SUSTAINABILITY REVIEW 2022

RESILIENCE • RECOVERY

DEVELOPMENT BANK OF SOUTHERN AFRICA

Building Africa's Prosperity

The Development Bank of Southern Africa (DBSA) is one of Africa's leading development finance institutions (DFI), and is wholly owned by the Government of the Republic of South Africa.

The DBSA's primary purpose is to promote inclusive and sustainable economic development and growth, human resource and institutional capacity development, support development projects and programmes in the region and generally promote regional integration through infrastructure finance and development that improves the quality of life for people in Africa.

CONTENTS AND NAVIGATION

Our reporting suite for the year ended 31 March 2022 consists of three reports.

IAR The 2022 Integrated Annual Report.

AFS The 2022 Annual Financial Statements.

SR The 2022 Sustainability Review.

Throughout our 2022 Integrated Annual Report, we use the following icons to connect information:

Links to the web for more information.

Links to other parts of the report.

Our strategic themes

(Refer to pages 32 to 33 of our Integrated Annual Report to learn more about our strategy.)

- **SO1** Inclusive economic recovery in South Africa
- **SO2** Strategic Rest of Africa lens
- **SO3** Doing things differently

Our capitals

(Refer to pages 26 to 27 of our Integrated Annual Report for further details of the capitals and how we use them to create value for our stakeholders)

- **FC** Financial capital
- **SRC** Social and relationship capital
- **NC** Natural capital
- **IC** Intellectual capital
- **HC** Human capital
- **MC** Manufactured capital

Our stakeholders

(Refer to pages 56 to 61 of our Integrated Annual Report for further details of how we engage our key stakeholders)

- **Internal stakeholders:** the Shareholder, Employees, the Board of Directors, and Management
- **Government:** Regulators and other organs of state
- **Financial sector:** JSE, ratings agencies, commercial banks and other DFIs
- **Clients:** both in South Africa and across the continent
- **Investors**: as well as partners and other providers of funding
- **Communities**: civil society, ratings agencies, the media and academic institutions

PERFORMANCE AND DEVELOPMENT OUTCOMES

Operational performance

R33.4 billion
in total infrastructure delivered

R15.1 billion
funds catalysed

R12.9 billion
total loan disbursements

R3.3 billion
in infrastructure implementation support delivered

R2.1 billion
infrastructure unlocked for under-resourced municipalities

Development impact

931
learners benefitted from 1 newly built school

56 958
learners benefitted from 104 refurbished schools

1 543
local SMMEs and subcontractors employed in the construction of projects

R2.95 billion
value of infrastructure delivered by black-owned entities of which R1.3 billion delivered by black women-owned entities

R0.9 billion
benefit accrued to local SMMEs and subcontractors employed in the construction of projects

237
DBE SAFE VIP toilets constructed

28 610
temporary and permanent jobs created

Fund managers' contribution

3 829 506
tonnes of food and food-related products delivered to date

99 667
total smallholder farmers and micro-entrepreneurs impacted

9 362
permanent jobs sustained in the agricultural sector

7 669
student beds delivered

19 425
housing units built

2 000
home loans approved

78 400
home improvement loans granted

14
kilometre of road and rail network built

ABOUT THIS REVIEW

This sustainability review covers the financial year that ended on 31 March 2022 to provide stakeholders with a sense of the development impact and public value-add the DBSA contributed in the year under review.

While the report may be of interest to many of our stakeholders, it addresses issues of particular interest to policymakers, regulators, bond investors and analysts, sustainable development professionals and other parties interested in DBSA's developmental impact and sustainability performance.

REPORTING FRAMEWORKS

We developed this review in accordance with the Global Reporting Initiative (GRI) Standards (Core). Our management approach to material issues informs the GRI's Specific Standard Disclosures.

See the GRI content index on pages 68 to 76.

The Bank's alignment with the United Nations' Global Compact principles is available on pages 77 to 78.

MATERIALITY

Our material issues are 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's Compact and the DBSA's Corporate Plan

» The DBSA's key risks identified during the risk management process

» The business context of a Development Finance Institution (DFI)

These material issues are reported on throughout our 2022 reporting suite, especially our Integrated Annual Report available here https://www.dbsa.org/investor-relations.

ASSURANCE

The DBSA Internal Audit team has reviewed the disclosures on the GRI tables, with its findings indicated as part of Annexure A.

The Sustainability Review has been externally assured as the DBSA management deemed it beneficial to do so. 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

While the reporting process was delegated to a sufficiently skilled and experienced reporting team, the Board takes ultimate responsibility for the integrity of the Sustainability Review, assisted by the Audit and Risk Committee and DBSA Executive Management. Together, DBSA's leadership oversees the reporting process, with significant thought dedicated to articulating the DBSA's value creation narrative. In the Board's opinion, this review represents all material matters accurately and complies with the relevant international frameworks. The Board of Directors approved this review on 30 June 2022.

We welcome your feedback on this review. Send your comments to the Head of Corporate Strategy at corporatestrategy@dbsa.org, or submit them to the DBSA premises at Headway Hill, 1258 Lever Road, Midrand.

Redstone CSP project, Northern Cape

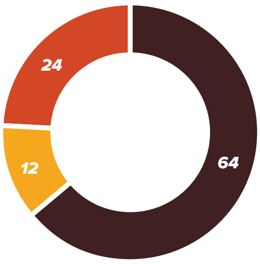
OUR SUSTAINABILITY HIGHLIGHTS

ECONOMIC INFRASTRUCTURE AND GROWTH IN SOUTH AFRICA

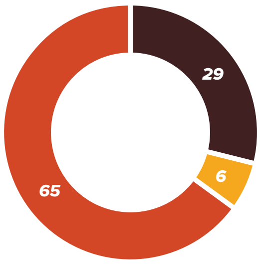
The DBSA accelerates sustainable socio-economic development by funding economic infrastructure in the energy, transport, water and sanitation, and Information and Communications Technology (ICT) sectors. We further support key social infrastructure projects in the Education, Healthcare and Human Settlements sectors. The Bank also provides implementation capacity for total facilities management, construction and maintenance of essential public infrastructure in the public sector.

Economic sector percentage splits (approvals, commitments and disbursements)

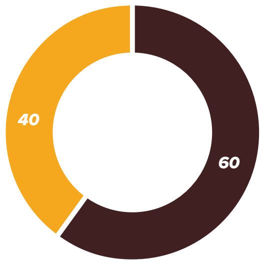
Approvals (%)



Commitments (%)



Disbursements (%)



Economic sector approvals, commitments and disbursements

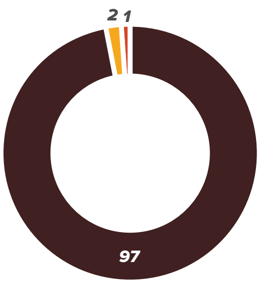
R million	2022	2021
Approvals	4 708	6 310
Commitments	8 538	860
Disbursements	3 361	4 019

SUPPORTING SOCIAL DEVELOPMENT AND SERVICE DELIVERY IN SOUTH AFRICA

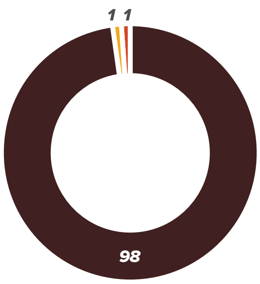
As an instrument of state, the DBSA serves as an implementer of government priorities, with local government being fundamental to delivering basic services to communities. Amongst DFIs, the DBSA finances a significant amount of infrastructure for our nation's municipalities and metros.

Social sector percentage splits (approvals, commitments and disbursements)

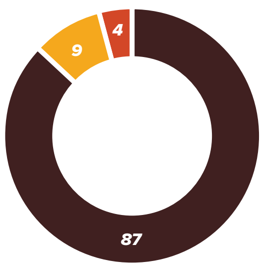
Approvals (%)



Commitments (%)



Disbursements (%)



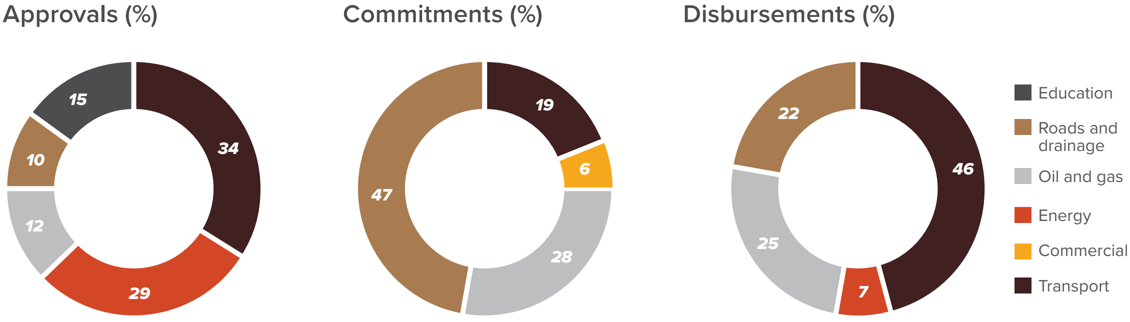
Social sector approvals, commitments and disbursements

R million	2022	2021
Approvals	**3 896**	**5 571**
Municipal	3 798	5 551
Other social	98	20
Commitments	**3 558**	**7 478**
Municipal	3 500	6 584
Other social	58	894
Disbursements	**5 216**	**4 906**
Municipal	4 520	4 751
Other social	696	155

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. Our funded sectors and associated values are depicted below:

Rest of Africa sector percentage splits (approvals, commitments and disbursements)



Geographic split of approvals, commitments and disbursements

R million	2022	2021
Approvals	**8 493**	**2 343**
SADC (excluding South Africa)	3 182	–
Non-SADC countries	5 311	2 343
Commitments	**4 447**	**2 538**
SADC (excluding South Africa)	2 523	1 672
Non-SADC countries	1 924	866
Disbursements	**4 340**	**4 534**
SADC (excluding South Africa)	2 737	1 606
Non-SADC countries	1 603	2 928

SUPPORTING ENVIRONMENTALLY-ORIENTATED INFRASTRUCTURE PROGRAMMES

The DBSA supports internal initiatives to reduce our carbon emissions, water use and waste generation as part of maintaining a sustainable campus for our operations. Since the start of COVID-19 and adoption of the work-from-home strategy, our utilisation of these key resources has reduced as expected.

Consumption/usage levels	2022	2021
Electricity consumption in MW	0.4	0.5
Water consumption in kilolitres	2 573	3 868

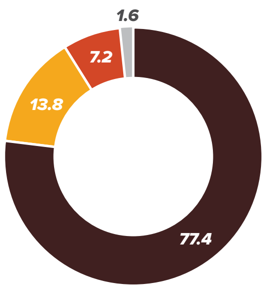
Outside of internal operations, the Bank supports climate-friendly projects by developing products that promote environmental responsibility in line with our ESG commitments. We also support climate action through co-investment projects with other financial institutions.

OUR SUSTAINABILITY HIGHLIGHTS (continued)

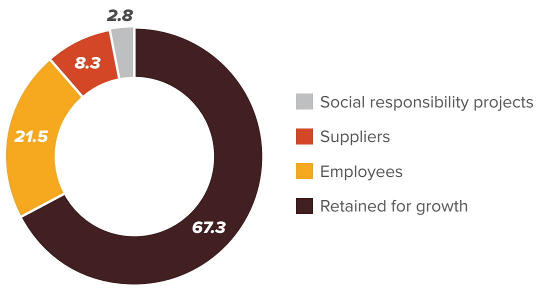
VALUE ADDED STATEMENT

The DBSA balances creating wealth for its main stakeholder groups (the Shareholder, employees, financial institutions and suppliers) by reinvesting funds returned from projects.

2022 distribution (%)



2021 distribution (%)



in thousands of rands	2022 Actual	%	2021 Actual	%
Interest income	8 978 305		8 341 103	
Interest expense	(3 185 536)		(3 449 462)	
Wealth created by trading options	**5 792 769**		**4 891 641**	
Fee income	279 794		187 858	
Foreign exchange (loss)/gain	156 130		(892 773)	
Net loss from financial assets and financial liabilities	(606)		(354 454)	
Investment and other income	56 523		57 864	
Total wealth created	**6 284 610**	**100**	**3 890 136**	**100**
Distributed as follows:				
Retained for growth	**4 866 779**	**77.4**	**2 619 640**	**67.3**
Impairment losses	1 004 938	16.0	1 164 724	29.9
Depreciation and amortisation	36 684	0.6	32 287	0.8
Profit for the year attributable to the Shareholder	3 825 157	60.9	1 422 629	36.6
Employees: Benefits and expenses	867 998	13.8	835 131	21.5
Suppliers: Expenses	450 734	7.2	324 615	8.3
Social responsibility projects, grants and development expenditure	99 099	1.6	110 750	2.9
Total wealth distributed	**6 284 610**	**100**	**3 890 136**	**100**

The DBSA is exempt from company tax, but subject to regular South African taxes such as employee tax and value added tax. The DBSA paid VAT amounting to R40 million (2021: R23 million) during the year.

MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

uHlanjana Pedestrian Bridge, KwaZulu-Natal

MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

"Robust and reliable infrastructure is, in many ways, the lifeblood of any economy. It not only enables trade, empowers businesses, underscores economic growth and connects people to opportunities and each other, it is also a vital enabler of social transformation. For all these reasons, infrastructure should never be viewed as an end in itself. And investing in infrastructure is not merely about producing physical assets. It is, and should be, at the very heart of sustainable economic, environmental and social development."

There are a host of excellent reasons why the Development Bank of Southern Africa (DBSA) focuses primarily on infrastructure development as a way of effecting sustainable development on the African continent.

Robust and reliable infrastructure is, in many ways, the lifeblood of any economy. It not only enables trade, empowers businesses, underscores economic growth and connects people to opportunities and each other, it is also a vital enabler of social transformation. For all these reasons, infrastructure should never be viewed as an end in itself. And investing in infrastructure is not merely about producing physical assets. It is, and should be, at the very heart of sustainable economic, environmental and social development.

While the investment mandate and actions of the DBSA directly contribute to six of the 17 United Nations Sustainable Development Goals (SDGs) and are aligned to eight of South African National Development Plan (NDP) outcomes, in reality, the work that we do supports the achievement of the vast majority of all the goals and objectives of both these programmes. More importantly, our approach to the infrastructure investments that we make or facilitate is designed to spread the greatest possible inclusive benefits among the highest number of people and communities.

This understanding of the importance and value of the work we do drives us to keep doing better – and more – every year. And the DBSA remained committed to this path in 2021, despite the many challenges still posed by COVID-19. While the immediate health and societal impacts of the pandemic may have eased slightly as 2021 progressed, the difficulties it has created persisted throughout the year under review.

The combination of materials supply bottlenecks, lingering mobility restrictions, and slower than hoped for economic recoveries – especially in emerging regions – has reduced the number of viable and bankable infrastructure projects available for investment. And where projects have resumed after the lockdown-induced delays, many are proving slow in regaining momentum. The recent Russia-Ukraine conflict and growing global inflationary pressures have only served to amplify these challenges.

MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER
(continued)

Despite the difficult operating environment, the DBSA has remained focused on delivering on its purpose to build shared prosperity and resource efficiency in Africa. So, while this report shows a marginal decline in the total value of infrastructure delivered in the 2021 calendar year, due to the knock-on effect of the 2020 lockdowns, the DBSA remained resilient and delivered significant positive sustainable development impact during this recovery period through more than R33 billion in infrastructure implementation support it delivered, including the R15.1 billion in funds catalysed.

Importantly, many of the resulting impacts were experienced in the areas of education and employment. Almost 57 000 learners benefited from 104 refurbished schools, and more than 1 500 SMMEs and sub-contractors were brought onto infrastructure projects, in the process creating 28 700 temporary jobs this year.

PARTNERING ON PROJECTS TO DRIVE SUSTAINABILITY

For the DBSA, successful and sustainable infrastructure investment requires an approach involving much more than simply the provision of funding. Our project selection process involves rigorous sustainability assessment criteria, governed by our Environmental Appraisal Framework (EAF) and Environmental and Social Safeguard Standards (ESSS), both of which are designed to mitigate and manage environmental risk, while at the same time ensuring maximum sustainable development impact.

And it is not just at the point of investment that we assess the sustainable development impacts of developmental projects. Through our advanced Environmental, Social and Governance (ESG) monitoring framework, we identify and watchlist projects that are at risk of not fulfilling their ESG commitments and covenants, and then monitor those projects closely. Where necessary, we won't hesitate to step in and provide support and guidance to get the sustainable development aspects of a project back on course.

This partnership philosophy is augmented by the DBSA's highly integrated and programmatic approach to the projects we fund and support. This is especially valuable at a local authority level, given the extent of sustainable infrastructure development support required by many municipalities across South Africa. Over the past financial year, our proven ability to create and deliver infrastructure plans and spatial development frameworks helped many under-resourced municipalities unlock and mobilise around R2.1 billion in infrastructure investment.

COMMITTED TO GREEN

With climate change more of a global priority than ever before, the DBSA continues to exponentially increase its commitment to delivering 'green' funding and supporting sustainable projects over carbon-intensive initiatives.

Apart from the responsibility that South Africa has to drive down its emissions, particularly by reducing its dependence on fossil fuels, there are also myriad opportunities to be accessed as part of the country's Just Transition. As a leading African DFI, the DBSA recognises the responsibility we have to help our clients to identify and exploit these opportunities, and our Integrated Sustainable Finance Approach is aimed at facilitating this. The approach integrates all of the DBSA's sustainable development finance initiatives into a single-minded, high-impact finance philosophy that guides the deployment of funding via our 'green' funds and facilities. These include the DBSA Green Bond and the Climate Finance Facility. Our Integrated Sustainable Finance Approach was also instrumental in securing our re-accreditation by the Green Climate Fund (GCF) in the year under review, which will create numerous additional green finance opportunities for the Bank in the coming years. As testament to our commitment to the 'green journey', the DBSA issued an unequivocal statement ahead of COP26 that commits us a net zero pathway to achieve a carbon neutral portfolio by 2050 with key milestones built in to be achieved by 2030.

BUILDING OUR OWN SUSTAINABILITY

At the DBSA, we know that our effectiveness as a contributor to the sustainable development of countries and communities in Southern Africa is highly dependent on our sustainability as an organisation. The COVID-19 pandemic was a reminder of just how important it is to prioritise our own economic and operational resilience to remain consistent in our delivery, regardless of challenges in our operating environment. Governance excellence and ongoing staff development are two of the cornerstones on which such resilience is built.

Entrenching good governance – The DBSA remains committed to the highest standards of governance, which underpin our robust internal control environment, characterised by exceptional levels of compliance, integrity and ethical behaviours and values.

Empowering our people – Given that our people truly are our most valuable asset, the DBSA embraces and fosters a learning culture, supported by a career management framework and various toolkits, that affords all our employees the opportunities they deserve to develop professionally while optimising the contributions they make to our organisation and its clients. Employee development is delivered at an individual level, with 4% of our total annual salary bill ringfenced for training and upskilling. We have invested approximately R130.5 million into employee training and development over the past 10 years.

The primary reason for the DBSA's existence remains to make a positive impact on society. Despite the hurdles we have faced over the past two years, that commitment is stronger than ever. I am grateful to our Board, employees, business partners and investees for sharing our ambition and staying dedicated to helping us achieve it, despite the difficulties we have encountered on our journey in recent times.

I am confident that those difficulties are subsiding, and I look forward to seeing the significant contribution that the DBSA will make towards sustainable development in Africa in the coming years.

