PRESS STATEMENT

Attention: News Editors and Journalists
Date: For Immediate Release

DBSA APPROVES R27 BILLION FOR INFRASTRUCTURE PROJECTS

In releasing its Annual Financial Results for the year ended 31 March 2012, the Development Bank of Southern Africa (DBSA) announced that it has performed well in its key performance areas. Total project approvals for the year were R27.5 billion, of which 86.3% were in favour of projects in South Africa. Total commitments were R8.4 billion and disbursements totalled R8.1 billion. The DBSA further provided strong results in its capacity building and implementation support areas.

Key highlights for the year under review included the following key strategic interventions:

1. Renewable Energy Generation Programme

The DBSA, the National Treasury, and the Department of Energy undertook to work towards creating an enabling environment for independent power producers. Of the 28 projects approved (representing 1 416 MW of the 3 725 MW target), the DBSA supported 12 projects representing a potential participation value of R9.6 billion. The second round to procure the remaining megawatts closed on March 5 2012. For this round the Bank supported 30 projects with an estimated participation value of R13 billion.
2. Jobs Fund

The DBSA was entrusted with the implementation of the R9 billion Jobs Fund, aimed at providing impetus to and enhancement of employment opportunities in South Africa. It is anticipated that 150 000 jobs opportunities will be created over the project lifespan. To date, much progress has been made on this initiative, with R1.8 billion approved to fund projects in all four funding windows i.e. enterprise development (51%), work seekers (23%) infrastructure (17%) and institutional capacity building (9%).

3. Municipal Infrastructure support

In the arena of municipal infrastructure delivery, which is critical to the Bank’s mandate, challenges continued to mount during the year. Institutional capacity constraints, weak governance, ageing infrastructure, flawed and inadequate maintenance affected the ability of many municipalities to fulfil their constitutional obligations. As in the previous year, the Vulindlela Academy, which is the capacity building, knowledge-sharing and skills transfer platform of the DBSA, worked to address these challenges proactively. During the year, the Academy trained 19 000 external learners, including:

- 12 787 officials from municipalities, intermediaries and development finance institutions, in the priority skills areas of planning, finance, management and leadership.
- 5 981 councillors as part of the national Councillor Induction Programme.
- 232 delegates from the SADC region.

Furthermore, as part of the DBSA’s support to local government, technical and planning experts were deployed to various municipalities throughout the country to alleviate constraints on service delivery. These deployees provided the following capacity building support:

- Through the Municipal Infrastructure Support Agency, 93 deployees (79 engineers and 14 town planners) provided support to 94 municipalities.
- Deployees facilitated 2 244 technical infrastructure projects to the value of R14.3 billion, mainly in the areas of water (24%), roads (23%), and sanitation (14%).
- Facilitated Municipal Infrastructure Grants and capital expenditure of R7.2 billion.
- An estimated 456 560 households obtained access to water (145 933 households received new access to a basic water supply and 310 627 benefited from an upgraded bulk water system).
• An estimated 456,284 households obtained access to sanitation (167,466 households received access to basic sanitation and a further 288,818 benefited from upgraded bulk sanitation systems.

During the year under review, the Bank continued to make infrastructure funding available to municipalities with R8.7 billion approved in favour of this sector. The ability of the Bank to convert these approvals to disbursements was however impacted by the strong participation by the private sector in especially the price sensitive metropolitan sphere. In the areas of medium and under-resourced municipalities, the Bank successfully disbursed R797 million and R63 million to the two markets respectively.

4. Health Revitalisation Programme

In the past year, the DBSA supported the national Department of Health and various provincial Departments in accelerating the delivery of important health projects and initiatives, including: Chris Hani Baragwaneth Hospital, Dr George Mukhari Hospital, Limpopo Academic Hospital, King Edward III Hospital, Nelson Mandela Academic Hospital and Limpopo Nursing College. Construction on several of these projects is expected to commence during 2012/13 financial year.

5. Accelerated School Infrastructure Development Programme

In line with the Department of Basic Education’s call to improve school infrastructure, the DBSA assisted the Department by providing project planning, preparation and management for the construction of 49 schools in the Eastern Cape region to the value of R672 million. Construction is currently underway and is expected to be completed towards the end of 2012.

6. Support to the Region

The DBSA continued to provide strong development finance support outside South Africa for the period under review with commitments of R2.9 billion (against a target of R3 billion), total approval of R3.8 billion and disbursements of R3.2 billion. Key strategic interventions included the following:

• The DBSA continued to demonstrate its commitment to the reconstruction of Zimbabwe by disbursing US$54 million on the US$206 million loan facility to the Zimbabwe National Road Administration (ZINARA). The Project aims to rehabilitate a major road artery
spanning 801km from Plumtree through Harare to Mutare, and represents the Bank’s biggest commitment to Zimbabwe thus far.

- The Eastern and Southern African Trade and Development Bank (PTA Bank) is viewed as one of the DBSA’s strategic partners in the region. The line of credit agreement between the two parties has strengthened the partnership, as it allows PTA Bank to increase its product diversification and lengthen the tenor of its loans to its clients. An amount of R542 million was disbursed as part of the line of credit agreement during the year.
- The Bank also disbursed R1.3 billion to the National Road Fund Agency in Zambia.

However, the Bank’s financial results for the year under review were lower than expected in a very challenging operating environment. Whilst total assets grew by 10.5% from R47.4 billion to R52.4 billion, impairments and unrealised revaluation loses on equity investments impacted negatively on the Bank’s net earnings, resulting in a net loss of R370 million.

Speaking prior to the release of the 2011/12 annual results, the Chief Executive of the DBSA, Mr Patrick Dlamini said: “Despite many challenges in its operating environment the Bank made significant strides in ensuring that its financial position overall remains sound. As a result, its investment grade credit ratings were maintained in line with the sovereign rating”.

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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.”