guarantees or state-backed offtake agreements. The Embedded Generation Investment Programme (EGIP) offers a credit support mechanism that enables funding of embedded generation renewable energy projects through the provision of risk capital for projects implemented by private sector entities and local municipalities. The implementation of EGIP is critical for South Africa to achieve its climate targets and reduce excess demand on the national utility, Eskom.

## Our involvement

The DBSA is accredited to the Green Climate Fund (GCF) and has concluded an agreement with the GCF for the implementation of EGIP. GCF is the world's largest dedicated fund helping developing countries reduce their greenhouse gas emissions and enhance their ability to respond to climate change.

The DBSA matched the GCF's USD100 million funding for this programme, which focuses on investment in solar photovoltaic and wind technologies. EGIP is intended to create an enabling environment and a new funding model for continued

renewable energy investments outside of the REIPPP. Through the provision of a first loss facility, EGIP aims to improve the viability and bankability of the initial projects to ensure that they reach financial close. This pioneering programme is intended to create a market for embedded generation in South Africa.

As the accredited and executing entity, the DBSA will be responsible for programme implementation and management. In addition, it will take responsibility for overall portfolio management, evaluation and monitoring in respect of the projects under EGIP.

## Our impact

The overall objective of EGIP is to support the development and upscaling of solar photovoltaic and wind renewable energy embedded generation projects developed by Independent Power Producers (IPP) operating in South Africa. The financing mechanism is expected to crowd-in additional funding of approximately USD104 million from local, commercial financial institutions that will assist South Africa in making further inroads towards its climate change objectives. Once all projects are in operation, the proposed investment will add 330 MW of solar photovoltaic and wind generating capacity, thereby directly avoiding emissions of more than 700 000 tCO<sub>2</sub>e per annum.

Approximately USD84 million of the USD200 million funding will be allocated to B-BBEE beneficiaries to enable the participation and ownership by local communities and SMMEs in renewable energy projects under the programme.



# INFRASTRUCTURE FINANCING

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Fort Hare University  
student accommodation.

The DBSA provides financing solutions to clients such as municipalities in South Africa, the private sector, state-owned entities, sovereigns and public private partnerships across the continent. Our financing offering includes senior and mezzanine debt for balance sheet lending and project financing structures as well as additional financing products developed by the Bank that are tailored to meet evolving infrastructure requirements.

Our infrastructure financing business contributes to the financial sustainability of the Bank by generating revenue streams from the net interest margin. At all times, the quality of our loan book must be balanced with our development impact imperative. Often good credit quality assets offset non-performing loans which together translate to sustainable development projects overall. Through our infrastructure development we have a pivotal role to play in the sustainability of communities in which we operate and the broader environment.

The projects we finance contribute to achieving international goals such as the UN's SDGs, national goals as outlined by the NDP as well as our strategic objectives, all of which accelerate our collective development impact.

To maximise our effectiveness in providing infrastructure financing, the Bank has developed a deep understanding of what the communities in which we operate need through the client-facing part of our business. This knowledge ensures that our funding is efficiently employed to deliver highly relevant infrastructure solutions.



# STUDENT HOUSING INFRASTRUCTURE PROGRAMME



## LOCATION

**SOUTH AFRICA / SADC / REST OF AFRICA**



## SECTOR

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



## VALUE CHAIN

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

In South Africa, students often live in poor and unsafe conditions located in decaying parts of a city, in informal settlements or areas that are far from their campuses. This applies particularly to students attending previously disadvantaged institutions. Where on-campus accommodation is available, residences are often overcrowded and in a rundown condition. These conditions hamper students' ability to succeed academically, which has far-reaching consequences towards impeding their opportunities. As a result, the Department of Higher Education and Training (DHET) has prioritised the acceleration of the rollout of much-needed student housing infrastructure in the public higher education sector through the Student Housing Infrastructure Programme (SHIP). The objective of the programme is to accelerate the rollout of 300 000 student beds at the 26 public universities and 50 Technical Vocational Education and Training (TVET) colleges over 10 years. The programme is aimed at providing safe, accessible, affordable and decent student accommodation to improve educational outcomes through the following initiatives:

- Support and implement a funding model underpinned by the National Student Financial Aid Scheme (NSFAS) allocations to students for housing including meals and rent
- Catalyse private sector investment into the sector
- Standardise the procurement method and building standards of student housing infrastructure to lower transaction and building costs

## Our involvement

To successfully roll out this much-needed infrastructure, the DHET, in partnership with the DBSA has developed and implemented a funding model underpinned by the NSFAS bursary allocations to students for housing through a programmatic approach consisting of two phases:

- **Phase 1:** Supporting seven priority universities (University of Limpopo (UL), University of Fort Hare (UFH), Sefako Makgatho University, University of the Western Cape (UWC), University of Zululand, North-West University (NWU) and Vaal University of Technology) with their immediate student housing needs amounting to more than 15 000 student beds in the short term through a funding model developed by the DBSA. Accordingly, the DBSA provides a

debt facility to the respective universities using the source of repayment for the senior debt derived from students' annual allocations from NSFAS for on-campus housing, or the 'rent equivalent component' which excludes meals, security, electricity and water, etc.

In the year under review, which is Phase 1 of SHIP, the programme has commenced implementing its first project in the Eastern Cape at the UFH, Alice campus. This project is aimed at commissioning 1 437 new student bed capacity at a total cost of R400 million, wherein the DBSA provided a R278 million facility to partially finance the development of infrastructure, with the balance provided from DHET's Budget Facility for Infrastructure. The formal launch of the Alice Student Village on 3 October 2019 was a significant achievement and testimony to the success of the SHIP initiative with the support of National Treasury, Infrastructure Investment Programme for South Africa (IIPSA) and UFH to create a sustainable and effective delivery model for critical infrastructure. The UFH development is earmarked for completion at the end of 2020 with student occupation expected in the first semester of 2021. The successful implementation of this student village will immensely benefit the student population and allow them to focus on their studies and realise their potential. The extended benefits derived from this development include positive social benefits, employment creation for community members during and post-construction and local economic development.

- **Phase 2:** Replicating the successful rollout of student housing infrastructure across the remaining universities. The 12 institutions earmarked in Phase 2 include six universities (Walter Sisulu University, University of Johannesburg (UJ), Cape Peninsula University of Technology, Central University of Technology, Tshwane University of Technology and University of KwaZulu-Natal) and six TVET colleges (Lephalale, North Link, Gert Sibande, Majuba and Vhembe). All these projects are at various stages of feasibility assessment. This will require the establishment of a Project Management Office (PMO) to provide much-needed project management and implementation oversight especially to poor and under-resourced rural universities over 10 years. A further component of Phase 2 will involve the development of a funding platform/structure aimed at



mobilising (leveraging and catalysing) funding from other potential funders and at supporting subsequent phases of DHET's long term student housing infrastructure rollout programme for the public higher education sector.

In the previous financial year, in the development of Phase 2, the DBSA assisted DHET with securing the ring-fencing of R300 million from the IIPSA to support SHIP through capital grants or interest-rate subsidies, project preparation and by covering the initial operating costs of the SHIP PMO. On the 23 July 2019, the DBSA and the DHET signed a Memorandum of Understanding (MoU) establishing the SHIP MoU which is managed by an oversight committee consisting of representatives from both the DHET and the DBSA. The management office is crucial in providing much-needed programme management and implementation oversight especially to poor and under-resourced rural and township universities.

A programmatic approach allows for the standardisation of procurement documents and a transparent procurement process. Standardisation will allow for faster procurement in the market due to players becoming familiar with the standardised set of procurement documents, which ultimately results in reduced transaction costs. In addition, the programmatic approach allows for transparency and certainty. These are key ingredients that encourage the private sector to invest time and resources to bid on the projects. It also provides private sector funders with the comfort that a robust procurement process will ensure the best value for money.

#### Other highlights for the year under review

The DBSA signed a R480 million loan facility for the UL earmarked for the development of 3 500 new student bed capacity at Turfloop Campus. The total project development cost is R856 million. At 3 500 beds, this is the largest student housing project currently implemented on any campus in the public higher education sector.

- NWU was approved for a conditional facility of up to R235 million to support an on-campus development of 1728 new student bed capacity at Mafikeng Campus estimated to cost R489 million.
- The DBSA also approved a conditional facility of up to R375 million for the UWC's proposed 2 700 beds student housing infrastructure in Bellville, Cape Town.

The development will cost approximately R603 million.

- Support of R17 million being made available to fund feasibility studies for the next 12 Universities/TVET colleges which will facilitate the development of further student housing. These new feasibility studies will include baseline assessments being done from a green technology perspective and articulate the benefits to be derived in terms of lowering the operational costs of the residences themselves.
- Funding of R3 million for a cost optimisation model for both Universities and TVETs to ensure that cost per bed for different geographies can be benchmarked for consistency and to limit the opportunity for unnecessarily inflated costs.

#### Our impact

The SHIP will provide decent, safe, accessible and affordable housing to students across the country, especially in rural areas. This will allow students to focus on their studies, realise their potential and contribute to the growth of the South African economy.

The implementation of the programme highlights the important role played by the DBSA from prefeasibility to the eventual funding of projects. This exemplifies the DBSA's role as a DFI. By leveraging the full infrastructure development value chain, the Bank can provide a sustainable solution to the student housing backlog. It further showcases how the collaboration between multiple stakeholders (the DHET, the Universities, local municipalities, NSFAS and the DBSA) can yield tangible infrastructure delivery in the student housing sector which is both innovative and scalable.

The programme is expected to positively impact economic growth, reduce poverty (particularly in rural areas) and to enhance access to quality education by creating direct and indirect jobs, stimulating local procurement and production, addressing skills shortages and providing much-needed student housing in South Africa. By incorporating green building solutions, the programme will also support climate change initiatives.

# STUDENT HOUSING AT THE DURBAN UNIVERSITY OF TECHNOLOGY



## LOCATION

**SOUTH AFRICA / SADC / REST OF AFRICA**



## SECTOR

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



## VALUE CHAIN

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

There has been a significant increase in enrolment in tertiary education in recent years with the number of students enrolling in higher education institutions doubling over nine years. The Durban University of Technology (DUT), like many universities in South Africa, faces challenges in providing on-campus accommodation to its student population. In 2013, 61% (4 291) of students were accommodated in six off-campus residences.

The Student Housing Project at the DUT forms part of the DHET's strategic plan that responds to the national backlog in student accommodation, estimated at 200 000 student beds at a total cost of R82 billion. The overall aim of the strategic plan is to raise the national level of student accommodation on campus from 12% to 30% of total enrolment from 2014 to 2024.

## Our involvement

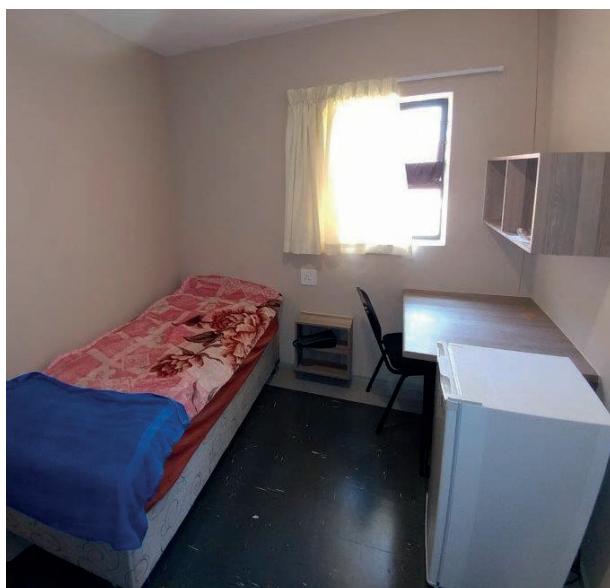
The DUT Student Village Project was funded by the DBSA and DHET. The project financed an 804-bed on-campus student accommodation facility to the value of R155 million. A loan of R80 million was approved by the DBSA in 2014, with the balance of the funds provided by DHET. Broad stakeholder involvement and commitment played a critical role in maximising our development impact as the DUT, NSFAS, the municipality and DHET contributed to project success.

The project aimed to reduce the number of students staying off-campus in leased and private residences, accommodate students with special needs, increase revenue for the University through student accommodation and create job opportunities for communities living around the DUT campus.

## Our impact

The 804-bed Student Village, which was constructed according to the norms and standards as provided by DHET, increased the number of beds available on campus by 125% from 641 to 1445.

A total of 794 students were accommodated in the project in the second semester of 2019. The location and design of the Student Village has provided students with a conducive environment for living and learning that supports academic success. Students also benefit financially by saving on transport costs and time spent commuting. The student village is located in the security perimeter of the university, providing a safe and secure environment with biometric access control implemented. Security guards are also present 24 hours a day and the premises are monitored by closed-circuit television. These advantages are also available to persons with disability since wheelchair-friendly rooms have been included in the design of the Student Village.





# SCATEC SOLAR ROUND 4 REIPPP PHOTOVOLTAIC PROJECTS



## LOCATION

**SOUTH AFRICA / SADC / REST OF AFRICA**



## SECTOR

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



## VALUE CHAIN

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

South Africa continues to face enormous challenges in the reliable generation of energy, emanating from under-investment in the maintenance of existing assets and new generation capacity. The Integrated Resource Plan (IRP) was developed to address these challenges by providing a long-term plan for electricity generation for the country. Private sector participation in the energy sector has been part of government's plan since 2003 through the IPP programme, with Eskom as the sole designated off-taker in the programme through a resolution in 2007.

The DBSA contributes to the transformation of the energy sector by funding various projects under the REIPPP, including enabling B-BBEE parties and local community trusts to have meaningful participation in the projects that add clean energy into the national grid.

