DEVELOPMENT BANK OF SOUTHERN AFRICA

2025

SUSTAINABILITY REVIEW

Building on Strength, **Expanding Impact**

TABLE OF CONTENTS

BUILDING ON STRENGTH, EXPANDING IMPACT

The Development Bank of Southern Africa's (DBSA or the Bank) 2025 Integrated Annual Report theme, "*Building on Strength, Expanding Impact*", reflects our unwavering commitment to sustainable development, anchored in resilience, credibility and purpose-driven performance. It reflects the essence of our journey: rooted in over four decades of experience, institutional knowledge and robust governance. The DBSA has become a trusted development finance partner. We continue to build on these strengths. Our resilience in the face of external challenges, whether economic, environmental, or geopolitical, has positioned the DBSA to respond with agility and integrity.

This theme also signals a bold, future-facing ambition to expand our impact, scale our reach and deepen our influence across the continent. It speaks to our ongoing efforts to innovate, collaborate and drive transformative infrastructure solutions that improve lives and enable inclusive, sustainable growth. We are not only maintaining momentum, we are deliberately accelerating it.

"Building on Strength, Expanding Impact" reflects both our enduring legacy and a promise to do more, go further and deliver scalable, lasting change for the people of Africa.

The DBSA is a pivotal Development Finance Institution (DFI) wholly owned by the South African government, with a mandate to promote economic development and growth, human and institutional capacity building for sustainable development projects and programmes in the African continent. With a substantial gross investment portfolio across the continent, of **R119 billion***, the DBSA plays a crucial role in mobilising resources from national and international investors to drive sustainable development across South Africa, the Southern African Development Community (SADC) and the broader African continent.*

The DBSA's overarching purpose is to **"Build Africa's Prosperity"** *by driving inclusive growth, securing innovative solutions, expanding access to development finance and integrating and implementing sustainable development solutions.*

NAVIGATING OUR REPORT

OUR CAPITALS

The six capitals represent the comprehensive stock of resources and relationships that the Bank draws upon, transforms into impacts in its value creation process. Each capital offers a distinct lens through which to understand how value is generated, preserved, or eroded. By examining these diverse capitals, our integrated report aims to provide a more holistic and forward-looking view of our ability to create and sustain value over the short, medium, and long term.

These Capitals are Financial Capital, Intellectual Capital, Human Capital, Social and Relationship Capital, Manufactured Capital and Natural Capital. Refer to pages 8 and 48 to 49 of the Integrated Annual Report for further details of the capitals and how we use them to create value for our stakeholders.

OUR STRATEGIC GOALS

To remain an effective DFI amid global, continental and national challenges, and to seize the opportunities they present, the DBSA has implemented a renewed, forward-looking strategy which is purposefully designed to respond to emerging trends and drive sustainable impact. Refer to page 37 of the Integrated Annual Report for an overview of our Decadal Strategy.

Guided by our purpose to "bend the arc of history toward shared prosperity," our strategy aims to "grow the DBSA to maximise development impact". Thus, the DBSA's strategy drives financial sustainability and strong governance, while accelerating and enhancing development impact, guided by four strategic goals namely: Financial Sustainability, Accelerating Development Impact, Future-fit DBSA and Smart Partnerships.

(refer to page 21 for the description of strategic goals)

OUR CAPITALS

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

OUR STRATEGIC GOALS

- Financial Sustainability
- Accelerating Development Impact
- Future-fit DBSA
- Smart Partnerships

LINKS

- Links to other parts of the report.
- Links to the web for more information.

OUR MATERIAL ISSUES

Our material issues anchor the value creation narrative by connecting stakeholder concerns, strategy, performance and outcomes, helping to explain how and why the Bank creates, maintains or erodes value over time.

01 Cost of funding

02 Country/Sovereign risk

03 Increased focus on geopolitical impact on South Africa

04 Strategic, execution and business risks

05 Environmental, Social and Governance Risks

06 Navigating the Just Transition

07 Reliability of digital infrastructure and cyber security

08 Employee skills attraction, retention and development

09 Employee engagement and culture

01

Overview

DBSA
Sustainability Review 2025

PERFORMANCE HIGHLIGHTS

PERFORMANCE AND DEVELOPMENT OUTCOMES

TOTAL INFRASTRUCTURE DEVELOPMENT SUPPORT
R91.3 BILLION
2024: R72.9 billion

NET PROFIT
R5.3 BILLION
2024: R4.6 billion

TOTAL ASSETS
R121 BILLION
2024: R118 billion

CASH GENERATED FROM OPERATING ACTIVITIES
R6.8 BILLION
2024: R5.4 billion

SUSTAINABLE EARNINGS
R5.1 BILLION
2024: R4.5 billion

ROE BASED ON SUSTAINABLE EARNINGS
9.3%
2024: 9.0%

DEVELOPMENT RESULTS

7 623
Learners benefitted from 15 newly built schools
(2024: 4 375)

5 757
Learners benefitted from 9 refurbished schools
(2024: 14 755)

11 325
Learners benefitted from improved sanitation facilities built in 98 schools funded from the DBE SAFE programme
(2024: 17 289)

11 397
Learners benefitted from improved sanitation facilities constructed in 67 schools funded from provincial budget allocations
(2024: 47 901)

956
Local small, medium and micro enterprises (SMMEs) and subcontractors employed in the construction projects
(2024: 1 308)

R4.0 billion
Value of infrastructure delivered by black-owned entities, of which R2.6 billion was delivered by black women-owned entities
(2024: R4.1 billion of which R2.3 billion was delivered by black women-owned entities

R584 million
benefit accrued to SMMEs and subcontractors employed in the construction projects
(2024: R615 million)

R218 million
loan disbursements to B-BBEE entities for renewable energy projects

35 154
Temporary and permanent jobs facilitated
(2024: 31 638)

1 643
Youth trained in future skills through the DLABS programme
(2024: 1 594)

544
Start-up enterprises supported through the DLABS programme
(2024: 479)

FUND MANAGERS CONTRIBUTION

3 858 409
Tonnes of food and food-related products delivered
(2024: 3 852 023 Tonnes)

109 336
Total smallholder farmers and microentrepreneurs impacted
(2024: 109 029)

15 430
Permanent jobs sustained in the different sectors
(2024: 32 519)

47 674
Kilometres of fibre built
(2024: 47 967)

548 623
Towers built and acquired
(2024: 0)

GOVERNANCE

Unqualified audit opinion
since inception

Robust, ethical and diverse leadership

R nil
Irregular, fruitless and wasteful expenditure reported during the financial year under review
(2024: R nil)

RATINGS AND ACCREDITATIONS

Ba3
foreign currency rating by Moody's

AA rating
by Association for African Development Finance Institutions (AADFI)

Global Environmental Facility
accreditation since August 2014

Green Climate Fund EU
6-pillar accreditation (valid until 2026)

ACCOLADES AND AWARDS

CGISA
The DBSA won a merit award under the State-Owned Company category at the Chartered Governance Institute of Southern Africa's (CGISA) Integrated Reporting Awards 2024.

ABOUT THIS REPORT

The DBSA Sustainability Review supplements the DBSA 2025 Integrated Annual Report. This report focuses on the Bank's approach to fulfilling its purpose: To build Africa's prosperity by driving inclusive growth and securing innovative developmental solutions.

SCOPE AND BOUNDARY

This Sustainability Review, for the year ended 31 March 2025, outlines our economic, environment, social and governance initiatives and provides an overview of our development impact. This report provides insight into our sustainability journey and the significant contributions we have made throughout the African continent.

While this report may appeal to a wide range of stakeholders, it particularly addresses the interests of policymakers, regulators, bond investors, analysts, sustainable development professionals and other parties keen on understanding the Bank's development impact and sustainability performance.

The content of this report is guided by:

- The Global Reporting Initiative (GRI) Standards
- The King Code of Governance Principles for South Africa (King IV)[1],
- The Amended Financial Sector Code (FSC) guides the content of the report.
- The Johannesburg Stock Exchange (JSE) Sustainability and Climate Disclosure Guidance
- IFRS S1 and S2.

We developed this review in accordance with the GRI Standards (Core). Our management approach to material issues informs the GRI's Specific Standard Disclosures. See the GRI content index on pages 106 to 112.

FOR THE FULL 2025 ANNUAL REPORT SUITE

Visit: https://www.dbsa.org /investor-relations.

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

COMBINED ASSURANCE

The Bank's Internal Audit team examined the disclosures presented in the GRI tables. Recognising the importance of external validation, we ensured the Sustainability Review underwent external assurance, a decision we deemed beneficial. In addition to providing assurance on the Bank's Annual Financial Statements, our external auditor is required to perform specific procedures on our key performance indicators. Their report and findings are documented in the external Auditor's Report within the Annual Financial Statements.

MATERIALITY

In terms of environmental, social and governance (ESG), we endorse a double materiality approach in our annual reporting disclosures.

Double materiality:

- **Impact Materiality** (inside-out perspective): How the Bank's activities impact society and the environment.
- **Financial Materiality** (outside-in perspective): How sustainability issues, such as climate change, affect the organisation's financial performance, risks, and opportunities.

BOARD APPROVAL

Although the reporting process was delegated to a proficient and seasoned reporting Team, the Board retains final accountability for the integrity of the Integrated Annual Report (IAR) bolstered by the Audit and Risk Committee (ARC) and DBSA Executive Management. The leadership diligently oversees the reporting process, emphasising the meticulous crafting of the DBSA's value-creation narrative. The Board affirms that this report accurately portrays all material concerns and aligns with the <IR> Framework. Approval of this report was granted by the Board of Directors on 26 June 2025.

Martie Janse van Rensburg
Interim Chairman and Chairman, Nominations Committee

Kenneth Brown
Chairman, Sustainability and Ethics Committee

Boitumelo Mosako
Chief Executive Officer

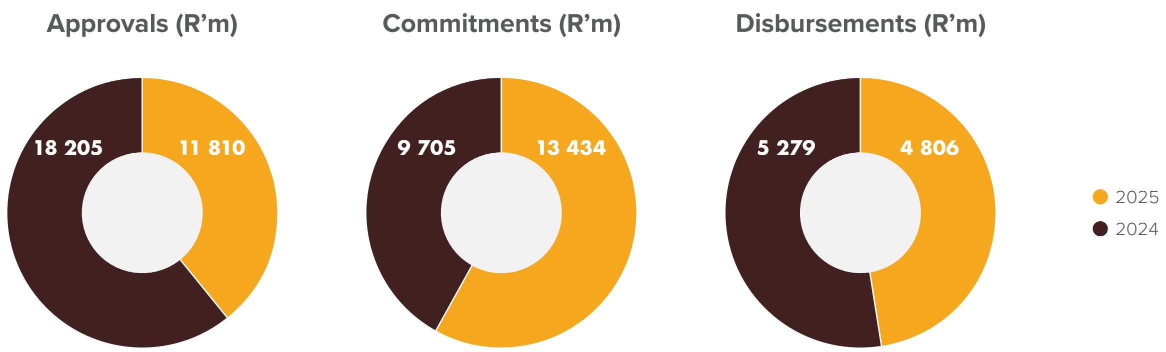
1 Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.

SUSTAINIBILITY HIGHLIGHTS

ECONOMIC INFRASTRUCTURE AND GROWTH IN SOUTH AFRICA

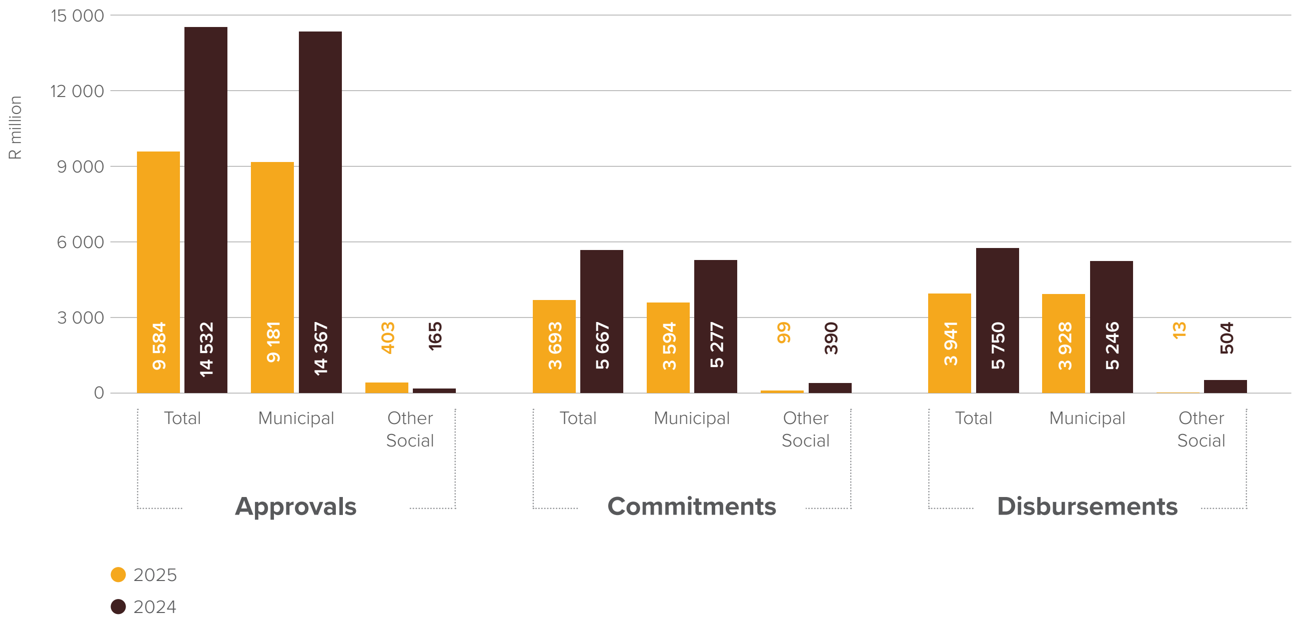
The DBSA accelerates sustainable socio-economic development by funding economic infrastructure in the energy, transport, water and sanitation and ICT sectors. We further support key social infrastructure projects in the education, healthcare and human settlements sectors.

Economic sector approvals, commitments, and disbursements



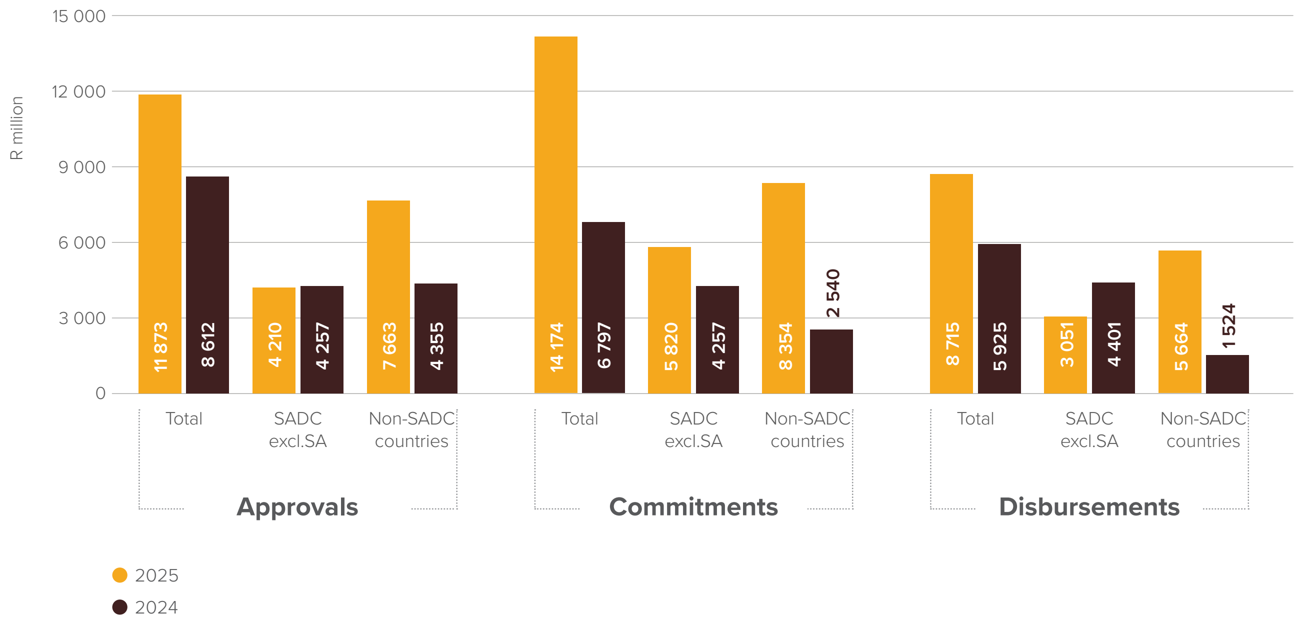
SUPPORTING SOCIAL DEVELOPMENT AND SERVICE DELIVERY IN SOUTH AFRICA

The DBSA acts as an implementer of government priorities, and local government is key to supporting delivery of basic services to communities. The DBSA provides the largest share of infrastructure support to municipalities in South Africa. We further support the South African government in financing and accelerating infrastructure programmes at metro and municipal levels.



REGIONAL INTEGRATION

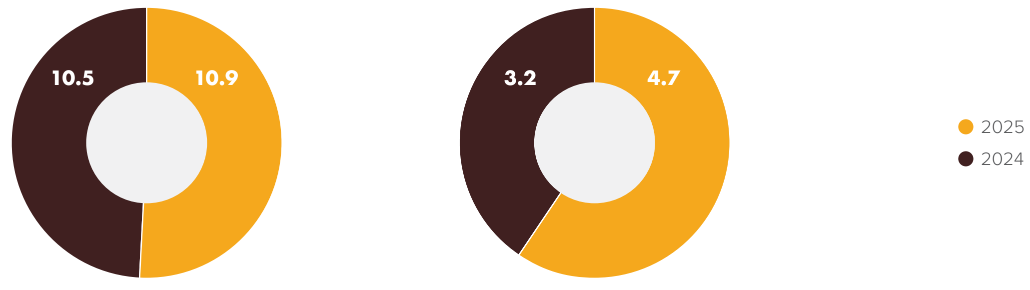
Regional integration is essential to simultaneously grow the South African economy and the broader continental economy. By investing in infrastructure projects that facilitate trade and increase Africa's global competitiveness, the DBSA supports regional development and integration. Ultimately, we aim to improve the quality of life of the people in the region. The funded sectors and associated values are depicted below.



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.

Consumption/usage levels



Electricity consumption (MW)

Water consumption (Kilolitres)

Outside of internal operations, the Bank supports climate-friendly projects by developing products that promote environmental responsibility and support climate action through co-investment with other financial institutions.

MESSAGE FROM OUR CEO

The DBSA is dedicated to creating positive change in the lives of Africans by facilitating infrastructure investment as a catalyst for economic growth and social development. As a development finance institution, we strive to ensure that all our investments and non-financial services benefit stakeholders across the board, including governments, businesses, communities and individuals

We see the integration of ESG into investments as a responsible investment practice that leads to positive outcomes for public and private sector practices. We are committed to embedding comprehensive ESG principles and guidelines in our decision-making processes. We operate within the South African constitutional, legislative and policy mandate, the 2030 Agenda for Sustainable Development, the United Nations Sustainability Development Goals (SDGs) and Paris Agreement principles. In addition, we partner with financial and development institutions to implement our infrastructure finance mandate on the African continent. We are a Global Environment Facility (GEF) and Green Climate Fund (GCF) project implementing agent.

ENVIRONMENTAL FOCUS

A few years ago, we committed to Net Zero by 2050, recognising and supporting SDG 13: Climate Action. To deliver on this commitment, we have taken a series of internal steps to commence establishing a credible baseline for our own operations and existing loan book, in line with greenhouse gas accounting best practices, specifically the Greenhouse Gas Protocol (GHG) Methodology. We recognise that regardless of whether carbon emissions disclosure is voluntary within the South African financial sector, it is important that we commence our own baseline and reporting process to maintain transparency and accountability.

Over the next financial year, specialists will support us in aligning and establishing such baselines. Regarding the integration of sustainability risk into various business activities, climate risk stress testing and scenario work will commence in the next financial year. Progress in this regard will be shared over the course of the next two financial years. We have also developed an Environmental and Social Risk Policy, which directly refers to how sustainability risks are integrated into our newly revised Environmental and Social Lending Procedure. This procedure emphasises the importance of monitoring every high-risk transaction annually at a minimum.

10 YEARS OF INFRASTRUCTURE DELIVERY

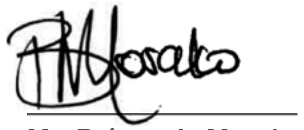
Our Infrastructure Delivery Division (IDD), established a decade ago, has been central to our mission. The integration of social facilitation into IDD projects has driven significant progress, positive change, and notable successes. The IDD strengthens the Bank's ability to deliver crucial infrastructure, addressing gaps in capacity and expertise, while supporting job creation and contributing to the green economy. We work closely with stakeholders to speed up planned infrastructure development and ensure projects are delivered efficiently and on time. As an implementing agent, the IDD actively supports government's aim of transformation and the economic empowerment of businesses owned by previously disadvantaged individuals. We are committed to ensuring a set percentage of suppliers appointed through our procurement process are Broad-Based Black Economic Empowerment (B-BBEE) suppliers.

Looking ahead, the division anticipates upward performance towards our strategy of building a R10 billion a year business by 2029. Central to our strategy is the focus on achieving sustainable development impact while building financial sustainability and satisfying our clients. We will achieve this by excelling in execution and recovering all our operational costs. We continue to forecast positive achievement across all development impact indicators relevant to improving the lives of our communities and beneficiaries. We have many IDD projects in the initiation and early construction phases, including projects for Gauteng Education, the Department of Water and Sanitation, National Health Mega Hospital Projects, and the refurbishment of the Parliament of the Republic of South Africa.

Our contribution to increasing infrastructure delivery will include supporting municipalities in collaboration with the Bank's lending divisions. We are committed to increasing development impact by deliberately creating employment opportunities in our projects, prioritising black-owned suppliers, especially women-owned businesses, and local SMMEs, supporting the government's call for economic transformation in the country.

ROBUST GOVERNANCE

At the DBSA, our commitment to good governance underpins everything we do. We recognise that strong ethical leadership and robust governance frameworks are not simply a matter of compliance, but are fundamental to building trust, ensuring accountability, and delivering sustainable development impact. Our governance structures are continuously reviewed and refined to reflect best practice. In the year under review, our Board has maintained a strong focus on ensuring that sustainability is embedded into the business at every level. This focus allows us to effectively manage risks, uphold our ethical culture, and maintain the confidence of our stakeholders, ensuring that the Bank remains a stable and reliable partner in driving infrastructure-led development across South Africa and the wider region.



Ms. Boitumelo Mosako
Chief Executive Officer and Managing Director

WHO WE ARE

The DBSA is a purpose-driven organisation committed to addressing Africa's most pressing development challenges. As a development finance institution, we play a pivotal role in bridging the infrastructure gap by mobilising financial and technical resources from a wide range of public and private sector partners, both locally and globally. These resources are directed towards sustainable infrastructure and capacity development initiatives across South Africa, the SADC region and the broader African continent.

OUR MANDATE

The Bank's mandate is outlined in the DBSA Act and Shareholder's 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 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 our people.

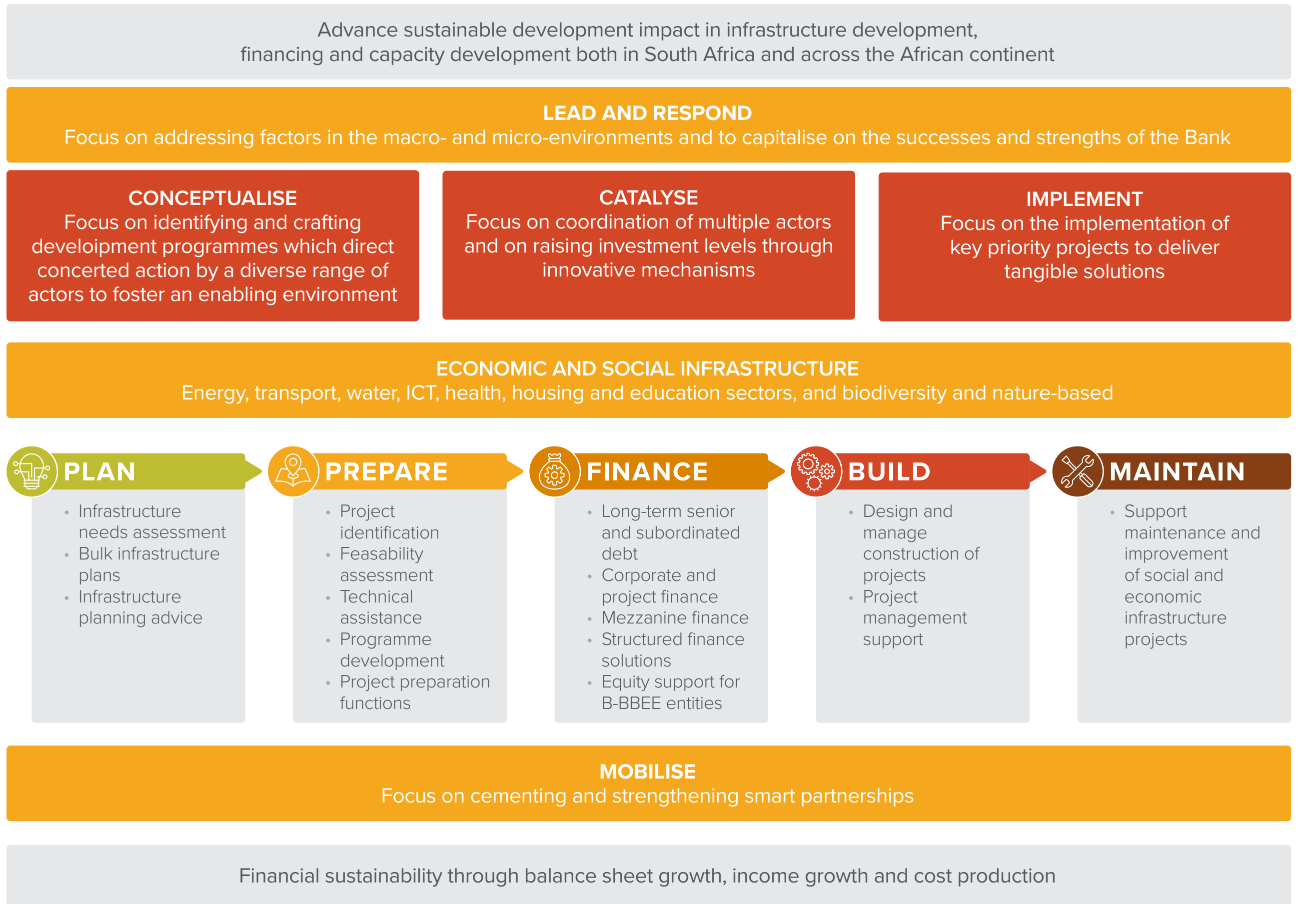
OUR DEVELOPMENT POSITION

Our commitment to ESG principles is deeply embedded in our mandate. This is articulated in our Development Position, which outlines our ambition to "bend the arc of history" by investing in sustainable development. This has been the guiding mission that has shifted the Bank into a developmental role, including a higher risk appetite, moderate returns on investment, leveraging co-funding, grant funding of developmental hubs, more support for black and women-owned businesses, and direct project management of grassroots implementation projects. Globally, the Bank leads in many of these innovations. The development position of the DBSA forms the departure point from which DBSA seeks to deliver on its mandate. The focus is on driving sustainability through innovative solutioning and remaining financially sustainable, whilst accelerating development outcomes. The development position of the DBSA is as follows:

The DBSA contributes to a Just Transition towards 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 wellbeing. 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 its continued multifaceted investments in sustainable infrastructure and human capacity development.

