

# NEW RELEASE

The report titled: THE ROLE OF THE DBSA IN CONTRIBUTING TO URBAN DEVELOPMENT THROUGH SUPPORTING THE IMPLEMENTATION OF THE INTEGRATED URBAN DEVELOPMENT FRAMEWORK (IUDF), May 2017 has been released on the intranet.

## ABSTRACT

South Africa's new urban agenda places urban development front and centre in South Africa's developmental ambitions. The DBSA has embarked on a strategy using several 'paths to victory' to unlock development and crowd in third party funding by introducing structured products, and de-risking projects through early-stage project planning and implementation support. This report assesses alignment and divergence of Bank strategy with the objectives of the IUDF.

*Whereas off-balance sheet solutions offer heavily indebted Metros an attractive alternative with which to 'catalyse' latent economic potential without incurring further general debt, land-based financing solutions may favour development outcomes (i.e. location, design and land use mix) which run contrary to the objectives of the IUDF*

Main findings: **Seven steps to strengthen DBSA's alignment with the IUDF Urban Agenda**

1. **Become a champion for the IUDF through** capacitating dealmakers to use the logic of the urban agenda for fiscally sustainable urban development

2. **Embed a simple project appraisal rubric** with a spatial dimensions for IUDF alignment
3. **Extend the Bank's analytical models** to capture lifecycle costs to public and private parties, land value impacts, transport, resource consumption and carbon emissions
4. **Support evidence-based project prioritisation** processes by Metros to estimate full fiscal and non-financial costs of project alternatives
5. **Leverage enhanced cost-benefit intelligence** to strategically crowd-in concessionary finance from international DFIs on key themes, e.g. energy and safety
6. **Strengthen support to precinct management** as it is crucial for the sustainability of infrastructure financed in the core business, preferably through partnerships
7. **Strengthen support to the demand side of the inner-city property market** by partnering with for-profit lenders in residential development