



DBSA Role in Infrastructure Development

Presentation to CESA

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Presentation Outline

1. Introduction of the DBSA

2. DBSA Focus on Infrastructure Development

- DBSA Value proposition
- Policy engagement, strategies, research and information
- Providing an integrated approach
- Regional footprint
- Project maker
- Infrastructure lending
- Infrastructure sector focus
- Implementation support to Government

3. Conclusion



1. Introduction of the DBSA

DBSA Act 1997

- To promote economic development and growth, human resources development & institutional capacity building in the region
- To support sustainable development projects and programmes in the region

Regulations

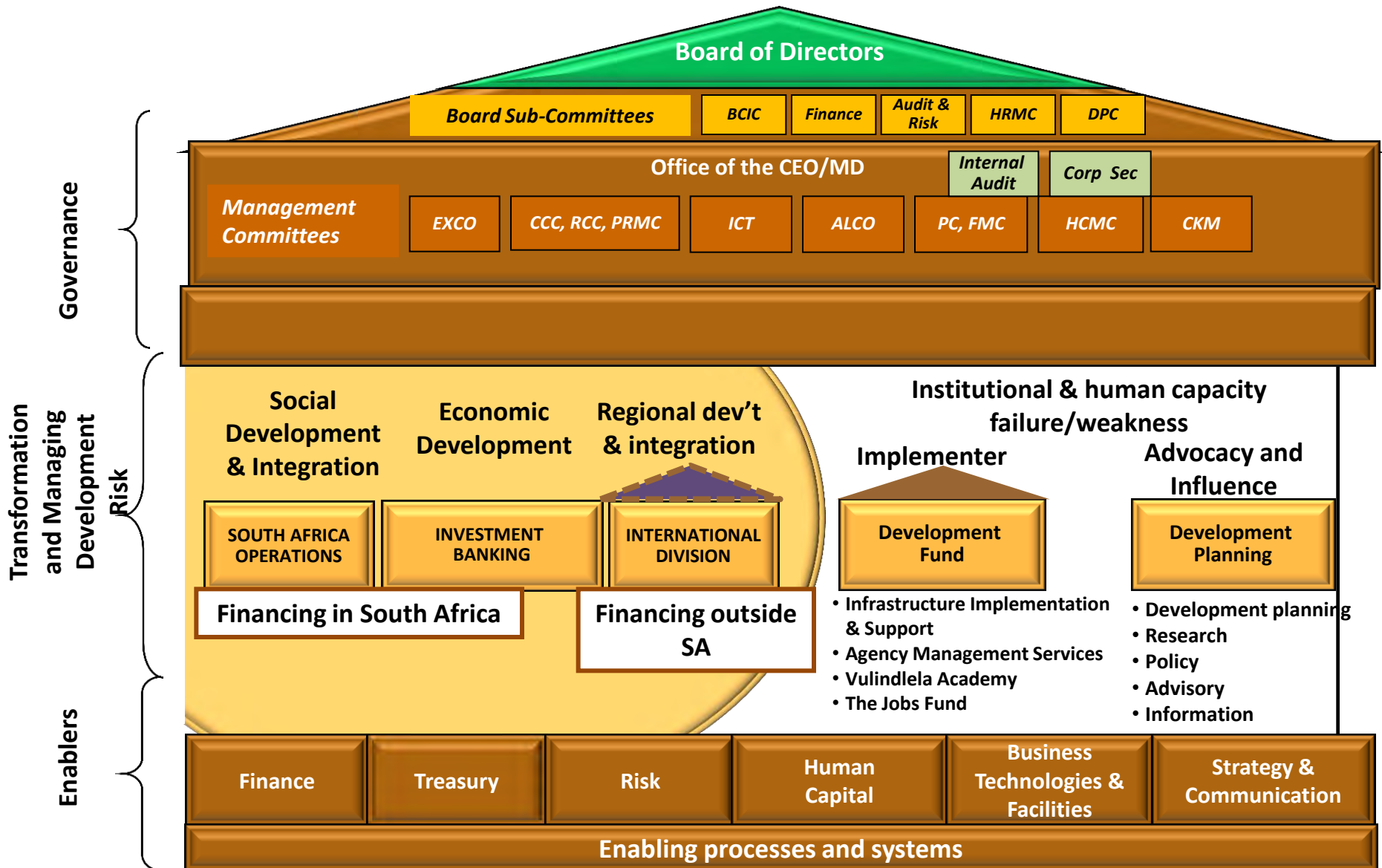
- Focus on economic, social and institutional infrastructure
- Optimise private sector participation

The ancillary objects of the Bank are to:

- To assist other international, national, regional and provincial initiatives in order to achieve an integrated finance system for development; and
- To assist institutions with the management of specific funds to ensure that developmental requirements of the region are met.