## Our involvement

The DBSA supported three solar photovoltaic projects – Sirius 1, Dyason's Klip 1 and Dyason's Klip 2 – developed by Scatec Solar under Round 4 of the REIPPP. These projects are situated on adjacent plots, 25 km outside of Upington in the Northern Cape. Each project has a capacity of 86 MWp, representing an annual production of 217 GWh. With this capacity, each plant is capable of supplying electricity to approximately 40 000 South African homes. In total, Scatec Solar's three solar power stations can generate about 258 MWp, enough to connect 120 000 South African homes and prevent the emission of approximately 600 000 tons of carbon dioxide per year. The projects reached financial close in April 2018 and subsequently reached their commercial operation date between February and April 2020.

Scatec Solar, a Norwegian company, partnered with other companies to develop these projects including H1 Holdings,

a black South African investment company with a 35% shareholding and KLP Norfund Investments, a Norwegian government-private equity firm with 18% shareholding. The remaining 42% shareholding in each of the projects is held by Scatec Solar, while the surrounding communities of Upington have a 5% ownership in each of the projects. The total investment of the projects amounts to approximately R4.8 billion. The DBSA's exposure in the projects is approximately R1 billion, comprising R676 million in senior debt and R326 million in B-BBEE equity facilities. The B-BBEE equity facility was provided to enable H1 Holdings to access funding to participate and have ownership in the projects. The DBSA also financed the equity contribution of the community trusts. The remaining project funding was provided by a consortium of commercial banks and pension funds.

## Our impact

H1 Holdings, the BEE Partner in these projects has also partnered with Scatec Solar in the operations and maintenance contracts for all three projects, through an operation and maintenance company. H1 Holdings has a 49% shareholding in the company, with the remaining 51% owned by Scatec Solar. Other positive socio-economic impacts include the creation of job opportunities, the transfer of skills and contributions to the local, regional and national economies. Approximately 878 jobs – including 62 women and 357 youth – were created during the construction phase of the projects. The projects have spent approximately R1.4 billion on empowering black suppliers during their construction phase. The local communities also stand to benefit from the dividend which will flow to the Community of Upington Trust from the projects. This will enable the community to implement community-based programmes that serve to uplift the citizens.



## ENABLING RENEWABLE ENERGY PROJECTS BY DRAWING ON PAST SUCCESES

The DBSA is currently involved in 33 renewable energy projects for which the development investment is approximately R17 billion. The Bank has also created a project development facility to assist with developing bankable feasibility studies.

The DBSA has played a major role in the renewables energy sector through both the establishment of the IPP office for the Department of Mineral Resources and Energy's REIPPP, which was launched in 2008. The aim of REIPPP is to secure energy from the private sector via renewable energy sources to add to the national grid, spanning solar photovoltaic, onshore wind, CSP, small hydro, biomass and landfill gas. This will further contribute to broader national development objectives, specifically job creation, social upliftment and broadening economic ownership. The DBSA is a key funder in various projects under the REIPPP and has invested R12.4 billion into 14 projects, of which R2.5 billion was funding support for nine B-BBEE entities and 15 local community trusts. These include landmark projects such as the Sirius Solar, Dyason's Klip 1 and Dyason's Klip 2 Photovoltaic projects developed by Scatec Solar. The Scatec Solar projects were funded through a combination of equity and debt raised from the DBSA (R1.1 billion), commercial banks and local asset managers. Other notable projects include the 140MW Roggeveld wind project for which the DBSA provided R951 million in debt funding and the 102MW Copperton wind project, for which the DBSA provided R1.2 billion in debt funding.

To further its position and contribution to a Just Transition, the Bank has approved a Climate-aligned Integrated Energy Investment Framework which embodies a move to low carbon energy while addressing the consequent risk of job loss. This framework is intended to guide the Board in making informed decisions relating to the energy sector in South Africa and other high potential markets.

In February 2019, the DBSA received the African Renewable Energy Programme Award. This award recognises innovativeness and scale, with event organisers noting that "the achievement signified the DBSA's growing involvement in energy project financing and raises the institution's profile among its peers in the industry".

# ELECTRICIDADE DE MOÇAMBIQUE EMERGENCY NETWORK REHABILITATION PROJECT



LOCATION:

**SOUTH AFRICA / SADC / REST OF AFRICA**



SECTOR:

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



VALUE CHAIN:

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

Electricidade de Moçambique (EDM) identified 12 projects that will strengthen Mozambique's electricity network, which will increase network security and enable the connection of new customers. In collaboration with EDM's appointed independent advisors, the DBSA has prioritised and prepared two projects for implementation in the first phase of the network rehabilitation project: Pemba STATCOM project and Maputo City rehabilitation project.

## Our involvement

The DBSA approved a loan structured as a 15-year amortising facility with a three-year capital moratorium in line with project construction. The facility consists of two tranches: a covered tranche of 85% of the facility amount and an uncovered tranche of 15% of the facility amount.

## Our impact

The loan cover was secured from South Africa's state-owned Export Credit Insurance Corporation (ECIC) which enabled the DBSA to provide more competitive terms to EDM. The ECIC cover was provided on the precondition of South African content in the project as detailed in the engineering, procurement and construction contract. A further portion of Mozambican content was secured to comply with the ECIC's requirements. Benefits will therefore be realised by both South Africa and Mozambique.

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The Pemba STATCOM project entails the installation of a Static Synchronous Compensator (STATCOM) to stabilise and maintain smooth voltage transmission on EDM's network supplying Pemba, the capital City of Cabo Delgado province. Demand on this network is rapidly increasing due to growing economic activity in the province. EDM has identified installation of STATCOM as the best option to increase network capacity. The Maputo City rehabilitation project involves the replacement of indoor switchgear at a number of identified switching stations within Maputo, the capital city of Mozambique.



# PORT NAMIBE PROJECT



LOCATION:

**SOUTH AFRICA / SADC / REST OF AFRICA**



SECTOR:

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



VALUE CHAIN:

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

The expansion of Port Namibe and the rehabilitation of Port Sacomar in southern Angola will enable Angola to diversify its economy thereby reducing its dependency on oil. The expansion of Port Namibe, an operational container terminal will create a strategic port in the southern region of Angola enhancing agriculture, agro-industry, minerals, timber, oil and tourism in the region. Port Sacomar, which was destroyed by the Angolan civil war will be rehabilitated and modernised to establish a commodity-focused port for the export of granite, iron ore, marble and manganese, bolstering the mining sector. The project forms part of the Angolan Government's National Development Plan and has been prioritised under the Angolan Public Infrastructure Programme.

## Our involvement

The DBSA contributed USD100 million in financing to the project. The total project cost is USD600 million and is funded under a Japanese backed export credit agreement structure and was backed by Japanese banks, the Japan Bank for

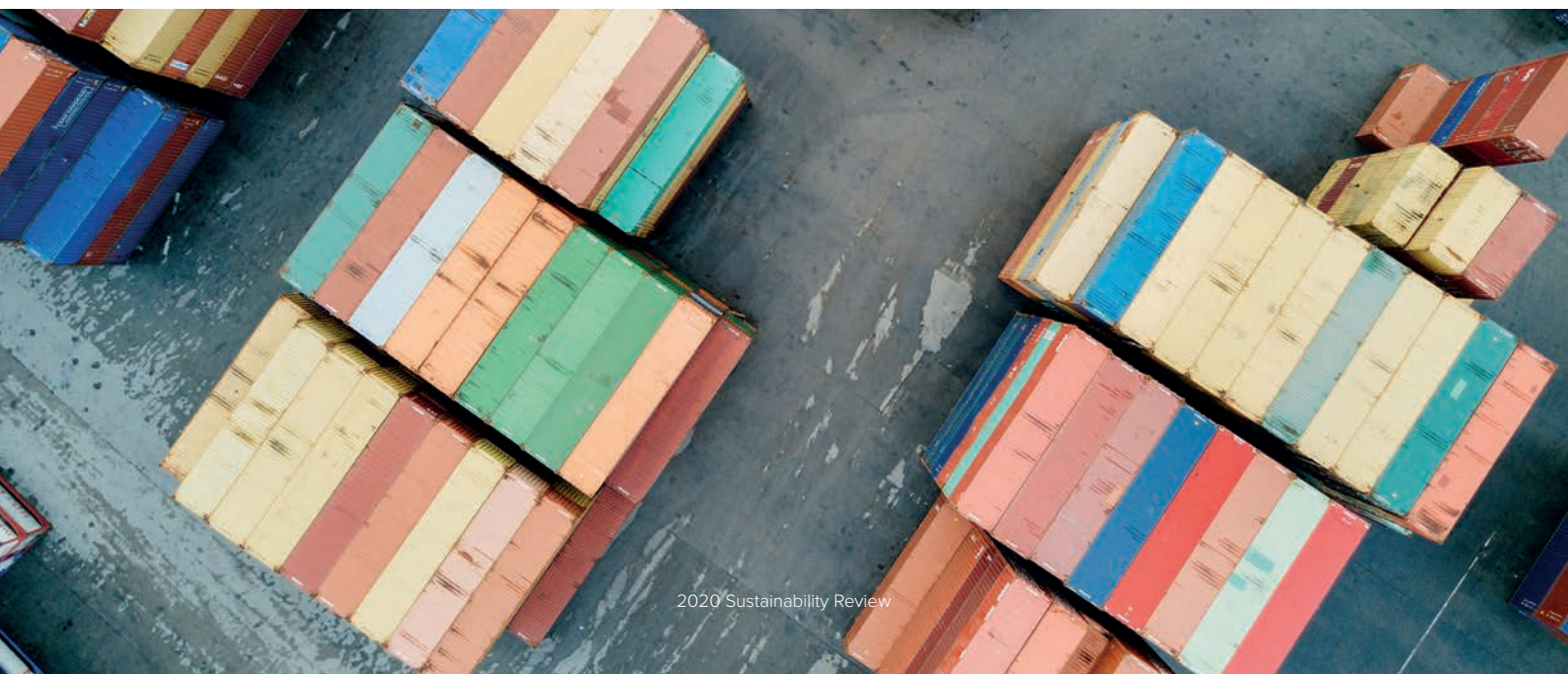
International Corporation and Sumitomo Mitsui Banking Corporation. The DBSA's 15% contribution to the project as upfront risk capital unlocked 85% of funding towards the construction of the ports. This has paved the way for the project to reach financial close which is expected in the first quarter of our 2020/21 financial year.

## Our impact

The project forms part of a transport network that will be integrated into the SADC North-South Corridor as the ports are expected to serve as a gateway for landlocked countries in the region. Additional benefits include the maximising of real national income, stimulating growth in the economy, increasing the employment levels, increasing trade, improving the balance of payments and developing regions in the country.

While a set percentage of content will be procured from Japanese companies, suppliers of construction equipment and services in Southern Africa will benefit. The project also positively contributes to the efficiencies required in the logistics industry on the continent and promotes trade in the region.

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# BUILDING AND MAINTENANCE

A photograph of a construction site. In the background, there are brick buildings under construction, with wooden scaffolding visible. In the middle ground, a wooden fence made of vertical posts and horizontal rails is leaning against a brick wall. In the foreground, there is a pile of blue gravel, a yellow corrugated pipe, and a coiled hose. The sky is overcast.

We assist government in building and maintaining infrastructure through implementation services, programme management and capacity building services in infrastructure development. By augmenting the capacity of the state to deliver infrastructure, the Bank fulfils part of its mandate by facilitating improvements in service delivery and enabling a higher quality of life for all who live in South Africa.

Our involvement in infrastructure delivery accelerates planned infrastructure development, supporting job creation, advancing the green economy and ensuring the delivery of value-for-money infrastructure. Together with our stakeholders, the DBSA improves both the speed and quality of infrastructure delivery.

The DBSA, as an implementing agent, enhances the capacity of the state to deliver infrastructure by:

- Providing efficient and effective planning and procurement to enable accelerated programme/project initiation and execution
- Providing client-centric infrastructure delivery, including planning, design, construction and maintenance solutions through a multidisciplinary team of professionals and technical specialists
- Exercising effective project controls, monitoring and reporting in line with applicable norms and standards

In the year under review, and through partnerships with national, provincial and local government, the DBSA has built new and refurbished existing schools' infrastructure, capacitated the National Department of Health's PMO, refurbished correctional facilities, enhanced potable water supply and supported broader infrastructure delivery within the social sector, among other initiatives.

Our services also became critical in the interventions aimed at combating the rapid spread of the COVID-19 pandemic. We played an active role in augmenting the capacity of the health ecosystem by building mobile prefabricated testing units and refurbishing existing facilities in five district municipalities in the Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga and the North West.



# RESTORATION OF SCHOOL INFRASTRUCTURE IN KWAZULU-NATAL



LOCATION:

**SOUTH AFRICA / SADC / REST OF AFRICA**



SECTOR:

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



VALUE CHAIN:

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

Since 2012, the DBSA has been involved in the construction of new schools and refurbishing existing schools to the required standards set by the Department of Basic Education (DBE). In the year under review, the Bank supported the national DBE and the provincial Departments of Education of KwaZulu-Natal, Limpopo, Eastern Cape and recently the Free state and North West, building 129 new schools and refurbishing 420 schools since 2012.

In KwaZulu-Natal we have refurbished a total of 234 storm-damaged schools, benefiting 146 339 learners in the province in the current financial year.

## Our impact

Emalahleni Primary School, situated in Ekuvukeni Township in Ladysmith in the uThukela District Municipality, is an example of how we have made an impact. The school has 21 classrooms and two ablution blocks which were all damaged by a storm. The damaged classrooms required new roofs, work to the superstructure, replacement of existing floors and veranda slabs, fixing and installation of windows, installation of electrical fittings and cabling, new ceilings and replacement of internal teaching infrastructure such as writing boards. The project also constructed new ablution facilities and cast concrete walkways providing wheelchair ramps across all buildings.

