



THE DBSA AND ITS STRATEGY

HOW WE SUPPORT INFRASTRUCTURE DEVELOPMENT AND CREATE VALUE

The DBSA supports infrastructure development and creates value through the provision of a range of innovative services to South Africa and the broader region. To ensure the Bank's sustainability, our business model takes into account the Bank's vision, mission and strategy, supported by robust governance structures and processes. The environments in which we operate, as well as our engagement with our stakeholders, play a critical role in identifying risks and opportunities. Our strategy strives to maximise these opportunities and mitigate the risks effectively and our management structure enables delivery of our strategy.

OUR BUSINESS MODEL

OUR RESOURCES >>>

INTELLECTUAL CAPITAL
Our strong brand, reputation and relationships.

- Experience in infrastructure development: **31 years.**
- **Owned by the South African government.**
- Infrastructure development services: **Project preparation, financing and implementation.**

SOCIAL CAPITAL
The communities in which we operate are at the core of what we do. Clients, partners and government relationships are central to our business to support infrastructure development.

- Countries in which we operate: **13** (2014: 13).
- Key regulators: **the National Treasury, Parliament and the Department of Labour, Johannesburg Securities Exchange.**

FINANCIAL CAPITAL
Funds available for us to use in our business, including financing resources, such as debt and equity, as well as funds generated through our operation and investments.

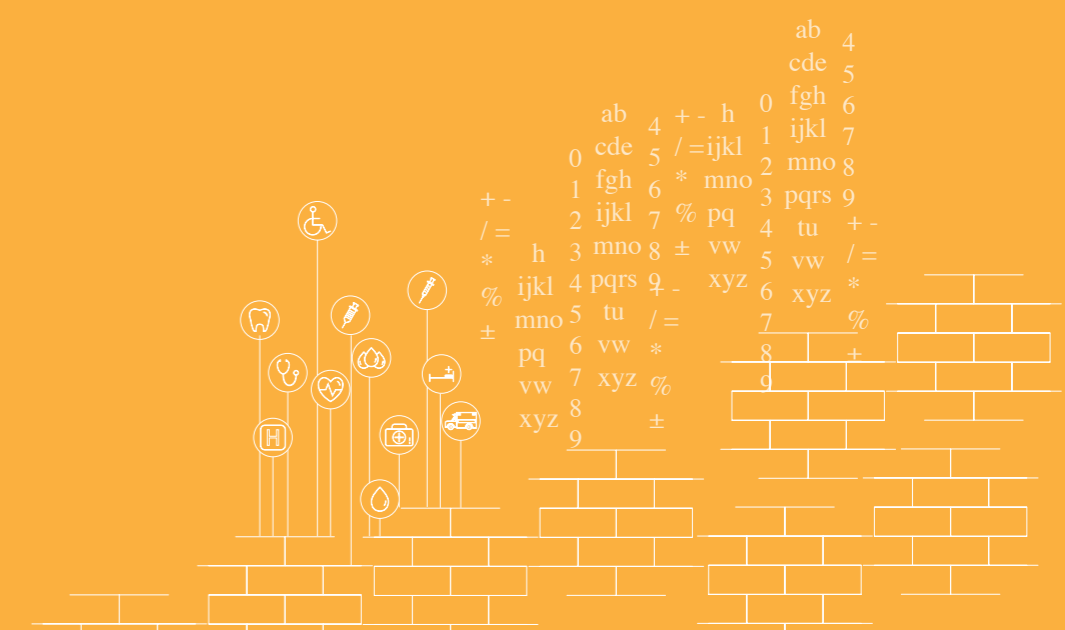
- Capital and reserve: **R23.7 billion** (2014: R19.9 billion).
- Additional capital received from government to support growth: **R2.5 billion** (2014: R2.4 billion).
- Interest bearing liabilities: **R46.2 billion** (2014: R42.9 billion).
- Cash generated from operations: **R2.7 billion** (2014: R2.0 billion).

HUMAN CAPITAL
The people we employ as well as others we work with, their health, knowledge and skills.

- Number of employees: **459** (2014: 425).
- Number of contract employees to support infrastructure delivery: **88** (2014: 141).