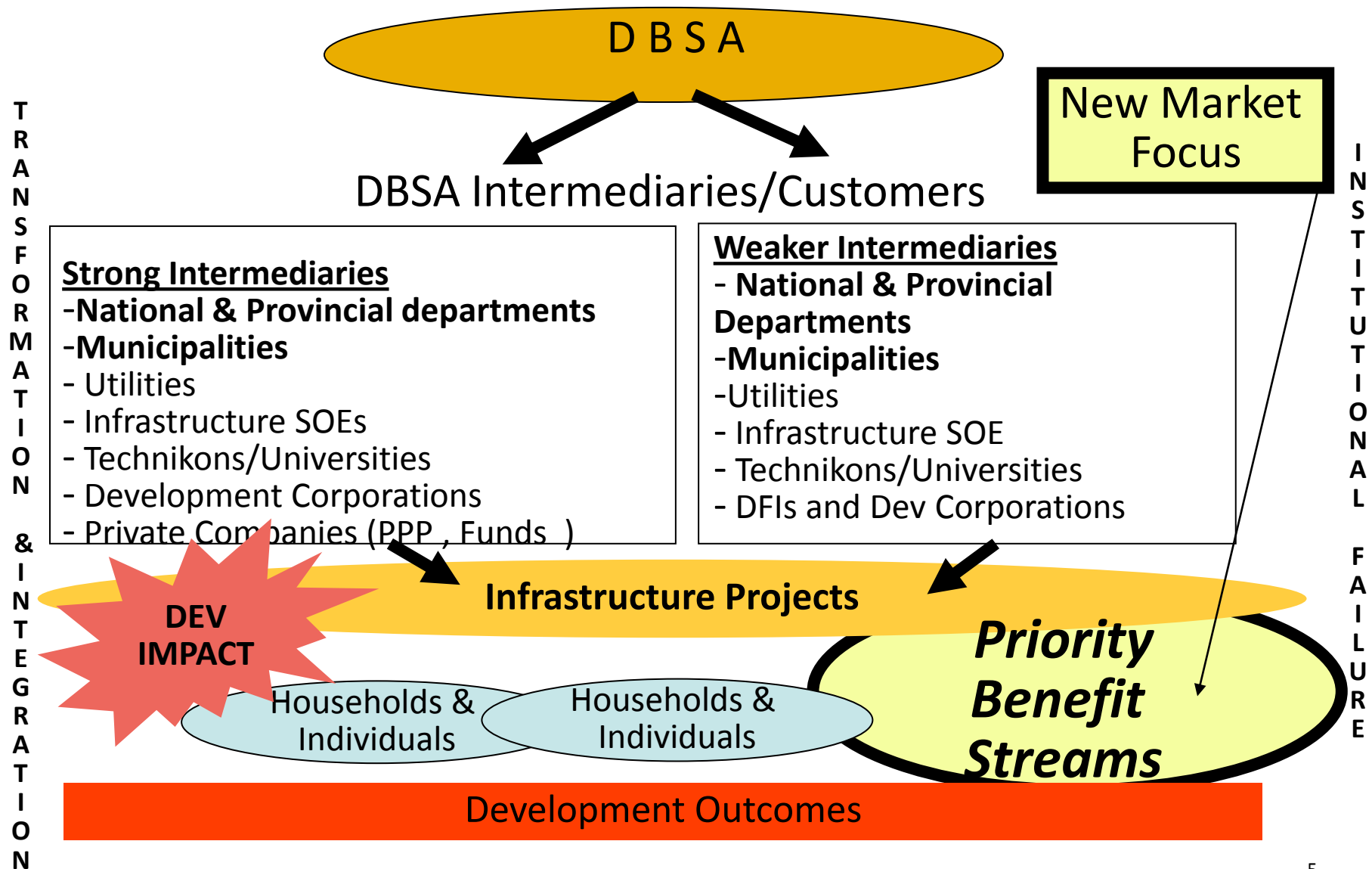
1. Introduction of the DBSA

Organisational framework



1. Introduction of the DBSA

Key intermediaries & intervention implications





1. Introduction of the DBSA

DBSA interventions and centre of excellence

DEVELOPMENT AGENDA – BINDING CONSTRAINTS

Weak institutions and shortage of skills

Small markets/ non-viable states

Inadequate and unaffordable infrastructure

Apartheid geography/ disjointed spatial patterns

Massive inequality

INTERVENTIONS

- DF Capacity building grants
- Agency management services
- Skills partnerships
- Targeted training programmes and partnerships
- Advisory services
- Policy and sector strategies
- **Focus on under-resourced municipalities**