Mr Patrick Khulekani Dlamini

Chief Executive Officer and Managing Director

ABOUT THE DBSA AND HOW WE ENABLE SUSTAINABILITY

ABOUT THE DBSA

The DBSA is a leading South African DFI that is wholly owned by the government of South Africa. The DBSA is mandated to promote economic growth as well as regional integration by mobilising financial and other resources from the national and international sources for sustainable development projects and programmes in South Africa, SADC and the wider African continent. 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 PURPOSE

To build Africa's prosperity.

OUR MANDATE AT A GLANCE

The Bank's mandate is outlined in the DBSA Act and Shareholder Compact 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 control

» Mobilise financial and other private and public sector resources 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 developmental financing system

» Address the developmental requirements of the SADC region and the rest of Africa

» Promote regional integration to support South Africa's commitments to trade agreements with countries across the continent

OUR DEVELOPMENT POSITION

To bend the arc of history toward shared prosperity

OUR VISION

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

OUR MISSION

The DBSA's mission is to advance development impact in the region, by expanding access to development finance, and effectively integrate and implement sustainable development solutions to:

» Improve the quality of life through the development of social infrastructure

» Support economic growth through investment in economic infrastructure

» Support regional integration

» Promote sustainable use of scarce resources

The DBSA seeks to effect economic growth that is correlated to the improvement in the quality of the lives of Africa's people.

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 needs of our clients and continuously build relationships that result in mutually beneficial outcomes

» **Integrity:** Our deals, interactions and actions are proof of transparent and ethical behaviour that show respect and care for all our stakeholders (employees, clients, shareholder 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

ENABLING SUSTAINABILITY

The DBSA's development sustainability is enabled through specific activities:

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 115 to 123 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. The Bank's stakeholder-centric approach ensures we understand the needs of our clients, investors and communities. This deep understanding of stakeholder needs enables us to be sustainable. Our success and sustainability are a result of a collective effort to develop infrastructure that improves the lives of all who live in sub-Saharan Africa.

Refer to pages 56 to 61 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 motivate us to develop within the context of our ever-changing environment and make the necessary trade-offs in the interest of the Bank. 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 45 to 54 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 our endeavours.

Refer to pages 103 to 109 of our Integrated Annual Report to learn more about how we manage our human capital.

HOW WE SUPPORT THE NDP AND SDGS

Globally, there is a growing drive for environmentally and socially sustainable development. The goals that the DBSA contributes to, including the SDGs, Africa Agenda 2063 and the NDP, are broadly aligned in their focus on people, prosperity, planet, peace and partnerships.

DIRECT

The DBSA supports six of the 17 SDGs directly, and by implication, the South African government's efforts towards our revised Nationally Determined Contributions (NDCs) in terms of the Paris Agreement.

SDGs	NDP outcomes	The DBSA's contribution
6 CLEAN WATER AND SANITATION Ensure availability and sustainable management of water and sanitation for all	**NDP outcome 8** Sustainable human settlements and improved quality of household life	» Funding bulk water reticulation and sanitation infrastructure » Conducting post-implementation reviews » Providing implementation capabilities for water and infrastructure development in municipalities, such as raising the Tzaneen Dam » Managing the delivery of appropriate sanitation infrastructure in public schools in South Africa » Water sector research
7 AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable and modern energy for all	**NDP outcome 6** An efficient, competitive and responsive economic infrastructure network	» Supporting the IPP office » Preparing and funding IPPs » Preparing and funding renewable energy programmes » Providing planning and implementation support to under-resourced municipalities » EGIP project » Gauteng rooftop solar programme » Energy sector research
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation	**NDP outcome 6** An efficient, competitive and responsive economy	» Funding various water and sanitation, renewable energy, mass transit and ICT projects » Manage the revitalisation of industrial parks, including economic zones in four provinces
11 SUSTAINABLE CITIES AND COMMUNITIES Make cities and human settlements inclusive, safe, resilient and sustainable	**NDP outcome 8** Sustainable human settlements and improved quality of household life	» Implementing the Housing Impact Fund » Supporting urban development programmes » Financing municipal infrastructure » Implementing Ekurhuleni infrastructure programme
13 CLIMATE ACTION Take urgent action to combat climate change and its impacts	**NDP outcome 10** Protecting and enhancing our environmental assets and natural resources	» Funding IPPs » Resourcing regional hydroelectric projects » Promoting embedded power generation » Making the Climate Finance Facility available to clients across the continent » Coordinate South African DFIs on Just Transition
17 PARTNERSHIPS FOR THE GOALS Strengthen the means of implementation and revitalise the global partnership for sustainable development	**NDP outcome 11** Create a better South Africa, contribute to a better and safer Africa in a better world	» Partnering with global and regional DFIs » Participating in the Association of African Development Finance Institutions (AADFI) leadership structures » Participating in the International Development Finance Club (IDFC) leadership structures

INDIRECT

SDGs	NDP outcomes	The DBSA's contribution
End poverty in all its forms everywhere		» Support emerging contractors (SMMEs) in the delivery of infrastructure » Provide programme implementation agency services to government departments and municipalities in South Africa to enhance delivery of social and economic infrastructure
Ensure healthy lives and promote well-being for all across all ages	**NDP outcome 2** A long and healthy life for all South Africans	» Implementing infrastructure projects on behalf of the Department of Health: healthcare projects, including hospitals, clinics and nursing facilities under construction » Funding one private healthcare hospital » Development Laboratories (DLabs)
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	**NDP outcome 1** Quality basic education NDP Outcome 5 A skilled and capable workforce to support an inclusive growth path	» Implementing infrastructure projects on behalf of the National Department of Basic Education and Provincial Education Departments: seven education projects, including schools under construction » Funding student accommodation: three student accommodation projects
Achieve gender equality and empower all women and girls		» Emphasise gender mainstreaming in the DBSA's B-BBEE and economic transformation initiatives » Commitment to ensuring that at least 30% of B-BBEE companies appointed in DBSA implemented projects have >51% women ownership » 36% of procurement spend in projects where the DBSA serves as an implementing agent was on black women-owned suppliers
Promote inclusive and sustainable economic growth, employment and decent work for all	**NDP outcome 4** Decent employment through inclusive economic growth	» Implement our development impact mandate » Prioritise the appointment of local labour and contractors in projects where the DBSA is an implementing agent » A total of 9 230 employment opportunities were created in projects implemented by DBSA

Secondary

SDGs	NDP outcomes	The DBSA's contribution
Reduce inequality within and among countries		Funding of projects across Africa, including: » Koira public schools in Côte d'Ivoire » Vocational training centres in Ghana » The Kinguele Aval Hydro Power Project in Gabon » The Sambangalou Hydro Power in Senegal » TransNamib's ISBP Project

OUR DEVELOPMENT POSITION

OUR DEVELOPMENT POSITION

The DBSA's development position outlines our ethos, serving as the point of departure from which the DBSA delivers on its mandate. The development position informs the long-term trajectory of the DBSA by defining the boundaries of its direction on development and development impact.

To bend the arc of history toward shared prosperity

*The DBSA contributes to a **Just Transition** toward a renewed and inclusive economy and society that embodies resilience, regeneration, and transcends current trajectories.*

*As a sanctuary for 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 well-being**. The DBSA will work in **partnerships** 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 multifaceted investments in sustainable infrastructure and human capacity development.

OUR DEVELOPMENT IMPACT

PLANNING AND PROJECT PREPARATION

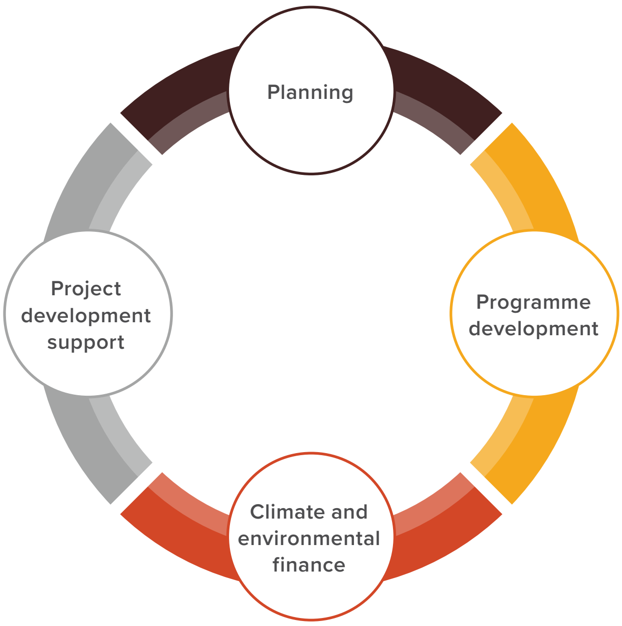
Planning and project preparation address challenges hindering infrastructure investment in South Africa, the SADC region and further afield on the African continent.

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 South Africa, we specifically focus on supporting local municipalities and emerging black entrepreneurs in the social sector to de-risk projects and catalyse investment positions to crowd-in third-party capital.

Through planning and project 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 life cycle. These include creating enabling environments, clearly defining projects, conducting pre-feasibility analysis and bankable feasibilities, and deal structuring. We unlock investment opportunities through leveraging strategic partnerships and embarking on activities that ensure project bankability and project success as the end goal.

Project preparation at the DBSA focuses on four areas:



GREATER TZANEEN MUNICIPALITY

	Location: South Africa
	Sector: Local Government
	Value chain: Plan and Prepare I Finance I Build and Maintain
	SDG(s) impacted

The Greater Tzaneen Local Municipality (GTLM), like many other rural municipalities, is plagued by a combination of systemic and endemic challenges including low rates base, dilapidated infrastructure, shallow skills base, administrative challenges and many more. The DBSA took an integrated approach to municipal planning to help GTLM transition from an underperforming municipality to one with reasonable prospects of sustainability.

Background

GTLM was experiencing several challenges, including:

» Revenue losses: High electricity distribution losses that exceeded the National Energy Regulation of South Africa's (NERSA's) guidelines

» Ageing infrastructure: Much of the infrastructure is older than 50 years, and uneconomical to maintain and repair

» Billing and collection challenges: Incorrect metering and billing related to broader challenges in the network

GTLM ambition:

A green, prosperous and united municipality that provides quality services to ALL.

Our involvement

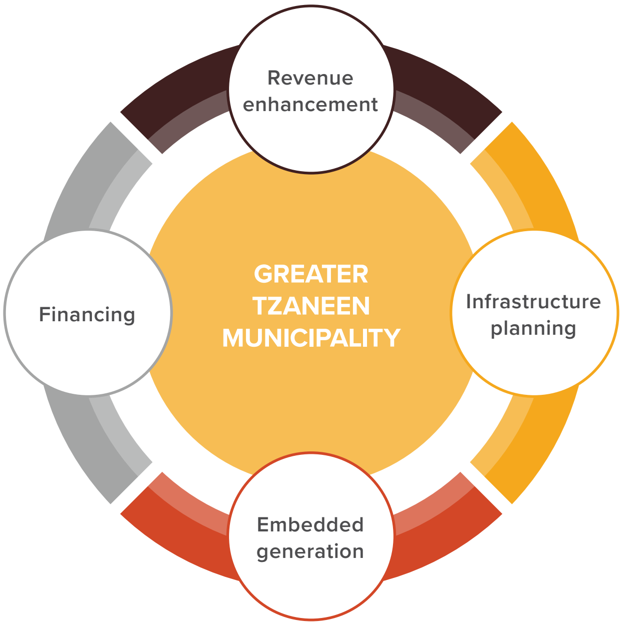
Our holistic partnership with GTLM started in 2013, taking an integrated programmatic approach that incorporates both lending and non-lending activities to accelerate service delivery.

PLANNING AND PROJECT PREPARATION (continued)

DBSA INTEGRATED PROGRAMMATIC APPROACH

Programmatic approach	DBSA value

Integration of lending and non-lending activities to accelerate integrated service delivery



Structured projects through a multi-year comprehensive and integrated approach to supporting the municipality

Used the current DBSA programmes to improve the municipality's sustainability

2013/2014	We developed an Infrastructure Master Plan, including electricity infrastructure master plans. Projects identified from master plans totalled R150 million and included: » Replacement of distribution lines: R37.46 million » Upgrading/Replacement of substations: R33.8 million » Re-fencing of substations: R2 million » Replacement of old circuit substation circuit breakers with compact switchgears: R50 million » Other infrastructure, including prepaid meters: R5.23 million
2015/2016	The Bank provided R31 million in front-loaded funding to help: » Provide reliable electricity services » Address the losses on the network » Improve the revenue collection for services rendered
2018/2019	R90 million in DBSA infrastructure funding approved for: » Main electricity distribution infrastructure: R84.77 million » Other infrastructure, including prepaid meters: R5.23 million The projects unlocked during this time include: » The installation of electricity prepaid meters for all residential customers » Preparation to pursue renewable energy » A control centre for swift communication between GTLM and consumers
2020/2021	R2.5 million revenue enhancement support to assist with: » The electricity tariff structure » A metering and land use audit » Prepaid meters for water and electricity » To improve the billing infrastructure

Overall outcomes

R78 840 000	15 692	323
value of projects unlocked through DBSA support	households benefiting from electrical connections	jobs created

Facility utilisation

First year DBSA loan funded projects 2018/19 financial year	Second year DBSA loan funded projects 2019/20 financial year	Third year DBSA loan funded projects 2020/21 financial year
Total budget: R40 million (DBSA loan) + R4 million (other loan)	**Total budget:** R30 million (DBSA loan) + R10 million (IIPSA grant)	**Total budget:** R29 million
Total expenditure:	**Total expenditure:**	**Total expenditure:**
R43 962 627	**R26 950 535**	**R15 669 305**
Total labourers employed: 80	**Total labourers employed:** 55	**Total labourers employed:** 47 **Households benefiting:** 15 692

Our impact

Electricity, roads and stormwater masterplans address the bulk capacity and mobility/transport challenges faced by municipalities, thereby providing confidence to lenders. The plans also inform the infrastructure plans for new infrastructure that require upgrades and maintenance.

Revenue enhancement support, including tariff structures, metering, and integrated billing systems, stabilised the revenue collection and financial stability of the municipality. Renewable energy projects also provide additional energy system capacity, with purpose-built control centres enabling municipalities to make real-time decisions on power issues.

Ultimately, it takes a well-coordinated and multidisciplinary diagnosis of each municipality to understand its development needs. The GTLM partnership showed how small contributions from DBSA resources can unlock more than 100 times the value in development results when implemented in an integrated fashion.

Municipal water and sanitation water project, Limpopo

GREATER TZANEEN MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) ELECTRICITY PROGRAMME

The case study below demonstrates actual outcomes of the electrification projects identified in the Infrastructure Master Plan developed in 2013/14.

Location:
South Africa

Sector:
Local Government

Value chain:
Plan and Prepare | Finance | Build and Maintain
Monitoring and Evaluation

SDG(s) impacted

Background

Electricity is essential for modern activities and is a necessary input for supporting economic activity and several public services. Electricity provides for efficient lighting, information and communication technologies and productive organisation of manufacturing. Accordingly, the South African government has prioritised access to electricity to foster economic growth and development. According to Statistics South Africa, nearly 85% of South African households had access to electricity in 2019.

The provision of electricity involves three key functions: generation, transmission and distribution. In South Africa, Eskom owns the majority of generating and transmission capacity. It also distributes electricity to some industrial clients, businesses and households. At a local level, municipalities are the main suppliers of electricity to households and businesses. The distribution networks of municipalities and Eskom often overlap as is the case with Greater Tzaneen Local Municipality (GTLM).

Scope of work

The GTLM holds the distribution licence for Tzaneen and Haenertsburg as well as the townships of Gravelotte and Letsitele, distributing electricity to an area of approximately 3 500 square kilometres. A 2014 National Energy Regulator of South Africa (NERSA) audit to assess compliance with the conditions of its energy licence revealed that a significant portion of the distribution network (e.g., overhead power lines) was not functioning optimally and needed to be replaced. The audit also revealed that most of the infrastructure was older than 50 years and had become financially unfeasible to maintain and repair to provide a reliable and satisfactory service.

The relatively high distribution losses were negatively impacting the GTLM finances, as electricity revenue accounts for more than half its discretionary revenue. Furthermore, the poor network resulted in incorrect billing and metering. Some meters malfunctioned giving incorrect readings at the point of consumption with several consumers contesting their accounts.

The GTLM approached the DBSA for a loan to fund the refurbishment/replacement of a section of the electricity distribution infrastructure over three years between 2017/18 and 2019/20. The funding was sought for, among others, the upgrading and refurbishment of local substations, distribution lines and associated infrastructure such as switchgears and retrofitting of panels. There were more than 20 projects that were funded as part of the MTREF Programme.


Installation of powerline


Waterbok substation upgrade


Auto recloser at 11kV powerline


Electrification for farmers

Our involvement

The DBSA approved a R90 million loan together with a R10 million Infrastructure Investment Programme for South Africa (IIPSA) grant for the project. The projects were implemented as per the municipality's 2014 Masterplan and the Integrated Development Plans (IDP) in Tzaneen and Haenertsburg.

The repair and replacement of the electricity distribution infrastructure was expected to lead to a reduction in distribution losses and subsequently contribute to the improvement of the finances of the municipality. Furthermore, additional households will be electrified fostering socio-economic development in and surrounding the municipality. The projects were also expected to provide employment during the construction and operational phases of the programme.

Outcomes

An evaluation was conducted to determine the development impact of the GTLM MTREF programmes. The results are shown in the table below:

Development results of the GTLM MTREF programme

Projects	Outputs and outcomes	Impact
3 400 new electricity connections 250km length of electricity network constructed/ rehabilitated	» 182 jobs created, including two women and 54 youth » 1 986 households benefitting from infrastructure upgrades » Reduction in distribution losses » Satisfactory spacing of overhead power lines to minimise birds from being electrocuted	» Improvement in the supply of electricity (less downtime of the network) » Improvement in customer satisfaction (fewer complaints received by the municipality)
Replacement and extension of light poles Replacement of steel wires and brittle conductors	» There was 'line clearance' to prevent the line from tripping as well as avoid the trees catching fire which would damage the power line » Enhanced the line performance by reducing conductors from touching one another during inclement weather	
Installation of the auto reclosers on 33kV and 11kV overhead lines as well at substations	» Not all communities connected to the substation are affected by power outages on the grid, only the community connected to a particular line of the substation	
Replacement of substation tripping batteries	» Prevention of unnecessary 'tripping' of the network	
Installation and protection of 2MVA transformers at both Waterbok and Blacknoll	» Improved capacity at the respective substations which can now accommodate additional connections » Municipality was certified NERSA compliant in terms of its distribution licence	
60 streetlights installed	» Reduction in crime and road accidents	
Replacement of conventional fencing with ClearVu fencing	» Deterred animals from entering substations » Protected the infrastructure from vandalism	

Lessons

Some areas (e.g., Iron Crown) are inaccessible to vehicles and the transformer had to be physically carried.

The funding was insufficient to do all the required repairs and/or refurbishments. For instance, only the worst sections of a power line were replaced, but there was insufficient budget to replace the entire line network. Similarly, not all old poles could be replaced. Only the severely damaged ones were replaced.

The impact of the project was attained to through informal surveys. It may be suitable to invite community members to focus group deliberations to seek their opinions of the respective projects. The views of the public can also be affirmed during the IDP community participation forums.

The projects were undertaken within the parameters of the GTLM Environmental Management Plan (EMP) and the programme did not have a dedicated environmental strategy. Moreover, the environmental impact of the project is unknown, although the GTLM officials aver that the projects had minimal environmental consequences.

GTLM has made significant strides in improving the collection of monies outstanding for the provision of electricity, especially in an environment of weak economic growth and job losses. The finances of the municipality appear to be stable due to the collection efforts and revenue enhancement strategy that was implemented.

The programme is aligned with DBSA policies as well as national, African and international developmental goals. The programme is particularly important within a South African context of repeated electricity outages which was negatively impacting on economic and developmental outcomes.

