



The DBSA and Development Practice

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List of Acronyms

ABCD	Asset Based Community Development
ADP	Agricultural Development Program
BDS	Business Development Services
BEE	Black Economic Empowerment
CBD	Community Based Development
CCF	Community Capitals Framework
CCIs	Comprehensive Community Initiatives
CDD	Community Driven Development
CLO	Community License Official
COVID-19	Corona Virus Disease 2019
CSH	Critical Systems Heuristics
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DRRF	Development Results Reporting Framework
DRT	Development Results Template
EPC	Engineering, Procurement, and Construction
IAR	Integrated Annual Report
ICT	Information and Communications Technology
IRDP	Integrated Rural Development Program
KPIs	Key Performance Indicators
M&E	Monitoring and Evaluation
NDP	National Development Plan
PFMA	Public Finance Management Act
PRA's	Participatory Rural Appraisals
RBCD	Rights-Based Community Development
SADC	Southern Africa Development Community
SDGs	Sustainable Development Goals
SLA	Sustainable Livelihoods Approach
SMMEs	Small, Medium and Micro Enterprises
SOEs	State Owned Enterprises/Entities
ToRs	Terms of Reference
UN	United Nations

Abstract

This paper explores development practice within the Development Bank of Southern Africa, to inform the Bank's future investments in development. It outlines the evolution of the construct of development, maps the current practice of development within the Bank and advances key tenets to inform DBSA's future development practice. Conceptually, the paper is grounded in a systems approach that utilises Critical Systems Heuristics. It also borrows from the capability approach to focus on various beneficiaries and their quality of life.

The research design followed an exploratory design which utilized a mixed-method approach to blend qualitative and quantitative data through key informant interviews and secondary data reviews. The thematic findings focused on perceptions on the Bank's definition of development; key tenets of the Bank's approach to development practice; existing mechanisms for tracking and measuring development practice; perceptions on effectiveness of existing stakeholder engagement arrangements; perceptions on negative externalities of the Bank's approach to development practice; and perceived key positive impacts of the Bank's investments in development. The paper ends by looking at the future trajectory of the Bank's development practice model amidst contextual uncertainty and concludes with implications on future development practice.

1. Background

The Development Bank of Southern Africa (DBSA)² is one of Africa's leading development finance institutions (DFIs), wholly owned by the government of the Republic of South Africa. The DBSA's mission is to advance development impact in the region by expanding access to development finance and effectively developing and implementing sustainable development solutions that improve the quality of the lives of people in South Africa and the wider continent. DBSA operations span the infrastructure development value chain and include active participation in infrastructure solutions (DBSA, 2021a; Carbon Trust, 2021:3).

The DBSA's primary purpose is to promote inclusive and sustainable economic development, growth, and regional integration. This is achieved through the provision of infrastructure finance mobilized from national and international private and public sector sources and development that improves the quality of life for people in Africa (DBSA, 2020). Such infrastructure-led economic growth should respond to the socio-economic needs of the African society in the context of dynamic socio-economic, environmental (including climate change), health, and cultural context. The DBSA's strategy focuses on enhancing financial stability, development impact, promoting inclusive economic growth, job creation, promoting sustainable social development, and spatial development.

The DBSA's development position was approved by the Board as follows:

"The DBSA contributes to a Just Transition toward a renewed and inclusive economy, and society that embodies resilience, regeneration, and transcends current trajectories. As a sanctuary for development practitioners, the DBSA holds this to be the transformative change needed to realize a prosperous, integrated and resource efficient continent. This stance progressively advances the common goals for sustainable and equitable wellbeing. The DBSA will work in partnerships to co-produce impactful development solutions and the sustained platforms of an enabling environment for participation, a sense of purpose, empowerment, and deep connections. The DBSA will bend the arc of history through our continued multifaceted investments in sustainable infrastructure and human capacity development" (DBSA, 2018: 36).

² In this report the term 'DBSA' is used interchangeably with 'the Bank'.

2. Problem Statement

2.1 The problem of development decay

In the past three decades, communities in Africa have experienced rapid livelihood deterioration. This has been caused by several factors, including flaws in the market liberalization process, economic growth failures, politics and governance failures, adverse trends in natural resource access and environmental conditions, climate change and natural disasters, declining soil fertility, the HIV/AIDS pandemic, trade disadvantages emanating from agricultural subsidies in the developed world, reduced resilience to external shocks, and globalization.