OUR VALUE CHAIN >>>

		DBSA'S PRIMARY FOCUS				
		1. PLAN >>>	2. PREPARE >>>	3. FINANCE >>>	4. BUILD >>>	5. MAINTAIN/IMPROVE >>>
SERVICES	Under-resourced municipalities	<ul style="list-style-type: none"> • Project identification • Feasibility assessments • Technical assistance • Financial structuring • Project preparation funds • Lead arranger 	<ul style="list-style-type: none"> • Debt • Mezzanine finance • Limited non-recourse lending • Mandate lead arranger 	<ul style="list-style-type: none"> • Managing the design and construction of key projects in the education, health and housing sectors • Project management support, including to the Green Fund 	<ul style="list-style-type: none"> • Supporting the maintenance and/or improvement of social infrastructure projects 	
	CLIENTS/MARKETS	<ul style="list-style-type: none"> • Municipalities • Public-Private Partnerships • Public-public partnerships • Regional integration 	<ul style="list-style-type: none"> • South Africa • Municipalities • State-Owned Enterprises • Public-Private Partnerships • Public-Public Partnerships • Private sector • The rest of Africa • State-Owned Enterprises • Public-Private Partnerships • Private sector 	<ul style="list-style-type: none"> • National and provincial government departments • Municipalities 	<ul style="list-style-type: none"> • National and provincial government departments • Municipalities 	



OUR BUSINESS MODEL (CONTINUED)

THE DBSA'S BUSINESS MODEL IS BASED ON THE REQUIREMENT THAT THE BANK SHOULD REMAIN FINANCIALLY SUSTAINABLE WHILST DELIVERING ITS DEVELOPMENT MANDATE.

The Bank's business model is premised on the following four main components:

1>

Secure funding from reserves, capital markets, other DFIs and government.

2>

Prepare, fund and deliver infrastructure, whilst supporting the transfer of skills and knowledge. Some of our funding activities are provided on concessionary terms and conditions.

3>

Enhance development impact in defined areas, whilst earning interest and non-interest income. Additional non-infrastructure financing related development activities to assist government in socio-economic developments will be provided on a full cost recovery basis.

4>

Plough back profits into reserves and learn from experiences.

OUR OUTPUTS >>>



PROJECT PREPARATION

- Appointed as managing agent for **€100 million Infrastructure Investment Programme** for South Africa (IIPSA).
- Total projects approved for funding: **R6.4 billion**.
- Projects being prepared for funding: **R260 billion**.
- Majority of projects being prepared are in **energy and transport sectors**.
- Total project preparation financing spend to date (including co-financing): **R401 million**.



INFRASTRUCTURE FINANCING

- Total infrastructure disbursements: **R13 billion**.
 - Energy: **R7.0 billion**.
 - Water: **R2.1 billion**.
 - Transport: **R1.3 billion**.
 - Communications: **R350 million**.
- **113 projects** supported.
- Disbursement to municipalities in South Africa: **R5.4 billion** of which R1.3 billion to secondary municipalities and R489 million to under-resourced municipalities.
 - Number of municipal clients: **153**.
 - Book debt to secondary and under-resourced municipalities: **R6.7 billion**.
- Disbursements to the rest of SADC: **R619 million**.
- Implementation support to municipalities.



FINANCIAL RESULTS

- Net profit: **R1.2 billion**.
- Paid to providers of capital (interest expense): **R3.0 billion**.
- Staff costs: **R607.3 million**.



INFRASTRUCTURE IMPLEMENTATION

- Municipal
 - Planning
 - > **Three infrastructure master plans completed** (milestones basis).
 - Implementation
 - > **11 municipalities** supported.
 - > Number of projects in planning stage: **27**.
 - > **84** projects in construction.
 - > **60** projects completed.
- Non-municipal
 - Schools completed: **15**
 - Schools in construction: **48**
 - Houses built: **1 128**
 - Doctors' rooms completed: **60**
 - Health clinics completed: **26**
 - National Youth Service Corps (NARYSEC) programme: **850** apprentices placed.

