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2019 SUSTAINABILITY REVIEW





Building Africa's Prosperity



Throughout our Sustainability Review, the following icons are used to show connectivity between sections.



Indicates a **website reference** where more information can be found.



Indicates a **page reference** for further information which can be found elsewhere in this reporting suite.

OUR STRATEGIC OBJECTIVES



Sustained growth in developmental impact



Providing integrated infrastructure solutions



Maintain financial sustainability



Sustainability innovations

Refer to pages 18 — 19 for further details of our strategic objectives.

OUR CAPITALS



Financial capital



Intellectual capital



Social and relationship capital



Human capital



Natural capital



Manufactured capital

Refer to pages 12 — 15 of the Annual Integrated Report for further details of the capitals and how we use them to create value for our stakeholders.



REPORT NAVIGATION

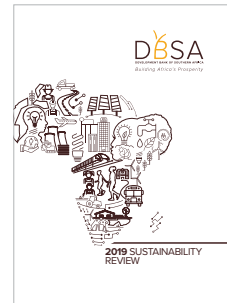
Our reporting suite for 2019 consists of three reports.



The **2019 Integrated Annual Report**, which is our primary communication with our stakeholders.



The **2019 Annual Financial Statements**, which includes the directors' report and the independent auditor's report.



The **2019 Sustainability Review**, which provides further information on our sustainability performance.

CONTENTS

	About this report	5
	Our sustainability highlights	6
ABOUT THE DBSA	Message from our Chief Executive	10
	Who we are	14
	Strategic overview	16
	Creating sustainable value	20
	Our development outcomes	24
ENABLING SUSTAINABILITY	Governing for sustainability	26
	Engaging with our stakeholders	28
	Managing our emerging risks	29
	Investing in our human capital	30
SUSTAINABILITY PERFORMANCE	Planning and project preparation	36
	Infrastructure financing	42
	Building and maintenance implemented by the Infrastructure Delivery Division	49
	Corporate social responsibility	57
REFERENCE INFORMATION	Abbreviations and acronyms	62
	Appendix A: Global Reporting Initiative table	64
	Appendix B: United Nations Global Compact	67

The Development Bank of Southern Africa is one of the leading African Development Finance Institutions, wholly-owned by the government of South Africa.

Established in 1983, the DBSA's primary purpose is to promote economic development, growth and regional integration through infrastructure finance and development that improves the quality of people's lives.

ABOUT THIS REPORT

This Sustainability Review provides our stakeholders with a view of our sustainability performance for the financial year, 1 April 2018 to 31 March 2019. Our intention is to provide our stakeholders with a concise and transparent assessment of our ability to create sustainable value and deliver on our investment mandate. While this report may be of interest to all our stakeholders, it deals with issues of particular interest to bond investors and analysts, sustainable development professionals and other parties who may have a specific interest in the DBSA's sustainability performance. This report includes a selection of case studies and a view of our estimated development impact to give the reader a sense of what we are seeking to achieve through our investments.

This report focuses on material sustainability areas that affect the long term success of our business and a loss that relate to any significant impacts we have on the economy, environment or communities in which we operate. The boundary of the review is the DBSA legal entity. There are no significant changes to the scope or aspect boundaries during the reporting period.

We produce a full suite of reports to cater for the diverse needs of our stakeholder base. The following reports supplement this Sustainability Review:

Annual Integrated Report

- Primary report to shareholder and bond investors providing an integrated view of the DBSA's strategy and performance
- Overview of strategy and value creation
- Performance and outlook
- Corporate governance report
- Remuneration report

Annual Financial Statements

- Directors' report
- Statutory Annual Financial Statements

REPORTING FRAMEWORK

Our sustainable development reporting was developed in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines (Core). A detailed GRI table, providing responses to each of the GRI criteria can be found in Annexure A to this report. With respect to the Specific Standard Disclosures of the GRI 4 guidelines, we provided our management approach for all our material issues. We also disclose our support to the United Nation's Global Compact principles in Annexure B.

MATERIALITY

The Sustainability Review aims to provide an accurate, accessible and balanced overview of the DBSA's strategy, performance and outlook in relation to material economic, financial, social, environmental and governance issues.

It concentrates on items of both a qualitative and quantitative nature that are material to the DBSA's ability to deliver on its mandate and strategy.

The DBSA defines material issues as those that have the potential to substantially impact our ability to create and sustain value for our stakeholders. In identifying matters that are material, we consulted a wide range of resources, including:

- The Shareholder's Compact and the DBSA's Corporate Plan
- The DBSA's key risks identified during the risk management process
- The business context of a DFI

ASSURANCE

The DBSA management has assessed the viability of having the Sustainability Review, other than the elements mentioned hereafter, externally assured, and concluded that the benefits do not exceed the cost of doing so. The disclosures on the GRI tables have however been reviewed by the DBSA Internal Audit team. Their findings are indicated as part of Annexure A.

Our external auditor, in addition to providing assurance on the DBSA's Annual Financial Statements, is required to perform certain procedures on our predetermined performance indicators. Their report and findings are reflected in the external auditor's report in the Annual Financial Statements.

APPROVAL OF THE SUSTAINABILITY REVIEW

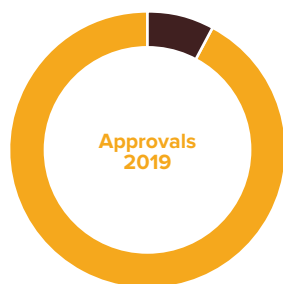
This report was prepared under the supervision of the Group Executive: Client Coverage, Mohan Vivekanandan. It was reviewed by the DBSA Audit and Risk Committee and, upon its recommendation, approved by the Board on 9 July 2019.

Comments on this report can be sent to The Head: Strategy at corporatestrategy@dbsa.org, or 1258 Lever Road, Headway Hill, Midrand.

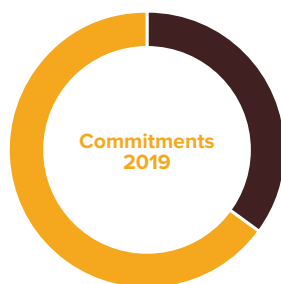
OUR SUSTAINABILITY HIGHLIGHTS

ECONOMIC INFRASTRUCTURE AND GROWTH IN SOUTH AFRICA

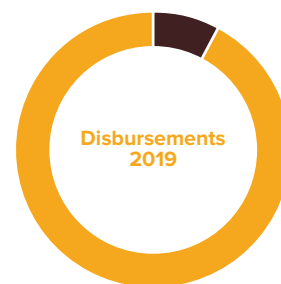
We strive to accelerate sustainable socioeconomic development by funding economic infrastructure in the energy, transport, water and sanitation, information and communication technology (ICT) sectors.



■ ICT 7 %
■ Energy 93%



■ ICT 35%
■ Energy 65%



■ ICT 8%
■ Energy 92%

R'million	2019	2018
Approvals	26 414	5 638
Commitments	8 242	4 509
Disbursements	3 581	5 362

6

REGIONAL INTEGRATION

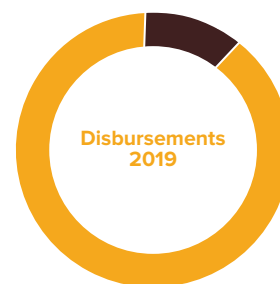
Regional integration is critical in growing both the South African and the broader continent's economies. The DBSA supports regional development and integration by investing in infrastructure projects that will facilitate trade and Africa's global competitiveness. Our goal is to improve the quality of life of the people of the region.



■ Energy 100%



■ Energy 100%

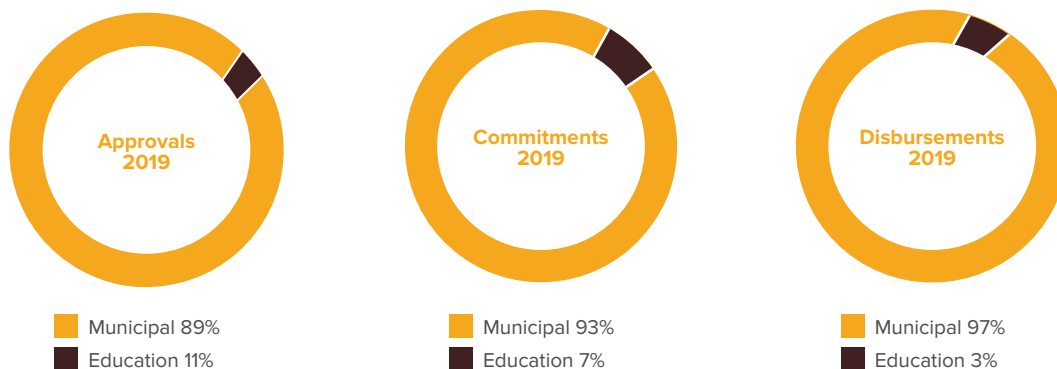


■ Transport 13%
■ Energy 87%

R'million	2019	2018
Approvals	5 616	2 420
SADC (excluding South Africa)	2 719	894
Non-SADC countries	2 897	1 526
Commitments	1 231	1 252
SADC (excluding South Africa)	1 231	1 252
Non-SADC countries	–	–
Disbursements	1 727	3 227
SADC (excluding South Africa)	1 300	1 321
Non-SADC countries	427	1 906

SUPPORTING SOCIAL DEVELOPMENT AND SERVICE DELIVERY

We support the South African government in financing and accelerating implementation of infrastructure programmes in the key priority sectors of education, health and housing, as well as various municipal infrastructure programmes.



R'million	2019	2018
Approvals	7 656	6 429
Municipal	6 830	6 429
Other social	826	–
Commitments	7 517	3 450
Municipal	6 994	3 450
Other social	523	–
Disbursements	3 527	3 520
Municipal	3 426	3 280
Other social	101	240

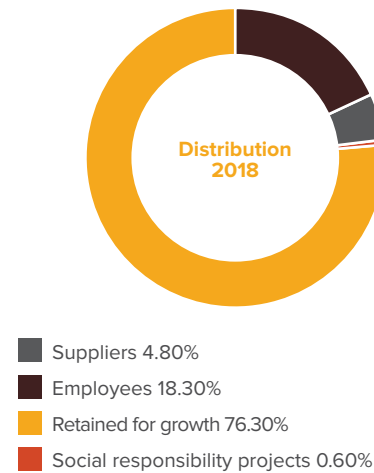
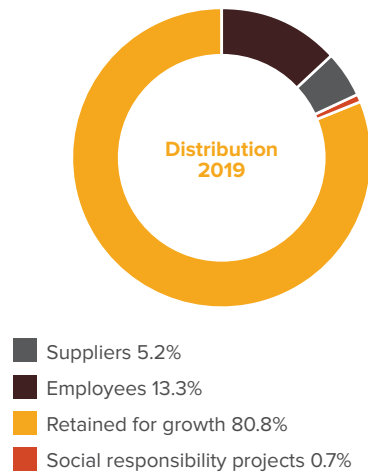
SUPPORTING ENVIRONMENTALLY ORIENTATED INFRASTRUCTURE PROGRAMMES

The DBSA is supporting climate friendly projects through the development of products that promote environmental responsibility and support of climate action in financial institutions. Internally, the Bank has introduced initiatives to reduce the DBSA's carbon emissions, water use, waste generation and maintaining a sustainable campus.

	2019	2018
Electricity consumption in MW	2.7	2.7
Water consumption in kilolitres	7 144	10 186

VALUE ADDED STATEMENT

Value added indicates the wealth the DBSA creates through activities for its main stakeholder groups, which are the shareholder, employees, financial institutions (providers of debt capital) and suppliers. It also illustrates how much we reinvest for future growth.



in thousand of rands

	2019 Actual	%	2018 Actual	%
Interest income	8 409 839		7 750 606	
Interest expense	(3 915 389)		(3 905 259)	
Wealth created by trading operations	4 494 450		3 845 347	
Fee income	193 380		190 196	
Foreign exchange gain	743 713		(302 057)	
Net gain (loss) from financial assets and financial liabilities	69 945		(131 605)	
Investment and other income	139 773		242 540	
Total wealth created	5 641 261		3 844 421	100
Distributed as follows:				
Retained growth	4 557 330	80.8	2 931 926	76.3
Expected credit losses/impairment on financial assets	1 441 056	25.5	623 178	16.2
Depreciation and amortisation	19 579	0.3	25 871	0.7
Profit for the year attributable to the shareholder	3 096 695	54.9	2 282 877	59.4
Employees: benefits and remuneration	751 300	13.3	702 880	18.3
Suppliers: expenses	293 808	5.2	184 695	4.8
Social responsibility projects	38 823	0.7	24 920	0.6
Total wealth distributed	5 641 261	100	3 844 421	100

The DBSA is exempt from normal taxation but is subject to all other South African taxes, including employees' tax and value added tax. The DBSA paid VAT amounting to R45.8 million (2018: R36 million) during the year.





We are operating in a rapidly transitioning world. The DBSA is mindful of how this impacts the sustainability of our business. Our future focused strategy is reinforcing the resilience and relevance of the Bank in a world of disruption and change. In forging ahead, we recognise that our success must be measured by the value we create, particularly in terms of our development impact.

Patrick K. Dlamini
Chief Executive Officer

MESSAGE FROM OUR CHIEF EXECUTIVE

Large economic infrastructure is essential on a macroeconomic level – for enabling trade, fostering regional integration, building economic competitiveness and eradicating poverty. Infrastructure development also has a very real impact on the lives of individuals, providing basic services, creating jobs, building social cohesion and enabling the African people to reach their full potential. Our 2019 Sustainability Review demonstrates the tangible contribution that the DBSA is making to the development of our continent.

We are operating in a rapidly transitioning world. The DBSA is mindful of how this impacts the sustainability of our business. Our future focused strategy is reinforcing the resilience and relevance of the Bank in a world of disruption and change. In forging ahead, we recognise that our success must be measured by the value we create, particularly in terms of our development impact.

Over the past 36 years, the DBSA has risen to the developmental challenges in Africa. Now the imperative to accelerate sustainable infrastructure development to drive progress and stimulate economic growth is increasing exponentially. A large-scale infrastructural backbone is vital for unlocking the considerable economic potential of the continent. However, the scale of the infrastructure gap in Africa means addressing it is only possible through collaboration with the private sector and raising investment levels through innovative catalytic mechanisms. As a state-owned DFI, we are strategically positioned between African governments, the private sector and fellow international DFIs to facilitate this.

The DBSA's mandate includes large-scale infrastructure investment in energy, transport, water and ICT. The Bank also finances projects that lift the standard of living through the provision of social infrastructure development in the education, health, sanitation and other spheres.

I am particularly proud of the DBSA's catalytic role in supporting South Africa's renewable energy programme.

During the year, we made significant strides in addressing climate change by catalysing climate related investments in Southern Africa. The Green Climate Fund (GCF) awarded the Bank USD55.6 million to establish a R2 billion Climate Finance Facility, which we are very excited about. It is an innovative

financial product that enables us to crowd-in third-party investors and increase our financial support for climate friendly projects.

A key focus area for the Bank is the need to improve and increase infrastructure in municipalities, where demand on existing infrastructure and for new infrastructure continues to rise, driven by rapid urbanisation and the expansion of businesses. Providing solutions to expedite infrastructure development in this market is a catalyst for socioeconomic development within municipalities, creating job opportunities for the growing population and improving standards of living. The Bank has extensive expertise and product offerings that address the specific challenges that constrain infrastructure development in municipalities. This year, the Bank continued to play a critical role in supporting under-resourced municipalities, providing development planning and implementation support interventions in the origination of infrastructure projects.

We will continue to deepen our development impact across the board from within our local communities and across the African economy. Financial sustainability and sound governance at the DBSA ensure a solid foundation for our expanding development impact.

Financial sustainability gives substance to our 'development dividend' and a strong governance framework gives it form. Without a solid financial footing we cannot deliver value consistent with the needs of sustainable development in the short, medium and long term. Our robust governance structures entrench accountability, transparency and responsibility across the DBSA, building the trust necessary for creating long term value. Effective governance enhances our strategic response, strengthening relations with stakeholders and bolstering risk management.



Patrick K. Dlamini
Chief Executive Officer



ABOUT THE DBSA

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WHO WE ARE

The Development Bank of Southern Africa (DBSA), is a Development Finance Institution (DFI) mandated by the South African government to promote economic development and growth and regional integration through infrastructure finance and development. This encompasses human resource development and institutional capacity building by mobilising financial and other resources from the national and international private and public sectors for sustainable development projects and programmes in South Africa and the wider African continent.

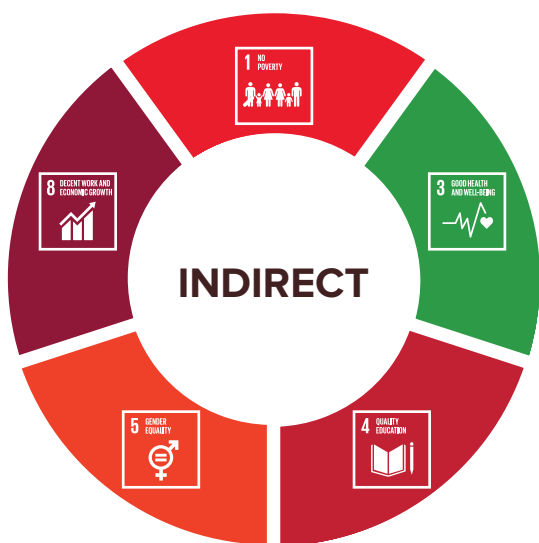
Our primary aim is to deliver developmental impact, which is the long term sustained positive effect of our interventions on people's lives. We achieve this by mobilising financial and other resources from the national and international private and public sectors for sustainable development projects and programmes in South Africa, the Southern African Development Community (SADC) region and the rest of the African continent. In doing so, the Bank plays a pivotal role in promoting economic and social development through infrastructure investment and development.

Our development position and strategy is aligned with the South African National Development Plan (NDP) Vision 2030, the African Union's Agenda 2063, the United Nations Sustainable Development Goals (SDGs), and the Paris Agreement on Climate Change.

