Media Release

DBSA CONTRIBUTED R8.9 BILLION TOWARDS DEVELOPMENT DESPITE GLOBAL ECONOMIC RECESSION

Thursday, 24 June 2010: The Development Bank of Southern Africa (DBSA) today released annual financial results for the year ended 31 March 2010, showing enhanced development impact amounting to R8.9 billion despite the economic downturn characterized by: (i) Rapid strengthening of the Rand from the previous financial year against major currencies, (iii) Sharp decline in interest rates and (iii) Increased costs of borrowing, specifically on short-term funding.

Speaking at the media briefing, the Chief Executive of the DBSA, Mr Paul Baloyi said despite of the market conditions negatively affecting the Bank and putting pressure on its sustainable earnings and the surplus available for growth, the Bank did not compromise on its commitment to support a range of development initiatives.

For the year under review, the DBSA spent R550.2 million on developmental initiatives, representing 66.9% of its sustainable earnings for the year. This was significantly higher than the 2008/09 figure of 48.9%.

The R550.2 million spent on developmental initiatives in 2009/10 includes the following:

- **Subsidising lending rates to under-resourced municipalities (R72.9 million):** The DBSA’s Targeted Infrastructure Programme (TIP) provides concessional lending rates to poorly resourced municipalities, which would otherwise not be able to afford funding. During the year, R670 million was disbursed under the programme, bringing the total TIP book to R1.5 billion. The interest concession for the year amounted to R72.9 million (2008/09: R65.3 million), representing a 46.5% concession on the full rates.

- **Expenditure on research and advisory services (R69.1 million):** In addition to playing a supportive role in investment decisions, the Bank’s Development Planning Division provides advisory services on issues such as government planning or public policy development at various levels, and turnaround strategies for local government.
• **Technical assistance (R67.4 million):** The Bank provides funding, advice and information to strengthen the capacity of client institutions to plan, implement and manage development projects and deliver services. It also supports processes to remove obstacles and create an enabling environment for development. By definition, technical assistance does not create assets; rather, it enables the development impact of investments to be optimised.

• **Expenditure through the DBSA Development Fund (DBSA contribution: R340 million):** The Fund promotes capacity building for development by providing grants, technical experts for under-resourced municipalities under the Siyenza Manje programme, training to enhance the skills of officials and financial and administrative services to various development agencies.

“Despite the prevailing economic market conditions, the financial position of the Bank and the quality of the loan book remains healthy. Income-earning assets (loans and equity investments) grew by 13% to R36.2 billion. This is the main contributor to the growth in total assets to R45.1 billion (up 12% from the previous year) reflected in the figure below” he added.

Baloyi said that apart from its own contributions to development, the DBSA has also facilitated the unlocking of other sources for funding available to municipal clients, through Siyenza Manje. The total financial value of the DBSA interventions - disbursement unlocked through MIG funding grew to R8.9 billion in FY09/10, up from R4.8 billion in FY08/09.

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Notes for Editors

"About Development Bank of Southern Africa"

The Development Bank is a leading Development Finance Institution (DFI) in Africa South of the Sahara, playing the roles of Financier, Advisor, Partner, Implementer and Integrator. The Bank maximizes its contribution to sustainable development in the region by mobilising financial, knowledge and human resources to support Government and other development role-players in improving the quality of life of people in the region through funding infrastructure projects; accelerating the sustainable reduction of poverty and inequity; and promoting broad-based economic growth and regional economic integration.”