The refurbishments significantly improved the school and contributed to an increase in enrolment from 710 to 835 learners. The new concrete walkways have improved the school's accessibility to people using wheelchairs and the construction of new ablution facilities has upgraded sanitation facilities. The school principal and the chairperson of the school governing body (SGB) expressed their appreciation of the improvements brought by the project, especially the security provided by the refurbishments from vandalism and future floods.

This year the DBSA was appointed by the KwaZulu-Natal Department of Education, and was responsible for planning, packaging, designing and implementing the province's school infrastructure in accordance with the KwaZulu-Natal spatial planning guidelines and the national norms and standards. The project reached practical completion in September 2019 and cumulative expenditure at the end of the year under review amounted to R9.5 million.

In this role the DBSA focuses on:

- Refurbishing storm-damaged schools
- Replacing asbestos schools
- Constructing new schools
- Providing water and sanitation
- Renovating, repairing and upgrading special schools, early childhood development centres, agricultural schools of excellence and maritime schools of excellence
- Civil and structural maintenance
- Implementing the Sanitation Appropriate for Education Programme



## Our involvement

# CAPACITATION OF THE NATIONAL DEPARTMENT OF HEALTH'S PMO



LOCATION:

**SOUTH AFRICA / SADC / REST OF AFRICA**



SECTOR:

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



VALUE CHAIN:

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

The National Department of Health (NDoH) has appointed the DBSA as an implementing agent for several of its infrastructure development programmes. As the implementing agent, the DBSA is entrusted with managing the construction of new health infrastructure and refurbishing existing infrastructure through identified programmes. Under the agreement, the DBSA is also required to establish a PMO based at the National Department of Health.

## Our involvement

The DBSA is primarily responsible for resourcing the PMO through recruitment and placement of required expertise as and when required. The PMO is comprised of qualified built environment professionals appointed to serve on a full-time or contract basis. The team provides individual and collective targeted technical, systems and administrative support to all infrastructure work executed under the in-kind, Health Facility Revitalisation and Equitable Share Grants.

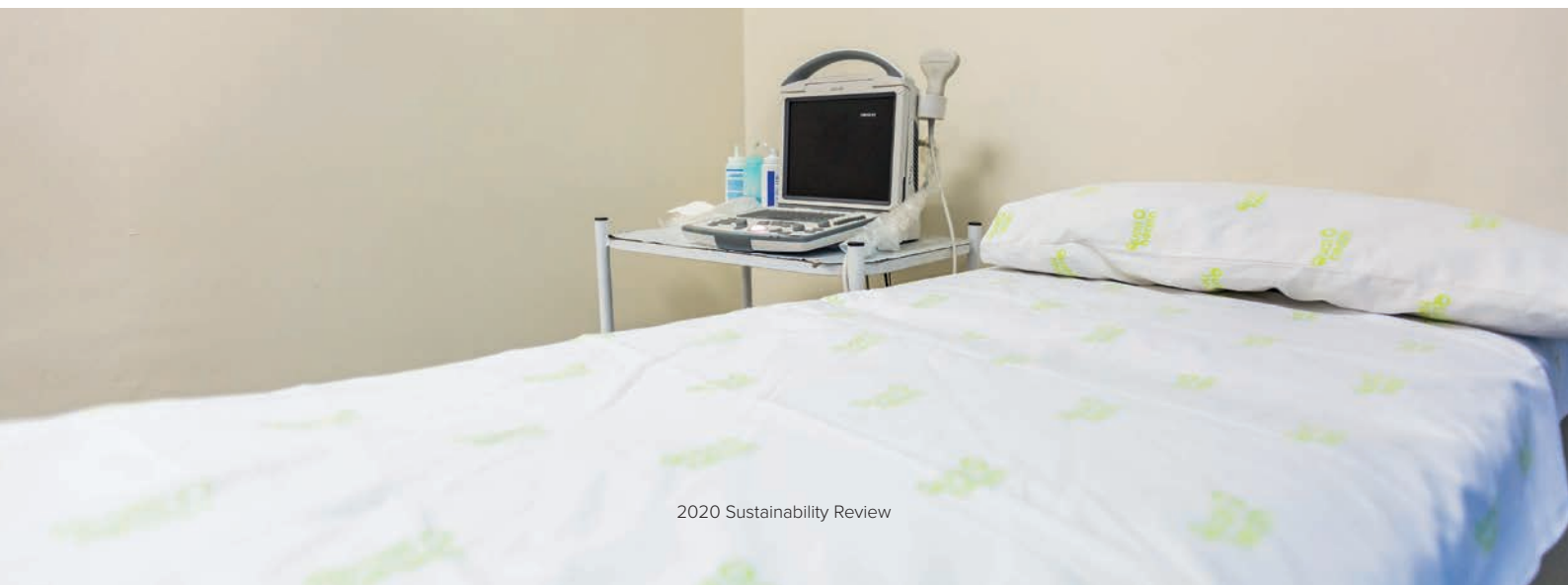
The main role of the PMO is to support the Department in complying with regulatory requirements, governance and oversight functions in the execution of infrastructure projects and programmes in an objective and consistent manner. Through this role, the PMO supports the following processes required for the delivery of health infrastructure:

- Implementation of standards and leading international practice
- Delivery of projects with predictable consistency, efficiency and success
- Provision of up-to-date and accurate status and financial reporting to the executive leadership
- Improvement of technical oversight, general integration and stakeholder satisfaction
- Long term cost savings through improved management, limited project failures and high return on investment

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## Our impact

The PMO serves as an example of integration and collaboration in infrastructure delivery. While the team is responsible for providing in-house capacity to the National Department of Health to ensure compliance, programme governance and oversight, they simultaneously generate real-life programme information used by the broader public sector in strategic planning.





# CAPACITATION OF THE NATIONAL DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE'S PMO



## LOCATION:

**SOUTH AFRICA / SADC / REST OF AFRICA**



## SECTOR:

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



## VALUE CHAIN:

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

In 2016, the Department of Public Works and Infrastructure (DPWI) appointed the DBSA to serve as one of its implementing agents to support it in delivering infrastructure programmes under its portfolio.

## Our involvement

This year, the DBSA has been involved in approximately 47 projects, including courts, correctional facilities, police stations and military defence bases. Within the Department of Justice and Correctional Services (DJCS) portfolio, the DBSA has been tasked with the refurbishment and upgrade of the Parys Correctional Facility. Regarding this facility, the Department aims to ensure that all sentenced offenders are incarcerated in safe, secure and humane facilities and are provided with healthcare and effective rehabilitation programmes in line with their correctional sentence plan to enable their successful reintegration into society after their lawful release.

The DBSA started implementation in February 2019, with a budget of R282 million. The project is estimated to be completed in June 2022 with cumulative expenditure at the end of the year under review amounting to R80 million. The project involves the construction of a new 254-bed correctional facility which includes health care rooms, a kitchen, a training centre, recreational areas, sports facilities and new fencing. It also encompasses the conversion of the existing correctional facility into a security command centre with a new administrative office block.

## Our impact

Upon completion, the project will deliver a facility that will provide an environment conducive to humane incarceration and rehabilitation of offenders. The conversion of the existing facility to a security command centre and administration block will contribute to effective security surveillance and administration infrastructure.

The project has also contributed towards the Department's objective of social reintegration to society. The Department realised this contribution by accepting the appointment of one former inmate to project labour force. The contractor appointed the former inmate upon his release, after which he was reskilled and afforded an opportunity to earn a living and serve as a beacon of hope and source of inspiration for other offenders.

Apart from the long-term impact of the infrastructure to be delivered, the project contributes to development impact in the area through the creation of employment opportunities and stimulating local manufacturing and procurement. The project has appointed 17 SMMEs and created a total of 184 employment opportunities, of which 104 were afforded to the youth and 20 to adult females. Amongst the 104 youth, 60 are females and participants in the Expanded Public Works Programme (EPWP).

# ENHANCING POTABLE WATER SUPPLY IN THE CITY OF EKURHULENI



LOCATION:

**SOUTH AFRICA / SADC / REST OF AFRICA**



SECTOR:

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



VALUE CHAIN:

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

The City of Ekurhuleni allocated a portfolio of projects to the DBSA for implementation, which includes water projects designed to augment the existing storage capacity for potable water. The DBSA assigned a team of qualified and experienced professionals to manage the planning, design, implementation and completion of these projects. These projects include the construction of water reservoirs in Northmead, Isando and Etwatwa.

## Our involvement

The Northmead area in Benoni experiences persistent water supply problems associated with low water pressure in the reticulation network. To address this problem, the City of Ekurhuleni approved the construction of the R44.6 million Northmead Reservoir, a 5.5Mℓ elevated water reservoir that is 28.6m wide and 31m high. The project commenced in May 2018 and is still in execution.

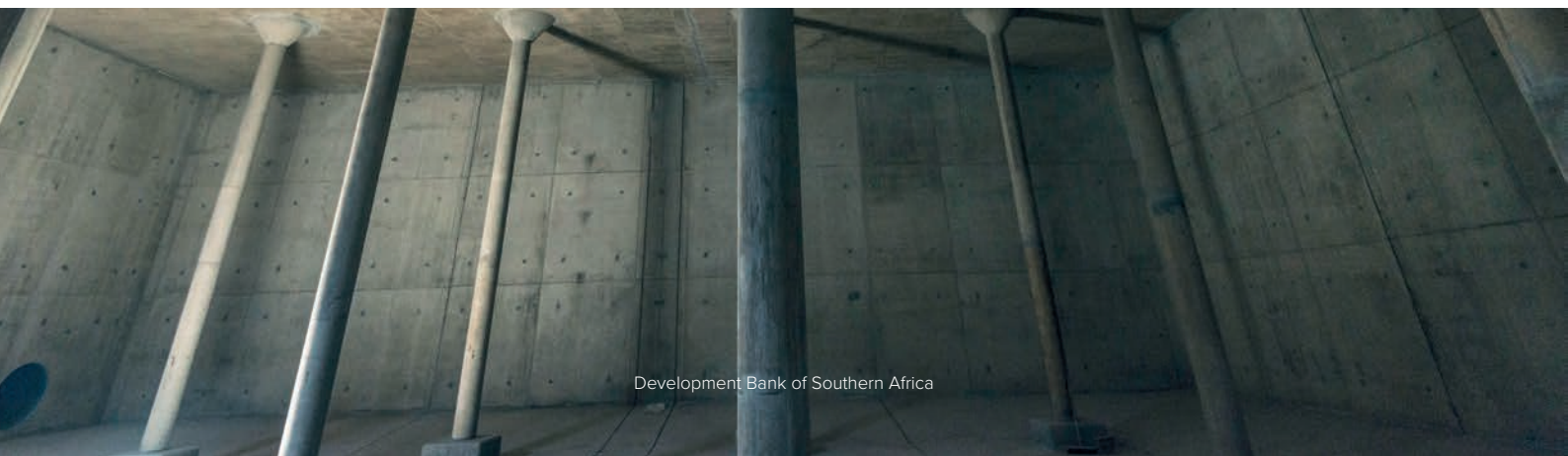
The R56.7 million Isando Reservoir is a 15Mℓ circular reinforced-concrete reservoir with a domed roof, guardhouse, valve chambers and access road which is currently under construction. The project is estimated to be completed in December 2020 with cumulative expenditure at the end of the year under review amounting to R17 million.

The Etwatwa Reservoir project encompasses the construction of a new reservoir with the storage capacity of 1.1 Mℓ, an access road, pump station alterations and all associated works. The project commenced in January 2018. On completion, the Etwatwa Reservoir will stand tall at 42 meters and will be known as the Mandela Tower, in celebration of the life of former President Nelson Mandela.

Accordingly, special architectural design features have been incorporated. The design was inspired by a solar calendar and will incorporate his date of birth (18 July), date of death (5 December) and his age at death (95 years). On the morning of the 18th of July, the sun will fall through the elements of the tower illuminating a row of 95 obelisks and on the 5th of December, just before sunset, the sun will fall onto the 95 obelisks resulting in 95 shadows of different lengths falling onto a concrete slab. The reservoirs will contribute to the alleviation of the water supply challenges in the City. In addition to the benefits of reliable water supply, the Etwatwa Reservoir will also contribute to tourism in the area due to its architectural design features.

## Our impact

- Northmead Reservoir will augment supply to approximately 8 500 households
- Isando Reservoir will provide potable water to an estimated 2 000 business establishments and over 100 000 households
- Etwatwa Reservoir will ensure a reliable water supply to the city which will benefit both business and private consumers



# CITIES SUPPORT PROGRAMME



## LOCATION:

**SOUTH AFRICA / SADC / REST OF AFRICA**



## SECTOR:

**LOCAL GOVERNMENT / SOCIAL SECTOR / ECONOMIC SECTOR**



## VALUE CHAIN:

**PLAN AND PREPARE / FINANCE / BUILD AND MAINTAIN**

## Background

The DBSA supports government in the delivery of social and economic infrastructure, including programme management services. This function adds value to infrastructure delivery by offering efficient and effective procurement and programme management support services mainly to government programmes such as the National Treasury's City Support Programme (CSP).

## Our involvement

The National Treasury contracted the DBSA to use its effective and efficient procurement processes to provide capacity support to the CSP. The purpose of the CSP is to support municipalities to improve the environmental and social management systems and practices. This improvement has been geared towards enabling municipalities to effectively align with the statutory requirements of the key institutions that provide finance for infrastructure delivery.

The CSP has been extended into a second phase to support metropolitan municipalities in strategy implementation that accelerates inclusive economic growth and poverty reduction.