There is an erosion of socio-cultural norms, reduced social safety nets, erosion of indigenous knowledge systems, breakdown in extended family systems, and declining farm sizes due to population growth³. In addition, governments have limited commitment to investing in research and development (R&D), infrastructure, strengthening capacity for service delivery by government institutions, and financial support. The COVID-19 pandemic has reversed poverty eradication efforts by most governments due to its devastating health, economic and social impacts. In this regard, poverty alleviation continues to be a highly elusive battle.

The turn of the 20th century saw a growing global diffusion of development concepts and policies aimed at addressing these development challenges (Soares and Quintella, 2008). Some of the key concepts include sustainable development, green economy that incorporates variables related to the use of natural resources such as forests, rivers, lakes, etc. in the System of National Accounts. It also includes globalization focusing on international problems of a political, economic, social, cultural, and environmental order. Africa's agenda for sustainable socio-economic transformation is guided by global and regional frameworks including the United Nations (UN) Sustainable Development Goals (SDGs), Southern African Development Community (SADC) Vision 2027, African Union (AU) Agenda 2063, and in South Africa, the National Development Plan (NDP 2030).

³ The South African population is growing at an estimated rate of 2 per cent per annum.

Development finance institutions (DFIs) such as the DBSA play an important role in supporting economic growth and job creation. According to Attridge, te Velde, and Andreasen (2019), DFIs contribute to several Sustainable Developments Goals (SDGs), including SDG 7 (ensuring access to affordable, reliable, sustainable, and modern energy for all), SDG 8 (promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all) and SDG 13 (taking urgent action to combat climate change and its impacts). Development practice by DFIs should therefore focus on investing in areas that make the greatest contribution on development objectives (Marbuah, te Velde, Attridge, Lemma, and Keane, 2022). This calls for DFIs to critically review and update their operating models for development practice.

2.2 The DBSA and institution building

The pivotal challenge in the democratic era in South Africa has been that of building institutions with the right transformation ethos and orientation. Very few examples stand out beyond unifying the public sector and sustaining the reserve bank and the revenue services. Far too many institutions lack the necessary resilience to achieve economic goals.

One commonly accepted rationale for DFIs is that of fixing market failures (Xu, Ren, and Wu, 2019). However, it is increasingly becoming evident in the South African case that DFIs are required deal with public administration failure as well. In a number of instances interventions have very little to do with gaps created by market forces. Over time the DBSA has set up a number of institutions to advance economic development.

The Bank played a pivotal role in the establishment of the REIPPP programme in South Africa. The programme ensured that renewable energy played a significant role in the country's power generation mix. The Bank seeded the programme in 2010 and has been funding both independent bidders and empowerment participants since then. This programme has been pivotal in the shift from fossil fuels, a fundamental tenet of the just transition which the Bank has embraced.

The Bank has also set up an Infrastructure Delivery Division (IDD) in 2012 out of its organizational review. The IDD augments the state capacity to implement infrastructure in the social sector. Examples include new build and refurbishment or maintenance of existing infrastructure.

The development laboratories (Dlabs) initiative is the Bank's response to the fragmented local economic development and ushering in of the digital age. The programme intervenes in spaces where the disadvantaged people are. It provides solutions that leverage on smart technologies and partnerships to tackle the national social divide.

The Infrastructure Fund has been set up by the Bank to address the need for blended finance in infrastructure development programmes and projects in the country. It envisages to source infrastructure funding from the public and private sectors as well as from DFIs and multilateral development banks.

2.3 Evolution and precision in defining development practice

In the quest to define development practice, two issues become apparent.

Firstly, the concept of development is difficult to define due to continually evolving ideas and differences in practices, contexts, and its locally situated character (Bhattacharyya, 1995; Brocklesby and Fisher, 2003). It is also guided by frameworks from various disciplines, including sociology, psychology, economics, education, and health, with varying disciplinary approaches and paradigms (Hustedde and Ganowicz, 2013). Development interventions aim to empower communities for self-development, reduce dependence on external resources and focus on utilising local strengths, knowledge, and networks.

