40 YEARS OF DEVELOPMENT PROGRESS

2024 SUSTAINABILITY REVIEW

DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
Building Africa's Prosperity

CONTENTS

NAVIGATION

Our reporting suite for the year ended 31 March 2024 consists of three reports:

IAR
The 2024 Integrated Annual Report

The 2024 Integrated Annual Report, which is our primary communication with our stakeholders.

AFS
The 2024 Annual Financial Statements

The 2024 Annual Financial Statements, which includes the Directors' Report and the independent auditor's report.

SR
The 2024 Sustainability Review

The 2024 Sustainability Review, which provides further information on our sustainability performance.

Throughout our 2024 Sustainability Review, we use the following icons to connect information:

- FC — FINANCIAL CAPITAL
- SRC — SOCIAL AND RELATIONSHIP CAPITAL
- NC — NATURAL CAPITAL
- IC — INTELLECTUAL CAPITAL
- HC — HUMAN CAPITAL
- MC — MANUFACTURED CAPITAL

Links to other parts of the report.

Links to the web for more information.

Our strategic pillars (refer to page 22 for our strategy)

- **ST1:** Inclusive economic recovery in South Africa
- **ST2:** Strategic Rest of Africa lens
- **ST3:** Doing things differently

Our capitals (refer to pages 42 and 43 of our Integrated Annual Report for further details of the capitals and how we use them to create value for our stakeholders)

Our stakeholders (refer to pages 51 to 61 of our IAR for further details of how we engage our key stakeholders)

- **INTERNAL STAKEHOLDERS** the Shareholder, Employees, the Board of Directors, and Management
- **FINANCIAL SECTOR** JSE, ratings agencies, commercial banks and other DFIs
- **INVESTORS** as well as partners and other providers of funding
- **GOVERNMENT** Regulators and other organs of state
- **CLIENTS** Both in South Africa and across the continent
- **COMMUNITIES** civil society, ratings agencies, the media and academic institutions

The Development Bank of Southern Africa (DBSA or the Bank) is one of Africa's leading development finance institutions. It is wholly owned by the government of the Republic of South Africa. The DBSA has a mandate to promote inclusive and sustainable economic growth, human resources and institutional capacity development, support development projects and programmes in the region, and promote regional integration through infrastructure development that improves the quality of life for people in Africa.

The DBSA has an over 40 years track record of successfully supporting development in the Sub-Saharan Region, investing R120 billion in projects across the region, accelerating job creation, improving access to education and healthcare, and reducing poverty.

The DBSA is committed to working with the private sector, governments and civil society to achieve its goals. It is a trusted partner for development, and its work is making significant difference in the lives of people across the Sub-Saharan Region.

PERFORMANCE HIGHLIGHTS

OPERATIONAL PERFORMANCE

R72.9 billion
Total infrastructure development supported

R31.6 billion
Funds catalysed

R17.0 billion
Total loans and bonds disbursements

R4.6 billion
Infrastructure implementation support delivered

R17.2 billion
Value of prepared projects approved

R2.5 billion
Infrastructure unlocked for under-resourced municipalities

FUND MANAGERS CONTRIBUTION

3 852 023
Tonnes of food and food-related products delivered

109 029
Total smallholder farmers and micro-entrepreneurs impacted

32 519
Permanent jobs sustained in the different sectors sector

8
Kilometres of road and rail network built

47 967
Kilometres of fibre built

DEVELOPMENT IMPACT

4 375
Learners benefitted from six newly built schools

14 755
Learners benefitted from 18 refurbished schools

17 289
Learners benefitted from 116 DBE SAFE VIP toilet projects constructed

47 901
Learners benefitted from 73 Limpopo DBE ablution facilities constructed

1 308
Local SMMEs and subcontractors employed in the construction of projects

R4.1 billion
Value of infrastructure delivered by black-owned entities, of which R2.3 billion was delivered by black women-owned entities