- Regional Integration initiative
- **Pan African Capacity Building Initiates.**
- NEPAD/RISDP support initiative

- Project origination initiative
- **Rural development initiative**
- TA and TIP facilities
- Provincial growth Fund initiative
- **Revised capital structure and cost effective liquidity initiative**
- Development of innovative products/ approaches for new marketing strategy and focus
- **Focused Sector strategies**

- Project origination initiative
- Provincial Growth Fund initiative
- **Rural development initiative**
- Sustainable Communities programme
- **PPPs in health and transportation**
- **Education and health roadmaps**
- **Operations and maintenance initiative**

- Sustainable communities
- **Rural development initiative**
- Housing initiative

PRIORITY SECTORS

FOOD

WATER

EDUCATION

HUMAN
SETTLEMENTS

TRANSPORT

HEALTH

ENERGY

ENVIRONMENTAL AND CLIMATIC CHANGE



1. Introduction of the DBSA

DBSA roles with advent of Centre of Excellence

Financier (To contribute to the delivery of basic services and promote economic growth through infrastructure funding)	Partner (To leverage private, public and community players in the development process)	Advisor (To build institutional, financial, technical and knowledge capacity for development)	Implementer (To mobilise and link stakeholders, initiatives and resources for sustainable development solutions)	Integrator (To originate, facilitate and participate in key initiatives for building capacity and providing development solutions)
Grant-maker	Trainer	Analyst & Evaluator	Project Manager	
Lender	Facilitator	Information Provider	Agent	Convenor
Investor	Sponsor	Technical Assistant	Incubator	Coordinator
Under-writer	Originator	Researcher		
Lead arranger		Advocate		

- i. Proactively generate and facilitate investments in infrastructural and productive assets, with an emphasis on areas with latent economic potential, and opportunities for broad-based wealth creation and concentrations of poverty;
- ii. Aggressively mobilise, develop and deploy human resources as a key measure to build institutional capacity for accelerated infrastructure development and service delivery;
- iii. Creatively apply, mobilise and manage knowledge in support of development effectiveness, innovation and an enabling environment for sustainable development.

1. Introduction of the DBSA

Providing integrated solution

EXPANDED SCOPE OF DBSA ENTRY POINT
(DBSA intervening across most of the value-chain)