The objectives of the second phase include:

- Responding strategically to required support from cities
- Providing a platform for the coordination of policy, fiscal and implementation support measures for cities
- Providing an integrated package of implementation support to cities across core-built environmental sectors

- Ensuring that cities are enabled and appropriately encouraged to improve the performance of their built environments

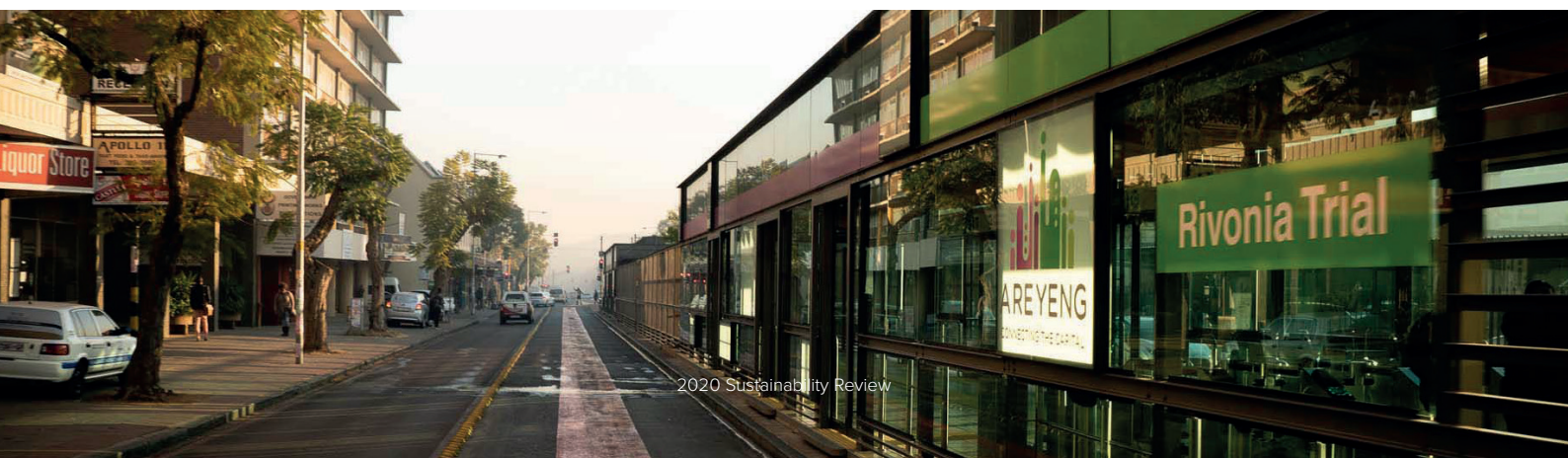
To achieve these objectives, National Treasury appointed the DBSA as an implementing agent to establish a Programme Implementing Unit (PIU), providing capacity support requirements. The DBSA's Programme Implementing Unit is set to:

- Ensure efficient and effective capacity support services and contract management of CSP Professional Service Providers
- Provide a panel of technical experts that will be used to support the CSP and relevant government departments
- Ensure that the Programme expenditures are effectively managed, monitored and disbursed in accordance with the DBSA policies, government systems, applicable legislation, regulations and guidelines
- Establish a functional PIU for the day-to-day management and implementation of phase two of the CSP

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## Our impact

The DBSA's support of the CSP contributes to enhancing the capacity of the state to support metropolitan cities to achieve their development goals. Although the DBSA does not have control over the programme outputs, its input in the form of capacity support services and contract management contributes to National Treasury's capacity to attract and manage expertise required for the fulfilment of this objective.



# CORPORATE SOCIAL RESPONSIBILITY

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# SUPPORTING ENVIRONMENTALLY ORIENTATED INFRASTRUCTURE PROGRAMMES

As a DFI, we recognise that the biggest influence we could have on our collective natural capital is to fund programmes and initiatives to respond to the most pressing environmental issues of our time. We are already able to see the impacts of climate change and it is therefore imperative that we act by supporting and investing in initiatives aimed at climate change mitigation and adaptation.

The DBSA's climate finance initiatives involve managing facilities, funds and programmes that promote a greener economy, drive sustainability and development impact and support a Just Transition to a low carbon economy and adaptation to climate change.

The DBSA is an active member of the International Development Finance Club (IDFC), a network of 26 leading national, regional and international development banks that share a similar vision of promoting low-carbon and climate-resilient futures. The Bank is also a member of the Global Innovating Lab for Climate Change, which supports the identification and piloting of climate change financing instruments and products to catalyse private sector money into climate change mitigation projects in developing countries.

## Green Climate Fund

The Green Climate Fund (GCF) is a global funding mechanism set up by the United Nations Framework Convention on Climate Change (UNFCCC) to support developing countries in responding to climate change. The DBSA was accredited to the GCF in March 2016 to implement micro to large projects nationally and within sub-Saharan Africa. Our accreditation to the GCF provides access to funds for low-carbon and climate-resilient development. Its current portfolio is eight capacity development projects, 16 research and development projects and 31 investment projects. The Bank is involved in a pipeline of projects for financing, including the following initiatives:



## THE CLIMATE FINANCE FACILITY

A lending facility adapted for emerging market conditions, aimed at climate-related investments in Southern Africa.



## EMBEDDED GENERATION INVESTMENT PROGRAMME

Utilises funding from the GCF to develop a guarantee facility to support non-sovereign guarantee backed power purchase agreements for renewable energy projects in South Africa.



Refer to page 26 of this report for more information on our involvement and impact in the year under review.



## MUNICIPAL SOLID WASTE MANAGEMENT PROGRAMME

Supports the implementation of organic waste treatment solutions in six pilot municipalities in South Africa.



## LESOTHO READINESS PROJECT

The DBSA is assisting Lesotho to develop the capacity to enable them to also access funding from the GCF.



Refer to page 129 of our Integrated Annual Report for more information on these initiatives.

# REDUCING OUR IMPACT ON THE ENVIROMENT

The DBSA endeavours to continuously improve our energy, water and waste management. Wherever possible, we reduce the electricity we consume and aim to go off-grid through our off-grid campus.

## Water

The DBSA actively measures and monitors our water use throughout our operations. Where possible, we develop proactive strategies to manage our water usage as we are committed to being a responsible custodian of water. Water is an increasingly scarce resource, and we ensure that we use it efficiently. Although our operations are not particularly water-intensive, we are committed to more efficient water consumption through reduced consumption on our campus. Total water used on the DBSA campus from municipal water sources amounted to 7 531 kilolitres (2019: 7 144 kilolitres) in the year under review.

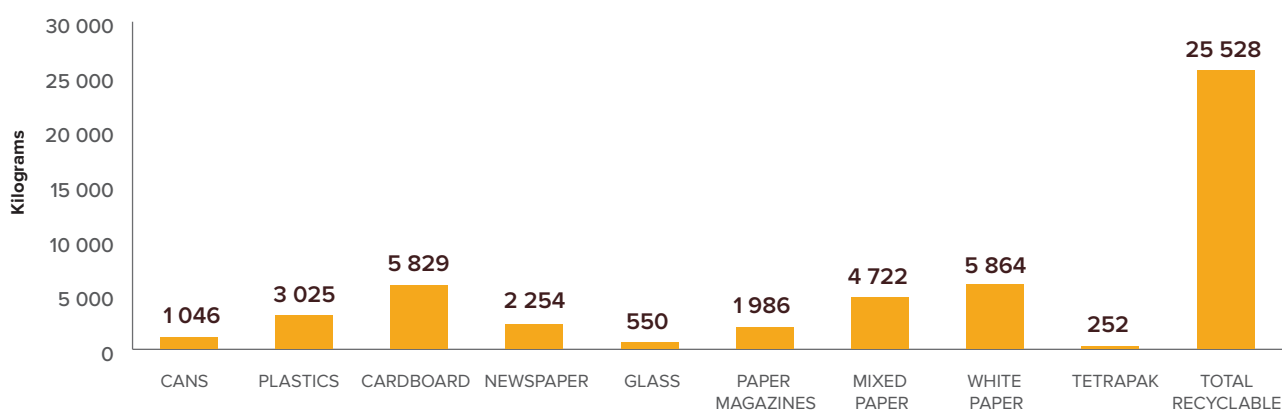
Johannesburg (CoJ), we were able to conclude that the Bank was incorrectly billed for our water consumption for the period from 17 April 2014 to 4 October 2019. Consequently, the DBSA was credited with R30.5 million. We are now better able to monitor our water consumption and look forward to being able to track our improvements in our water management.

Year	Water consumption in kilolitres
2020	7 531
2019	7 144
2018	10 186
2017	18 456
2016	7 789

48 » Continuously monitoring our water usage leads us to question our past water consumption levels. In May 2019, we started to analyse our water consumption based on new water meters installed. After successful engagement with the City of

## Recycling and waste management

Recycling various types of waste is an important part of the Bank's waste management strategy. We focus on recycling cans and tins, cardboard, newspapers and magazines, plastic and paper. During the year under review, we used 14.6 tons (2019: 16.3 tons) of printing paper and generated 11.5 tons (2019: 10.1 tons) of recyclable waste. Waste material is disposed of through legitimate contractors at certified waste disposal facilities. Although the DBSA does not generate significant volumes of waste, it recycles as much as possible.



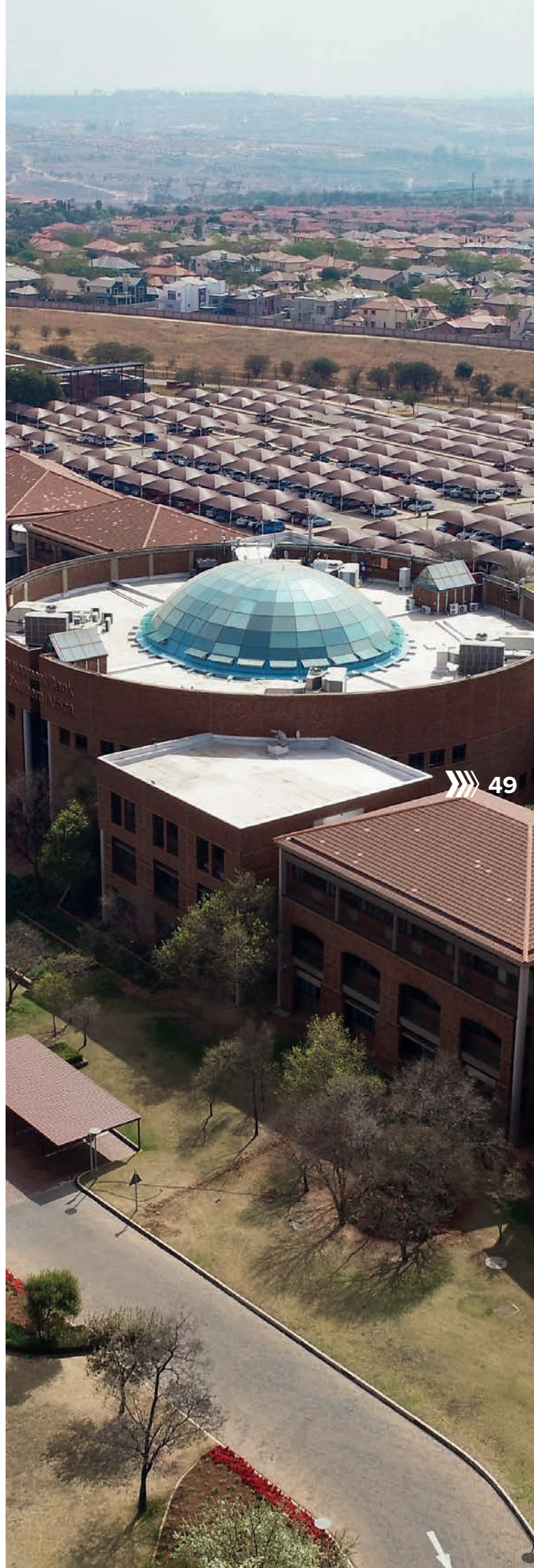
## Energy and emissions

The DBSA is focused on reducing its consumption of non-renewable energy. We mainly consume non-renewable energy through electricity at our offices. During 2020, our energy consumption increased marginally to 2.8 MW in comparison to 2.7MW in 2019. Although we have not seen the improvement we wanted in the year under review, as a responsible corporate citizen we remain committed to our aspirational target to improve our non-renewable energy efficiency by 10% in the short to medium term. By reducing our non-renewable energy consumption, we lower the greenhouse gas emissions associated with the power we use at our campus.

Year	Electricity consumption in MW
2020	2.8
2019	2.7
2018	2.7
2017	2.1
2016	2.8

The DBSA plans to take its campus off-grid, to efficiently manage its water and waste and to provide a platform to showcase innovations within the DBSA's mandated sectors. The DBSA's off-grid campus is envisioned as a space where technology can be showcased and solutions developed that have the potential to accelerate development.

In the previous financial year, the executive committee approved a R10 million off-grid campus feasibility study which commenced in the year under review. Due to service provider performance issues the study was not concluded. The project is however continuously monitored, and options are being explored to progress the project in the new financial year.



# SUPPORTING CAPACITY BUILDING IN AFRICA: PAN-AFRICAN CAPACITY BUILDING PROGRAMME

In light of much-needed skills and institutional capacity development, the DBSA works through a co-funded agency with the Industrial Development Corporation (IDC), called the Pan-African Capacity Building Programme (PACBP). This is the arm of upskilling that enables the DBSA to 'bend the arc of history towards shared prosperity' with targeted skills development and capacity building efforts to achieve comprehensive human capacity development. The DBSA and the IDC have long recognised that in order to effectively address the challenges of chronic skills shortages and institutional shortcomings, there is need for a well-coordinated skills development entity or unit delivering on this, hence the establishment of the PACBP in 2009. The PACBP, whose operations started in 2010 is an agency unit based at the DBSA, and fully managed through DBSA systems and processes, including its three staff members, internal audit systems, and financial accountability processes.