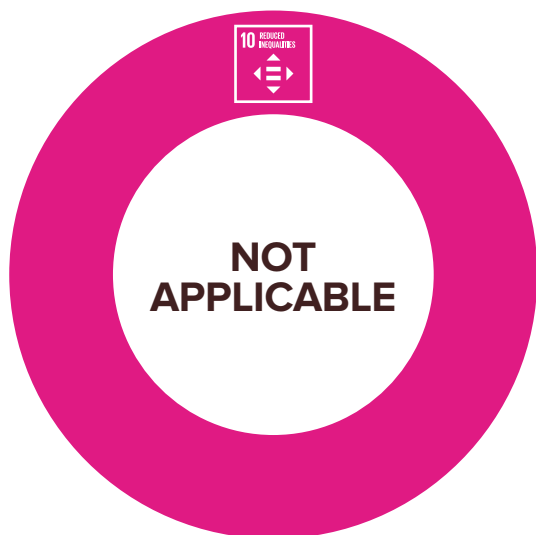
HOW WE SUPPORT THE NDPs AND SDGs



SDGs	NDP OUTCOMES	DBSA'S CONTRIBUTION
SDG 6 Ensure availability and sustainable management of water and sanitation for all		Funding of bulk water, reticulation and sanitation infrastructure Post implementation reviews
SDG 7 Ensure access to affordable, reliable, sustainable and modern energy for all		Preparation and funding of IPPs Preparation and funding of renewable energy programmes Providing planning and implementation support to under-resourced municipalities
SDG 9 Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation	NDP Outcome 6 An efficient, competitive and responsive economic infrastructure network	Funding of various water, sanitation, renewable energy, mass transit and ICT projects Supporting government with the rehabilitation of industrial parks Managing the revitalisation of industrial parks
SDG 11 Make cities and human settlements inclusive, safe, resilient and sustainable	NDP Outcome 8 Sustainable human settlements and improved quality of household life	Housing Impact Fund Support to urban development programmes Financing of municipal infrastructure Implementing Agency for Ekurhuleni Infrastructure Programme
SDG 13 Take urgent action to combat climate change and its impacts	NDP Outcome 10 Protecting and enhancing our environmental assets and natural resources	Funding of IPPs Regional hydroelectric projects
SDG 17 Strengthen the means of implementation and revitalise the global partnership for sustainable development	NDP Outcome 10 Create a better South Africa, contribute to a better and safer Africa in a better world	Partnerships with: Global and regional DFIs Association of African Development Finance Institutions (AADFI) International Development Finance Club (IDFC)



SDGs	NDP OUTCOMES	DBSA'S CONTRIBUTION
SDG 1 End poverty in all its forms everywhere		DBSA supports emerging contractors in rural areas
SDG 3 Ensure healthy lives and promote wellbeing for all at all ages	NDP Outcome 2 A long and healthy life for all South Africans	Infrastructure implementation work on behalf of the Department of Health
SDG 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	NDP Outcome 1 Quality basic education NDP Outcome 5 A skilled and capable workforce to support an inclusive growth path	Implementation work on behalf of the National Department of Basic Education (DBE) and Provincial Education Departments Funding of student accommodation Student accommodation programme
SDG 5 Achieve gender equality and empower all women and girls		An emphasis on gender mainstreaming in DBSA's B-BBEE and economic transformation initiatives
SDG 8 Promote inclusive and sustainable economic growth, employment and decent work for all	NDP Outcome 4 Decent employment through inclusive economic growth	Development impact mandate Promotion of employment of local labour and contractors in projects where the DBSA is an implementing agent



SDGs	NDP OUTCOMES	DBSA'S CONTRIBUTION
SDG 10 Reduce inequality within and among countries		Funding of projects in SADC e.g.: Namibia: cities programme approval to support three key municipalities in Namibia – Windhoek, Walvis Bay and Swakopmund Imaloto Power Plant Funding of projects outside SADC: Kenya: Lamu-Isiolo Road Ghana and Burkina Faso energy interconnector

STRATEGIC OVERVIEW



We recognise that the most effective way to deliver on our purpose is to shape the development landscape to realise a prosperous, integrated, resource-efficient continent. We will achieve this through increasing access to infrastructure finance, accelerating infrastructure delivery and leveraging partnerships to maximise value. As development practitioners, our expertise and solutions range from project planning, preparation, financing, building and maintenance. Leveraging our strategic partnerships to catalyse third-party investment is integral to deepening our development impact and unlocking Africa's prosperity.

To ensure our sustainability, our future focused strategy gears the DBSA to thrive in a highly dynamic operating environment and capitalise on new opportunities. Embracing change in 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 maximises these opportunities and mitigates the risks effectively. Our management structure enables delivery of our strategy.

OUR VALUES

High performance: We are enabled, empowered and inspired to deliver consistent quality, effective and efficient results for which we are accountable and rewarded

Shared vision: We share and keep the sustainability, strategic intent and mandate of the DBSA top of mind in all our decisions and actions

Integrity: Our deals, interactions and conduct are proof of transparent and ethical behaviour that shows respect and care for all our people (employees, stakeholders, shareholders, clients and communities)

Innovation: We challenge ourselves continuously to improve what we do, how we do it and how well we work together

Service orientation: We deliver responsive and quality service that speaks to the need of our clients and continuously build relationships that result in win-win outcomes



Refer to pages 20 – 21 in our Annual Integrated Report for more detail on our strategy

Our vision

A prosperous and integrated resource efficient region, progressively free of poverty and dependency



Our purpose

To bend the arc of history towards shared prosperity



Our mission

To advance the development impact in the region by expanding access to development finance and effectively integrating and implementing sustainable development solutions to:

- Improve the quality of life of people through the **development of social infrastructure**
- Support **economic** growth through investment in **economic infrastructure**
- Support regional integration
- Promote sustainable use of **scarce resources**



OUR KEY STRATEGIC OBJECTIVES



SUSTAINED GROWTH IN DEVELOPMENTAL IMPACT

Grow each of our businesses aggressively to maximise developmental impact.



INTEGRATED INFRASTRUCTURE SOLUTIONS PROVIDER

Provide integrated infrastructure solutions across the value chain and be the partner of choice for infrastructure solutions.



FINANCIAL SUSTAINABILITY

Maintain profitability and operational efficiency to enable growth in equity and fund developmental activities.



SUSTAINABILITY INNOVATIONS

Instigate the formation of a new generation of special purpose vehicles and structured financial instruments that will facilitate and catalyse the mobilisation of complementary investments in development projects.



STRATEGIC AMBITION

R100 billion
Unlocking infrastructure of R100 billion in the medium term
while remaining financially sustainable¹

19

PATHS TO VICTORY

Continue core long-term infrastructure lending activities	De-risk project finance structures to crowd-in third-party funding	Greater investment in early-stage programme and project developments	Develop structured products and funding structures to unlock infrastructure and crowd-in third parties	Establish project management offices (PMOs) and focus on maintenance of public infrastructure
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SOURCES OF COMPETITIVE ADVANTAGE

Strategic partnerships	Greater risk return trade-off and tenor	Integrated infrastructure solutions, including early-stage risk and delivery capability	Access to concessionary financing
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¹ R100 billion of infrastructure unlocked consists of loan disbursements, value of projects prepared and committed by Project Preparation Division (PPD), infrastructure delivered through Infrastructure Delivery Division (IDD), infrastructure unlocked to under-resourced municipalities and funds catalysed from projects.

CREATING SUSTAINABLE VALUE

Fulfilling our strategic purpose and creating value over the short, medium and long term depends on the management of various resources and relationships, which are transformed through our business model into outputs and outcomes.

Our key resources and relationships



Financial capital

Our equity, debt, funding from investors and clients

Intellectual capital

Our brand, innovation capacity and experience

Human capital

Our culture, our people, their development and our collective knowledge

Natural capital

Our impact on natural resources

Manufactured capital

Our business structure and operational processes

Social & relationship capital

Our relationships with clients, partners and government



WHAT WE OFFER

OUR INTEGRATED APPROACH TO INFRASTRUCTURE DEVELOPMENT

SECTOR FOCUS



PLAN	PREPARE	FINANCE	BUILD	MAINTAIN	
Municipal assessments	Project identification	Long term senior and subordinated debt	Managing design and construction of projects in education, health and housing sectors	Supporting maintenance/ improvement of social and economic infrastructure projects	Energy
Bulk infrastructure plans	Feasibility assessments	Corporate and project finance			ICT
Infrastructure planning advice	Technical assistance	Mezzanine finance	Project management support		Transport
	Programme development	Structured financing solutions			Water and sanitation
	Project preparation funds				Municipalities
					Social infrastructure
					State-owned companies
					SADC
					Other African countries
FINANCE AND HUMAN RESOURCES	TREASURY AND IT		RISK MANAGEMENT AND INNOVATION		

SUPPORTED BY STRONG GOVERNANCE, ETHICS AND INTEGRITY

The DBSA is committed to the highest standards of governance, ethics and integrity. Our Board is diverse in demographics, skills and experience and **69%** of the directors are independent non-executive directors.



KEY OUTPUTS FROM OUR BUSINESS ACTIVITIES



PROJECT PREPARATION

Total projects prepared and committed for DBSA funding: **R6.8 billion** [2018: R954 million]

Total municipal projects unlocked for funding through planning support: **R916 million** [2018: R540 million]

Total value of projects for black-owned entities approved for project preparation funding: **R3.2 billion** [2018: Rnil]

Total project preparation funding disbursed (including co-financing): **R85 million** [2018: R87 million]

Projects prepared and approved for funding by the DBSA at year end: **R14 billion** [2018: R7.6 billion]



INFRASTRUCTURE FINANCING

Total approvals: **R39.7 billion** [2018: R14.5 billion]

Total disbursements: **R9 billion** [2018: R12.2 billion]

Energy 2019: **R5.1 billion** [2018: R6.9 billion]

Water 2019: **R1.8 billion** [2018: R0.5 billion]

Transport 2019: **R0.7 billion** [2018: R1.9 billion]

Communications 2019: **R312 million** [2018: R5 million]

Projects supported: **46** [2018: 38]

Total commitments: **R17 billion** [2018: R8.7 billion]

Disbursement to municipalities in South Africa: **R3.1 billion** [2018: R3.3 billion]

Number of municipal clients: **99** [2018: 113]

Book debt to secondary and under-resourced municipalities: **R26.1 billion** [2018: R27 billion]

Disbursements to the rest of Africa (excluding RSA): **R1.7 billion** [2018: R3.2 billion]

Secondary and under-resourced municipalities

Planning: infrastructure master plan and management plan to reduce non-revenue water losses **completed 10** [2018: 13]

Implementation

Number of municipalities supported: **13** [2018: 13]

Projects completed: **8** [2018: 12]



FINANCIAL SUSTAINABILITY

Net profit: **R3.1 billion** [2018: R2.3 billion]

Cost-to-income ratio: **23%** [2018: 21.7%]

Paid to providers of capital (interest expense): **R3.9 billion** [2018: R3.9 billion]

Debt-to-equity ratio (excluding callable capital): **138%** [2018: 156%]

Third-party funds catalysed: **R16.8 billion** [2018: R25.2 billion]

Value of infrastructure delivered: **R3.5 billion** [2018: R3.3 billion]

Externally rated: **The DBSA foreign-currency rating is Baa3 (Moody's)**

A+ rating from AADFI PSGRS



INFRASTRUCTURE DELIVERY

Value of funds under management:

R5.1 billion [2018: R4.3 billion]

Value of infrastructure delivered: **R3.5 billion** [2018: R3.3 billion]

Schools completed: **8** [2018: 8]

Storm-damaged schools refurbished: **63** [2018: 102]

Health facilities refurbished: **46** [2018: 25]

Municipal projects completed: **13** [2018: 14]



OUR DEVELOPMENT OUTCOMES

We rely on all of the capitals to deliver on our mandate. In terms of our mandate, there is a high expectation of delivery of social capital in the form of development impact. This includes making more people economically active as well as contributing to their education, health and housing.



INFRASTRUCTURE FINANCING

MUNICIPAL (SOUTH AFRICA)

Energy (includes upgrading of substations and electrification of households) – total households impacted: **257 587** [2018: 11 935]

Rehabilitation of roads – total households impacted: **66 741** [2018: 39 480]

Water (includes reticulation and provision of bulk water) – total households impacted: **75 450** [2018: 16 209]

Sanitation (includes reticulation, upgrading and construction of waste water treatment works) – total households impacted: **33 519** [2018: 20 048]

Planning support to municipalities (non-lending)¹

Estimated number of households to benefit from unlocked infrastructure projects: **184 371** [2018: 776 474]

IMPLEMENTATION SUPPORT TO MUNICIPALITIES (NON-LENDING)

Number of households that received access to new and improved service in water, sanitation and electricity: **457 022** [2018: 21 780]

NON-MUNICIPAL (SOUTH AFRICA)

Renewable [wind IPP]: **124 MW** [2018: 42 MW]

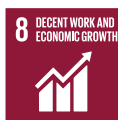
Total project impact: **402 MW** [2018: 140 MW]

NON-MUNICIPAL (REST OF AFRICA)

Production and exporting of raw crude oil: **total impact of 520 000 barrels** (The DBSA contribution: 29 467)



ESTIMATED DEVELOPMENT IMPACT FROM R17 BILLION COMMITMENTS MADE DURING THE YEAR



9 314 construction jobs to be created

3 815 operational jobs to be created

R1.5 billion B-BBEE spend will be awarded to empowering women-owned suppliers

R3.3 billion B-BBEE spend will be awarded to black suppliers



INFRASTRUCTURE IMPLEMENTATION

SCHOOLS

Learners enrolled in new and refurbished schools during 2019: **47 035** [2018: 34 376]

Total number of learners benefiting from new and refurbished schools since inception: **173 646** [2018: 159 637]

HEALTH

More than **61 500** [2018: >148 000] people gained access to health counselling and testing in newly built clinics

Total number of people gained access to health counselling and testing in newly built and refurbished clinics since inception: **383 621**

EMPLOYMENT CREATION

Jobs created: **8 344** [2018: 8 492]

SMMes and subcontractors development

Number of local SMMes and subcontractors benefited: **1 087** [2018: 717]

¹ Estimated number of households and temporary jobs created from the projects identified from the planning support will be achieved if funding is allocated to the identified projects on a yearly basis until the projects are completed.

ENABLING SUSTAINABILITY

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GOVERNING FOR SUSTAINABILITY

A robust governance structure is critical to long term value creation.

The constitution and conduct of the DBSA Board of Directors are primarily governed by the Development Bank of Southern Africa Act No 13 of 1997 (Amended Act No 41 of 2014) (DBSA Act) and further regulated by the Public Finance Management Act No 1 of 1999 (PFMA) and the principles of the King Code of Governance Principles for South Africa 2016 (King IV). The DBSA's mandate is defined in Section 3 of the DBSA Act.

MINISTRY OF FINANCE (SOLE SHAREHOLDER)					
Minister Tito T Mboweni					
DBSA Board					
Chairperson: Professor Mark Swilling					
	ARC	BCIC	HRNC	SEC	IDKC
BOARD COMMITTEE	AUDIT AND RISK COMMITTEE	BOARD CREDIT AND INVESTMENT COMMITTEE	HUMAN RESOURCES, REMUNERATION AND NOMINATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE	INFRASTRUCTURE DELIVERY AND KNOWLEDGE MANAGEMENT COMMITTEE
Non-executive members	Gugu Mtetwa (Chairperson)	Anuradha Sing (Chairperson)	Patience Nqeto (Chairperson)	Zanele Monnakgotla (Chairperson)	Martie Janse van Rensburg (Chairperson)
	Martie Janse van Rensburg Anuradha Sing Zanele Monnakgotla Blessing Mudavanhu Patience Nqeto Bulelwa Ndamase	Gugu Mtetwa Martie Janse van Rensburg Blessing Mudavanhu Zanele Monnakgotla Bulelwa Ndamase Mark Swilling Enoch Godongwana	Gugu Mtetwa Blessing Mudavanhu Lufuno Nematswerani Letlhogonolo Noge-Tungamirai Patience Nqeto Bulelwa Ndamase	Mark Swilling Lufuno Nematswerani Letlhogonolo Noge-Tungamirai Patience Nqeto Bulelwa Ndamase	Mark Swilling Malijeng Ngqaleni Lufuno Nematswerani Letlhogonolo Noge-Tungamirai Enoch Godongwana
Executive ¹ members		Patrick Dlamini Boitumelo Mosako		Patrick Dlamini	Patrick Dlamini

	ARC	BCIC	HRNC	SEC	IDKC
BOARD COMMITTEE	AUDIT AND RISK COMMITTEE	BOARD CREDIT AND INVESTMENT COMMITTEE	HUMAN RESOURCES, REMUNERATION AND NOMINATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE	INFRASTRUCTURE DELIVERY AND KNOWLEDGE MANAGEMENT COMMITTEE
Responsibilities	Oversees the DBSA's internal control framework, reviews and evaluates the integrity of financial and other statutory reporting, financial strategy, budget, capital expenditure, treasury strategies, loan impairments, enterprise risk management processes (including ICT risks) and compliance with laws and regulations.	Reviews credit strategy, credit risk management policy and programme, trends in portfolio quality and adequacy of provision for credit losses.	Covers the implementation of the human capital strategy, the nomination of directors and remuneration for the DBSA.	Oversight of and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationship.	Oversees the implementation of the strategic mandate and infrastructure delivery programmes, as well as the policy, advisory and knowledge management function.
For further details refer to the Integrated Annual Report.	See pages 94 – 97 for the Audit and Risk Committee report.	See pages 98 – 99 for the Board Credit and Investment Committee report.	See pages 126 – 127 for the Human Resources, Remuneration and Nomination report.	See page 115 for the Social and Ethics Committee report.	See pages 107 – 108 for the Infrastructure Delivery and Knowledge Management Committee report.

¹ Chief Executive Officer is a standing member of BCIC and IDKC; and he attends other Board subcommittee meetings by invitation whilst the Chief Financial Officer is a standing member of BCIC and she attends other Board subcommittee meetings by invitation.

DBSA Executive Management Committee				
Chairman: Patrick Dlamini				
STEERING COMMITTEE	ASSET AND LIABILITY COMMITTEE	SUPPLY CHAIN MANAGEMENT COMMITTEE	INVESTMENT COMMITTEE	INFRASTRUCTURE DELIVERY AND KNOWLEDGE MANAGEMENT COMMITTEE
	Boitumelo Mosako (Chairperson)	Boitumelo Mosako (Chairperson)	Mpho Kubelo (Chairperson)	Michael Hillary (Chairperson)



Refer to pages 46 – 49 of the Annual Integrated Report for more detailed information on the DBSA's corporate governance.

ENGAGING WITH OUR STAKEHOLDERS

As a DFI with a continent wide footprint, we interact with stakeholders on a global scale. In all of its activities, the DBSA maintains open dialogue with its stakeholders. We believe that this dialogue and the development of strategic partnerships are not only fundamental sources of information but are also important for responsible corporate governance. We engage our stakeholders in the interest of long term sustainable relationships and legitimacy as a responsible and responsive corporate citizen. We have established solid relationships with strategic stakeholders to align our sustainability agenda. These relationships have provided opportunities to align business practices with societal needs and expectations to drive long term sustainability and shared values.

Forging strong partnerships and managing stakeholder relations is fundamental to our ability to create value and allows us to identify and address risks and opportunities timeously. We strive to communicate openly, transparently and in a timely manner with all our stakeholders.

The Board is responsible for ensuring that we espouse a stakeholder inclusive approach and balance the needs of material stakeholders with the best interests of maintaining a sustainable business. Our stakeholder management framework ensures that we effectively manage and balance the interests of key stakeholders across our priority sectors. The framework enhances long term sustainability and shared value by ensuring that the Bank's business practices are aligned with stakeholders expectations. In addition, the framework encourages the communication of our values, mission, strategy, commitments and implementation to our stakeholder. This approach facilitates our participation in an increasingly complex and ever-changing business environment and brings about systemic change towards sustainable development.

Based on the SDGs, the DBSA identified pertinent sustainability themes relevant to the Bank. The themes inform our response to evolving global social, economic and environmental trends and reflect issues that impact diverse stakeholder groups.