WHAT WE DO

The DBSA's mandate requires the Bank to maximise development impact in infrastructure development, financing, and capacity development, both in South Africa and across the African continent. The DBSA operates in key sectors which are transport and logistics, energy, water and sanitation, information and communications technology, education, health, and human settlements. The DBSA achieves this through its participation in the infrastructure value chain by playing a key role in the planning, preparation, funding, building, and maintenance phases of the infrastructure development value chain. The figure below illustrates the infrastructure value chain and the various services, per the value chain segment.



SECTOR FOCUS

The DBSA plays a critical role in advancing sustainable socio-economic development across South Africa and the Rest of African continent by investing in key infrastructure sectors. Our diversified portfolio is strategically aligned with national and regional development priorities. The DBSA operates in the seven sectors including: energy, transport and logistics, water and sanitation, ICT, education, health and human settlement.

KEY SUB- SECTORS

Municipal infrastructure:

Focus: The DBSA has extensive expertise in supporting local government, working with metros, secondary, and under-resourced municipalities across South Africa. The aim is to accelerate service delivery and improve quality of life, particularly in rural, underdeveloped urban and semi-urban communities.

Activities: The DBSA provides planning, financing, and implementation support for essential basic household infrastructure (water, sanitation, electricity, roads, human settlements) and community services. We assist with municipal infrastructure plans (master plans), infrastructure investment plans, and capacity-building skills for municipal staff. The DBSA also explores innovative financing mechanisms like municipal infrastructure bonds and project finance to encourage private investment. Through its Infrastructure Delivery Division, the DBSA acts as a key implementing agent, significantly augmenting the state's capacity to plan, deliver and maintain crucial economic and social infrastructure across South Africa.

Social Infrastructure:

Focus: We aim to address backlogs and expedite the delivery of essential social services to support sustainable living conditions and improve quality of life within communities. This infrastructure directly impacts human development and well-being.

Activities: Our support extends to non-municipal infrastructure projects such as higher education (student accommodation), healthcare facilities, and the construction and maintenance of houses and schools. We provide planning, financing, and implementation support to ensure access to critical social services.

Economic infrastructure:

Focus: This sector addresses capacity and bottleneck constraints to optimise economic growth potential by supporting infrastructure necessary for a modern industrial nation. The objective is to unlock inclusive economic growth.

Activities: Key areas of investment include bulk water infrastructure, transportation and logistics (roads, railways, ports, airports), power and energy (including renewable energy and a just energy transition), telecommunications, industrial parks and liquid fuels (oil/gas). The DBSA continues to be instrumental in key energy projects such as setting up on independent transmission project office.

Rest of Africa:

Focus: Beyond South Africa, the DBSA is mandated to promote economic growth and regional integration for sustainable development across the African continent. Our purpose is to "Build Africa's Prosperity" by driving inclusive growth and securing innovative solutions that foster socio-economic development in emerging economies.

Activities: We mobilise funding resources for sustainable infrastructure planning and development across the continent, working with sovereign governments, state-owned enterprises, public-private partnerships (PPP), and private businesses. This includes supporting transboundary infrastructure projects that facilitate regional integration and address climate change mitigation and adaptation, often through accreditation to funds like the Global Environment Facility and the Green Climate Fund. We aim to develop a prosperous, integrated, and resource-efficient region progressively free of poverty and dependency.

02

Strategy

OUR STRATEGY

BUILDING ON A STRONG FOUNDATION

The DBSA strategically shapes infrastructure investment by conceptualising, catalysing and implementing sustainable projects through strong partnerships. It plays a vital role across the entire infrastructure development value chain – from planning to maintenance – in both economic and social infrastructure, primarily focusing on energy, transport and logistics, water, sanitation and ICT, in the economic sector and health, housing and education, in the social sector. Biodiversity projects are supported via specialised funds. Navigating the complexities of this comprehensive offering demands a proactive, solution-oriented, efficient and dynamic approach across the entire value chain. The Bank is driving a growth strategy that seeks to grow the Bank to maximise development impact while maintaining financial stability. The DBSA's strategy is anchored on the following key pillars linked to the DBSA mandate as outlined in the DBSA Act, Mandate Statement and the Shareholder's Compact:

Inclusive economic recovery in South Africa

Focusing on meaningful growth, prioritising strategic projects and diversifying clients while adapting to changing market conditions.

Strategic Africa lens

Strengthening the DBSA's position across Africa, forging partnerships and targeting key sectors while ensuring development impact and financial sustainability.

Doing things differently

Focusing on building a future-fit for purpose DBSA through digitalisation, efficient processes and strong governance to maximise development

These pillars set the foundation for the 10-year strategy with a commitment to "bend the arc of history" toward shared prosperity.

OUR AMBITIOUS OUTLOOK

The DBSA's Corporate Strategy is grounded on the need to create world-class infrastructure by catalysing capabilities in an ever-increasing competitive and uncertain environment and seeks to leverage its competitive advantages and insight, experience and capability as far as possible.

STRATEGIC GOALS FOR REALISING OUR AMBITION

Our Strategy is driven by four strategic goals to deliver accelerated and enhanced development impact.

Financial sustainability:

Financial sustainability is paramount for the DBSA, driven by income and balance sheet growth alongside cost optimisation. Meeting ambitious disbursement and credit extension targets is key to expanding our asset base and ensuring long-term viability. Crucially, our lending success directly foreshadows the scale of our future development impact. We will achieve this by growing quality disbursements, enabling regional integration, creating sustainable infrastructure solutions, empowering municipalities and optimising our operations.

Accelerating development impact:

Alongside financial strength, the DBSA prioritises development impact by strategically investing in projects that demonstrably reduce unemployment, poverty and inequality. Our aim is to deliver high-quality transactions with significant developmental outcomes. This includes a programmatic approach to stimulate scaled infrastructure development, fostering inclusive and sustainable socio-economic growth. We are focused on maximising the development impact of our investments in core sectors and South African municipalities, working to create an integrated development environment responsive to evolving needs.

Future-fit DBSA:

To become a more effective DBSA, we will tailor our offerings and capabilities to better serve our clients. Enhanced internal collaboration, integration and complete digitalisation are essential. This requires an integrated operational approach and a shift towards team-based performance and outcomes. Cultivating a culture of growth and innovation, reviewing our structure and operations and embracing digitalisation are key to building a future-fit DBSA.

Smart partnerships:

Smart partnerships are vital, purpose-driven collaborations that co-create development solutions and boost private sector involvement in infrastructure for inclusive growth. These partnerships also help public entities overcome obstacles to accelerated infrastructure development. The DBSA actively pursues such collaboration, both domestically and internationally, to effectively deliver on its mandate.

DELIVERING ON OUR STRATEGIC GOALS

Our strategic initiatives are critical execution plans which enable the implementation and monitoring of the DBSA's strategy. These initiatives are shaped to respond to the challenges, threats and opportunities facing the Bank, determined from the annual environmental scanning exercise. For the 2025/26 medium term, the Bank will focus on the implementation of six strategic initiatives to achieve its strategic goals as shown in the figure below:

VALUE CREATION			COMMUNICATING VALUE		SUSTAINING VALUE
01 INTEGRATED MUNICIPAL APPROACH	02 JUST TRANSITION	03 REGIONAL INTEGRATION	04 SHAREHOLDER ALIGNMENT	05 ELEVATING DEVELOPMENT IMPACT	06 FIT-FOR-PURPOSE DBSA

Our guiding principles for value creation and preservation

Our guiding principles underscore the DBSA's unwavering commitment to a holistic approach: driving sustainable development, fuelling economic growth and advancing social equity, all while maximising internal efficiency and forging strong stakeholder alignment. They are the blueprint for our future impact.

- Drive economic expansion and development as well as being a catalyst for transformative change
- Emphasising social equity and Just Transition in every development initiative by addressing inequalities and creating opportunities for marginalised communities
- Prioritising green growth as a key economic opportunity as well as ensuring a greener and more sustainable future for all
- Maximising development impact without compromising financial sustainability
- Championing a comprehensive and integrated approach to development that extends beyond municipal projects and covers all spheres of influence
- Building capable public institutions extends to a dedication to enhance project management capacity and assist in improving the financial health of municipalities and public institutions. This commitment signifies the DBSA's vital role as an enabler of frontline service delivery and social infrastructure
- Rigorous project preparation and quality assurance:
- Strategic partnering and holistic stakeholder engagement
- Digital transformation and organisational effectiveness
- Skills enhancement and employee empowerment

THE DBSA'S SUSTAINABILITY CONTEXT

OUR APPROACH TO SUSTAINABILITY

In line with our mandate, we aim to advance development impact on the African continent by expanding access to development finance and effectively integrating and implementing sustainable development solutions. This enables us to:

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

We understand that we achieve sustainability by balancing environmental, social, economic and institutional governance aspects in everything we undertake. This is consistent with our commitment to Responsible Finance Principles.

As we strive for comprehensive sustainability, our efforts are structured around the three interconnected pillars of Environment (planet), Social (people), and Economic (profit), all underpinned by ESG principles. We ensure balance by implementing our ESG due diligence, monitoring and engagement procedures. The figure below provides the pillars of sustainability.

PLANET	PEOPLE	PROFIT
ENVIRONMENT	**SOCIAL**	**ECONOMIC**
• Energy efficiency • Climate change strategy • Waste reduction • Biodiversity • Greenhouse gas emissions	• Social licence • Equal employment opportunity • Employee benefits • Health and safety • Community development • Responsible supply chain partnerships • Adhering to labour laws • Gender equality	• Corporate governance • Risk management • Compliance • Ethical business practices • Avoiding conflicts of interest • Accounting integrity and transparency • Sustainable financing

We commit to protecting the biophysical environment impacted by our own operations and our investments. Simultaneously, through our business-as-usual due diligence applied prior to lending, we advise our clients on managing their environmental and social impact and improving their corporate governance.

We seek to advance a sustainable and inclusive economy and to improve the transparency and accountability of our own actions and decision-making. This aligns with the international best practice frameworks and recommendations such as IFRS S1 and S2. As part of our sustainability vision, we aim to contribute towards a world in which, by 2050, more than nine billion people will be able to live well within planetary boundaries. We drive this vision by accelerating net-positive impact, achieved through supporting inclusive and sustainable economic growth, while simultaneously addressing inequalities that contribute to poverty. At the same time, we remain committed to a lower greenhouse gas emission trajectory, integrating climate-resilient development imperatives and solutions that align with the specific contexts in which we operate.

We continue to contribute purposefully towards the SDGs, creating shared value for our clients and society while minimising negative impact on the biophysical environment caused by our investments. Despite these residual negative impacts on the environment, our Safeguards ensure a restorative or rehabilitative approach is taken where damage to the environment occurs from the projects we invest in.

Guiding principles

Our approach to partnerships with clients, projects and the solutions we provide through our lending activities is guided by five principles:

- To maintain and respect human health and safety through the quality of the built environment and its immediate surrounding biophysical environment.
- To support a Just Transition approach towards a lower-carbon world, while balancing society's basic need for access to power.
- Where we provide advisory and origination lending solutions or finance planning activities for our clients through our project preparation facilities, our objective is to guide these projects to adopt circular economy and sustainable design principles to ensure their longer-term resilience.
- Within our spheres of influence, to augment communities' resilience to climate change and risks.
- To manage any negative impact on nature and respect planetary boundaries.

We use these five principles to guide our own interests and business strategies, shaping the execution of each investment we make. We strive to play a catalytic role within a broader developmental ecosystem of collaborative partnerships to deliver sustainable development. We also aim to invest in partnerships and programmes that enable innovative, new industries as we move towards a sustainable trajectory.

OUR SUSTAINABILITY FRAMEWORK

The DBSA's environmental and social sustainability framework aligns with its mission and mandate, while it positions sustainability as central to long-term value creation. We recognise that economic development must advance both human well-being and environmental integrity. Sustainable development is therefore inseparable from social inclusion, environmental restoration and humanitarian goals. The approach acknowledges the financial sector's vital role in addressing climate change, ecosystem degradation and social marginalisation, while building resilience in communities and ecosystems.

The framework reflects the Board's view that development finance has a critical role in tackling climate change, reversing environmental degradation and addressing social exclusion. It embeds sustainability, equity and resource efficiency into the Bank's strategy, capital allocation and operations.

This approach supports a Just Transition to a renewed, inclusive and resilient economy and society. It also guides how we manage ESG risks, evaluate project impacts and balance trade-offs across financial, environmental and social priorities.

Our sustainability framework guides us in integrating and advocating for environmental and social factors across all our activities. It is shaped by our development position, which outlines our role in fostering "a Just Transition towards a renewed and inclusive economy and society that embodies resilience, regeneration, and surpasses current trends." Through this framework, we emphasise the importance of sustainability, equitable well-being and resource efficiency in our strategy and operations. The figure below shows the sustainability framework of the DBSA.

Over the past year, we have commenced the development of an ESG asset tagging framework. The framework is being workshopped across the Bank, including our management team and Board. This framework has two objectives:

- To understand clients' sustainability and transition risks and opportunities and
- To understand the portfolio migration of our loan book over time, i.e., brown, transition and green.

Over the 2025/26 fiscal year, we will further refine our ESG tagging framework. Following this refinement, we will begin reporting our actual financial exposures on our most material asset classes from an 'E' and 'S' perspective. This will be undertaken as part of our cumulative Development Impact reporting efforts.

THE JUST TRANSITION IN SOUTH AFRICA

In South Africa, a Just Transition refers to the process of moving the country's economy away from fossil fuels towards a low-carbon future, while ensuring this transition is fair and equitable, leaving no one behind. This involves addressing the social, economic and environmental impacts of the transition on workers, communities and the environment, ensuring the benefits are shared by all.

Key aspects of a Just Transition in South Africa:

- **Transition to a low-carbon economy:** Reducing reliance on coal and other high-emitting energy sources, with an aim for a low-carbon economy by 2050.
- **Addressing social and economic impacts:** Mitigating potential negative impacts on coal-dependent communities and workers, ensuring they benefit from the new economy.
- **Job creation and skills development:** Fostering roles in the renewable energy sector and related industries, requiring skills development programmes to equip workers for these new positions.
- **Economic diversification:** Creating new opportunities for businesses and industries in the green economy, moving beyond the coal sector.
- **Climate resilience:** Enhancing the country's resilience to climate change impacts, including drought, flooding and extreme temperatures.
- **Inclusive decision-making:** Involving consultations with affected communities and stakeholders to ensure all voices are heard and all needs are addressed.
- **International support:** Collaborating with international partners to secure financial and technical assistance for Just Transition efforts.

MANAGING ESG RISK

ESG RISK AT INVESTMENT LEVEL

Our ESG lending procedure supports our overarching Sustainability Framework and ESG policies as they relate to our lending practices. By following the procedure, we intend to protect the biophysical environment impacted by our investments and to simultaneously advise our clients on managing their environmental and social impact and improve their corporate governance. We consider the procedure iterative and subject to change over time, considering various environmental and social matters relevant to our lending practices. It is therefore subject to stakeholders' input as part of our credit policy processes, in line with good corporate governance principles.

The scope of the revised ESG lending procedure extends to our lending footprint. It sets out the ESG procedure that supports our credit decision-making process. We will apply this policy wherever practicable. In certain instances, the manner in which we participate in certain lending activities limits our ability to influence or make changes. Our policy enables us to better protect our shareholder, stakeholders and clients by promoting and financing sustainable development.

We require all our clients to comply with our Environmental and Social Safeguards, environmental and social legislation including human rights laws in their host countries. Our Environmental and Social Safeguards are based on the International Finance Corporation's Environmental and Social Performance Standards and the associated World Bank Group Environmental Health and Safety Guidelines. Our experienced Team of ESG specialists work with our clients on the identification and management of ESG risks, adding value to our client relationships and identifying further business opportunities.

For our ESG lending procedure, refer to pages 28 and 29.

The DBSA seeks to provide innovative and structured financing solutions to meet project needs thereby matching environmental and social safeguards principles with financial solutions to address development challenges. The DBSA adopts an integrated approach to assess the environmental, social, gender, economic, financial and sector considerations of each proposed investment project. This enables the DBSA to embed sustainability principles into every step of the investment value chain.

Application of the DBSA Environmental and Social Safeguards Standards (ESSS) is across the DBSA's investment value chain

PREPARE PROJECT FOR BANKABILITY
- Identify key environmental and social issues for project design
- Incorporate ESSS issues in bankable feasibility study
- Include indicators

DEAL SCREENING
- Identify high level environmental, social and gender risks and impacts in line with DBSA ESSS
- Categorise project risk (Cat 1, Cat, Cat 3 and Fin. intemediary)
- Categorise projects on the Gender Markers system
- Identify projects for Green House Gas emissions

STRUCTURE DEAL AND APPRAISAL - ASSESS PROJECT FEASIBILITY AND SUSTAINABILITY
- Identify environmental, social and gender project risk, propose mitigants and determine project risk impact after mitigants
- Social and gender appraisal to identify project affected community, assess level of community organisation and representation, identify project impact on affected communities and beneficiaries, and assess community readiness to receive the project
- Identify indicators for Development Results Template (DRT)

CREDIT APPROVAL
- Link environmental, gender and social appraisal to credit approval processes

CONTRACT NEGOTIATION SETTLEMENT
- Determine risk mitigants that may be necessary
- Client informed of environmental, gender and social compliance expectations

MONITORING
- Monitor indicators as per DRT
- Support annual monitoring and client compliance to ESSS obligations

DEVELOPMENT IMPACT
- Report on environmental and social outcomes as per Development Results Report Framework (DRRF)

A Just Transition approach will be captured within a wider internal Climate Risk and opportunities framework for the Bank which is in the process of development.

DBSA INVESTMENT FRAMEWORK CONSIDERS THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE IMPACT OF ALL TRANSACTIONS

All investment proposals undergo environmental, social and governance screening and appraisal as per DBSA Environmental, and Social and Institutional Appraisal Framework Guidelines. DBSA applies its safeguard assessment on each proposed investment. The environmental, social and governance appraisal is incorporated into the broader investment appraisal process, underscoring DBSA's commitment to sustainable and equitable development. The credibility of the DBSA project selection and appraisal standards is in line with the international best practice.

Project concept

- Identify key ESG and climate issues for project design and incorporate in bankable feasibility study
- Identify climate indicators for DRT

- In principle consideration of project bankability
- Prepare project for financing and implementation

Deal screening

- Identify high level ESG risks and impacts for appraisal
- Assign project risk category
- Screen GHG emission volumes
- Identify green climate mapping potential

- High level project assessment
- Screen project for financing
- Identify appraisal data needed

Structure Deal and Appraise

- Identify project ESG risks, propose mitigants and determine project risk impact after mitigants
- Select and quantify ESG indicators for DRT – ESG climate benefits (mitigation/adaptation), green climate mapping

- Structure deal and appraise
- Catalyse additional/ climate financing
- Prepare appraisal for Investment Committee

Credit Approval

- Embed environmental and social obligations in credit approval process and documentation
- Approval of climate recommendations
- Integration into reporting processes

- Finalise pricing and approval of credit documentation for financing of investment transaction

Contracting

- Determine risk mitigants
- Inform client of environmental and social compliance expectations
- Include environmental, social and climate considerations in loan agreement

- Finalise contracting arrangements
- Ensure funder/agency reporting requirements are contracted with clients

Portfolio Monitoring

- Monitor environmental and social indicators as per DRT
- Meet climate reporting obligations as per financing requirements
- Support annual review monitoring and client compliance
- Environmental social safeguard system obligations

- Monitor and review Loan Agreement compliance annually
- Corporate Reporting as per Development Results Reporting Framework

Evaluation

- The Operations Evaluation Unit conduct project evaluations in line with the Bank's evaluation framework

- Ensure environmental and social data points are captured appropriately prior to evaluation

Over the past two years, we have significantly improved our efforts to establish our high-risk investments in our loan book. Understanding these ESG-risky investments also provides for improved credit and reputational risk management. The following references our ESG Lending Procedure.

01 **Standard 1:** Environmental and Social Impact Assessment

02 **Standard 2:** Stakeholder Engagement and Information Disclosure

03 **Standard 3:** Gender Mainstreaming

04 **Standard 4:** Indigenous Peoples

05 **Standard 5:** Development induced displacement and resettlement

06 **Standard 6:** Labour Guidelines

07 **Standard 7:** Community Health and Safety

08 **Standard 8:** Cultural Heritage

09 **Standard 9:** Biodiversity Conservation

10 **Standard 10:** Resource efficiency and pollution prevention

11 **Standard 11:** Safety of Dams

From a compliance perspective, we experienced no significant ESG related incidents during the reporting period. This includes no instances of legal non-compliance (under investigation, pending finalisation or finalised), directives, compliance notices, warnings, investigations or public controversies. One client is currently under investigation for legal non-compliance issues; however, the matter had not been concluded within the review period. We have not been subject to fines, settlements, penalties or other monetary losses in relation to ESG incidents or breaches.

Our transition risk approach

Just Transition involves maximising the social and economic opportunities of climate and environmental action, including an enabling environment for sustainable enterprises, while minimising and carefully managing challenges.

In the South African context, we also consider the definition provided in the Climate Change Act (No. 22 of 2024). 'Just Transition' means a shift towards a low-carbon, climate-resilient economy and society and ecologically sustainable economies and societies

that contribute towards the creation of decent work for all, social inclusion and the eradication of poverty. Furthermore, the Act considers the three justice principles, namely distributive, redistributive and procedural justice. These principles are further underpinned by the theme of environmental justice, which seeks to increase the resilience of people and the environment to climate impacts.

Our sustainability process considers the following Just Transition-related criteria when reviewing new investments:

- Contribution to the reduction of GHG emissions.
- Integration of climate adaptation into the project's design and implementation.
- Consideration of the process of safely decommissioning obsolete infrastructure and restoring the environment.
- Provision of inputs to Just Transition efforts, including job opportunities, reskilling programmes, or other forms of community support to workers affected by decarbonisation efforts.
- Inclusion of initiatives aimed at building human capacity in low-carbon economic sectors.
- Biodiversity and natural capital: climate and environmental effects.
- Human rights policy alignment.
- Independently verified transition plans, which include consideration of social impacts.

Our approach to potential low-carbon intensive investments versus Just Transition-related investment activities is outlined in the figure below:

GREEN AND LOW-CARBON ACTIVITIES

Providing capital to projects, companies or sectors that support the low-carbon transition and are aligned with the Paris Agreement

- Engage with clients and investees to promote respect for labour and human rights as well as social safeguards in their operations
- Strive to generate opportunities for the creation of decent green jobs
- Assess and mitigate potential negative impacts on affected people and communities
- Aim for gender and generational balance; skills and technology transfer; local workforce integration

EMISSION-INTENSIVE AND HARD-TO-ABATE ACTIVITIES

Providing capital to companies in high-emitting and hard-to-abate sectors undergoing key transformations and phasing down emission-intensive economic activities

- Engage with clients to minimise unintended social impacts by promoting early identification of adverse effects (e.g. job losses, deteriorating quality of jobs, disruption of supply chains) and planning measures to address them (retraining, redeployment, retirement)
- Engage with investees and clients on development of transition plans that cover operational changes necessary to reduce emissions, workforce skills development on transformed practices and careful consideration of impacts on local communities and suppliers
- Provide funds for location specific just transitions priorities including products targeting vulnerable population segments and SMME development in the affected regions.
- Collaborate with peers and local authorities around financing Paris-aligned economic diversification and transformation projects

MAINSTREAMING BIODIVERSITY RISK AND OPPORTUNITIES ACROSS OUR INVESTMENT

We recognise that escalating nature loss poses a significant risk to businesses, while nature-positive investments present crucial opportunities. Aligning financial flows with nature, human rights and inclusivity is a complex endeavour requiring collective action across the finance sector. Despite their essential role in sustaining life, healthy, biodiverse ecosystems are deteriorating rapidly, vulnerable to climate change and unsustainable development.

We believe financial institutions are uniquely positioned to address global biodiversity loss at scale, as a 'business as usual' approach is no longer viable. A transformative, whole society/economy approach is essential to help countries balance global obligations under the SDGs and the new Global Biodiversity Framework targets (to 2030) with urgent local basic needs. It is on this critical understanding that we have begun to define our role in managing biodiversity risk within our investments.