The programme did deliver the main outputs of the project as per the loan agreement. The programme has led to an improvement in the electricity network leading to fewer power interruptions and providing more households with access to electricity. Furthermore, there has been a reduction in distribution losses although there is room for further improvement in this regard. The reduction in losses contributed to the increase in the GTLM revenue. The finances of the municipality improved between 2018 and 2021 which can be ascribed to the increase in revenue resulting from the upgrade of the electricity network as well as the implementation of the DBSA-led revenue enhancement plan.

PLANNING AND PROJECT PREPARATION (continued)

MATZIKAMA MUNICIPALITY

	Location: South Africa
	Sector: Local Government
	Value chain: Plan and Prepare
	SDG(s) impacted

Background

Matzikama Municipality, situated in the Western Cape, spans approximately 13 000km^2 with 18 towns, 20 885 households and a total population of 115 269. It services a well-developed agricultural region, with the town of Vredendal being the administrative, educational and economic centre for the municipal area.

The DBSA followed an integrated approach to help Matzikama Municipality achieve demonstrable development outcomes.

Scope of work

» To update the municipality's outdated masterplans for water, wastewater and electrical infrastructure.

» To prepare a 1 000kwp solar power plant in Vredendal.

» To update its spatial development framework (SDF) and capital expenditure framework (CEF).

Project highlights

The DBSA provided the municipality with updated masterplans for bulk water services and electricity infrastructure, following an assessment of the capacity of existing water and electricity networks to support growth in the proposed housing developments. We proposed:

» New housing developments

» A new hospital

» An upgrade to the current wastewater treatment plant to accommodate new developments

» A 1 000kwp PV plant

These 20-year horizon masterplans to develop sorely needed infrastructure have been accepted and are being implemented by the municipality. These can also be used to motivate additional fundraising.

17 997

households benefitting

Our involvement

The new electricity masterplan identified the need for embedded power generation. The DBSA supported the municipality with a pre-feasibility study as part of our Embedded Generation Investment Programme (EGIP), which will potentially contribute to the development of micro and mini power grids across the municipality.

UMZIMKHULU LOCAL MUNICIPALITY INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME

Accelerating Electrification of Households through Fontloading INEP Allocations

	Location: South Africa
	Sector: Local Government
	Value chain: Plan and Prepare
	SDG(s) impacted

Background

uMzimkhulu Municipality is a local municipality in the southern part of KwaZulu-Natal. It is one of four (4) local municipalities of the Harry Gwala District Municipality. Approximately 90.8% of the population is un-urbanised and resides in rural areas, with backlogs of 4 355 households without access to electricity in 2013/14.

The purpose of this case study is to illustrate the impact of the DBSA frontloading through the integrated national electrification programme (INEP) in the uMzimkhulu LM.

The primary objective is to showcase how the programme benefitted the rural communities while transforming lives permanently. This was achieved through the INEP and partnerships with other stakeholders. The programme has linkages to other local developments in the community such as an increase in access to affordable energy, stimulating economic development and entrenching a culture of learning.

From 2011 to 2016, the Bank bridge financed Municipal Infrastructure Grants (MIG) and Integrated National Electrification Program (INEP) allocations for several municipalities to the value of R20 million. The frontloading was aimed at accelerating infrastructure roll out thereby increasing access to services and reducing backlogs, stimulating local economies and creating opportunities for jobs.

uMzimkhulu is chosen as a case study for the roll out of INEP allocations because of the combined impact that the project has had on the beneficiary communities and the linkages of the project to other local developments in the community.

Unemployment is high and poverty way above both provincial and national levels.

In 2015 the DBSA approved the bridging of the municipality's future INEP allocations to accelerate the electrification for the households. In addition to the reduction of the electrification backlogs through improved access to electricity, the bridging of the INEP allocations was aimed at reducing poverty and creating safe spaces in the communities.

Our involvement

In order to deliver the frontloading of the INEP program, the DBSA made available its full project value chain support packages to the municipality.

In 2015, the DBSA approved a R20 million facility to front-load electrification of households in two villages. In addition to the funding the DBSA provided technical support for the implementation of the projects. The technical support involved the DBSA Project Preparation Unit and DBSA project managers assisting the municipality to manage the implementation of the projects, thus ensuring that the projects are completed on time, on budget and to specifications.

Our impact

The project was completed on time and on budget in two villages with the result that 1 211 households were connected.

The estimated development impact contribution associated with the DBSA bridging loan for the programme was as follows:

» Number of jobs created: 61 jobs (22 direct, 25 indirect and 14 induced);
» Impact on provincial GDP: R9.3 million;
» Impact on provincial capital formation: R37.8 million;
» Additional household income: R4.9 million;
» Electricity backlogs reduction: decreased backlogs by 16% of the total;
» Increased matric pass in schools (students had access to night classes); and
» Decrease in crime rate.

Key lessons

Three key lessons can be derived from this intervention:

» First and foremost is that frontloading is a powerful instrument for accelerating service delivery on a mass scale to make sustainable developmental impact in the lives of citizens
» Second, small scale projects like the uMzimkhulu INEP have the highest degree of making sustainable and impactful change and can contribute to resolving social ills
» Finally, innovative financial instruments like frontloading have the potential to significantly increase the scale with which infrastructure backlogs can be reduced

PLANNING AND PROJECT PREPARATION (continued)

WATER AND SANITATION PROJECTS AT MOGALE CITY LOCAL MUNICIPALITY

Location:
South Africa

Sector:
Local Government

Value chain:
Plan and Prepare | Finance | Build and Maintain | Monitoring and Evaluation

SDG(s) impacted

Background

The Mogale City Local Municipality (MLCM) project pertained mainly to bulk water and sanitation, including the installation of prepaid water meters at the new Chief Mogale Housing Development. The MCLM was experiencing the following challenges:

- Intermittent water supply arising from insufficient water storage because of the new Chief Mogale settlement
- Faulty water meters and bypasses by some households and business
- Increased Non-Revenue Water (NRW) due to water loss

The MCLM appointed various service providers to resolve the water and sanitations in three key areas namely, water reticulation, installation of prepaid meters and sanitation. The MCLM expected the prepayment system to improve revenue collection due to a reduction in water loss whilst simultaneously delivering a quality service to urban and poor customers. The MCLM believed that the prepayment system will help customers to avoid debt and remain within their free basic allocation (especially the indigent) and not pay for excessive water usage.

Our involvement

The MCLM approached the DBSA in 2014/15 with a request to fund its water and sanitation capital expenditure (CAPEX) projects. The total project costs were R155 million. The DBSA provided a loan amount of R87 million.

Our impact

Water projects

The municipality constructed a 2.1km bulk water line, 1.1 megalitre elevated tank as well as a pump station with associated equipment and machines. The MCLM procured service providers to supply, deliver, read, install and maintain prepaid water meters to reduce on non-water revenue.

Elevated tank

Sanitation pumpstation

Sanitation projects

The municipality constructed an 880m gravitating bulk sewer line, a new pump station with all related equipment, machines and guardhouse.

An evaluation was undertaken to ascertain the development impact of the water and sanitation projects. The results are presented in the table below:

Projects	Outcomes	Impact
Water: 2.1km bulk water line	» Consistent supply of clean water to low-cost social housing development built by government in partnership with the private sector – Construction jobs: 28 – Operation jobs (security): 2 – More than 2 000 households benefited from the project in Kagiso extension 1, 2 and 3 – Reduced water loss from 33% to 27% per annum	» Improved service delivery on water reticulation » Improved the municipality's profitability » Reduced carbon emissions » Improved resilience to climate change
Sanitation: 880m gravitating water line, pump station and related equipment	» Construction jobs: 28 » Operation jobs (security): 2 » More than 2 000 households benefited from the project in Kagiso extensions 1, 2 and 3	» Improved sanitation services » Improved catchment management
Prepaid meters: 33 000 water meters delivered between 2014/15 and 2016/17	» 78 jobs created and 12 sub-contractor jobs » Households manage water consumption daily » Changed behaviour of water users	» Sustainable water management systems addressed

Lessons

- Planned designs differed slightly with actual construction work and this led to the extension of work within the bulk water-sewer project. It is therefore critical that drawings should go through quality control and checks by project engineers to mitigate project delays occasioned by re-designing of the projects to suit the current circumstances.
- To minimise the level of tempering with meters, it was important that the Municipality invests in new technology of water meters which led to the households not being able to temper with new meters. As a result of this investment, most households did not bypass the new prepaid systems.
- The installation of new prepaid meters helped the municipality to conserve water and to generate revenue from indigent households if they exceed their allocated water. With coverage of approximately 97% of indigent households, the municipalities was able to minimise Non-Revenue Water (NRW) and the loss of more water.
- Dedicated budget allocations are critical to ensuring sustained and continuous project implementation. This avoids delays arising from the reallocation of budgets to other emerging priorities and further minimises the level of community protests when projects stall. In the case of MCLM, the projects were delayed by 15 days due to community protests.
- Budgeting for security as part of total project costs is becoming a critical consideration to mitigate vandalism and theft. As a result of cable theft and tempering with critical infrastructure like transformers, the newly built pump station ended up discharging effluent from the sewer line along the R41 Randfontein Road.

The DBSA was responsible for the creation of 134 construction jobs and four operational jobs by supporting the water and sanitation projects. In addition, 12 sub-contractors were sourced to help with the installation of water meters. Furthermore, the projects ensured sustainable water supply, changed the behaviour of water users and improved sanitation services and catchment management systems. The projects contributed to the reduction of carbon emission and are in alignment with SDG Goal 6 (clean water and sanitation), SDG Goal 12 (responsible consumption and production) and SDG Goal 17 (partnership for goals) and improved socio-economic development.

SOUTH AFRICA WATER RE-USE PROGRAMME

	Location: South Africa
	Sector: Local Government
	Value chain: Plan and Prepare
6 CLEAN WATER AND SANITATION; 11 SUSTAINABLE CITIES AND COMMUNITIES	**SDG(s) impacted**

Background

South Africa is projecting a 17% water deficit by 2030, which is likely to be worsened by the impact of climate change. Our country needs to reduce its demand for water while increasing supply.

Water reuse has been identified as a key measure for increasing supply. The DBSA has recognised investment opportunities in supporting municipalities to identify and scale up their water reuse projects. At the same time, the DBSA conceptualised a blended finance solution that may be used to implement water reuse projects at scale – ultimately establishing water reuse as a new asset class in South Africa. Within this proposed blended finance solution there is scope for concessional funding from the Green Climate Fund (GCF) to ensure that individual projects are bankable, viable and sustainable.

The project will be implemented across the length and breadth of the country covering municipalities such as Nelson Mandela Metropolitan Municipality, Mangaung Metropolitan Municipality, Drakenstein Local Municipality, uMhlathuze Municipality, Sol Plaatje Local Municipality and all the large metros in the country.

Our involvement

The DBSA received project preparation funding from the GCF to prepare a comprehensive proposal and committed itself to the project's preparation and design stage.

Project	Value
Water Reuse Programme Design (Project Preparation)	**USD515 411** (Approved by GCF)
Water Reuse Programme (Full Implementation)	**USD1.4 billion** (USD250 million to be requested from GCF for approval)
Total	**USD1.9 billion**

The Green Climate Fund contributed project preparation funding to the value of USD515 411 for the following activities:

- Pre-feasibility, feasibility studies and project design
  - Technical and needs assessment
  - Climate impact assessment
  - Design of financial architecture and financial structure/solution
  - Communication and education assessment – social acceptance
- Identification of programme/project level indicators
  - Programme operational guidelines including eligibility criteria
  - Programme Management Office guidelines
- Environmental, social and gender studies
  - Gender action plan
  - Environmental and social management framework
- Risk assessment
- Other project preparation activities (full funding proposal)

This study is scheduled for completion in July 2022.

Projected impact

The Department of Water and Sanitation (DWS) is proposing a suite of interventions through the National Water Resource Strategy (NWRS) and the 2018 National Water and Sanitation Masterplan (NWSMP). These interventions include decreasing water demand and water losses through non-revenue water, as well as other interventions to supplement the water supply mix. The DBSA's funding recommends allocating USD330 million of catalytic capital to support the establishment of a national Water Reuse Programme (WRP) and enable the scaling-up of local pipeline water reuse projects.

Broadly, GCF funding will allow for a number of key enablers to be realised by:

- establishing a programmatic approach to the development and implementation of water reuse infrastructure by supporting municipalities to identify, prepare and structure bankable water reuse projects;
- enhancing access to more affordable finance by using GCF funding to reduce the cost of borrowing on a project level, with these lower financing costs (and potentially longer tenors) helping facilitate tariffs that are more attractive and affordable to end-customers, thereby enhancing project bankability; and
- enhancing access to private capital by blending the GCF funding with private investor funding, thereby enabling private funders and municipalities to lower their risk exposure on a project-by-project basis.

Increased participation from the private sector in this newly created asset class would, over time, allow for private sector support to be sustainable without continued GCF participation. However, GCF funding is critical to initially mobilise the programme and create the new asset class for future participation by the private sector. GCF funding of about USD1.5 billion will therefore be catalytic in establishing South Africa's Water Reuse Programme.

SOUTH AFRICA WASTE FLAGSHIP PROGRAMME

Location:
South Africa

Sector:
Local Government

Value chain:
Plan and Prepare

SDG(s) impacted

Background

The Waste Management Flagship Programme (the Programme) is one of the eight 'Near-term priority flagship programmes' outlined in South Africa's National Climate Change Response Policy. As a first step to implement this policy priority, in 2015 the Department of Forestry, Fisheries and the Environment (DFFE) undertook, together with the German Development Cooperation, to start implementation in six pilot municipalities selected by DFFE on the basis of readiness. This programme defines waste treatment technologies for the organic treatment of waste per municipality, to transition from an end-of-pipeline disposal-based system to a circular economy.

This programme's purpose is to implement the organic waste treatment solutions identified in the pilot municipalities and thereafter upscale implementation. Six municipalities (Rustenburg LM, Emfuleni LM, uMhlathuze LM, Msunduzi LM, Mbombela LM and Mangaung Metro Municipality) were chosen for the pilot project and an additional 24 municipalities will benefit through a programmatic approach with support from the GCF and the DBSA. The programmatic approach will enable subsequent projects to learn from the forerunners and replicate their solutions in a streamlined, cost-efficient manner. A proposal for funding will be sent to the GCF during financial year 2022/23.

Our involvement

As stated previously, the DBSA received project preparation funding from the GCF to advance the preparation of a GCF funding proposal. The preparation phase included a feasibility study, environmental and social impact assessments (ESIAs) and detailed designs for the six municipalities, as well as the development of standardised documents, processes and tools needed for adding sub-projects. These include technology blueprints, standardised contracting and procurement documentation, environmental, technical and financial due diligence procedures for sub-project preparation.

Projected impact

The project preparation phase encompassed the design of the programme and full proposal for consideration by the GCF. Baseline estimations for the funding proposal estimated the collection of 947 000 tonnes per year of organic waste (about 25% of the generated organic waste) in the involved municipalities, of which 810 000 tonnes per year are reaching landfills. Emissions from these are 2.29 million tonnes CO_2-eq per year. The total quantity of organic waste that can be diverted is 167 000 tonnes per year, resulting in:

- 412 000 tonnes CO_2-eq per year avoided emissions at disposal sites.
- Process emissions of 48 000 tonnes CO_2-eq per year.
- Embedded carbon and other emissions avoided of 57 000 tonnes CO_2-eq per year.

Thus, the total annual net emissions avoided through organic waste diversion could add up to 517 000 tonnes CO_2-eq per year. The estimated total emission reduction during the operational period of the 16 sub-projects from Phase 1 (15 years) is estimated at 6.32 million tonnes CO_2-eq.

PEDESTRIAN BRIDGE OVER UHLANJANA RIVER

Location:
South Africa

Sector:
Local Government

Value chain:
Plan and Prepare | Build and Maintain

SDG(s) impacted

Background

In June 2017, a national newspaper article highlighted the plight of more than 125 school children from the village of uMhlabuyalingana, KwaZulu-Natal who, due to a lack of transport, were forced to cross the Uhlanjana River every day on their way to school. Media reported that students had drowned while crossing, and the river also blocked access to the local medical clinic.

The affected municipalities formally requested the DBSA's assistance, and a multi-disciplinary team was charged with finding sustainable solutions to assist the community, specifically the children with transport and access. This marked the beginning of a project that culminated in the construction of a pedestrian bridge.

Project objectives

To find a long-term solution, the DBSA took a collaborative approach entailing broad public participation with a diverse range of stakeholders, including the Jozini and uMhlabuyalingana local municipalities and the KwaZulu-Natal Departments of Transport and Education. The outcome of this consultative process was a unanimous decision to temporarily provide scholar transport and construct a steel pedestrian bridge over the Uhlanjana River.

The bridge and the temporary scholar transport provided helped to:

» Protect the lives and health of learners crossing the river on their way to school;

» Upscale the existing infrastructure delivery capacity of Jozini and uMhlabuyalingana local municipalities;

» Improve accessibility for local community members in the two municipalities to the nearby schools, the Madonela Clinic, and to other public facilities; and

» Improve the teaching and learning outcomes of basic education in the affected schools.

The construction of the bridge comprised three phases:

- Undertaking of a feasibility study, including an environmental study;
- Conducting a procurement process for the design of the pedestrian bridge; and
- Constructing the bridge.

Once again, numerous consultations and engagements were held with a diverse range of stakeholders including the community, school principals, teachers, school governing bodies, mayors, municipal managers and the Chief Financial Officers of the Jozini and uMhlabuyalingana local municipalities, representatives from the provincial departments of Education and Transport, as well as the chieftainship of the areas. The Chief in the Jozini area called an *Imbizo* to inform and gain the support of the community for the project.

Following a procurement process, a bus operator was appointed to transport 90 learners from Madonela Primary School and 118 from Mjindi High School to and from school in January 2019. This provision of safe transport services resulted in improved school attendance of learners as well as their improved academic performance.

The advent of the COVID-19 pandemic brought construction to a halt. In June 2020 when schools reopened, the CSI programme supported the learners by providing handwashing stations at the schools to ensure compliance with COVID-19 hygiene protocols. Additional buses were hired to allow for social distancing during learner transport. Provision was also made for more frequent cleaning and sanitisation of the buses. In addition, the DBSA funded the building of an isolation room at the nearby Madonela Clinic.

The construction of the bridge was completed in December 2021, and on 31 March 2022 it was officially handed over to the communities of kwaMadonela within the Mashabane and Siqatha Tribal Authorities situated in uMhlabuyalingana and Jozini local municipalities.