SUSTAINABILITY THEME	DBSA APPROACH	2019 HIGHLIGHTS
Supply chain	<ul style="list-style-type: none"> • Women and equal opportunity • Women's economic empowerment (cooperatives, international studies) • SMME development 	Facilitated engagement with National Treasury in respect of special dispensation to effect payments of service providers and contractors who were yet to be loaded on the National Treasury Central Supplier Database.
Giving back	<ul style="list-style-type: none"> • KZN scholar transport initiative • School principal mentorship programme • Early Childhood Development Centre upgrades 	Successful relationship with the DBE resulted in the Minister expanding the role of the Bank as an ASIDI implementing agent for a large share in the delivery of 200 schools nationwide.
Climate and environmental changes	<ul style="list-style-type: none"> • Green Fund (grant fund) management • Water reservation 	Round table engagement sessions facilitated between the Bank's water and product development specialists and the Department of Water Affairs and Sanitation to explore possibilities of the DBSA participating in a water financing facility in collaboration with the Dutch government.
Human rights, inclusion and diversity	<ul style="list-style-type: none"> • Diversity and inclusion (new markets) • IDD supplier development • IDD social/development facilitation • Education Scholarship 	DBSA's intervention with development facilitators (DFs) and investment officers (IOs) has been instrumental in forging relationships between its project partners and stakeholders.
Occupational health and safety	<ul style="list-style-type: none"> • Safety and health in project sites 	
Health and wellness	<ul style="list-style-type: none"> • Employee wellness and engagement • Food packaging • Habitat for Humanity interventions 	Over and above agreed upon capacity building interventions, consumer education has been cited as a key factor for consideration in most of the Bank's projects, particularly sanitation ones. Communities need to be educated on the impact of improper usage of facilities. For instance, foreign objects being thrown in water systems at one area of the community affects the areas downstream.

MANAGING OUR EMERGING RISKS

At the DBSA, anticipating and responding to risks and opportunities are a fundamental part of delivering on our mandate and ensuring that we deliver sustainably. The DBSA Board, which is ultimately accountable for the effective management of risks, has adopted an enterprise wide risk management framework and approach to managing risk exposures. This approach ensures that the DBSA takes a holistic view of the risks inherent in its strategy, operations and business, and that the management of risks is embedded into the mainstream planning, business and decision-making processes.



Refer to pages 37 – 45 of the Annual Integrated Report for more detailed information on our enterprise risk management.

KEY ENTERPRISE WIDE RISKS

The DBSA Board and management team continuously review the top corporate risks to ensure an appropriate understanding of the operating environment.

RISK	RISK DESCRIPTION	ASSOCIATED STRATEGIC OBJECTIVE
Changing operating environment	The risk arising from failing to respond and innovate due to a rapidly changing operating environment.	<ul style="list-style-type: none"> • Sustained growth in development impact • Integrated infrastructure solutions provider • Financial sustainability
Macroeconomic	The risk arising from challenging macroeconomic conditions impacting the DBSA's ability to achieve its strategic objectives.	<ul style="list-style-type: none"> • Sustained growth in development impact • Integrated infrastructure solutions provider • Financial sustainability
Country and political	Country risk arises from the possibility that changes in economic concentration, sovereign debt sustainability, currency exchange and convertibility, may impact adversely on the quality of the assets, or ability to continue with Bank operations in a country.	<ul style="list-style-type: none"> • Sustained growth in development impact • Financial sustainability • Provision of integrated infrastructure solutions
Sustainability	The risk of failing to remain socially, financially and environmentally sustainable.	<ul style="list-style-type: none"> • Sustained growth in development impact • Financial sustainability • Integrated infrastructure solutions provider
Credit	The risk of loss due to borrowers/clients defaulting on repayments.	<ul style="list-style-type: none"> • Sustained growth in development impact • Financial sustainability
Human capital/people	The risk of failure to recruit, develop and retain the best people.	<ul style="list-style-type: none"> • Create and maintain a high performance environment
Infrastructure implementation	The risks arising from infrastructure delivery initiatives not delivering on the expected outcomes.	<ul style="list-style-type: none"> • Provide integrated infrastructure solutions • Sustained growth in development impact
Stakeholder management	The risk of failing to align business practices with stakeholder expectations negatively impacting long term sustainability.	<ul style="list-style-type: none"> • Sustained growth in development impact • Financial sustainability • Integrated infrastructure solutions provider
Governance and conduct	The risk of unethical conduct due to failure in governance processes (internally and with regard to our clients).	<ul style="list-style-type: none"> • Continuous improvement of internal systems and processes
Developmental impact and B-BBEE	The risk of lower than expected developmental impact in projects financed and implemented.	<ul style="list-style-type: none"> • Sustained growth in development impact
Cyber	The risk arising from accidental or malicious breaches of information security, adversely impacting the DBSA and clients.	<ul style="list-style-type: none"> • Continuous improvement of internal systems and processes
Funding and liquidity	The risks arising from the chance that the DBSA will be unable to meet its obligations as they become due as a result of an inability to obtain adequate funding or liquidate assets.	<ul style="list-style-type: none"> • Sustained growth in development impact • Financial sustainability
Occupational health and safety	The risks arising from events in the workplace, especially in the implementation of the DBSA projects that result in losses of life, injuries, legal and reputational damage.	<ul style="list-style-type: none"> • Provide integrated infrastructure solutions

INVESTING IN OUR HUMAN CAPITAL

Our people are a critical driver of long term sustainability as they are instrumental in value creation.

KEY FOCUS AREAS FOR HUMAN CAPITAL

1. Building critical skills and leadership capability to drive and sustain high performance.
2. Developing and implementing a people strategy to drive sourcing, attraction, and management of talent as well as to develop a robust succession pool.
3. Embedding a diverse and inclusive workforce as a source of competitive advantage.
4. Implementing priority action plans emanating from the Culture Survey to engage and motivate the DBSA team.
5. Building human capital capability to drive effective and integrated service delivery.
6. Enabling technology to plan and execute strategies that raise productivity through proper people management and also enhance effectiveness and efficiencies within the organisation.

EMPLOYEE STATISTICS

TYPE	2019	2018	2017
Number of employees ¹	597	589	588
Employee turnover (%) ²	6	7	9
Black representation (%) ³	77	73	74
Women representation (%)	53	52	52
Total training spend excluding tertiary qualifications (millions)	23	24	15

Notes

1. Permanent and long term contractors
2. Controllable and uncontrollable turnover
3. Black = African, Coloured and Indian

INVESTING IN OUR PEOPLE

The DBSA is firmly committed to the development of its employees. It invests prudently in developing an internal skills pipeline and resourcing from the external talent base to ensure a sufficient depth of skills in development finance in order for the organisation to deliver on its mandate. At least 5% of the DBSA's guaranteed payroll is set aside for training and development of staff.

All employees are encouraged to take ownership of their development journey. Employees, together with management, are expected to complete annual individual development plans. This is to ensure that they consistently stay relevant in their field of expertise, close any skills gaps and build their careers accordingly.

In the 2018/19 financial year, the DBSA invested R30.6 million in employee skills development, employee and employees' children's education and learnerships/internships/youth development.

CATEGORY	SPEND (R'000 000)
Learnerships/internships/youth development	*5.5
Employees and employees' children's tertiary education	7.6
Employee learning and development	*17.5
Total training spend	30.6

* Total training excluding learnerships = R23 million

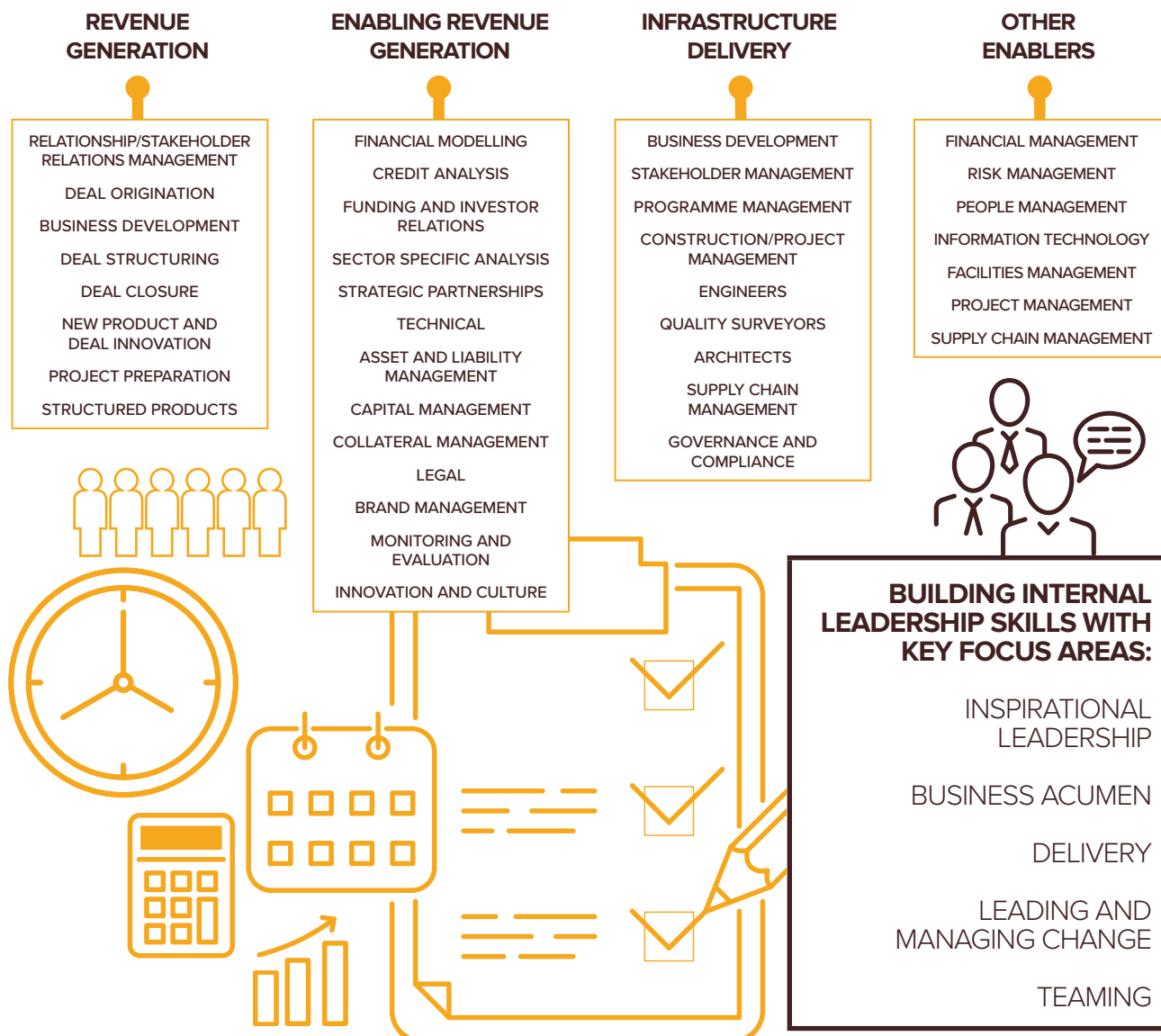
INTERNSHIP AND LEARNERSHIP PROGRAMMES

We aim to assist in addressing youth unemployment as well as to close the skills gaps through our Internship and Learnership Programmes. We have twenty unemployed youth on our Security Internship Programmes. We have thirteen learners with disabilities including eight who are deaf. A further 24 employees are also part of the Adult Education Training (AET) Learnership Programme. These programmes entail both learning and work experience components. We aim to increase our intake of learners with disabilities in the next year.

BUILDING SKILLS DEPTH WITHIN THE DBSA

In the past year, the DBSA introduced its new operating model and structure. To enable the execution of our strategy, we offer an employee value proposition that will not only attract, but also retain and motivate our employees to perform at their optimum levels.

Several initiatives are in progress to enhance and/or build internal skills. These include:



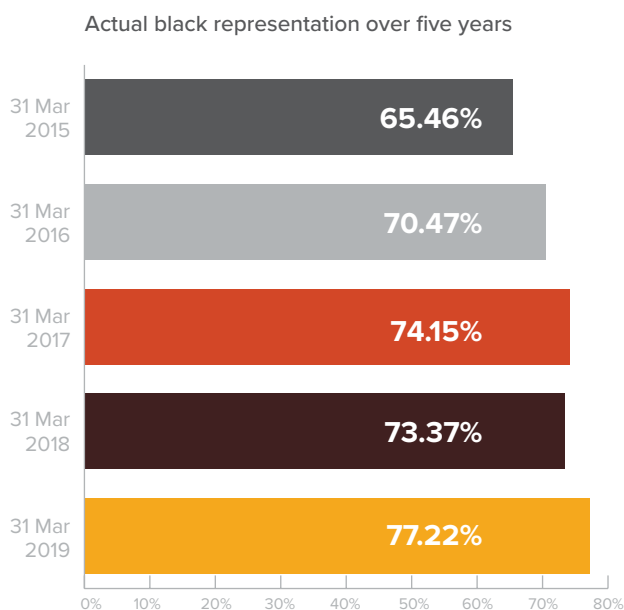
We also brought in key leadership and technical skills from external sources, i.e. information technology, deal structuring, project preparation, business development, infrastructure delivery, facilities management and human capital.

DIVERSITY, INCLUSION AND TRANSFORMATION

We are continuously striving towards promoting and maintaining a culture of inclusion to deliver successful business outcomes.

Our objective is to have a workforce that is reflective of the demographics in South Africa. Diversity and inclusion are entrenched in our policies and procedures. Our learning and development agenda allows us to improve our talent pipeline for designated groups.

Our diversity plan provides a set of qualitative targets and measures to enable the achievement of our diversity and inclusion objectives. These include removing any barriers to employment equity to promote gender equity and reasonable accommodation of people with disabilities.



Our key focus areas on diversity:

- Recruitment of professionals with disabilities
- Alignment of our policies and practices to remove any diversity barriers
- Empowering women
- Providing reasonable accommodation for persons with disabilities

THE PAN AFRICAN CAPACITY BUILDING PROGRAMME

The Pan African Capacity Building Programme (PACBP) is a skills development agency that offers targeted training and skills development for public sector African professionals. This enhances the delivery of public sector institutions' infrastructure development mandates and equips them with the skills of the future.

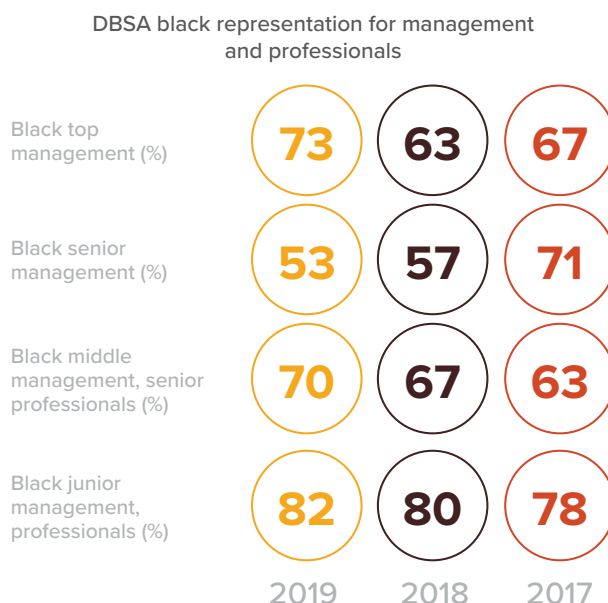
Established in 2009, the programme is co-funded by the DBSA and the Industrial Development Corporation (IDC). The DBSA is the implementing agent of the partnership initiative.

To date, the PACBP has trained well over 2000 professionals across the continent in skills ranging from Project Finance to Management Fundamentals. There have been over 400 graduates from the PACBP sponsored two year Masters Programme in Public Infrastructure Management.

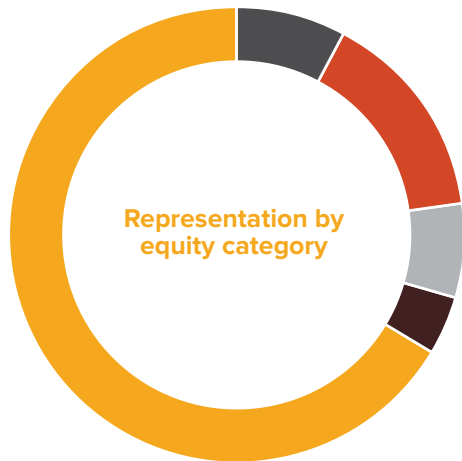
GENDER DIVERSITY

Gender diversity has been a priority for the DBSA. The DBSA has focused on programmes to build leadership bench strength within the organisation. These include its management development programme specifically for women with the Gordon Institute of Business Science and a bank-wide management development programme with Henley Business School, Africa, as well as targeted quarterly 'Leadercast' sessions. Targeted recruitment and skills development plans have been put in place to attract and develop top and senior black females for the DBSA.

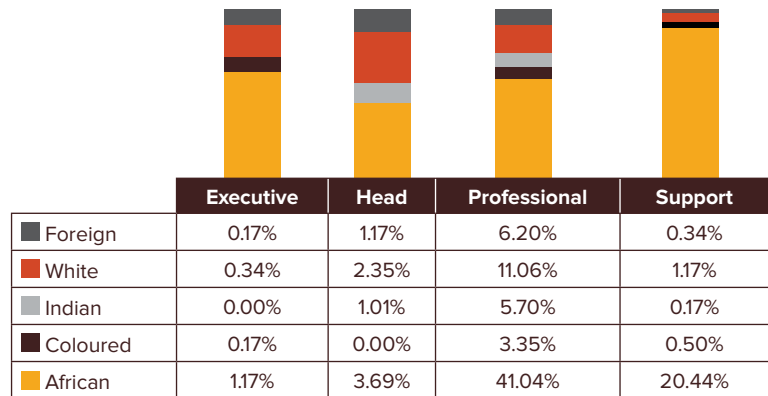
DBSA black representation over the years was as follows:



DBSA representation per equity category and job category as at 31 March 2019



DBSA representation by job category



African 66.33% Coloured 4.02% Indian 6.87% White 14.91% Foreign 7.87%

EMPLOYEE WELLBEING

The DBSA Wellness Programmes strive to remain current and relevant and also aligned to the culture of the organisation. In this way, the health and wellness needs of the DBSA's employees are appropriately addressed and managed. It helps encourage healthy behaviour among employees in both the workplace and at home. This not only improves the DBSA's financial performance, but the health and sustainability of communities in the long term. The DBSA provides employees with access to an employee wellness service provider and also has an onsite clinic for primary healthcare. The services provided are shown below:



The DBSA hosts a number of initiatives in addition to the above, for example, the Employee Wellness Week where employees are given the opportunity to conduct their key health checks as well as engage with various healthcare providers to assist them with leading a healthy life.



SUSTAINABILITY PERFORMANCE

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PLANNING AND PROJECT PREPARATION

Project preparation aims to address challenges hindering infrastructure investment in South Africa, the SADC region and further afield on the African continent in Rwanda, Kenya, Ethiopia, Ghana and Nigeria. The key challenges are the availability of bankable projects, lack of capacity, capability in capital project planning as well as limited financing. Our focus is the transport and logistics, energy, water and sanitation, and ICT sectors and in South Africa, social, education and health sectors. A key strategic objective of the DBSA's project preparation in South Africa is providing infrastructure planning to municipalities to develop a project pipeline that attracts both private and public sector funding for sustainable development.

Project preparation actively builds the DBSA's pipeline, strengthening the sustainability of the Bank.

The Bank's activities span the project preparation lifecycle including creating enabling environments, clearly defining projects, conducting pre-feasibility analyses and bankable feasibility, and deal structuring. We unlock investment opportunities through leveraging strategic partnerships and embarking on activities that ensure project bankability and ultimately, project success.

Project preparation at the DBSA focuses on four areas:

- Planning
- Programme development
- Project preparation
- Climate finance



Refer to page 25 of *Our products and services in the Annual Integrated Report* for more detail on project preparation

SUPPORTING UNDER-RESOURCED MUNICIPALITIES

Six years' highlights

- R5 billion municipal infrastructure investment in the core social sectors of water, sanitation, electricity, and roads and storm water
- 1 080 686 households benefitted from new or upgraded infrastructure through funding disbursed to under-resourced municipalities
- 336 municipal projects were completed, covering water and sanitation (bulk and reticulation), electricity (bulk and reticulation), roads and storm water
- 25 infrastructure master plans completed in 26 supported municipalities
- R1.3 billion unlocked for infrastructure development in the supported municipalities

- When the priority projects identified in the various infrastructure master plans are successfully implemented and completed, an estimated 1 647 645 households are expected to benefit from new and improved access to municipal services, while 10 364 temporary job opportunities are expected to have been created

The UN Secretary General's Synthesis Report on SDGs states that "many of the investments to achieve the Sustainable Development Goals will take place at the local government level and be led by local authorities." Local government is responsible for local planning and regulation, provision of a range of public services and infrastructure investment and maintenance.