R615 million
Benefit accrued to local SMMEs and subcontractors employed in the construction projects

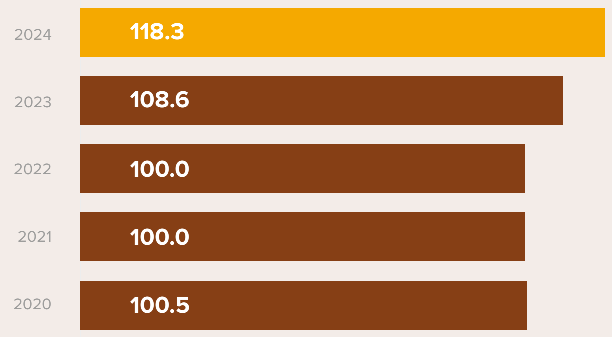
31 638
Temporary and permanent jobs facilitated

1 594
Youth trained in future skills through the DLABS programme

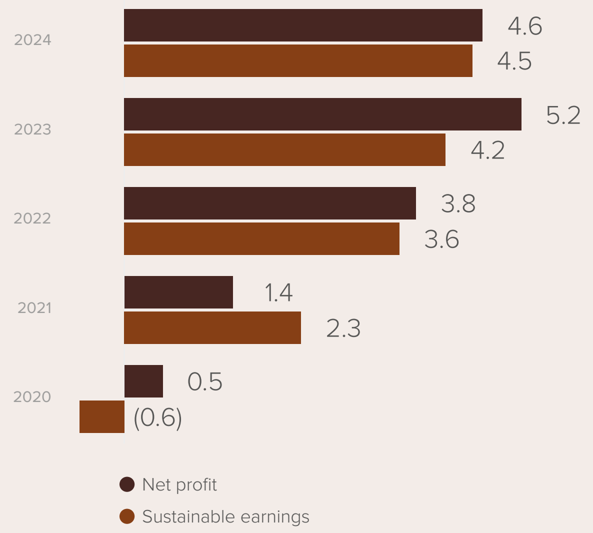
479
Start-up enterprises supported through the DLABS programme

FINANCIAL PERFORMANCE

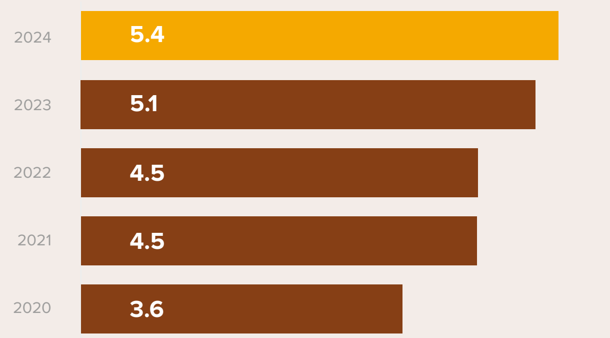
Total assets (R billion)



Sustainable earnings and net profit (R billion)



Cash generated from operating activities (R billion)



GOVERNANCE

- Received unqualified audit opinion since its inception
- Boasts a robust, ethical and diverse leadership
- Reported R nil in irregular, fruitless and wasteful expenditure during the financial year under review (2023: R111 000)

RATINGS AND ACCREDITATIONS

- A Ba3 foreign currency rating by Moody's
- An AA rating by Association for African Development Finance Institutions PSGRS (valid until December 2024)
- Global Environmental Facility accreditation since August 2014
- Green Climate Fund EU 6-pillar accreditation (valid until 2026)

ACCOLADES AND AWARDS

The DBSA won the following awards in the year ended 31 March 2024:

- Chartered Governance Institute of Southern Africa's Integrated Reporting Awards 2023: Winner in the State-Owned Company category

ABOUT THIS REVIEW

Welcome to our 2024 Sustainability Review for the year ended 31 March 2024. The report outlines our environmental, social and governance (ESG) initiatives and provides an overview of our development impact.