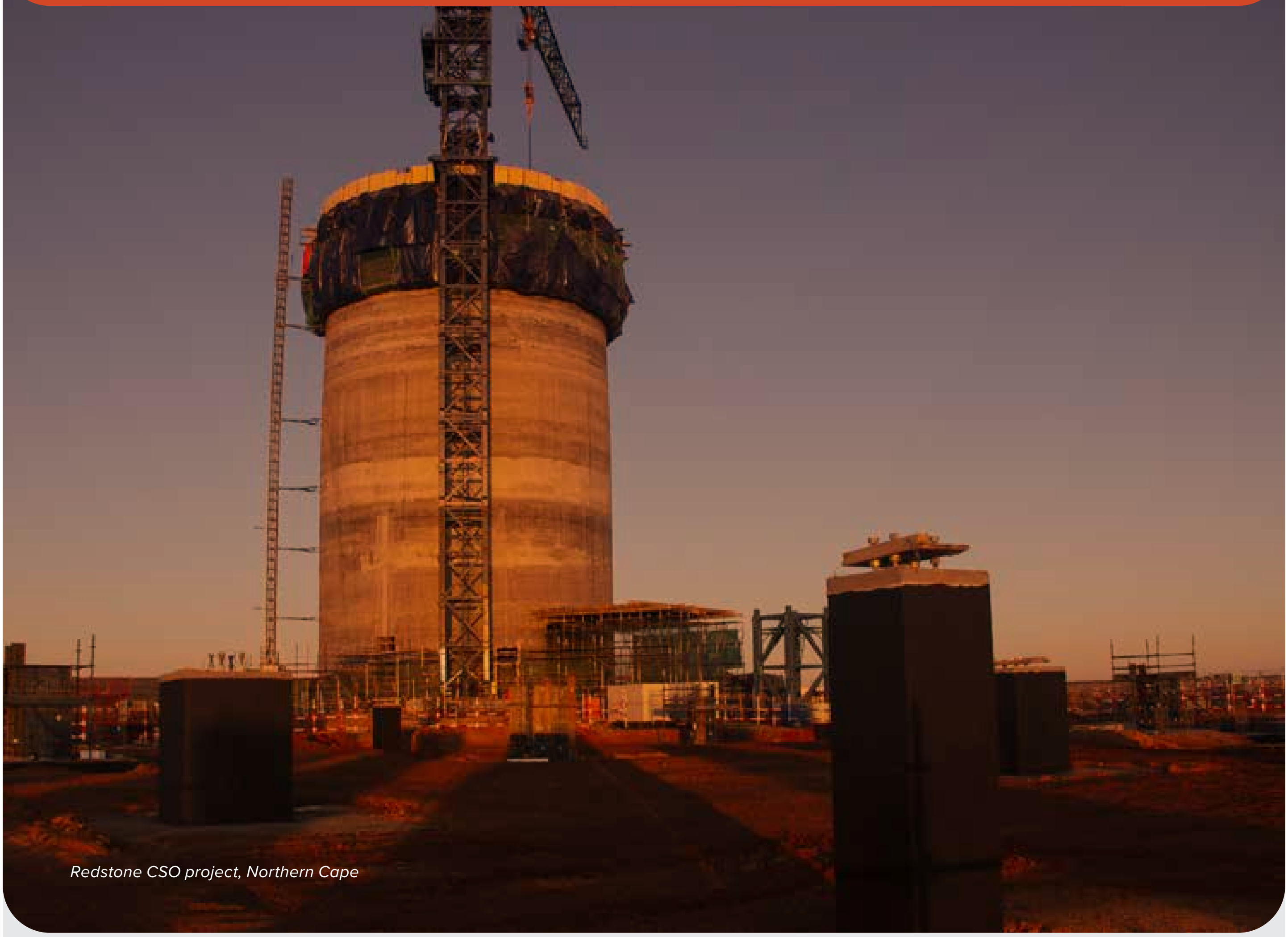
Projected outcomes and impact

R13.2 million

Value of funding support (CSI, grant funding and third-party funds)

1 500	More than 200	6
community members reached	learners impacted	temporary job opportunities created

INFRASTRUCTURE FINANCING



Redstone CSO project, Northern Cape

INFRASTRUCTURE FINANCING

The DBSA provides financing solutions to diverse clients such as municipalities, the private sector, state-owned entities, sovereigns and public-private partnerships in South Africa and across the continent. Our financing offering includes senior and mezzanine debt for balance sheet lending and project financing structures. These are in addition to 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 into sustainable development projects.

The projects we finance contribute to achieving international goals such as the UN 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.

REDSTONE CONCENTRATED SOLAR POWER PLANT

	Location: South Africa
	Sector: Economic
	Value chain: Finance
	SDG(s) impacted

Background

The Redstone Concentrated Solar Power (CSP) plant is the largest renewable energy investment in South Africa to date and is on course to be completed in the fourth quarter of 2023. This project, which was awarded under Round 3.5 of the Renewable Energy Independent Power Producers Procurement (REIPPP) programme, consists of the construction and operation of a 100MW CSP tower generating facility using molten salt central receiver technology.

Located in the Northern Cape Province of South Africa, the Redstone plant will be equipped with a 12-hour thermal storage system that will deliver clean and reliable electricity to nearly 200 000 households during peak demand periods, even after sunset. The project is being developed by the lead shareholder – Acwa Power, an acknowledged Saudi Arabian developer, investor and operator of power generation and water desalination plants in 13 countries. Other shareholders in the project include the Central Energy Fund (CEF), Pele Green Energy and the local community.

Through the successful mobilisation of international project finance, Redstone CSP facilitated approximately R7 billion in foreign direct investment to fund and support the strategic energy transition goals of South Africa.

Our involvement

The project's total cost equals R11.3 billion and it secured financing from several leading international and South African financial institutions, including the DBSA. The DBSA is contributing a combination of senior debt and equity financing for CEF's participation in the project.

INFRASTRUCTURE FINANCING (continued)

Our impact

The project promotes economic development and growth through financing infrastructure development, job creation and leveraging the private sector to alleviate poverty and energy shortages. Further, the project is in line with the South African government's policy of diversifying energy sources by increasing renewable energy production in the country through the REIPPP programme. By funding the project, DBSA is supporting an innovative, environmentally friendly energy generation initiative that supports the following strategic imperatives:

- Production of electricity for a country with a history of chronic electricity shortages;
- Production of energy that does not contribute to the release of greenhouse gases. When commissioned, Redstone CSP will displace an estimated 440 metric tons of CO_2 emissions per year while also providing value-adding ancillary services to Eskom – the first renewable energy project in the country to do so. The project is certified under the Climate Bonds Standard and Certification Scheme and aligned with the goals of the Paris Climate Agreement;
- Support for the local South African industry through the local content requirement of R3 billion. In addition to efficiently delivering clean energy to the national grid, the Redstone project will deliver tangible socioeconomic value by creating local job opportunities and utilising local supply chains. The project will reach close to 44% local content on procurement during the construction period, create more than 2 000 construction jobs at peak, with about 400 sourced from the local community, and create approximately 100 permanent jobs during the operating period;
- Enabling skills transfer in renewable energy, power generation, operation and maintenance of a renewable energy plant;
- Contributing to broad based wealth creation as the local community trust holds a 15% shareholding in the project company; and
- CEF's investment in the Redstone project is in line with the public sector strategy of engaging in Private Sector Partnerships (PSP). DBSA's funding to CEF not only supports this strategy but enables CEF to utilise similar project finance structures in potential future PSP models.

BLUE ENERGY SA

	Location: SADC
	Sector: Economic
	Value chain: Finance
	SDG(s) impacted

Background

The Democratic Republic of Congo (DRC) has the largest hydropower potential on the African continent, with well over 100 000MW output opportunity on the Congo River. About 40% of this is located at the Inga Hydroelectric Power Station site alone. Unfortunately, the poor exploitation of energy resources has for many years left its hydropower potential untapped due to low levels of investment. As a result, the large majority of the DRC's population does not have access to electricity – with electrification rates estimated at 19% in urban areas and 2% in rural areas. Approximately 98% of the country's electricity is currently produced by hydroelectric power plants, with total installed capacity of 2 590MW, of which only half is available at any given time due to planned and unplanned outages.

Société Nationale d'Electricité (SNEL), the national power utility in the DRC, is currently reliant on a post-paid and arbitrary billing system. Its collection rate from low voltage customers is currently only 30% and prepaid metering serves as a solution.

Our involvement

The DBSA project involves rehabilitating the existing reticulation network and installing 50 000 pre-payment meters to improve revenue collection in the DRC cities of Kinshasa, Lubumbashi and Matadi.

The DBSA funded Blue Energy, a Public-Private Partnership (PPP) between a South African private company, Connect Africa Technologies, and SNEL, with a seven-year senior debt facility. The DBSA also acted as the Mandated Lead Arranger and partnered with Ecobank DRC. The Export Credit Investment Corporation of South Africa (ECIC) provided political and commercial risk insurance for equipment procured from South African entities amounting to USD27.5 million. This is in line with the DBSA's role of catalysing regional partners and cooperation.

As part of the bilateral agreement between South Africa and the DRC, the DBSA agreed to support the reconstruction efforts of the DRC by providing funding and technical assistance to companies that are pivotal to the development of the country. The DBSA was also instrumental in crowding in the South African private sector to supply key infrastructure and equipment to support project implementation and successful skills transfer.

Our impact

The DRC's network normalisation and energy pre-payment project to enhance SNEL's revenues and create jobs has provided an attractive opportunity for the DBSA to invest in an infrastructure project with high developmental impact for the region by enhancing customer services and revenue collection. In the medium- to long-term the prepaid meter roll out programme will deliver tangible benefits that include:

» Improved service for electricity customers through improved billing transparency and a greater awareness of consumption behaviour;

» Rehabilitating the distribution network;

» Reduced administration costs for post-paid metering; and

» Improved revenue collection for capital contributions to much needed investment in energy generation, transmission and distribution projects.

The significant local content provided by five South African manufacturers of the prepaid meters and related equipment will support South African employment and showcase its technical expertise, while being aligned to South Africa's national and regional objectives.

The Blue Energy project has created 134 jobs, with 67 contributing towards youth employment. Total B-BBEE procurement amounted to USD11.3 million, with a further USD16.2 million flowing through to other Southern African countries.

VAAL RIVER SYSTEM WATER RESOURCES DEVELOPMENT PROJECT

Location:
South Africa

Sector:
Economic

Value chain:
Finance

SDG(s) impacted

Background

The Trans-Caledon Tunnel Authority (TCTA) is a state-owned entity and an international water infrastructure agent. In June 2021, the DBSA and the TCTA concluded two loan facility agreements spanning 20 years for implementing Phase II of the Lesotho Highlands Water Project (LHWP), which forms part of South Africa's Vaal River System (VRS). This funding is allocated to sustaining water security in South Africa.

This transaction strengthens ongoing cooperation between the two parties and furthers their mutual water infrastructure mandates. It will significantly increase the DBSA's loan book exposure to water and sanitation while diversifying the total loan book, one of the Bank's key risk management objectives. This deal will enable TCTA to fulfil its flagship role as a South African bulk water infrastructure agency by implementing South Africa's 1986 water treaty with the Kingdom of Lesotho.

Project scope

Over the next five years the project's second phase is aimed at achieving:

» The construction of the Polihali Dam in Mokhotlong district, a 165-metre-high concrete faced rock fill dam with capacity to hold 2.2 billion cubic metres of water; and

» The construction of a 38km water transfer tunnel connecting the new Polihali Dam to the existing Katse Dam, which is part of Phase I of the LHWP.

Developmental outcomes

Economic impact:

» Combined GDP impact of approximately R245 billion across the two countries.

» An additional water supply available to approximately 60% of the South African economy.

» Incremental royalty income to the Kingdom of Lesotho.

Social impact:

» Availing additional water to approximately 45% of the South African population.

» Supporting Lesotho's GDP per capita and presenting the possibility of further renewable energy generation.

Job creation:

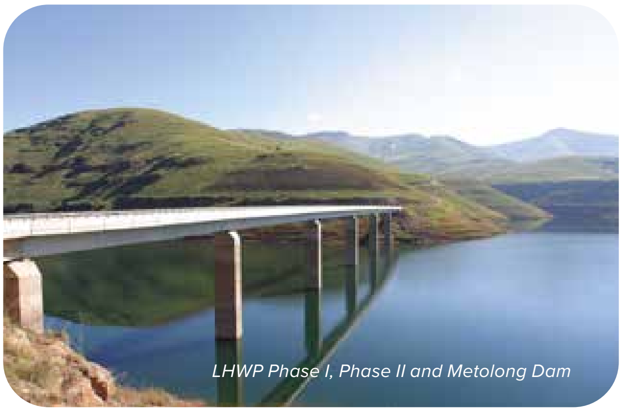
» An estimated 545 000 job opportunities will be created, both directly and indirectly during the construction phase through to the operational phase.

Regional integration:

» Strengthening cooperation between South Africa and Lesotho by expanding this flagship, historic and highly strategic bi-national project.

Phase 1A: Katse Dam

Phase 1B: Mohale Dam



LHWP Phase I, Phase II and Metolong Dam

Lesotho Katse Dam Phase II and tunnel shortlists

KHOBAB WIND POWER PROJECT

	Location: South Africa
	Sector: Economic
	Value chain: Finance I Monitoring and Evaluation
	SDG(s) impacted

Background

Energy is one of the primary and crucial sectors that the DBSA funds. The Bank plays an active role in addressing climate change by investing in renewable energy initiatives in Africa. It was also a key role-player in the development of the Renewable Energy Independent Power Producers Procurement Programme (REIPPPP) and funded the establishment and administration of the IPP Office. The DBSA funded 13% of debt and contributed towards 19 projects across all the bid windows.

Khobab Wind Energy Power Plant is located in the Northern Cape and reached commercial operation in December 2017. It is a sister wind plant to the Loeriesfontein Wind Power Plant with a generation capacity of 140MW. The two power plants combined have the largest single expanse of turbines in South Africa spanning 6 653 hectares of land. Khobab Wind Power Plant consists of 61 wind turbines, which produce 2.3MW of energy each. The farm is connected to Eskom's Helio sub-station located 8km south of the wind farm. It has contributed towards increasing the capacity for renewable energy in South Africa as it generates approximately 563 500MWh/year of clean, renewable energy to the national grid. Moreover, it has a positive impact on the environment as it avoids 550 000 tonnes of carbon emissions each year.

Our involvement

The DBSA participated in financing the development of the Khobab Wind Power Plant – a wind energy facility awarded preferred bidder status in round three of the Department of Energy's (DoE) REIPPPP. Khobab Wind Power Plant was established to improve electricity supply and aid in reducing greenhouse gas emissions by producing electricity from a renewable resource of energy.

A substantial funding package was provided by the DBSA for the development, design, construction and commissioning of a 140MW wind powered plant by Mainstream Renewable Power (MRP) South Africa and Genesis Eco-Energy.

Our impact

The Khobab Wind Power Plant is aimed at positively contributing to the environment, economy, and social development of the country. The project provides cleaner energy using environmentally acceptable methods. The table on the next page illustrates the developmental outcomes and impacts that were identified through the evaluation.

INFRASTRUCTURE FINANCING (continued)

Development Results of the Khobab Wind Power Plant

Outcome	Impact
» Supply 140MW of green electricity. » Supply green electricity to approximately 170 000 households. » Provide temporary and permanent job opportunities to neighbouring communities near Loeriesfontein. » The project is financially viable and economically justifiable as it represents an efficient allocation of resources that contributes toward the welfare of society, which warranted the DBSA's support. » Infrastructure upgrades were supported in Loeriesfontein High School. » MRP funded the provision of primary health care services, providing mobile services at community level for vision, hearing and dental services for community members to access.	» Assist in addressing current energy shortages experienced in South Africa. » Stimulate the local economy by procuring materials from local manufacturers, contributing to the area's socio-economic stability. » Generation of clean energy solution. » Reduction of carbon emissions. » The economic modelling of the Khobab Wind Power Plant clearly demonstrates that the project has significantly empowered the province to unlock value to foster economic growth and development.

Lessons learnt

- The company has spent a substantial amount of money with regards to community upliftment and socio-economic development of the community. The impacts of the company's investments have been far reaching and substantial (e.g., the detection of cancer in community members through the CANCER Pink Drive). However, this has created an impression in the community that Khobab is responsible for their local needs because of the lack of support from Hantam Local Municipality. Thus, much is expected from the project in terms providing job opportunities, infrastructure development and catering for other socio-economic needs. There is need for the clarification of roles as expectations could potentially cause unrest if not clarified.
- The experience of the operations team of the wind plant has assisted the plant to deal with issues arising, such as the burning of cabling with regularity. A major contributor is the Balance of Plant (BOP) remaining to give the plant more control over the operations and maintenance. The regular maintenance of the components of the plant assists it to operate efficiently.
- The investment of the plant in systems such as the condition monitoring system (CMS) has assisted to automate maintenance processes and also the monitoring of the plant in real time to prevent any long-term damage and issues persisting without being detected.
- The wind plant is compliant to the stipulations of the EMP, and the plant has taken additional precautions to ensure that negative environmental consequences are kept to a minimum.

Overall, the development of the Khobab Wind Power Plant has yielded positive results. The power plant generates approximately 563 500MWh/year of clean, renewable energy to the national grid. Moreover, it has a positive impact on the environment as it prevents 550 000 tonnes of carbon emissions each year.

The project also had a positive impact on the Loeriesfontein community. The schools were refurbished and a bridge built to connect the community as well as a business and training hub established in the area. Furthermore, the project was also able to assist in terms of health issues resulting in people in the area being screened for illnesses such as cancer, a service which was previously not available in the community. The local economy was stimulated as community members were trained to work in the power plant as well as assisting local businesses. Thus, the project has had a positive developmental impact on the community and was seen as a good investment for the DBSA.

UNIVERSITY OF FREE STATE STUDENT RESIDENCE PROGRAMME

Location:
South Africa

Sector:
Social

Value chain:
Plan and Prepare | Finance | Build and Maintain Monitoring and Evaluation

SDG(s) impacted

Background

Tertiary education is key to addressing South Africa's national development challenges and is seen as an engine for economic growth and building a skilled workforce. The cost of tertiary education is relatively high and often beyond the reach of deserving students. The government's National Student Financial Aid Scheme (NSFAS) is a critical intervention that provides funding for tuition and accommodation for qualifying students. However, the rise in annual enrolment of university entrants has corresponded with an increased demand for student accommodation at several Higher Education Institutions (HEIs), especially those in rural campuses like some campuses of the University of Free State (UFS). Often, the HEIs have limited capacity and insufficient capabilities to undertake the construction and management of student accommodation.

Problem statement

The UFS experienced an exponential growth in enrolments and consequent demand for student accommodation between 2015 and 2019. According to the Department of Higher Education and Training (DHET), the number of enrolled students increased from 30 418 in 2015 to 41 505 in 2019. The Bloemfontein campus is where most of the students attend lectures and has a greater demand for additional student housing. The QwaQwa campus is more rural and has minimal alternative private accommodation nearby the university campus. The university's inability to rapidly scale up accommodation to satisfy demand in prior years was primarily due to a lack of financial resources.

Solution

The UFS undertook a widespread infrastructure programme in 2011 to address the backlog in student residences at its Bloemfontein and QwaQwa campuses. The UFS management approved a four-phase programme to construct residences. The DBSA funded Phase 3 (see image below) of the programme, which comprised of 520 student beds in the Bloemfontein campus, were completed in January 2015, prior to the commencement of the academic year.

The satellite image below shows the location of the UFS project in Bloemfontein.

UFS project in Bloemfontein


UFS project in Bloemfontein

Our involvement

Phase 3 of the programme cost R119.6 million, of which R55.1 million was grant-funded and the remaining R64.5 million funded by the UFS. The UFS generally funds projects from its resources and bears responsibility for the construction and funding risks. Subsequently, the UFS raises the funds it spent on the project to replenish its cash holdings before financial year-end.

The residences were approximately 75% complete when the UFS approached the DBSA in 2015 for funding. Hence, there was minimal construction risk and less probability that the project would not have been completed. Nonetheless, the project provided the DBSA the opportunity to bolster its knowledge and expertise within the student accommodation domain. Presently, the DBSA is implementing the Student Housing Infrastructure Programme (SHIP) – a partnership between the DHET and the DBSA to eradicate student accommodation backlogs at some South African HEIs.

It is notable that the UFS student housing project was funded by the DBSA prior to the SHIP and was not part of the programme. Nonetheless, the lessons garnered from the evaluation has aided in the planning, design and delivery of student accommodation.

Our impact

An evaluation was undertaken to ascertain the development impact of the DBSA in accordance with its mandate. The project had the following principal impacts:

» Construction of 520 beds.

» Youth and females were employed during the construction phase of the project. The construction of one of the residences employed 45 women and 60 youths.