In South Africa, the majority of municipalities suffer from large gaps in public services and basic infrastructure critical for sustainable development. Filling the gaps demands robust planning and investment. Evidence indicates that municipalities can contribute significantly to development by raising resources, making public investments, and managing service delivery, advancing both local and national goals. Efforts to improve local government finance are often inadequate and piecemeal. More focus is needed for integrated resourcing and improving results.

In the last six years, local government has been impacted by inherited capacity surpluses in core infrastructure that have largely been consumed, causing service delivery downtime and increased maintenance costs that lead to growing total cost of ownership. The revenue operational cycle is an ongoing challenge, with the supply side costs increasing on a continuous basis. There has been exponential growth in municipalities' debt burden from bulk service providers such as Eskom and the water boards. Electricity and water bulk supply is not keeping up with demand as there is a growing gap between completed bulk service capacity and reticulation. This is caused by a misalignment between Department of Water and Sanitation (DWS) bulk plans and municipal reticulation plans. Overall, financial and economic sustainability of local government institutions has reached critical proportions.

DBSA six year operational overview

In the past six years, the DBSA's strategy to local government support centred on building the capacity of local government to plan, manage, implement and account for the results of the Bank's various interventions. We have focused on integrating financing and non-financing support activities to achieve strong overall development impact. The Bank provided long term planning support to reduce the 'planning to execution' cycle, and supported municipalities to identify and prepare infrastructure projects.

The DBSA provided implementation support to municipalities to ensure that client municipalities spend the money provided by the Bank effectively. Implementation and advisory support, as well as monitoring services ensure that projects are completed on time and on budget, and development results not only are achieved but reported on as well.

Six year disbursements' overview

Access to loans from capital markets is only an option for a few larger cities and metropolitan governments. The majority of smaller and under-resourced municipalities are not creditworthy and need support to build capacity, develop financing strategies and access finance. The challenge is always to improve access to development finance for smaller and under-resourced municipalities, and to 'graduate' these municipalities from grants and subsidised loans to a greater

use of capital markets. This requires some harmonisation of the processes used for grant and loan mechanisms. The borrowing framework for municipalities has enhanced smaller and under-resourced municipalities' access to loans by pledging future infrastructure grants. Since 2011, the DBSA has been the largest player in lending to smaller and under-resourced municipalities through the pledging of future grants. These modest loans begin to build capacity and a trajectory towards creditworthiness and potential sustainability.

In the past six years, the DBSA has disbursed approximately R5 billion to intermediate cities and under-resourced municipalities. Of this, R4.3 billion (67%) was disbursed as long term loans based on the strength of the balance sheet of the municipalities, and R1.4 billion (33%) as short term loans based on municipalities pledging their future infrastructure grants. The breakdown of the funding is summarised in figures 1 and 2 below.

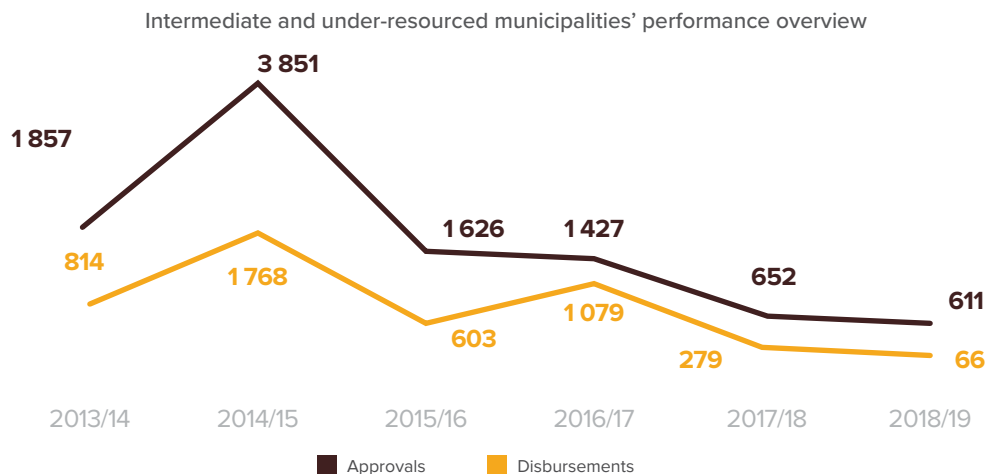


Figure 1: Approvals and disbursements to intermediate cities and under-resourced municipalities

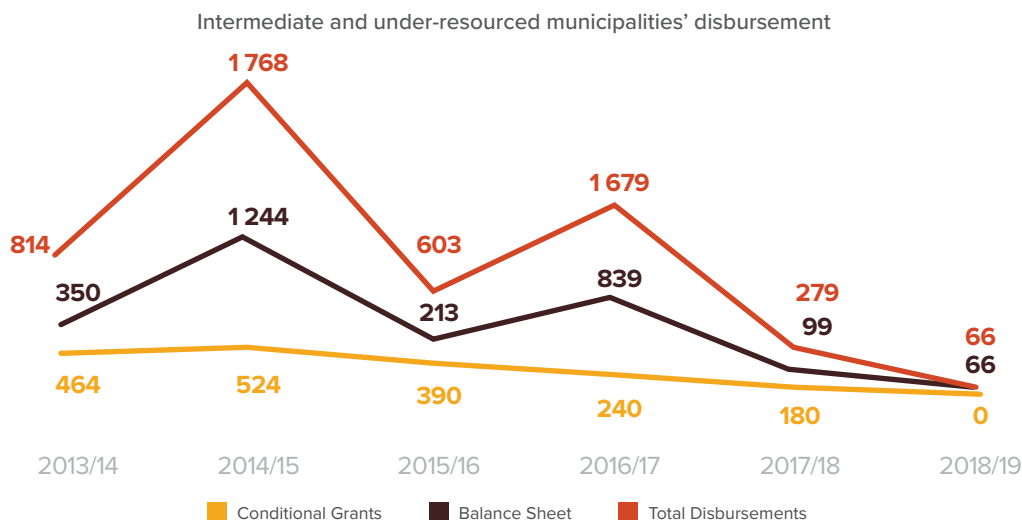


Figure 2: Disbursements to intermediate cities and under-resourced municipalities – Pledging of Conditional Grants vs Balance Sheet


During the period, loans were extended to 55 municipalities, excluding metropolitan municipalities. Of these, 17 under-resourced municipalities pledged their future infrastructure grants. Pledging has served as a credit guarantee to lenders. The practice of pledging future grants as credit enhancement has increased the number of municipalities entering the debt market, as a result of improving their creditworthiness. Pledging also reduces the cost of borrowing for municipalities that were already participating in the market.

Development results

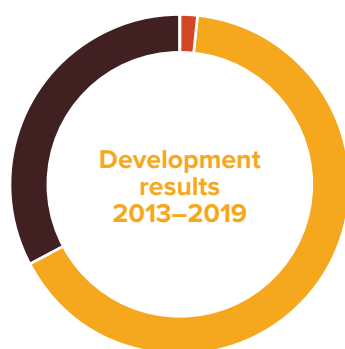
Linked to lending activities

In the past six years, about 336 municipal projects funded by the DBSA have been completed in under-resourced municipalities. Over a million households have benefitted from new and improved water and sanitation, and electricity connections. 43km of municipal roads were tarred. 17 755 temporary jobs were created. The water and sanitation sector benefitted the most, consistent with the level of backlogs in the country.

Development results 2013–2019

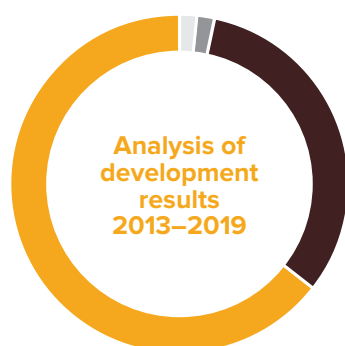


	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Total
No. of projects completed	139	96	68	17	6	10	336
No. of households benefitting – water and sanitation	55 191	71 387	63 242	38 347	1 615	425 000	654 782
No. of households benefitting – electricity	70 500	17 066	19 667	182 727	944	35 000	325 904
Roads (km) covered	12	2.7	1.2	19.1	–	8	43
Temporary jobs created	4 649	6 593	5 240	1 178	95	–	17 755



- No. of households benefitting – water and sanitation: 654 782
- No. of households benefitting – electricity: 325 904
- Temporary jobs created: 17 755
- No. of projects completed: 336
- Roads (km) covered: 43

Figure 3: development results 2013–2019



- No. of households benefitting – water and sanitation: 65.56%
- No. of households benefitting – electricity: 32.63%
- Temporary jobs created: 0.03%
- No. of projects completed: 0.89%
- Roads (km): 0.89%

Figure 4: Analysis of development results

Linked to non-lending activities

Non-lending support services were provided to 26 under-resourced municipalities, in the past six years. The non-lending support was primarily in the area of infrastructure planning with a focus on the development of medium to long term infrastructure master plans. A summary of the non-lending support provided is presented in the table below.

Summary of non-lending (infrastructure planning) support provided to under-resourced municipalities in the past six years

#	Province	Number of municipalities supported	Number of infrastructure master plans completed to date	Value of infrastructure unlocked to date (funds catalysed) (rands)	# of households to benefit from identified priority projects	Est. Number of jobs to be created
1	KwaZulu-Natal	10	11	R834 million	571 394	2 736
2	Gauteng	1	–	–	79 834	500
3	Limpopo	2	3	–	401 290	2 500
4	Free State	1	1	R120.5 million	13 969	98
5	Mpumalanga	1	2	R5.0 million	24 270	30
6	Northern Cape	3	3	–	72 311	1 000
7	North West	2	2	–	29 120	500
8	Eastern Cape	2	1	R284 million	362 690	2 000
9	Western Cape	4	3	R22.45 million	92 777	1 000
	Total	26	26	R1 265.95 million	1 647 645	10 364

STUDENT HOUSING INFRASTRUCTURE PROGRAMME (SHIP)

The Department of Higher Education and Training (DHET) has prioritised the acceleration of the rollout of much needed student housing infrastructure in the public higher education sector. Students, particularly those attending previously disadvantaged institutions, are living in poor and unsafe conditions located in dismal parts of downtown metropolitan areas, informal settlements or areas that are a great distance from their campuses. Some on-campus residences are overcrowded and dilapidated. These conditions hamper students' ability to succeed academically, which has far reaching consequences.

The objective of the Student Housing Infrastructure Programme (SHIP) is to address the acute backlog of student housing across the South African higher education sector through the following initiatives:

- Support and implement a funding model underpinned by National Student Financial Aid Schemes (NSFAS) allocations to students for housing (meals and rent)
- Catalyse private sector investment into the sector
- Standardise the procurement method and building standards of student housing infrastructure, to lower transaction and building costs

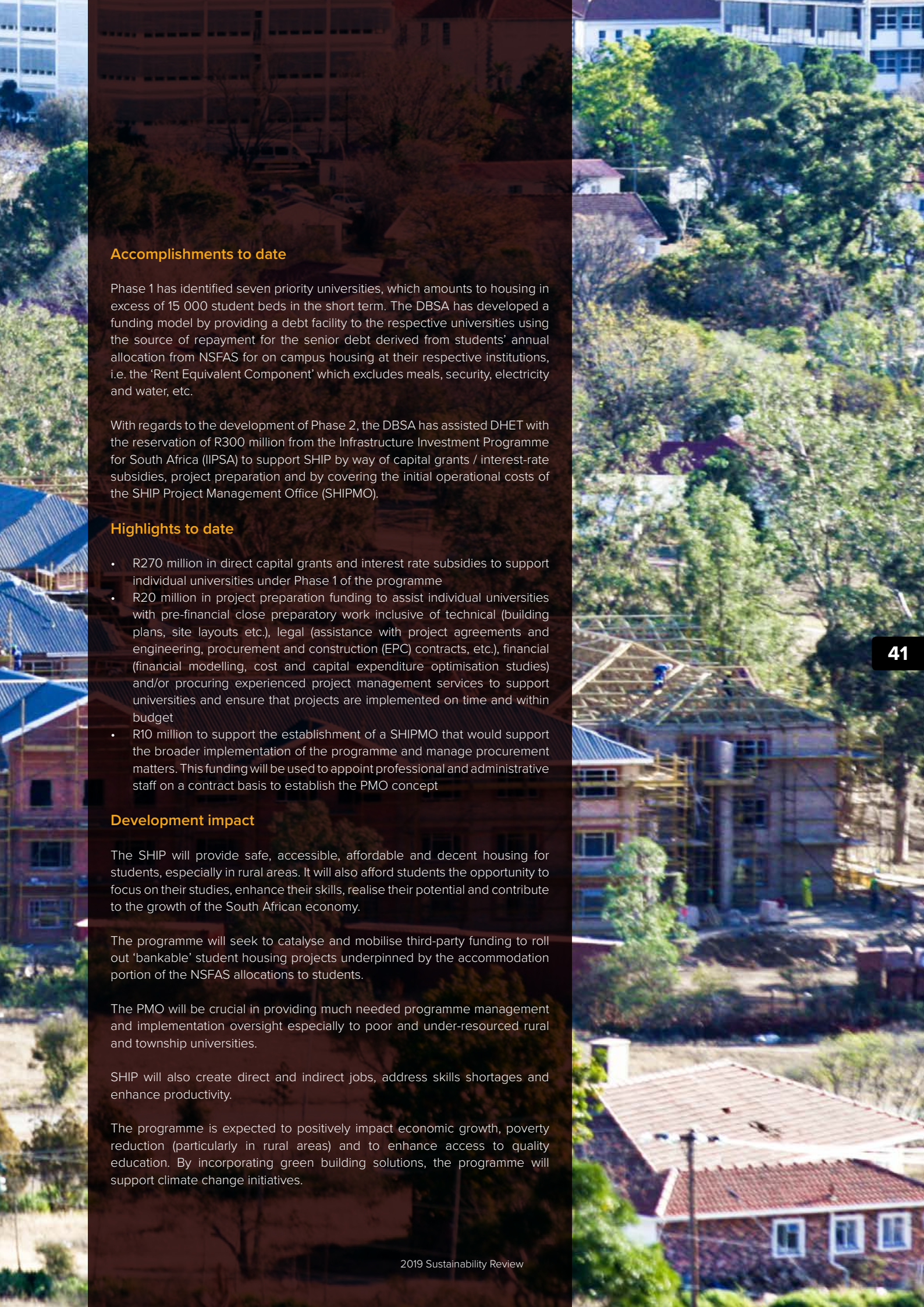
To achieve the successful rollout of this infrastructure, DHET, in partnership with the DBSA, has developed a programmatic approach for SHIP commencing with Phases 1 and 2:

- **Phase 1:** Supporting seven priority universities with their immediate student housing needs via a contractual 'on balance sheet' funding model supported by a credit enhancement structure using student bursary allocations from NSFAS
- **Phase 2:** Replicating the successful rollout of student housing infrastructure across the remaining universities. This will consist of the establishment of a PMO to provide much needed project management and implementation oversight especially to poor and under-resourced rural universities over a ten-year period. A further component of Phase 2 will involve the development of a funding platform/structure aimed at mobilising (leveraging and catalysing) funding from other potential funders and at supporting subsequent phases of DHET's long term student housing infrastructure rollout programme for the public higher education sector.

A programmatic approach allows for the standardisation of procurement documents and a transparent procurement process. Standardisation will allow for faster procurement in the market due to players becoming familiar with the standardised set of procurement documents.

This ultimately results in reduced transaction costs. A further benefit of a programmatic approach allows for transparency and certainty. These are key ingredients that encourage the private sector to invest time and resources to bid on the projects. It also provides private sector funders with the comfort that a robust procurement process will ensure best value for money.





Accomplishments to date

Phase 1 has identified seven priority universities, which amounts to housing in excess of 15 000 student beds in the short term. The DBSA has developed a funding model by providing a debt facility to the respective universities using the source of repayment for the senior debt derived from students' annual allocation from NSFAS for on campus housing at their respective institutions, i.e. the 'Rent Equivalent Component' which excludes meals, security, electricity and water, etc.

With regards to the development of Phase 2, the DBSA has assisted DHET with the reservation of R300 million from the Infrastructure Investment Programme for South Africa (IIPSA) to support SHIP by way of capital grants / interest-rate subsidies, project preparation and by covering the initial operational costs of the SHIP Project Management Office (SHIPMO).

Highlights to date

- R270 million in direct capital grants and interest rate subsidies to support individual universities under Phase 1 of the programme
- R20 million in project preparation funding to assist individual universities with pre-financial close preparatory work inclusive of technical (building plans, site layouts etc.), legal (assistance with project agreements and engineering, procurement and construction (EPC) contracts, etc.), financial (financial modelling, cost and capital expenditure optimisation studies) and/or procuring experienced project management services to support universities and ensure that projects are implemented on time and within budget
- R10 million to support the establishment of a SHIPMO that would support the broader implementation of the programme and manage procurement matters. This funding will be used to appoint professional and administrative staff on a contract basis to establish the PMO concept

Development impact

The SHIP will provide safe, accessible, affordable and decent housing for students, especially in rural areas. It will also afford students the opportunity to focus on their studies, enhance their skills, realise their potential and contribute to the growth of the South African economy.

The programme will seek to catalyse and mobilise third-party funding to roll out 'bankable' student housing projects underpinned by the accommodation portion of the NSFAS allocations to students.

The PMO will be crucial in providing much needed programme management and implementation oversight especially to poor and under-resourced rural and township universities.

SHIP will also create direct and indirect jobs, address skills shortages and enhance productivity.

The programme is expected to positively impact economic growth, poverty reduction (particularly in rural areas) and to enhance access to quality education. By incorporating green building solutions, the programme will support climate change initiatives.

INFRASTRUCTURE FINANCING

INFRASTRUCTURE FINANCING

To maximise effectiveness and efficiency in providing infrastructure financing, the Bank operates through two teams, namely, the Coverage and Transacting teams.

Coverage

Coverage drives increasing investments in infrastructure by building a robust and diversified project pipeline. The Division manages the client relationship and is responsible for project origination. In support of the strategy, the Division seeks to crowd-in third-party funding to achieve development impact, and unlock the DBSA's targeted R100 billion of infrastructure development. To enhance the Bank's catalytic function, Coverage provides a range of commercially viable infrastructure related products and services that promote economic growth and regional integration. In addition, the division provides specialised municipal services to potential borrowers aimed at improving solvency and long term financial strategies for targeted municipalities. These include non-financial investments made through advisory work done by delivering expertise in municipality financial improvements and asset care of municipal assets.

The Coverage Division drives the Revenue Enhancement Programme, which is a response to the shareholder directive that the DBSA should play a role in setting programmes to improve the creditworthiness of municipalities. The aim is to strengthen the municipalities for them to participate in the capital markets' space. Municipalities are taking measures that solve their revenue management challenges and seek to create opportunities for new revenue bases. However, most of these solutions are technology driven and few, if any, focus on the performance of infrastructure and creating new revenue bases.