40 years of development progress

As we mark the DBSA's 40th anniversary, we recognise that our achievements, signify more than milestones in our history. Four decades of infrastructure investment, represent a steadfast commitment to progress and positive transformation.

Our theme this year is 40 years of development progress. Over the past 40 years, investment in Africa's infrastructure has been pivotal in fostering economic growth, improving social well-being, and strengthening South Africa's position on the global stage.

Our reporting suite is designed to showcase the DBSA's unwavering commitment to infrastructure development, reflecting on or purpose-led journey.

This report serves to provide insight into our sustainability journey and the significant contributions we have made throughout the African Continent.

At the DBSA, we are dedicated to creating positive change in the lives of Africans by facilitating infrastructure investment as a catalyst for economic growth and social development. We strive to ensure that all our investments and non-financial services benefit stakeholders across the board, including governments, businesses, communities, and individuals.

While this report may appeal to a wide range of stakeholders, it particularly addresses the interests of policymakers, regulators, bond investors, analysts, sustainable development professionals, and other parties keen on understanding the DBSA's development impact and sustainability performance.

Reporting frameworks

We developed this review in accordance with the Global Reporting Initiative (GRI) Standards (Core). Our management approach to material issues informs the GRI's Specific Standard Disclosures. See the GRI content index on pages 122 to 132.

Materiality

Our material issues are those that have the potential to substantially impact our ability to create and sustain value for our stakeholders. These matters are determined through a review of the Board's focus areas during the year, interviews with our Executives, feedback from our stakeholders and matters raised in the process of developing our annual corporate plan, a three-year operating and financial plan that state-owned companies are required to submit to National Treasury on an annual basis.

Assurance

The DBSA Internal Audit team has thoroughly examined the disclosures presented in the GRI tables, with their findings detailed in Annexure A of this review. Recognising the importance of external validation, the Sustainability Review has undergone external assurance, a decision deemed beneficial by DBSA management. In addition to providing assurance on the DBSA's Annual Financial Statements, our external auditor is mandated to perform specific procedures on our key performance indicators. Their report and findings are documented in the external Auditor's Report within the Annual Financial Statements.

Approval of the Sustainability Review

While the reporting process was entrusted to a proficient and experienced reporting team, the Board assumes ultimate accountability for the integrity of the Sustainability Review, supported by the Audit and Risk Committee and DBSA Executive Management. Collaboratively, DBSA's leadership oversees the reporting process, dedicating significant consideration to articulating the DBSA's value-creation narrative. In the Board's assessment, this review accurately represents all material matters and aligns with relevant international frameworks. The Board of Directors officially endorsed this review on 27 June 2024.

We encourage your feedback on this review. Please send your comments to the Head of Corporate Strategy at corporatestrategy@dbsa.org or submit them to the DBSA premises located at 1258 Lever Road, Headway Hill.

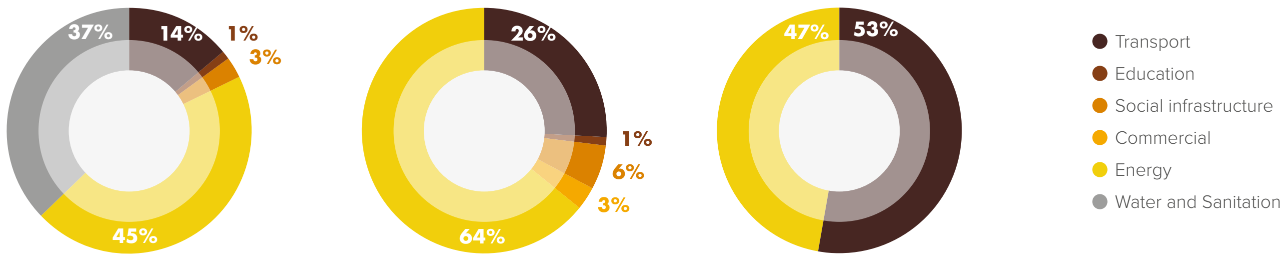
SUSTAINABILITY HIGHLIGHTS

Economic infrastructure and growth in South Africa

The DBSA accelerates sustainable socio-economic development by funding economic infrastructure in the energy, transport, water and sanitation, and ICT sectors. We further support key social infrastructure projects in the education, healthcare, and human settlements sectors.