A survey was conducted as part of the evaluation to solicit students' opinions of the new accommodation. Generally, students found the residence affordable, felt it was safer and closer to university facilities. The survey specifically revealed that:

» Majority (91%) of the students felt that the accommodation was adequate for their comfort.

» Majority (80%) of the students felt that the accommodation had positively affected their academic results.

» Most (94%) of the students would recommend this accommodation to prospective students that will study at the UFS.

» The average travel time saved per month was 8 hours and 40 minutes with further savings realised in terms of transportation costs.

The building complied with the National Building Regulations SANS10400 – XA1 with regards to glazing, solar control, insulation, rainwater harvesting and orientation. All sustainability and 'green' aspects were incorporated in accordance with the minimum requirement of the regulations. It was estimated that 25% of the buildings incorporate 'green' materials and technologies.

The buildings were designed to allow for passive solar radiation to reduce building heating needs. For instance, the building orientation is optimal (north-facing) with all bedroom units facing either north or south. There are minimal windows placed in the east and west. A heat pump system, housed in a separate building, was installed for the new hostels.

The developers further assert that hot water generation is 100% energy efficient and water management is done through an efficient plumbing system.

There are rainwater harvesting tanks around the buildings. This non-potable water is used for irrigation and not used in the building. The Higher Education Facility Management (HEFMA) presented the University Estate Unit of the UFS with a Renewable Energy Initiative Award in 2017 in recognition of the installation of greywater systems at UFS campuses.

Lessons

- There have been no delays and the projects are completed as scheduled. The UFS management attributes this success to its exemplary University Estates Unit, particularly the Project management Office (PMO) which oversees capital projects at the university.
- Future student housing projects need to take into consideration Green Climate and Biodiversity implications of the programme.

The residences were constructed and completed within 11 months in readiness for the next academic year. The funding of student residences at the UFS is consistent with SDG 4 to 'Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all' and is aligned with the NDP Outcome 5 'A skilled and capable workforce to support an inclusive growth path'. Residences benefit the neediest students as most of them are recipients of the NSFAS grant. The accommodation is on-campus where students feel safe, and it reduces travel costs and is in close proximity to academic, social, cultural and sporting facilities. Many students felt that the residences contribute to their improved academic performance.

BUILD AND MAINTAIN

BUILD AND MAINTAIN

The DBSA's Infrastructure Delivery Division (IDD) assists the South African government in building and maintaining infrastructure through implementation services, programme management and capacity building services.

The Bank's involvement in infrastructure delivery accelerates planned infrastructure development, thereby 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.

By augmenting the capacity of the state to deliver infrastructure in this way, we fulfil part of our mandate, facilitating improvements in service delivery and enabling a higher quality of life for all who live in South Africa.

As an implementing agent, we enhance 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; and
- 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, school infrastructure and supported broader infrastructure delivery within the social sector.

CONSTRUCTION OF NEW SCHOOLS ON BEHALF OF THE DEPARTMENT OF BASIC EDUCATION

	Location: South Africa
	Sector: Social
	Value chain: Build and Maintain
4 QUALITY EDUCATION	**SDG(s) impacted**

Background

The DBSA has supported the Department of Basic Education (DBE) since 2011 as an implementing agent for the Accelerated Schools Infrastructure Delivery Initiative (ASIDI). Funded through the government's Schools Infrastructure Backlog Grant, ASIDI is a medium-term initiative designed to eliminate the backlog in school infrastructure and address the challenge of existing schools that do not meet the optimum functionality levels as prescribed in the Norms and Standards for Schools Infrastructure. The ASIDI programme aims to provide quality education and decent school infrastructure through the eradication of mud schools and inappropriate structures and raise the standards of educational facilities to the functional requirements of the DBE.

BUILD AND MAINTAIN (continued)

The roll-out of ASIDI is based on a four-pronged strategy focused on:

» Addressing schools that need to be brought up to basic safety functionality levels (water, sanitation, electricity and fencing);

» Replacing all other entirely inappropriate structure schools e.g., corrugated iron and asbestos schools;

» Replacing all mud schools that are situated in the Eastern Cape province; and

» Upgrading schools to optimum functionality through the provision of facilities e.g., libraries, laboratories, sports fields and administration blocks.

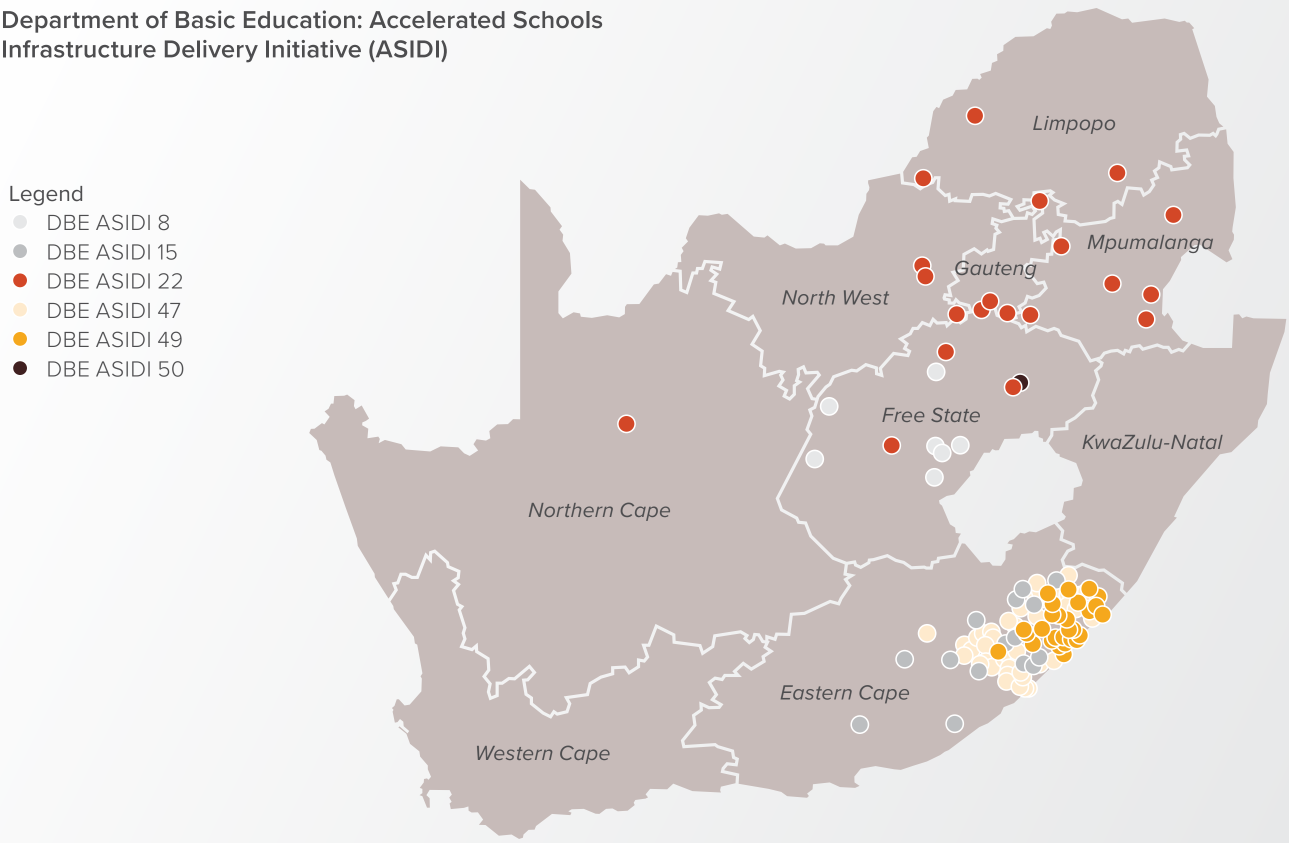
To deliver on our mandate, the Bank set up a dedicated internal Programme Implementation Unit (PIU) comprising a senior programme manager, construction project managers, a clerk of works, a scheduler, a quantity surveyor, an architect, a social facilitator, a programme administrator, and a SHEQ specialist, all supported by a legal, finance and supply chain management team. This dedicated resource team works with the appointed professional service provider (PSP) to conduct design, documentation and construction supervision, manages construction contracts and oversees delivery of the project to closeout.

Over the past nine years, the DBE has allocated oversight of the construction of the following batches of new schools to the DBSA:

2022	2021	2020	2017	2016	2013	2012	2011
0	0	47	15	8	50	22	49

No new allocations have been made in 2021 and 2022 to enable the DBSA to catch-up with the backlog emanating from the COVID-19 era.

Department of Basic Education: Accelerated Schools Infrastructure Delivery Initiative (ASIDI)



The school building programme includes primary, secondary, senior secondary and high schools with the typical project scope covering construction of new facilities, refurbishment of existing buildings and demolition of dilapidated buildings. The buildings, facilities and services delivered by these projects can include any or all of the following:

Construction of new infrastructure

- Classrooms
- Administration block
- Nutrition centre
- Library
- Multipurpose centre or hall
- Head of Department's and teachers' workrooms
- Science laboratory
- Ablution blocks for boys, girls, and staff with facilities for disabled persons
- Guardhouse
- Refuse room
- Wellness room

Services

- Water tanks for rainwater harvesting with elevated storage tanks and full reticulation
- Eskom electricity installation upgrades
- New electrical reticulation and lighting installation
- Mechanical installations, including gas installations and fire extinguishers
- Waste management systems
- Intercom system

External works

- Sports field with change rooms
- Playgrounds/play areas
- Retaining walls
- Paving of entrance, walkways and parking areas
- Perimeter fence and fence around Grade R precinct
- Demolition of old, unsafe infrastructure

Project impact

	At least	
147	**64 709**	**19 553**
schools delivered to date	learners benefited	employment opportunities created

ASIDI school built in the Eastern Cape

BUILD AND MAINTAIN (continued)

NGXAZA PRIMARY SCHOOL

Situated in Elundini Local Municipality in Joe Gqabi District Municipality, Ngxaza Primary School was built to consolidate neighbouring schools and rationalise them into a single mega-school serving learners in the entire area. The scope of work included the demolition of some of the old infrastructure, refurbishment of some buildings for temporary use, construction of new infrastructure and installation of services.

Site handover to the construction teams took place in September 2018 and the main site reached practical completion, and was handed over for use on 15 April 2021. The school achieved full practical completion on 8 October 2021 and was officially handed over to the provincial DBE on 19 October 2021.

The school has 15 classrooms and can accommodate 639 learners. The construction project created 526 employment opportunities, including 308 young people and 90 women. It also benefited 61 local SMMEs. The project further contributed to training and skills development with 85 local community members receiving training in various trades, such as brick laying, plastering, carpentry and tiling. The project also offered on-the-job training for two graduates and four students.

The school is equipped with a rainwater harvesting and purification system

To promote sustainable waste management practices, waste bins are colour-coded and labelled, guiding learners on where to deposit recyclable materials.

ERADICATION OF UNSAFE SANITATION IN PUBLIC SCHOOLS

Location:
South Africa

Sector:
Social

Value chain:
Build and Maintain

SDG(s) impacted

Background

A 2016 audit by the Department of Basic Education, to quantify the scale of inappropriate sanitation in schools across the country identified 3 898 schools with inappropriate sanitation facilities. In response, the Sanitation Appropriate for Education (SAFE) initiative was launched in 2018 with the aim of addressing this backlog.

During 2019, the DBE appointed the DBSA as one of its implementing agents to support the department in delivering its SAFE goals over the Medium-Term Revenue and Expenditure Framework (MTREF). The role of the DBSA's Infrastructure Delivery Division (IDD) is to plan, package and design school sanitation infrastructure in accordance with the National Norms and Standards for Schools Infrastructure and accelerate the construction of these facilities through conventional methods and innovative building solutions.

In the first phase of the SAFE programme roll-out, we were allocated 584 schools for implementation, 392 of which were through the national DBE and 192 directly through the KZN Department of Education.

Scope of work

The scope of work includes the condition assessment of the existing sanitation infrastructure, demolition of inappropriate structures and construction of appropriate infrastructure. The replacement of demolished structures includes the construction of Ventilated Improved Pit-latrines (VIPs) and walkways as well as the provision of water tanks.

Our impact

To streamline the implementation process, we grouped the allocated schools into clusters and assigned a dedicated contractor to each cluster. This strategy ensured a manageable number of contractors without preventing project implementation at scale. The contractors outsourced portions of the work to local subcontractors to support the local economy. By the end of March 2022, the following had been achieved:

1 175
SMMEs benefited from national DBE funded school projects

200
sub-contractors benefited from the KZN DOE school projects

237
DBE-funded schools completed

78
KZN DOE schools provided with new structures

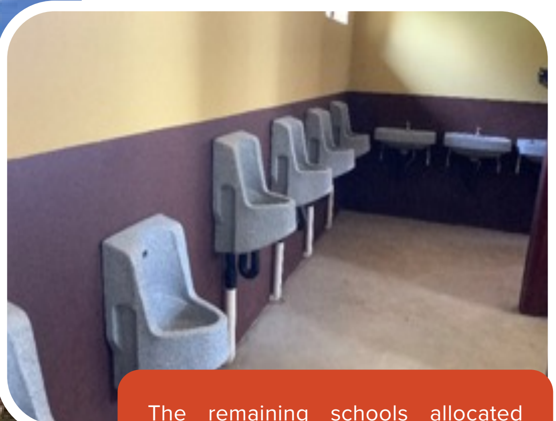
120 902
enrolled learners benefited

5 362
local employment opportunities created, including:

3 138
youth employment opportunities

513
women employment opportunities

Ablution facilities with walkways constructed at KwaDlamini High School in KwaZulu-Natal



The remaining schools allocated to the DBSA are scheduled for completion during the coming financial year.

RENOVATION AND UPGRADE OF THE SOUTH AFRICAN ROADIES ASSOCIATION BUILDING

Location:
South Africa

Sector:
Social

Value chain:
Build and Maintain

SDG(s) impacted

Background

The South African Roadies Association (SARA) is a unique and dynamic non-profit training organisation dedicated to the advancement and development of skills and knowledge amongst the youth in the technical and production sectors in South Africa and further afield. Established in 1992 and located in Johannesburg, the association has been enabling youth upskilling and capacitation in lighting, sound, staging, recording, power, rigging and production for the past 20 years. It does this through both the SAQA accredited Skills Education and Training Authority (SETA) training courses it runs as well as through its Entry Level On-The-Job Training Programme.

In 2003 SARA acquired an old Newtown Chambers building that was constructed in 1934. Over the years, the building deteriorated until it became unsafe for learners and staff members. The Department of Sport Arts and Culture (DSAC) appointed the DBSA to manage the restoration of the building to its full functionality and compliance with statutory regulations, municipal by-laws and heritage regulations. As the implementing agent, we procured and managed the design and construction teams and oversaw the project from design to completion.

Scope of work

The project entailed structural repairs and renovations to the entire building, including replacement of the roof, refurbishment of all dilapidated parts, and upgrading the basement area to store water for use in fire hydrants and for consumption. It also included upgrading essential services like fire extinguishers, water and sanitation facilities, and mechanical and security systems. As the building is 87 years old, we needed to ensure that it retained its original structural and architectural elements as required for a heritage building.

Outcomes

The building was restored to full functional capacity and now complies with all regulatory requirements. The building's cooling system was upgraded and a back-up power generator, fire detection system, alarm system and a biometric access control system were installed. The restoration and upgrades contributed to a substantial increase in the value of the built asset.

The project site reached practical completion on 21 January 2022 after 11 months of refurbishment. The building was handed over to SARA by DSAC Minister Nathi Mthethwa in a ceremony held on 17 February 2022. The following development impacts were also achieved:

85	
employment opportunities created, including:	
46	**35**
youth	women
8	**4**
SMMEs appointed during construction, of which:	were women-owned

CONSTRUCTION OF WATER AND SANITATION SERVICES IN TEMBISA

Location:
South Africa

Sector:
Economic

Value chain:
Build and Maintain

SDG(s) impacted

Background

The DBSA has actively contributed to the City of Ekurhuleni's (COE) efforts to provide sustainable and people-centred development services since signing a Memorandum of Agreement on 26 February 2015. Based on this agreement, we provided a multi-disciplinary team to manage the design, construction, maintenance and refurbishment of municipal infrastructure on behalf the city. The water supply infrastructure successfully completed by the DBSA in COE includes the Elevated Reinforced Concrete Water Tower in the Liliba Section of Tembisa.

Scope of work

Work on the Liliba Water Tower project included:

- Construction of a two-megalitre reinforced concrete tower elevated to a height of 35m
- Paving of 220m^2 around the tower, including the access road
- Refurbishment of the existing pump house
- Relocation of the operator's house
- Replacement of steel, PVC piping and storm water piping
- Mechanical and electrical work
- Fencing

Outcomes

The project commenced on the 28 August 2018 and reached practical completion on 30 June 2021.

The reservoir supplies potable water to

9 294	**47**
households	business and commercial units

9

SMMEs appointed during construction, of which:

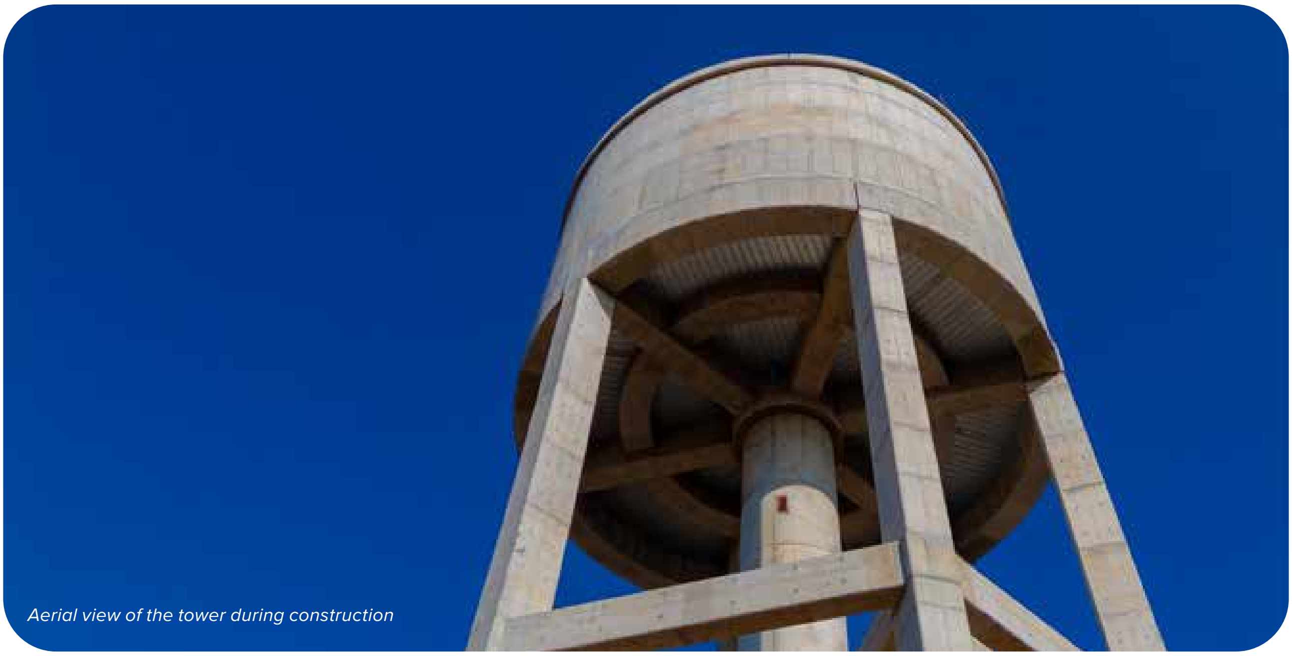
2

were women-owned

53

employment opportunities created, including:

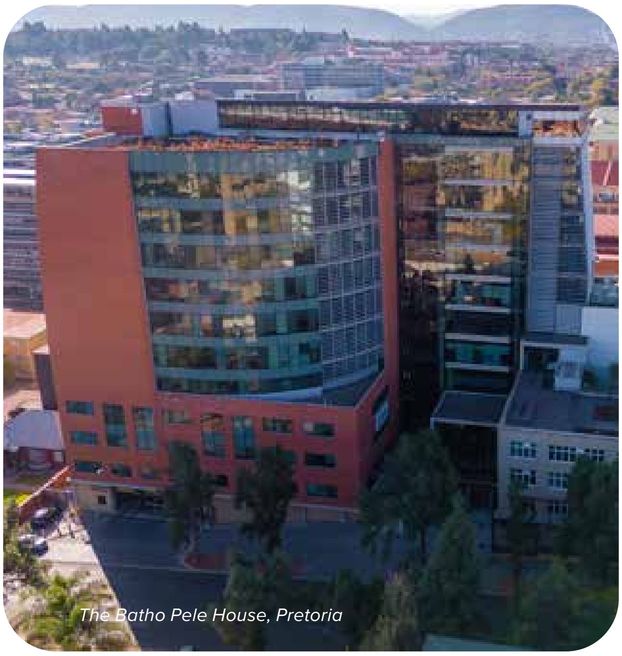
21	**6**
youth	women



Aerial view of the tower during construction

TOTAL FACILITIES MANAGEMENT: BATHO PELE/AGRIVAAL BUILDING

Location: South Africa	
Sector: Economic	
Value chain: Build and Maintain	
SDG(s) impacted	



The Batho Pele House, Pretoria

Background

The National Department of Public Works and Infrastructure (NDPWI) appointed the DBSA to serve as its Programme Implementing Agent to manage the implementation of a portfolio of maintenance projects and Total Facilities Management (TFM) projects on its behalf.