In May 2024, we developed a policy position focusing on our experience and lessons learned in assessing our loan book. We adopted the World Wildlife Fund Water and Biodiversity Risk Filter as a key tool to develop the baseline. The baseline serves as a corporate and portfolio-level screening tool, helping us to prioritise the management of water and biodiversity risks to enhance business resilience and contribute to a sustainable future. The development of baselines helps us to take stock of our potential impact and contributes towards fast-tracking our sustainability roadmap, enabling us to play a more decisive, strategic and transformative role.

Following the launch of our policy position during the past financial year, we drove the following biodiversity initiatives:

BIODIVERSITY INITIATIVES IN FY2024/25

PRIORITY 1: ADVANCE OVERARCHING BIODIVERSITY CAPABILITIES	
Aim	Achievements
Integrate nature-based risk tools within the Bank's screening and decision-making tools	• Ongoing integration as opportunities arise to mainstream nature into the Banks Environmental and Social Due Diligence.
Conduct biodiversity and water risk and opportunity assessment across the Bank's loan book using methods aligned with the Task Force for Natural Finance Disclosures (TNFD) guidelines	• Finalised in April 2024. • Next steps include integration of findings into ESG database.
Capacity building and training: Inhouse training ESG	• Inhouse ESG training course for analysts, by analysts to improve mainstreaming biodiversity was developed by the DBSA ESG team in August 2024. • The International Development Finance Club (IDFC) Making Finance work for Biodiversity Working Group, which included the Board Committee Chairs, has developed a biodiversity training programme for 2025. The programme is aimed at various levels within DFIs and funding will be provided by a GCF facility.
Capacity building for partners and clients	· Technical assistance, research support and policy dialogues provided. This was illustrated through the Ecological Infrastructure for Water Security Project (concluded in March 2025), with us as implementing agent and SANBI as executing agent. The project focused on capacity building and creating an enabling environment for a wide range of institutions through policy changes.

PRIORITY 2: GOVERNANCE STRUCTURE	
Aim	Achievements
Board oversight of nature through Infrastructure Delivery and Knowledge Management Committee (IDKC)/Sustainability and Ethics Committee (SEC)	• Reporting on biodiversity to Board through SEC/IDKC on-going since 2020.
Board committee responsibility and escalation procedure	• Social Ethics Environmental Climate Risk Committee (SEECR) established with Terms of Reference in 2024. • Reporting on biodiversity to Board through SEECR/Investment Committee (IC)/Board Credit and Investment Committee (BCIC).
Management and Board roles and responsibilities clarified	• Ongoing through SEC and ARC.
Risk Appetite (refer to risk section on pages 77 and 78 of the 2025 Integrated Annual Report)	The DBSA is actively pursuing investments in biodiversity in both its loan and green finance facilities and engaged in a range of biodiversity positive initiatives in both financing green and greening finance (mainstreaming). • Financing Green initiatives at the Bank. • Completed a GEF project application for climate adaptation in Malawi that focused on river health. • Completed an application for GEF for a conservation project in Côte d'Ivoire. • Working with private sector to mobilise substantial resources for nature related impact bonds.

PRIORITY 3: BIODIVERSITY POLICY/ STRATEGY/ ACTION PLANS	
Aim	Achievements
Alignment of DBSA road map/strategy with the Global Biodiversity Framework and other global and national goals and guidelines and standards such as South African national biodiversity action plan (SANBAP), TNFD, International Financial Reporting Standards and South African Reserve Bank	• The DBSA pledge to support conservation and restoration efforts through the African Natural Capital Alliance (ANCA). • The draft integrated biodiversity strategic framework is aligned with biodiversity global good practices.

PRIORITY 3: BIODIVERSITY POLICY/ STRATEGY/ ACTION PLANS	
Aim	Achievements
Visioning a nature positive economy and supporting global and local policy	• We participated in various dialogue sessions, such as COP16 and COP29.
Embedding nature in strategy process	• Work is underway internally to ensure that biodiversity related risks are incorporated into Bank appropriate climate models.
Participate in policy advocacy on nature	• DBSA has been involved in advocacy work through the Ecological Infrastructure for Water Security Project (EI4WS) Programme in South Africa.
Highlighting links between social, biodiversity and climate finance	• The DBSA has initiated several climate workstreams in economic modelling and climate change strategy and is exploring integrating biodiversity into economic models. • Water Reuse Programme has successfully developed climate and water fact sheets for about 46 municipalities in water stressed areas of South Africa which analysts can use for appraisals.
Allocating a substantive part of climate finance to projects with positive impacts on nature/ biodiversity	• The GCF Water Reuse Programme has developed opportunities for nature based solutions.

PRIORITY 4: THOUGHT LEADERSHIP SUPPORTING THE DEVELOPMENT OF BIODIVERSITY/NATURE STRATEGIES AT CLIENT/ SECTOR LEVEL	
Aim	Achievements
Publication of policy paper on DBSA Nature Journey data (April 2024)	• Launch event at DBSA attended by about 80 people • Presentations subsequently made to various private and public sector forums.
Active Engagement in global events such as COP 16 and COP 29	• Participated and made several presentations at both COP16 and COP29.
Leveraging Private Sector Finance	• Ongoing through DBSA loans and grants-facilitated the submission of four projects to ANCA for accelerated support for bio credits.

PRIORITY 5: ADDRESSING THE DIRECT DRIVERS OF BIODIVERSITY LOSS BY MANAGING NATURE-RELATED RISKS, IMPACTS AND DEPENDENCIES USING A RANGE OF APPROACHES	
Aim	Achievements
Manage Risks	• Nature risks are managed through a range of units in DBSA. Ongoing and as part of the DBSA safeguard process.

PRIORITY 6: METRICS AND TARGETS, MEASURING (TRACKING), REPORTING ON AND DISCLOSING the nature-related risks, impacts, dependencies and opportunities, through relevant and whenever possible, common methodologies or frameworks such as TNFD)/ IFSD and new GRI Biodiversity Standard available for use by companies around the world GRI 101: Biodiversity 2024	
Aim	Achievements
Set internal/external targets	• Target setting is still in progress.

PRIORITY 7: PARTNERSHIPS	
Aim	Achievements
Member of African Natural Capital Alliance (ANCA)	• Signed a Biodiversity pledge in September 2023.
Biodiversity and business network	• Member of the national biodiversity and business network which was initiated in 2013. This initiative is currently hosting the Business and Action and Advocacy for the planet Project (BAAP). A key role the network plays is to support the government in setting smart targets for biodiversity in the Biodiversity National Action Plan which is currently being updated.
Nature dependencies and impact tools	• WWF – Water Risk and Biodiversity Risk Filter. • ENCORE- Agence Française de Développement (AFD) SANBI study of economic sector in South Africa.
SANBI	• The 7-years GEF project on ecological infrastructure for water security produced multiple policy interventions and capacity building initiatives, tested in two catchments, which drew to a close in March 2025.
International Development Finance Club (IDFC)	• Co-chair of the Making Finance Work for Biodiversity, which produced a toolbox for biodiversity mainstreaming in financial institutions which DBSA helped create and makes use of. • In 2025/26, priority will be given to optimising on the free training opportunities under IDFC programme as and where appropriate to DBSA needs and resources available.
Agency programmes GEF, GCF and credit lines	• Ongoing submissions and management of existing portfolio and new projects.
Mainstreaming Climate in Financial Institutions	• Ongoing member of the working group and planned several biodiversity.

PRIORITY 8: KNOWLEDGE SHARING	
Aim	Achievements
Leveraging partnerships with IDFC, SANBI, EWT, ANCA/FSD	• SANBI EI4WS with a major focus on empowering youth. • Capacity building and training with IDFC including ongoing participation in webinars. • TNFD: DBSA has contributed significantly to supporting TNFD in piloting its LEAP approach and presenting at key events such as the BASA conference. • Business for Biodiversity: DBSA has contributed to the EWT BAAS. • Outreach Africa: The DBSA engages formally with EADB through its credit line and it also engages informally with BOAD. • ANCA provides an ongoing platform to share biodiversity knowledge across Africa finance institutions. • SANBI: Catchment Management Indaba. • The DBSA provided inputs to TNFD Nature Transition Plan work.

03

Sustainable Finance

OUR APPROACH TO SUSTAINABLE FINANCING

The DBSA views sustainable finance as follows:

DBSA SUSTAINABLE FINANCE FRAMEWORK

TRANSACTING

- Eskom transmission
- Renewable energy assets
- Critical minerals enablement
- Green Hydrogen
- Municipal support on JET

+

PROJECT PREPARATION FINANCE AND MARKET ENABLEMENT

- Mitigation and nature-based solutions; GEF and GCF

* *Programmes include Eskom Transmission, ADAM, Eskom mini grids, Water Re-use carbon markets and "Green" Project Preparation facilities*

+

TREASURY

- Lines of credit dedicated to Green and Just Transition (and social), including the Sustainable Finance Framework

D-Labs play an enabling role across the Sustainable/ Just Transition financing value chain

THE DBSA SUSTAINABLE FINANCE ISSUANCE FRAMEWORK

In the year under review, we refined our Sustainable Finance Issuance Framework. This framework outlines how we intend to issue use-of-proceeds debt instruments such as green, social and sustainability bonds and loans. Proceeds from these instruments will be used to fund assets and projects that contribute to specific objectives aligned with our sustainable development mandate and business focus, and in turn, the SDGs. The Framework incorporates both green and social financing criteria, clarifying how eligible categories align with sustainability priorities and impact measurement indicators. The Framework aligns with the international best practices, including the International Capital Market Association's Green Bond Principles (June 2021) and Social Bond Principles (June 2023) for bonds, and the Loan Market Association's, Green Loan Principles (February 2023) and Social Loan Principles (February 2023) for loan-based financing. These principles provide the foundation for our sustainability bond structuring and alignment with global sustainability objectives. We also reference guidance from the Loan Syndications and Trading Association and the Asia Pacific Loan Market Association.

Environmental and social principles, aligned with global best practice, are integrated into all our investment decision-making processes, including the framework, ensuring the strictest greenwashing avoidance mitigants. These principles are informed by the following suite of policy documents, guidelines and tools:

- Our Environmental and Social Safeguard Standards
- Our Social and Institutional Guidelines
- Our Environmental and Social Policy
- South African Green Finance Taxonomy
- Our Gender Mainstreaming Policy

These documents and tools detail the standards we apply to manage social and environmental risks in our investment decision-making and serve as a reference framework for potential clients to guide the planning and preparation of infrastructure projects for financing. During the year under review, a Second Party Opinion process for the Framework a second party opinion process commenced and was successfully achieved.

SUSTAINABLE FINANCE SOLUTIONS

The DBSA leverages its extensive expertise to structure and implement innovative solutions, spanning sustainable finance investment and lending activities, providing crucial financing to combat climate change and environmental degradation. This commitment underpins the Bank's broader efforts to promote environmentally sound development and resilience.

MITIGATION INITIATIVES

The **Coega "Grow a Car"** project, focused on developing a pre-commercial plant for natural fibre and plant-based leather for automotive use, directly aligns with our Net Zero commitments and supports a circular economy and the Sustainable Development Goals. The project is currently in its pre-contracting phase after which implementation will commence. This initiative, which includes strong gender mainstreaming components, is particularly relevant as it contributes to greening South Africa's car manufacturing sector, a key contributor to our GDP. By introducing low-carbon, environmentally friendly interventions, such as reducing harmful chemicals in the leather tanning process, the project promotes sustainable component manufacturing within the automotive value chain.

The **Zero Carbon Charge** project involves developing a network of green energy-powered charging stations for electric vehicles. These charging stations align with the Bank's mandate to support low carbon infrastructure in the energy and transport sectors. This will reduce emissions and support our net zero commitments and the energy transition. Furthermore, this initiative supports South Africa's targets for a zero-carbon transport sector. It also helps the automotive sector unlock local manufacturing and sale of electric vehicles and activates e-mobility for long distance motorists along South Africa's highways.

The **Embedded Generation Investment Programme** provides a support mechanism for non-sovereign guarantee backed Power Purchase Agreements for renewable energy projects in South Africa. This programme aligns with the Bank's energy sector mandate, supporting South Africa's shift to low-emission sustainable development pathways and providing clean energy to the Commercial and Industrial sector. It also helps to mobilise private sector financing into non-sovereign backed embedded generation projects. Ultimately, this programme aligns with South Africa's objective to transition to a low-carbon economy, supporting the Just Energy Transition Investment Plan and the Paris Agreement.

The **Climate Finance Facility** aims to catalyse private sector investment into low carbon and climate resilient infrastructure within the Common Monetary Area. This focuses on both climate mitigation and climate adaptation, by catalysing private sector investment into climate initiatives across the Common Monetary Area. It aligns with various Bank sectors, including Energy, Water, Transport and Social. It also seeks to grow private sector lending opportunities in Eswatini, Lesotho and Namibia. The supports countries' NDCs and climate adaptation efforts, in alignment with the Paris Agreement. It aims to address market constraints and play a catalytic role with a blended finance approach, to increase climate related investments in the Southern African region.

The **Eskom Minigrids Project** establishes a rural electrification using containerised mini-grids. The Green Fund will co-fund the last mile Business Feasibility Studies to implement mini-grid sites across South Africa. The finalisation of the legal agreements (MoU) between the DBSA and Eskom for this project is imminent. This project aligns with our Just Energy Transition framework and Net-Zero commitments. The containerised mini-grids support electricity access for communities not connected to the main grid. It supports South Africa's Just Energy Transition initiatives by repurposing a shutdown coal-fired power station into a containerised mini-grids assembly line, creating jobs at decommissioned power plants and electrifying rural communities. It also promotes the resilience of rural communities as part of the JET.

The **Linbro Gardens Project**, currently in its planning and design phase, will support Net Zero mixed income development. This project fits the Bank's mandate to support decarbonisation through green buildings and materials projects. It also aligns with the Bank's mandate to develop infrastructure for economic development. It aims to catalyse investment in green developments in South Africa, aligning with our Green Building framework and targeted SDGs. This project supports South Africa to achieve its NDC and ultimately the goals of the Paris Agreement. It also supports the National Development Plan's aim to provide sustainable housing infrastructure and aligns with local strategies, including the JHB 2040 Growth and Development Strategy and the City of Johannesburg Spatial Development Framework.

The **PSEEP NGI** is a guaranteed instrument designed to de-risk small-scale energy efficiency projects in South Africa. It complements existing programs such as the Energy Efficiency Programme for Small Businesses. This project aligns with the Bank's mandate in energy and environment. We have positioned ourselves as a leading financier in renewable energy projects. It also aligns with our Net Zero commitments and our proposed Just Transition Strategy. It targets SMMEs, which form the majority of businesses, create private sector jobs and contribute to the GDP. It aims to decarbonise industries like mining and agriculture through energy efficiency interventions, which align with the NDCs.

The **Small IPPP** establishes an Equity Fund for the Small Projects Independent Power Producer Programme. This project aligns with the Bank's mandate in energy and environment. We have positioned ourselves as a leading financier in renewable energy projects, and this initiative also aligns with our Net Zero commitment. It aims to remove financial barriers in small-scale renewable energy projects in South Africa. The project contributes to NDC commitments by mitigating 9.03 million tonnes of CO2 equivalent emissions and increasing the national energy supply.

The **Electric Mobility Project** will create an enabling environment for introducing electric buses and demonstrate this technology in three South African metros: Johannesburg, eThekwini and Tshwane. This aligns with the Bank's mandate in energy and transport and our Net Zero commitment. It forms part of the Just Energy Transition Investment Plan (JET-IP), with the Bank playing a pivotal role in leading the national shift towards electric mobility. The transport sector significantly contributes to national GHG emissions. Electric mobility will assist in decarbonising this industry. This project aims to create an enabling environment for electric vehicles through policy enhancement, such as lowering Ad-Valorem taxes, and demonstrating electric vehicle viability in the public transport sector. It supports the transition from Internal Combustion Engine vehicles to New Energy Vehicles as per the green transport strategy.

The **Green Hydrogen Blended Finance Fund** for Southern Africa aims to provide funding for the development, construction and operations of energy transition infrastructure in the green hydrogen value chain. This includes renewable energy, power-to-X and associated infrastructure in South Africa and Namibia. The proposed fund will demonstrate the viability of green hydrogen, leading to investment at scale by commercial investors in these sectors. Green hydrogen will play an essential role in the energy transition, particularly in hard-to-abate sectors. This proposal aligns with South Africa's Just Energy Transition Investment Plan, which details the critical role green hydrogen will play for South Africa to reach its climate targets in line with the Paris Agreement.

The project Leapfrogging South Africa's markets to high-efficiency LED lighting and high efficiency distribution transformers aims to accelerate market penetration of LEDs and high-efficiency distribution transformers in South Africa. The project aligns with the Bank's energy and environment sector. We also provide financing to municipalities, municipally owned entities, Eskom or energy services companies. It accelerates South Africa's efforts to transition the economy to energy-efficient products. This involves developing the market for LEDs on the electricity demand side and for high-efficiency distribution transformers on the electricity supply side. This will result in climate change mitigation, stable power supply, economic development and improved energy access.

BIODIVERSITY RELATED FUNDING

The **Emissions Reductions through Traditional Fire Management** (ER-TFM) project offers a low-cost, community-driven approach to wildfire management. Active in Mozambique, Angola and Zambia, it employs science-based methodologies to shift fire patterns from the late to the early dry season, thereby reducing emissions. As a pilot project, it aims to help the Bank better understand best fire management practices and curb emissions in wildfire-prone areas, such as the Western Cape. It will benefit from lessons learned from traditional fire management practices developed by Aboriginal communities in Australia and the Khoisan people in Botswana, leveraging their deep ecological knowledge and cultural practices. ER-TFM delivers numerous adaptation benefits, including biodiversity protection, prevention of forest degradation and improved food security. The emissions reductions achieved can be accurately measured and verified, making them eligible for trade in carbon markets.

The **Valuing Resilience Project** supports farmers in East Africa. Operating in Ethiopia, Tanzania and Kenya, its focus is to create an enabling environment for farmers and small enterprises to access financing for climate adaptation and resilience initiatives. The project aims to develop market mechanisms, including outcomes-based financing, to monetise climate resilience results. This project will provide an innovative "on ramp" for private sector finance inflows, directing climate adaptation financing directly to smallholder farmers and SME agribusinesses where it is most needed. It also aims to develop innovative funding models that could be replicated in South Africa. The proposed intervention will diversify climate change adaptation, build resilient rural livelihoods and support improved landscape management. It will also de-risk enterprises and farmers for investment and improve their access to financial services.

The project **Unlocking biodiversity benefits through development finance in critical catchments** aims to unlock biodiversity benefits by leveraging development finance in these key areas. As a DFI, we play a catalytic role in unlocking funds for conservation and biodiversity projects. Through investments like the EI4WS, we can support the shift from nature-negative to nature-positive investments, creating opportunities for private sector involvement in nature-based initiatives. This project supports the development of policy and capacity incentives to mainstream biodiversity and ecosystem values into national, regional and local development policy and finance. These values will be internalised in development and finance policy and land-use planning and decision-making. Given South Africa experiences biodiversity loss, particularly in freshwater and river ecosystems, this project targets maintaining water-related ecosystem services across 200,000 hectares of riverine ecosystems. It also supports the development of Nature Capital Accounts.

MUNICIPAL MITIGATION/ ADAPTATION INITIATIVES

The **Municipal Solid Waste Programme** aims to implement organic waste treatment solutions in six pilot municipalities in South Africa, with plans to upscale it to another 24 municipalities through a programmatic approach. This initiative directly supports our Net-Zero commitments within the municipal sector. It achieves significant mitigation impacts, avoiding 6.3 million tonnes of CO2 equivalent emissions by preventing methane generation at waste disposal sites. Furthermore, this contributes to South Africa's NDC targets and is one of eight near-term programs in the country's Climate Response Policy.

The **Water Reuse Programme** aims to mobilise the scaled development of water reuse projects nationally. It seeks to contribute to climate adaptation in South Africa in an effective, efficient, equitable, sustainable and financially viable manner. This improves adaptive capacity in the water sector and promotes the sustainable use of scarce water resources in response to drought. It supports climate-friendly initiatives to build climate resilience. Climate adaptation impacts occur through implementing water reuse programs in municipalities to improve water security. Given South Africa is a water-scarce country, projected to face a 17% water deficit by 2030 according to the National Water and Sanitation Master Plan (2018), this is vital. It contributes to the country's NDCs and SDGs targets by addressing water use infrastructure and improving water quality, wastewater treatment and safe reuse.

The **Sustainable Cities IP** supports the advancement of sustainable urban planning in secondary municipalities. It ensures the integration of climate change and biodiversity considerations across sectors and includes implementing a 200MW solar energy project in Johannesburg. This supports municipalities in integrating nature-based solutions and climate change adaptation and mitigation considerations into their master plans. It also aims for emissions reduction, aligning with our Net Zero commitments. Climate-responsive planning in cities is key for building climate-resilient infrastructure. Given South African cities contribute to greenhouse gas emissions and are increasingly exposed to climate risks, integrating climate change mitigation and adaptation elements into master plans is crucial. This ensures that infrastructure can withstand climate shocks and human lives can be protected.

The **City of Joburg - Building a resilient and resource efficient Johannesburg** project aims for increased access to urban services and an improved quality of life. This project aligns with the Bank's mandate under energy and our Net Zero commitment. It also aligns with relevant SDGs, including climate action, zero hunger, gender equality and sustainable cities and communities. The project will promote city-level resilience, resource efficiency and emission reductions, along with other co-benefits. This occurs through area-based pilot demonstrations, systems analysis (food) and improved integrated planning, all contributing to Paris Agreement commitments.

The **UK Partnering for Accelerated Climate Transitions (UK PACT) project**, specifically the Alternative Finance for Municipal Embedded Generation initiative, funded by UK PACT, supported selected municipalities in preparing feasibility studies. This allows them to access the Bank's Embedded Generation Investment Programme (EGIP) facility. This initiative aligns with our development priorities and Just Transition strategy. It aims to assist South African municipalities in unlocking climate finance to advance their climate change mitigation objectives by developing Renewable Energy Projects that EGIP could support. The renewable energy sector was identified as the largest contributor to climate change mitigation in South Africa through its NDC. This initiative, with EGIP's support, will contribute towards South Africa's NDC targets.

The **International Climate Initiative** (IKI) is an important part of the German government's international climate finance commitment. The partnership includes measures to adapt to climate change impacts and conserve and rebuild natural carbon sinks, considering environmental, economic and social concerns. Our participation is integral to sharing insights on municipal climate finance and ensuring alignment with the consortium's objectives. It supports approaches in developing and emerging countries to implement and ambitiously develop the NDCs anchored in the Paris Agreement. International Climate Initiative also supports its partner countries in achieving the goals of the Convention on Biological Diversity.

UNDERSTANDING OUR DEVELOPMENT IMPACT

Our integrated approach to sustainable finance and risk management is brought to fruition through the strategic functions of our specialised divisions. These teams work collaboratively to identify, develop and finance projects that align with our mandate. We actively monitor and evaluate the development impact generated by the projects we finance, implement, and provide capacity building for. Our dedicated evaluations team conducts assessments to track and report on our positive contributions over time. This ensures we understand the long-term effects of our interventions and remain accountable to our stakeholders. The following case studies provide concrete examples of how our divisional expertise translates into significant development results on the ground through development results and lessons learnt.

PLANNING AND PROJECT PREPARATION

Despite Africa's considerable infrastructure development gap, a scarcity of bankable projects hampers continent-wide investment. We play a critical role by providing risk capital for sustainable infrastructure project planning and preparation. Our team offers comprehensive project development and preparation services, mitigating risks and creating attractive investment positions for Africa's key enabling sectors.

Our planning and project preparation division addresses capacity and capability deficiencies in capital project planning. Equipping governments, municipalities and state-owned enterprises with viable infrastructure plans fosters sustainable development, enhancing service delivery and stimulating economic growth.

Our activities span the entire project preparation lifecycle, including establishing enabling environments, precisely defining projects, conducting pre-feasibility and bankable feasibility studies, and structuring deals. We unlock investment opportunities by leveraging strategic partnerships and undertaking initiatives to ensure project bankability and success.

Our project preparation focus areas encompass four key domains: planning, project development, programme development and climate and environmental finance.

LOCAL GOVERNMENT

Effective planning is the cornerstone of successful infrastructure development. Poor infrastructure planning, particularly in South Africa's under-resourced rural municipalities, severely impedes economic development and access to basic services like clean water, sanitation, roads, and electricity. Recognising this, we actively assist municipalities in developing sound infrastructure plans across all priority sectors. This enables the identification of sustainable projects, making them viable for funding from government grants and attracting essential private sector financing.

CASE STUDY

Bela-Bela Local Municipality – Development of an Electricity Master Plan (EMP) and Management Plan to Reduce Non-Revenue Electricity (MPNRE)

1. Background

Bela-Bela Local Municipality (BBLM), despite being a licensed electricity distributor for key townships, lacked an Electricity Master Plan (EMP) and a Management Plan to Reduce Non-Revenue Electricity (MPNRE). This resulted in an ad hoc approach to electricity infrastructure planning, excessive distribution losses (over 35%), and frequent power outages, which constrained economic growth, threatened service sustainability, and weakened municipal revenue streams.

2. Description

To support strategic infrastructure planning, the DBSA partnered with BBLM to fund and implement the development of the EMP and MPNRE. These strategic documents provide a structured framework for infrastructure investment, maintenance planning, and non-revenue electricity reduction strategies. The project aimed to enhance municipal planning, unlock future funding, and support reliable and equitable electricity services across the municipality.

3. Project details

Project commencement	April 2021
Project completion	May 2022 (Practical Completion)
Total value of the project	R3.1 million (inclusive of VAT)
DBSA's investment in the project	R3.1 million
Location	Bela-Bela, Limpopo, South Africa
Value chain or business unit	Project Preparation Division
Sector	Energy/Electricity Infrastructure Planning
SDGs	

4. DBSA's role/contribution

- Funded the full project cost under the Non-lending Development Subsidy programme.
- Provided technical oversight and contract management.
- Facilitated stakeholder coordination through Project Steering Committee structures.
- Ensured quality assurance in procurement and compliance processes.
- Collaborated with local and national stakeholders to ensure alignment with municipal planning priorities.