2010: new
programme
approach and
mandate
origination

Dev
Planning,
Mobilisation
Partnerships
Facilitation

1

Identify

2

Appraise

3

Finance

4

Plan &
Procure

5

Construction
Management
& Monitoring

6

Operate
&
Maintain

Review &
Evaluate

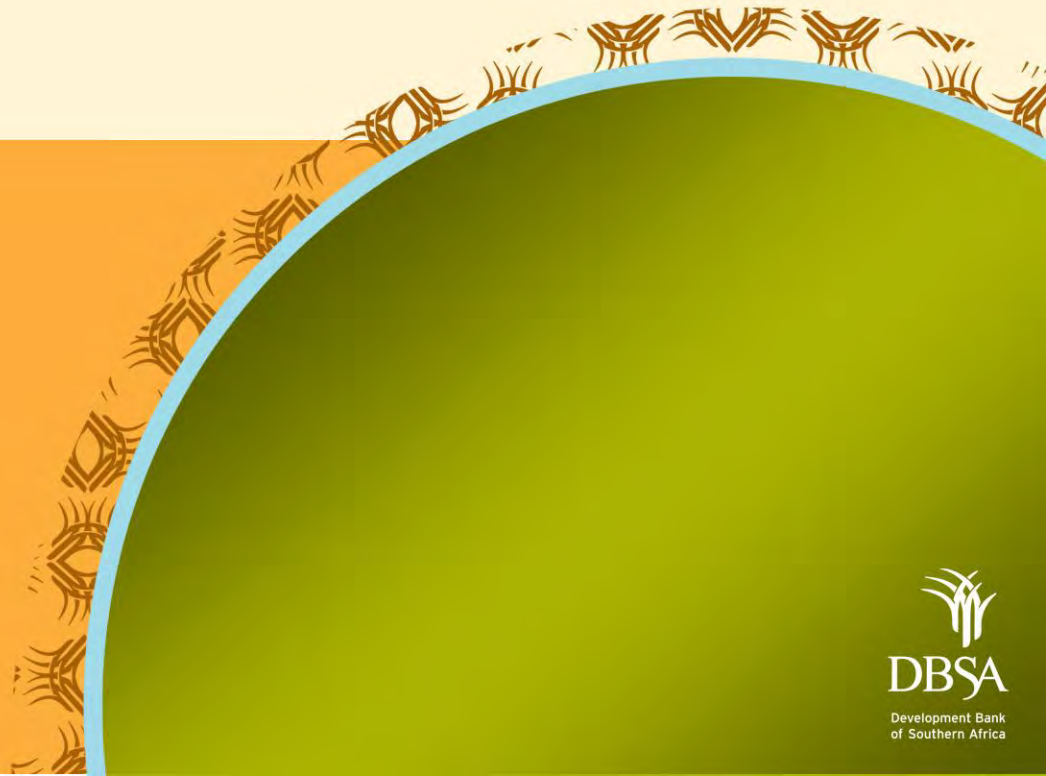
Development
Fund

Policy or
sector level,
pre-project

Capital Markets & Commercial Banks

Conventional Development Bank

DBSA Focus on Infrastructure Development





2. DBSA Value Proposition

Support areas - Project Development Phases

Development planning

- Technical assistance and advisory services, expertise, facilitation on project identification and feasibilities.
- Long term development planning.
- Infrastructure and sector planning.

Assistance on a district and municipal level to identify and promote sustainable opportunities and do long term planning.

Project planning and preparation

- Technical assistance and advisory services for programme/ detailed project packaging and preparation.
- Mobilising resources, lead arranger, advisor and under writer role.

Packaging and Funding

- Financing, technical support, project management services.
- Budget process management, systems, procurement support.
- Provide affordable funding for infrastructure projects

Enable development of implementable projects to serve community and eradicate backlogs. Strengthen capacity to manage comprehensive programme planning and establish bank able opportunities.

Project management and implementation

- Project management and monitoring, technical skills and advise, mitigation and problem resolution.
- System and capacity development to manage programmes.

Operations and maintenance

- Assist with establishment of PMUs.
- Development of business processes and systems.
- Asset management plans, operations plans.
- Skills, facilitation, arranging, strengthening capacity, execution.

Strengthen institutions to manage assets and service delivery in sustainable manner