The Coverage Division continues to ensure that through its client centric nature it is able to deliver best practice solutions and improved financial disbursement to deepen development impact. The strong governance framework within the Bank has played an enabling role in ensuring this achievement is realised.

Transacting

Transacting is responsible for performing due diligence on infrastructure projects to ensure that we meet the DBSA's development, social, environmental and economic lending requirements. As part of the due diligence process, Transacting ensures that the project will not only be financially viable, but it will also have robust socioeconomic impact, ultimately uplifting the standard of living of communities. We take pride in the ultimate value creation we deliver. We do this within the acceptable levels of our risk appetite for investments as well as maintaining a tolerable level on non-performing loans for long term sustainability.

ENERGY SECTOR

South Africa's energy challenges are marked by under investment in new generation and in the maintenance of existing assets. The Integrated Resource Plan (IRP) provides a long term plan for electricity generation for the country. In 2003, the government resolved to introduce private sector participation in the energy sector through the independent power producer (IPP) programmes. A further resolution, in 2007, adopted the single buyer model and designated Eskom as the single buyer.

The DBSA has contributed to transforming the energy sector and has added the much needed clean energy supply into the national grid for the benefit of all South African citizens. The Bank has played a key role as a funder in the various projects under the Renewable Energy Independent Power Producer Procurement Programme (REIPPP), including enabling B-BBEE parties and local community trusts to 'own' the projects.

Renewable energy

The REIPPP was officially launched in 2011 with the release of the request for proposals (RFP) for Round 1. To date, 6 422 MW from 112 IPPs have been procured. Sixty-three of these projects are currently delivering 3 876 MW of renewable energy into the grid. Implementation agreements for 27 projects from Round 3.5 and 4 were signed in April 2018.

These projects are currently under construction and will add a further 2 300 MW of clean energy into the grid within the next 12–24 months upon reaching commercial operation.

From inception, the DBSA has played a fundamental role in the IPP programmes through the Memorandum of Agreement signed with the Department of Energy (DOE), the National Treasury and the DBSA in November 2010. Our role has included supporting the DOE with setting up the framework for allowing private sector participation in power generation; establishing the IPP office which acts as the designated implementation agency of the various programmes; and providing the Bank's corporate infrastructure to support the IPP Office, including appointment of the IPP Office staff and procurement of transaction advisors. The DBSA provided debt to support the projects and assisted B-BBEE parties and local communities in securing their equity participation in the projects. The Bank also provided project preparation funding to enable previously disadvantaged parties to complete project development.

The total value of REIPPPP projects procured by the country to date is approximately R200 billion. We have been involved in all bid windows and have supported 33 projects and committed R17 billion. The Bank's support has been in the form of senior debt, mezzanine funding, B-BBEE funding and local community funding. The REIPPP has made a significant contribution in the growth of our energy loan portfolio.

In addition to REIPPP, the DBSA, in support of black empowerment parties, has played an instrumental role in addressing market failure under the Small IPP Programme (SIPPP). The Bank has secured grant and concessionary funding from the IPISA and Global Environmental Facility (GEF), respectively.

The DBSA intends to blend this funding with commercial funding and offer this facility to all preferred bidders under SIPPP. It is clear that the REIPPP has been a success in terms of creating an enabling framework and environment for attracting substantial private sector expertise and investment into the energy sector. In addition, the competitive bidding process has seen a significant drop in tariffs from Round 1 to Round 4. Tariffs are expected to drop even further as technology costs decrease. The latest draft of the IRP shows an allocation of 6 000 MW and 14 400 MW for PV and wind, respectively. The DBSA will continue to play a key role in support of the REIPPP as the programme not only addresses the impact of climate change but is also a game changer in terms of socioeconomic development and is a sustainable solution for addressing the high unemployment rate, inequality and poverty.

Other IPP programmes

As the DOE seeks to balance the energy mix, the IRP will inform the quality of Mega Watt (MW) to be procured by government from IPPs going forward. The draft IRP currently shows the following allocations:

- 1 500 MW for coal
- 1 824 MW for nuclear, which is the Koeberg plant life extension in/to 2024
- 2 088 MW for storage
- 300 MW for gas/diesel
- 4 000 MW for distributed generation

South Africa does not have IPP power generation capacity utilising gas as the primary fuel. The two 1 005 MW peaking power IPP plants, Avon and Dedisa, are the only diesel Open Cycle Gas Turbine (OCGT) generation capacity in the country. The DBSA provided support of approximately R2 billion to the peaking plants in the form of senior debt, empowerment financing to the BEE parties and local communities for their equity participation in the projects and construction guarantees. These projects are fully operational.

Based on the draft IRP, the DBSA will continue to play a catalytic role in supporting renewable energy and IPP programmes. The Bank will also leverage the experience gained in pursuing opportunities in Sub-Saharan Africa and share knowledge with other regional DFIs active in infrastructure development.

SADC and non-SADC

The DBSA is committed to playing a critical role in accelerating sustainable socioeconomic development through providing infrastructure financing solutions to unlock regional integration. The Bank invests in infrastructure that provides key services

affecting development in the SADC region. Improving regional development and integration builds African markets and supports economic growth. Additional support provided in the region includes project planning and development, advocacy and partnership building for resource mobilisation.

SADC – Angola Lauca Hydro Power Plant

The DBSA partnered with the Deutsche Bank in the USD4 billion sovereign loan to the Ministry of Finance in Angola for the development of the 2 070 MW Lauca Hydroelectric Power Station. The Angolan Ministry of Finance mandated Banco Nacional de Desenvolvimento Economico e Social (BNDES) (the Brazilian Development Bank) and Deutsche Bank as lead arrangers. The DBSA is funding USD70 million of the project for the supply, installation and commissioning of the electromechanical plant (turbines, transformers, etc.). The project represents Angola's most important hydroelectric facility in an expansion programme that will add about 5 610 MW, to the existing 1 254 MW of additional capacity by 2020. The Kwanza River, downstream from the existing Capanda Hydropower Plant (580 MW), has the potential of 7 000 MW with four power plants planned for development along the Kwanza River Basin.

The EPC contract was awarded one of the four largest construction companies in Brazil, on a turnkey basis. The EPC contract was signed on 15 April 2013 and work started on 30 July 2013. The project was divided into three phases:

- The first phase was the Kwanza River Diversion, 2 x 800 m tunnels and control structures;
- The second phase covers the main civil works, including the construction of the following structures: RCC Dam, water intake, tunnels and penstocks, main powerhouse (2 004 KW), ecoflow powerhouse (65.5 MW), access roads and service tunnels, 400 kV and 200 kV substations, discharge channel; and
- The third phase was to comprehend the supply, installation and commissioning of the electromechanical plant.

The project is in line with the DBSA's mandate and the Coverage Division's strategy to support infrastructure projects in the energy, transport and water sectors in the SADC region.¹ In particular, the project meets the DBSA's objective of supporting African governments in the development of key infrastructure assets to enhance and promote regional integration. The project has many and varied benefits, in terms of its development impact, for the local communities in Angola and for the region, including the following:

- Increased electricity
- Long term economic growth of the country
- Infrastructure development in and around the project site
- Employment creation

On strategic partnerships, the DBSA became a partner and signatory to the Framework Agreement on Financial Cooperation within the BRICS Interbank Cooperation



Ghana Airports Company

Mechanism, on 13 April 2011 in China. The framework was signed with Banco Nacional de Desenvolvimento Economico e Social (BNDES), the State Cooperation Bank for Development and Foreign Economic Affairs (Vnesheconombank-Russia), Export-Import Bank of India, and the China Development Bank. The objective of the agreement is to strengthen and develop long term partnerships and relationships among the BRICS institutions and, in the process, develop good trade and economic relations between these financial institutions.

Under the Framework, the BRICS Development Banks signed the Multilateral Co-financing Agreement for Africa on 27 March 2013 in Durban, South Africa with the objective of promoting the development and co-financing of projects of mutual interest on the African continent. According to Article 1 of the BRICS Banks' Agreement, the institutions must attempt to enter into bilateral partnerships and cooperation "...to explore the structuring and co-financing of projects of mutual interest." BNDES is the largest lender in the Angolan Lauca Hydro Power project. To enhance the BRICS partnership cooperation and in co-financing of projects, the DBSA utilised the Angolan situation as an opportunity to build its relationship with BNDES and, in the process, explore other project opportunities that DBSA and BNDES can co-finance in the future in pursuit of their respective mandates.

Non-SADC – Ghana Airports Company Capex Programme

The DBSA was invited by the Mandated Lead Arranger (MLA), EcoBank Capital (EcoBank) to participate in the fifteen year multi-tranche USD400 million senior debt financing of the Ghana Airports Company Limited (GACL). GACL is a state-owned company in charge of the operation and management

of Ghanaian airports, and is in the process of raising funding for its capex programme in Ghana. The purpose of the capex programme is to refurbish and expand various airports across Ghana, but particularly the Kotoka International Airport (KIA) in Accra, which is the gateway to the country for a growing international visitor complement.

The total capex programme consists of the following projects:

- Kotoka International Airport: construction of a new terminal building (terminal 3)
- Kumasi Airport: construction of a new terminal building, air traffic control tower and fire station, and extension of runway
- Tamale Airport: construction of modern terminal building (to position Tamale as an alternative international airport to KIA, particularly for the ECOWAS region) extension of runway, construction of apron for Code C aircraft, installation of aeronautical ground lighting
- Ho Airport: construction of new terminal building, a new runway with three parking stands for Code C aircraft, and construction of air traffic control building
- Wa Airport: conversion of part of existing building into terminal building

The transaction was split into two tranches: Tranche I is a commercial bank tranche of USD250 million with a seven year tenor (inclusive of a 2-year capital grace period) and a margin of 8.0% above 3-month LIBOR. The legal documents for tranche I were signed in June 2015, with the participation of the Africa Finance Corporation (AFC), Barclays Bank Ghana, EcoBank, Ghana International Bank, Nedbank London, Qatar National Bank, Standard Chartered Bank and UT Bank. The client negotiated that this tranche would not attract any penalties, should it not be fully drawn, thus allowing them flexibility to increase the quantum of the DFI tranche, which has a longer tenor.



Tranche II, in which the DBSA participated, is a DFI tranche of USD150 million with a client preferred tenor of fifteen years (inclusive of a 5-year capital grace period). The long grace period was meant to avoid pressure on GACL's cash flows during the early years of the loan. Expressions of Interest (project participation) in Tranche II were received from the African Development Bank, Agence Française de Développement, and from the DBSA.

GACL's capabilities were bolstered by the collaboration and partnership with the Airports Company of South Africa (ACSA). On 29 April 2014, GACL and ACSA entered into an agreement under a Memorandum of Understanding, by which ACSA was to provide GACL with airport management and technical support services for a period of five years. The rationale for GACL's entering into the partnership arrangement with ACSA was to leverage off ACSA's technical and managerial skills to position itself as the leader in the business of airport operations in the ECOWAS sub-region on the continent. This augurs well for the forging of the DBSA's strategic partnerships through South Africa Incorporated's (SA Inc.'s) participation in the development of infrastructure in Africa.

The project is an expansion of existing facilities and existing functional infrastructure in the country. Road infrastructure with new transport routes was considered for the KIA airport to ease congestion. The airport was considered a strategic node by government from a security perspective. Given this, the power challenges facing the country did not extend to the airports. The DBSA's exposure in Ghana shows the Bank's commitment to the development of infrastructure in that country. The government of Ghana, through GACL is looking to develop airport infrastructure for numerous developmental reasons, including:

- To attract foreign investment and foreign spending into the country, by facilitating the easy movement of travellers around the country;

- To position Ghana as an air transport hub for the ECOWAS sub-region, by transforming itself into a world-class operator and manager of airports;
- To develop Tamale as a domestic and regional trading hub, given its proximity to the landlocked countries of the Sahelian region; and
- To develop Kumasi as a secondary business capital alongside Accra by increasing the capacity of the Kumasi Airport to accommodate an increased frequency of flights to KIA.

Non-SADC – Ghana Cenpower Generation Company

Cenpower Generation Company is a Ghanaian company established to develop, construct and operate a 350 MW combined cycle power generation plant, capable of operating on both liquid fuel and natural gas. Project sponsors were the AFC (46%), Cenpower Holding Company Limited (14%), InfraCo Sub-Saharan Infrastructure Fund Ltd (10%) and Sumitomo Corporation (Sumitomo) (30%). The EPC contractor was Group Five, a South African company – a good demonstration of a SA Inc. partnership on the continent.

The total project value was USD891.3 million and the DBSA provided debt finance of up to USD53 million split into USD29 million for capex (USD28.816 million exposure) and USD24 million for the fuel facility (USD7.907 million exposure). The total debt requirement was USD654.4 million. The DBSA's proposed country limit for Ghana was at R8 870 million with an annual limit of R3 548 million. At the time, the DBSA had no exposure in Ghana. Therefore, the approval of the proposed country limit and annual limit provided sufficient headroom to accommodate the Cenpower Kpone IPP project value of ZAR666 million (USD60 million).³

The sponsors conducted an open international tender for the EPC contractor. Expressions of interest were received from 25 companies. Only seven of these contractors were invited to provide detailed bids. Group Five of South Africa was finally selected in October 2012 as the EPC contractor.

The project was important for the DBSA for the following reasons:

- The project was part of the strategic plan of the Ghanaian government to grow the economy.
- The project provides reliable low cost energy to the economic hub of the country.
- There was significant South African content in the project.
- Electricity is one of the key components for economic growth.
- Infrastructure projects of this nature create new employment opportunities.

In respect to development impact and project bankability, the Cenpower project has many and varied benefits for the country, local communities, and the region. These include, inter alia:

- Unleashing of natural resources of the country;
- Long term economic growth of the country;
- Through the project, increased access to energy related services;
- Infrastructure development in and around the project site, for example, in the case of this project, an access road is to be constructed; and
- Employment creation – mainly during the construction phase of the project (1000) in the case of Kpone, and sustained employment during the operation phase (40–50).

The project was technically viable using proven technology with multi-fuel turbines providing various options for fuel supply. Contingencies of 5% of the EPC price had been built into the project, which the lenders' technical advisor (LTA) considered suitable. The LTA benchmarked the total operating and maintenance costs against similar projects on a 'per kW' of capacity and a 'percentage of EPC cost' basis. These suggested that the costs were generally in line with other projects with typical costs in the region of 3% of construction costs or USD40 per kW.

Due to the significant contribution that the Cenpower Kpone IPP project would make to the economy of Ghana and the positive development spin-offs that would be realised both during the construction and operational life of the power plant, it was recommended that the Investment Committee approve the DBSA debt finance of up to USD60 million to the Cenpower Kpone IPP.

SADC – Zambia road infrastructure rehabilitation programme

The Zambian government's Road Development Agency and the National Road Fund Agency (NRFA) embarked on a road

infrastructure project, which encompasses the rehabilitation and upgrading of eight existing roads across the country, which will open trade corridors. The DBSA participated as a principal lender of record for the whole programme, estimated at USD352 million. However, only five roads had the requisite feasibility studies and indicated significant linkage with the national and international corridors.

Three of the roads (Senanga–Sesheke, Kabombo–Chavuma and Kalulushi–Lufwanyama) form part of the Trans-African Highways programme route stretching from Cape Town to the DRC's Katanga Province and onwards to Kinshasa. These roads link up as part of the Western Corridor in Zambia connecting the new western Copperbelt area with the DRC, Namibia, Angola and Botswana. The rehabilitation of the Western Corridor will fit into the wider corridor network programme for the SADC region. The DBSA focused on the following priority roads:

Senanga–Sesheke

This road forms part of a strategically important regional link as a shorter route (Western Corridor) from the copper producing region of Zambia around Kitwe up to the DRC in the north, Botswana and Namibia to the south and Angola to the west.

Kabombo–Chavuma

The road connects Zambia to the Angolan border and from there to the city of Luanda, forming part of the Luanda to Nacala Development Corridor.

Kalulushi–Lufwanyama

This road links the Copperbelt and the north-western provinces to the Western Corridor of Zambia. This route will ensure the efficient transportation of copper and other bulk commodities to and from the Walvis Bay Corridor.

Chipata–Lundazi

This road lies within the Nacala Development Corridor (Great East Road) and is part of the internal Zambian link between the Mtwara and Nacala Development Corridors. The road is an essential element of infrastructure required to exploit the area's agricultural, mining, commercial and tourism activities. It also forms an extension link to the current Lusaka–Chipata corridor road.

Mumbwa–Landless Corner

This national road serves as a bypass road for Lusaka, easing congestion traffic from western to northern Zambia and shortening the travel distance by 108 km. Along the road corridor there are a number of agricultural developments, including 26 large-scale commercial farming activities, over 3 500 emergent farmers, and 30 000 small-scale farmers. Tourism, mining, fisheries and forestry also contribute significantly to the local economy.

The transaction structure involves the NRFA as the borrower and the Ministry of Finance as the guarantor. The proposed loan to the NRFA is a sovereign risk loan as through the annual national budgetary allocations, the government has provided



Zambian National Road Fund Agency Project

specific funds for the road programme's debt service and the road maintenance budget. A debt service account (DSA) shall be prefunded with a minimum amount equal to twice the debt service. The loan is for 20 years and remains the largest loan to an obligor outside of South Africa.

The road rehabilitation programme falls within the scope of the DBSA's mandate and policy guidelines relating to transportation infrastructure. The Bank is also a key participant in leveraging transport infrastructure to link the regional transport corridors for easy accessibility and economic development.

Development impact

- Improvement of internal accessibility of established areas of economic activity and connection of Zambia to the SADC development corridors, which will open up regional markets
- Promotion of Zambian contractors
- Reduction of environmental and health risks
- Job creation and poverty alleviation
- Private sector economic development enabler in agriculture, mining, tourism, education and health
- Increased government tax revenues
- Linkage to regional transport corridors, hence the opening up of local and regional markets

SADC's rail network system

The Southern African Railways Association's (SARA) strategic plan 2018–2022 outlines the SADC railway industry's commitment to increasing the railway market share of surface freight transportation to at least 40% by 2022 from the current 15%.

The DBSA has partnered with SARA to undertake the identification, preparation, financing and implementation of railway infrastructure and rolling stock projects within the SADC region, as well as the sharing of information, skills, knowledge, expertise and systems. SARA and the DBSA have identified capacity building, financing and the development of an integrated regional railway masterplan as critical to integrating the region.

Sub-Saharan Africa is constrained by underdeveloped and inadequate transport infrastructure, which has a direct impact on social and economic growth and trade facilitation. This hinders regional integration, which is key for shared prosperity. One of the focus areas within the transport sector is the transformation of the regional rail industry by improving and stabilising the movement of in-country and cross-border freight and bulk rail traffic through efficient and effective ports and locomotive networks.

Over the past five years, we have invested in over 500 km of rail infrastructure across the SADC region, supported by our experience and expertise in developing, delivering and managing integrated infrastructure development and rolling stock solutions which includes:

- Project planning, such as the development of regional masterplans;
- Identification and preparation of projects for lending;
- Financing opportunities, which include debt, mezzanine finance and limited non-resource lending;
- Capacity building by financing the training requirements of SARA members in railway skills;
- Building through managing the design and construction of the project; and
- Maintenance and support of infrastructure projects.



BUILDING AND MAINTENANCE IMPLEMENTED BY INFRASTRUCTURE DELIVERY DIVISION

The Infrastructure Delivery Division (IDD) of the DBSA was established in 2013 to support infrastructure projects across all spheres of government, with a particular view to accelerating planned infrastructure development, supporting job creation, advancing the green economy and ensuring the delivery of value-for-money infrastructure. The IDD exists to complement the capacity of the state to deliver social and economic infrastructure. The gradual growth of our project portfolio has been driven by an institutional gap in the market and the need to address infrastructure backlogs, combined with our growing reputation as an efficient and effective implementing agent.