Secondly, development practice evolves continuously in line with the changing economic, social, political, cultural, and environmental contexts. A historical exploration of development practice shows a trajectory of shifts from state-driven development agendas with high levels of inequality, high poverty levels, unemployment, and resource intensive economic activities, towards more recent

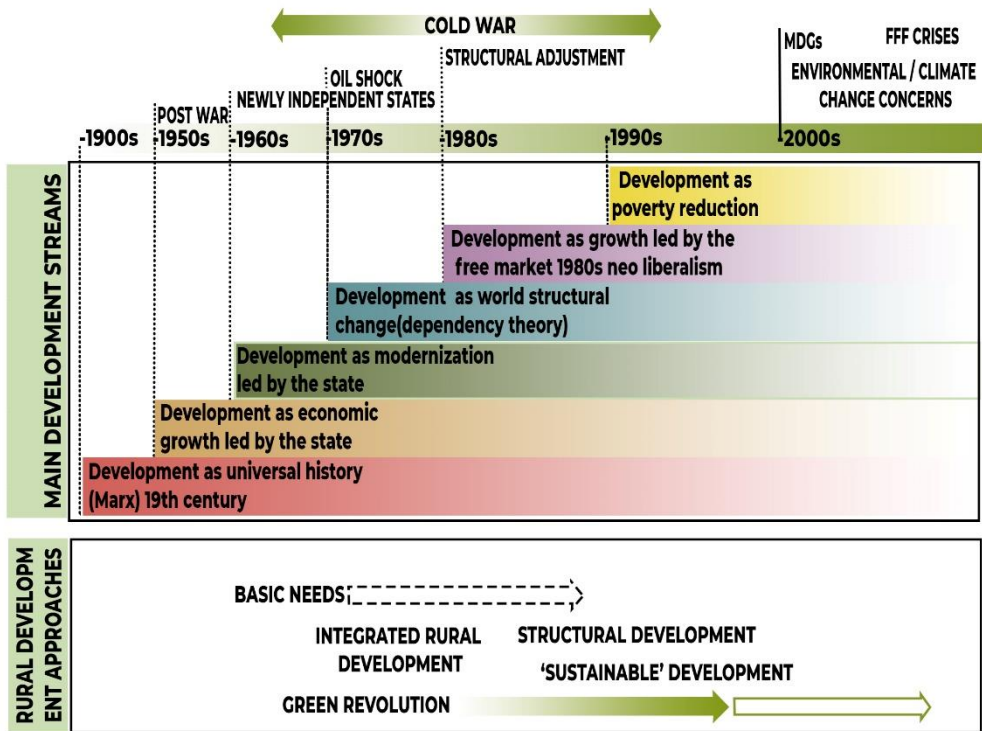
empowerment approaches grounded in provision of public infrastructure, environmental preservation, and resilient social-ecological relationships (Carmody, 2019; DBSA, 2018; Helling, *et al.*, 2005).

Lyndon *et al.* (2011: 643) define development practice as structured interventions that give communities greater control over their lives, although not a panacea for solving all the problems faced by a local community. Eyben *et al.* (2008) view development practice broadly as the art or way of conducting development activities and guiding principles for facilitating social transformation. But this position has evolved over time.

In the 1950s to 1970s, development practice focused on poverty alleviation at the community level within given socio-economic structures (Binswanger-Mkhize *et al.*, 2010). This followed a top-down approach where external practitioners and researchers implemented social experiments for solving community problems. In the 1980s to 1990s, there was a shift in addressing socio-economic and political factors that caused poverty. This approach promoted community participation in defining interventions by fostering dialogue on socio-economic and political factors contributing to inequality, power dynamics, and oppression. This bottom-up approach allowed empowerment, participation and learning within rural communities.

A historical synopsis on the evolution of some approaches is given in Figure 1 and Table 1.