3. DBSA as an Advisor and Partner

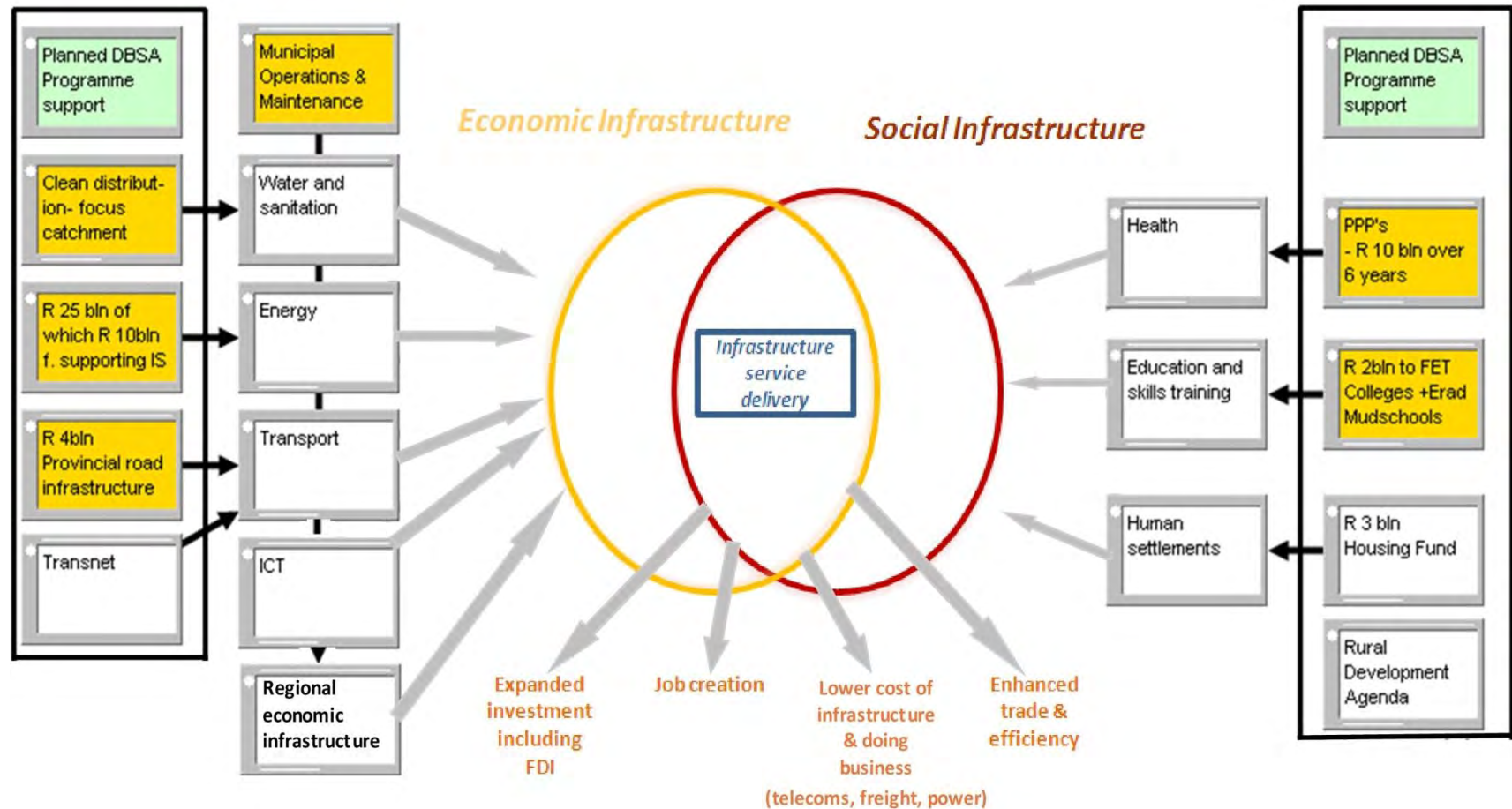
Policy engagement, strategies, research and information

Supporting State performance improvements	Creating and maintaining strategic networks	Supporting and enhancing DBSA investment and capacity
<ul style="list-style-type: none">▪ Completed public hospitals' CEOs and district managers competency assessment▪ Formulated ten-point plan to ensure skills development for a growing economy▪ Supported development of ten-point plan to improve the performance of the local government sector▪ Green economy research support to Departments of Environmental Affairs and Economic Development	<ul style="list-style-type: none">▪ Convener of DFI Forum▪ 2010 Knowledge week: "South African Human Settlements 2030"	<ul style="list-style-type: none">▪ Sector strategies:<ul style="list-style-type: none">• Climate change• Waste water services• Human settlements▪ Data collection and information synthesis - Development Report