The PACBP was set up out of the recognition that a lack of funding for projects is not the only challenge facing African DFIs, governments and multi-lateral organisations. It was the recognition that skills shortages and limited institutional capacity were increasingly among the leading obstacles to infrastructure project development and delivery and this remains the case across the continent. Skills development is a critical and requisite ingredient for Africa's infrastructure development and economic growth, especially in light of the Fourth Industrial Revolution (4IR) and the demand for innovative solutions to development challenges.

The PACBP's objectives are:

- To train and empower qualified public sector and DFI professionals across Africa with relevant in-demand skills to facilitate effective infrastructure development and service delivery, and
- To support African governments, state-owned entities, and utilities in their efforts to make public sector professionals, institutions and utilities stronger, more efficient, effective and productive towards sustainable economic development

The PACBP has become a leading practical skills development agency directly addressing institutional capacity among our regional clients and partners. Strengthening the PACBP means that the DBSA, the IDC, and fellow DFIs will remain responsive to client needs for capacity development and skills enhancement support.

## SELECTED PACBP ACHIEVEMENTS

To date, the PACBP programme's Masters in Public Infrastructure Management (MPIM) has delivered over 250 Masters students in Africa. The programme has also provided Short Courses for skills enhancement to over 4 000 delegates across the continent.

### Masters in Public Infrastructure Management

The MPIM programme was delivered in partnership with the following regional universities: Makerere University: Kampala, Uganda (serving East Africa); University Cheik Anta Diop (UCAD): Dakar, Senegal (for West Africa); and University of Pretoria: Pretoria, South Africa (covering Southern Africa). Two case studies are shared below, one from East Africa, and the other from West Africa. Students and staff from the three institutions visited infrastructure projects in South Africa during their two-year studies for practical experiential immersion into projects and were taken through working systems and processes for successful project management understanding.

#### Regional Case Study No.1:

### MASTERS IN PUBLIC INFRASTRUCTURE MANAGEMENT AT UNIVERSITY CHEIKH ANTA DIOP OF DAKAR, SENEGAL.

With the financial support of PACBP, the University Cheikh Anta Diop of Dakar (UCAD) launched the MPIM programme in early 2012. There was a total of six intakes at the UCAD PACBP programme during the PACBP funding period. A total of 165 students participated in the programme's popular two-year Masters programme. The programme's targeted infrastructure areas were the following:

- Water and sanitation
- Energy
- Road and transportation, and
- Waste management

The general objective of the programme was to train and produce world-class professional managers in infrastructure management. More specifically, the programme sought to:

- Develop critical capabilities in the evaluation of infrastructural projects, programmes as well as adapting regulatory policies
- Develop an integrative approach to sustainable development based on infrastructure
- Documenting leading international practices in infrastructure management and promoting evidence-based approaches in this field
- Building capacity in critical thinking, leadership skills and problem-solving skills

The UCAD programme in Dakar, Senegal, attracted large numbers of applicants from the onset, and continues to do so every year, including students without sponsorship. Most of the students interested had engineering or technical backgrounds, with others from business, economics and legal professions. Most of them were working in private businesses or in public

administration offices dealing with infrastructure. The majority of students came from Senegal, mainly as a result of the strong local advertising, with a growing number of applications joining from across the West Africa region.

The UCAD Study Tour to South Africa was a crucial learning component of the UCAD programme. It enabled West African students to interact with their peers on the programme from Uganda and South Africa. Additionally, they were given exposure to high levels of practitioner expertise in the South African companies that hosted them. The evaluation of the exercises undertaken was highly satisfactory and students expressed that they gathered valuable knowledge from the learning and networking as a result of the Study Tour. Through the MPIM, the DBSA, through the PACBP is making a crucial contribution towards infrastructure development and financial management skills development in West and Central Africa.

#### **Regional Case Study No.2:**

### **MAKERERE UNIVERSITY MASTERS IN PUBLIC INFRASTRUCTURE MANAGEMENT (MPIM), KAMPALA, UGANDA.**

In December 2011, Makerere University signed a Service Level Agreement (SLA) with the PACBP consortium, and in March 2012 launched the MPIM programme. The curriculum constitutes generic management and strategic public sector contemporary managerial issues, blended with focal infrastructural management studies in transport and roads management, water and sanitation, energy resources, solid waste management, education and health services management.

#### **PACBP MPIM Milestones and Achievements from Makerere University**

- A total of 202 senior and executive public service officials have undergone PACBP MPIM training
- Up to 132 MPIM students have graduated and are now qualified to provide strategic leadership, policy direction and effective management of public infrastructure in designated focal areas
- Since 2012, the PACBP has provided 120 fully-sponsored scholarships on the programme
- Through study visits by the participants from all over Africa, the programme has expanded visibility and a network for the South African agencies such as the DBSA, IDC, Rand Water, SANRAL, ESKOM SA, Gautrain, etc. for future cooperation with the rest of African governments and non-governmental agencies in building and sustaining public infrastructure on the continent

- The programme has built a foundation for increased partnerships and nation-state interaction through learning and comparing better practices within the continent from among the DFIs, governmental and non-governmental agencies where MPIM graduates or participants work
- The alumni of MPIM Programme in East Africa established the Makerere Public Infrastructure Management Consortium, incorporated as a public not-for-profit organisation to promote and realise the objectives of the PACBP. The MPIM Consortium was launched in 2018 as a centre of excellence that brings together a network of experts in the diverse areas of public infrastructure management, with an overarching objective of promoting sustainable infrastructure management by providing professional capacity, advisory services and best practices to public and private institutions involved in infrastructure projects and programmes across the region, and elsewhere in Africa

#### **PACBP Short Courses**

Among the high-demand programmes of the PACBP are the five-day short courses in strategic areas such as project finance, financial modelling, enterprise risk management, advanced project management, and leadership coaching and mentoring skills, among others.

The PACBP delivers these short courses inhouse within regional DFIs, and in partnership with multilateral institutions such as the SADC Development Finance Resource Centre (SADC-DFRC), and the Association of African DFIs (AADFI). These partnerships have been highly successful within the SADC region and across the African continent. The PACBP has also partnered with the EU-funded and SADC-based Project Preparation and Development Facility (PPDF), to deliver capacity building support to regional clients.

Highlights from PACBP-led or supported Short Courses included sessions delivered in collaboration with, or inhouse to the following clients and partners, among others:

- Association of African DFIs (AADFI), Abidjan, Ivory Coast (in partnership)
- Citizen Entrepreneurship Development Agency (CEDA), Botswana, inhouse
- Development Bank of Namibia (DBN), inhouse
- Development Bank of Zambia (DBZ), inhouse
- SADC-Development Finance Resource Centre (DFRC), Gaborone, Botswana (in partnership)
- Young African Leaders Initiative (YALI), and Regional Leadership Centre (Southern Africa)
- Namibian Ports Authority (NAMPORT), Walvis Bay, Namibia
- TransNamib Holdings Limited, Windhoek, Namibia

Highlights of the PACBP short courses include organising and delivering an intensive Financial Modelling Training Course inhouse for over 30 finance and management officials in the Zambia Railways Limited (ZRL). The course was attended by senior staff members of the Southern Africa Rail Association (SARA), and was delivered in collaboration with the DBSA Coverage Division team.

The PACBP has also supported the implementation of the partnership skills development initiative between the DBSA and Anglo American Platinum and Cooperative Governance and Traditional Affairs Department (COGTA). This initiative is called the Traditional Leadership Programme (TLP). It is managed through the Infrastructure Delivery Division (IDD) in the DBSA and has so far trained over 2 190 traditional leaders in leadership and governance, integrated development planning, and local economic development.

## Knowledge Exchange

In the past five years, the DBSA, through PACBP has hosted Board Members and Senior Executives from regional DFIs and partners including the following, among many others:

- The Industrial and Commercial Development Corporation (ICDC) of Kenya (2019)
- Malawi's Export Development Fund (EDF) (2018)
- The Development Bank of Uganda (2018)
- Agriculture Finance Corporation (AFC) of Kenya (2019)
- University of Zululand Students' Visit (2019)
- Stede Winter School through UJ (2019)

Hosted visitors have included international study tours interested in learning from the excellent governance and financial management practices of the DBSA. To this end, the PACBP has coordinated and hosted delegates' visits from international MBA students, winter/summer schools on pertinent subjects such as energy, and from various tertiary institutions within South Africa.



# CORPORATE SOCIAL INVESTMENT

The DBSA's Corporate social investment (CSI) activities are aligned with the Bank's focus on accelerating sustainable socio-economic development. While the Bank operates across the African continent, our CSI initiatives are focused within South Africa.

Our CSI plan, which outlines projects to be supported, is revised annually. Once the plan has been interrogated and approved by responsible delegated authorities, it forms the basis for programme implementation and periodic performance reporting to the Social and Ethics Committee in compliance to the Companies Act (No 71 of 2008), as well as the Companies Amendment Act (No 3 of 2011). Projects included in the plan are selected based on the socio-economic needs identified in communities where we operate. Our CSI plan also sets criteria for CSI intervention as well as an assessment of the relevance of unsolicited applications.

Our CSI operations are guided by the following broad principles:

- Our CSI budget is 1% of net profit after tax as calculated on the audited amount of the previous year as legislated. Our budget for the year under review was R30.2 million, of which R22.5 million was used
- Our strategic focus sectors are education and health to align with the NDP and SDGs
- Flagship projects are three-year commitments, which are reviewed annually. In exceptional cases they may be reviewed and extended for a further three years or granted on a year-by-year basis depending on development impact and residual needs
- New projects are added on a roll-over basis to allow for continuity and sustainability and to accommodate the capacity of the CSI function
- We are proactive in our selection of projects and strive to align our flagship programmes with our frontline divisions. Unsolicited applications are accommodated as pilot projects pending a decision for inclusion as a flagship programme
- Stakeholder engagement and participation in projects from conceptualisation is fundamental to all projects undertaken in the CSI programme. The acceptance, buy-in and ownership of affected stakeholders are considered a critical element in ensuring the successful implementation of our CSI projects

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*Hand-washing stations in partnership with Bright Kids Foundation. In commemoration of Mandela Month, the DBSA sponsored hand-washing stations at two primary schools in Gauteng, one in KwaZulu-Natal and an ECD in the North West.*

## EDUCATION - UHLANJANA RIVER PEDESTRIAN BRIDGE, KWAZULU-NATAL

One of our flagship projects is the construction of a pedestrian bridge across the Uhlanjana River, KwaZulu-Natal. The bridge will enable learners and communities to access education and health facilities as well as other services across the river. Crossing the river daily posed a significant health and safety risk to the school children from both drownings and the threat of crime. More than 120 learners from the remote villages of KwaShukela and Nondabuya, situated near the uPhongolo River, in the Jozini and uMhlabyalingana local municipalities are affected.

**SDG: The Uhlanjana River Pedestrian Bridge contributes to SDGs 1, 4, 9 and 10 by providing infrastructure that facilitates access to education, healthcare as well as other services, which will create opportunities and develop communities.**

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The Uhlanjana pedestrian bridge project presented an opportunity for different divisions within the Bank to work together to optimise resource use through the different stages of the project. Our Executives steered the multi-disciplinary team with several divisions within the Bank making significant contributions. The DBSA's strategic network and professional relationships with senior leadership of municipalities in the two towns garnered political and government representation. Through effective stakeholder management, we were able to bring together key community leaders including the chieftaincies of all affected communities, school principals, school governing bodies and government departments related to transport, education, infrastructure and the environment.

Several meetings were held to explore the needs of the communities. Crossing the river is necessary to access schooling, health services at the Madonela clinic, fields for crop farming and many other services. The only alternative to crossing the river was walking approximately 10 kilometres. Often, very sick people were pushed across the river by wheelbarrow to access healthcare. All stakeholders agreed that a pedestrian bridge was vital to improve the quality of

life of the people in these communities. The DBSA, as project lead and sponsor, facilitated formal agreements between the two municipalities who were willing to take ownership of the asset by signing donation agreements. The respective Mayors took responsibility for meetings held with their councillors and alternated in hosting and chairing the sessions. At this point, a technical steering committee consisting of various key stakeholders was constituted and led by a senior project manager from the DBSA. A technical assessment of the cost of the bridge was estimated at R7 million.

The DBSA also worked with its network to mobilise funds and crowd-in other funders who agreed to co-fund the bridge. This bridge is considered a pilot for many more to come as the lack of bridge infrastructure poses an obstacle for many communities around the country. The team successfully mobilised a donation of R2 million from the Motsepe Foundation and the balance will be funded through the DBSA's CSI programme. At year-end, we were in the process of sourcing a construction service provider. The process was unfortunately delayed due to the COVID-19 lockdown. It is estimated that the bridge will be completed by June 2021.

The pedestrian bridge is considered a long term solution to the challenges facing the community. In the interim, school transport has been provided to learners from Madonela Primary and Mjindi Secondary schools by Bontshe Inspirations, a newly appointed service provider. Bontshe Inspirations is a member of the steering committee and regularly reports on service delivery. The principals of the schools are also part of the steering committee and they monitor the operations, service delivery and provide feedback to the committee. The bus transport service has received positive feedback from the beneficiary schools thus far, with challenges that have arisen resolved amicably. The quality of the roads remains a key challenge and the steering committee is addressing the maintenance of roads to ensure the safety of learners.