5. Development results

- BBLM gained strategic planning tools to improve infrastructure investment decisions.
- Electricity distribution losses are now being addressed through a prioritised action plan.
- The EMP and MPNRE supported the unlocking of at least R50 million in infrastructure funding.
- A clearer view of cost recovery, billing accuracy, and service expansion potential was established.
- Improved risk management and mitigation for DBSA and municipal stakeholders.
- Foundation laid for DBSA's future funding, preparation, and implementation support of electricity infrastructure projects in BBLM.

6. Lessons learnt

- Early and structured collaboration with national, provincial and local stakeholders strengthened delivery.
- Delays in payment processing and administrative approvals affected project closure and PSP cash flow.
- Adherence to Occupational Health and Safety standards and other regulations ensured a clean, incident-free implementation.
- A well-developed EMP and MPNRE serve as vital tools to attract funding and improve municipal service delivery.
- Strong inter-divisional coordination within DBSA facilitated smooth execution and lessons-sharing for replication.

CASE STUDY

Saldanha Bay Local Municipality - Capital Expenditure Framework and a Long-Term Financial Plan

1. Background

Saldanha Bay Local Municipality (SBLM), an Intermediate City Municipality, required a Capital Expenditure Framework (CEF) and a Long-Term Financial Plan (LTFP) to qualify for the Integrated Urban Development Grant (IUDG). These tools were essential to enable evidence-based planning and prioritisation of infrastructure investment aligned to the municipality's affordability and spatial transformation goals.

2. Description

Facing growing service delivery demands, infrastructure backlogs, and rapid urbanisation, SBLM sought DBSA support to develop a CEF and LTFP aligned with SPLUMA and the Integrated Urban Development Framework (IUDF). The tools were developed using the CP3 platform to support strategic, prioritised, and financially viable infrastructure investment. A multidisciplinary approach involving national and provincial stakeholders guided the project's implementation.

3. Project details

Project commenced	28 March 2023
Project completed	09 February 2024
Total value of the project	R5.6 million (Professional Services)
DBSA's investment in the project	R5.6 million (grant-funded)
Location	Western Cape, South Africa
Value chain or business unit	Project Preparation Division
Sector	Local government (Municipal Infrastructure/Planning)
SDGs	

4. DBSA role/contribution

The DBSA provided grant-funded technical support to develop the CEF and LTFP in partnership with the Western Cape Department of Local Government. DBSA's involvement included project oversight, procurement support, co-chairing the Project Steering Committee, and engagement with key stakeholders. A Professional Services Provider (Novus3) was appointed through a compliant procurement process.

5. Development results

- Improved capital investment planning aligned to spatial development goals.
- A prioritised infrastructure investment programme aligned with the municipality's affordability envelope.
- Strengthened financial planning to enable transition to the IUDG and unlock further infrastructure funding.
- Institutional capacity building within SBLM and alignment with IUDF and SPLUMA legislation.
- Consolidation of infrastructure needs across departments onto a single, spatially enabled platform for decision-making.

6. Lessons learnt

- Strong intergovernmental collaboration is critical to successful project implementation.
- Integrated spatial and financial planning leads to better resource allocation.
- Institutional buy-in and leadership by the municipality are key success factors.
- The CP3 platform proved effective in capturing and evaluating project data for informed budgeting decisions.
- Early engagement on procurement processes enhances transparency and compliance.

COLLABORATION KEY FOR LARGE SCALE PROJECTS

We are a highly regarded and trusted partner within the development finance arena. This esteemed position is reflected by our accreditation from various third-party institutions for fund management, including the European Union, National Treasury and SADC. These accreditations are crucial, not only affirming our robust governance and financial management capabilities but also enabling us to mobilise significant capital for sustainable infrastructure development. Through these strategic partnerships, we jointly support programmes geared towards impactful development across the region, such as IIPSA, SADC PPDF, the Green Fund and the SADC Water Fund. This collaborative approach significantly enhances our collective ability to address complex development challenges and bridge Africa's infrastructure gap, fostering greater self-reliance and inclusive economic growth.

INFRASTRUCTURE FINANCING

The DBSA's core purpose is to promote economic development and regional integration through infrastructure finance and development, with partnerships serving as the cornerstone for inclusive and sustainable growth across Africa, the Global South, and Asia. We offer diverse financial solutions, including senior and mezzanine debt for traditional balance sheet and project financing structures, to a wide range of clients, municipalities, private companies, State-owned Entities, and Public-Private Partnerships in South Africa and across the continent. We also provide other tailored financial products designed to meet specific infrastructure project needs.

INFRASTRUCTURE FUNDING IN THE MUNICIPAL SECTOR

Municipalities play a fundamental role in providing essential services to households and businesses. The demand on both existing and new infrastructure is expected to rise significantly, driven by increasing migration to urban centres in search of employment opportunities. This escalating demand underscores the critical importance of improving and expanding municipal infrastructure to support sustained service delivery and facilitate the expansion of businesses that rely on these vital networks.

CASE STUDY

Water, sanitation, energy, and waste management programmes implemented by municipalities

1. Background

A critical lack of basic and aging infrastructure, coupled with insufficient financial resources, severely impedes municipalities ability to meet service delivery objectives, particularly amidst urban sprawl and challenges like non-revenue water.

To address these systemic issues, municipalities seek funding, often in the form of loans from DFIs. This is critical because it helps municipalities eliminate service delivery backlogs and unaccounted-for services (non-revenue water or electricity. The capital infrastructure programme was implemented to address infrastructural challenges.

2. Description

The persistent bulk infrastructure backlog critically limits efficient and effective service delivery, resulting in substantial community backlogs. This challenge stems from a combination of ageing infrastructure, inadequate maintenance, and vandalism, leading to service disruptions and revenue loss: For example, through unaccounted-for water from pipe bursts. Furthermore, insufficient bulk infrastructure directly hinders municipalities' ability to extend services to new developments. To counteract these issues, municipalities have implemented infrastructure programmes aimed at creating new assets and rehabilitating existing ones.

3. DBSA role/contribution

The DBSA actively supports these efforts, providing loan facilities for major infrastructure projects. Tshwane Metropolitan Municipality, Mossel Bay, Overstrand and Saldanha Bay local municipalities have received DBSA funding to develop and refurbish essential service delivery infrastructure, enhancing their capacity and fulfilling their mandates. This support covered the period from year to year.

4. Development results

The synthesis evaluation conducted on this project affirmed the programme's effectiveness in achieving its objective of constructing new municipal infrastructure and upgrading or refurbishing existing assets. This infrastructure provisioning was not merely an end, but a means to significant service delivery improvements.

The programme successfully reduced the service delivery backlog by a total of 154 583 households across South Africa. This included 77 416 households gaining water services, 6 776 for sanitation, 28 391 for energy, and 44 000 for solid waste management. This substantial contribution aligns with both the NDP and SDGs, particularly in areas of poverty elimination, health and well-being, and access to clean water and sanitation.

The programme notably improved the quality of potable water, evidenced by a 19% average improvement in Blue Drop Status. Specific achievements include Tshwane at 97.22% (Roodeplaat), Mossel Bay at 87% (Kleinbrak), and Overstrand at 99.99% (Stanford). These advancements directly support SDG 3: ensuring healthy lives and promoting well-being for all ages.

In terms of effluent quality released to waterways, the programme contributed an 85.9% improvement in Green Drop Status. While treated effluent quality still requires further enhancement, this improvement is commendable. Notable progress includes Tshwane at 88% (up from 82%), Mossel Bay at 73% (from 47%), and Saldanha Bay at 53.5%, with significant gains at Vredenburg (76.5% from 41%) and Laingville (65% from 47%). This progress contributes to SDG goals related to pollution reduction and aquatic life preservation.

The programme yielded tangible benefits in energy security, exemplified in Mossel Bay, where power supply disruptions due to powerline failure decreased by five incidents (from 13 in 2019 to 8 in 2023), and interruptions from environmental factors (birds, wind, trees, fire) decreased by four incidents (from 7 in 2019 to 3 in 2023).

The infrastructure investments enabled municipalities like Tshwane and Overstrand to augment their water supply, meeting demands without incurring additional costs. The ability of new treatment plants to produce high-quality potable water at significantly lower costs than bulk water supply entities resulted in substantial financial savings for these municipalities.

CASE STUDY

Revenue Enhancement Programme – Vhembe District Municipality

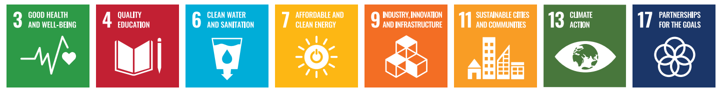
1. Background

Vhembe District Municipality (VDM)'s revenue management system faced deep-rooted challenges including poor billing, high non-revenue water loss, outdated customer data, and underdeveloped processes. These issues compromised service delivery and municipal financial health.

2. Description

The DBSA-funded programme, initiated in partnership with COGTA, aimed to strengthen VDM's revenue value chain through process redesign, data cleansing, tariff restructuring, and technical interventions. The project focused on improving metering, customer data, and revenue collection practices, while also creating jobs and enhancing municipal capacity.

3. Project details

Project commenced	31 March 2022
Project completed	30 September 2023
Total value of the project	R2.91 million
DBSA's investment in the project	R3.5 million (grant approved)
Location	Limpopo, South Africa
Value chain or business unit:	Project Preparation Division/Innovation Unit
Sector	Local Government
SDGs	

4. DBSA's role/contribution

DBSA provided a grant, revenue enhancement specialists, and Project Management Unit expertise. DBSA also facilitated partnerships with COGTA and Limpopo Treasury, and supported project steering and milestone delivery through governance structures.

5. Development results

- Revenue increased from R14.7 million (June 2023) to R37.9 million (July 2023).
- 22 temporary jobs created.
- 16 050 property audits conducted.
- 200 buried meters lifted and fixed.
- Smart meter strategy and procurement initiated.
- 212 bulk meters procured.
- KPI framework and updated indigent register developed.
- Skills transferred and key municipal vacancies filled.

6. Lessons learnt

- Aged meter reading staff required extensive upskilling in digital tools.
- Lack of spatial data delayed site verification.
- Governance structures (TPSC, MPSC) were critical to maintain oversight and momentum.
- Early momentum was impacted by understaffing and competing priorities.

CASE STUDY

Msukaligwa Local Municipality Revenue Enhancement Support Programme

1. Background

Msukaligwa Local Municipality (MLM) in Mpumalanga Province faced significant revenue losses due to inaccuracies in consumer data and billing systems, leading to declining revenue collection rates. This compromised the municipality's financial sustainability and its ability to deliver essential services effectively. The problem was exacerbated by faulty meters, illegal connections, and outdated indigent management practices.

2. Description

The Revenue Enhancement Support Programme was implemented from June 2022 to February 2024 to strengthen MLM's revenue collection value chain through comprehensive data cleansing, tariff restructuring, meter audits, and indigent management improvements. Supported by DBSA via a grant and technical expertise, the programme sought to enhance billing accuracy, improve financial sustainability, and enable better service delivery to the municipality's 67 827 inhabitants.

3. Project details

Project commenced	June 2022
Project completed	February 2024
Total value of the project	R3.4 million
DBSA's investment in the project	R3.5 million grant
Location	Msukaligwa Local Municipality, Mpumalanga Province, South Africa
Business Unit	Project Preparation Division
Sector	Local Government
SDGs addressed	3, 4, 6, 7, 9, 11, 13, 17

4. The DBSA role/contribution

DBSA funded the programme through a grant and provided revenue enhancement specialists. In partnership with the Mpumalanga Cooperative Department of Traditional Affairs (COGTA), DBSA seconded municipal finance experts to support capacity building and technical assistance in the development and implementation of revenue improvement plans, meter audits, and data integration efforts.

5. Development results

- Data cleansing and meter audits identified and corrected discrepancies, improving revenue collection by R21.8 million to date.
- Identification of a R1.1 billion valuation roll discrepancy, with the potential to increase property rates revenue by R14.4 million annually upon implementation.
- Enhanced municipal capacity to manage Eskom debt, reducing the risk of electricity disconnections and supporting local economic stability.
- Creation of 22 temporary jobs for youth in the meter audit process, supporting skills development.
- Improved indigent management policies and tariff structures aligned with best practices.
- Increased access and normalisation of over 2 000 water meter connections, improving service delivery.
- Development of bankable business cases for infrastructure projects valued at R224 million in the pre-feasibility stages.

6. Lessons learnt

- Effective project delivery requires strong leadership; the appointment of a new CFO and the Municipal Manager's intervention were critical to project completion after initial delays.
- Staff turnover and COVID-19 disruptions necessitated flexible project timelines and proactive stakeholder engagement.
- Data integration between valuation rolls, billing, and deeds registers is essential to accurate revenue collection and requires ongoing investment and intergovernmental collaboration.
- Grants for meter replacement by Mpumalanga Provincial Treasury were vital to complement DBSA's support, highlighting the importance of partnerships.
- Transparent communication and collaboration between DBSA, municipality, provincial treasury, and COGTA ensured alignment and project success.

CASE STUDY West Coast district landfill site

1. Background

The Cederberg and Matzikama local municipalities faced serious waste management challenges. Existing landfill sites are either at capacity, unlicensed, or unsuitable due to environmental risks, particularly over key aquifers.

2. Description

To resolve these waste infrastructure deficits, the West Coast District Municipality initiated a regional landfill project in Vredendal (Matzikama) to serve both Cederberg and Matzikama municipalities. The landfill is designed for over 50 years of operational lifespan. Construction began in December 2023 and concluded in November 2024.

This initiative ensures regulatory compliance, protects aquifers, and enhances sustainable waste management services for over 35 000 households.

3. Project details

Project commenced	13 December 2023
Project completed	12 November 2024
Total value of the project	R93.8 million
DBSA's investment in the project	R93.8 million
Location	Vredendal, Western Cape, South Africa
Value chain or business unit	Infrastructure Delivery Division
Sector	Local Government, Waste Management
SDGs	6, 11, 13, 17

4. The DBSA role/contribution

The DBSA provided financing for the full amount of this project.

5. Development results

- 3 816 employment opportunities created during project lifecycle.
- 35 013 households in Cederberg and Matzikama now benefit from compliant waste disposal services.
- Closure and rehabilitation of hazardous, unlicensed landfill sites.
- Reduced environmental risk and improved groundwater protection.
- Enhanced municipal waste management capacity.

6. Lessons learnt

- Long-term regional waste planning improves sustainability.
- Environmental risk avoidance such as aquifer protection must be integrated early into spatial planning.
- Centralised landfill infrastructure can improve service efficiency and compliance.

CEDERBERG

matzikama

CASE STUDY Saldanha Bay Local Municipality Capital Programme

1. Background

Many South African municipalities lack the infrastructure necessary to deliver reliable basic services, resulting in socio-economic hardship and reduced investor confidence. Saldanha Bay Local Municipality (SBM), recognising the importance of infrastructure investment for service delivery and economic development, initiated a multiyear capital expenditure programme to address service backlogs and stimulate growth.

2. Brief Narrative about the Project/ Development

Between 2015 and 2018, SBM implemented a capital infrastructure programme targeting the upgrading and expansion of roads, water, electricity, and refuse infrastructure. DBSA approved a R123.06 million loan to co-finance this programme. The municipality aimed to both extend services to previously underserved communities and leverage its infrastructure platform to align with Strategic Integrated Project 5 (SIP 5), a national initiative aimed at transforming the Saldanha–Northern Cape region through integrated rail and port expansion.

3. Project details

Project commenced	2015
Project completion	2018
Total value of the project	R123.06 million
DBSA's investment in the project	R123.06 million
Location	Western Cape, South Africa
Value chain or business unit	Infrastructure Financing
Sector	Local Government, Municipal Infrastructure
SDGs	6, 9, 11

4. DBSA role/contribution

The DBSA provided a long-term loan facility to SBM to support the municipality's capital programme. The funding enabled key infrastructure projects in water, sanitation, electrification, roads, and waste management to proceed, supporting the broader SIP 5 development framework. DBSA's contribution also enabled SBM to address service delivery backlogs while improving its infrastructure base to support economic growth.

5. Development results

- Service Delivery Expansion:
  - 44 000 households benefitted from solid waste processing (target: 22 000).
  - Electrification backlog addressed for over 22 000 households.
  - Roads and stormwater projects exceeded target of 3 000 households.
- Temporary Employment: Over 130 short-term jobs created.
- Municipal Capacity and Financial Health: SBM maintained sound liquidity and solvency ratios and unqualified audit outcomes received during programme implementation.
- Improved Citizen Engagement: Implementation of a Client Service Charter enhanced responsiveness and accountability.
- Broader Economic Growth: Programme contributed positively to local economic development and household welfare.

6. Lessons learnt

- Successful delivery of infrastructure projects relied on SBM's experienced staff and governance capacity. Strong municipal leadership and technical competence are key success factors.
- SBM's fiscal discipline enabled sustainable implementation of the capital programme, reinforcing its ability to fund future infrastructure without compromising its financial position.
- The Client Service Charter improved municipal responsiveness and service monitoring. Its success suggests potential for replication in other municipalities to strengthen accountability mechanisms.
- Gender targets were not integrated into the project. Future SLAs must include employment equity and gender empowerment requirements, including tracking of women's participation in management and procurement.
- Continued investment in operation and maintenance is essential to preserve infrastructure functionality and extend asset life.
- Non-revenue water remains above the national 15% norm. SBM must accelerate the implementation of smart metering and rapid response systems to reduce unaccounted-for water.
- There is value in measuring user satisfaction and service quality through beneficiary feedback and community-level evaluations.

GREEN ECONOMY TRANSITION

Green industrialisation presents opportunities to achieve social objectives in green alternative markets. It can be identified as a net-positive generator of decent, green jobs, coupled with goals for poverty eradication and social inclusion. Ultimately, the green economy will positively impact our objectives to balance the use of natural resources sustainably, while increasing energy efficiency and reducing waste concerns, all while ensuring overall resilience in a socially responsible manner. These markets encourage the promotion of green jobs in emerging sectors and will facilitate a more competitive, less carbon-intensive, sustainable economy (including sustainable consumption), while managing further climate change risks. Managing these transitions to environmentally and socially sustainable economies acts as a lever for responsible job creation, skills enhancement, social justice and reducing poverty vulnerabilities. Some key constructs for ensuring environmental, economic and social sustainability while moving towards a greener trajectory include but are not limited to country and global growth policies, skills development, health and safety, active labour markets, human rights and social protection, enterprise-wide policies and industrial and sectoral policies, all enabled through social dialogue. We weigh these aspects heavily before making an investment decision. From an opportunities perspective, the transition to a greener trajectory allows us more pragmatic lending solutions through targeted capital-raising efforts. For example, we should offer products that continue to positively incentivise and drive these behaviours to clients that follow a clear scientific transition pathway.

Our commitment to Africa's green industrialisation is central to driving sustainable development. To demonstrate the tangible impact of this strategic focus, the following two case studies showcase projects that exemplify our contribution to a greener, more inclusive economy.

ENERGY

The lack of energy security and a reliable electricity supply is widely recognised as a major obstacle to growth. Over the last 30 years, the Bank has consistently funded and supported renewable energy projects, such as wind farms, solar power plants and hydropower initiatives. These investments have not only expanded the region's capacity for clean energy, but have also reduced its reliance on fossil fuels, reducing the negative effects of climate change and increasing environmental sustainability.

CASE STUDY: DBSA-Financed Community Trusts in IPP Projects

1. Background

Community Trusts established to own equity in Independent Power Producer (IPP) projects often struggle to secure development finance from commercial banks, limiting community participation in the energy transition.

2. Description

DBSA created a funding model to provide loan funding to Community Trusts for equity investment in IPP projects. The model requires 90% of distributions to repay loans, with 10% as trickle dividends for local development. The DBSA funded 15 community trusts. However, the evaluation visited and reviewed 5 trusts to date.

3. Project details

Project commenced	Varies (2012 - 2024)
Project completion	Ongoing
Total value of the project	R482 million of the 15 trusts funded
DBSA's investment in the project	R162 million of the 5 evaluated trusts
Location	National (South Africa)
Value chain or business unit	Infrastructure Financing
Sector	Energy, Renewable Energy
SDGs	

4. DBSA role/contribution

DBSA provided loan facilities to enable 15 Community Trusts to secure equity in REIPPPP-linked energy projects. The Bank later supported the development of standardised Trust Deeds to improve governance, impact, and transparency.

5. Development Results

- 5 Trusts repaid DBSA loans in full.
- Trusts implemented educational, health, youth and enterprise support programmes.
- Demonstrated socio-economic benefits of community equity ownership.
- Catalysed community inclusion in South Africa's energy transition.

6. Lessons learnt

- The 90/10 repayment model limits development activity during loan tenure.
- Enhanced monitoring and post-loan support are essential.
- Trust structures must be harmonised with B-BBEE codes.
- Broader geographic flexibility enhances development reach.
- Stakeholder education on expectations and repayment structures is critical.

PROGRAMME DEVELOPMENT

We have a strong track record in programme management and development, which has facilitated the acceleration and realisation of development impact from projects. Our approach involves a holistic and coordinated effort to address systemic development challenges across specific sectors or regions, moving beyond the scope of individual projects. Through robust programme design and strategic oversight, we ensure alignment with national priorities and foster integrated solutions that yield greater, more sustainable socio-economic outcomes, enabling scalability and knowledge sharing. A prime example of our capability in this area is our involvement in the Renewable Energy Independent Power Producer Programme Procurement, which has successfully driven significant private sector investment into South Africa's renewable energy landscape.

CASE STUDY: Student Accommodation Programme

1. Background

South Africa faces a severe shortage of affordable and safe student accommodation, particularly for NSFAS-funded students. This scarcity forces many students to reside in substandard housing, travel long distances to campus, or face eviction due to late NSFAS payments to accommodation providers. These challenges negatively affect academic outcomes, student well-being, and safety.

2. Description

The Student Accommodation Programme was implemented by tertiary institutions in partnership with DBSA and the Department of Higher Education and Training (DHET) to construct and manage Purpose-Built Student Accommodation (PBSA).

3. **Project details**

Programme commenced	July 2019
Programme completed	2022
Total investment value	R13.3 billion
DBSA's investment	R1.1 billion
Location	National – South Africa
Value chain or business unit	Infrastructure Financing
Sector	Education, Student accommodation
SDGs	

4. **DBSA role/contribution**

DBSA co-funded multiple student accommodation projects, offering debt and/or blended finance to universities and TVET colleges. DBSA also supported infrastructure development through project preparation, monitoring, and collaboration with DHET to meet the national student housing demand.

5. **Development results**

- Safer and more affordable accommodation near campuses.
- Reduction in commuting time and travel costs.
- Improved academic outcomes and student well-being.
- Positive learning environments and increased social cohesion.
- 212 jobs created in one project (example), including 108 women and 81 youth.

6. **Lessons learnt**

- DBSA investments are strongly aligned with national policy priorities and SDGs.
- There is a need to strengthen reporting and monitoring at both project and programme levels to inform future planning.
- Data gaps hindered full assessment of programme sustainability.

CASE STUDY — Apex Property Fund – Student Accommodation

1. **Background**

There is a critical shortage of student accommodation in South Africa. With one bed available for every 3.3 students, this deficit impacts access to education and student well-being. Private sector investment is required to bridge the estimated R115 billion funding gap.

2. **Description**

Apex Property Fund is a 10-year, R1.26 billion student accommodation fund investing in purpose-built and brownfield-converted residences. With a portfolio in Johannesburg and Cape Town, Apex targets 2 153 student beds by 2031. DBSA approved R181 million equity participation to catalyse sector transformation, increase accommodation stock, and boost youth access to education.

3. **Project details**

Project commenced	2024
Project completion	2031
Total value of the project	R1.26 billion
DBSA's investment in the project	R181 million (equity)
Location	Gauteng and Western Cape, South Africa
Value chain or business unit	Infrastructure Financing
Sector	Education, Student accommodation
SDGs	

4. **DBSA role/contribution**

DBSA invested equity into Apex as a limited partner to unlock capital and attract private investment. This supports transformation in private equity, enhances access to infrastructure finance, and expands DBSA's education portfolio.

5. **Development results**

- 2 153 new student beds planned.
- R1.5 billion pipeline across four developments.
- 144 permanent jobs.
- Over 6 000 temporary jobs expected.
- Increased access to safe, affordable student housing.
- Support for black and women owned fund manage.

6. **Lessons learnt**

- Partnership model enables capital leverage and market transformation.
- Brownfield conversions are cost-effective and scalable.
- Sector-specific mandates (such as residential only) must be carefully aligned with development goals.
- Advisory Board approval processes are critical for risk governance.

CASE STUDY: Northwest University student residence project

1. Background

North-West University's (NWU) Mahikeng campus experienced a critical shortage of student accommodation, affecting enrolment, academic performance, and student wellbeing. To address this, NWU sought support from the DBSA to construct on-campus student residences aligned with the goals of the Student Housing Infrastructure Programme (SHIP).

2. Description

In the 2018/19 financial year, NWU initiated a student accommodation development project to support rising enrolments and promote inclusive access to education. DBSA approved a R235 million loan facility, complementing grant funding from the Department of Higher Education and Training (DHET) and National Treasury. The project constructed 32 residence blocks housing 1 728 students and included essential supporting infrastructure to enhance the living and learning experience.

3. Project details

Project commenced	2019
Project completion	2023
Total value of the project	R489 million
DBSA's investment in the project	R235 million
Location	Northwest Province, South Africa
Value chain or business unit	Infrastructure Financing
Sector	Education, Student accommodation
SDGs	

4. DBSA role/contribution

The DBSA provided a senior loan facility of R235 million to co-finance the student residence project. The financing enabled NWU to leverage other public funds and internal resources to deliver a scalable housing solution aligned with the SHIP framework.