Economic sector percentage splits

Approvals (%) Commitments (%) Disbursements (%)



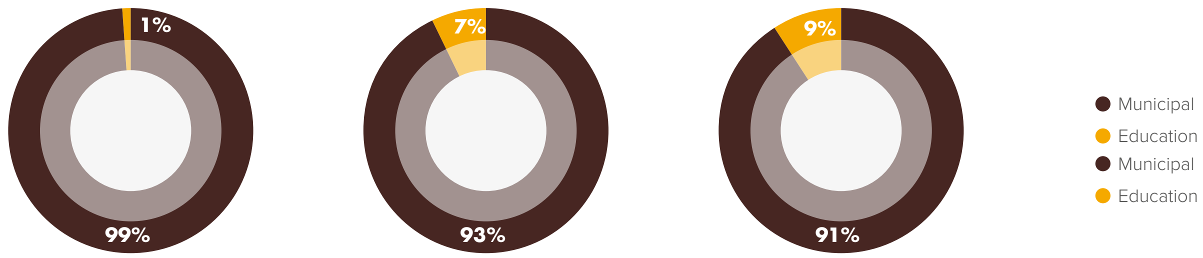
Economic sector approvals, commitments, and disbursements

in millions of rands	2024	2023
Approvals	18 205	32 641
Commitments	9 705	4 764
Disbursements	5 279	4 737

Supporting social development and service delivery in South Africa

The DBSA acts as an implementer of government priorities, and local government is key to supporting delivery of basic services to communities. The DBSA is the only national DFI in South Africa that provides infrastructure support to the nation's municipalities and metros. We further support the South African government in financing and accelerating infrastructure programmes at metro and municipal levels.

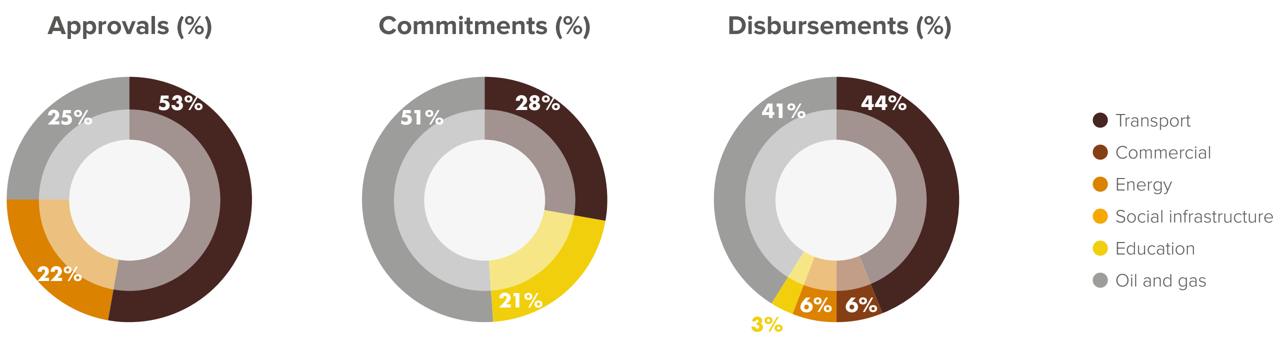
Approvals (%) Commitments (%) Disbursements (%)



in millions of rands	2024	2023
Approvals	**14 928**	**6 604**
Municipal	14 763	6 378
Other social	165	226
Commitments	**5 667**	**3 070**
Municipal	5 277	3 000
Other social	390	70
Disbursements	**5 750**	**4 388**
Municipal	5 246	4 029
Other social	504	359