### Impact in the year under review

As the bridge is under construction, the primary impact this far stems from the provision of scholar bus transport. Interviews with key stakeholders including school principals and deputy principals, the learners, the school governing body as well as community leaders indicated that:

- Both schools experienced an increase in the number of learners within one year of sponsorship of the learner bus transport. Prior to the DBSA's involvement, school enrolment was progressively declining due to the challenge of getting to and from school. Madonela school learners using the bus increased from around 70 to 90 which is a 30% increase, while for Mjindi the increase was from 80 learners, which is full for one bus, to 118 equating to 47,5% increase. An additional bus was added to meet demand
- The schools indicated that attendance had improved with zero learners staying away due to an overflowing river or safety and security challenges on the way to school
- The learners' performance at school has significantly improved as they arrived at school fresh and better able to concentrate compared to previously where they travelled more than 10 km on foot
- Community leaders, including traditional chiefs in the area appreciate the community development impact and the anticipated benefit for the whole community as the bridge will provide access to schools, clinic and farming facilities across the river
- The project has become a model for inter-divisional collaboration between different divisions in the Bank from which expertise required for the project is sourced
- The two municipalities of Jozini and Umhlabuyalingana have begun collaborating in many aspects from engaging with different community stakeholders, government departments of education, transport, and environmental affairs. This has resulted in an increased focus on community needs that go beyond political party interests and departmental silo operations
- The relationships built with school principals have enabled easier and targeted interventions to alleviate the risks and impact of COVID-19. The schools were provided with ECD mobile classrooms that enhanced space capacity to deal with social distancing in the primary school

As the COVID-19 pandemic continues to disrupt normal operations, a collaborative effort between the DBSA, Bontshe Inspirations and the schools has ensured compliance with COVID-19 safety regulations on the buses through the provision of personal protective clothing and driver assistants to monitor compliance with safety regulations.

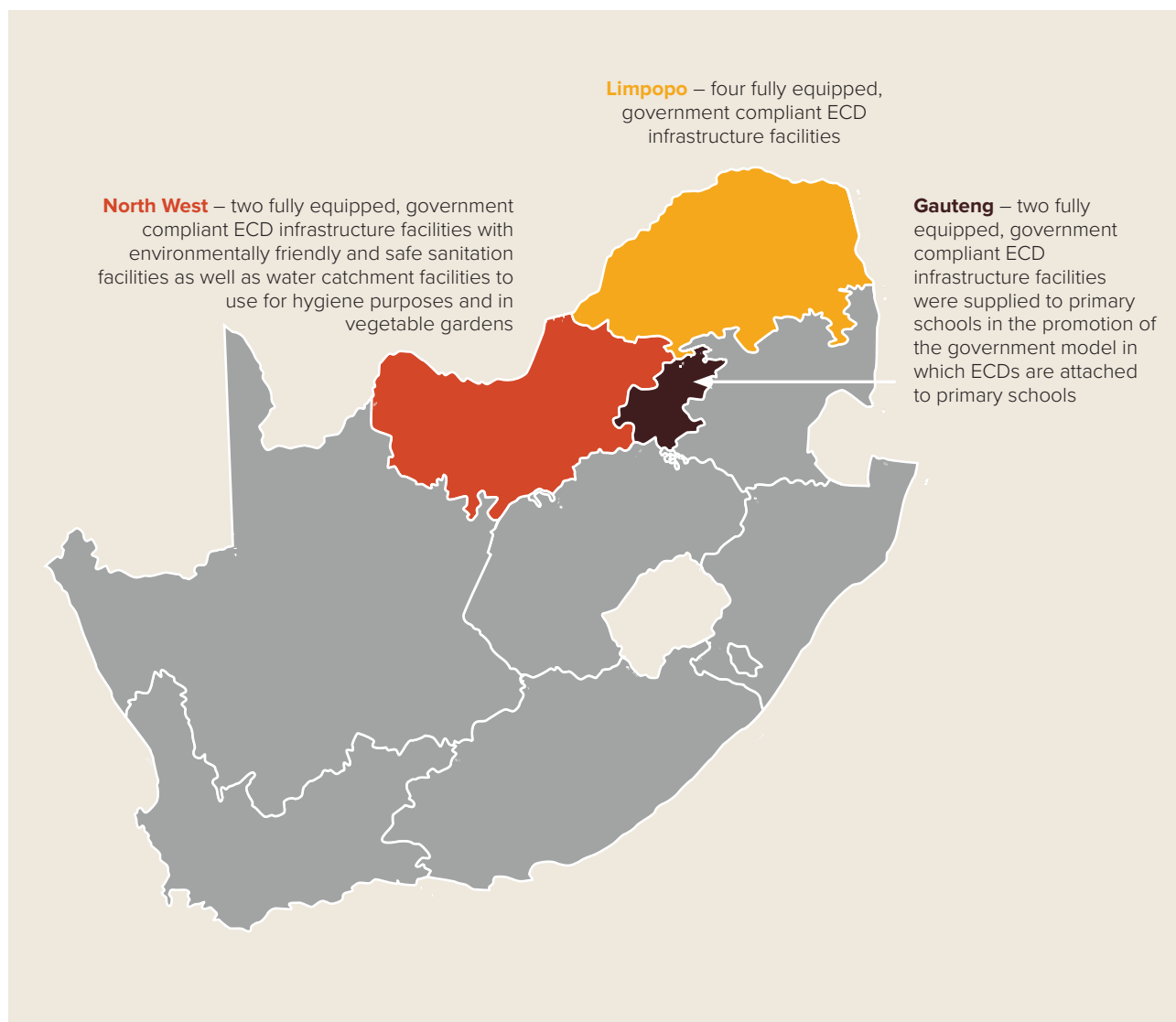


## EDUCATION - EARLY CHILDHOOD DEVELOPMENT INFRASTRUCTURE PROJECTS, LIMPOPO, NORTH WEST AND GAUTENG

Developing early childhood development (ECD) infrastructure is one of the Bank's flagship projects as it straddles both of our CSI focus sectors, education and health. ECD encompasses physical, socio-emotional, cognitive and motor development between 0 – 8 years of age. These are critical years in a child's development as it is the period in life when the brain develops most rapidly and has a high capacity to change, laying the foundation for health and wellbeing throughout life. Continuous care from preconception through the formative early years is needed to safeguard and maximise children's developmental outcomes.

The Bank supports government's goal of promoting ECD through the provision of relevant infrastructure facilities including educational infrastructure, comprising modified shipping containers or prefabricated structures, as well as learning and playing equipment.

Parents are a key stakeholder group to be considered when engaging with ECDs and schools in facilitating the delivery of ECD infrastructure. South African legislation prescribes that parents can and should influence the way government-funded Grade R is organised in a school, through participation in parents' meetings and SGB representatives. Other key stakeholders include the Departments of Education and Social Development, traditional leaders and municipalities. Engagement with all relevant stakeholders has been ongoing throughout the process from need identification, provision and handover of the ECD infrastructure.



**SDG: The provision of ECD infrastructure contributes to SDGs 1, 4, 9 and 10, 11 through providing infrastructure that will enable improved quality of teaching and learning for children in their critical formative years enhancing their potential for socio-economic success in life and developing communities.**

### School leadership development project

The School Leadership Development Programme is a key Employee Volunteerism Project (EVP) of the DBSA CSI programme. The Bank is in its second year of a collaborative partnership with Symphonia South Africa through their flagship programme, Partners for Possibility (PfP). Central to this programme is the development of human capital infrastructure within the school community by focusing on leadership within schools. The programme runs for twelve months in which 70% is experiential learning, 20% coaching, mutual exchange and experiences facilitated by a coach and 10% consists of training in theoretical concepts.

The DBSA sponsors principal and business leader development partnerships. Through the programme, the DBSA has a footprint in all nine provinces, with most beneficiaries in Gauteng which is the residential province of DBSA staff. The EVP is targeted at a project that provides for volunteerism of time to impart and diversify intellectual capital that exists in the Bank and which provides for exposure and growth of staff. Business leaders include the DBSA management and professionals who volunteer their skills, expertise and time to contribute to school leadership development.

The Bank's CSI programme subscribes to the objectives of the PfP Programme, which include:

- **To equip** principals to effectively deal with the obstacles and challenges facing them in their unique and individual circumstances
- **To empower** principals and business partners to shift their leadership style to be more inclusive, participatory and collaborative. This style of leadership actively breaks down barriers, fosters connections with staff and external stakeholders, and inspires change
- **To immerse** business partners into new, often volatile and extremely under-resourced environments, thereby supporting them to develop new leadership skills, greater awareness and deeper understanding of the challenges within South Africa and how they can be addressed

To date, a total of 131 DBSA sponsored PfP partnerships have been launched across all nine provinces in South Africa. Several DBSA staff members participate in the programme as business leaders that partner with school principals. The DBSA's commitment to the development of school leadership and the school's community enhances the Bank's alignment to the NDP and SDGs.

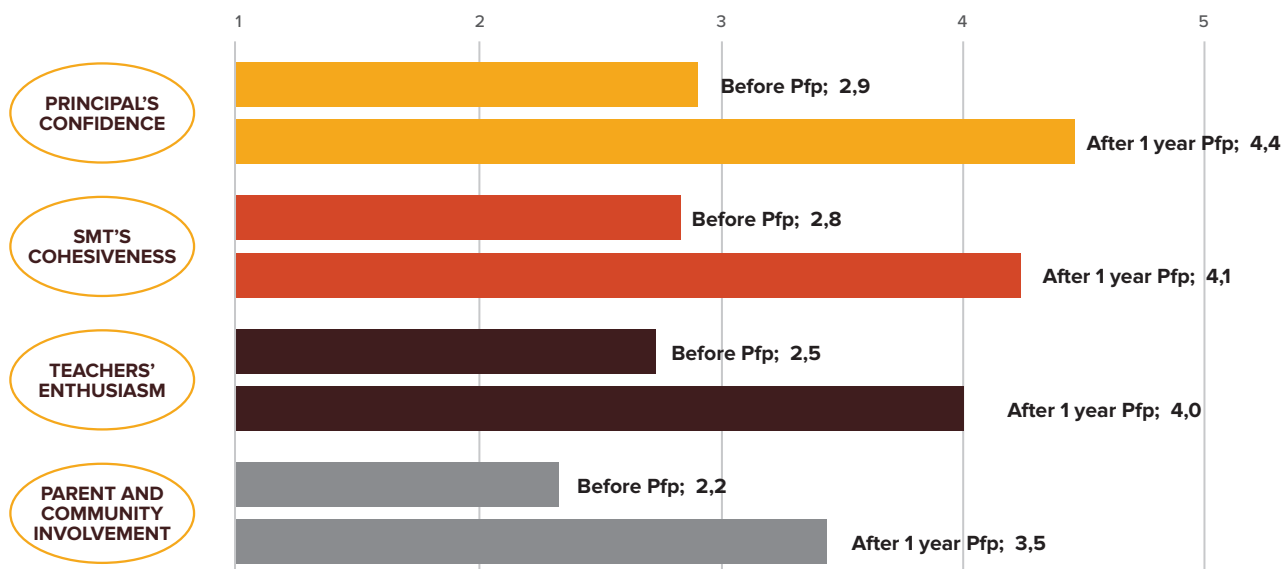
### Impact in the year under review

In the year under review the short-term objectives of the programme were 'to strengthen the schools' change readiness so that, as organisations, they can adapt to the demands of the current times. It is evident that a school's readiness for change depends on four levers which need to be activated in the specific order below:

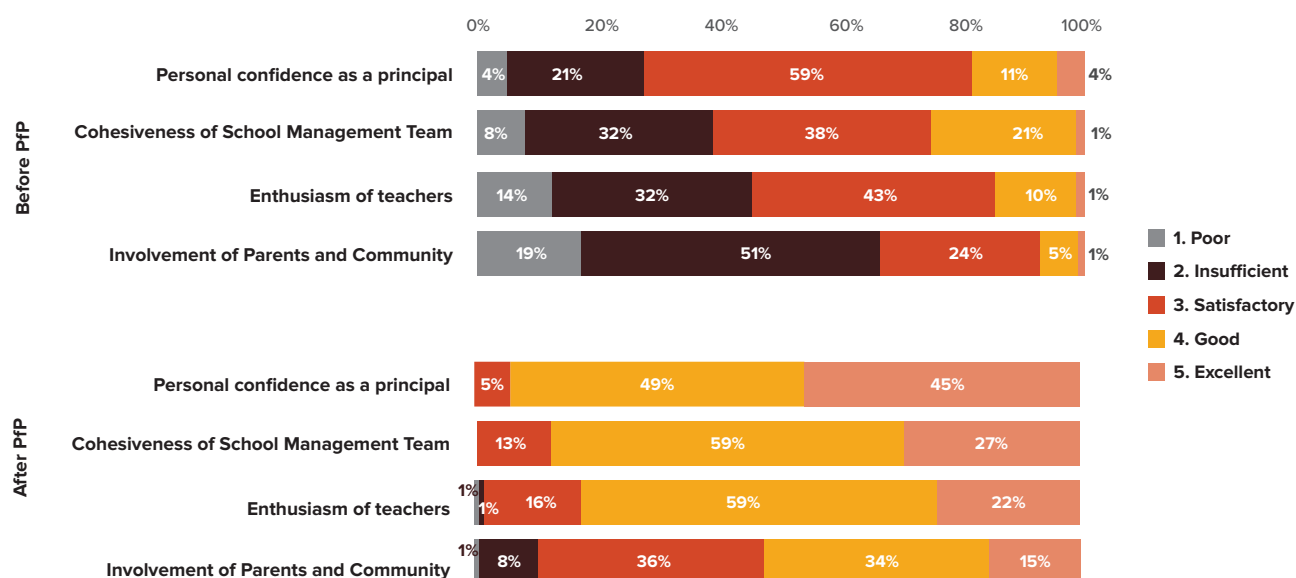
1. Confidence of the school principal is the first lever on which other levers hinge
2. Willingness of School Management Teams (SMT) to support the school's vision is a prerequisite to mobilising greater participation and enthusiasm of educators
3. Educator support and buy-in impacts of parent body and external community
4. Engagement with parent body and community

Each school faces specific challenges that need to be overcome to activate each of these change levers, and therefore the time it takes to achieve change varies. Of the schools that the DBSA's employees were involved in, the two that completed the programme accomplished all four levels with great achievements shown in the performance of the school curricula, the improved relations between SMT, staff motivation and engagement with community. Other DBSA sponsored partnerships are still progressing through the change levers.