Figure 1: Evolution of approaches in development practice



NOTE: FFF - FOOD, FUEL & FINANCIAL CRISIS

Source: (CeDEP, not dated)

Table 2: The evolution of approaches in development practice

Development Approach	Period	Level of Community involvement	Remarks
Centralised, Decentralised	1950s	Minimal	Initiated after World War II. Influenced by the Soviet and welfare state models with firm central control
The sectoral, technology-led, green revolution, irrigation development	1960s	Consultation	Sectoral approaches lacked accountability to communities—rent-seeking and corruption. Focus shifted towards technology led agriculture (the famous high yielding dwarf rice varieties)
Special area or target group, ADP, IRDP, PRAs NGOs and Private Sector	1970s-1980s	Participation	Avoided elite capture and social exclusion of minorities and the very poor. Managed by governments and NGOs
CBD, CCIs, Social funds	1990s	Empowerment	We are focused on community participation and empowerment.
CDD, CCIs, Cash Transfers, SLA, CCF, ABCD, RBCD, BDS	2000-Present	Empowerment	Communities are empowered to move their development agenda. CBP, CBME, communities as partners; communities' control financial resources.
Capabilities Approach (CA)	1990s-present	Empowerment	People centred and focussed on building capabilities and freedom.

ADP –Agricultural Development Program; **BDS**-Business Development Services; **IRDP**-Integrated Rural Development Program; **PRAs**-Participatory Rural Appraisals; **CBD**- Community Based Development; **CCIs**-Comprehensive Community Initiatives; **CDD**-Community Driven Development; **SLA**- Sustainable Livelihoods Approach; **CCF**- Community Capitals Framework; **ABCD**- Asset Based Community Development; **RBCD**- Rights-Based Community Development.

Source: Adapted from Binswanger-Mkhize *et al.* (2010)

In the last twenty years, the capability approach has widely been recognized and discussed in the field of poverty and development studies, and accepted in the United Nations agenda framework, such as the human development framework (Kimhur, 2020). The capability approach is people-centered, focusing on human beings and their quality of life. It views people as the ends of development and asserts that development should be assessed in terms of people's quality of life (Sen, 1999). Consequently, the approach is based on two critical questions: (a) what are the lives that people are free to lead? and (b) what lives have they chosen to lead? It regards the improvement in people's lives as an expansion of their freedom.

Therefore, rather than providing explanations to development, the CA suggests how development should be understood and how it can be achieved. According to Velástegui (2020) the capability approach differs from other approaches that focus on the means (such as income and wealth) instead of on the ends of development. Thus, the CA views such measures of opulence as only valuable to the extent of enabling the achievement of intrinsically valuable aspects of life including functioning, capability, well-being, agency, and conversion factors (ibid).

Capability can be regarded as a vector of the potential functioning that an individual can achieve, or someone's capability to function. It comprises all the possible functioning from which an individual can choose. e.g., pursuing a selected career path regardless of gender. It denotes the freedom by an individual to lead different lives deemed as valuable through individual reflections (Sen, 1993). According to Crocker and Robeyns (2010), a valuable life comprises both a person's doings as well as freedom to undertake them. In this regard development takes place within a space of capabilities, without only focusing on outcomes but on how they are reached.

The evolution of development practice underlines the need for strengthening coping with the diversity of contextual problems and the continuously changing development challenges. Additionally, current approaches to development practice still face several challenges including enhancing participation, dealing with top-down approaches, a lack of consultation, incongruence between needs and programs, low uptake of or dependency on services, a lack of coordination, elite capture, and reaching out to rural

and remote areas in community development work with a hope that development challenges can be proactively overcome to sustain community development activities (Pawar, 2020).

Although the DBSA's mandate is developmental, it is important to understand how its interventions continuously improve development practice. The problem at hand therefore is, given the development decay in the recent past and the dynamic development phenomenon definition, how should the DBSA view and define its development practice.

3. Research goal and scope of work

The research is aimed at providing valid and evidence-based results and recommendations that will help define the DBSA's conceptualisation and view of 'doing development'. The research intends to help the DBSA in answering critical questions around its current developmental model, i.e., is it participatory, interventionist, collaborative, demand-driven, or empowering to beneficiaries. The research goal is therefore to produce a paper that outlines the evolution of the construct of development historically, map the current practice of development within the DBSA and, finally, advance a working definition of development for the DBSA informed by its practice and the definitions that are widely used in the development sector.

Within the context of this research goal, the scope of work encompasses the following: defining development, including emerging schemes; and mapping the DBSA's current understanding of development in practice; and mapping the implications of DBSA's future trajectory for development practice.