Regional integration

Regional integration is essential to simultaneously grow the South African and the broader continent's economies. By investing in infrastructure projects that facilitate trade and increase Africa's global competitiveness, the DBSA supports regional development and integration. Ultimately, we aim to improve the quality of life of the people in the region. The funded sectors and associated values are depicted below.



in millions of rands	2024	2023
Approvals	**8 612**	**6 216**
SADC (excluding South Africa)	4 257	3 556
Non-SADC countries	4 355	2 660
Commitments	**6 797**	**8 457**
SADC (excluding South Africa)	4 257	3 048
Non-SADC countries	2 540	5 409
Disbursements	**5 925**	**4 921**
SADC (excluding South Africa)	4 401	1 458
Non-SADC countries	1 524	3 463

Supporting environmentally orientated infrastructure programmes

The DBSA supports internal initiatives to reduce our carbon emissions, water use and waste generation as part of maintaining a sustainable campus for our operations.

Consumption/usage levels	2024	2023
Electricity consumption in MW	10.5	7.1
Water consumption in kilolitres	3 207	4 023

Outside of internal operations, the Bank supports climate-friendly projects by developing products that promote environmental responsibility and support climate action through co-investment projects with other financial institutions.

01
BUILDING A LEGACY

MESSAGE FROM OUR CEO

40 years of driving development impact

Delivering the 'development dividend' is at the heart of our mandate. Since its inception, the DBSA's primary focus has been development, pivoting as needed to address South Africa's transformation and socio-economic development needs. Established 41 years ago, the Bank was formed to enable infrastructure development in the rural areas deemed as Transkei, Bophuthatswana, Venda and Ciskei (TBVC states). In the new democracy the Bank's role shifted to supporting empowerment initiatives, especially Black Economic Empowerment. As the country embraced a multi-layered government system, municipalities became another area of focus. Over time the DBSA has broadened its reach geographically and across sectors, investing in economic and social infrastructure, to generate returns that go beyond financial profits, creating value for communities and societies at large.

Our evolution as an organisation has been driven by a spirit of broadening the horizons of what is seemingly possible to facilitate and expedite economic development and growth, the improvement of the quality of lives of people and the promotion of regional integration through infrastructure finance and development.

Our longevity reflects the organisation's agility in adapting and evolving to meet developmental needs in an ever-changing socio-political and macroeconomic environment. It also attests to our sustainability as a business. There is a strong future-focused culture embedded at the Bank, which underpins the DBSA's long-term sustainability and its ability to devise innovative financing solutions. High-quality technical solutions, aligned with the NDP and the United Nations SDGs, are essential to accelerate investments in infrastructure in Africa.

In the 2023/24 financial year, we achieved a record performance, directly translating to improved lives for Africans. Our financial stability fuels impactful development aligned with our mandate. Loan disbursements generate long-term interest income, funding non-lending activities that support under-resourced municipalities. In South Africa, we specifically focus on supporting local municipalities in the social sector to de-risk projects and catalyse investment positions that crowd-in third-party capital. This strategic approach not only enhances the viability of crucial infrastructure projects but also attracts additional funding from external investors. By mitigating risks and demonstrating the potential for positive returns, we enable municipalities to undertake significant initiatives that improve social services, foster community development, and drive inclusive growth. Our efforts ensure that even the most under-resourced areas can benefit from sustainable investments that strengthen the social fabric and promote long-term prosperity.

Strong infrastructure is the backbone of a thriving economy, fostering trade, empowering businesses, and connecting people to opportunities. But its impact goes beyond the economy. Infrastructure acts as a catalyst for social progress, enabling positive change across communities.

The current global environment demands a proactive approach. With our expertise, resources, and network, we are well-positioned to implement countercyclical interventions that promote sustainable development and mitigate economic volatility. We are dedicated to fostering inclusive growth, building resilience, and achieving long-term prosperity. Intensifying infrastructure investment in Africa is imperative for unlocking the potential of the continent.