As illustrated below, the programme has built a high level of confidence in principals and achieved success in strengthening SMTs and improved educators' motivation. Half the schools remain neutral or unsatisfied with the level of engagement of their communities.



Source: Survey responses from 92 principals who joined PfP between March 2018 and February 2019 (Completed between March 2019 and February 2020) (Response rate 39.7%)



A competent principal, who is equipped to keep the staff and learners motivated as well as engage with the school community and other stakeholders is one of the most important levers to improving education in South Africa. The programme enhances the leadership skills of both principals and business leaders, exposes business leaders to areas of communities they would not have been exposed to, thus broadening their perspective of economic development.

While initially the PfP programme was focused on the development of principals, the DBSA sponsorship required PfP to equally focus on evaluating the impact on business leaders. Comparative evidence across the past three years suggests that the outcomes of the PfP process in terms of business leadership skills have increased over the period.

## CSI aligned to national events - Food packing helps the DBSA family celebrate Mandela Day

The National School Nutrition Programme (NSNP) aims to provide meals to learners in need. Adequate nutrition is essential for children to be able to take part in mental and physical activities at school. The NSNP has played a vital role in addressing issues around nutrition, hunger and food security for almost 20 years and forms part of South Africa's integrated food security strategy. The emergence of the COVID-19 pandemic and subsequent lockdown has highlighted the importance of the programme since many children do not have access to adequate food when they are unable to attend school.

In line with the SDGs, the DBSA partners with Rise Against Hunger, an international hunger relief non-profit organisation that distributes food and aid to the world's most vulnerable, mobilising the necessary resources to end hunger by 2030. The objective of the initiative is to provide food to development programmes such as school lunch programmes and early childhood development programmes. The DBSA sponsors the assembly processes that combine rice, soy, dehydrated vegetables and a micronutrient flavouring mix formulated by the Kraft Heinz Company Foundation that includes 20 essential vitamins and minerals. Through this initiative, the DBSA enhances its education and health sector focus areas.

### Impact in the year under review

- **Employee engagement** – the DBSA employees look forward to what they term an effective team building and employee engagement session through participation in a motivational, team cohesion day where employees at all levels – executives to cleaners - participate together at an equal level in an act of kindness that benefits the needy kind in non-government funded Early Childhood Development Centres
- **Embracing Team DBSA families** – many of the DBSA staff welcome the opportunity to bring their family members, including children who were on school holiday and who wanted to contribute to Mandela Day by participating in the food packing for a greater cause
- **Extending and enhancing the key employee volunteerism programme** – Learners from OR Tambo and Fred Habedi primary schools, two schools supported by the DBSA through other CSI programmes were brought to the DBSA's premises to volunteer and learn about the food assembly process
- **Learner motivation and exposure** – Many of the children had never travelled outside of their neighbourhoods and were excited to take part in this process. The learners had a fun-filled day of learning and are eager to participate again. At the learners' request, the Bank provided learners with another opportunity to join an open day where public volunteers also packed food packets at the Rise Against Hunger premises

The DBSA staff volunteerism programme provides an opportunity for staff to donate their time and energy by packing food packets in celebration of South Africa's first democratic president during July as part of Mandela Month celebrations. In 2019, the Bank sponsored and packed 150 000 meals which could feed 578 children five meals a week for the entire year. Our beneficiaries for this year included our partner schools, OR Tambo and Fred Habedi primary schools as well as our three adopted ECD centres in Tembisa, which are not subsidised by government. The food packing event with its festivities is welcomed by the DBSA team as it contributes to team building and employee engagement.

## Helping to address South Africa's human settlement needs

High rates of urbanisation, a growing population, financial constraints and rising development costs have made it impossible for the South African government to keep pace with the country's demand for housing. There is an estimated backlog of housing in the country amounting to approximately 3 million units.

As part of the DBSA's CSI programme, we joined forces with Habitat for Humanity, South Africa once again participating in the Mandela Week building programme. The Bank sponsored the construction of five houses in Palm Ridge near Katlehong on the East Rand. Our sponsorship extends beyond the completion of the buildings, to fully equipping the house so that they are ready for occupation. When the buildings are handed over to beneficiaries they are not just houses, but homes.

### Impact in the year under review

- Each house is estimated to house a minimum of five family members, which over the two years is 50 people whose lives changed for the better, at a cost of R100 000 per household or R500 000 per annum
- Interviews with families that received DBSA sponsored, finished and furnished houses reported that their lives were significantly transformed. They were motivated to make added improvements to the base created by the DBSA, such as paving the yard and planting gardens
- Improved confidence levels and self-esteem enabled the recipients to seek and find better employment. Some were able to start small businesses and invite other beneficiaries to collaborate in community skills development targeted at income generation
- Young people from the local communities were offered short-term employment as project leaders, community liaison officers and cleaners, fostering skills they could use for future employment
- For the DBSA staff, the build project provided an opportunity to offer their time and labour to build houses that would benefit the needy communities as well as exposure to communities in which the DBSA operates and interacts with partners. Staff expressed fulfilment for participating in service to others

- The expansion of our network of volunteers has been a key part of the building process in the year under review. In addition to the DBSA employees, students from Varsity College, University of the Witwatersrand and the UJ were able to join the programme as volunteers. Through the programme, students gain exposure and make a positive contribution to under-resourced communities.
- In recognition of the DBSA role as a key sponsor of Habitat South Africa's build programme, a DBSA Executive, along with the Minister of Human Settlements, addressed the building community at the official launch of the project. The audience consisted of corporate leaders from organisations such as Old Mutual, Nedbank and Colgate, as well as government Departments including the City of Ekurhuleni, National Treasury and the Provincial Department of Human Settlements among others.
- Houses built by the DBSA, with the added improvements, leave a DBSA footprint in communities where they participated in the build programme.

### Integrated rural development in KwaZulu-Natal

The DBSA promotes the development of CSI programmes supporting women, the youth, people with disabilities and people living in rural areas. The maBhengu Umbelethisi Multiversity (MBE) runs an integrated rural development programme that incorporates a multipronged approach to address the complex needs of youth in rural communities in KwaZulu-Natal. Mbelethisi is a Zulu word meaning 'midwife'. The organisation uses a metaphor of midwife to enable rural communities to 'birth' their innate potential that might be suppressed by environmental deprivation.

**SDG: The MBE programme's outcomes align with multiple SDGs including SDGs: 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 16 and 17**

Typically, MBE operations support young people who do not have access to tertiary level education. The programme provides tertiary education opportunities to youth and young adults, some of whom have been out of school for more than 10 years due to a lack of resources. In the year under review, MBE helped students from the uMshwathi area in the Uthukela district enrol at the Ezakheni TVET College in Ladysmith. As the college is 200 kilometres away, MBE provides the students with accommodation as well as financial support while they are waiting to secure NSFAS funding.

The MBE programme also includes educational excursions in KwaZulu-Natal's Midlands area, including the Mandela capture site in Howick, KwaZulu-Natal, Howick Falls and the adjacent areas. These excursions provide youth from rural areas with the opportunity to visit educational centres and broaden their horizons.

Agriculture and food security remain one of the MBE's pillars of development. Through advocacy, mobilisation and working with the agricultural colleges in the Midlands, the programme has helped educate young and passionate farmers. The programme further supports the young people's entrepreneurial initiatives by providing start-up resources, following up on their development and assisting them in finding markets for their produce. As a result of the youths' hard work, micro family plots and farms are going from strength to strength. MBE works closely with the Department of Agriculture in the province. In the year under review, a senior representative of the Department of Agriculture visited the programme and was impressed with the quality of produce.

MBE focuses on developing each student, enabling them to reach their full potential. This is done in partnership with various stakeholders including government departments, academia, religious and faith-based organisations, traditional authorities and the private sector. Through the programme, a culture of awakening, enhanced productivity, social responsibility and Ubuntu is fostered, touching numerous lives. Funding from the DBSA, therefore enables the MBE to impact the lives of more and more beneficiaries.

### Impact in the year under review

During the year, the programme was active in various parts of KwaZulu-Natal including eThekweni, iLembe, uMgungundlovu, uThukela, Zululand and uMzinyathi with around 507 people participating in different initiatives.

- Approximately, 20 learners were assisted to access the NSFAS funding and through DBSA sponsorship enrolled in colleges in the interim period, addressing the lack of education that leads to unemployment
- Holistic personal development seminars were held that enabled rural women to gain confidence and express their rights and make their voices heard
- Women and youth beneficiaries were assisted in developing their farming knowledge and skills, which will enhance food security capacity. MBE enabled these individual farmers to operate as marketing cooperatives to be able to supply their produce collectively to meet order needs of big clients
- Training and coaching on ethical and professional orientation of local leadership was conducted. Beneficiaries were school principals, traditional chiefs and other community leaders such as religious leaders and persons working in rural communities as well as promote social cohesion and nation-building initiatives
- MBE was identified as a powerful resource in promoting social cohesion during xenophobic attacks

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# ANNEXURE A: GLOBAL REPORTING INITIATIVE TABLE

We report in line with the requirements of the GRI. Based on our internal assessment, we believe our 2020 Sustainability Review is compliant with the 'core' option of the G4 Guidelines. The DBSA's Internal Audit Unit has conducted a review of the disclosure items.

PROFILE DISCLOSURE	DISCLOSURE	ASSURANCE BY DBSA INTERNAL AUDIT	CROSS-REFERENCE/DIRECT ANSWER
<b>STRATEGY AND ANALYSIS</b>			
G4-1	CEO/Chair statement	Compliant	Refer to pages 10 – 11 of the 2020 Sustainability Review for the statement from the CEO.
<b>ORGANISATIONAL PROFILE</b>			
G4-3	Report the name of the organisation	Compliant	The Development Bank of Southern Africa.
G4-4	Report the primary brands, products, and/or services	Compliant	Refer to 2020 Integrated Annual Report pages 26 – 27 as well as divisional reports from pages 30 – 34.
G4-5	Report the location of the organisation's headquarters	Compliant	The DBSA operates from its offices in Midrand, Gauteng, South Africa.
G4-6	Countries of operation	Compliant	The DBSA's mandate covers the whole of Africa with a strong focus on the SADC region and selected countries outside SADC.
G4-7	Report the nature of ownership and legal form	Compliant	The DBSA is wholly-owned by the South African government.
G4-8	Report the markets served	Compliant	Refer to 2020 Integrated Annual Report pages 24 and 25.
G4-9	Report the scale of the organisation	Compliant	The DBSA is a single entity with no subsidiaries.
G4-10	Workforce scale and split	Compliant	Refer to pages 130 – 135 of the 2020 Integrated Annual Report.
G4-11	Percentage of total employees covered by collective bargaining agreements	Compliant	The DBSA does not have a recognised labour union or collective bargaining agreements.
G4-12	Describe the organisation's supply chain	Compliant	The DBSA has a fully functional Supply Chain Management Unit, which is part of the Finance Division. The DBSA Supply Chain Policy finds expression within the provisions of the applicable statutes and regulations i.e. PFMA and Preferential Procurement Regulations.
G4-13	Significant changes to the organisation (size, structure, ownership, etc.)	Compliant	None.
G4-14	Report whether and how the precautionary approach or principle is addressed	Compliant	The principles that form the precautionary approach inform our governance framework for sustainability development reviewed in our Sustainability Review, particularly our management of our economic, social and environmental dividend. Refer to pages 4 – 15 of the Sustainability Review.
G4-15	List external initiatives signed up	Compliant	Refer to 2020 Integrated Annual Report pages 13, 72 as well as pages 10 and 53 of the 2020 Sustainability Review.
G4-16	List association memberships/ participation	Compliant	Refer to 2020 Integrated Annual Report pages 70, 92, 134 and 135.

PROFILE DISCLOSURE	DISCLOSURE	ASSURANCE BY DBSA INTERNAL AUDIT	CROSS-REFERENCE/DIRECT ANSWER
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17	List all entities included in reporting scope	Compliant	Only DBSA.
G4-18	Explain implementation of principles for defining report content	Compliant	Refer to page 5 of the 2020 Sustainability Review.
G4-19	List material aspects identified in the process for defining report content	Compliant	Refer to page 5, 17 and 36 of the 2020 Sustainability Review.
G4-20	For each material aspect, report the aspect boundary within the organisation	Compliant	Refer to page 5 of the 2020 Sustainability Review.
G4-21	For each material aspect, report the aspect boundary outside the organisation	Compliant	Refer to page 5 of the 2020 Sustainability Review.
G4-22	Report effect of, and reasons for, any restatements of information	Compliant	None.
G4-23	Report significant changes in the scope and aspect boundaries	Compliant	None.
<b>STAKEHOLDER ENGAGEMENT</b>			
G4-24	List stakeholder groups engaged by the organisation	Compliant	Refer to 2020 Integrated Annual Report pages 62 – 65 as well as page 17 of the 2020 Sustainability Review.
G4-25	Basis for identification and selection of stakeholders with whom to engage	Compliant	Refer to 2020 Integrated Annual Report page 62.
G4-26	Report the organisation's approach to stakeholder engagement	Compliant	Refer to 2020 Integrated Annual Report pages 64 – 65.
G4-27	Report key topics and concerns raised and how they have been addressed	Compliant	Refer to 2020 Integrated Annual Report pages 62 – 65.
<b>REPORT PROFILE</b>			
G4-28	Reporting period (e.g. fiscal or calendar year) for information provided	Compliant	The report relates to the financial year from 1 April 2019 to 31 March 2020.
G4-29	Date of most recent previous report	Compliant	31 March 2019.
G4-30	Reporting cycle (annual, biennial, etc.)	Compliant	Annual.
G4-31	Provide contact point for questions regarding the report or its contents	Compliant	Refer to page 5 of the 2020 Sustainability Review.
G4-32	Report the "in accordance" option, content index, external assurance	Compliant	Refer to page 5 and Annexure A of the 2020 Sustainability Review.
G4-33	External assurance policy, practice and scope	Compliant	Refer to page 5 of the 2020 Sustainability Review.