4. Conceptual framework for the study

The DBSA defines development as “an inclusive process towards enriched and sustainable livelihoods in which collective aspirations drive us towards shared prosperity, while building platforms as a means to transformative change, for all those who work and live in our lands” (Pityana *et al.*, 2018:35). This appreciates the

complexity of human development – particularly the multiplicity and interconnectedness of human development challenges. This invariably defines the complexity of societies, thus calling for system thinking approaches that view society and development interventions as complex social systems.

The term systems thinking is commonly used as an umbrella term to refer to approaches that seek to be more holistic than those methodologies that concentrate attention on a relatively narrow set of predefined variables (Midgley 2006: 11). Over the years, development programs are increasingly becoming more complex as opposed to the traditional single large projects.

There has been a shift from project-oriented organization, matrix-managed projects, networked projects, rapid development projects, organizational change projects and all the way to social projects. This shift has put pressure on development finance institutions like the DBSA, policy makers, development practitioners, and project managers to seek holistic and multi-dimensional approaches to development practice.

4.1 The need for a systems approach

The DBSA's development practice aims to improve and transform society/social systems through infrastructural investments for social change. This requires an understanding of societies as social systems. According to social systems theory, society is divided into various sub-systems, such as legal, political, educational, scientific or economic (Mattheis, 2012: 628). Laslo and Krippner (1998: 47) define a social system as, "a complex of interacting components together with the relationships among them that permit the identification of a boundary-maintaining entity or process".

Using the social systems lens, the research infused the capability approach in its analysis and adopted the critical systems heuristics (CSH) framework. CSH offers an approach for socially rationalising plans, interventions, and development practice and interrogation of social systems design or boundaries and assessment of their social implications (Flood and Jackson, 1991; Ulrich, 2003; Lockett, 2006).

This enabled a critique of the conceptual design of DBSA's approach to development practice through critiquing social system boundaries, i.e., the determinants of the

DBSA's development practice as informed by its development position. It also allowed key research respondents to provide a critical analysis of the DBSA's approach to development practice. According to Brown (2012) critical analysis is a process of deconstructing what one reads, writes, and listens to in a rational and logical manner (2012). It requires moving beyond describing and analyzing to evaluating, criticizing, and postulating on what you process.

The process of critique is holistic and includes views of the DBSA's key decision makers and implementers. The process encompasses an assessment of the socio-economic, social-cultural, and ethical implications of boundaries as a way of rationalising the DBSA approach to development practice. In addition, this research recognises that the DBSA's approach to development is defined within the confines of existing national and global policy frameworks.

A set of questions deemed appropriate for the assessment of DBSA's approach to development practice were developed in a flexible and creative manner (Flood and Jackson, 1991:301; Midgley, 2000: 225; Ulrich and Reynolds, 2010). Broadly the boundary questions were crafted around the following domains:

- a) *Values and motivations* built on the DBSA's views of situations and efforts to 'improve' them
- b) *Power structures (control)* influencing what is considered a 'problem' and what may be done about it
- c) *The knowledge basis* defining what counts as relevant 'information', including experience and skills; and
- d) *The moral basis (legitimacy)* on which DBSA expects 'third parties' to bear with the consequences of what it does, or fail to do, about the situation in question.

5. Research design and methodology

5.1 Research design

This research adopted an exploratory research design which aims to generate new ideas and weave them together to form theory that emerges directly from data (Stebbins, 2001). Exploratory studies approach the topic of study primarily in an

inductive fashion to investigate the areas of potential research interest that remain mostly or wholly unexamined by the scientific community (Rendle, 2019). It is a broad-ranging, purposive, systematic, prearranged undertaking designed to maximize the discovery of generalizations, leading to description, and understanding of an area of social life (Stebbins, 2001). Exploratory research seeks to provide new explanations through the active involvement of the researcher in the process of amplifying his or her conceptual tools to allow him or her to raise new questions and provide new explanations of a given reality from a new angle. It sets out to explain limited segments of reality by suggesting a causal order and sequence of events. Exploratory research thus assumes causal necessity in the world, but only for the purpose of suggesting a helpful and useful way of explaining it (Reiter, 2017).