Enhancing our approach to ESG

At DBSA, we recognise the growing importance of ESG compliance. The global conversation around climate change, social justice, and ethical governance compels us to re-evaluate our own practices. While we have established elements, we recognise the need to refine our approach. We are committed to comprehensive and transparent ESG reporting, building trust with stakeholders and ensuring we meet our environmental, social, and governance responsibilities. We integrate ESG principles into every step of the investment process. All programmes and projects undergo rigorous environmental and social appraisals, ensuring sustainability is embedded throughout the infrastructure value chain. The DBSA has a niche advantage through our project preparation facilities, allowing us to be involved in infrastructure projects at an early stage when feasibility studies are conducted. This early involvement enables us to integrate principles of sustainability from the start.

Climate change remains a global priority. The DBSA actively supports green investments and aligns with government greenhouse gas emission targets. We are a leader in the Just Transition movement, committed to achieving net-zero carbon emissions by 2050. Our Integrated Just Transition Investment Framework ensures a fair and equitable energy transition while minimising negative impacts on communities.

The DBSA is committed to inclusive economic recovery in South Africa. We prioritise financial and technical assistance for black-owned businesses, particularly those led by women, ensuring all South Africans have the opportunity to participate in economic growth.

The DBSA recognises that sound corporate governance is essential for unlocking shareholder value, building investor confidence, and achieving maximum development impact. As a globally rated institution, we take pride in our strong audit and ratings outcomes. This focus on responsible practices, highlighted by our unbroken track record of clean audit opinion, reassures investors and enables access to crucial capital for further lending. In addition, our independent credit ratings, potentially exceeding the sovereign rating, demonstrate our financial strength.

Celebrating Team DBSA

This year's achievements are a testament to the dedication of our exceptional employees. Leading such a passionate and resilient team is incredibly motivating. Our collective strength and diverse perspectives form the bedrock of our unwavering commitment to the future.

Looking ahead

The global environment demands a proactive approach. With our expertise, resources, and networks, we are well-positioned to implement countercyclical interventions that promote sustainable development and mitigate economic volatility. We are dedicated to fostering inclusive growth, building resilience, and achieving long-term prosperity. In these challenging times, we recognise the immense responsibility we hold as stewards for South Africa's infrastructure development. Our leadership prioritises accountability, transparency, and responsible action, ensuring that we effectively support the nation's aspirations.

Furthermore, DBSA remains committed to collaborating in global efforts toward a just transition to a more sustainable world.

Together, we will forge a brighter future.

Ms Boitumelo Mosako
Chief Executive Officer and Managing Director

CASE STUDY

A founding board member reflects on the DBSA history

In 1983, Professor Wiseman Nkuhlu was appointed to the Board of Directors of the newly established DBSA. Of the 19 founding members, only three were black. The first black African to qualify as a chartered accountant (CA) in South Africa, Professor Nkuhlu was the principal and Vice-Chancellor of the University of Transkei (now Walter Sisulu University) between 1987 – 1991.

In 1993, he was appointed as Chairman of the DBSA Board and chaired the Transformation Task Team. The Task Team was appointed by the Minister of Finance to review the mandate and core business of the Bank. Their recommendations were accepted by the Cabinet in June 1995 and became the basis for the new DBSA.

Professor Nkuhlu was appointed as Chairman of the DBSA Board in 1993.

Professor Nkuhlu in 2024.

Since its inception, the DBSA has diligently established the foundations of its governance process and fostered a high-performance culture, evidenced by the Bank's 40-year track record of unqualified annual audit opinions to the Bank's performance and governance processes expressed by independent auditors.

In commemoration of the DBSA's forty years of development progress, Professor Nkuhlu reflects on the DBSA's journey, detailing the pre-democracy, transition, and post-democracy periods.