The DBSA's IDD is an implementing agent of excellence that augments the capacity of the state to deliver infrastructure by:

- Providing efficient and effective planning and procurement to enable accelerated programme/project initiation and execution;
- Providing client centric infrastructure delivery, including planning, design, construction and maintenance solutions through a multidisciplinary team of professionals and technical specialists; and
- Exercising effective project controls, monitoring and reporting in line with applicable norms and standards

Through our partnerships with national, provincial and local government, IDD has built new, and refurbished existing, schools infrastructure, refurbished clinics, refurbished industrial parks and township business hubs, rehabilitated roads, water reticulation networks, built new housing units, rehabilitated municipal urban spaces and parks, refurbished state buildings and many more infrastructure delivery activities.

REFURBISHING SCHOOLS INFRASTRUCTURE

The Eastern Cape Department of Education (EC DOE) appointed the DBSA in October 2015 to be one of the implementing agents for their Accelerated Schools Infrastructure Delivery Programme (ASIDP). This agreement mandated the DBSA through its IDD to support the EC DOE with the planning, packaging, design and construction of schools infrastructure in the Eastern Cape bringing the identified schools to comply with the schools infrastructure norms and standards set by the Department of Basic Education (DBE).

The scope of work included:

- full service of identified schools' minor upgrades;
- fencing;
- electrification;
- realignment with school grading requirements;
- recapitalisation for technical workshops; and
- hostel upgrades and construction of classrooms.

Since 2015, the IDD has completed school maintenance and refurbishment of 95 projects on behalf of EC DOE valued at R938 million.

These projects have created at least 2 524 employment opportunities for local labour and further created economic opportunities for at least 165 SMMEs and subcontractors, over four years. In recognition of this track record, the IDD was assigned the responsibility to refurbish Healdtown Comprehensive High School boys' hostel, which is one of the schools identified for refurbishment under the Historic Schools Restoration Project in the Eastern Cape. Its renovation did not only create a conducive learning environment, but also catalyses tourism and contributes to creation of job opportunities in the area.

Heritage of Healdtown

Healdtown Comprehensive High School is situated in Ngqewu Location about 20 km north-east of Fort Beaufort, in Raymond Mhlaba Local Municipality in the Amathole District. Established by missionaries in the nineteenth century, its first classes were offered in 1853 when it started operating as a centre for theological and teacher training. It subsequently offered high school classes from 1925. The school was run by the Methodist Church until 1956 when the government took over following the promulgation of the Bantu Education Act. Throughout that period the school attracted learners who included those that later became prominent political leaders, such as former President Nelson Mandela, Govan Mbeki, Raymond Mhlaba and Robert Sobukwe, amongst others. They all attended Healdtown for part of their high school education and former President Nelson Mandela spent two years there.

Over the years, the Healdtown Comprehensive High School's infrastructure became dilapidated after its hostel was burnt down in 1976 following the Soweto Uprising. The EC DOE identified the school as one of the five schools to be refurbished to preserve its heritage status under the Historic Schools Restoration Project. Other historic schools included Clarkebury, Freemantle, Mount Arthur and St. Matthews. The refurbishment of this school, allocated to the DBSA, focused on restoring hostel facilities to provide accommodation to learners who reside far from the school.

The full project scope involved the rehabilitation of the:

- boys' hostel accommodating 79 beds;
- matron's room;
- sick bay;
- student lounge;
- parents' lounge;
- ablution facilities;
- kitchenette;
- paving and grassing of the front courtyard;
- paving of the school parking area;
- internal access road and pedestrian pathways;
- streetlights;
- water and sanitation services by installing a rainwater harvesting system; and
- sewerage pipes' connection to the existing septic tanks;
- water reservoir.

The project, valued at R46 million delivered all the outputs stipulated in the scope of work. Implementation started on 18 May 2017 and reached completion on 23 November 2018.

Design innovation

The project design team considered innovative build technology to promote energy efficiency and water conservation. For energy efficiency, all rooms have been fitted with energy efficient lights as well as light sensors in the patio and lounges. To conserve water, the project included the installation of a rainwater harvesting system with a conservancy tank to supplement the onsite borehole water supply.

Development impact

The restored hostel has provided learners with secure accommodation and reduced their travel time from homes. It also enables the school to host vacation classes and simultaneously serves as a marking centre due to the decent accommodation it provides.

As a historic school that has played a meaningful role in the struggle for democracy, Healdtown has a rich heritage that attracts local and international tourists.

REVITALISATION OF INDUSTRIAL PARKS

The Department of Trade and Industry (dti) established the Industrial Parks Revitalisation Programme to support the construction of infrastructure that enables both public and private investors to establish industrial parks or special economic development zones or upgrade old infrastructure in an existing industrial park. The dti appointed the DBSA as its Implementing Agent in a Memorandum of Agreement signed on 18 September 2015.

The scope of our engagement includes:

- condition assessments of identified industrial parks and facilities;
- refurbishment of identified industrial parks;
- preventative and ongoing maintenance of infrastructure and equipment; and
- other additional projects as agreed to in writing by the DBSA and the dti.

During Phase 1:

The IDD completed condition assessments of ten industrial parks, which provided the dti with a report that would assist with the planning and budgeting for future repairs and refurbishment. Eleven industrial parks have been refurbished since 2016. Phase 1 focused on repairing fencing, roofs, replacing asbestos roofs, high mast lighting, CCTV security cameras and, in some parks, repairing water leakages, culverts,

walkways, and water treatment works. The dti has invested approximately R415 million in the refurbishment of the parks implemented by the DBSA. Through the construction activities, 1 607 local labourers were employed.

Phase 1 was completed between 2016 and 2019 in the following industrial parks:

1. Isithebe in KwaZulu-Natal
2. Babalegi in Gauteng
3. Ga-Rankuwa in Gauteng
4. Queenindustria in the Eastern Cape
5. Vulindlela in the Eastern Cape
6. Seshego in Limpopo
7. Nkowankowa in Limpopo
8. Ekandustria in Mpumalanga
9. Phuthaditjhaba in the Free State
10. Botshabelo in the Free State
11. Mogwase in North West

Phuthaditjhaba Industrial Park refurbishment project

The DBSA managed the R42 million refurbishment of the Phuthaditjhaba Industrial Park in cooperation with the Free State Development Corporation and Maluti-a-Phofung Local Municipality. The project entailed the:

- erection of 10 800 m high security anti-climb invisible fence;
- installation of 7 boom gates and 6 pedestrian gates;
- repair of 16 roller shutter doors;
- replacement of 6 roller shutter doors;
- refurbishment of 8 existing high mast lights;
- installation of one set of new high mast lights; and
- installation of CCTV around the perimeter fence.

All works are complete and the project has been handed over to the client.

Economic opportunities

The revitalisation of the Phuthaditjhaba Industrial Park has brought about economic benefits during construction and during its full operation after handover. It has provided employment opportunities during the refurbishment and after completion, through the tenants that it holds. During construction, the project utilised local labour comprising 28 men, eight women, 45 male and 4 female youths. The contractors sourced and procured building material from local SMMEs.

The project funds not only improved the physical condition of the infrastructure, but also contributed to the local economy. The Phuthaditjhaba Industrial Park currently provides tenancy to both large and small factories. The large factories are renting 85 units creating 15 437 employment opportunities in a number

Healdtown School, Eastern Cape



of economic activities such as textile, retail, construction, petroleum and gas, warehousing and construction.

The rest of the units are rented by small entrepreneurs who do business in motor vehicle repairs, textile and carpentry. These smaller factories are creating about 1 292 employment opportunities.

The refurbishment has also created an investor friendly environment by reducing security risk on site. This improves the park's attractiveness to retain business tenants. In addition to improved security, the refurbishment also contributes to loss control.

The replacement of dilapidated roller shutter doors by new lockable ones has reduced the risk of investors' stock loss through theft and/or damage by bad weather. All these factors improve the appetite of investors to do business in the park.

Key lessons learned

The success of the project was realised through collaboration and continuous engagement among key stakeholders. This was achieved through sound project governance structures such as a functional Project Steering Committee that engaged with all interested, affected and influential stakeholders.

IDD'S CONTRIBUTION TO THE SDGs AND GOVERNMENT'S STRATEGIC OBJECTIVES

SDG GOAL	SA GOVERNMENT STRATEGIC OUTCOMES	IDD CONTRIBUTION	IDD DEVELOPMENT MEASURE
4. Inclusive and equitable quality education	1. Improved quality of basic education	Delivering functional school infrastructure meeting required norms and standards	<ul style="list-style-type: none"> Number of school infrastructure projects completed Number of learners that benefited Number of schools benefitting from proper sanitation facilities
3. Good health and wellbeing	2. A long and healthy life for all South Africans	Delivering functional health infrastructure	<ul style="list-style-type: none"> Number of hospitals/clinics/nursing colleges facilities constructed/refurbished/maintained
8. Decent work and economic growth 1. No poverty 5. Gender equality	4. Decent employment through inclusive growth	Promoting employment creation and SMME development	<ul style="list-style-type: none"> Number of employment opportunities created Number of SMMEs benefitting Value of infrastructure expenditure benefitting SMMEs and to female-owned SMMEs Value add support provided to SMMEs % localisation of procured services achieved
6. Clean water and sanitation 9. Industry, innovation and infrastructure	6. An efficient, competitive and responsive economic infrastructure network	Increasing implementing agent and programme management capacity in bulk water, waste water, roads and transport.	<ul style="list-style-type: none"> % increase in the number of bulk water and wastewater projects completed/maintained % increase in the number of roads and transport projects completed Number of industrial parks and special economic zones refurbished
8. Decent work and economic growth 10. Reduced inequality	7. Vibrant, equitable, sustainable rural communities contributing towards food security for all	Supporting sustainable rural enterprises and industries	<ul style="list-style-type: none"> % localisation of rural based enterprises Number of basic infrastructure projects completed in rural communities
11. Sustainable cities, human settlements/ communities	8. Sustainable human settlements and improved quality of household life	Promoting adequate human settlements and access to basic services for communities	<ul style="list-style-type: none"> Number of housing units completed (urban and rural) Number of people benefitting
11. Sustainable cities, human settlements/ communities	9. Responsive, accountable, effective and efficient local government	Increasing capacity of municipalities to deliver	<ul style="list-style-type: none"> Number of municipalities supported Number of municipal infrastructure projects completed

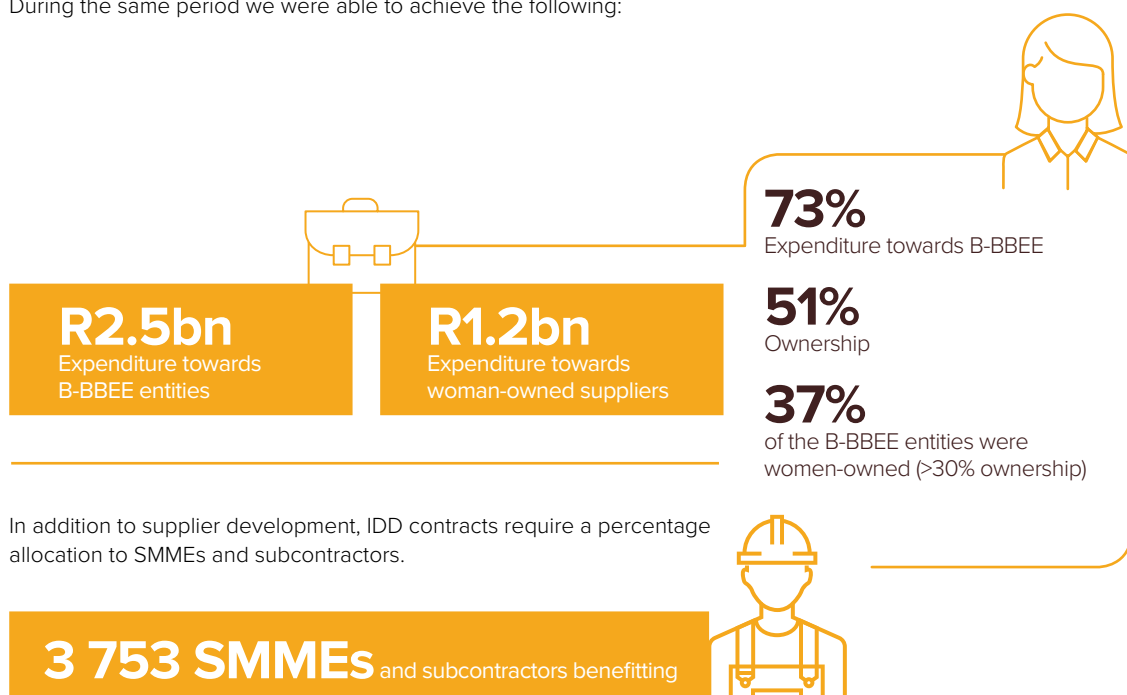
CONTRACTOR DEVELOPMENT

As an implementing agent, IDD actively supports government's objective of transformation and the economic empowerment of businesses of previously disadvantaged individuals.

The DBSA is committed to ensuring that a percentage of the suppliers appointed through the Bank's procurement process are B-BBEE suppliers.

During 2019, we increased the targeted expenditure to at least 60% of total expenditure towards B-BBEE suppliers.

During the same period we were able to achieve the following:



In addition to supplier development, IDD contracts require a percentage allocation to SMMEs and subcontractors.

The contracts awarded to B-BBEE suppliers resulted in the growth and development of performing contractors. This is evidenced by their improved grading under the terms of the Construction Industry Development Board (CIDB) designations. This upward mobility enables contractors to be eligible to secure contracts and contracts that are larger and higher value.

A CONTRACTOR DEVELOPMENT CASE STUDY

* For the purpose of the document, the name of the company is withheld and will be referred to as 'the Contractor'. This case illustrates how, through the DBSA's B-BBEE awards, a performing contractor has been able to grow and improve from one CIDB grade to another.

The Contractor was established in June 2003 to provide appropriate technology solutions in the building and civil engineering industries. The Contractor is wholly-owned by two previously disadvantaged individuals (PDIs) with 50% female ownership. The directors' cumulative joint experience in the construction industry amounts to almost four decades.

The Contractor has a level two B-BBEE status and offers the following services: construction, repair and renovation of residential and public buildings; construction of rural roads, including brick paved and concrete paved walkways and driveways infrastructure; and development of a full suite of water and sanitation infrastructure from end to end.

DBSA work exposure and key lessons

The Contractor received its first contract to implement projects managed by the DBSA while it was a CIDB Grade 6GB back in 2012 having submitted a motivation for Grade 8GB. This first contract involved the construction of Dakhile Junior Secondary School under the ASIDI funded through the DBE's Schools Infrastructure Backlog Grant.

A good example of a schools project that the DBSA has successfully implemented and completed with the involvement of the Contractor is the Langeni Senior Primary School (SPS) in the Libode Education District of the Eastern Cape. The school, comprising seven classrooms, a Grade R classroom, media centre, science laboratory, nutrition centre, administration block, ablution facilities and external structures, was handed over for construction at the end of April 2014 and was completed in March 2015.

The Contractor achieved the above in the midst of difficult physical conditions as the project's sites are located deep in the rural areas of the Eastern Cape with poor road access. What worked well for the Contractor, was that they familiarised themselves with the project site before construction commenced. This enabled the Contractor to properly plan around the poor site location and solve the challenges at hand. The Contractor provided a resource plan and used capable technical personnel within its team to do proper scheduling and planning. Scheduling and resource planning are critical capabilities for our contractors and for our contractor, enabling timeous variance analysis.

For the Langeni SPS, the Contractor was able to quickly assemble core staff and mobilise workers. Their strong relationships with reliable buyers and material suppliers also

enabled them to secure scarce material while the proper scheduling assisted with accurate cash flow planning and forecasting. The Contractor worked seamlessly with the DBSA Development Facilitators who had set up Project Steering Committees comprising of the local Chief, Chairperson of the School Governing Body and a local Councillor as members who hold the responsibility of monitoring the project and alleviating any obstructions to project completion.

Growth in CIDB grading

To date, the DBSA through the Contractor, has constructed schools in the Eastern Cape to the total value of R167.5 million. They are currently building schools to the value of R85.4 million, bringing the cumulative value of work they have been granted either as a main contractor, subcontractor or a cessionary contractor to over R252 million.

CIDB grading ranges

DESIGNATION	ELIGIBLE MAXIMUM VALUE OF CONTRACT
Grade 2	R650 000
Grade 3	R2 000 000
Grade 4	R4 000 000
Grade 5	R6 500 000
Grade 6	R13 000 000
Grade 7	R40 000 000
Grade 8	R130 000 000
Grade 9	No limit

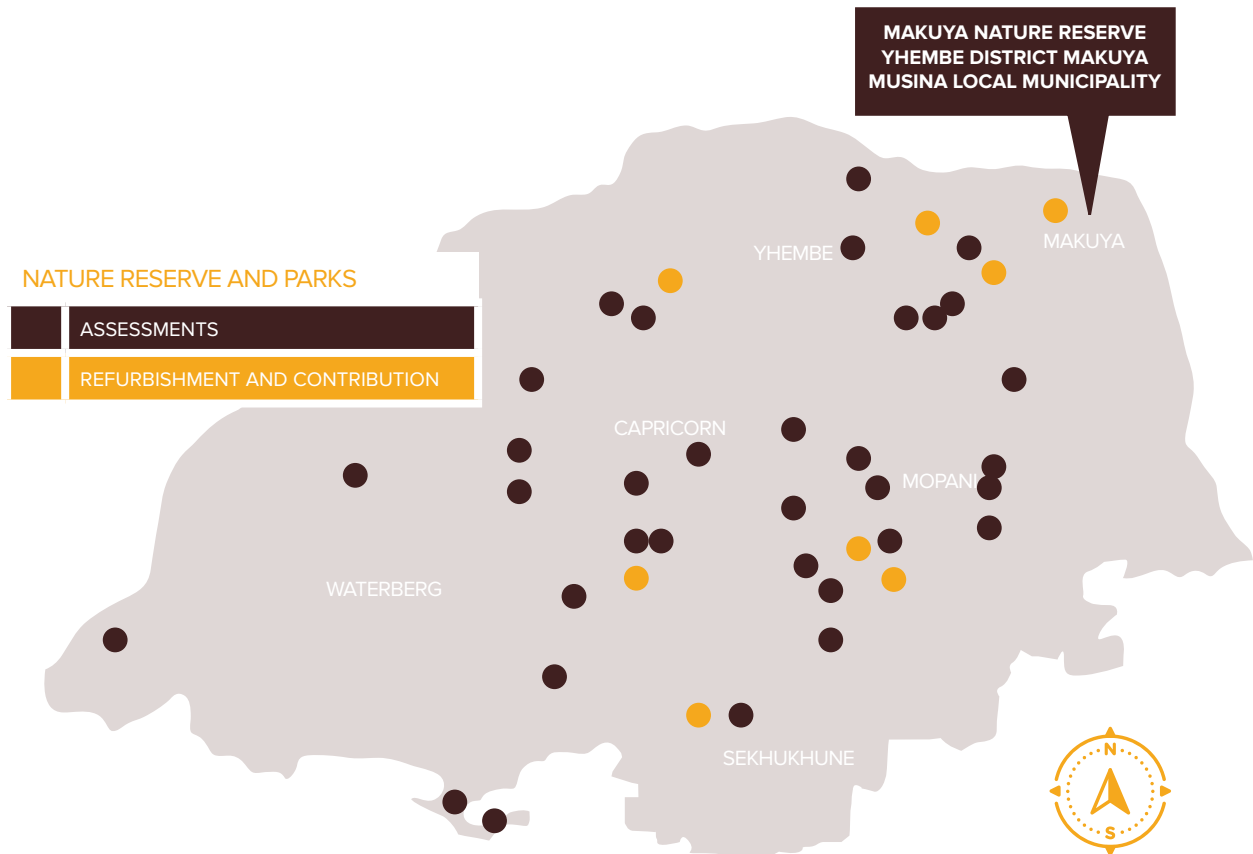
The Contractor has progressed to its current designation of CIDB Grade 8GB making it eligible to tender for any construction work up to R130 million in value.