One of the TFM projects involved upgrades to the Batho-Pele Agrivaal Building, including promoting contemporary green design technology, restoring the heritage elements of the building, and ensuring energy efficiencies, waste water reuse and the maintenance of its water infrastructure in a way that upholds its Green Star rating.

This property has two buildings:

» An old three-storey Agrivaal building established in the 1930s.

» A newly built 10-storey Batho Pele House.

The building currently houses the Department of Public Service and Administration.

Scope of work

The generic scope of work of the Total Facilities Management projects includes, but is not limited to:

» Asset verification

» Condition assessment

» Soft services

» Hard/Technical services

» Minor works – unplanned

» Planned maintenance

» Unplanned maintenance

» Call centre operations and management

» Data consolidation and reporting

Focus area	Agrivaal project scope of work
Energy efficiency	» Installed motion sensors for the lights. » Replaced high energy consuming globes with more energy efficient globes. » Commissioned the ice plant in order to minimise energy use in the building.
Water infrastructure maintenance and Wastewater Reuse	» Maintained storm water pipes and drainage infrastructure. » Repaired and maintained the grey water system to ensure that water is recycled and reused.
Recycling interventions	» Introduced waste separation at source by appointing a permanent employee responsible for separating waste onsite. » Engage and educate building users on reuse and recycling.
Health and wellbeing enhancement	» Repaired and serviced all the blinds in the building to maximise natural light while reducing electricity usage. » Installed a DriWay system to prevent or remove the effects of rising damp in building foundations and walls, while improving indoor air quality. » Replaced the old timber deck with composite material decking. » Implemented a preventative management plan and building management and monitoring system to ensure optimal indoor temperatures.

Outcomes

Between the signing of the site possession certificate on 1 September 2020 to the handover ceremony held on 4 March 2022, the following impacts were achieved:

37

SMMEs appointed during the implementation phase, of which:

22

were women-owned

11

employment opportunities created, including:

6	**2**
youth	women

Greening aspects of the building

The role played by DBSA during TFM contributes to the sustenance of the following greening elements which the DBSA found already in place.

Energy efficiency

Due to the building's abundant natural light and the new energy-efficient lightbulbs installed across the entire office area, it is estimated that the building is approximately 40% more energy efficient than a SANS-minimum-regulation building.

This efficient energy system is complemented by a back-up generator with a motor that reduces potential high emissions of nitrogen oxides into the atmosphere from burning fossil fuels during times of power outages.

Grey water system

The building is equipped with a grey water system that helps to reduce the building's overall municipal water usage and drive down operating costs. The water discharged from basins, baths, showers and washing machines is channelled to the water-treatment plant in the building's basement, where it is treated and pumped back into the system to be reused appropriately.

Sustainable building processes

During construction, the use of conventional cement was reduced by 40% for all concrete on the project and at least 90% of all construction steel is recycled.

Other greening considerations

The building also encourages greening in a number of other ways:

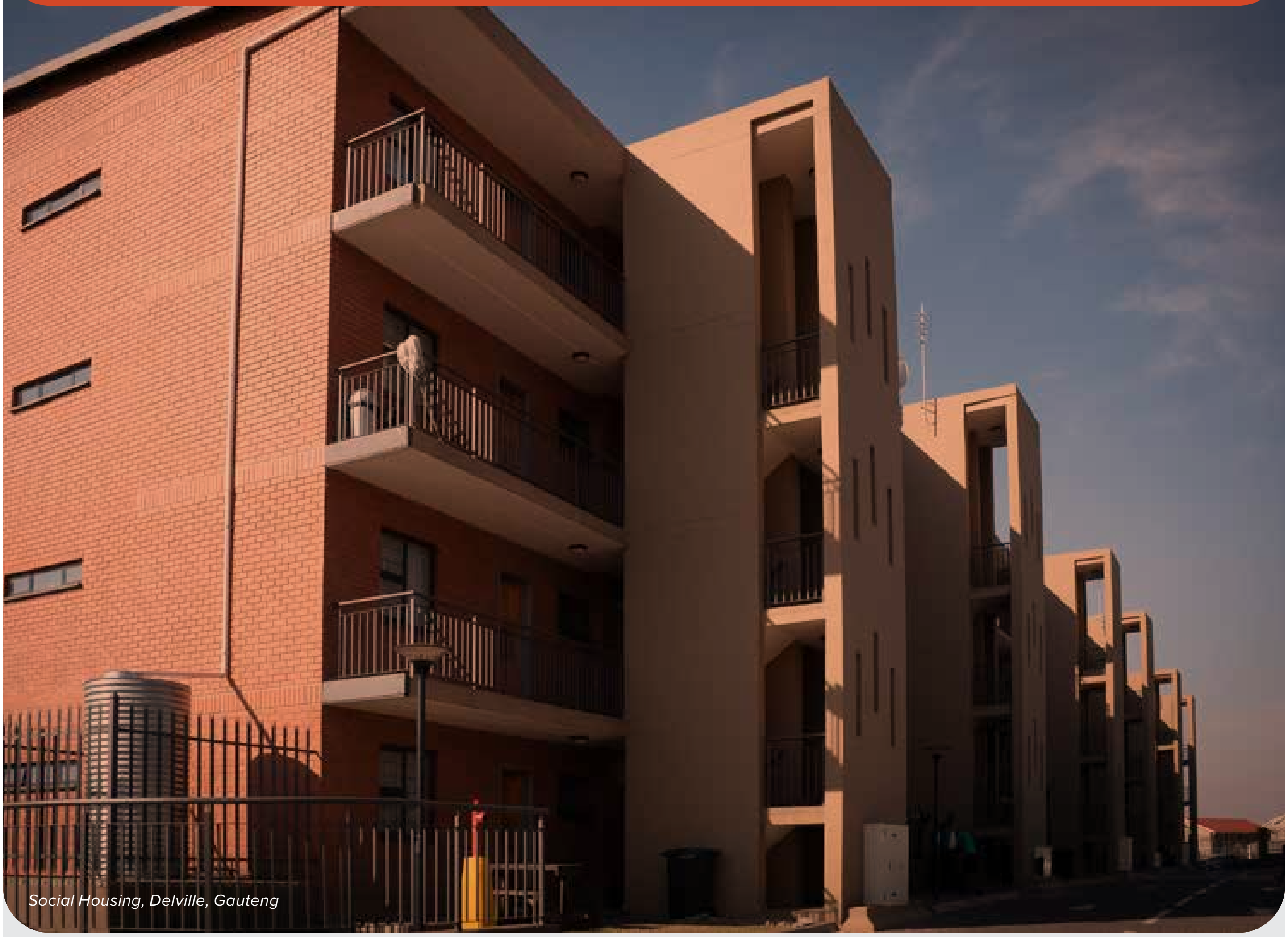
- Bicycle parking space and other facilities were provided to encourage the use of non-motorised transport as a way of helping to reduce traffic congestion and carbon emissions.
- Roof-top gardens act as natural insulation for the building below while also limiting storm water run-off.

greenstar

Batho Pele House achieved a 4 Star Green Design rating because of efficiencies in energy and water as a result of the installation of an efficient energy management system and grey water system.

The interior view of Batho Building depicting the lighting system

FUND MANAGERS' IMPACT



Social Housing, Delville, Gauteng

FUND MANAGERS' IMPACT

The DBSA has invested significant amounts with third party fund managers, including black-owned firms, to enable them to invest in strategic assets and sectors both in South Africa and across the continent.

The DBSA investment has not only helped these fund managers grow their own businesses, but has further assisted investee companies to receive much needed growth capital. In the process, exceptional development outcomes have been achieved across diverse sectors such as human settlements, infrastructure, healthcare, information technology and agriculture.

HIGH IMPACT FUND SA (HIFSA)

Background

HIFSA is a housing impact fund which seeks to make commercially viable investments into the affordable housing sector while enabling investors to achieve targeted investment points as defined in the Financial Sector Charter.

HIFSA invests primarily in housing and housing-related assets within South Africa and aims to achieve the maximum risk-adjusted return possible from this asset class. The fund invests in all aspects of the housing value chain, from the physical development of housing through to mortgage and incremental finance.

Our involvement

The DBSA is the second largest investor in the fund with a 32.5% participation interest with Old Mutual Alternative Investments as the anchor investor. The fund was launched in October 2010.

Our impact

The fund has invested in SouthPoint, a major student accommodation developer, thus helping alleviate shortages in decent accommodation at tertiary institutions. The partnership with student housing developers has yielded 7 669 student beds. Downtown Johannesburg also received a further boost through Circlevest, a company that rehabilitates derelict properties as part of preserving and rejuvenating the inner city.

Our investment has seen the rollout of significant affordable housing units. To date HIFSA has delivered 19 425 houses that have been transferred to end users. Demand in this sector remains buoyant. Some of the most prominent developments funded include Savanna City, Southern Gateway, Hillside and Crystal Park Development.

In addition to the above, HIFSA has also extended 2 000 home loans, 78 400 home improvement loans and built 6 651 rental units. A key aspect of these developments is adherence to green building principles.

HARITH FUND MANAGERS

Background

Harith is a leading Pan-African fund manager that provides investors with exposure to major infrastructure projects in diversified sectors such as energy, transport, information and telecommunications, and water and sanitation. Harith has investments in a number of countries outside South Africa including Botswana, Côte d'Ivoire, Nigeria, Namibia, Mauritius, Malawi and Kenya.

Our involvement

The DBSA invested in two Harith managed funds, Pan African Development Fund I and Pan African Development Fund II in 2007 and 2014 respectively. Between the two funds, the DBSA has a combined interest of 19.8%.

Our impact

Our investment in the fund has enabled the development of key energy assets. The Kelvin Power Station in Johannesburg, one of only a few power stations in South Africa not owned by Eskom, supplies power to City Power, the City of Johannesburg's power utility. Norvo Energy, an integrated natural gas company specialising in delivering comprehensive fuel solutions to vehicular, industrial, commercial and residential customers by making use of compressed natural gas technology and pipelines is another key investment in South Africa. Further afield, the fund has invested in an open cycle gas turbine power station in Nigeria, the Lake Turkana wind farm in Kenya that has the potential to generate 310MW representing approximately 15% of Kenya's total installed capacity, and a wind farm in the Cape Verde.

All these investments contribute towards addressing Africa's pressing energy challenges which is a crucial component of the African Union's Agenda 2063 strategic framework for the continent's future and of global sustainable development goals.

Outside of the energy sector, the fund has made ICT investments in open-source fibre networks in South Africa, Malawi and Ghana. These investments enhance connectivity and broadband capacity around the continent.

The transport sector with its capacity to facilitate trade and connect people has also benefitted from the fund's investments. Key projects include an urban expressway connecting the north and the south of Abidjan and the HKB Bridge that comprises 7km of bridge and roads connecting two major districts of Abidjan, and is located near the largest harbour on the West Africa coast. South Africa's two investments are in the fourth largest airport – Lanseria International – and in a company providing cost-effective, innovative and reliable rolling stock lease solutions.

VANTAGE CAPITAL

Background

Established in 2001, Vantage Capital's key objective is to promote local entrepreneurship by investing in mid-market African businesses, thus injecting much-needed growth capital. The fund has consistently enjoyed the support of South Africa's DFIs, including the DBSA, IDC and PIC. The fund has also managed to attract investment from international DFIs like FMO, DEG, SIFEM and CDC Group, Norfund and the European Investment Bank (EIB).

Our involvement

The DBSA has been an investor in Vantage Capital since 2010 with an aggregate exposure of 11% to the overall fund. This enabled Vantage Capital to grow its portfolio to 13 investments with a total investment value of R1.7 billion.

Our impact

Vantage Capital has identified job creation as its core ESG Pillar. Creation of decent job opportunities is central to the achievement of the SDGs and relates directly to SDG 8 (Decent Work and Economic Growth), and indirectly to SDG 1 (No Poverty). In addition to creating jobs, Vantage Capital through its investments in its investee companies seeks to create decent jobs which pay a fair wage, protect workers' rights as well as their Health and Safety (H&S), and eliminate all forms of child and forced labour.

Vantage Capital has seen strong growth in jobs created amongst small employers with close to 400 jobs created since investing. This demonstrates the job creation potential of small enterprises. Mid-size employers have shown a marginal decline of 4% with respect to job creation since Vantage Capital's initial investment.

The fund also pays significant attention to ensuring workplace diversity across race and gender. Across the entire portfolio, 90% of total jobs supported are occupied by African employees, followed by Coloured (5%), White (4%) and Indian/Asian employees (1%). The fund supports women empowerment within its portfolio and at Fund Manager level. Of the 24 249 jobs supported across the portfolio, 39% (9 528) were occupied by women.

FUND MANAGERS' IMPACT (continued)

AFRICAN AGRICULTURE FUND

BACKGROUND

The African Agriculture Fund (AAF) is a pan-African food investment initiative in response to the under-capitalised agriculture industry and food value chain. The primary objective of the fund is to contribute towards food security and self-sufficiency around the continent.

OUR INVOLVEMENT

The DBSA has been an investor in Vantage Capital since 2010 with an aggregate exposure of 9% to the overall fund. This enabled AAF to make significant downstream investments in companies in West Africa (5), Central Africa (1), Southern Africa (8) and East Africa (2). AAF became fully invested in 2016 with a total portfolio of USD218 million.

OUR IMPACT

Some of the key outcomes of the fund include:

3 829 506

tonnes of food and food-related products delivered to date

9 362

permanent jobs sustained

1 929

permanent quality jobs created

957

permanent jobs for women

99 667

total smallholders and micro-entrepreneurs impacted

35 990

smallholders and micro-entrepreneurs directly impacted

Caption

DBSA'S JUST TRANSITION POSITION STATEMENT

The DBSA is committed to playing an active role in a Just Transition that achieves net zero emissions by 2050. This commitment extends to adopting activities and initiatives that contribute towards the global target to drive greenhouse gas emissions to net zero whilst building a fairer and more inclusive economy for women and marginal communities, and managing the impact on those workers negatively affected by the move away from affected sectors. We are developing an integrated sustainability approach. As part of the DBSA's approved Integrated Just Transition Investment Framework, we will incorporate the Bank's net zero pathway, which will include details of the DBSA's net zero GHG emissions targets across our total investment and loan portfolios. This is in alignment with the South African government's net zero targets as detailed in the Nationally Determined Contribution.

Our strategy and operations are guided by international sustainability policy positions (including global commitments made by the South African government), national economic and sustainability policy positions, the DBSA's mandate and sector focus, the DBSA's climate policy frameworks, our Green Bond framework, as well as the infrastructure development needs in the region. As a leading DFI in the region, the DBSA is well placed to ensure that a transition to a net zero target is a Just Transition. This means that the DBSA will provide transition finance and will not support new fossil fuel investments which are not part of a clear and unambiguous Just Transition plan to a decarbonised future.

Over the years, the DBSA has made a concerted effort to address climate change and contribute to the broader low-carbon aspirations of South Africa and the rest of Africa by supporting and investing in initiatives aimed at climate change mitigation and adaptation. The DBSA was instrumental in the development of the Renewable Energy Independent Power Producers Programme (REIPPP) by funding the establishment and administration of the Independent Power Producer Office, resulting in investments of over R200 billion and the creation of 50 000 jobs in the REIPPP. The DBSA, through its accreditation to the Global Environment Facility (GEF), and the Green Climate Fund (GCF) has implemented innovative programmes which support the transition to a low carbon economy. The Climate Finance Facility is a lending facility established to encourage private sector investment in climate-related projects in Southern Africa and the Embedded Generation Investment Programme, a facility that supports embedded generation renewable energy projects in South Africa.

CLIMATE AND ENVIRONMENTAL RESPONSIBILITY

CLIMATE AND ENVIRONMENTAL RESPONSIBILITY

SUPPORTING ENVIRONMENTALLY-ORIENTATED INFRASTRUCTURE PROGRAMMES

As a DFI, we recognise that the biggest influence we can have on our collective natural capital is to fund programmes and initiatives that respond to the most pressing environmental issues of our time. Climate change is one such pressing issue, making it imperative for us to 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 and supporting a Just Transition to a low carbon economy.

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.

Domestically, the DBSA has convened a DFI CEO's Forum that seeks to craft a collective approach by all development finance institutions to climate change and make a contribution to the country's Nationally Determined Contributions. The forum has already made valuable contribution to the Draft Green Finance Taxonomy led by National Treasury.

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 reaccredited to the GCF in 2021 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. The Bank is involved in a pipeline of projects for financing, including the following initiatives:

The Climate Finance Facility

A lending facility that has been adapted to suit emerging market conditions and is aimed at encouraging and enabling climate-related investments in southern Africa. Two projects have been approved and are at different stages of the investment cycle – Bridge City Social Housing project and the FedGroup Impact Investing Fund.

Embedded Generation Investment Programme (EGIP)

The DBSA utilised 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. We also partnered with ICLEI – Local Governments for Sustainability and UK PACT to undertake a feasibility study that will provide technical and funding options for five local town centres. Refer to page 22 of this review for more information on our involvement and impact in the year under review.

Municipal Solid Waste Management Programme

This programme supports the implementation of organic waste treatment solutions in six pilot municipalities in South Africa, including the City of Johannesburg (CoJ). The provision of a waste treatment technology facility to the CoJ will result in the effective management of 500 000 tonnes of municipal solid waste per annum, while simultaneously generating electricity.

CLIMATE AND ENVIRONMENTAL RESPONSIBILITY
(continued)

REDUCING OUR IMPACT ON THE ENVIRONMENT

The DBSA endeavours to continuously improve its own use and consumption of energy, water and sanitation, and waste management. Wherever possible, we reduce the electricity we consume and are developing an off-grid campus to house our operations.

Water

The DBSA actively measures and monitors water use throughout our operations. Where possible, we develop proactive water management strategies to deliver on our commitment to being a responsible custodian of water. Although our operations are not particularly water-intensive, we are committed to more efficient water consumption on our campus. Total water used on the DBSA campus from municipal water sources was reduced to 2 573 kilolitres in 2022 from 10 186 kilolitres in 2018.