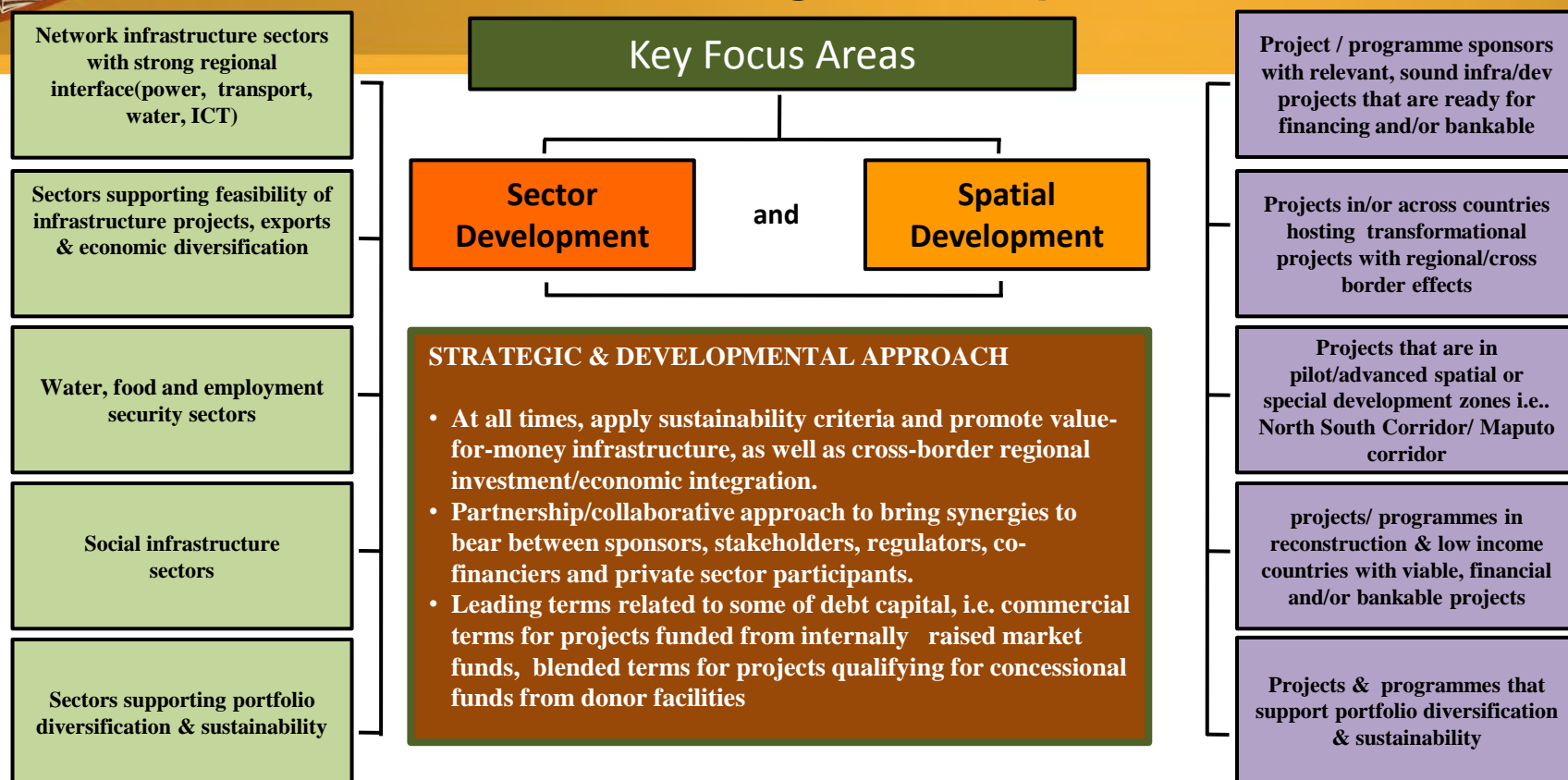
4. DBSA Focus on Infrastructure Development

Providing an integrated approach



4. DBSA Focus on Infrastructure Development

Regional footprint



Sector based engagement

Priority regional infrastructure	Power; transport; water; ICT
Priority economic development	Food, energy and water security; agribusiness; forestry and fishing
Priority social infrastructure	Health; housing
Other regional & domestic infrastructure	Tourism; construction; mining



4. DBSA Focus on Infrastructure Development

Project maker

- DBSA plays the role of Financier, Advisor, Partner, Implementer & Integrator in the financing of infrastructure
- Within housing finance, DBSA strives to be a “Project Maker” that is instrumental in unlocking delivery of large-scale high impact developments
- Successful implementation of this Project Maker function is dependent on close collaboration with all stakeholders, particularly Government institutions.

Project Maker → Proactive ✓

- Involved from Project Planning Stage
- Instrumental in coordinating funding at various delivery stages
- Strategic area of focus is Government’s Priority projects
- High level of interaction is with Government in planning funding structures