With their commendable record, the Contractor has also been utilised to facilitate the unlocking of projects that have stalled. One of these stalled projects is the Sinolwazi Senior Secondary School. The DBSA approached the Contractor to fast track the conclusion of the project after the original contractor was unable to meet its completion timelines. The Contractor provided accurate costing, adequate project resourcing and tight monitoring of the project execution plan. The Contractor completed Sinolwazi SSS within five months of being awarded the project.

"It has been a pleasure working with the DBSA since 2012 and it will hopefully continue to be so in the future. The DBSA has played a vital role in the growth of our company that includes the escalation from 7GB to 8GB this year. We thank you for awarding us the numerous opportunities to prove ourselves, gain vast experience and make a name for ourselves within the construction industry in the Eastern Cape." The Contractor

ALTERNATIVE BUILDING TECHNOLOGY IN THE MAKUYA NATURE RESERVE PROJECT

LIMPOPO PROVINCE LEDET: PARKS AND NATURE RESERVES AND MARKET STALLS



55

The Limpopo Department of Economic Development, Environment and Tourism (LEDET) appointed the DBSA in November 2017 to support the repairs and refurbishment of nature reserves managed by the Department. This agreement was part of the overall agreement that the DBSA has signed with the Limpopo Department of Public Works, Roads and Infrastructure (LDPWR&I) to serve as its implementing agent since 2014.

Scope of work

- Planning and designing of the infrastructure and facilities within provincial parks and nature reserves, including undertaking infrastructure condition assessments of 43 sites
- Construction of the infrastructure and facilities within provincial parks and nature reserves
- Refurbishment, upgrade as well as the operation and maintenance of existing infrastructure and facilities within provincial parks and nature reserves
- Capacity building for the LEDET and LDPWR&I's technical staff to enable the province to manage its provincial park infrastructure and facilities programme in the long term.

The programme is aligned to National Development Objectives that are reflected within the NDP's Chapter 3 (Economy and Employment), Chapter 4 (Economic Infrastructure), Chapter 5 (Environmental Sustainability and Resilience) and Chapter 6 (Inclusive Rural Economy), the New Growth Path Framework and the National Tourism Sector Strategy.

It also responds directly to Outcomes 4, 6 and 7 of the 2014–2019 Medium-Term Strategic Framework, and is aimed at supporting the province in giving effect to the Limpopo Development Plan (2014–2019), the LEDET Strategic Plan as well as the Integrated Development Plans (IDPs) of all the five district municipalities within the province.

The overall programme had a budget of R89 million and commenced in March 2018. Maintenance in three nature reserves has been completed and work in a further seven parks was completed in May 2019. Furthermore, final reports and the feasibility study on market stalls as well as condition assessments were also handed over to the client. All this work culminated in creating 216 job opportunities during construction.

Makuya Nature Reserve project

The Makuya Nature Reserve is a government-owned nature reserve situated near the Pafuri Gate of the Kruger National Park. It shares a fenceless border with the Kruger National Park enabling its visitors to have unrestricted access to Big Five sightseeing as well as all other species of the region. The accommodation facilities offer a combination of log cabin suites with own kitchen for families and tented camps with communal braai and kitchen area.

The project scope of work for the IDD included:

- construction of six two-bed sleeper wooden chalets;
- construction of a laundry facility; and
- refurbishment of the swimming pool.

Building Technology

The DBSA and the client opted to have the chalets built of wood, floors and ceilings made of wood planks and roof with clay tiles. The wooden building material used makes the cabins cool in summer and warm in winter. Affordable and efficient water service infrastructure was chosen.

The cabins are equipped with showers instead of bath tubs. Pathways were built with natural rocks sourced within the reserve utilising labour intensive technology.

Overall, the Makuya Nature Reserve project provides another good example of integrated alternative building technology with quality affordable service delivery.



CORPORATE SOCIAL RESPONSIBILITY

SUPPORTING ENVIRONMENTALLY ORIENTED INFRASTRUCTURE PROGRAMMES

Green Fund

The South African Green Fund is a national fund, initially allocated R800 million by the National Treasury to support South Africa's transition to a green economy. An additional R300 million was allocated to the Green Fund to support the operational costs and implementation of three core areas as well as the monitoring, evaluation and reporting of the fund. The vision of the Green Fund is to 'provide catalytic finance to facilitate investment in green initiatives'. The DBSA manages the Green Fund on behalf of the Department of Environmental Affairs on a full cost recovery basis.

The United Nations Environmental Programme (UNEP) defines the green economy as one that results in "improved human wellbeing and social equity, while significantly reducing environmental risks and ecological scarcities." The South African government has initiated a range of strategic policy imperatives to accelerate the entrenchment of green approaches in the development process and thus aid South Africa in transitioning to a green economy. The Green Fund is one of the key initiatives of this national policy framework.

The Green Fund aims to support initiatives contributing to South Africa's transition to a low carbon, resource efficient and climate resilient development path delivering high impact economic, environmental and social benefits.

The fund responds to market weaknesses currently hampering the transition to a green economy by:

- Promoting innovative and high impact green programmes and projects;
- Reinforcing sustainable development objectives through green interventions;
- Building an evidence base for the expansion of the green economy; and
- Attracting additional resources to support South Africa's green economy development.

The focus area of the Green Fund is defined through three thematic windows. The window design reflects the policy priorities in the NDP, the New Growth Path and the National Strategy on Sustainable Development. Funding Windows, through which project proposals are solicited, are:

- Green cities and towns – strive for well run, compact and efficient cities and towns that deliver essential services to their residents, using available natural resources efficiently and sustainably;
- Low carbon economy – strive for a low carbon growth trajectory in line with national climate change policy principles; and

- Natural resource management – strive for protected and conserved resources for sustained development.

Since the Green Fund was established in October 2012, its funding activities have progressed significantly. To date, R782 million worth of projects has been approved in areas such as waste management, biodiversity and renewable energy.

On the back of the successes achieved to date, the fund is starting to attract additional resources through engagements with strategic partners from European and local DFIs as well as various local financial institutions. Going forward, the fund will continue to build partnerships to accelerate and increase the development outcomes sought. The Green Fund also plays a key coordinating role in the DBSA's accreditation to the GEF and the GCF, which are global funding mechanisms to support sustainable economic growth and development, a key DBSA mandate. To date, more than R2 billion has been mobilised through these climate finance mechanisms.

Key Highlights:

Camdeboo Satellite Aquaculture Project: The green fund project represents a viable and innovative solution to reducing reliance on rapidly declining wild fish stock. This is achieved whilst creating sustainable skills development and employment opportunities for rural women. Furthermore it promotes economic growth, provides solutions to food security challenges and contributes towards environmental sustainability.

Shepherding Back: After centuries of using lethal predator controls, farming communities are the first to admit that the problem of livestock losses and predation has only worsened, yet they have not reassessed or changed their approach. The lack of research and information on various predator control options available to farmers is perpetuating a broken system. This complex set of issues gave rise to the Landmark Foundation's Shepherding Back Biodiversity Project funded by the Green Fund, which aims to mainstream biodiversity conservation on agriculturally productive landscapes while simultaneously increasing their production, security and resilience. Using shepherds is one of the wildlife friendly livestock farming methods the project is trying to promote.

iShack: The iShack Project is the flagship initiative of the Sustainability Institute Innovation Lab, based at the Sustainability Institute in University of Stellenbosch. The iShack solar electricity service provides interim relief to residents while they wait for grid electrification. The objective is to demonstrate, at scale, a viable and financially sustainable public-private business model for the provision of incremental energy services to under-served communities in South Africa. While delivering this service through the Green Fund, the project has to date built local enterprising capacity, developed skills, created green jobs and contributed to the resilience of the target communities.

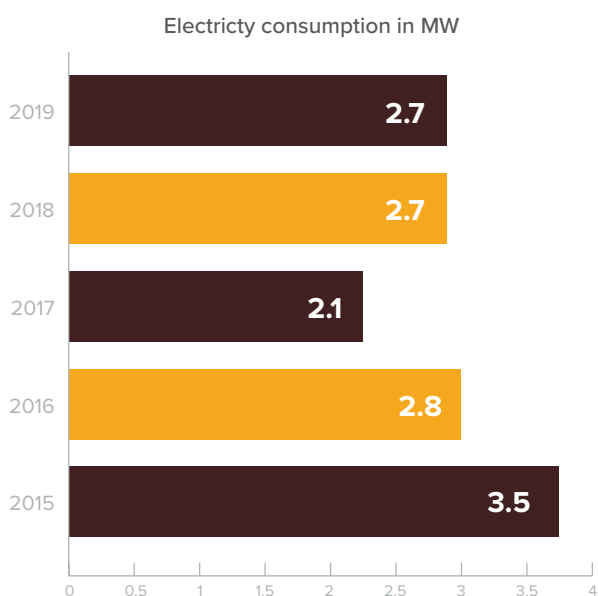
eThekweni Reforestation Project: As one of the host cities for South Africa's 2010 FIFA World Cup, eThekweni Municipality decided to host a 'climate neutral' event, and offset associated carbon emissions. The total unavoidable carbon footprint was declared as equivalent to 307 208 tons carbon dioxide (CO₂) equivalent. The municipality committed to mitigating this carbon footprint through the planting of indigenous trees and local natural habitat restoration. The restoration of local natural habitat will not only achieve the stated climate mitigation objective, but will also result in increased local climate adaptation capacity, within ecosystems and communities. As of January 2019, a total of 782 584 trees and other plants of over 72 species have been planted in 712.18 ha of land. Of these, 70 349 trees have been planted as a living fence covering 4 093.07 m (8.71 ha area).

REDUCING THE WASTE WE GENERATE

Our aim is to take the DBSA off the grid, significantly improve the DBSA's water and waste management, and provide a platform to showcase new technologies/innovations within the DBSA's mandated sectors.

Recycling

An important aspect of the DBSA's waste management strategy is the extensive recycling of various types of waste, including cans and tins, cardboard, newspapers and magazines, plastic and paper. During the year, we used 16.3 tons of printing paper and generated 10.1 tons of recyclable waste. In addition, 17.6 tons of paper based items, 3.3 tons of plastic based items, 117 kilograms of glass and 1 ton of cans were recycled.

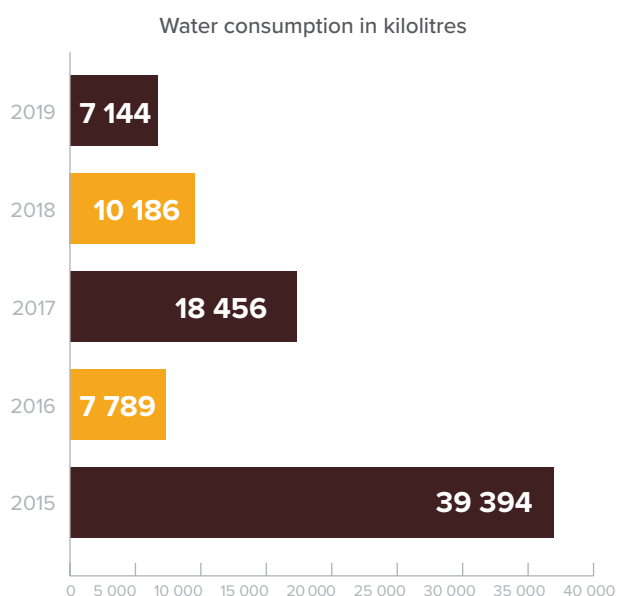


Energy

The DBSA focuses on reducing its consumption of energy, mainly electricity. We have implemented initiatives to reduce consumption, including installing timers on light switches and on circuits to control air conditioning. During 2019, energy consumption remained on par with the previous year at 2.7 MW. As a responsible corporate citizen, aligned with global imperatives, we have set an aspirational target to improve our non renewable energy efficiency by 10% in the short to medium term. We have installed smart meters to enable us to monitor our usage of electricity on a daily basis, in line with our commitment of reducing the usage of electricity.

Water

The DBSA is committed to being a responsible custodian of water by measuring, monitoring, managing and reporting its water use as standard business practice and, where possible, proactively conserving water. The DBSA recognises that water is an increasingly scarce and critical global resource, and considers the drought currently being experienced in some parts of our country. Although our operations are not particularly water intensive, we are committed to more efficient water consumption through reduced consumption on our campus. We also support various projects that enhance the capacity of the population to adapt to water scarcity, as well as water management solutions. Total water used on the DBSA campus from municipal water sources is reflected in the graph below. During the year, we continued to replace old underground water infrastructure with the aim of eliminating leakages and saving water. We have also embarked on a borehole project for irrigation of the property.



Emissions, effluents and waste

We have implemented a wide range of energy reduction initiatives to lower our greenhouse gas emissions. These include communication, monitoring and reporting, as well as operational initiatives such as efficient maintenance and the use of environmentally friendly cleaning products. Effluents emanate mainly from routine cleaning and maintenance of the campus. All effluents are cleaned of pollutants and grey water is discharged into municipal reticulation systems. Waste material is disposed of through legitimate contractors at certified waste disposal facilities. Although the DBSA does not generate significant volumes of waste, it recycles as much as possible.

OVERVIEW OF OUR CORPORATE SOCIAL INVESTMENT (CSI)

The Companies Act No. 71 of 2008, as well as the Companies Amendment Act No. 3 of 2011, states that it is mandatory for the DBSA, as a state-owned company to have a social and ethics committee. The Social and Ethics Committee of the DBSA oversees and guides the strategic operations of its Corporate Social Investment function.

The 2018/19 CSI Activity Plan focused on three key flagship projects – two related to the Jozini Bridge and an early childhood development (ECD) infrastructure initiative. By supporting these projects, it envisioned that the DBSA makes meaningful long term sustainable impact. In addition, once-off initiatives are identified and undertaken by the Bank like the contribution to Mandela Day.

The greenlight by the Social and Ethics Committee of the DBSA Board of Directors to peg the CSI budget allocation at 1% of the net profit after tax has ensured that more can be done and has hailed the much needed transformation in people's lives, which is in alignment to the Bank's quest to bending the arc of history. The CSI flagship and other projects undertaken in alignment with the DBSA's infrastructure delivery mandate and development of human capital enabled achievement of development impact in needy communities. While the targeted areas remain education and health, most projects were in education. The DBSA proactively identified its flagship projects, consulted and engaged with various stakeholders in the relevant sectors and affected communities to deliver to community needs in different areas where the Bank operates.

CSI PERFORMANCE HIGHLIGHTS

The Nelson Mandela Centenary build

- The strategic position of the DBSA's CSI provides for alignment of CSI initiatives to the core mandate and operations of the Bank. Community involvement in any community development project is critical. Partnership with Habitat for Humanity in the Nelson Mandela Centenary build initiative aligned with the

Bank's aim to encourage engagement of volunteerism of the DBSA staff, which is also core to the CSR programme. The construction programme provided for ten volunteers per house per day. The DBSA staff had opportunities to volunteer in the construction of houses.

- Key to the DBSA's CSI participation is human settlement infrastructure – construction of houses for the indigent. The Bank sponsored the construction of five houses in Lawley in support of the government's provision of houses for needy families supported by DBSA volunteers.
- The DBSA collaborated with the Nelson Mandela Foundation and Habitat for Humanity, an NPC dedicated to the long term development and sustainability of South Africa's formal and informal housing sector. Contributing to the Mandela Centenary celebrations of building 100 houses for needy communities – particularly child and women headed households, the DBSA CSI participated in contributing towards closing the infrastructure backlog of 1996 through sponsorship of five homes as part of the Centenary celebrations of 100 homes for 100 families.
- The DBSA collaborated with Habitat for Humanity and embraced the operating model that entails consultation with community leaders and empowering the community. Young people from the community of Lawley had opportunities to become team leaders coordinating and overseeing construction processes for the houses sponsored by the DBSA. Small constructors subcontracted to the main construction service provider for the duration of the build process. Habitat for Humanity briefed beneficiaries on the home ownership process, trained them on caring for their houses, and engaged Councillors to promote buy-in of all stakeholders.

Development impact

The DBSA successfully transformed and achieved a positive and lasting social and economic change. Not only did the DBSA sponsor the construction of a superstructure, the DBSA went the extra mile to further improve the houses and raise the families' living standards. This the DBSA did by tiling floors of all rooms, tiling walls in the kitchens and bathrooms, installing gutters and water tanks for harvesting rainwater as well as installing sinks and kitchen cabinets, providing fridges, stoves and microwaves for all five families. The transformative impact was evident in the jubilation and expressed appreciation by the recipients of houses at the handover ceremonies.

Early Childhood Development (ECD) projects

Early childhood development is one of flagship projects of the bank. The DBSA sponsors an early childhood development programme, which includes educational infrastructure, comprising modified shipping containers or prefabricated structures, learning and playing equipment.

The DBSA proactively identified a need for ECD infrastructure in consultation with the Provincial Department of Education, engagements held with the school principals, school governing

bodies and parents for three schools in the province of Limpopo. A suitable service provider appointed through the DBSA governance process and agreements for localisation reached out where possible, utilise local labour to provide employment to youth and exposure to skills development.

The Bank delivered three ECDs consisting of prefabricated classrooms fully equipped with learner furniture, books and educational toys. The investment included a service centre consisting of a fully equipped kitchen with a gas stove, fridge, sink and cabinets and a sick bay with a three quarter size bed; an office with tables and chairs formed part of the ECD infrastructure sponsored to three schools in Sekhukhune, in Limpopo. Key to the infrastructure were safe ablution facilities for girls and boys, adapted for children with disabilities.

Whilst the infrastructure comes prepared, the contractor employed local youth in preparation of the site and guided them on how to install the structures. The classrooms come complete but the contractor employed local youth to prepare the site and assist with the installation of the structures. Community involvement fosters buy-in and a sense of ownership, enhancing the security of the assets.

The handover was done in a celebration event presided over by the MEC for Education in Limpopo and the DBSA Group Executive for the Infrastructure Delivery Division.

Nelson Mandela centenary celebrations

The Bank holds an annual food packing event to celebrate Mandela Day in collaboration with Rise Against Hunger SA. Through this initiative, the DBSA packed and sponsored 100 000 meals that were later distributed to three non-government subsidised Early Childhood Education Centres in Tembisa.

The 100 000 sponsored meals will enable 385 children to receive meals every week for 12 months. Food packaging is a volunteerism component of the DBSA's CSI programme. Every year, the DBSA staff participate in the nutritious meals packaging event. Packed food is delivered to the children at partner ECD centres. The programme ensures food security for children who attend the centres.

The food packing CSI event involving staff members is also considered a team cohesion initiative that draws staff members from all levels in the organisation. Children of staff joined the charitable 2018 event – the DBSA family.

KZN footbridge project

The DBSA proactively identified this infrastructure gap from social media. Due to a lack of transport, rural learners (some as young as seven) walk long distances and swim across rivers daily to get to school and to return home. This is due to a lack of scholar transport as well as the lack of a direct access route to the schools.