Year	Water consumption in kilolitres
2022	2 573
2021	3 868
2020	7 531
2019	7 144
2018	10 186

Recycling and waste management

Although we do not generate significant volumes of waste, recycling various types of waste is an important part of our waste management strategy. We focus on recycling cans and tins, cardboard, newspapers and magazines, plastic and paper. During the year under review, we did not generate or recycle any significant quantity of these materials as all our employees were working from home and our main campus was closed. We remain committed to the recycling of the above-mentioned materials once our campus reopens and employees return to work. Waste material is disposed of through legitimate contractors at certified waste disposal facilities.

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 the financial year under review, our energy consumption decreased to 0.4MW from the 2.7MW of 2018. A significant contributor to this reduction is our employees working from home since the advent of the COVID-19 pandemic. By reducing our non-renewable energy consumption, we also lowered the GHG emissions associated with electricity usage at our campus.

Year	Electricity consumption in MW
2022	0.4
2021	0.5
2020	2.8
2019	2.7
2018	2.7

The plans to take our campus off-grid remain in place and we are fully committed to leading by example in terms of managing our water usage and waste generation. The feasibility study was completed and approved by year-end. The team is working on the procurement process and the implementation plan of the programme. We believe we have a responsibility to demonstrate to the projects we fund what can be achieved through sustainability commitment and innovation. 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. The majority of the work planned for the financial year under review could not be carried out due to the campus closure in response to the national lockdowns. This work will resume when our campus is open and fully functional.

SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY

SOCIO-ECONOMIC INSTITUTIONS: DLAB PRECINCT MODEL

Location:
South Africa

Sector:
Social

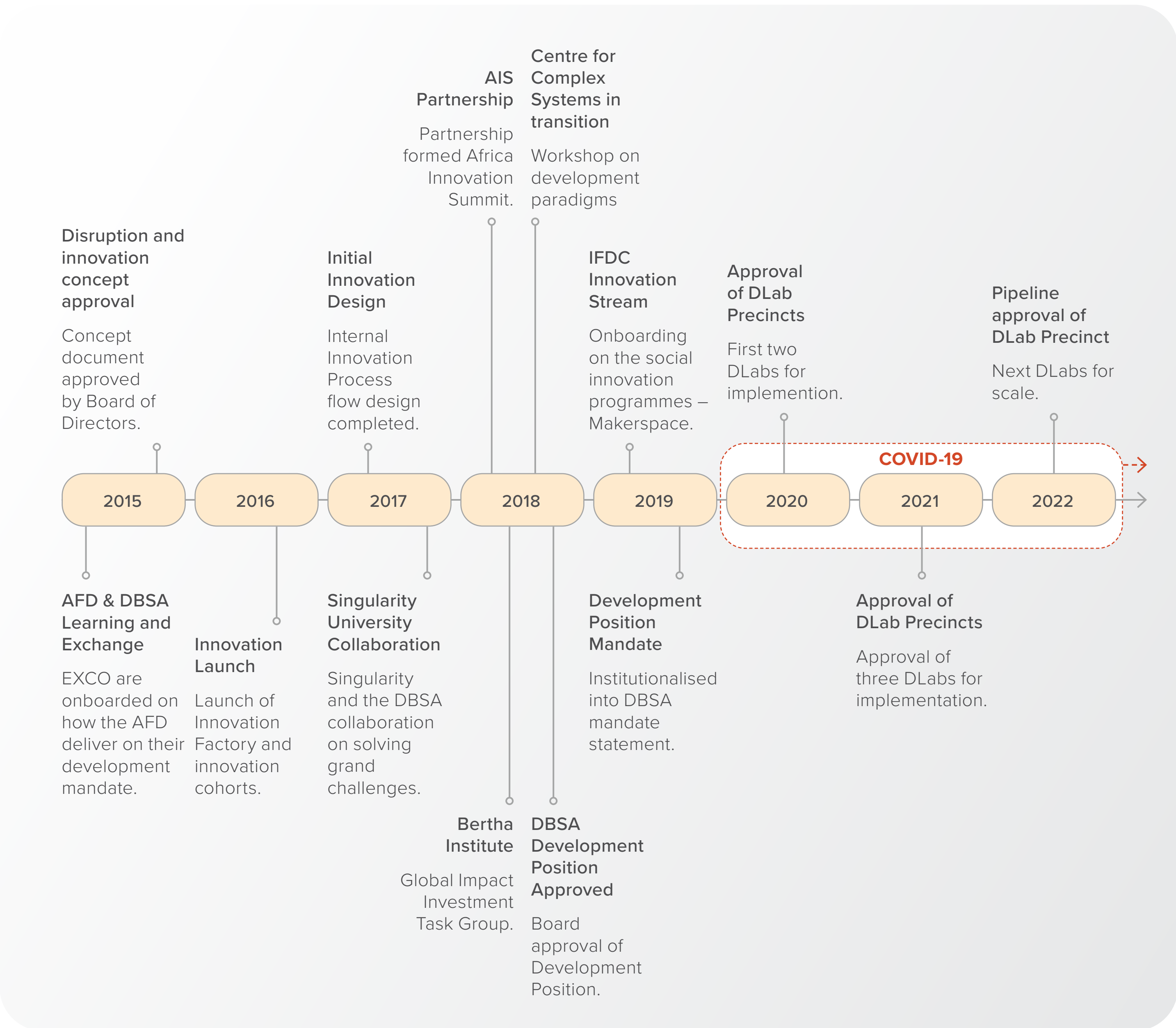
Value chain:
Capacity Building

SDG(s) impacted

Background

The Bank's Development Laboratories (DLabs) present a potential solution for township economies and previously disadvantaged communities. DLabs primarily use smart technologies and partnerships to create environments and opportunities that narrow the social divide without relocating people, but rather positioning them to lead their developmental space.

The DLabs Precinct programme birthed an unprecedented South African approach to addressing socio-economic challenges through sustainable development. The programme is a scalable co-solutioning ecosystem that drives community just transitions, yields innovations for the green economy, creates pathways to employment opportunities, provides access to skills of the future, drives local economic development, has linkages between the informal and formal economies, and builds resilience and wellbeing within marginalised township and rural economies. The programme responds directly to the country's need for inclusive and shared prosperity.



Our involvement

DBSA fulfils three critical functions in the programme:

- The Bank plays the convening role as the pivotal link between key players and holding them accountable to achieving the set objectives.
- The Bank's strong internal governance process has been a key success factor and an attractive feature to key stakeholders.
- The DBSA provides the initial capital injection and operational support to each Precinct site over a three- to five-year period, to support the precincts in becoming self-sustaining vehicles.

To date the DBSA has spent R30 million on the first two pilots. The DBSA's convening power delivered a platform that has created a network of approximately 30 key stakeholder partnerships across civil society, business, government, and other like-minded groups that share common developmental goals. This partnership platform, which is key to implementation successes, creates financial and non-financial opportunities within the DLab ecosystem, mobilises and attracts investment inflows (through targeted investing), yields developmental returns (financial and non-financial), and stimulates the local economy.

DLAB outcomes

Although the progress of implementing the DLabs was slowed by COVID-19, we are pleased with the project's outcomes so far. The first two pilot precincts in Jabulani (Soweto, Gauteng) and Westridge (Mitchells Plain, Western Cape) have taken distinct approaches to realise the same set of objectives. Their strengths and uniqueness lie in the community-specific methods to innovative solutioning and the immediate inclusion and mobilisation of local individuals. These two sites have presented a strong proof of concept for model producing actual results, in real time, against commitments. Actual programme delivery has exceeded the set implementation and development results timelines and deliverables.

	Westridge, Mitchells Plain (Western Cape)	Jabulani, Soweto (Gauteng)
Value-added uniqueness	» Unemployed, inappropriately skilled, underprivileged South African youth » Catalysing opportunities for young people through 4IR » Targeted skills and knowledge development that are valued by employers » Socio-emotional competencies, such as communication, creativity and resilience, accessed via the broader precinct support network	» Creating and holding a safe space for youth, away from their immediate socio-economic challenges » Using mobility and sport to develop socio-emotional acumen » Provide physically and emotionally safe space where young people can access quality after-school programmes, strong role models, and a range of services, opportunities and support
Programme highlights	» Makerspace » Mobility lab » Future skills programme » Youth local participation in exchange for social currency (ZLTO) » Online training courses » Enterprise development and incubation	» After-school football programme » Innovative collaboration » Youth desks for pathways to employment opportunities » Future skills programme » ECD programme » Health and wellness » Business processing operations (BPO) » Enterprise development and incubation
Development results	» 13 permanent employed opportunities have been created » 304 individuals trained with future skills » 68 enterprises have been trained and incubated » 4 079 social impact transactions completed, which translates to R138 732 in social currency	» 19 permanent employed opportunities have been created » 387 individuals trained with future skills » 54 enterprises have been trained and incubated » 30 130 individuals received health and wellness services » 1 040 individuals accessed SCALP programmes

SOCIAL RESPONSIBILITY (continued)

DLabs and inclusive local economic development

As part of its inclusive economic development focus, the DLabs model offers a combination of enterprise training, incubation and opportunities to operate within the precinct. The main goal was to enable small businesses to thrive so as to stimulate local economic development in the communities and also yield opportunities for job creation. The procurement of local goods and services was fully activated and local spend targets were achieved. A database of local small, medium and micro enterprises (SMMEs) was developed, and service relationships were established with numerous SMMEs. Business Development Services and Business Incubation programmes were established.

The concept for establishing township-based business process outsourcing services has been designed and ready for piloting in the new financial year within the Jabulani precinct. This will enable the private sector to outsource business processes to youth in the area, thereby giving the community access to the global gig economy. This is a core element of the Jabulani DLab financial sustainability strategy.

Within the Westridge DLab precinct the teams were able to provide enterprises with the opportunity to access incubation, business development support and mentorship. A total of 13 local small businesses accessed the incubation programme during this financial year. Three of the businesses were able to access more than R10 million in funding support. This includes Zlto, which was a startup created by youth from the precinct that directly created 13 new full-time jobs and 15 temporary jobs during this period.

DLabs and women

The RLabs Women, a female-focused programme with the main objectives of increasing economic, technology and innovation participation by young girls and women, was enabled. This programme focuses on inclusion for women and girls in underserved and historically disadvantaged communities. Four highlights are:

1. **StartUP Women** – Provides women and young girls with the skills, capacity and tenacity to participate in the innovation and entrepreneurial economies.
2. **Junk. Fund** – This is a seed funding vehicle that was launched by the RLabs Women team that does fundraising through their crowdfunding platform and the capital is deployed into female-led micro enterprises.
3. **Digi Women** – This programme provides an opportunity for women to access digital skills that enables them to build sustainable livelihoods.
4. **RLabs Beauty** – This initiative is a support platform for entrepreneurs in the beauty and wellness industries.

During this financial year the RLabs Women programme supported 34 women-owned businesses through their Startup Women VIP Programme. They also directly invested over R200 000 in 23 female-led businesses through the Junk. Fund initiative. Collectively, the Precincts have reached 200 enterprises. Members of Zlto created significant value of earnings that could be redeemed in the Zlto marketplace.

CORPORATE SOCIAL INVESTMENT

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 we operate across the African continent, our CSI initiatives are focused within South Africa.

The DBSA's key CSI focus areas are education and school health, specifically the provision of infrastructure facilities, capacity building support for teachers and caregivers, support for school health and nutritional programmes as well as learning and playing equipment to primary schools and Early Childhood Development (ECD) centres located in rural and under-resourced municipalities.

Sustainability is integral to our CSI initiatives and, therefore, our primary focus is on flagship three-year programmes and projects, which are selected based on the socio-economic needs identified in the communities in which we operate. A secondary focus is on charitable giving. Requests for donations from registered charities are reviewed and considered according to a set of pre-defined criteria aligned to our CSI focus areas.

We take a collaborative approach to our CSI flagship programmes, which includes the participation of a diverse range of stakeholders including communities and beneficiaries, our partner NGOs and NPOs, as well as engagements with the relevant municipal, district and/or provincial departments.

Our CSI plan, which outlines projects to be supported, is revised annually. Once the plan has been interrogated and approved by responsible authorities, it forms the basis for programme implementation and periodic performance reporting to the Social and Ethics Committee. This is in compliance with the Companies Act, No. 71 of 2008, as well as the Companies Amendment Act, No. 3 of 2011.

Our CSI operations are guided by the following broad principles:

» Our normal CSI budget is a minimum of 1% of net profit after tax (NPAT), calculated on the audited financials of the previous year, as legislated. Due to special allocations made to combat the COVID-19 pandemic, the actual CSI investment in the year under review increased measurably to accommodate these additional interventions.

» Our strategic focus on education and health is aligned with the NDP and SDGs.

» Flagship projects are three-year commitments that are reviewed annually. In exceptional cases, they may be 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 decisions for inclusion as flagship programmes.

» Stakeholder engagement and participation in projects from conceptualisation are fundamental to all projects undertaken in the CSI programme. The acceptance, buy-in and ownership of affected stakeholders are considered critical elements in ensuring the successful implementation of our CSI projects.

EDUCATION: ECD INFRASTRUCTURE

Location:
South Africa

Sector:
Social

Value chain:
CSI

SDG(s) impacted

It is widely recognised that investment in Early Childhood Development (ECD) is an effective long-term strategy for poverty eradication. The importance of ECD, including the provision of appropriate emotional, cognitive, and physical development stimulation to children from an early age, is emphasised in the National Development Plan (NDP). Since 2018, the DBSA has provided CSI funding support amounting to R17.4 million to 19 ECDs, hand wash stations at primary schools and school leadership support in Gauteng, the Free State, Limpopo, KwaZulu-Natal and the North West province.

In the financial year under review, our ECD programme focused particularly on initiatives in the Free State and Limpopo. Following engagements with various stakeholders, including the Provincial Department of Social Development, three ECD centres were identified for support. These ECD centres, located in the Lejweleputswa district, had previously been operating out of corrugated iron shacks. They received CSI funding in the amount of R5.2 million which went towards the construction, delivery, and installation of mobile ECD infrastructure by our CSI partner, Bright Kid Foundation. Over 150 children benefitted from this project.

EMFULENI SCHOOL SANITATION PROGRAMME

Location:
South Africa

Sector:
Social

Value chain:
CSI

SDG(s) impacted

The Emfuleni Local Municipality (ELM) has been plagued by significant institutional, financial and service delivery challenges over the years, with the Gauteng Provincial Government placing it under administration in 2020.

As a result of the challenges, including the inoperative and dilapidated Rietspruit Wastewater Care and Management works in Vanderbijlpark and the Leewkuil Wastewater Care and Management Works in Vereeniging, there was widespread spillage of untreated sewage and solid waste into residential areas and the Vaal River system.

The municipality approached the DBSA for assistance with formulating and delivering an integrated infrastructure development solution, comprising project planning and preparation, infrastructure financing, project implementation and capacity building support, as well as the co-ordination and facilitation of CSI interventions to ensure alignment and sustainability of support initiatives.

For Phase 1 of the programme, a total of 10 schools most exposed to the risks arising from poor sanitation were identified. In February 2020, a Project Steering Committee (PSC) was established, comprising representatives from the Department of Education, the local municipality, the 10 priority schools, the Rand Water Foundation, and other key stakeholders.

The Emfuleni Schools Sanitation CSI Programme aims to mitigate the hygiene risks to 9 356 learners, as well as teachers and the community at large, while also improving the teaching and learning environment for better educational outcomes. An initial R2 million CSI contribution funded the detailed planning for the project, while a further R18 million was approved for implementing remedial measures.

In the 2021/22 financial period, sanitation upgrades for the first two schools were completed and became fully operational in October 2021.

Given the magnitude of the crisis in the municipality, we engaged potential third-party funders, resulting in the Rand Water Foundation contributing R2 million and the Water Research Commission, through their SASTEP Programme, conditionally approving an in-kind contribution of R250 000 in rebates on the cost of the remedial sanitation systems.

CORPORATE SOCIAL INVESTMENT (continued)

NGO SUPPORT AND CHARITABLE GIVING

Location:
South Africa

Sector:
Social

Value chain:
CSI

SDG(s) impacted

The DBSA reviews unsolicited requests for donations from registered charities, in accordance with strict criteria. In the period under review, over 100 requests for CSI funding were received and evaluated, and 21 NGOs received funding support in the amount of R10.5 million from our CSI programme.

One example of the positive impacts achieved by these charitable donations is the Yibanathi Educare Centre in Monwabisi Park in Khayelitsha, Cape Town. Yibanathi was one of the beneficiaries that benefited from a DBSA donation to the NGO, Breadline Africa – a charity established in 1993 that provides infrastructure to support ECD initiatives in southern Africa. The Yibanathi Educare Centre caters for 64 children aged younger than five years old. All the classrooms, kitchen and toilet facilities at the preschool were previously housed in corrugated iron shacks. However, thanks to the DBSA donation, two safe classrooms were provided and a shipping container was converted into a kitchen and toilet unit, allowing the principal to formally register her preschool with the Department of Social Development.

SPECIAL PROJECT: LUKHANYISO COMMUNITY FARMING PROJECT

Location:
South Africa

Sector:
Social

Value chain:
CSI

SDG(s) impacted

The Lukhanyiso project, originally financed through the DBSA's Green Fund, implements Innovate Farming Systems (IFS) cooperatively with the Lukhanyiso Farmers Producers Organisation (LFPO). LFPO is an organisation comprising 90 black economic empowerment farmers who are beneficiaries of restituted land. The project involves the development, operation, and maintenance of a large-scale bio-Compressed Natural Gas (bio-CNG) plant located on a 2 100-hectare farm in Kutlwanong, Free State. The farm belongs to the Kutlwanong Farmers' Trust, which consists of households from the Kutlwanong community. Feedstock for the plant is mainly provided by small-scale farmers in surrounding areas.

The project aims to help this rural community of 90 previously disadvantaged small-scale farmers become sustainable through strategic industrial partnerships, market access, and renewable energy production. The project initially encountered logistical challenges, and the COVID-19 pandemic throttled the project completely, stalling the community's sources of funding and income.

Achievements

Following a site visit by the Bank's CSI and Climate Finance teams, we approved R2 million in CSI funding for the LFPO to implement pilot chicken farming operations that would serve as a short-term solution to the community's need for income. It was felt that this would also serve as a foundation for a fully operational and commercial business model, that was sustainable and capable of creating income and employment for the respective households from the Kutlwanong community.

The funds enabled the conversion of old farm infrastructure into two houses with a combined capacity of 8 000 birds. The Bank also appointed a project manager to oversee the pilot phase of the chicken farm while supporting the farmers with business skills, training and business planning.

With the pilot phase completed, 4 000 chickens were placed in the renovated houses in March 2022 and the first cycle is being supervised by the appointed project manager. Training for the farmers and community members is ongoing, with discussions underway with a local mining company and nearby retail businesses to sell the chickens once ready.

Project outcomes

6

employment opportunities preserved, including:

1

youth

4

women

REFERENCE INFORMATION

ANNEXURE A: GLOBAL REPORTING INITIATIVE TABLE

We report in line with the requirements of the Global Reporting Initiative (GRI).

The revised GRI Universal Standards 2021, which have been released for public use, are still awaiting updated sector standards for the banking industry. We have therefore prepared this review in accordance with the GRI Standards 2016: Core Option. The anticipated date for implementing the GRI Universal Standards 2021 is 1 January 2023.