5.2 Methodological approach

The research utilized a mixed-method approach that blend qualitative and quantitative data to enhance the validity of the findings. Qualitative data were collected through secondary data reviews and telephonic key informant interviews with DBSA employees. The list of key informants is outlined in Annex 1. Quantitative data were collected through secondary data reviews and key informant interviews. The list of key questions that guided the key informant interviews is outlined in Table 2.

Table 2: Key research questions based on CSH domains

DOMAIN OF CSH	KEY RESEARCH QUESTIONS
<i>Motivation</i>	<ul style="list-style-type: none"> • How does DBSA define development? • How does DBSA define development, including emerging schemes? • What is DBSA's current understanding of development in practice? • How is DBSA funding infrastructure and the project value chain? • What are the key tenets of DBSA's current development practice? • Who is /ought to be the actual beneficiaries? • What ought to be/is the selection process? • What ought to be/is the collective purpose and choices of the approach to development practice? • What ought to be/is the measure of community empowerment?

DOMAIN OF CSH	KEY RESEARCH QUESTIONS
Control	<ul style="list-style-type: none"> • Who ought to be/is the leadership structure and decision makers in control of resources? • What are the current and perceived roles of youth, women and innovation and development? • What components of the DBSA development practice model are/ought to be controlled by the decision makers? • What ought to be/are the power dynamics for the decision environment? • What are the empowerment approaches?
Expertise	<ul style="list-style-type: none"> • Who is/ought to provide expertise? • What skills are/ought to be part of the DBSA's approach to development practice? • What is/ought to be mechanisms for multi-stakeholder partnerships? • What are/ought to be mechanisms for social change through investments in infrastructural development? • What are/ought to be mechanisms for self-assessment by the DBSA and beneficiaries? • Who are/ought to be providing guarantor attributes of success in the provision of expertise?
Legitimacy	<ul style="list-style-type: none"> • What are the risks associated with failure of the DBSA's approach to development practice? • Who is/ought to represent interests of the affected?
Power	<ul style="list-style-type: none"> • What are the power dynamics? - This comes through resources (financial), intellectual capital, access to complex networks, connections of people to their roots (relations, community being <i>etc</i>).

5.2.1 Data analysis

Qualitative key informant interviews were transcribed, and transcriptions were analysed manually. An inductive approach and open thematic coding were used. The analysis was conducted iteratively using a three-pronged approach: noticing, collecting, and thinking. During analysis, cross-tabulations were done to compare the emerging information with secondary data to ensure that any outliers are captured.

Data from the key informant interviews conducted were triangulated with data from secondary reviews.

6. Results and Discussion

6.1 Perceptions on DBSA's definition of development

The research results indicate multiple perceptions on how DBSA defines development. Figure 2 presents a word cloud indicating some of the key words associated with perceptions on DBSA's definition of development.

Figure 2: Word Cloud on DBSA's definition of development



Source: Analysis of respondent interviews

A total of 45 per cent of the respondents associated development with building capabilities and changing the lives of the people and communities through investments in infrastructure, in the areas where DBSA funded projects were implemented. This is in terms of the DBSA focus sectors of water, transport, sanitation, energy, information communication technologies, health, education and human settlement. Such change was outlined to include the creation of employment, improvement of social conditions, and improvement of road infrastructure that facilitates economic activities. Although

the change may vary across projects, it was however argued that the focus should be on changing the landscape in terms of improving the lives of people and communities. About 22 per cent of the respondents associated development with infrastructure on the ground that it either unlocks economic opportunities or alleviate social challenges.

Some respondents (11 per cent) associated development with improved delivery of services at grassroots level. A further 11 per cent highlighted that there was no single defined development definition. However, these respondents who highlighted the lack of a single definition for development felt that despite such limitations, there was a general conceptual understanding regarding the required results from DBSA's development practice, i.e., activities undertaken, that result in changing the lives of people in countries that DBSA operates.

The remaining 11 per cent outlined the complexity of defining the concept of development and defined development in the context of impacts of the DBSA's investments on partners, clients, beneficiaries, and the greater community within which projects are implemented. Although impact was argued to take various forms, for the DBSA, it should be defined around investments in infrastructure within the Bank's operational areas.

