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