Based on our internal assessment, we believe our 2022 Sustainability Review is compliant with the Core Option of the GRI Universal Standards. Our Internal Audit unit has conducted a review of the disclosure items and the results are provided below:

GRI 101: FOUNDATION 2016

GRI 102: General disclosures

Organisational profile

GRI disclosure	Report commentary/ direct answer	Assurance by DBSA Internal Audit
102-1 Name of the organisation	Review cover About this review	Compliant
102-2 Activities, brands, products and services	*Refer to 2022 Integrated Annual Report pages 62 to 74.*	Compliant
102-3 Location of headquarters	The DBSA operates from its offices in Midrand, Gauteng, South Africa	Compliant
102-4 Location of operations	The DBSA's mandate covers the whole of Africa with a strong focus on the SADC region	Compliant
102-5 Ownership and legal form	The DBSA is wholly owned by the South African government.	Compliant
102-6 Markets served	*Refer to 2022 Integrated Annual Report pages 26 and 27.*	Compliant
102-7 Scale of the organisation	The DBSA is a single entity with no subsidiaries.	Compliant
102-8 Information on employees and other workers	The DBSA does not have a recognised labour union or collective bargaining agreements. SACCAWU has organisational rights but no bargaining rights.	Compliant
102-9 Supply chain	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.	Compliant
102-10 Significant changes to the organisation and its supply chain	None	Compliant
102-11 Precautionary principle or approach	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 page 1 of the Sustainability Review.*	Compliant
102-12 External initiatives	*Refer to 2022 Integrated Annual Report pages 16 to 17 as well as pages 6 to 8 and 66 of the Sustainability Review.*	Compliant
102-13 Membership of associations	*Refer to 2022 Integrated Annual Report pages 22, 35 and 99.*	Compliant

Strategy

GRI disclosure	Report commentary/direct answer	Assurance by DBSA Internal Audit
102-14 Statement from senior decision-maker	*Refer to 2022 Integrated Annual Report pages 4 to 9.*	Compliant
102-15 Key impacts, risks and opportunities	*Refer to 2022 Integrated Annual Report pages 45 to 55 and 62 to 74.*	Compliant

Ethics and integrity

GRI disclosure	Report commentary/direct answer	Assurance by DBSA Internal Audit
102-16 Values, principles, standards and norms of behaviour	*Refer to 2022 Integrated Annual Report page 116.*	Compliant
102-17 Mechanisms for advice and concerns about ethics	*Refer to 2022 Integrated Annual Report pages 121 and 122.*	Compliant

Governance

GRI disclosure	Report commentary/direct answer	Assurance by DBSA Internal Audit
102-18 Governance structure	*Refer to 2022 Integrated Annual Report page 117.*	Compliant
102-19 Delegating authority	*Refer to 2022 Integrated Annual Report pages 117 to 120.*	Compliant
102-20 Executive-level responsibility for economic, environmental and social topics	*Refer to 2022 Integrated Annual Report pages 38 to 42.*	Compliant
102-21 Consulting stakeholders on economic, environmental and social topics	*Refer to 2022 Integrated Annual Report pages 56 to 61.*	Compliant
102-22 Composition of the highest governance body and its committees	*Refer to 2022 Integrated Annual Report pages 116 to 117.*	Compliant
102-23 Chair of the highest governance body	*Refer to 2022 Integrated Annual Report pages 6 to 9.*	Compliant
102-24 Nominating and selecting the highest governance body	*Refer to 2022 Integrated Annual Report pages 116 to 120.*	Compliant
102-25 Conflicts of interest	*Refer to 2022 Integrated Annual Report pages 121 to 122.*	Compliant
102-26 Role of highest governance body in setting purpose, values and strategy	*Refer to 2022 Integrated Annual Report pages 118 to 120.*	Compliant
102-27 Collective knowledge of highest governance body	*Refer to 2022 Integrated Annual Report pages 118 to 120.*	Compliant
102-28 Evaluating the highest governance body's performance	*Refer to 2022 Integrated Annual Report pages 118 to 120.*	Compliant
102-29 Identifying and managing economic, environmental and social impacts	*Refer to 2022 Integrated Annual Report pages 38 to 42.*	Compliant
102-30 Effectiveness of risk management processes	*Refer to 2022 Integrated Annual Report pages 45 to 55.*	Compliant

ANNEXURE A: GLOBAL REPORTING INITIATIVE TABLE (continued)

Stakeholder engagement

GRI disclosure	Report commentary/direct answer	Assurance by DBSA Internal Audit
102-40 List of stakeholder groups	*Refer to 2022 Integrated Annual Report pages 56 to 59.*	Compliant
102-41 Collective bargaining agreements	*Refer to 2022 Sustainability Review page 68.*	Compliant
102-42 Identifying and selecting stakeholders	*Refer to 2022 Integrated Annual Report pages 56 to 59.*	Compliant
102-43 Approach to stakeholder engagement	*Refer to 2022 Integrated Annual Report pages 61 and 99.*	Compliant

Reporting practice

GRI disclosure	Report commentary/direct answer	Assurance by DBSA Internal Audit
102-45 Entities included in the consolidated financial statements	Not applicable	Compliant
102-46 Defining report content and topic boundaries	*Refer to 2022 Integrated Annual Report pages 2 and 3.*	Compliant
102-47 List of material topics	*Refer to 2022 Integrated Annual Report pages 43 and 44.*	Compliant
102-48 Restatements of information	Not applicable	Compliant
102-49 Changes in reporting	Not applicable	Compliant
102-50 Reporting period	The report relates to the financial year from 1 April 2021 to 31 March 2022	Compliant
102-51 Date of most recent report	31 March 2021	Compliant
102-52 Reporting cycle	Annual	Compliant
102-53 Contact point for questions regarding the report	*Refer to page 1 of the 2022 Sustainability Review.*	Compliant
102-54 Claims of reporting in accordance with the GRI Standards	*Refer to page 1 of the 2022 Sustainability Review.*	Compliant
102-55 GRI content index	*Refer to page 1 and Annexure A of the Sustainability Review.*	Compliant
102-56 External assurance	*Refer to page 1 of the 2022 Sustainability Review.*	Compliant

GRI 200: ECONOMIC

GRI 201: Economic performance 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 13 and 18.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 13 to 18.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 13 to 18.*
201-1 Direct economic value generated and distributed	*Refer to 2022 Integrated Annual Report pages 24 to 27.*
201-2 Financial implications and other risks and opportunities due to climate change	*Refer to 2022 Integrated Annual Report pages 24 to 27 and 30 to 31.*
201-3 Defined benefit plan obligations and other retirement plans	*Refer to 2022 Integrated Annual Report pages 130 to 132.*
201-4 Financial assistance received from government	None

GRI 202: Market presence 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 13 to 18.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 13 to 18.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 13 and 18.*
202-2 Proportion of senior management hired from the local community	*Refer to 2022 Integrated Annual Report pages 118 to 120.*

GRI 203: Indirect economic impacts 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 43 and 44.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 43 to 55.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 43 to 55.*
203-1 Infrastructure investments and services supported	*Refer to 2022 Integrated Annual Report pages 62 to 74.*
203-2 Significant indirect economic impacts	*Refer to 2022 Integrated Annual Report pages 62 to 74.*

GRI 204: Procurement practices 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 98 to 102.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 98 to 102.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 98 to 102.*
204: Procurement practices	*Refer to 2022 Integrated Annual Report pages 98 to 102.*
204-1 Proportion of spending on local suppliers	*Refer to 2022 Integrated Annual Report pages 62 to 74.*

ANNEXURE A: GLOBAL REPORTING INITIATIVE TABLE (continued)

GRI 205: Anti-corruption 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 121 to 122.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 121 to 122.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 121 to 122.*
205-1 Operations assessed for risks related to corruption	*Refer to 2022 Integrated Annual Report pages 45 to 55.*
205-2 Communication and training about anti-corruption policies and procedures	*Refer to 2022 Integrated Annual Report pages 121 to 122.*
205-3 Confirmed incidents of corruption and actions taken	*Refer to 2022 Integrated Annual Report pages 45 to 55.*

GRI 300: ENVIRONMENTAL

GRI 301: Materials 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
301-2 Recycled input materials used	*Refer to 2022 Integrated Annual Report pages 112 to 114.*

GRI 302: Energy 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
302-1 Energy consumption within the organisation	*Refer to 2022 Integrated Annual Report pages 112 to 114.*
302-4 Reduction of energy consumption	*Refer to 2022 Integrated Annual Report pages 112 to 114.*

GRI 303: Water and Effluents 2018

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
303-1 Interactions with water as a shared resource	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
303-2 Management of water discharge-related impacts	*Refer to 2022 Integrated Annual Report pages 112 to 114.*
303-3 Water withdrawal	*Refer to 2022 Integrated Annual Report pages 112 to 114.*
303-4 Water discharge	*Refer to 2022 Integrated Annual Report pages 112 to 114.*
303-5 Water consumption	*Refer to 2022 Integrated Annual Report pages 112 to 114.*

GRI 305: Emissions 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 31 and 112 to 114.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 31 and 112 to 114.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 31 and 112 to 114.*
305-1 Direct (Scope 1) GHG emissions	*Refer to 2022 Integrated Annual Report pages 31 and 112 to 114.*
305-2 Energy indirect (Scope 2) GHG emissions	*Refer to 2022 Integrated Annual Report pages 31 and 112 to 114.*

GRI 307: Environmental compliance 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
307-1 Non-compliance with environmental laws and regulations	*Refer to 2022 Integrated Annual Report pages 38 to 42.*

GRI 308: Supplier environmental assessment 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
308-1 New suppliers that were screened using environmental criteria	*Refer to 2022 Integrated Annual Report pages 38 to 42.*

GRI 400: SOCIAL

GRI 401: Employment 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
401-1 New employee hires and employee turnover	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
401-3 The details of the parental leave is contained on the approved employment policy of the DBSA	*Refer to 2022 Integrated Annual Report pages 103 to 110.*

ANNEXURE A: GLOBAL REPORTING INITIATIVE TABLE (continued)

GRI 403: Occupational Health and Safety 2018

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 108 and 109.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
403-1 Occupational health and safety management system	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
403-2 Hazard identification, risk assessment and incident investigation	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
403-3 Occupational health services	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
403-4 Worker participation, consultation and communication on occupational health and safety	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
403-5 Worker training on occupational health and safety	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
403-6 Promotion of worker health	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
403-8 Workers covered by an occupational health and safety management system	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
403-9 Work-related injuries	*Refer to 2022 Integrated Annual Report pages 103 to 110.*
403-10 Work-related ill health	*Refer to 2022 Integrated Annual Report pages 103 to 110.*

GRI 404: Training and education 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 106 to 108.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 106 to 108.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 106 to 108.*
404-1 Average hours of training per year per employee	*Refer to 2022 Integrated Annual Report pages 106 to 108.*
404-2 Programs for upgrading employee skills and transition assistance programmes	*Refer to 2022 Integrated Annual Report pages 106 to 108.*
404-3 Percentage of employees receiving regular performance and career development reviews	*Refer to 2022 Integrated Annual Report pages 106 to 108.*

GRI 405: Diversity and equal opportunity 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 108 to 110.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 108 to 110.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 108 to 110.*
405-1 Diversity of governance bodies and employees	*Refer to 2022 Integrated Annual Report pages 108 to 110.*
405-2 Ratio of basic salary and remuneration of women to men	*Refer to 2022 Integrated Annual Report pages 108 to 110.*

GRI 406: Non-discrimination 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 104 to 109.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report page 106.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 104 to 109.*
406-1 Incidents of discrimination and corrective actions taken	None

GRI 408: Child labor 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	Not applicable
103-2 The management approach and its components	Not applicable
103-3 Evaluation of the management approach	Not applicable
408-1 Operations and suppliers at significant risk for incidents of child labour	No operations and suppliers at significant risk for incidents of child labour reported

GRI 409: Forced or compulsory labor 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	Not applicable
103-2 The management approach and its components	Not applicable
103-3 Evaluation of the management approach	Not applicable
408-1 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	No operations and suppliers at risk for incidents of forced or compulsory labour reported

GRI 413: Local communities 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 38 to 42.*
413-1 Operations with local community engagement, impact assessments and development programs	None

ANNEXURE A: GLOBAL REPORTING INITIATIVE TABLE
(continued)

GRI 414: Supplier social assessment 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	Not applicable
103-2 The management approach and its components	Not applicable
103-3 Evaluation of the management approach	Not applicable
414-1 New suppliers that were screened using social criteria	Not applicable

GRI 418: Customer privacy 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 32 to 37.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 32 to 37.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 32 to 37.*
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	None

GRI 419: Socioeconomic compliance 2016

GRI disclosure	Review commentary/direct answer
103-1 Explanation of the material topic and its boundary	*Refer to 2022 Integrated Annual Report pages 16 to 18.*
103-2 The management approach and its components	*Refer to 2022 Integrated Annual Report pages 16 to 18.*
103-3 Evaluation of the management approach	*Refer to 2022 Integrated Annual Report pages 16 to 18.*
419-1 Non-compliance with laws and regulations in the social and economic area	None

ANNEXURE B: UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact (UNGC) is a UN 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 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
Human rights		
Businesses should: » support and respect the protection of internationally proclaimed human rights; and » make sure that they are not complicit in human rights abuses.	The DBSA supports the United Nations' Universal Declaration of Human Rights. We are bound by the Constitution of the Republic of South Africa, which contains the Bill of Rights. 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. Our service providers, suppliers and trade partners are also bound by the Code. At a project investment level, the DBSA considers the advancement and protection of human rights an imperative. Various social safeguards have been built into our due diligence process, including a cautious approach to investing in fragile, conflict and volatile environments.	Code of ethics policy Employment policy
Labour		
Businesses should uphold: » the freedom of association and the effective recognition of the right to collective bargaining; » the elimination of all forms of forced and compulsory labour; » the effective abolition of child labour; and » the elimination of discrimination in respect of employment and occupation.	The DBSA is committed to fair employment opportunities for all and to create an environment that permits such equal opportunities for advancement. This is imperative 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, we affirm our commitment to comply with the spirit of the Employment Equity Act, No. 55 of 1998 to the strategic benefit of the DBSA. South Africa is a signatory to the International Labour Organization convention, as applicable to fair labour practices, and South Africa has a plethora of labour legislation that reflect the standards. The DBSA's Employment Policy incorporates these legislative provisions. South African law prohibits forced, compulsory and child labour. 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, No. 66 of 1995. For the past two financial years, no collective bargaining agreement has been in place.	Employment policy
Environment		
Businesses should: » support a precautionary approach to environmental challenges; » undertake initiatives to promote greater responsibility; and » encourage the development and diffusion of environmentally friendly technologies.	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 our strategy, which highlights the need for effective integration of sustainability issues as the key to ensuring sustainable economic and social development. The DBSA supports the precautionary approach to environmental challenges. Environmental and sustainability considerations at the DBSA are founded on the following key documents, systems and processes: the DBSA Environmental Sustainability Strategy; the DBSA Environmental Policy; the Just Transition Investment Framework; the environmental management system; and the DBSA environmental appraisal procedures. These combine to form the DBSA environmental management framework, which serves as the structure to ensure all our operations, programmes and projects are socially responsible, environmentally sound and in line with government requirements.	Environmental policy

ANNEXURE B: UNITED NATIONS GLOBAL COMPACT (continued)

UNGC Principle	DBSA's support of UNGC Principle	The DBSA policy
Anti-corruption		
Businesses should work against corruption in all its forms, including extortion and bribery.	The DBSA has adopted a Code of Ethics that articulates the values and ethical standards to which all persons associated with the Bank are required to adhere. This notwithstanding, the DBSA acknowledges that in today's business environment, fraud and corruption is prevalent, and all business organisations are susceptible to the risk of fraud and corruption. In this regard, our Fraud Prevention Plan sets out, and reinforces, our policy of zero-tolerance towards fraud and corruption as well as management's commitment to combating all forms of fraud inherent in our operations. The DBSA's fraud hotline forms an integral part of its anti-fraud and anticorruption efforts. The toll-free hotline is independently managed and administered. All reported cases are promptly investigated and prosecuted where warranted. 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.	Code of ethics Conflict of interest policy Gift and hospitality policy Whistle-blowing policy Fraud prevention plan

ACRONYMS AND ABBREVIATIONS

AADFI	Association of African Development Finance Institutions
ASIDI	Accelerated Schools Infrastructure Delivery Initiative
B-BBEE	Broad-Based Black Economic Empowerment
BRICS	Brazil, Russia, India, China, South Africa
CAPEX	Capital expenditure
CEF	Capital expenditure framework
CEF	Central Energy Fund
COE	City of Ekurhuleni
CoJ	City of Johannesburg
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DHET	Department of Higher Education and Training
DLabs	Development Laboratories
DRC	Democratic Republic of Congo
DTIC	Department of Trade, Industry and Competition
DSAC	Department of Sport Arts and Culture
DWS	Department of Water and Sanitation
EAF	Environmental Appraisal Framework
ECD	Early Childhood Development
ECIC	Export Credit Investment Corporation of South Africa
EDM	Electricidade de Moçambique
EGIP	Embedded Generation Investment Programme
ESG	Environment, social and governance
ESSS	Environmental and Social Safeguard Standards
GCF	Green Climate Fund
GF	Green Fund
GHG	Greenhouse gas
GRI	Global Reporting Initiative
GTLM	Greater Tzaneen Local Municipality
HEFMA	Higher Education Facility Management
ICT	Information and communications technology
IDD	Infrastructure Delivery Division
IDFC	International Development Finance Club
IDP	Integrated Development Plan
IIPSA	Infrastructure Investment Programme for South Africa
INEP	Integrated national electrification programme
IPP	Independent Power Producer
LHWP	Lesotho Highlands Water Project
MIG	Municipal Infrastructure Grant
MLCM	Mogale City Local Municipality
MoU	Memorandum of Understanding

ACRONYMS AND ABBREVIATIONS (continued)

MTEF	Medium Term Expenditure Framework
NDC	Nationally Determined Contribution
NDoH	National Department of Health
NDP	National Development Plan
NERSA	National Energy Regulator of South Africa
NRW	Non-Revenue Water
NSFAS	National Student Financial Aid Scheme
NWRS	National Water Resource Strategy
NWSMP	National Water and Sanitation Masterplan
PACBP	Pan-African Capacity Building Programme
PIU	Programme Implementation Unit
PMO	Project management Office
PPE	Personal protective equipment
PPP	Public-Private Partnership
PSP	Private Sector Partnership
REIPPPP	Renewable Energy Independent Power Producers Procurement Programme
SADC	Southern African Development Community
SADC-DFRC	Southern African Development Community Development Finance Resource Centre
SAFE	Sanitation Appropriate for Education Programme
SDF	Spatial development framework
SDG	Sustainable Development Goal
SDIP	Sustainable Development Investment Partnership
SETA	Skills Education and Training Authority
SGB	School Governing Body
SHIP	Student Housing Infrastructure Programme
SME	Small and medium enterprise
SNEL	Société Nationale d'Electricité
SPV	Special purpose vehicle
TCTA	Trans-Caledon Tunnel Authority
TVET	Technical and Vocational Education and Training
UFH	University of Fort Hare
UFS	University of Free State
UNFCCC	United Nations Framework Convention on Climate Change
UNGC	United Nations Global Compact
vat	Value added tax
VRS	Vaal River System

GENERAL INFORMATION

Registered office	Headway Hill 1258 Lever Road Midrand Johannesburg South Africa
Business address	Headway Hill 1258 Lever Road Midrand South Africa
Postal address	PO Box 1234 Halfway House 1685 South Africa
Banker	The Standard Bank of South Africa
Registered Auditor	Auditor-General of South Africa
Company registration number	1600157FN
JSE Debt Sponsor	Rand Merchant Bank (a division of FirstRand Bank Limited)
Primary Debt Listings	JSE Limited
Telephone	+27 11 313 3911
Fax	+27 11 313 3086
Home page	www.dbsa.org
LinkedIn	www.linkedin.com/company/dbsa/
Twitter	twitter.com/DBSA Bank
Email	dbsa@dbsa.org

www.dbsa.org