It was clear that the DBSA's definition of development is aligned with definitions of other DFIs in terms of the development process and their allocative process (Demetriades and Law, 2004:3). There is broad consensus that DFIs are specialized development-focused financial institutions who carry the government mandate to uplift the development performance of a country through addressing market failure (Te Velde, 2011; Sanusi, 2012; Nkosi, 2017).

6.2 Key tenets of development practice at the DBSA

6.2.1 Interventionist, empowering and collaborative development approach

The DBSA intervenes in contexts of market failure. This was argued to apply mostly in contexts where local municipalities are unable to go out to the capital market to raise

own funding to implement projects. According to Van der Waldt (2015), interventionist approach focuses on directing, regulating, facilitating, and acting as catalyst for economic prosperity, social justice, and ecological sustainability. The DBSA's approach to development although interventionist, is demand-driven since relevant stakeholders approach the Bank with specific funding needs and the Bank responds with relevant funding mechanisms.

The DBSA's development approach is in line with the focus on eradication of poverty and building capabilities through providing community empowerment platforms for communities to implement projects to advance their livelihoods. It was highlighted that such an empowerment approach focuses on transformation and social change through focusing on ways for enhancing livelihoods through provision of requisite infrastructure. This is further supported by the DBSA's approach to Black Economic Empowerment (BEE) through equity transactions and community trusts.

The DBSA's development practice is also collaborative, participatory, and is empowering. It was highlighted that the collaborative process is business driven. The Bank also play a de-risking role by participating in the early investment stage through its project preparation function .

6.2.2 Perceptions on beneficiaries and power/control of projects

The beneficiaries of DBSA's development interventions were viewed as wide, with immediate beneficiaries who 'own' the projects as implementers, and end users who are communities and the people in the vicinity of the projects. Only 22 per cent of the respondents asserted that end user beneficiaries are often part of project decision making processes. An example here are the beneficiaries of the independent power producer empowerment beneficiaries such as community trusts.

It was highlighted that, from an investment point of view, the level of autonomy given to beneficiaries is related to the perceived level of risk associated with the investment. DBSA's approach to a great extent landed itself towards risk management – which exhibits confidence around structures and capacity. Access to secondary beneficiaries was seen as lacking due to contractual limitations.

6.2.3 Perceived mainstreaming of women and youth

Respondents highlighted the importance of involving women in projects and the existence of a gender mainstreaming programme. It was further highlighted that there are specific key performance indicators that are required to approve a certain number of transactions that are women owned. The Development Laboratories (DLabs)⁴ is an example of a platform that supports youth and women. Despite great strides made, some respondents (33 per cent) felt that more needed to be done, with regards to transformation in terms of incorporation of youth and women into economic activities funded by DBSA.

6.2.4 Perceptions on adequacy of expertise for effective development practice

A small portion of respondents (22 per cent) felt the need to elevate the capacity of existing social facilitators within DBSA. For every transaction, there is a social institutional specialist who is well equipped to provide the transacting teams with relevant inputs. These social specialists also engage with communities on project issues that affect the latter where relevant.

6.2.5 Balancing between development work and business

DFIs have a dual role and are unique as they need to take care on their business survival and simultaneously perform their mandated developmental role (Chew, 2011). In this regard there is usually a dilemma as they cannot prioritize business profit making over development impact (Francisco, et. al., 2008; Shamsudin, Mohammed, Rahman, and Kamil, 2020).

The respondents felt that DBSA was doing well to balance the two issues. The DBSA's Balanced Scorecard has both a financial and a developmental focus. One of the

⁴ DLABS provide a starting capital injection and operational support over a three-to-five-year period to support the Precincts in becoming self-sustaining vehicles. They address socio-economic needs in an inclusive manner, build resilience, foster social cohesion, drive community-based solutions, and stimulate economic development (<https://www.dbsa.org/dlabs>).

contributors to this success is the ability to select the correct funding instrument. However, it is clear that some provisions of the Public Finance Management Act and similar regulations make decision-making slow, thus disadvantaging the Bank in the competition.

6.3 Existing mechanisms for tracking/measuring development practice

Most respondents (88 per cent) were cognisant of existing monitoring and tracking mechanisms in the Bank. The development practice is measured by the Operations Evaluation Unit. The Development Results Committee assesses potential development impact for transactions before approval.