vs

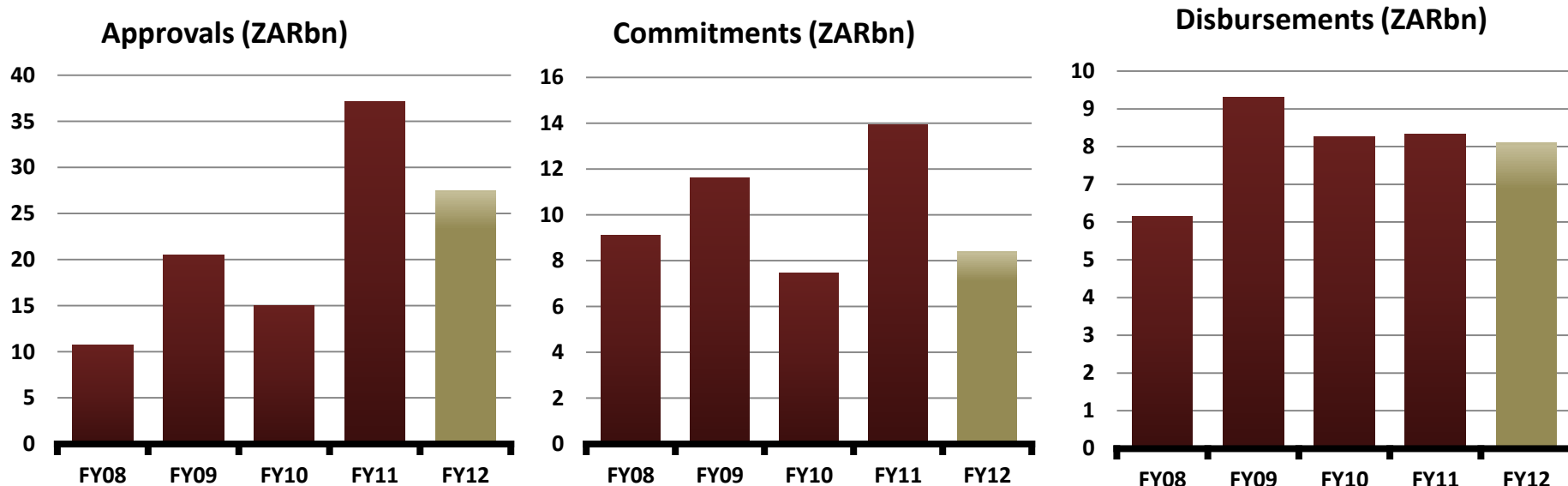


Project Taker → Reactive

- Involved only as Financier at Bankable stage
- Transacting on a reactive, project by project basis, instead of strategic portfolio planning
- Interaction occurs mostly at project level, with property developers

4. DBSA Focus on Infrastructure Development

Infrastructure lending

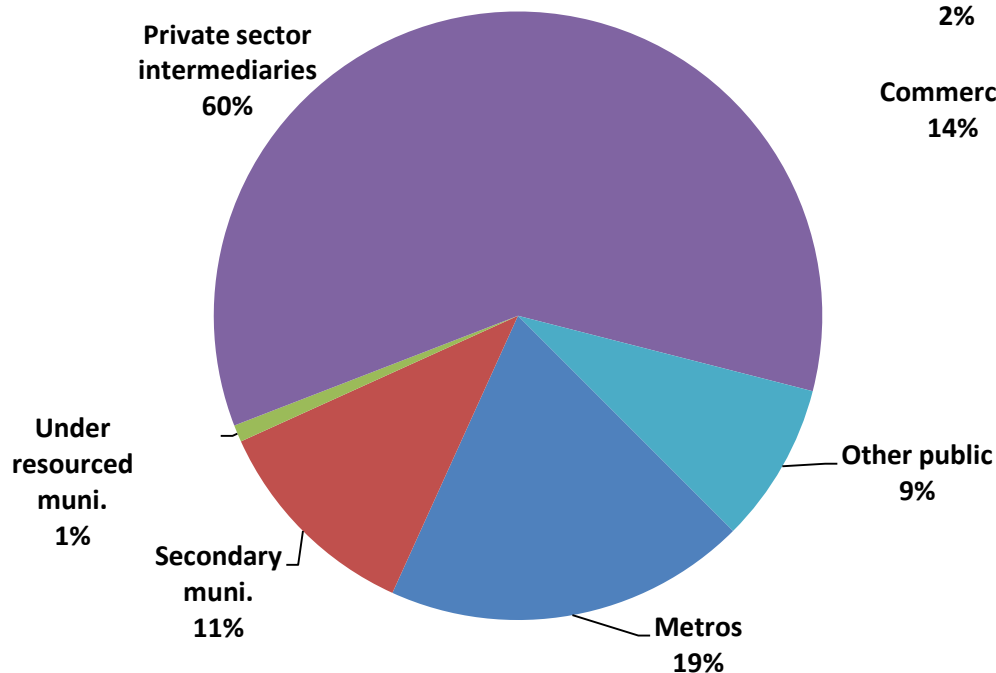


- Total development finance approvals of R27.5 billion for the 12 months, of which 86.3% was approved in South Africa
- Agreements concluded for the year South Africa: R5.5 billion and rest of SADC: R2.9 billion largely in favour of the energy (28%), roads and drainage (18%) and water (15%) sectors
- Total disbursements of R8.1 billion for 2012
- The impact of the difficult trading environment and the lack of borrowing capacity especially in under-resourced municipalities, reflected in the inability of the organisation to convert approvals to commitments and ultimately disbursements.