5. Development results

- 1 728 on-campus student beds created, evenly split by gender.
- Reduced travel time and costs for students.
- Increased academic performance and graduation rates.
- 294 construction jobs and 62 permanent jobs created.
- Improved safety and quality of student life.
- Contributed to building a skilled workforce aligned with SDG 4 and NDP Outcome 5.

6. Lessons learnt

- Appointing an internal architect reduced design costs significantly.
- Assigning a full-time project manager improved oversight and delivery.
- Segmenting contractors mitigated delays and allowed for peer learning.
- Early integration of local communities enhances project buy-in and execution.
- Systematic vetting of contractors improves delivery and accountability.

CASE STUDY: University of the Western Cape (UWC) – Unibell Student Housing Infrastructure Programme (SHIP)

1. Background

South African higher education institutions face a chronic shortage of student accommodation. At the University of the Western Cape (UWC), many students—especially those from previously disadvantaged backgrounds—struggled to find safe, adequate, and affordable housing. This challenge undermined their academic performance and well-being.

2. Description

In 2020, UWC, with support from the Department of Higher Education and Training (DHET) and the DBSA, initiated the Unibell Student Housing Project under the Student Housing Infrastructure Programme (SHIP). The project aimed to deliver 2 700 new on-campus student beds at the university's Bellville campus through a R670 million investment. DBSA provided a R375 million loan, with the balance funded by DHET and UWC. The Unibell residences (1, 2 and 3) were delivered as part of a broader precinct development which also includes low-cost and military veteran housing.

3. Project details

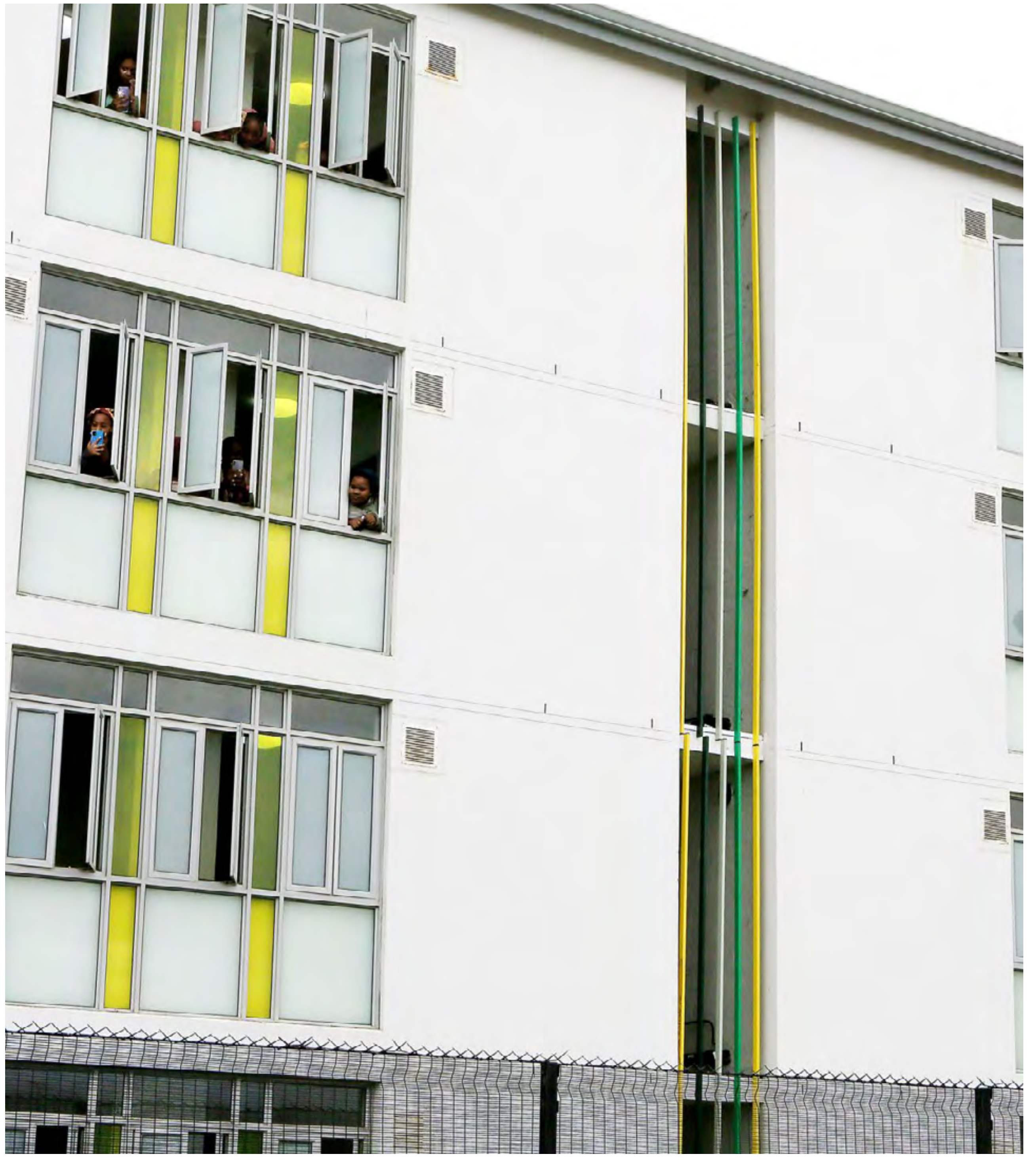
Project commenced	2020
Project completion	2023
Total value of the project	R670 million
DBSA's investment in the project	R375 million
Location	Bellville, Western Cape, South Africa
Value chain or business unit	Infrastructure Financing
Sector	Education, Student accommodation
SDGs	 

4. DBSA role/contribution

The DBSA acted as the primary financier of the UWC SHIP through a loan facility of R375 million. The Bank's participation enabled the scale and speed required for a flagship delivery of 2 700 on-campus beds. The project is a key pilot site within the national SHIP programme.

5. Development results

- Accommodation:
  - 2 700 on-campus student beds delivered (9 blocks across 3 precincts).
  - Increased access for previously underserved students.
- Employment and Skills:
  - 1 803 construction jobs (168 for women, 981 for youth).
  - 289 operational jobs created.
  - 30 TVET learnerships implemented.
  - 77 SMMEs contracted.
- Cost Efficiency: Cost per bed: R248 148 (above R224 000 target due to higher actual project cost).
- 95% of surveyed respondents appreciated proximity to community amenities, reducing travel costs.



6. **Lessons learnt**

- Delays in project start-up and stringent conditions (e.g. R51m call deposit) deter potential partners.
- Improved quality assurance is needed in building materials and furniture, fixtures and equipment.
- Regular student satisfaction surveys should be institutionalised to capture real-time issues and improve infrastructure responsiveness.
- While women employment targets were exceeded, more women must be included in contracting and SMME ownership.
- UWC and DBSA should collaborate to improve security inside and outside residences.
- Co-location of student residences with other housing typologies (e.g. military veteran housing) may not be ideal due to differing lifestyle needs.

SOCIAL INFRASTRUCTURE

Social infrastructure, which includes facilities, services, and systems supporting community well-being like education, healthcare, and community development, is crucial for a thriving society and economy. The DBSA actively invests in these areas, recognizing their foundational role in sustainable development and their direct impact on quality of life and economic growth.

CASE STUDY

uHlanjana River Pedestrian Bridge (URPB)

1. **Background**

Flooding, inadequate infrastructure, and the absence of safe access to schools posed life-threatening risks to schoolchildren in rural KwaZulu-Natal. Learners from communities in Jozini and uMhlabuyalingana Local Municipalities were forced to swim across the uPhongolo River to attend school, leading to fatalities and severe public concern.

2. **Description**

In response to media reports and municipal requests in 2018, the DBSA committed to developing a permanent solution: a pedestrian bridge across the uHlanjana River. The intervention was executed in two phases: temporary scholar transport for 125 learners and the construction of a permanent pedestrian bridge. The project was funded through DBSA's Non-Lending Development Subsidy and CSI grants, along with support from the Motsepe Foundation.

3. Project details

Project commenced	23 October 2020
Project completion	March 2022
Total value of the project	R9 million
DBSA's investment in the project	R8.4 million (R1.4 million for STS; R7 million bridge)
Location	KwaZulu-Natal, South Africa
Value chain or business unit	Preparation, Build and Maintain
Sector	Social and Transport
SDGs	3 Good Health and Well-being; 4 Quality Education; 9 Industry, Innovation and Infrastructure

4. DBSA role/contribution

DBSA provided end-to-end support, including infrastructure planning, design, procurement, project management, and construction oversight. The Bank facilitated partnerships with municipalities, consultants, and the Motsepe Foundation. The Bank contributed non-lending grant for feasibility and detailed designs.

5. Development results

- Safe, reliable pedestrian access for learners from four schools and the Madonela Clinic.
- Reduced learner exposure to life-threatening crossings and health risks.
- Short-term employment opportunities created during construction.
- Skills training provided to local labour.
- Demonstrated DBSA's capability to mobilise funding for underserved communities.
- R6 million in additional income for households and R2.2 million in increased revenue for the government from taxes.
- Decreased walking distance and resulted in decreased absenteeism - average learner attendance rate increased from 32.8% to 93.2% from 2022 to 2024.
- 2 971 Households benefitting from bridge.
- 13 Temporary construction phase jobs created (9 for women).

6. Lessons learnt

- Urgent interventions can be delivered effectively through phased approaches (temporary to permanent).
- Partnerships with philanthropic foundations can amplify developmental impact.
- Infrastructure delivery in rural areas requires strong intergovernmental and community coordination.
- Planning and construction delays can be mitigated with early-stage stakeholder engagement and clarity on land use (Ingonyama Trust).
- Integrating community-based labour enhances ownership and sustains local impact.

CASE STUDY

Environment House – Department of Forestry, Fisheries and the Environment (DFFE)

1. Background

The DFFE required a centralised, sustainable office building to consolidate operations and meet its green building policy mandates, while addressing inefficiencies and fragmentation of rented offices.

2. Description

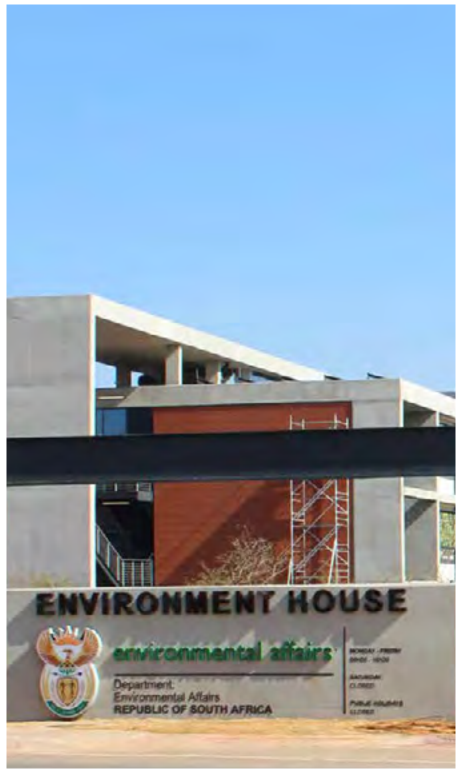
In 2011, DBSA co-financed a R858 million PPP for the construction and operation of Environment House, the DFFE's green-star-rated head office. The project was executed through a 27-year concession with Imvelo Concession Company and achieved a 6-Star Green Building rating, surpassing initial expectations.

3. Project details

Project commenced	2012
Project completion	2014
Total value of the project	R858 million
DBSA's investment in the project	R138 million (loan and equity)
Location	Pretoria, Gauteng, South Africa
Value chain or business unit	Infrastructure Financing
Sector	Green Infrastructure
SDGs	11 Sustainable Cities and Communities; 13 Climate Action

4. DBSA role/contribution

DBSA provided senior debt and equity for the PPP structure alongside private financiers. The Bank also supported B-BBEE ownership and helped catalyse a flagship public green infrastructure project.



5. Development results

- 6-Star Green Building rating achieved.
- 1 058 construction jobs created; R51.9 million in wages paid.
- R417.8 million in household income.
- Significant environmental efficiencies: 30% lower water use, 10% solar energy supply.
- Model for other public sector green buildings across South Africa and SADC.

6. Lessons learnt

- Early engagement of operations contractor enhances PPP efficiency.
- Scalable office design is vital for future departmental expansion.
- Employee productivity is linked to building comfort and layout.
- The DBSA should maintain engagement post-disbursement to address emerging needs.

CASE STUDY

The Flood Relief Support Programme – Water Tankers in iLembe District Municipality

1. Background

The April and May 2022 floods in KwaZulu-Natal (KZN) caused catastrophic damage to infrastructure, homes, and essential services. Communities in the iLembe District Municipality (IDM) were severely affected, with water infrastructure failing and leaving thousands without access to potable water. Immediate relief was required to restore dignity and protect public health.

2. Description

In May 2022, DBSA approved R128.37 million in non-lending humanitarian support to flood-affected municipalities in KZN and the Eastern Cape. R30 million was allocated for water tanker procurement, with R6 million earmarked for four water tankers in IDM. Although three tankers were delivered by June 2024, the final unit was delayed due to procurement challenges and budgeting misalignment.

3. Project details

Project commenced	March 2024 (procurement commenced)
Project completion	June 2024 (partial delivery)
Total value of the project	R6 million
DBSA's investment in the project	R6 million
Location	KwaZulu-Natal, South Africa
Value chain or business unit	Infrastructure Financing (CSI Grant)
Sector	Water and Sanitation
SDGs	6 CLEAN WATER AND SANITATION; 11 SUSTAINABLE CITIES AND COMMUNITIES

4. DBSA role/contribution

DBSA provided a R6 million grant for the procurement and delivery of four water tankers to IDM. This was part of a larger R128.37 million relief initiative. DBSA oversaw project funding, procurement specification, and supplier contracting. The Bank's intention was to deliver rapid, life-saving assistance aligned with national disaster response frameworks.

5. Development results

- Water Access:
  - 18 292 residents benefitted from access to safe drinking water across five wards:
  - Ward 4: 4 390
  - Ward 10: 3 739
  - Ward 11: 2 492
  - Ward 15: 1 818
  - Ward 17: 5 853
- Employment: Two drivers contracted via EPWP, with potential for indirect job creation in logistics and support.
- Public Value:
  - Tangible and visible impact recognised by municipal officials and communities.
  - Addressed water vulnerability in communities with limited prior access.

6. Lessons learnt

- Delays in procurement and delivery negatively impacted the "immediate relief" intent of the intervention.
- The absence of pre-approved grant contracts delayed registration of assets by municipalities. Future CSI and non-lending projects should pre-approve legal instruments early in the project cycle.
- Water tankers were purpose-built and subject to lengthy manufacturing lead times. This underscores the need for upfront technical planning in disaster responses.
- Despite implementation setbacks, community feedback was overwhelmingly positive, demonstrating the value of visible service delivery in disaster contexts.

HEALTH INFRASTRUCTURE

Many communities face significant barriers to healthcare access, including financial constraints, inadequate transport, long distances to facilities, and limited local services. With 82.6% of the population relying on public healthcare, the critical need for improved and new health infrastructure is evident, especially given its heavy dependence on municipal services like water, sanitation, and electricity. Key challenges in physical infrastructure include poor planning and insufficient maintenance, directly impacting efforts to meet National Health Insurance (NHI) standards for Public Health Clinics (PHCs) and their optimal proximity to human settlements. Beyond physical structures, soft infrastructure—encompassing a skilled workforce, integrated information systems, and research—is vital. Both physical and soft infrastructure present robust investment opportunities for private sector partners, often in collaboration with funding partners like the DBSA. The DBSA, aligning with Department of Health policies and government priorities, actively seeks to address these needs by developing financial instruments and collaborating across all tiers of government to accelerate social service provision and bolster public health programmes like the NHI and Ideal Clinic initiatives.

CASE STUDY

Herolim Private Hospital (HPH) Project

1. Background

The Eastern Cape suffers from significant disparities in healthcare access, with 89% of the population dependent on overstretched public services. There is a critical shortage of private hospital infrastructure outside the major metros, particularly in rural and peri-urban areas like Mthatha. High infrastructure costs and market dominance by the "Big 3" private hospital groups pose barriers to entry for new, independent healthcare providers.

2. Description

The Herolim Private Hospital (HPH) was developed under the Razorite Hospital Programme led by RH Managers (Pty) Ltd. It is the second hospital in a portfolio of eight greenfield healthcare developments. The DBSA approved a total of R166 million in funding R122.7 million in senior debt and R43.3 million in B-BBEE funding representing 68.6% of the project's total cost of R242 million. HPH is a 76-bed, Level 2 general acute hospital offering a broad range of medical and surgical services. The hospital commenced operations on 19 March 2024 and reached occupancy rates exceeding expectations.

3. Project details

Project commenced	June 2023 (financial close)
Project completion	5 February 2024
Total value of the project	R242 million
DBSA's investment in the project	R166 million
Location	Mthatha, Eastern Cape, South Africa
Value chain or business unit	Infrastructure Financing
Sector	Health
SDGs	3 Good health and well-being; 8 Decent work and economic growth

4. DBSA role/contribution

DBSA was the lead development finance partner in this transaction, providing blended financing including senior debt and B-BBEE funding to enable hospital construction, equipping, and operationalisation. The Bank supported a black owned healthcare fund manager in expanding access to affordable, quality healthcare infrastructure.

5. Development results

- Employment: 165 direct construction jobs and 186 operational jobs created; 155 of which were for women.
- Transformation: 51.7% black women shareholding; over 50% B-BBEE ownership among doctors.
- Infrastructure Efficiency: Project cost per bed (R2.88 million) below target.
- Access: 1 222 patients served in 10 months; 72 births and 811 casualty admissions.
- Economic Impact:
  - Construction: R141.4 million in household income; R56.3 million in tax revenue.
  - Operations: R129.1 million household income; R49.9 million in government revenue.
- Occupancy: 75–80% post-opening, exceeding the 68% target.
- Community Upliftment: Local SMMEs contracted; partnership with taxi association improved accessibility.

6. Lessons learnt

- Future expansions must adhere strictly to Environmental Authorisation conditions.
- A compliance statement or full impact assessment should be obtained, and consultation with the Department of Water and Sanitation is essential where wetlands are involved.
- Bulk oxygen systems and strategic use of high-grade materials improve sustainability and reduce long-term costs.
- Waste disposal practices should align with low-emission alternatives to reduce the project's carbon footprint.
- Strong early uptake confirms the need for healthcare infrastructure in underserved regions and justifies phased expansion planning.
- Local economic development is enhanced through inclusive procurement and employment practices.

TRANSPORT INFRASTRUCTURE

Our commitment to fostering sustainable, resilient, and inclusive infrastructure is central to supporting economic development and human well-being, while simultaneously promoting inclusive and sustainable industrialisation that boosts employment and economic growth. Investing in transport systems is a vital catalyst for this, driving economic development, poverty reduction, and improved access to essential services. Recognising that efficient and accessible transport enhances connectivity, facilitates trade, and promotes sustainable development, we provide crucial funding and support for transport and infrastructure development, including green transportation. We are dedicated to investing in public transport networks that prioritise safety, efficiency, and sustainability, aligning with the government's objectives outlined in the National Transport Master Plan 2050, the Public Transport Strategy, and the Green Transport Strategy to improve urban mobility.

CASE STUDY

SA Taxi – Minibus Taxi Industry Financing

1. Background

The South African minibus taxi industry faced barriers to expanding vehicle ownership due to limited access to affordable credit. This hindered mobility, job creation, and economic growth in underserved areas.

2. Brief Narrative about the Project/ Development

In 2021, SA Taxi Holdings approached DBSA for a R500 million loan facility to finance new and used minibus taxis for black-owned SMMEs. The funding was channelled through the Transflow Series 7 securitisation structure to support working-class mobility, stimulate economic activity, and improve transport efficiency. DBSA approved and disbursed the loan in 2022.

3. Project details

Project commenced	August 2022 (financial close)
Project completion	Ongoing
Total value of the project	R500 million
DBSA's investment in the project	R500 million
Location	National (South Africa)
Value chain or business unit	Infrastructure Financing
Sector	Transport
SDGs	

4. DBSA role/contribution

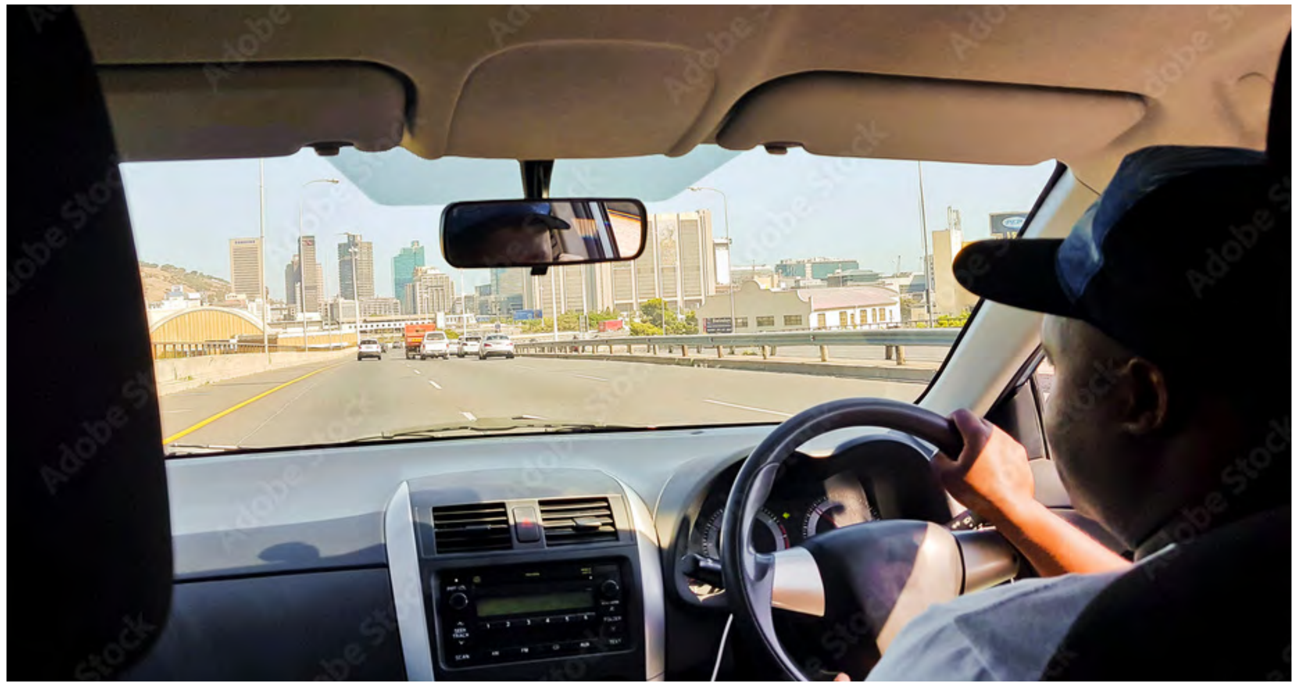
DBSA provided a R500 million senior facility linked to revenue flows from the minibus taxi asset pool. The innovative funding model enabled direct support to black SMMEs in the informal transport sector while achieving strong developmental returns.

5. Development results

- 1 204 minibus taxis purchased.
- 2 167 direct and 3 612 indirect jobs created.
- 1.4 million passengers transported per month.
- Enhanced safety, affordability, and access to transport.
- R125.5 million generated in tax revenues.

6. Lessons learnt

- Borrower vetting and creditworthiness are critical to mitigate repossession risks.
- Stable interest rates and structured insurance reduce default rates.
- Stronger coordination among taxi associations enhances project sustainability.
- Tailored financial products are essential for informal and semi-formal sectors.



CASE STUDY: OR Tambo International Airport carousels, ablution blocks and Charlie 24 building

1. Background

Aging airport infrastructure at OR Tambo International Airport (ORTIA) required urgent upgrades to improve operational efficiency, passenger experience, and safety, in line with Airports Company South Africa (ACSA)'s infrastructure strategy.

2. Description

ACSA received R810 million from DBSA in the 2020/21 financial year to upgrade infrastructure across its airport network. This case study evaluates key projects at ORTIA, including carousel reconfiguration, ablution block expansion, and upgrading of the Charlie 24 building. The interventions addressed critical bottlenecks and improved terminal capacity.

3. Project details

Project commenced	2021
Project completion	2023
Total value of the project	R69 million (subset of R810m facility)
DBSA's investment in the project	R69 million (approximate project share)
Location	Gauteng, South Africa
Value chain or business unit	Infrastructure Financing
Sector	Transport
SDGs	

4. DBSA role/contribution

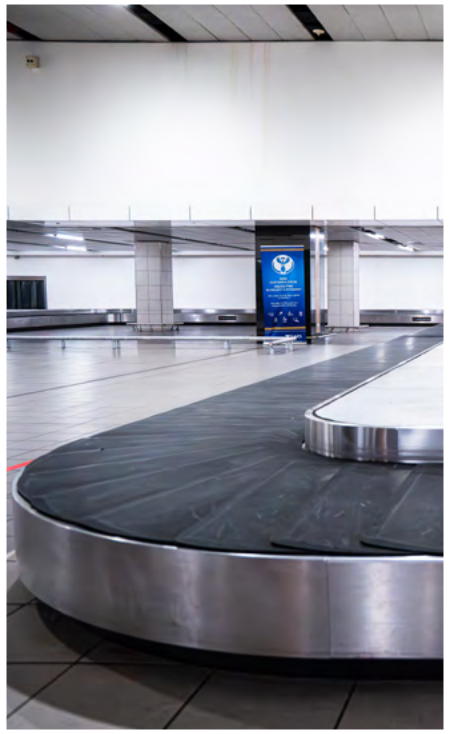
DBSA provided infrastructure loan financing for ACSA to modernise facilities, reduce operational inefficiencies, and meet growing passenger demand. The Bank supported the broader investment programme of which these projects formed a part.

5. Development results

- Carousel 9 installed and Carousel 10 reconfigured.
- Ablution Blocks 1 and 2 constructed.
- Charlie 24 building refurbished.
- 281 construction jobs created.
- Enhanced baggage handling and passenger flow.
- Improved infrastructure resilience and operational efficiency.