PROFILE DISCLOSURE	DISCLOSURE	ASSURANCE BY DBSA INTERNAL AUDIT	CROSS-REFERENCE/DIRECT ANSWER
<b>GOVERNANCE</b>			
G4-34	Report the governance structure of the organisation	Compliant	Refer to 2020 Integrated Annual Report pages 70 – 85.
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Compliant	Refer to 2020 Integrated Annual Report page 70.
<b>G4 SECTOR DISCLOSURE: FINANCIAL SERVICES – PRODUCT PORTFOLIO</b>			
G4-FS6	Percentage of the portfolio for business, lines by specific region, size (e.g. micro, SME, large) and by sector	Compliant	Refer to 2020 Integrated Annual Report pages 18 – 27 and pages 30 – 34.  Refer to the notes to the 2020 Annual Financial Statements for a breakdown of equity investments, development loans and bonds where a detailed analysis of the sector and client split is provided for development loans.
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose	Compliant	Refer to 2020 Integrated Annual Report, our strategy pages 52 – 53.



Refer to the separate Annual Integrated Report for more information on the DBSA's efforts in meeting the guidelines outlined above.

## ANNEXURE B:

# UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact (UNGC) is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UNGC is a principle-based framework for businesses and the world's largest corporate sustainability initiative with 13 000 corporate participants and other stakeholders in over 170 countries.

The DBSA became a signatory to the UNGC on 9 September 2014, committing the organisation to the 10 universal principles of the UNGC and reflecting the importance that the DBSA Board and management team place on good corporate citizenship. The DBSA is committed to upholding fundamental human rights, ensuring fair labour practices, working against corruption in all its forms, and protecting the natural environment within which it operates.

UNGC PRINCIPLE	DBSA'S SUPPORT OF UNGC PRINCIPLE	THE DBSA POLICY
<b>HUMAN RIGHTS</b>		
Businesses should:  1. Support and respect the protection of internationally proclaimed human rights; and 2. Make sure that they are not complicit in human rights abuses.	<p>The DBSA supports the United Nation's Universal Declaration of Human Rights. The DBSA is bound by the Constitution of the Republic of South Africa, which contains the Bill of Rights.</p> <p>All the DBSA employees are bound by the DBSA's Code of Ethics and are guided in their behaviour in terms of integrity, loyalty, equity, tolerance, impartiality and discretion. The DBSA's service providers, suppliers and trade partners are bound by the Code.</p> <p>At a project investment level, the DBSA considers the advancement and protection of human rights an imperative. Various social safeguards have been built into the DBSA's due diligence process.</p>	Code of Ethics Policy
<b>LABOUR</b>		
Businesses should uphold:  3. The freedom of association and the effective recognition of the right to collective bargaining; 4. The elimination of all forms of forced and compulsory labour; 5. The effective abolition of child labour; and 6. The elimination of discrimination in respect of employment and occupation.	<p>The DBSA is committed to fair employment opportunities for all and to create an environment that permits such equal opportunities for advancement in order to redress past imbalances and to improve the conditions of individuals and groups who have been previously disadvantaged on the grounds of race, gender and disability. In the spirit of promoting organisational policies and practices that are fair and equitable, the DBSA affirms its commitment to comply with the spirit of the Employment Equity Act to the strategic benefit of the DBSA.</p> <p>South Africa is a signatory to the International Labour Organisation convention, as applicable to fair labour practices, and South Africa has a plethora of labour legislation that reflect the standards. The DBSA's employment policies incorporate these legislative provisions. South African law prohibits forced, compulsory and child labour.</p> <p>The DBSA practises freedom of association and recognises the right to collective bargaining as prescribed in the Constitution of the Republic of South Africa and set out specifically in the South African Labour Relations Act. For the past two financial years, no collective bargaining agreement has been in place.</p>	Employment Policy

UNGC PRINCIPLE	DBSA'S SUPPORT OF UNGC PRINCIPLE	THE DBSA POLICY
<b>ENVIRONMENT</b>		
<p>Businesses should:</p> <p>7. Support a precautionary approach to environmental challenges;</p> <p>8. Undertake initiatives to promote greater responsibility; and</p> <p>9. Encourage the development and diffusion of environmentally friendly technologies.</p>	<p>The DBSA recognises the importance of placing poverty eradication and achievement of sustainable development at the centre of its development agenda. The DBSA is legally obliged to promote sustainable development through its operations and this is integrated into the DBSA's strategy, which highlights the need for effective integration of environment and sustainability issues as the key to ensuring sustainable economic and social development.</p> <p>The DBSA supports the precautionary approach to environmental challenges. Environmental and sustainability considerations at the DBSA are founded on the following key documents: the DBSA Environmental Sustainability Strategy, the DBSA Environmental Policy, the environmental management system and the DBSA Environmental Appraisal Procedures. These documents combine to form the DBSA environmental management framework. The DBSA environmental management framework serves as the structure that ensures the DBSA's operations, programmes and projects are socially responsible, environmentally sound and in line with government requirements.</p>	Environmental Policy
<b>ANTI-CORRUPTION</b>		
<p>10. Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>The DBSA has adopted a Code of Ethics articulating the values and acceptable ethical standards to which all persons associated with the DBSA are required to adhere. This notwithstanding, the DBSA acknowledges that in today's business environment, fraud is prevalent, and all business organisations are susceptible to the risk of fraud. In this regard, the DBSA's Fraud Prevention Plan sets out and reinforces its policy of zero-tolerance towards fraud and corruption as well as management's commitment to combating all forms of fraud inherent in its operations.</p> <p>The DBSA's fraud hotline forms an integral part of its anti-fraud and anti-corruption efforts. The toll-free hotline is independently managed and administered.</p> <p>The Conflict of Interest Policy for the DBSA Board and employees requires the disclosure of all direct or indirect personal or private business interests. All employees sign confidentiality and Declaration of Interest forms when adjudicating on procurement panels.</p>	<p>Code of Ethics</p> <p>Conflict of Interest Policy</p> <p>Gift and Hospitality Policy</p> <p>Whistle Blowing Policy</p> <p>Fraud Prevention Plan</p>



Go to [www.unglobalcompact.org](http://www.unglobalcompact.org) for more information on the UNGC.

## FINANCIAL DEFINITIONS

<b>Callable capital</b>	The authorised but unissued share capital of the DBSA
<b>Cost-to-income ratio</b>	Operating expenses, (including personnel, general and administration, depreciation and amortisation expenses), project preparation and development expenditure as a percentage of income from operations
<b>Income from operations</b>	Net interest income, net fee income and other operating income
<b>Interest cover</b>	Interest income divided by interest expense
<b>Long term debt-to-equity ratio</b>	Total liabilities, excluding other payables, provisions and liabilities for funeral benefits, as percentage of total equity
<b>Long term debt-to-equity ratio (including callable capital)</b>	Total liabilities, excluding other payables, provisions and liabilities for funeral benefits as a percentage of total equity and callable capital
<b>Net interest margin</b>	Net interest income (interest income less interest expense) as a percentage of interest bearing assets
<b>Return on average assets</b>	Net profit or loss for the year expressed as a percentage of average total assets
<b>Return on average equity</b>	Net profit or loss for the year expressed as a percentage of average total equity
<b>Sustainable earnings</b>	Profit or loss from operations before net foreign exchange gain/(loss) and net gain/(loss) from financial assets and financial liabilities, but including revaluation on equity investments

## GENERAL INFORMATION

<b>Registered Office</b>	Headway Hill 1258 Lever Road Midrand Johannesburg, South Africa
<b>Postal Address</b>	PO Box 1234 Halfway House 1685 South Africa
<b>Banker</b>	The Standard Bank of South Africa
<b>Registered Auditor</b>	Auditor-General of South Africa
<b>Preparer</b>	The Annual Financial Statements were compiled under the supervision of the Chief Financial Officer, Boitumelo Mosako CA(SA)
<b>JSE Debt Sponsor</b>	Nedbank
<b>Company Registration Number</b>	1600157FN
<b>Primary Debt Listing</b>	JSE
<b>Telephone</b>	+ 27 11 313 3911
<b>Fax</b>	+ 27 11 313 3086
<b>Home page</b>	<a href="http://www.dbsa.org">www.dbsa.org</a>
<b>LinkedIn</b>	<a href="http://www.linkedin.com/company/dbsa/">www.linkedin.com/company/dbsa/</a>
<b>Twitter</b>	<a href="https://twitter.com/DBSA_Bank">twitter.com/DBSA Bank</a>
<b>Instagram</b>	<a href="https://www.instagram.com/dbsabank/">www.instagram.com/dbsabank/</a>
<b>Email</b>	<a href="mailto:dbsa@dbsa.org">dbsa@dbsa.org</a>

# ACRONYMS AND ABBREVIATIONS

<b>AADFI</b>	Association of African Development Finance Institutions
<b>AFC</b>	Agriculture Finance Corporation of Kenya
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>CEDA</b>	Citizen Entrepreneurship Development Agency
<b>COGTA</b>	Cooperative Governance and Traditional Affairs Department
<b>CoJ</b>	City of Johannesburg
<b>CSI</b>	Corporate Social Investment
<b>CSP</b>	Cities Support Programme
<b>DBE</b>	Department of Basic Education
<b>DBN</b>	Development Bank of Namibia
<b>DBZ</b>	Development Bank of Zambia
<b>DDM</b>	District Development Model
<b>DHET</b>	Department of Higher Education and Training
<b>DJCS</b>	Department of Justice and Correctional Services
<b>DPWI</b>	Department of Public Works and Infrastructure
<b>DUT</b>	Durban University of Technology
<b>ECD</b>	Early Childhood Development
<b>ECIC</b>	Export Credit Insurance Corporation
<b>EDF</b>	Export Development Fund of Malawi
<b>EDM</b>	Electricidade de Mocambique
<b>EGIP</b>	Embedded Generation Investment Programme
<b>EPWP</b>	Expanded Public Works Programme
<b>EVP</b>	Employee Volunteerism Project
<b>GCF</b>	Green Climate Fund
<b>GRI</b>	Global Reporting Initiative
<b>ICDC</b>	Industrial and Commercial Development Corporation of Kenya
<b>IDD</b>	Infrastructure Delivery Division
<b>IDFC</b>	International Development Finance Club
<b>IIPSA</b>	Infrastructure Investment Programme for South Africa
<b>IPP</b>	Independent Power Producer
<b>IRP</b>	Integrated Resource Plan
<b>JICA</b>	Japan International Cooperation Agency
<b>MBE</b>	maBhengu Umbelethisi Multiversity
<b>MIG</b>	Municipal Infrastructure Grant
<b>MoU</b>	Memorandum of Understanding
<b>MPIM</b>	Masters in Public Infrastructure Management
<b>MPIM Consortium</b>	Makerere Public Infrastructure Management Consortium
<b>NAMPORT</b>	Namibian Ports Authority
<b>NDC</b>	Nationally Determined Contributions
<b>NDoH</b>	National Department of Health

<b>NDP</b>	National Development Plan
<b>NSFAS</b>	National Student Financial Aid Scheme
<b>NSNP</b>	National School Nutrition Programme
<b>NWU</b>	North-West University
<b>PACBP</b>	Pan African Capacity Building Programme
<b>PfP</b>	Partners for Possibility
<b>PIU</b>	Programme Implementing Unit
<b>PMO</b>	Project Management Office
<b>PPDF</b>	Project Preparation and Development Finance
<b>REIPPP</b>	Renewable Energy Independent Power Producers Programme
<b>SADC-DFRC</b>	South African Development Community - Development Finance Resource Centre
<b>SAFE</b>	Sanitation Appropriate for Education Programme
<b>SARA</b>	Southern African Rail Association
<b>SDIP</b>	Sustainable Development Investment partnership
<b>SGB</b>	School Governing Body
<b>SHIP</b>	Student Housing Infrastructure Programme
<b>SLA</b>	Service Level Agreement
<b>SMBC</b>	Sumitomo Mitsui Banking Corporation
<b>SMT</b>	School Management Team
<b>STATCOM</b>	Static Synchronous Compensator
<b>TLP</b>	Traditional Leadership Programme
<b>TVET Colleges</b>	Technical and Vocational Education and Training Colleges
<b>UFH</b>	University of Fort Hare
<b>UJ</b>	University of Johannesburg
<b>UL</b>	University of Limpopo
<b>uMDM</b>	uMgungundlovu District Municipality
<b>UNFCC</b>	United Nations Framework Convention on Climate Change
<b>UNGC</b>	United Nations Global Compact
<b>WSIG</b>	Water Services Infrastructure Grant
<b>YALI</b>	Young African Leaders Initiative
<b>ZRL</b>	Zambia Railways Limited



[www.dbsa.org](http://www.dbsa.org)