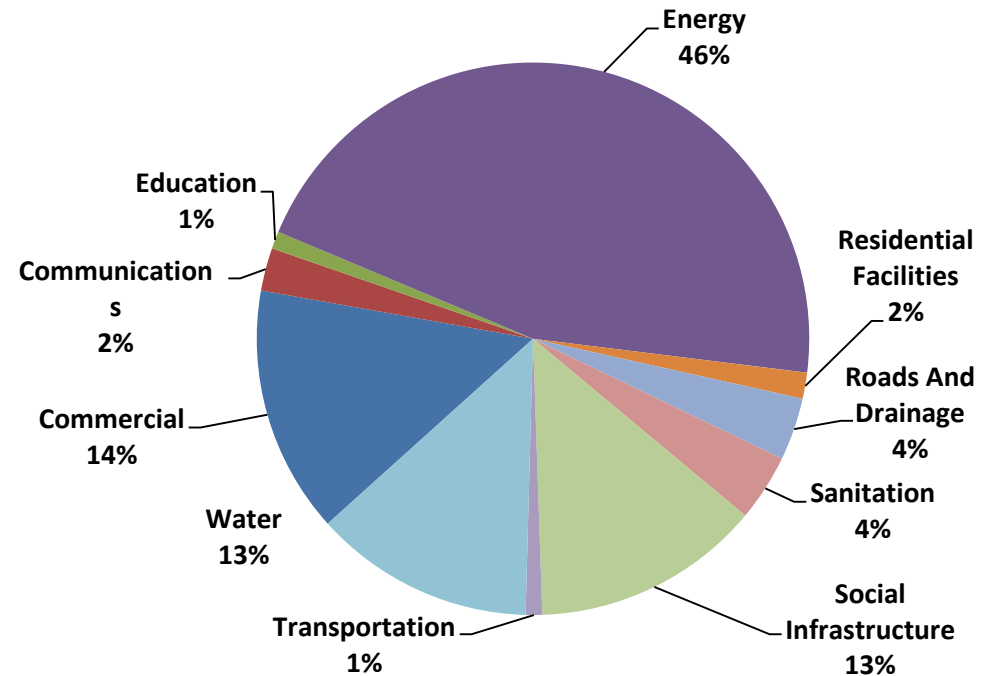
4. DBSA Focus on Infrastructure Development

Infrastructure sector focus

Approvals by client (FY2012)



Approvals by sector (FY2012)





4. DBSA Focus on Infrastructure Development Implementation support to Government (1)

- The DBSA expanded its mandate to support national and provincial departments to accelerate the delivery of infrastructure
 - Accelerated infrastructure delivery programmes
 - Targeted priority sectors in the Medium Term Strategic Framework
 - High impact priority programmes
 - Opportunity to build capacity of mandate authority for sustainability
- The DBSA appointed due to:
 - Market and institutional failure
 - DBSA expertise and capability to mobilise adequate technical capacity
- Services provided on a cost recovery basis.

4. DBSA Focus on Infrastructure Development Implementation support to Government (2)

Water

- Institutional Support
 - National Water Investment Framework & Strategy development
- Project development
 - Bojanala Bulk Infrastructure Programme
 - Acid Mine Drainage (funding negotiations)

Energy

- Institutional Support, project development and fund management

Health

- Institutional support
 - Establishment of a Project Management Support Unit
- Project development
 - Hospital revitalisation programme at six hospitals and nursing colleges
- Project implementation
 - Gauteng Revitalisation programme
- Management Consulting
 - Rapid Assessment: Health Capital Projects



4. DBSA Focus on Infrastructure Development Implementation support to Government (3)

Education

- Institutional support
 - Establish a DBE Programme Support Unit
- Project development and implementation
 - Construction of 49 new schools in Eastern Cape under the ASIDI programme



4. DBSA Focus on Infrastructure Development Implementation support to Government (4)

Human settlements

- Project implementation
 - Maclean Town project: Delivery of 77 housing units
 - Nelson Mandela Amalinda project: delivery of 102 units
 - Elliotdale Rural Sustainable Human Settlement Pilot Project of 1 000 units





5. Conclusion

- DBSA repositioning itself to be a centre of excellence for infrastructure development
- Future role to deliver infrastructure on behalf of the state at scale and efficiently
- Funding programmes to target secondary cities
- Ensure financial sustainability of the DBSA.

Thank You.