This daily ordeal poses significant safety and health risks to the children including drownings and the threat of crime. More than 120 learners from the remote villages of KwaShukela and Nondabuya, situated near the uPhongolo River, in the Jozini and uMhlabyalingana local municipalities are affected.

Internally in the DBSA, the KZN Footbridge CSI project has drawn on the skills and expertise of the DBSA's Stakeholder Relationship Management Function, frontline divisions, i.e. Project Preparation, Coverage and the IDD.

The DBSA's partners and stakeholders are also in the process of being crowded-in to contribute to the funding of the construction of the footbridge, which is located in the Umkhanyakude District. Best practice lessons are drawn out of the process to inform multidisciplinary and diverse expertise team compositions in other teams across the bank.

The Bank explored with community stakeholders and found the bridge to have a huge community development impact in rural KZN and potential for a catalytic role for the DBSA crowding-in other corporate role players.

Engagement sessions with the community and school stakeholder teams included school principals, teachers, school governing bodies, mayors, municipal managers and the Chief Financial Officers of the Jozini and Umhlabyalingana local municipalities, representatives from the provincial departments of Education and Transport as well as the Chieftainship of the areas.

The stakeholders agreed on the provision of buses as a short term measure and mobilisation of other sponsors for the construction of a footbridge as a long term solution.

Project objectives

- Provide safe infrastructure to enable learners in the municipalities to attend school;
- Improve learner safety and access to education;
- Increase retention of learners at school;
- Improved sustainability of learning opportunities; and
- Integrated economic development by:
 - Enhanced access to health and other facilities across the Uhlanjana River
 - Facilitate access by households to agricultural fields across the river.

Interim solution – providing scholar transport

It was a joyous sight to see learners and parents receiving the buses. The Bank provided two buses for scholar transport to 125 affected learners as an interim measure to the prevailing transport challenges.

Through its supply chain process, the DBSA procured a scholar transport service provider and a contract was concluded with a bus company for a 24-month period. The school bus transport service commenced on the first day of the 2019 school year.

Long term solution – construction of pedestrian bridge

A pedestrian bridge will be constructed as a permanent solution providing direct access to the schools across the Uhlanjana River. The DBSA has undertaken detailed planning of the bridge using its non-lending 2018/19 Development Subsidy allocation. A professional service provider, an engineering and project management company, was appointed to provide detailed design and supervision of the construction of the bridge. The design contractors were introduced to the local stakeholders and the design process has been concluded.

SCHOOL LEADERSHIP DEVELOPMENT PROJECT

The key focus of the DBSA's CSI programme is Education, dovetailing with the Bank's development of social infrastructure. As such the DBSA sponsors school leadership development through Partners for Possibility (PfP), for Symphonia South African flagship programme. During the year under review, the Bank sponsored professional development for thirty school principals.

The DBSA will, through this programme, help bring about improved leadership in schools for better quality education of the learners, improved relationships among the school community stakeholders and accelerated community development. It is intended that the quality of education from quality leadership will have a long term impact on employability and better quality of life for impacted families and communities.

Rationale for funding the school leadership development

- The programme sponsored is recognised by the Department of Basic Education as a useful programme for the improvement of the standard of basic education in South Africa. Additionally, PfP is in line with the NDP, which, calls for the DBE to align the interests of all stakeholders to support the common goal of achieving good educational outcomes that are responsive to community needs and economic development. The PfP programme is founded on a sound theoretical base. Its model has been tested with great outcomes over a period of over ten years.
- The programme has a catalytic effect on the development and sustainability of the education system in the country. Community involvement in any community development project is critical. The PfP programme encourages engagement of community and volunteerism of DBSA leadership and staff, to offer their skills and time, which is also core to the CSI programme. Hence, the sponsorship of the PfP programme is a key volunteerism flagship project for the DBSA CSI programme.
- The DBSA CSI provides for collaborating with organisations that have a sound delivery record of accomplishment, good corporate governance as well as demonstrated sustainability and are not dependent on only one source of

funding for successful implementation. Symphonia, through its PfP programmes, is mainly sponsored by corporates that aim at developing leadership in school communities and promoting partnership among different sectors of business and civil society.

- CSI's support for PfP aims at establishing a footprint in the development of quality leadership in the education sector nationally. The DBSA, through its sponsorship of business leaders nationally, promotes participation by business in the education sector, with the potential to produce leadership and skills required to grow the economy of South Africa.
- Through collaboration with other stakeholders, the DBSA successfully sponsored 80 partnerships, exceeding its target of 30 by 167%, in seven of the nine provinces in South Africa, mainly focusing on sponsoring business leaders.

SOCIOECONOMIC DEVELOPMENT PROJECTS

Education sponsorship

These programmes are targeted at improving the standard of living in communities in which the DBSA operates:

- Contact with the family that received a modern, fully furnished home in Port St Johns as a gesture of goodwill from the DBSA tells a good story of improving living standards. The Port St Johns family of 10 received a fully furnished modern home, with environmentally appropriate toilet facilities and a continuous water supply from water harvesting facilities. In addition, the Bank is sponsoring the education of a child from the family at St Johns High School from 2018 to 2022.
- The family was not keen to have the DBSA sponsored child go to a "far away school". The good news is that the DBSA caters for all the needs of the sponsored child. A stipend is now paid to the mother of the child on a monthly basis to ensure that the mother visits the child and attends to the daily needs of the child thus building a strong mother-daughter bond.
- Relief for the family enables them to pool resources from child grants received by various members of the family and use the funds for the education of one of the sons in the family at a 'far away college' from home.
- This shows that the family is now confident to send a child to a school outside of their immediate environment, has found value in better educational facilities and members are working together as family.

The DBSA continues to take care of all the child's educational needs. The 2019 academic year has been fully funded, for tuition, boarding facilities and personal needs. This includes a cell phone and data providing access to educational content. The sponsorship also extends to supplementary tuition and non academic opportunities such as school camps.

ACRONYMS AND ABBREVIATIONS

AADFI	Association of African Development Finance Institutions
ACSA	Airports Company South Africa
AFC	Africa Finance Corporation
ASIDI	Accelerated Schools Infrastructure Delivery Initiative
B-BBEE	Broad-based Black Economic Empowerment
BNDES	Banco Nacional de Desenvolvimento Economico e Social
BRICS	Brazil, Russia, India, China and South Africa
CSI	Corporate Social Investment
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DHET	Department of Higher Education and Training
DOE	Department of Energy
DTI	Department of Trade and Industry
DWS	Department of Water and Sanitation
EC DOE	Eastern Cape Department of Education
ECOWAS	Economic Community of West African States
ECD	Early childhood development
EPC	Engineering, procurement and construction
GCF	Green Climate Fund
GEF	Global Environmental Facility
GRI	Global Reporting Initiative
ICT	Information and communication technology
IDD	Infrastructure Delivery Division
IIPSA	Infrastructure Investment Programme for South Africa
IPP	Independent Power Producer
IRP	Integrated Resource Plan
KIA	Kotoka International Airport
NDP	National Development Plan
NSFAS	National Student Financial Aid Scheme
PFMA	Public Finance Management Act
PMO	Project Management Office
REIPPPP	Renewable Energy Independent Power Producers Procurement Programme
SA Inc.	South Africa Incorporated
SADC	Southern African Development Community
SARA	Southern African Railways Association
SDG	Sustainable Development Goals – a set of 17 global developmental goals with 169 targets among them, spearheaded by the United Nations through a deliberative process with its 193 member states
SHIP	Student Infrastructure Housing Programme
SIPPP	Small IPP Programme
SMME	Small, Medium and Micro Enterprise
UNGC	United Nations Global Compact
VAT	Value Added Tax

FINANCIAL DEFINITIONS

Callable capital	The authorised but as yet unissued share capital of the DBSA
Cost-to-income ratio	Operating expenses, including personnel, other, depreciation and amortisation expenses, as a percentage of income from operations
Income from operations	Net interest income, net fee income and other operating income
Interest cover	Interest income divided by interest expense
Long-term debt-to-equity ratio	Total liabilities, excluding other payables, provisions and liabilities for funeral benefits, as a percentage of total equity
Long-term debt-to-equity ratio	Total liabilities, excluding other payables, provisions and liabilities for funeral benefits, (including callable capital) as a percentage of total equity and callable capital
Net interest margin	Net interest income as a percentage of interest income
Return on average assets	Net profit or loss for the year expressed as a percentage of average total assets
Return on average equity	Net profit or loss for the year expressed as a percentage of average total equity
Sustainable earnings	Profit or loss from operations before net foreign exchange gain/(loss) and net gain/(loss) from financial assets and financial liabilities, but including revaluation on equity investments

APPENDIX A:

GLOBAL REPORTING INITIATIVE TABLE

We report in line with the requirements of the GRI. Based on our internal assessment, we believe our 2019 Sustainability Review is compliant with the 'core' option of the G4 Guidelines. The DBSA's Internal Audit department has conducted a review of the disclosure items.

PROFILE DISCLOSURE	DISCLOSURE	ASSURANCE BY DBSA INTERNAL AUDIT	CROSS-REFERENCE/DIRECT ANSWER
STRATEGY AND ANALYSIS			
G4-1	CEO/Chair statement	Compliant	Refer to pages 10 – 11 for the statement from the CEO.
ORGANISATIONAL PROFILE			
G4-3	Report the name of the organisation	Compliant	The Development Bank of Southern Africa.
G4-4	Report the primary brands, products, and/or services	Compliant	Refer to 2019 Integrated Annual Report pages 23 – 29 as well as divisional reports from pages 105, 122 and 123
G4-5	Report the location of the organisation's headquarters	Compliant	The DBSA operates from its offices in Midrand, Gauteng, South Africa.
G4-6	Countries of operation	Compliant	The DBSA's mandate covers the whole of Africa with a strong focus on the SADC region and selected countries outside SADC.
G4-7	Report the nature of ownership and legal form	Compliant	The DBSA is wholly-owned by the South African government.
G4-8	Report the markets served	Compliant	Refer to 2019 Integrated Annual Report pages 14 and 15.
G4-9	Report the scale of the organisation	Compliant	The DBSA is a single entity with no subsidiaries.
G4-10	Workforce scale and split	Compliant	Refer to pages 122 – 125.
G4-11	Percentage of total employees covered by collective bargaining agreements	Compliant	The DBSA does not have a recognised labour union or collective bargaining agreements.
G4-12	Describe the organisation's supply chain	Compliant	The DBSA has a fully functional Supply Chain Unit, which is part of the Finance Division. The DBSA Supply Chain Policy finds expression within the provisions of the applicable statutes and regulations i.e. PFMA and Preferential Procurement Regulations.
G4-13	Significant changes to the organisation (size, structure, ownership, etc.)	Compliant	None.
G4-14	Report whether and how the precautionary approach or principle is addressed	Compliant	The principles that form the precautionary approach inform our governance framework for sustainability development reviewed in our Sustainability Review, particularly our management of our economic, social and environmental dividend. Refer to pages 4 – 27 of the Sustainability Review.
G4-15	List external initiatives signed up	Compliant	Refer to 2019 Integrated Annual Report pages 16, 29 as well as pages 11 and 57 of the Sustainability Review.
G4-16	List association memberships/ participation	Compliant	Refer to 2019 Integrated Annual Report pages 46, 76 and 118.
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	List all entities included in reporting scope	Compliant	Only DBSA.

PROFILE DISCLOSURE	DISCLOSURE	ASSURANCE BY DBSA INTERNAL AUDIT	CROSS-REFERENCE/DIRECT ANSWER
G4-18	Explain implementation of principles for defining report content	Compliant	Refer to page 5 of the Sustainability Review.
G4-19	List material aspects identified in the process for defining report content	Compliant	Refer to page 5, 35 and 36 of the Sustainability Review.
G4-20	For each material aspect, report the aspect boundary within the organisation	Compliant	Refer to page 5 of the Sustainability Review.
G4-21	For each material aspect, report the aspect boundary outside the organisation	Compliant	Refer to page 5 of the Sustainability Review.
G4-22	Report effect of, and reasons for, any restatements of information	Compliant	None.
G4-23	Report significant changes in the scope and aspect boundaries	Compliant	None.
STAKEHOLDER ENGAGEMENT			
G4-24	List stakeholder groups engaged by the organisation	Compliant	Refer to 2019 Integrated Annual Report pages 32 – 34 as well as page 28 of the Sustainability Review.
G4-25	Basis for identification and selection of stakeholders with whom to engage	Compliant	Refer to 2019 Integrated Annual Report page 113.
G4-26	Report the organisation's approach to stakeholder engagement	Compliant	Refer to 2019 Integrated Annual Report pages 32 and 113.
G4-27	Report key topics and concerns raised and how they have been addressed	Compliant	Refer to 2019 Integrated Annual Report pages 32 – 34.
REPORT PROFILE			
G4-28	Reporting period (e.g. fiscal or calendar year) for information provided	Compliant	The report relates to the financial year from 1 April 2018 to 31 March 2019.
G4-29	Date of most recent previous report	Compliant	31 March 2018.
G4-30	Reporting cycle (annual, biennial, etc.)	Compliant	Annual.
G4-31	Provide contact point for questions regarding the report or its contents	Compliant	Refer to page 5 of the Sustainability Review.
G4-32	Report the "in accordance" option, content index, external assurance	Compliant	Refer to page 5 and Annexure A of the Sustainability Review.
G4-33	External assurance policy, practice and scope	Compliant	Refer to page 5 of the Sustainability Review.
GOVERNANCE			
G4-34	Report the governance structure of the organisation	Compliant	Refer to 2019 Integrated Annual Report pages 46 – 49 as well as pages 26 – 27 of the Sustainability Review.
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Compliant	Refer to 2019 Integrated Annual Report page 50 as well as page 16 of the Sustainability Review.

PROFILE DISCLOSURE	DISCLOSURE	ASSURANCE BY DBSA INTERNAL AUDIT	CROSS-REFERENCE/DIRECT ANSWER
G4 SECTOR DISCLOSURE: FINANCIAL SERVICES – PRODUCT PORTFOLIO			
G4-FS6	Percentage of the portfolio for business, lines by specific region, size (e.g. micro, SME, large) and by sector	Compliant	Refer to 2019 Integrated Annual Report pages 22 – 24 and pages 70 – 76. Refer to the notes to the Annual Financial Statements for a breakdown of equity investments, development loans and bonds where a detailed analysis of the sector and client split is provided for development loans.
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose	Compliant	Refer to 2019 Integrated Annual Report, our strategy pages 20 – 21, outputs and estimated development impact pages 22 – 24 of the Sustainability Review.



Refer to the separate Annual Integrated Report for more information on the DBSA's efforts in meeting the guidelines outlined above.

APPENDIX B:

UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact (UNGC) is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UNGC is a principle-based framework for businesses and the world's largest corporate sustainability initiative with 13 000 corporate participants and other stakeholders in over 170 countries.

The DBSA became a signatory to the UNGC on 9 September 2014, committing the organisation to the 10 universal principles of the UNGC and reflecting the importance that the DBSA Board and management team place on good corporate citizenship. The DBSA is committed to upholding fundamental human rights, ensuring fair labour practices, working against corruption in all its forms, and protecting the natural environment within which it operates.

UNGC PRINCIPLE	DBSA'S SUPPORT OF UNGC PRINCIPLE	THE DBSA POLICY
HUMAN RIGHTS		
Businesses should: 1. Support and respect the protection of internationally proclaimed human rights; and 2. Make sure that they are not complicit in human rights abuses.	<p>The DBSA supports the United Nation's Universal Declaration of Human Rights. The DBSA is bound by the Constitution of the Republic of South Africa, which contains the Bill of Rights.</p> <p>All the DBSA employees are bound by the DBSA's Code of Ethics and are guided in their behaviour in terms of integrity, loyalty, equity, tolerance, impartiality and discretion. The DBSA's service providers, suppliers and trade partners are bound by the Code.</p> <p>At a project investment level, the DBSA considers the advancement and protection of human rights an imperative. Various social safeguards have been built into the DBSA's due diligence process.</p>	Code of Ethics Policy Employment Policy
LABOUR		
Businesses should uphold: 3. The freedom of association and the effective recognition of the right to collective bargaining; 4. The elimination of all forms of forced and compulsory labour; 5. The effective abolition of child labour; and 6. The elimination of discrimination in respect of employment and occupation.	<p>The DBSA is committed to fair employment opportunities for all and to create an environment that permits such equal opportunities for advancement in order to redress past imbalances and to improve the conditions of individuals and groups who have been previously disadvantaged on the grounds of race, gender and disability. In the spirit of promoting organisational policies and practices that are fair and equitable, the DBSA affirms its commitment to comply with the spirit of the Employment Equity Act to the strategic benefit of the DBSA.</p> <p>South Africa is a signatory to the International Labour Organisation convention, as applicable to fair labour practices, and South Africa has a plethora of labour legislation that reflect the standards. The DBSA's employment policies incorporate these legislative provisions. South African law prohibits forced, compulsory and child labour.</p> <p>The DBSA practises freedom of association and recognises the right to collective bargaining as prescribed in the Constitution of the Republic of South Africa and set out specifically in the South African Labour Relations Act. For the past two financial years, no collective bargaining agreement has been in place.</p>	Employment Policy

UNGC PRINCIPLE	DBSA'S SUPPORT OF UNGC PRINCIPLE	THE DBSA POLICY
ENVIRONMENT		
<p>Businesses should:</p> <p>7. Support a precautionary approach to environmental challenges;</p> <p>8. Undertake initiatives to promote greater responsibility; and</p> <p>9. Encourage the development and diffusion of environmentally friendly technologies.</p>	<p>The DBSA recognises the importance of placing poverty eradication and achievement of sustainable development at the centre of its development agenda. The DBSA is legally obliged to promote sustainable development through its operations and this is integrated into the DBSA's strategy, which highlights the need for effective integration of environment and sustainability issues as the key to ensuring sustainable economic and social development.</p> <p>The DBSA supports the precautionary approach to environmental challenges. Environmental and sustainability considerations at the DBSA are founded on the following key documents: the DBSA Environmental Sustainability Strategy, the DBSA Environmental Policy, the environmental management system and the DBSA Environmental Appraisal Procedures. These documents combine to form the DBSA environmental management framework. The DBSA environmental management framework serves as the structure that ensures the DBSA's operations, programmes and projects are socially responsible, environmentally sound and in line with government requirements.</p>	Environmental Policy
ANTI-CORRUPTION		
<p>10. Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>The DBSA has adopted a Code of Ethics articulating the values and acceptable ethical standards to which all persons associated with the DBSA are required to adhere. This notwithstanding, the DBSA acknowledges that in today's business environment, fraud is prevalent and all business organisations are susceptible to the risk of fraud. In this regard, the DBSA's Fraud Prevention Plan sets out and reinforces its policy of zero-tolerance towards fraud and corruption as well as management's commitment to combating all forms of fraud inherent in its operations.</p> <p>The DBSA's fraud hotline forms an integral part of its anti-fraud and anti-corruption efforts. The toll-free hotline is independently managed and administered.</p> <p>The Conflict of Interest Policy for the DBSA Board and employees requires the disclosure of all direct or indirect personal or private business interests. All employees sign confidentiality and Declaration of Interest forms when adjudicating on procurement panels.</p>	<p>Code of Ethics</p> <p>Conflict of Interest Policy</p> <p>Gift and Hospitality Policy</p> <p>Whistle Blowing Policy</p> <p>Fraud Prevention Plan</p>



Go to www.unglobalcompact.org for more information on the UNGC.

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