DEVELOPMENT OUTCOMES >>>



MUNICIPAL (SOUTH AFRICA)

- Energy (includes upgrading of substations and electrification of households): **90 096 households** (total project impact).
- Rehabilitation of roads: **1 986 households** (total project impact).
- Water (includes reticulation and provision of bulk water): **56 695 households** (total project impact).
- Sanitation includes reticulation, upgrading and construction of waste water treatment works: **138 234 households** (total project impact).



NON-MUNICIPAL (SOUTH AFRICA AND SADC)

- Energy generation
 - Renewable: **146 MW** (total project impact: 975 MW).
 - Coal: **99 MW** (total project impact: 9 000 MW).
 - Gas: **24 MW** (total project impact: 340 MW).
- Education
 - Student accommodation: **2 550 beds** (total project impact 5 204 beds).
- Housing
 - Affordable housing units: **36 000** (total project impact: 120 000 units).
- Transport
 - Bus Rapid Transit: **171 buses** (total project impact: 171 buses).



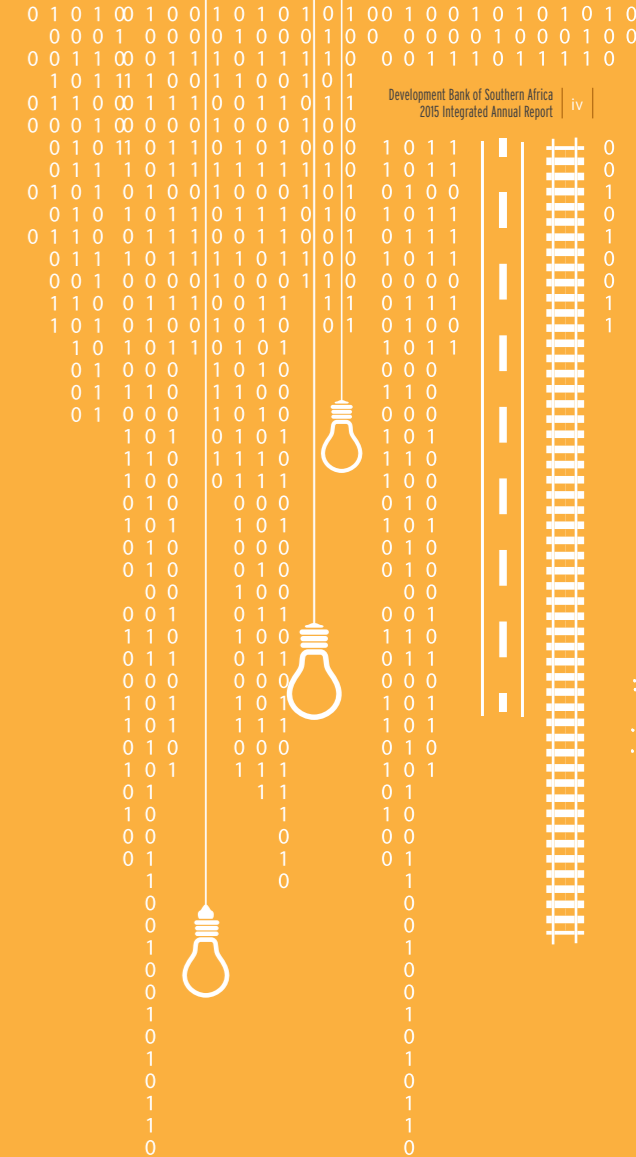
IMPLEMENTATION SUPPORT TO MUNICIPALITIES (NON-LENDING)

- **8 482 households** received access to new and improved service in water, sanitation and electricity.
- **1 773 temporary job opportunities** created.



INFRASTRUCTURE IMPLEMENTATION

- Schools
 - More than **9 000 scholars** enrolled during 2015.
 - Jobs created: **6 462**.
 - SMMEs benefiting: **734**.
- Houses
 - Jobs created: **682**
 - SMMEs benefiting: **20**.
- Health
 - Construction of **60 doctors' consulting rooms**
 - Maintenance of **26 clinics**.



The success of many projects financed is dependent on actual disbursements, which could occur over many years, and project implementation. Consequently, the estimated project impact for the infrastructure financing activities is calculated based on funds committed by the DBSA.

In addition, various disbursements were made to private equity funds. However, only limited data is available at a project level to estimate DBSA's contribution to development.