6. Lessons learnt

- Engage all stakeholders early to avoid scope creep.
- Stronger financial support for service providers improves performance.
- Monitoring CAPEX targets during early planning helps avoid misalignment.
- Enhanced contract administration and flexibility are key for delivery.



REST OF AFRICA

Promoting regional integration is a cornerstone of our mandate at the DBSA. We actively foster connectivity across Africa by providing critical infrastructure finance and development expertise for cross-border projects that enhance transport, energy, and digital networks.

This strategic investment is essential for strengthening regional markets, facilitating intra-African trade, and ultimately enabling shared economic growth and increased competitiveness across the continent.

CASE STUDY: Côte d'Ivoire Girls Vocational Schools Project

1. Background

Côte d'Ivoire faces structural challenges in its educational system, including deteriorated infrastructure, a shortage of teacher training institutions, and significant social barriers that impede access to education—particularly for girls. To promote gender equity, improve rural education infrastructure, and tackle social vulnerabilities, the Government of Côte d'Ivoire committed to constructing and equipping 23 girls' middle schools and one high school of excellence in Sinématiali.

2. Description

The project aims to support national education reform by increasing access to quality education for girls in rural areas. The DBSA contributed EUR56 million in two tranches toward the EUR94 million project, co-financed with local banks and in partnership with EcoBank and Wuaquanda Finances Corp. The intervention covers the full design, construction, and equipping of the schools, including water and sanitation facilities, boarding infrastructure, and specialised classrooms.

The project addresses both infrastructure and social access constraints, with targeted outcomes in educational inclusion, gender equity, and rural development.

3. Project details

Project commenced	2023
Project completion	Ongoing (construction phased)
Total value of the project:	€94 million
DBSA's investment in the project:	€56 million
Location:	Côte d'Ivoire (rural villages and Sinématiali)
Value chain or business unit:	Infrastructure Financing
Sector:	Education
SDGs:	

4. DBSA role/contribution

DBSA financed two tranches totalling €56 million:

- Tranche 1 (€30 million): Design, construction, and equipping of 23 rural girls' middle schools and the Girls' High School of Excellence in Sinématiali.
- Tranche 2 (€26 million): Completed construction for five of the middle schools, including all furniture and modular equipment.
- DBSA operated as co-financier alongside Mansa Bank, Orange Bank, and Sunu Bank. EcoBank and Wuaquanda Finances Corp acted as Mandated Lead Arrangers.

5. Development results

- 212 direct jobs created during construction (108 women, 81 youth).
- 24 classrooms and 7 specialised classrooms completed at the Sinématiali High School of Excellence.
- 16 classrooms and 5 specialised classrooms completed across 23 middle schools.
- 24 villages to benefit from new educational infrastructure and access to sanitation.
- 17 664 middle school learners to benefit from new facilities.
- 960 learners to be accommodated at the Sinématiali school, including 620 boarding students.
- 540 direct construction jobs anticipated for the full project rollout.
- 529 permanent teaching and school support staff to be employed post-construction.

6. Lessons learnt

- Multilateral funding partnerships accelerate infrastructure delivery.
- Gender-targeted education projects require integration of boarding and safety features.
- Local bank participation enhances project ownership and financial inclusivity.
- Phased financing is effective for delivering modular, rural infrastructure.

CASE STUDY

Côte d'Ivoire Ministry of Finance – Road Projects

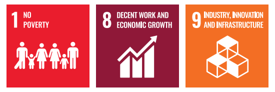
1. Background

Following political and military instability between 2002 and 2011, Côte d'Ivoire's road infrastructure fell into disrepair, impeding trade, economic development, and public service delivery. To support recovery and growth, the government launched the National Road Development Plan (2016–2020), seeking external funding to expand and rehabilitate the country's road network.

2. Description

In 2016, the Ministry of Finance of Côte d'Ivoire approached DBSA and other development financiers to fund a €1.228 billion national roads programme. DBSA provided €196 million through three separate loan facilities. The projects covered the construction, upgrading, and rehabilitation of road infrastructure across urban and rural areas. Two facilities remain under construction due to weather disruptions, technical delays, and unforeseen challenges such as the discovery of cemeteries.

3. Project details

Project commenced	2017–2018 (varies per project)
Project completion	Staggered; some incomplete as of 2024
Total value of the project	€1.228 billion (total programme)
DBSA's investment in the project	€196 million
Location	Côte d'Ivoire
Value chain or business unit	Infrastructure Financing
Sector	Transport
SDGs	

4. DBSA role/contribution

DBSA co-financed a suite of road development and rehabilitation projects in Côte d'Ivoire. The Bank disbursed €196 million across three facilities to fund over 870 km of road network improvements. DBSA also monitored project implementation and collaborated with the Ministry of Finance, Ageroute, and the EPC contractor, Porteo, to support development outcomes.

5. Development results

- Enhanced transport of agricultural goods, reducing costs by a factor of five.
- Improved access to ports enabled farmers to avoid spoilage and secure better market prices.
- Reduction in travel times, increased access to healthcare, schools, places of worship, and improved public safety.
- 1 386 jobs created (80% local labour).
- Improved social cohesion, mobility, and access to services.
- Community members reported significant time savings and quality-of-life improvements.

6. Lessons learnt

- Social projects chosen with community leaders' input (chiefs, youth leaders, government) were more relevant and better accepted.
- While women employment was recorded, the overall female participation remained low.
- Future project agreements should mandate inclusion of SMMEs, recognising their role in job creation and economic development.
- Future EPC contracts should include training provisions to transfer technical skills to local workers, enhancing long-term employability.

10 YEARS OF INFRASTRUCTURE DELIVERY

The DBSA established the Infrastructure Delivery Division to increase the state's ability to plan, design, build, maintain and manage social and economic infrastructure. The Division helps position the Bank as a market leader in infrastructure planning, delivery and innovative solutions that drive development impact. While the Division's main focus is to support all three spheres of government in South Africa, it also carries out projects in the South African Development Community and has implemented programmes for the private sector.

The Infrastructure Delivery Division primarily offers clients end-to-end Programme Implementation Agent Services. We complement these with Programme Management Services, providing specialist expertise for the medium to long-term planning and delivery of infrastructure.


Jewellery Manufacturing Precinct constructed on behalf of the Gauteng Industrial Development Zone

At the same time, the Infrastructure Delivery Division delivers capacity building services, focusing on innovative infrastructure learning solutions. Because of our efficient and effective procurement record, government departments and state-owned entities often ask the division to manage infrastructure procurement for them. As a result, we created the Infrastructure Procurement Services capability alongside our other offerings to support clients with rapid procurement.

Balfour Community Health Centre constructed on behalf of National Department of Health

Since inception until 31 March 2025, the Division has helped clients deliver social and economic infrastructure valued at R39.8 billion. About 47%, or R18.7 billion, was spent on school infrastructure. This included building 174 new schools, refurbishing 685 schools, and improving sanitation facilities at 855 schools.

All these programmes benefit a total of 705 239 learners enrolled in these schools. The Infrastructure Delivery Division's implementing agency support services contributed to delivering 6 328 infrastructure projects for clients. These are summarised in the table below:

Period	2014 - 2025
Sectors:	
Education	174 new schools constructed 685 schools refurbished
Health	418 health facilities refurbished/constructed
Housing	3 468 new houses built in rural Eastern Cape (Elliotdale) 456 social housing units built in the City of Ekurhuleni
Agriculture	39 agriculture infrastructure refurbished/built
Public Works	46 public works state buildings refurbished 43 facilities condition assessments undertaken 1 Parliament building refurbished (4th and 5th floors of Old Assembly)
Municipal Infrastructure	163 municipal infrastructures refurbished/constructed
Economic	21 industrial parks refurbished 3 new manufacturing precinct buildings constructed
Tourism	74 tourism infrastructure refurbished/constructed (lodges, game reserves and parks)
Water and Sanitation	855 school sanitation infrastructure upgraded

EMPOWERING SMMES AND DRIVING INCLUSIVE GROWTH

These infrastructure projects were made possible by appointing 11 362 SMMEs and subcontractors. This led to the creation of 91 424 employment opportunities over the ten-year period. In support of the government's Black Empowerment policy, Infrastructure Delivery Division actively works to ensure that at least 75% of project expenditure goes to work carried out by B-BBEE companies. In 2024/25, we achieved 77%. Additionally, we ensure that 35% of the B-BBEE companies awarded work have at least 30% women ownership. In 2024/25, this figure reached 49%.

In addition to projects implemented in South Africa, Infrastructure Delivery Division also contributes to regional integration by supporting SADC to implement water projects in the region through the SADC Water Fund. Infrastructure Delivery Division currently serves as implementing agent in the implementation of a cross-border water project in Mozambique and Eswatini, and another in Kazungula town in Zambia. On completion both projects will augment reticulated water supply systems in these border towns which may contribute to regional integration. Of the two projects, the construction of the Kazungula Water Supply and Basic Sanitation is 98% complete and will be commissioned in June 2025.

Kazungula Water Project

The DBSA has partnered with the SADC Secretariat to establish the SADC Water Fund to mobilise resources, build partnerships and implement projects that contribute to the SADC Region's water security and sustainable development. The Fund identifies water and sanitation projects that have a regional impact and are transboundary in nature and raises funds to deliver them, of which Kazungula Water project is one of them. The SADC Water Fund finances this project funds German government's Federal Ministry for Economic Cooperation and Development, the KfW Development Bank and the government of Zambian. This project is critical as Kazungula town is located in the SADC region's North-South Corridor area where Zambia, Botswana, Zimbabwe and Namibia converge. Thus, it will contribute to improved access to clean water and sanitation needs to residents and people in transit through the corridor. Its scope comprises water treatment works, bulk water supply pipelines, water and reticulation networks. The project is implemented to address looming water security and sustainable sanitation challenges in the growing Kazangula boarder town. Its overall progress to date is 98% and will be commissioned. Hichilema in June 2025.

Consideration for sustainability of water supply and climate change issues were considered during design. It may run completely off-grid since it is powered by a 220KV Solar PV array, battery banks, and inverters that even feed into the national grid when the tanks are full. At completion, the project will fill the increased water supply demand and sanitation needs created by factors such as the new Kazungula bridge and the closure of the one stop border post between Zambia and Botswana. The capacity of the scheme will serve an estimated sum of 20 000 residents and people in transit by 2025. Thus, it will contribute to sustainable human settlements and growth which may catalyse increased cross-border economic activities in Kazungula and regional integration in the area. During construction, the project contributed to local economic activities by creating over 220 employment opportunities.

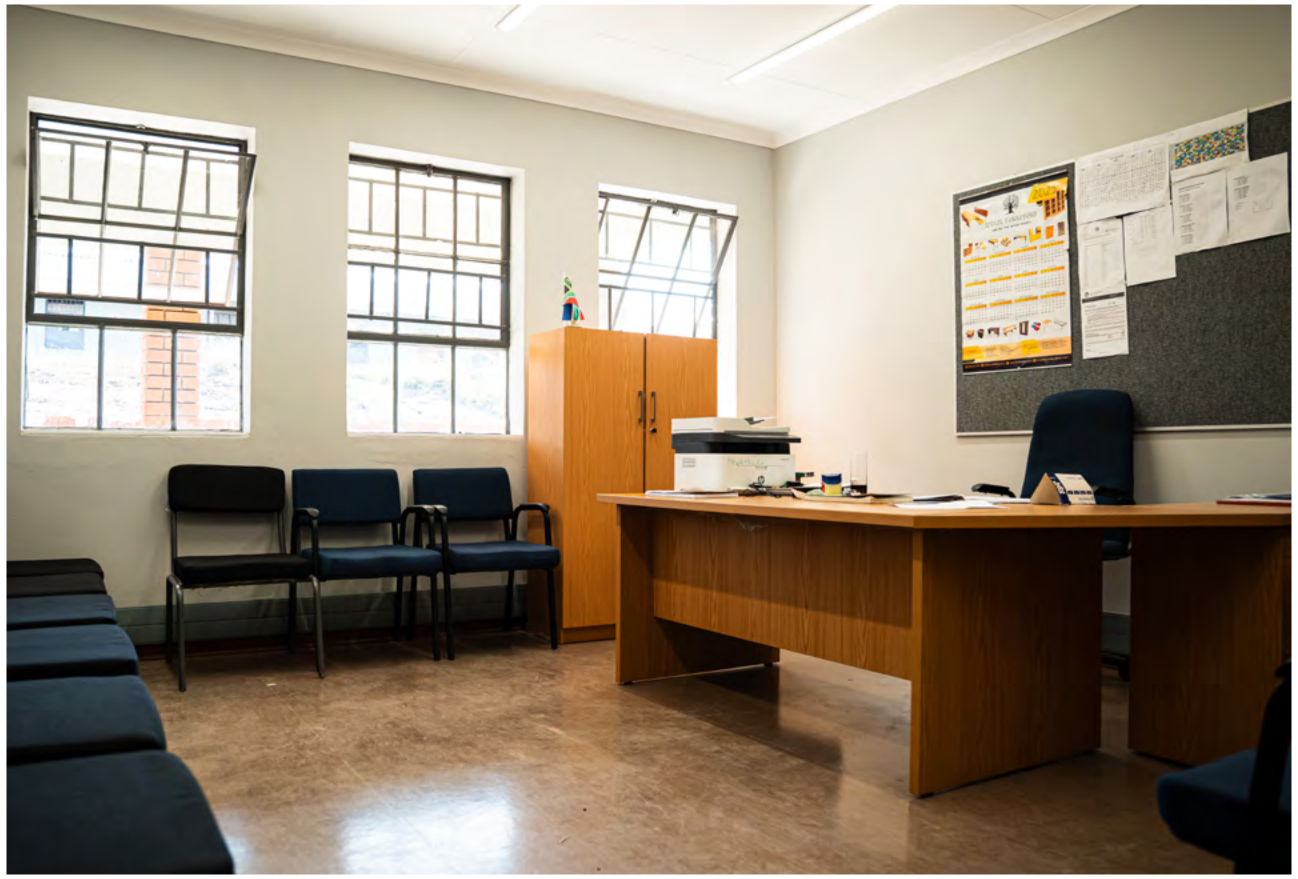
Nkwekwezi Senior Secondary School

The DBSA appointment with Department of Basic Education was extended in 2017, DBSA in MOA with the Department of Basic Education is implementing the Overcrowding programme on behalf of the Department of Basic Education. The overall programme was developed to alleviate overcrowding in schools as part of the ASIDI Programme in six provinces. Its main scope of works entails demolition of inappropriate structures and replacing them with new infrastructure.

Currently 7 schools have been allocated to DBSA for this purpose, of which all of them moved to construction phase and two have achieved Practical Completion during the Financial Year 2024-25. One of those that reached practical completion is Nkwenkwezi Secondary School. With an enrolment of 955, the school has the staff complement of 34 educators inclusive of the school principal. The project contributed to the provision of 9 additional classrooms which brought the total number of classrooms to 24. The full scope of works covered the following:

- **Decanting:** Construction of a temporary decanting area comprising of three or four-classroom units with temporary toilets and a temporary water and electrical connection.
- **Demolition:** Demolition of existing buildings with asbestos roofs, namely school hall, two blocks of classrooms, support centre, admin block and three existing VIP ablution blocks including desludging them. Dismantling of the decanting temporary structures at the end of the construction.
- **Construction:** Construction began on new four-classroom blocks, one new five-classroom block, one dining and nutrition centre, of classrooms inclusive of verandas, HoD Office and Storeroom block, and three ablution facilities.
- **Repairs and refurbishment:** Repairs, renovations and alterations began on the following existing buildings including electrical installations to a three-classroom block, three-classroom blocks and four-classroom blocks.
- **Services and external works:** Construction of new link walkways between the two new classroom blocks. Work commenced on connecting new buildings to stormwater channels and aprons joinery fittings, electrical installations, related mechanical, plumbing and drainage works, rainwater tanks and bases. Additionally, the project also included installation of high security boundary fence, construction of entrance walls and general external works including walkways, paving, flagpoles, and gas installation was made to the dining and nutrition centre.
- **Furniture:** Supply and installation of loose furniture.

The project site handover to undertake the above work occurred on 12 January 2024 with the estimated completion date of 12 November 2024 based on a projected 10-month construction period. Subsequently an extension of time was granted in the project achieving Practical Completion on 31 March 2025. Situated in the Mandeni Local Municipality in the iLembe District Municipality, the project benefited 24 SMMEs and local contractors. It also contributed to the creation of 218 employment opportunities in the area, inclusive of 14 women and 91 youth.



Limpopo Mega hospitals

The DBSA has an existing MOA with the National Department of Health through which it serves as an Implementing Agent responsible for managing both new build and maintenance programmes on behalf of the department. Within this portfolio of programmes, DBSA currently serves as an implementing agent of four mega-hospitals in Limpopo, namely Tshilidzini District Hospital, Limpopo Central Hospital, Elim Hospital and Siloam Hospital.

Hospital Name	Capacity	Construction Start date	Planned completion date	Construction Progress to Date
Elim Hospital	416 beds	June 2025	August 2029	Construction not commenced
Siloam Hospital	224 beds	June 2022	June 2026	80%
Limpopo Central Hospital	488 beds	May 2023	May 2028	30%
Tshilidzini Hospital	513 beds	January 2026	July 2031	Construction not started

Rooiwal Wastewater Treatment Works, City of Tshwane

The City of Tshwane and the Department of Water and Sanitation have partnered with DBSA to enhance the supply of potable water in the Themba area. In terms of this effort, DBSA offers programme implementation agency services in the refurbishment and upgrade of the Rooiwal Wastewater Treatment Works. Its scope is divided into 2 phases.

The scope of the Implementing Agent with respect to the Phase 1 included the following:

- Technical condition assessments of the completed works to enable proper costing and overall programme planning of outstanding works.
- The procurement of Professional Service Providers and Contractors, ensuring that the procurement processes are in line with all the applicable legislative provisions.
- Managing the completion of the construction and refurbishment works that was abandoned by the contract previously appointed in the project.

The project achieved sectional completion in the refurbishment of the secondary settling tanks, 5 bioreactors, servicing and refurbishment of blowers, new installation of equipment in the sludge dewatering building room, and external works including fencing, security system and walkways. The project works is carried out by two contractors and has contributed to the creation of 104 employment opportunities.

Parliament of South Africa's 4th and 5th Floors

The DBSA was appointed to serve as an implementing agent for the Parliament of South Africa's infrastructure programme which entails early works, repairs and upgrade to the New Assembly buildings, repairs and upgrade of the Old Assembly buildings, New and Old Assembly buildings demolition, master plan for the precinct and Total Facilities Management.

Overall progress achieved:

- Stage 3 detailed design of the Old Assembly and the National Council of Province Chamber of Building approved.
- Demolition of the link building, Old Assembly building and that of the roof, third, fourth and fifth floors are 100% complete.
- SARHA approval received for the demolition of the National Assembly building.
- 155 offices for members.

While the entire scope of work was crucial to execute, the early works was part of the preliminary work that had to be prioritized. Early works involve refurbishment of 155 offices for members on the 4th and 5th floors, including three pause areas and two hybrid board rooms. Additionally, it involved installation of the cooling system at 90 Plein Street building and repairs of four chillers.

BUILT ENVIRONMENT CAPACITY BUILDING AND PROFESSIONALISATION PROGRAMME

In 2024, DBSA Board approved investment of R21 million for the Built Environment Capacity Building and Professionalisation Programme to strengthen technical capacity across government infrastructure programmes. Implemented in partnership with the South African Institution of Civil Engineering (SAICE), SAICE Professional Development and Projects, and Consulting Engineers South Africa, the programme has various initiatives. It currently aims to place a total of 78 student interns over an 18-month period, of which the first cohort of 20 interns was onboarded in March 2025. Subsequent intakes are scheduled for June 2025 and January 2026, respectively. These cohorts represent a diverse group of graduates, with strategic placements across DBSA project sites throughout the country.

The programme also supports the national agenda to professionalise the public sector and address critical skills shortage in infrastructure delivery through the Work Integrated Learning (WIL) programme. The WIL initiative currently comprises 73 final-year students from various universities of technology across South Africa. The DBSA has placed them in different infrastructure development sites where it serves as an implementing agent. These placements are critical for the students to fulfil the practical component required for their academic qualifications, bridging the gap between theoretical learning and real-world application.

In addition to experiential training, the programme includes mentorship, structured career guidance, and professional registration support. Candidates are mentored by experienced professionals to meet the rigorous requirements of the Engineering Council of South Africa for professional registration, an increasingly mandatory qualification under Gazette 44333 for all engineers engaged in planning, designing, and implementing public infrastructure.

Furthermore, the programme enables registered professionals to meet Continuing Professional Development requirements necessary for maintaining their professional standing. For those in the early or mid-stages of their careers, including those with significant but unregistered experience, the programme provides structured assessment, training plans, and external mentorship to close competency gaps and prepare them for registration.

This effort is aligned with Vision 2030 in the National Development Plan, which calls for a reinvigorated state role in producing specialist technical skills to ensure the delivery of high-quality services for all South Africans. It also supports the goals outlined in Gazette 44031, which emphasises the importance of continuous development and professionalisation in the public service. The WIL programme directly contributes to these objectives by nurturing a pipeline of future engineering and construction professionals with the technical, managerial, and practical competencies required for effective service delivery.

DLABs: EMPOWERING SOUTH AFRICAN YOUTH AND COMMUNITIES

Launched in 2019 and piloted across seven provinces since 2020, the DBSA's Development Laboratories Programme (DLABs) model offers an unprecedented South African approach to address socio-economic needs. It is designed to be inclusive, build resilience, promote social cohesion, drive community-based solutions and stimulate economic development.

We provide an initial capital injection and operational support over a three-to-five-year period, to help each Precinct become self-sustaining. This programme also seeks co-funding opportunities and partnerships to enable its expansion. DLABs equip community members with future-ready and job-ready skills, create youth employment within precinct radius and enable jobs through partner youth agencies such as National Harambee Youth Accelerator. They also support micro-entrepreneurship in the informal economy, offer safe spaces for sports, arts and recreation accessible to local schools, and prioritise health and well-being by providing basic healthcare and psychosocial support. DLABs integrate technologies and green solutions to ensure an affordable and sustainable operating environment.

We measure the development impact of DLABs by evaluating access to products, services, economic activity and other opportunities within each Precinct. The DLABs programme drives inclusive growth, community empowerment, improved quality of life and improved well-being for underserved youth and local communities. To date, these vital precincts for skills development, training and entrepreneurial support have enabled over 5 000 young people to develop job-ready skills and business expertise while actively contributing to their communities.

During the year under review, the DBSA and Agence Française de Développement announced a new joint initiative as part of their 30-year partnership. This initiative dedicates €200 000 to expanding DLABs to support South Africa's Just Energy Transition in Mpumalanga Province, promoting sustainable growth, youth empowerment and economic resilience. The new funding will allow for feasibility studies for DLAB precincts in Mpumalanga's Nkangala District. As a region central to South Africa's coal economy but at risk from coal asset decommissioning, Nkangala's DLABs aim to retrain and upskill local youth for careers in emerging sectors such as renewable energy and eco-tourism. This initiative expects to create thousands of jobs and position South Africa as a leader in Africa's Just Energy Transition.

CASE STUDY — DLABs Programme

1. Background

The DLAB Programme continues to stand as a pivotal strategic initiative to provide meaningful access to opportunities and foster economic growth for South African youth. Our focus remains steadfast on the financial sustainability of DLAB sites and deepening our development impact through innovative financing solutions, which are essential for scaling our efforts.

2. Description

Launched in 2020, the DLAB Programme is a flagship innovation initiative led by the DBSA to catalyse township economies. Operating sites in Jabulani, Westridge, Alexandra, Louwsburg and Waterberg, the Programme has evolved into an integrated ecosystem of skills development, job creation and enterprise support. Key highlights include the expansion of BPO operations, the successful mobilisation of co-funding, the introduction of health and wellness services, and strong community engagement. Financial sustainability and scalability remain core strategic objectives.

3. Project details

Project commenced	2020
Project completion expected	Ongoing
Total value of the project	R499.7 million
DBSA's investment in the project	R201.1 million
Location	Gauteng and Western Cape, South Africa
Value chain or business unit	Innovation Unit
Sector	Local Economic Development and Social Infrastructure
SDGs	

4. DBSA role/contribution

DBSA served as the innovation driver and seed funder, establishing the precincts and leveraging multi-stakeholder co-investment. The Bank facilitated partnerships, structured operational models, and led the FICS Arena 2025 initiative to highlight social infrastructure investment potential.

5. Development results

Our efforts to deepen development impact were realised through several strategic initiatives outlined below:

- Implemented tailored approach to ensure that solutions meet the unique needs of each community, fostering sustainable development.
- Rolled out the DLAB Social Return on Investment Framework to quantify our social impacts.
- Expanded the access to opportunity pathways and enhance training programs focused on digital skills and entrepreneurship.
- Engaging local communities to ensure community voices are heard, fostering a sense of ownership and accountability for our initiatives.