About 33 per cent of the respondents felt that more could be done through increasing capacity of the monitoring and evaluation process. The Bank needs to improve the number of projects assessed every year, instead of the few samples covered currently. Similarly, the impact assessed should be addressing the priority needs of the beneficiaries in terms of the defined macroeconomic indicators – GDP growth, reduction in Gini coefficient, reduction in unemployment, involvement of marginalized communities in the economic spaces, promoting gender equality, mainstreaming youth involvement, and increased participation in the value chains.

The DBSA is implementing an evolving Development Results Reporting Framework (DRRF) to support effective development impact reporting on the DBSA portfolio. A key aspect of the DRRF evolution is the monitoring and reporting principles, including the International Development Finance Club (IDFC) Green Climate Mapping methodology (DBSA, 2021b).

6.4 Perceptions on effectiveness of existing stakeholder engagement

Although the DBSA's current mechanisms for Stakeholder partnerships are driven by projects, the Bank is strong at creating strategic partnerships with stakeholders. There is a stakeholder management desk that manages strategic partnerships. However, there is a need to evaluate the effectiveness of the partnership on an annual basis.

6.5 Perceptions on negative externalities

Most respondents (67 per cent) held the view that DBSA's investments in development projects did not have negative impacts on the environment and social conditions of beneficiaries. This was mainly because DBSA is 'very particular about investment decisions' and it has mechanisms aimed at ensuring minimal negative impacts. The exposure to Eskom was indicated by some respondents as an untended impact.

6.6 Perceived key positive impacts of DBSA investments

Several items were listed as supportive to development. These included increased access to markets; roads & increased access to transportation; increased access to power and clean/renewable energy; increased access to water to communities and to districts and municipalities; employment creation in various sectors; housing development; education/ skills development; and reducing poverty and inequality. It was further highlighted that since the DBSA funded municipalities, it has far-reaching impacts to the communities in South Africa on improved service delivery. In this regard, the DBSA has played an extensive role in the rest of the continent through capacitating the governments to implement infrastructure projects that drive both economic and social development.

7. Future trajectory of DBSA's development practice

The DBSA's model for development practice needs to be dynamic and adaptive to prevailing uncertainties brought by various risks and disasters. The COVID-19 pandemic has 'turned things upside down'. The Bank needs to look at new ways of doing things, and new ways of thinking development, which focus on creativity, improved speed of delivery, and developing capacity for meeting demand for increased socio-economic development. Climate change is causing problems for both rural and urban communities.

The emerging trajectory is that the DBSA's current definition of development practice

needs to be dynamic. The key elements for refining the definition are to be found in the various perceptions and activities of the Bank in the following areas:

- interventionist, empowering and collaborative role
- managing project for the benefit of beneficiaries
- mainstreaming of women and youth
- ensure adequacy of expertise
- balancing between development work and business
- measure development practice
- ensure effectiveness of stakeholder engagement
- guard against negative externalities
- maximise positive impacts

Based on this research results, development in the context of the DBSA should therefore be understood to mean *an inclusive process towards enriched and sustainable livelihoods achieved through growing the economy, reducing poverty, unemployment, and inequalities, creating local economic development platforms and capabilities as well as contributing to alleviating climate change in the African continent.*

8. Conclusion and implications for the Bank

This research aimed at outlining the evolution of the construct of development, map the current practice of development within the DBSA and, finally, advance a working definition of development for the DBSA informed by its practice and the definitions that are widely used in the development sector. Survey results indicates a continuously evolving discourse for development practice.

The key elements of defining development should encompass issues on investments in infrastructure, changing the lives of the people and communities, unlocking economic opportunities or alleviate socio-economic development for job creation, improved access to water and electricity, access to roads, improved transport, and access to education and health. Development for the DBSA aims at improving the general well-being of people in the five broad areas of growing the economy, reducing

poverty, unemployment, and inequalities as well as contributing to alleviating climate change.

Regarding the key tenets of DBSA's approach to development practice, the DBSA's developmental approach is interventionist, demand-driven, and has both an empowerment and collaborative agenda. The beneficiaries of the DBSA's development interventions are viewed as wide-ranging with immediate and secondary status. There are some areas of improvement in the development practice including advancing transformation, increasing agility to compete well, improve tracking development impact and be alive to the complex developmental problems.

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Annexure 1: Telephonic interviews

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