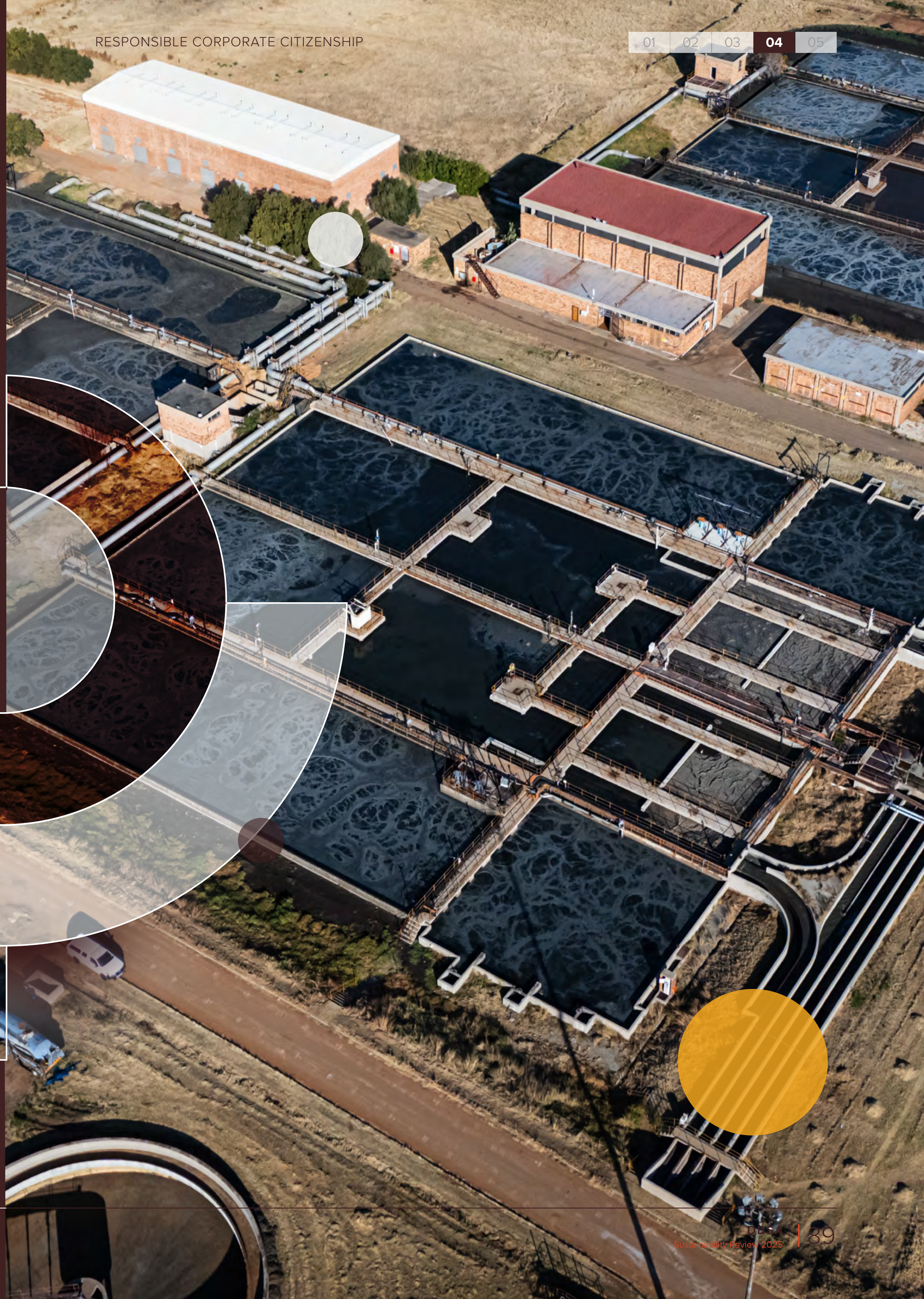
6. Lessons learnt

Reflecting on the journey thus far, several key lessons have emerged that will inform our future actions:

- Effective engagement with local stakeholders is essential for successfully implementing DLAB initiatives.
- Effective interventions must be customised to address site-specific needs.
- Securing land tenure and development rights requires careful planning and engagement with municipal authorities.

04

Responsible Corporate Citizenship



OUR DEVELOPMENT LANDSCAPE

The DBSA finance infrastructure projects to support socioeconomic development in the country, region and continent. Accordingly, the Bank's mandate aligns with national priorities and international development agendas, as set out below:

- **United Nations Sustainable Development Goals (SDGs):** As a DFI, the DBSA directly contributes to SDGs 6, 7, 9, 11, 13 and 17. Its core activities also indirectly contribute to SDGs 1, 3, 4 and 5.
- **SADC's Vision 2050 and Infrastructure Vision 2027:** The Bank's investment decisions are informed by SADC's long-term blueprint for regional transformation, focusing on industrial and infrastructure development, and human capital. Infrastructure Vision 2027 guides seamless, cost-effective transboundary infrastructure in energy, transport, ICT, meteorology, transboundary water resources and tourism.
- **African Union's Agenda 2063:** The DBSA supports the AU's master plan for Africa's socioeconomic transformation, including key flagship programmes like the Africa Continental Free Trade Agreement and the North-South Corridor.
- **South Africa's NDP 2030 and Medium-Term Development Plan (MTDP):** The Bank contributes to South Africa's vision for accelerated economic growth, poverty elimination and inequality reduction through large-scale infrastructure projects and regional integration. The MTDP (2024-2029) further guides the government's pursuit of inclusive growth, job creation, poverty reduction and building a capable state.

The DBSA rigorously evaluates a selection of its funded projects to provide accountability and continuous learning, and to align with relevant policies and conventions.

CASE STUDY

The DBSA's contribution to the sustainable development goals: 2015-2024

1. Introduction

The DBSA examined 42 projects across a variety of sectors between 2015 and 2024 to sample the DBSA's contribution to the SDGs and their related targets. The summary also explored the DBSA's contribution to the broad development agenda to address key challenges in South Africa and other parts of Africa.

2. Key findings

The 42 evaluations revealed that the DBSA has made significant progress in aligning its investments with the SDGs from 2015-2024. The Bank has played a key role in making sure the South African government contributes to the 17 SDGs and improves the quality of life of South Africans and other populations across Africa. While the DBSA contributed to all 17 SDGs, some received greater emphasis. The countries that benefited from the DBSA's support for the 42 evaluated projects included South Africa, Angola, Zambia and Ghana.

Overall, most projects directly and indirectly contributed to SDG 1: No poverty; SDG 8: Decent work and economic growth; SDG 12: Responsible consumption and production; and SDG 13: Climate action. These contributions occurred because of the cross-cutting nature of the SDGs and their links with SDG 8. Most of the DBSA-funded programmes contributed to decent work and economic growth through job creation. Consequently, job creation increased household income and helped reduce poverty during the project's life for those employed in the DBSA-funded projects.

The findings also highlighted the vital importance of infrastructure development in spurring economic growth, which is key to achieving most sustainable development goals. The evaluation report showed the construction of transport infrastructure that triggered economic growth by creating employment and linking goods to the market. This has been seen in both South Africa and Ghana, where airport expansion increased the number of tourists entering the country at OR Tambo and Ghana International airports, positively affecting the tourism industry through job creation and increasing gender equity by expanding women's participation in the industry.

Most of the evaluated projects during this period related to energy infrastructure development such as the Khobab Wind Power Plant, Renewable Energy Projects (NDB-DBSA), Cenpower Kpone Independent Power Plant (KIPP), Angola Solar Programme (ASP), DBSA-Financed Renewable Energy Projects, Bethlehem Hydro Project, Scatec Solar PV Renewable Energy Project and Laúca Hydroelectric Power Project (Angola). These projects have significantly expanded renewable energy capacity (SDG 7) while reducing carbon emissions (SDG 13) and improved access to energy for citizens.

Transport infrastructure such as the Tshwane Rapid Transport System has improved mobility and urban sustainability, contributing to SDG 11 targets and indicators. Additionally, the Bank has promoted gender equality, contributing to SDG 5 across most projects in the construction industry.

The DBSA also prioritised quality education, contributing to SDG 4 targets and indicators, by providing accommodation at universities and some education structures at lower levels. Healthcare also improved, contributing to SDG 3 targets and indicators. By investing in student accommodation projects at institutions such as the University of Venda and the University of the Free State, and healthcare expansion programmes like the Royal Buffalo Hospital project, the DBSA contributed to SDG 3 and 4. Thousands of students had an enabling environment for learning and improved health services for South African citizens. These investments have increased access to essential services while stimulating job creation and economic inclusion, further supporting SDG 8: Decent work and economic growth.

3. Lessons learnt

Through targeted interventions, various initiatives improved living conditions in underprivileged areas, making sure communities had access to reliable water, electricity and economic opportunities. Each SDG received a contribution in one form or another.

Examples of the DBSA's contribution

SDG 1: No Poverty

The DBSA's investments in these projects for example Maamba Collieries Limited, played a key role in addressing SDG 1 by reducing poverty, improving access to essential services and supporting inclusive economic growth.

SDG 2: Zero Hunger

The DBSA's support for sustainable agriculture through projects like Lower Usuthu Smallholder Irrigation Project shows the potential of specific investments in rural development to achieve SDG 2. The Bank also refurbished Tompi Seleka College of Agriculture to create a conducive physical environment of training the personnel that is supposed to lead food production. In collaboration with the Lunchbox Fund, DBSA's CSI nutrition programme supports zero hunger by ensuring thousands of young children receive daily nutritious meals.

SDG 3: Good Health and Well-being

The DBSA's contributions to SDG 3 for example the building of Royal Buffalo Hospital, show the importance of specific healthcare investments. By working with mobile health service providers, the DBSA CSI programme brings basic screenings and health education to rural communities, promoting Good Health and Well-being. By expanding hospital capacity, improving specialised services and addressing healthcare disparities, these projects have strengthened health systems and improved quality of life for thousands.

SDG 4: Quality Education

By improving school facilities, increasing student accommodation for example University of the Free State Student Accommodation Project, and supporting innovation in teaching, these projects have created long-term benefits for learners, educators and communities.

SDG 5: Gender Equality

The DBSA's contributions for example DBSA Greater Tzaneen Medium Term Revenue and Expenditure Framework Electricity Programme, to SDG 5 show the importance of gender-sensitive infrastructure investments. By including gender equality at all levels of project implementation, the Bank can create more inclusive economic opportunities and empower women in the development sector. The procurement strategy for construction projects implemented by the DBSA on behalf of clients includes terms that entail mandatory adherence to contraction of women owned enterprises

SDG 6: Clean Water and Sanitation

The DBSA's investments in water and sanitation infrastructure for example Roodeplaat Temba Water, have made a measurable impact on SDG 6, providing safer water access, improved sanitation and greater efficiency in water management. DBSA's CSI work with Breadline Africa also contributes to Clean Water and Sanitation by replacing pit toilets with dignified sanitation at ECD centres. The DBSA also construct water and sanitation infrastructure on behalf of clients locally and in the SADC region. In partnership with Kusini Water, DBSA CSI strengthens Clean Water and Sanitation by delivering sustainable clean water infrastructure in underserved areas.

SDG 7: Affordable and Clean Energy

The DBSA's contributions to SDG 7 show the importance of investing in clean and efficient energy infrastructure for example Angola Solar Project.

SDG 8: Decent Work and Economic Growth

The DBSA's contributions for example Cenpower KIPP 340 MW Combined Cycle Gas Power Plant to SDG 8 have been key in driving employment and economic growth. These strategic improvements align the Bank's interventions with long-term economic sustainability and inclusive development goals. Construction projects implemented by the bank on behalf of clients contributes to creation of job opportunities and appointment of local contractors and SMMEs.

Examples of the DBSA's contribution

SDG 9: Industry, Innovation and Infrastructure

The DBSA's contributions for example, BitPesa Payment Remittance to SDG 9 show the role of specific infrastructure and innovation investments in advancing industrial growth and economic development. CSI-backed partnerships with Social Coding SA enable DBSA to equip rural youth with tech skills in AI and robotics, advancing Quality Education and Industry, Innovation and Infrastructure.

SDG 10: Reduced Inequalities

The DBSA's efforts for example Future Nations School Project to reduce inequality emphasise the need for ongoing investments in inclusive policies and infrastructure. By prioritising social and economic inclusion, the Bank bridges inequality gaps and creates a more equitable society. In addition, construction projects implemented by DBSA uses targeted procurement to encourage appointment of enterprises owned by B-BBEE and black women owned enterprises. In partnership with Elim Home and MAMAS Alliance, DBSA's CSI programme supports inclusive infrastructure for children with disabilities, reinforcing reduced Inequalities.

SDG 11: Sustainable Cities and Communities

The DBSA's role in supporting sustainable urban development for example, Tshwane Rapid Transport - A Re Yeng Bus system, shows the importance of integrated infrastructure planning. The DBSA also construct residential houses in rural and urban centres contribute to sustainable communities.

SDG 12: Responsilbe Consumption and Production

The DBSA's efforts for example, Mogale City Water and Sanitation Project in promoting responsible consumption and production show the importance of integrating sustainability principles into infrastructure and business operations.

SDG 13: Climate Action

The DBSA's commitment to SDG 13 for example, Laúca Hydroelectric Power Project, shows the importance of integrating climate action into infrastructure and financial decision-making.

SDG 14: Life Below Water

The DBSA's contributions to SDG 14, for example uMDM Water Infrastructure Refurbishment Programme show the importance of sustainable wastewater management in protecting marine environments.

SDG 15: Life on Land

The DBSA's contributions for example, Scatec Solar PV Renewable Energy Project to SDG 15 show the value of integrating environmental considerations into infrastructure projects. By continuing to prioritise sustainable land management, the Bank can further improve biodiversity conservation and contribute to a more resilient environment. The DBSA also construct and refurbish infrastructure on nature reserves on behalf of provincial and national government departments. Nature reserves conserve biodiversity and also help to educate people who visit them on the importance of nature conservation.

SDG 16: Peace, Justice and Strong Institutions

The DBSA's contribution to SDG 16 for example, Water and Electricity Support for curbing the spread of COVID-19 to Bushbuckridge Local Municipality, shows the importance of governance-oriented infrastructure investments. Stronger institutional transparency and accountability has shown to be key to maintaining long-term development outcomes. The DBSA also construct and refurbish government precincts that house institutions that are meant to promote peace, justice and strong institutions, like parliament precincts, magistrate offices and government administration buildings (union buildings).

SDG 17: Partnerships for the Goals

The DBSA's commitment to SDG 17 for example SADC Development Finance Resource Centre - Public-Private Partnerships Networks, shows the need for supporting inclusive partnerships to achieve sustainable development. Expanding regional cooperation, strengthening financial partnerships and streamlining regulatory processes have improved the impact of these initiatives, making sure long-term growth and resilience across Africa occur. DBSA's internal volunteering in partnership with grassroots NGOs, aligns with Partnerships for the Goals by mobilising staff for community action.

CORPORATE SOCIAL INVESTMENT

The DBSA's CSI initiatives extend beyond infrastructure development. We recognise that real progress means empowering people with the skills and resources they need to thrive. Our CSI strategy primarily focuses on education, reflecting a growing understanding within the DBSA that infrastructure alone is not enough; people must be central to every intervention.

In early 2024, severe weather systems brought devastating floods to KwaZulu-Natal and the Eastern Cape, triggering widespread humanitarian need. Responding to this crisis, our CSI team and the Infrastructure Delivery Division, partnered with Gift of the Givers to support immediate relief and resilience-building interventions across some of the country's hardest-hit areas.

The Bank continues to use strategic partnerships, to deliver high-impact, high-trust responses where they are most needed. In a time of more frequent climate shocks and service delivery gaps, this collaboration offers a model for responsive, values based investment that uplifts communities and creates paths from survival to recovery.

CORPORATE CITIZENSHIP AT A GLANCE: DBSA'S SOCIAL INVESTMENT IN ACTION

At the DBSA, our approach to CSI is anchored in the belief that sustainable development starts at community level—with children, youth, and those on the margins of access. We do not view CSI as charity or a campaign, but as a strategic enabler towards the DBSA decadal strategy and for inclusive development, resilience building, and long-term social transformation.

Our work is driven by national priorities and closely aligned to the SDGs with a deliberate focus on early childhood development, education, health through infrastructure as a catalyst. The figures below offer a snapshot of how our CSI portfolio is delivering measurable results across the country:

Over **R35 million**	**Disbursed** in high-impact social programmes.
Over **8 000**	**Children** are supported within our growing ECD ecosystem.
146	**ECDs** and **Playgroups** strengthened with infrastructure, nutrition, and training.
Over **750 000**	**Meals** served to children in our ECD network.
265	**Safe toilets constructed**—replacing pit latrines and improving child health and dignity.
32	**ECD** centres upgraded with new infrastructure—unlocking access for **1 000+** children.
140	**Short-term jobs** created through construction and programme delivery through the entire CSI value chain.
25	**ECD food gardens** and **300** household gardens established to fight hunger and promote sustainability.
40	**Practitioners trained** in governance and ECD management.
1 200	**Children** received health checks, including dental, vision, and hearing screenings.

CASE STUDY

Advancing Digital Inclusion through DBSA's Social Coding Partnership

1. Background

Rural communities in South Africa face limited access to digital infrastructure and training, excluding learners, educators, and residents from the opportunities of the digital economy. Without targeted interventions, this digital divide perpetuates inequality in education and employment.

2. Description

To address the digital divide challenge, the DBSA partnered with Social Coding to pilot a digital skills and access initiative at a rural school. The intervention included the installation of internet infrastructure, digital skills training for 354 learners, peer-led initiatives, educator development, and outreach to local community members, particularly young women. The initiative aimed to create an enabling digital environment as a foundation for inclusive growth.

3. Project details

Project commenced	July 2024 (infrastructure installation)
Project completion	November 2024 (initial training and rollout)
Total value of the project	R800 000 (estimated)
DBSA's investment in the project	R600 000
Location	Eastern Cape, South Africa
Value chain or business unit	CSI
Sector	Digital Infrastructure/Education
SDGs	4, 5, 9

4. DBSA role/contribution

- Funded the installation of internet infrastructure and digital training.
- Supported educator upskilling in alignment with the Department of Basic Education's Competency Framework.
- Facilitated strategic partnership with Social Coding to reach both learners and local residents.

5. Development result

- Internet access for 354 learners (Grades 8 - 11).
- Digital awareness rose from 21% to 39%; career interest in tech increased from 20% to 35%.
- 97.2% learner attendance rate.
- Formation of a student-led digital literacy club with over 40 members.
- Digital training for 20 community members, 18 of whom were women aged 20 - 35.
- Educator digital competency baseline established; follow-up training scheduled.

6. Lessons learnt

- Pairing access with training enhances programme uptake and relevance.
- Student-led initiatives amplify reach and build ownership.
- Inclusion of women in digital training drives gender-responsive development.
- Digital upskilling of educators is essential for long-term sustainability.

CASE STUDY
Collaborative Investment in ECD Infrastructure – Gxwaleni Primary School, Kokstad

1. Background
An Early Childhood Development (ECD) centre housed within Gxwaleni Primary School faced closure due to overcrowding, lack of dedicated infrastructure, and inadequate access to basic services. This posed a threat to quality early learning for 58 vulnerable children in the community.

2. Description
The DBSA partnered with Impande Yotshani and the Industrial Development Corporation (IDC) to co-fund a purpose-built 114m^2 ECD facility on school grounds. The new infrastructure addressed critical gaps including proper classrooms, sanitation, water access, and space for outdoor learning. The project ensured the continuity of early education and created a safe space.

3. Project Details

Project commenced	December 2024
Project completion	June 2025 (projected)
Total value of the project	R400,000
DBSA investment in the project	R250,000
Location	Kokstad, KwaZulu-Natal, South Africa
Value chain or business unit	Corporate Social Investment
Sector	Education
SDGs	

4. DBSA role/contribution
The DBSA Contributed R250 000 in funding through its CSI programme. The DBSA also supported collaborative implementation alongside Impande and IDC, while also promoting infrastructure aligned with national ECD norms and standards.

5. Development results
- Prevented the displacement of 58 learners from early learning services.
- Improved hygiene, safety, and learning environments for children and staff.
- Secured long-term early learning space, creating a nurturing environment for young children.
- Set a replicable model for infrastructure-based ECD support in rural communities.
- Significance: Demonstrates DBSA's approach to community-driven infrastructure investment supporting resilience and inclusive development.

6. Lessons learnt
- Community-based partnerships enhance the sustainability and relevance of interventions.
- Small-scale infrastructure can have outsized developmental returns.
- Early learning spaces require ongoing advocacy and integrated support to remain viable.

CASE STUDY
Rapid Relief, Resilient Recovery – DBSA's Strategic Partnership with Gift of the Givers

1. Background
In early 2024, floods in KwaZulu-Natal and the Eastern Cape led to a large-scale humanitarian crisis, displacing families, disrupting services, and deepening vulnerability in already fragile communities. There was an urgent need for coordinated relief and resilience-building support.

2. Description
The DBSA responded by partnering with Gift of the Givers to deliver emergency relief to affected communities. Through a R1 million CSI contribution and collaboration with the Infrastructure Delivery Division (IDD), the Bank helped ensure timely access to food, shelter, hygiene supplies, and healthcare support. The initiative also laid groundwork for community recovery planning.

3. Project details

Project commenced	2024
Project completion	March 2024 (initial emergency response phase)
Total value of the project	R1 million
DBSA's investment in the project	R1 million
Location	KwaZulu-Natal and Eastern Cape, South Africa
Value chain or business unit	CSI and Infrastructure Delivery Division
Sector	Disaster Response/Humanitarian Aid
SDGs	

4. DBSA role/contribution
- Contributed R1 million through its CSI and IDD units.
- Partnered with Gift of the Givers for rapid deployment of resources.
- Focused on immediate humanitarian relief and post-disaster recovery support.

5. Development results
- Food, shelter, hygiene packs, and medical support delivered to affected families.
- Supported continuity of healthcare through mobile community teams.
- Strengthened partnerships for future disaster response planning.
- Ensured high-trust, high-impact aid delivery to the most vulnerable areas.

6. Lessons learnt
- Disaster relief must be people-centred and values-based.
- Strategic partnerships increase reach, trust, and responsiveness.
- Infrastructure investment must be integrated with social support, especially in crisis contexts.
- Preparedness and agility are critical in climate-sensitive regions.

STAKEHOLDER RELATIONSHIPS

Our ability to generate value and ensure lasting success depends greatly on the support and collaborative partnerships of our stakeholders. Over time, we have carefully built and developed significant social and relationship capital, with our stakeholders playing a vital role in our journey. We prioritise understanding the needs of our clients, investors and communities through a stakeholder-centric approach. This deep understanding allows us to build sustainability effectively.

The collective efforts to develop infrastructure to improve the lives of individuals across Sub-Saharan Africa have been central to our achievements and lasting sustainability. During the year under review, we refined our stakeholder principles to align with our strategic objectives and provide effective stakeholder engagement. These principles are the basis of the Bank's approach to managing stakeholders and direct all interactions with them.

For more information on our stakeholder relationship management, please refer to pages 59 to 73 of our Integrated Annual Report.

For details of our sustainability specific interactions with stakeholders and partners, please refer to Biodiversity initiatives on pages 32 to 35 of this report.

OUR PEOPLE

Our team of development practitioners plays a key role in making sure infrastructure projects are sustainable and have a positive environmental impact. They also work to make sure infrastructure projects include everyone, benefiting all South Africans. To maintain our success, we must invest in our people, creating a positive company culture and supporting employee development. We create a good work environment that promotes continuous learning and growth for our employees. As a result, the DBSA attracts and keeps top talent, which is vital for our continued success.

For more information on our human capital management, please refer to pages 132 to 138 of our Integrated Annual Report.

During the year under review, we invested over R600 000 in ESG training and up-skilling internally through external and internal service providers.

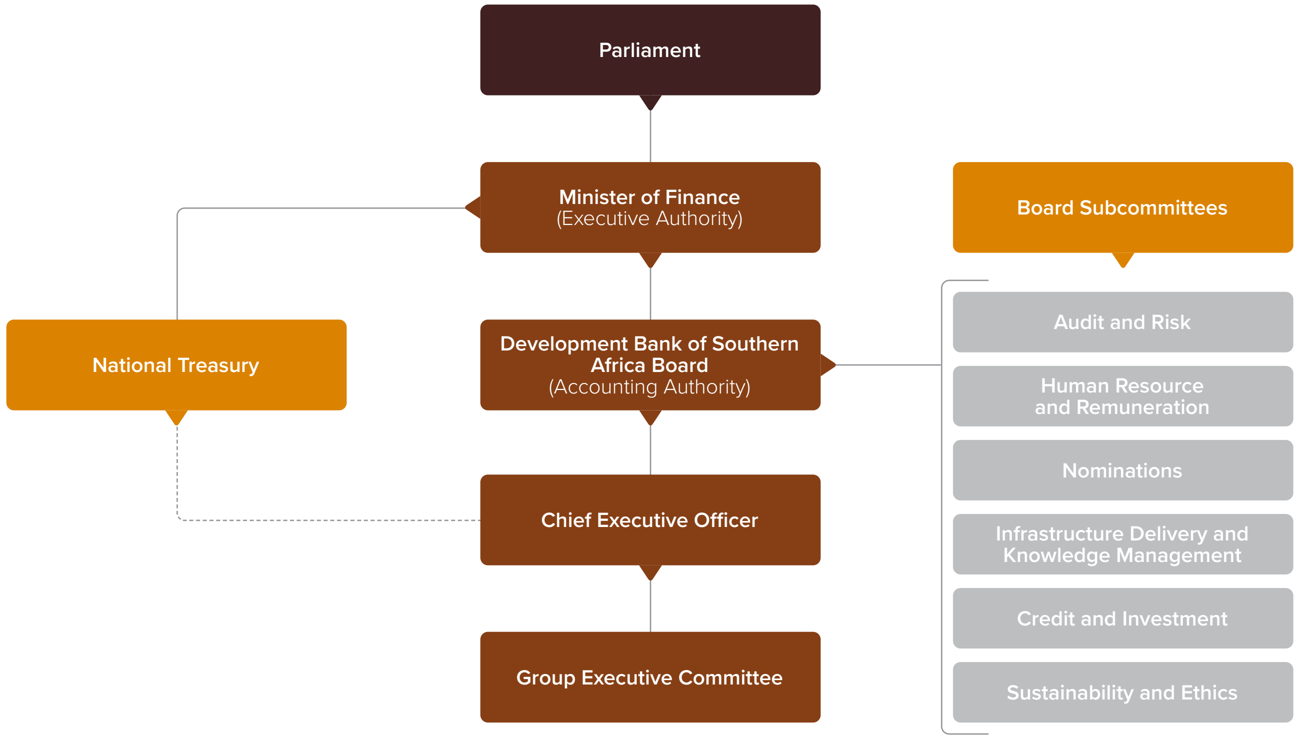
GOVERNANCE FOR SUSTAINABILITY

We are dedicated to generating and preserving value for our stakeholders. Upholding exemplary corporate governance, ensuring transparency and supporting accountability are essential pillars for driving long-term sustainable performance and increasing accelerated development impact. Our governance framework is fundamental in securing the sustainability of the Bank. The Board holds governance oversight at the Bank, which extends through management to the entire organisation, protecting our ability to thrive sustainably.

In governing for sustainability, the Bank actively adheres to key legislation, governance principles, partnerships, policies and procedures. The Board delegates its authority to committees which address relevant governance issues, reporting on them quarterly to the Board. Each committee operates under defined terms of reference, outlining roles, responsibilities, composition and scope of authority.

For more information on our governance practices, please refer to pages 150 to 156 of our Integrated Annual Report.

For details of our sustainability specific achievements in governance, please refer to Biodiversity initiatives on pages 32 to 35 of this report.



EMBEDDING SUSTAINABILITY CONSIDERATIONS

We take a dynamic approach to governance, risk management, and environmental and social sustainability, which shows the Board's firm commitment to ongoing improvement. A strong commitment to continuous improvement guides the Bank's governance. As the governance landscape changes, we regularly assess and refine our practices to remain agile, compliant and responsive to stakeholder needs and the wider development context. During the year under review, a key focus was embedding sustainability into governance structures and investment decision-making. We integrated ESG principles into all Board committees' functions, including climate and sustainability considerations. We also provided development to climate-resilient infrastructure, especially in water and electricity systems.

BOARD COMMITTEES' SNIPPETS: SUSTAINABILITY FOCUS AREAS IN FY2024/25

Audit and Risk Committee

The Committee supported enhanced verification and oversight measures to ensure that procurement practices remain robust and transparent. The Bank's infrastructure delivery division often procures on an agency basis as part of project delivery. While this function supports significant developmental outcomes, it also carries operational and reputational risks if procurement processes are not rigorously followed. Even unintended lapses can have serious consequences. We continue to monitor the process closely to guard against reputational and compliance risks. As part of the Audit Plan, we are strengthening alignment between internal audit activities and external assurance providers, including the Auditor-General, to enable early validation of project delivery and improve overall audit readiness.

Board Credit and Investment Committee

The BCIC is cognisant that a "Just transition" is not merely an energy shift but a broader socioeconomic transformation. We are embedding this thinking in our investment decisions, such as by encouraging green building practices and promoting local supply chains. We also acknowledged the need to strengthen development impact reporting. While sustainability considerations are integrated into investment assessments, we must do more to track and communicate long-term social outcomes systematically. Embedding impact indicators into our project systems and integrating them into due diligence and reporting frameworks will be essential.

Sustainability and Ethics Committee

Focus on Human Rights

During the year under review, the Committee focused on several statutory responsibilities, including the stakeholder engagement framework and human rights. A significant area of engagement was the Bank's response to complex human rights issues, particularly in the diverse environments in which we operate. We undertook a thorough process to finalise a Human Rights Policy and Statement. This policy provides a clear framework for how the DBSA addresses issues such as child labour, labour discrimination, and violations of international labour standards. Human rights considerations are now integrated into our investment decision-making processes. While some transactions may not be declined outright, we assess risks and apply appropriate mitigation measures where necessary. A feedback mechanism has also been established to monitor compliance with our policy, enabling us to flag potential human rights violations and escalate these through our risk management system on a quarterly basis.

Just Transition

The climate change agenda presents both challenges and opportunities, with the potential to catalyse a new wave of industrialisation in some countries. A key area of focus for the Committee was how the DBSA can strategically position itself to seize these opportunities. In March, we convened a workshop to explore the Bank's JT strategy in depth, which resulted in the adoption of an updated framework. The critical next step lies in supporting management to develop a robust project pipeline that contributes to inclusive industrialisation. Linked to this is the strategic importance of critical minerals, where Southern Africa and the continent are well-endowed, and where the DBSA must consider its role in unlocking long-term value.

Our view is that the Bank must focus on identifying and developing a strong pipeline of viable, high-impact projects, and then mobilise funding—whether from international climate finance mechanisms or our own balance sheet—based on clearly defined opportunities. This strategy leverages the DBSA's financial credibility and development mandate. In engagements with platforms such as the Africa chapter of the Paris Agreement forum—chaired by Premier Alan Winde—we find shared consensus on this approach: projects must lead, and finance will follow.

Stakeholder management

The Committee finalised the stakeholder management strategy and framework, crucial for fostering strong internal and external relationships. Internally, this focuses on ensuring staff understand the business and engage effectively with the broader external environment. Externally, we continue to strengthen interactions with the board, shareholders, the Minister of Finance, and other key stakeholders.

Ethics

SEC's role, alongside internal audit and the ethics unit, ensures that governance and ethical standards are upheld. Every meeting includes closed sessions to address ethics-related matters, ensuring swift action on any incidents. We maintain a zero-tolerance stance against corruption, with a clear process to address violations. This rigorous approach reflects our commitment to ethical conduct and transparent governance, ensuring that integrity remains central to our operations.

Monitoring ESG

Significant progress has been made in advancing the ESG function of the Bank, and the results are becoming increasingly evident. We are now seeing more coherence and alignment across the business. The next step is to elevate our sustainability reporting from operational compliance to strategic, impact-driven reporting. We must be able to articulate how sustainability considerations are embedded across the full investment lifecycle — from capital raising, to capital allocation, to project implementation. At the capital raising stage, many of our funders place clear sustainability conditions on the financing we receive. As we allocate that capital, we must demonstrate that our project pipeline reflects those sustainability priorities. The result should be integrated, high-level reporting that shows a full view of the sustainability cycle, aligned with our broader development impact.

Infrastructure Development and Knowledge Management Committee

Water sector

The IDKC serves as a think tank for the organisation, playing a critical role in supporting the DBSA's decadal strategy to maximise development impact. This involves identifying innovative approaches to drive growth and enhance development outcomes. While the DBSA has long been involved in the water sector, challenges persist, including non-revenue water and broader water infrastructure issues like pollution. The government's medium-term development plan sets a target of supporting ten programmes through the DBSA's Water Partnership Office within the current administration. However, given the scale of South Africa's water challenges, it is pertinent to question whether this is sufficient. The DBSA may need to consider expanding its efforts beyond the Water Partnership Office. The water challenge merits continued attention as a key topic for the IDKC, extending beyond its current inclusion within the integrated municipal approach.

Just Energy Transition

Our approach is informed by a robust and thoroughly researched strategy on the just energy transition. This strategy, derived from our research agenda, provides decision support to ensure our programmes are aligned with global best practices. We are confident that we are on track, pursuing the appropriate actions, and continuously learning and adapting as we implement this strategy, to advance the country's interests.

To inform our approach to bolstering energy security, the DBSA engaged with experts to gain insights into the local context and draw lessons from international experiences. Countries like China, Germany, and Indonesia, which face similar economic dynamics, offer valuable perspectives. China, for instance, employs a diversified energy mix as it transitions towards net zero by 2060, balancing the development and management of coal with the expansion of gas, hydro, and solar power, thereby ensuring economic stability throughout the transition.

While South Africa shares the global aspiration for clean energy, the crucial question lies in the implementation – how to achieve this transition responsibly and equitably, without jeopardising jobs or economic stability. Lessons from Western countries highlight a gradual shift towards renewables through reduced coal usage. However, a rapid transition from coal to renewable energy in South Africa, as some experts suggest, carries the potential for unintended negative consequences due to the pace of change. The DBSA's approach therefore emphasises a fair, realistic, and practical energy transition that aligns with the country's net zero ambitions while safeguarding the economy. This necessitates careful decision-making, including the structuring of funding arrangements. By engaging with international practitioners and experts, the DBSA gains valuable guidance on effective strategies to navigate this complex landscape.

GOVERNANCE AT EXCO LEVEL

Social Environmental Ethics Climate Risk Management Committee

The primary objective of the committee is to support the CEO in executing the SEC's mandate, particularly regarding ESG concerns.

Responsibilities:

- Development of an environmental (including climate) and social strategy
- Implementation of governance and risk management frameworks to uphold the strategy
- Adoption of rigorous monitoring, reporting, and disclosure procedures in line with international standards
- Operationalisation of data management, including metrics, to monitor progress towards set targets

The Committee is dedicated to ensuring that DBSA effectively responds to and manages evolving environmental, social, governance, and climate risks, while also identifying opportunities aligned with the organisation's long-term sustainability and resilience goals.

05

Reference Information

GLOBAL REPORTING INITIATIVE TABLE

Disclosure	GRI disclosure title	GRI option	Reference
GRI 2: General Disclosures 2021			
2-1	Organisational details	Core	Refer to 2025 Integrated Annual Report page 183.
2-2	Entities included in the organisation's sustainability reporting	Core	The DBSA is a single entity with no subsidiaries.
2-3	Reporting period, frequency and contact point	Core	Refer to 2025 Integrated Annual Report pages 6 and 7.
2-4	Restatements of information	Core	There was no restatement of information during the financial year.
2-5	External assurance	Core	Refer to 2025 Sustainability Review page 9 and 2025 Integrated Annual Report page 121
2-6	Activities, value chain and other business relationships	Core	Refer to 2025 Integrated Annual Report pages 29 to 32.
2-7	Employees	Core	Refer to 2025 Integrated Annual Report pages 132 to 134.
2-8	Workers who are not employees	Core	Not applicable
2-9	Governance structure and composition	Core	Refer to 2025 Integrated Annual Report pages 15 to 24 and 150 to 156.
2-10	Nomination and selection of the highest governance body	Core	Refer to 2025 Integrated Annual Report pages 157 and 158.
2-11	Chairman of the highest governance body	Core	Refer to 2025 Integrated Annual Report pages 12 to 14.
2-12	Role of the highest governance body in overseeing the management of impacts	Core	Refer to 2025 Integrated Annual Report pages 150 to 156.
2-13	Delegation of responsibility for managing impacts	Core	Refer to 2025 Integrated Annual Report pages 151 and 152.
2-14	Role of the highest governance body in sustainability reporting	Core	Refer to 2025 Integrated Annual Report pages 142 and 143.
2-15	Conflicts of interest	Core	Refer to 2025 Integrated Annual Report pages 160 to 163.
2-16	Communication of critical concerns	Core	Refer to 2025 Integrated Annual Report pages 59 to 73.
2-17	Collective knowledge of the highest governance body	Core	Refer to 2025 Integrated Annual Report pages 15 to 21.
2-18	Evaluation of the performance of the highest governance body	Core	Refer to 2025 Integrated Annual Report pages 155 and 156.
2-19	Remuneration policies	Core	Refer to 2025 Integrated Annual Report pages 135 to 138.
2-20	Process to determine remuneration	Core	Refer to 2025 Integrated Annual Report pages 137 and 138.
2-21	Annual total compensation ratio	Core	The DBSA supports the principle of fair and equitable remuneration, equal pay for work of equal value as per the Employment Equity.

Disclosure	GRI disclosure title	GRI option	Reference
2-22	Statement on sustainable development strategy	Core	Refer to 2025 Integrated Annual Report pages 25 to 32 and the Sustainability Review on pages 24 to 26.
2-23	Policy commitments	Core	Refer to 2025 Integrated Annual Report pages 87, 150, 151, 162, 121 and 137 and the Sustainability Review on pages 26 to 31.
2-24	Embedding policy commitments	Core	Refer to 2025 Sustainability Review on pages pages 26 to 31.
2-25	Processes to remediate negative impacts	Core	Refer to 2025 Sustainability Review pages 26 to 31, 90, 94 and 99 to 101.
2-26	Mechanisms for seeking advice and raising concerns	Core	Refer to 2025 Integrated Annual Report pages 59 to 73 and the Sustainability Review on page 98.
2-27	Compliance with laws and regulations	Core	Refer to 2025 Integrated Annual Report page 151.
2-28	Membership associations	Core	Refer to 2025 Integrated Annual Report pages 139 to 141.
2-29	Approach to stakeholder engagement	Core	Refer to 2025 Integrated Annual Report pages 63 to 71.
2-30	Collective bargaining agreements	Core	The DBSA does not have a recognised labour union or collective bargaining agreements. SACCAWU has organisational rights but no bargaining rights.
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Core	Refer to 2025 Integrated Annual Report pages 74 to 91.
3-2	List of material topics	Core	Refer to 2025 Integrated Annual Report pages 74 to 91.
3-3	Management of material topics	Core	Refer to 2025 Integrated Annual Report pages 74 to 91.
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Core	Refer to 2025 Integrated Annual Report pages 4 to 5 and 48 to 49.
201-2	Financial implications and other risks and opportunities due to climate change	Core	Refer to 2025 Integrated Annual Report pages 86 to 87.
201-3	Defined benefit plan obligations and other retirement plans	Core	Refer to 2025 Integrated Annual Report pages 137 to 138.
201-4	Financial assistance received from government	Core	Not applicable

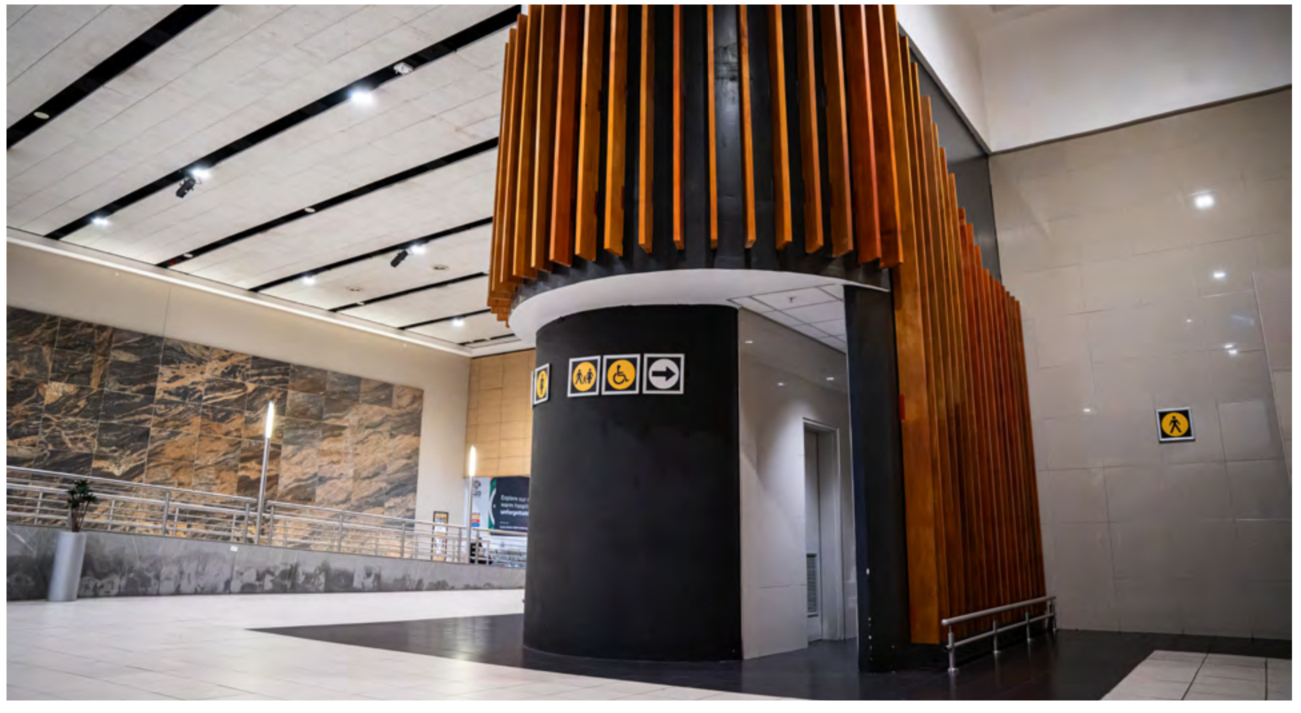
Disclosure	GRI disclosure title	GRI option	Reference
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Refer to 2025 Integrated Annual Report pages 137 and 138.
202-2	Proportion of senior management hired from the local community		Refer to 2025 Integrated Annual Report pages 22 and 23.
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	Core	Refer to 2025 Integrated Annual Report pages 48 and 49.
203-2	Significant indirect economic impacts	Core	Refer to 2025 Integrated Annual Report pages 48 and 49.
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Core	Refer to 2025 Integrated Annual Report pages 45 to 46 and 94 to 105.
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Core	Refer to 2025 Integrated Annual Report pages 160 to 163.
205-2	Communication and training about anti-corruption policies and procedures	Core	Refer to 2025 Integrated Annual Report pages 160 to 163.
205-3	Confirmed incidents of corruption and actions taken	Core	Refer to 2025 Integrated Annual Report pages 160 to 163.
GRI 206: Anti-competitive Behaviour 2016			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Core	Not applicable
GRI 207: Tax 2019			
207-1	Approach to tax	Core	Refer to 2025 Annual Financial Statements page 18.
207-2	Tax governance, control, and risk management	Core	Refer to 2025 Annual Financial Statements page 18.
207-3	Stakeholder engagement and management of concerns related to tax	Core	Refer to 2025 Annual Financial Statements page 18.
GRI 301: Materials 2016			
	301-1 Materials used by weight or volume	Core	Not applicable
	301-2 Recycled input materials used	Core	Not applicable
	301-3 Reclaimed products and their packaging materials	Core	Not applicable
GRI 302: Energy 2016			
	302-1 Energy consumption within the organization	Core	Refer to 2025 Integrated Annual Report pages 144 to 147.
	302-2 Energy consumption outside of the organization	Core	Refer to 2025 Integrated Annual Report pages 144 to 147.
	302-3 Energy intensity	Core	Not applicable

Disclosure	GRI disclosure title	GRI option	Reference
	302-4 Reduction of energy consumption	Core	Refer to 2025 Integrated Annual Report page 144.
	302-5 Reductions in energy requirements of products and services	Core	Not applicable
GRI 303: Water and Effluents 2018			
	303-1 Interactions with water as a shared resource	Core	Not applicable
	303-2 Management of water discharge-related impacts	Core	Not applicable
	303-3 Water withdrawal	Core	Not applicable
	303-4 Water discharge	Core	Not applicable
	303-5 Water consumption	Core	Refer to 2025 Integrated Annual Report page 144.
GRI 304: Biodiversity 2016			
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Core	Not applicable
	304-2 Significant impacts of activities, products and services on biodiversity	Core	Not applicable
	304-3 Habitats protected or restored	Core	Not applicable
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Core	Not applicable
GRI 305: Emissions 2016			
	305-1 Direct (Scope 1) GHG emissions	Core	Refer to 2025 Integrated Annual Report pages 144 to 147. Refer to 2025 Sustainability Review pages 28 to 31.
	305-2 Energy indirect (Scope 2) GHG emissions	Core	Refer to 2025 Integrated Annual Report pages 144 to 147.
	305-3 Other indirect (Scope 3) GHG emissions	Core	Refer to 2025 Integrated Annual Report pages 144 to 147.
	305-4 GHG emissions intensity	Core	Refer to 2025 Integrated Annual Report pages 144 to 147.
	305-5 Reduction of GHG emissions	Core	Refer to 2025 Integrated Annual Report pages 144 to 147.
	305-6 Emissions of ozone-depleting substances (ODS)	Core	Refer to 2025 Integrated Annual Report pages 144 to 147.
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Core	Refer to 2025 Integrated Annual Report pages 144 to 147.
GRI 306: Waste 2020			
	306-1 Waste generation and significant waste-related impacts	Core	Refer to 2025 Integrated Annual Report pages 144 to 147.

Disclosure	GRI disclosure title	GRI option	Reference
	306-2 Management of significant waste-related impacts	Core	Not applicable
	306-3 Waste generated	Core	Not applicable
	306-4 Waste diverted from disposal	Core	Not applicable
	306-5 Waste directed to disposal	Core	Not applicable
GRI 308: Supplier Environmental Assessment 2016			
	308-1 New suppliers that were screened using environmental criteria	Core	Not applicable
	308-2 Negative environmental impacts in the supply chain and actions taken	Core	Not applicable
GRI 401: Employment 2016			
	401-1 New employee hires and employee turnover	Core	Not applicable
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Core	Refer to 2025 Integrated Annual Report pages 137 and 138.
	401-3 Parental leave	Core	Refer to 2025 Integrated Annual Report pages 137 and 138.
GRI 402: Labor/Management Relations 2016			
	402-1 Minimum notice periods regarding operational changes	Core	Refer to 2025 Integrated Annual Report pages 137 and 138.
GRI 403: Occupational Health and Safety 2018			
	403-1 Occupational health and safety management system	Core	The DBSA has an Occupational Health and Safety Policy that was approved by its Governance Structures. The Occupational Health and Safety (OHS) Team reports on a quarterly basis to the Bank's Governance Structures on OHS matters. The DBSA reports to the Department of Employment and Labour when there are reportable incidents on OHS.
	403-2 Hazard identification, risk assessment, and incident investigation	Core	
	403-3 Occupational health services	Core	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Core	
	403-5 Worker training on occupational health and safety	Core	
	403-6 Promotion of worker health	Core	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Core	
	403-8 Workers covered by an occupational health and safety management system	Core	Refer to 2025 Integrated Annual Report pages 63 to 71
	403-9 Work-related injuries	Core	Refer to 2025 Integrated Annual Report pages 63 to 71
	403-10 Work-related ill health	Core	Refer to 2025 Integrated Annual Report pages 63 to 71

Disclosure	GRI disclosure title	GRI option	Reference
GRI 404: Training and Education 2016			
	404-1 Average hours of training per year per employee	Core	Refer to 2025 Integrated Annual Report pages 132 to 134.
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Core	Refer to 2025 Integrated Annual Report pages 132 to 134.
	404-3 Percentage of employees receiving regular performance and career development reviews	Core	Refer to 2025 Integrated Annual Report pages 132 to 134.
GRI 405: Diversity and Equal Opportunity 2016			
	405-1 Diversity of governance bodies and employees	Core	Refer to 2025 Integrated Annual Report pages 132 to 134.
	405-2 Ratio of basic salary and remuneration of women to men	Core	Refer to 2025 Integrated Annual Report pages 132 to 134.
GRI 406: Non-discrimination 2016			
	406-1 Incidents of discrimination and corrective actions taken	Core	Not applicable
GRI 407: Freedom of Association and Collective Bargaining 2016			
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Core	The DBSA does not have a recognised labour union or collective bargaining agreements. SACCAWU has organisational rights but no bargaining rights.
GRI 408: Child Labor 2016			
	408-1 Operations and suppliers at significant risk for incidents of child labour	Core	Not applicable
GRI 409: Forced or Compulsory Labor 2016			
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Core	Not applicable
GRI 410: Security Practices 2016			
	410-1 Security personnel trained in human rights policies or procedures	Core	Not applicable
GRI 411: Rights of Indigenous Peoples 2016			
	411-1 Incidents of violations involving rights of indigenous peoples	Core	Not applicable
GRI 413: Local Communities 2016			
	413-1 Operations with local community engagement, impact assessments, and development programs	Core	Refer to 2025 Integrated Annual Report pages 63 to 117.
	413-2 Operations with significant actual and potential negative impacts on local communities	Core	Not applicable

Disclosure	GRI disclosure title	GRI option	Reference
GRI 414: Supplier Social Assessment 2016			
	414-1 New suppliers that were screened using social criteria	Core	Not applicable
	414-2 Negative social impacts in the supply chain and actions taken	Core	Not applicable
GRI 415: Public Policy 2016			
	415-1 Political contributions	Core	Not applicable
GRI 416: Customer Health and Safety 2016			
	416-1 Assessment of the health and safety impacts of product and service categories	Core	Not applicable
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Core	Not applicable
GRI 417: Marketing and Labelling 2016			
	417-1 Requirements for product and service information and labelling	Core	Not applicable
	417-2 Incidents of non-compliance concerning product and service information and labelling	Core	Not applicable
	417-3 Incidents of non-compliance concerning marketing communications	Core	Not applicable
GRI 418: Customer Privacy 2016			
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Core	Not applicable



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.	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

UNGC Principle	DBSA's support of UNGC Principle	The DBSA 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 and Social Safeguard Standards, the DBSA Environmental Policy; 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
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 is prevalent, and all business organisations are susceptible to the risk of fraud. 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. 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

ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
BCIC	Board Credit and Investment Committee
CEO	Chief Executive Officer
CFF	Climate Finance Facility
COVID-19	Coronavirus Disease 2019
CSI	Corporate Social Investment
DBSA	Development Bank of Southern Africa
DBE SAFE	Department of Basic Education Sanitation Appropriate for Education Programme
DFI	Development Finance Institution
DLAB	Development Laboratory
DRT	Development Results Template
DRRF	Development Report Reporting Framework
DSSLR	Debt and Specialist Securities Listings Requirements
ECD	Early Childhood Development
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
GCF	Green Climate Fund
GDP	Gross Domestic Product
GHG	Greenhouse Gas
HRC	Human Resources and Remuneration Committee
IAR	Integrated Annual Report
ICT	Information and Communications Technology
IDD	Infrastructure Delivery Division
IDFC	International Development Finance Club
IDKC	Infrastructure Delivery and Knowledge Management Committee
IFRS	International Financial Reporting Standards
IPP	Independent Power Producer
IPPO	Independent Power Producer Office
JSE	Johannesburg Stock Exchange
King IV	King IV™ Report on Corporate Governance for South
NDP	National Development Plan
PEP	Politically Exposed Person
PFMA	Public Finance Management Act, No 1 of 1999 SADC
PPF	Project Preparation Facility
PPP	Public-Private Partnerships
RoA	Rest of Africa
SADC	Southern African Development Community
SDG	Sustainable Development Goal
SOE	State-Owned Entity
SMME	Small, Medium and Micro Enterprises
TNFD	Task Force for Natural Finance Disclosures
UN	United Nations
WWF	World Wildlife Fund

FINANCIAL DEFINITIONS

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

GENERAL INFORMATION

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
Standard Bank of South Africa

Registered auditor
Auditor-General of South Africa

Company registration number
1600157FN

JSE debt sponsor
Standard Bank of South Africa 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

Notes

Notes

DEVELOPMENT BANK OF SOUTHERN AFRICA

RP312/2025
ISBN: 978-1-83491-204-2

Building on Strength, Expanding Impact