Pre-democracy

In the mid-1980s, the economic environment in South Africa and in the neighbouring TBVC states was dire. International boycotts of South Africa came to a peak, after sustained internal resistance and external pressure on the South African government. The pre-democracy government was facing significant financial strain. Expectations during this time were that Pretoria would unveil a reform agenda enticed some liberal Afrikaner professionals to play a role in the reform efforts.

The TBVC states were declared independent in the mid-to-late 1980s. However, it soon became clear that they did not qualify for funding from multilaterals such as the World Bank, the International Monetary Fund or any other international financiers. The lack of access to traditional funding sources sparked the idea for a development bank dedicated to supporting the development of the TBVC states economies and ensuring their stability.

At the time, a spirit of dialogue was emerging, out of necessity, as fixing the South African economy was becoming unavoidable. Despite the tensions between blacks and whites, Afrikaners and English and liberals and conservatives, there was a lot of talk, consultations and economic development conferences, both among black and white professionals, on where to take the country.

The DBSA was set up to ensure that the TBVC states system succeeded. Some of the liberal professionals within the Bank believed that for the economy of the country to work, a comprehensive approach was needed. Individuals like the late Simon Brand, who would become the first Chairman and Chief Executive of the DBSA, professionals trusted by the Afrikaner system, were consulted to resolve the TBVC states financing dilemma. This is why the DBSA was capitalised the way that it was: independent, ensuring the Bank operated free from the directives of the pre-democracy government. Brand insisted, for example, that for the economy to work, it had to be treated as an aggregated whole and interventions should not be disaggregated.

During that time, academia, including Prof Nkuhlu and the University of Transkei, were deeply involved in discussions on how to respond to the prevailing economic environment. They, under his leadership, engaged in development economics conversations, visiting universities in neighbouring countries like Zimbabwe and Malawi. It became clear that the budget allocations received by the TBVC states from the South African government were inadequate to cover essential sectors such as education and infrastructure. This realisation fuelled a push to make the DBSA's funding terms as concessional as possible to address these pressing needs.

With the exception of Prof Nkuhlu, an academic, the Board members appointed to represent the TBVC states were drawn primarily from the offices of the TBVC states presidents. The first DBSA Board was made up of people, mainly Afrikaners, that were highly experienced and highly regarded as professionals. The Board comprised a mixture of conservatives and liberals. As expected, there were small cliques that needed to be managed. However, the key concern – ensuring the development of historically black areas, including the TBVC states, which were the responsibility of South Africa - provided focus. The operational structure of the new Bank drew inspiration from best practices at institutions like the World Bank. This operational approach focused on professionalising project design, research, and documentation, which would ultimately strengthen funding applications. By 1989, a few black professionals had been appointed, including in senior positions.

The Bank's clear focus on infrastructure and education was key to justifying funding allocation. Funding of factory infrastructure was deemed critical, despite the debate on whether to locate these factories in the TBVC states or not. There was a strong view within the Bank that for these factories to make economic sense they need to be located inside the TBVC states.

Transition

Given the political dynamics that prevailed, when Simon Brand became ill in the early 1990's, Prof Nkuhlu was asked to chair the Board. He was responsible for liaising between the DBSA, the ANC and then from 1994 the new democratic government. Alec Erwin, at the time serving as the Deputy Minister of Finance, represented the government's interests and was an ANC official.

In December 1994, a highly capable transformation committee was appointed, tasked with advising the government on the focus, structure and functions of a transformed DBSA. A comprehensive review of the development finance system in South Africa was undertaken to recommend a focus of operations in infrastructure development for the DBSA in a post-democracy environment. Some within the committee felt that the name Infrastructure Development Bank was limiting. The focus of the mandate changed from predominantly financing projects in the TBVC states to covering Southern Africa. South Africa's position as the last country to attain freedom in Africa, inspired the vision that the DBSA would support the development of the rest of the continent. The Bank entertained the idea of inviting other countries to participate in its equity structure and appoint representatives to the Board. However, amid the pressing economic issues faced during the transition period, this proposal was ultimately not pursued.

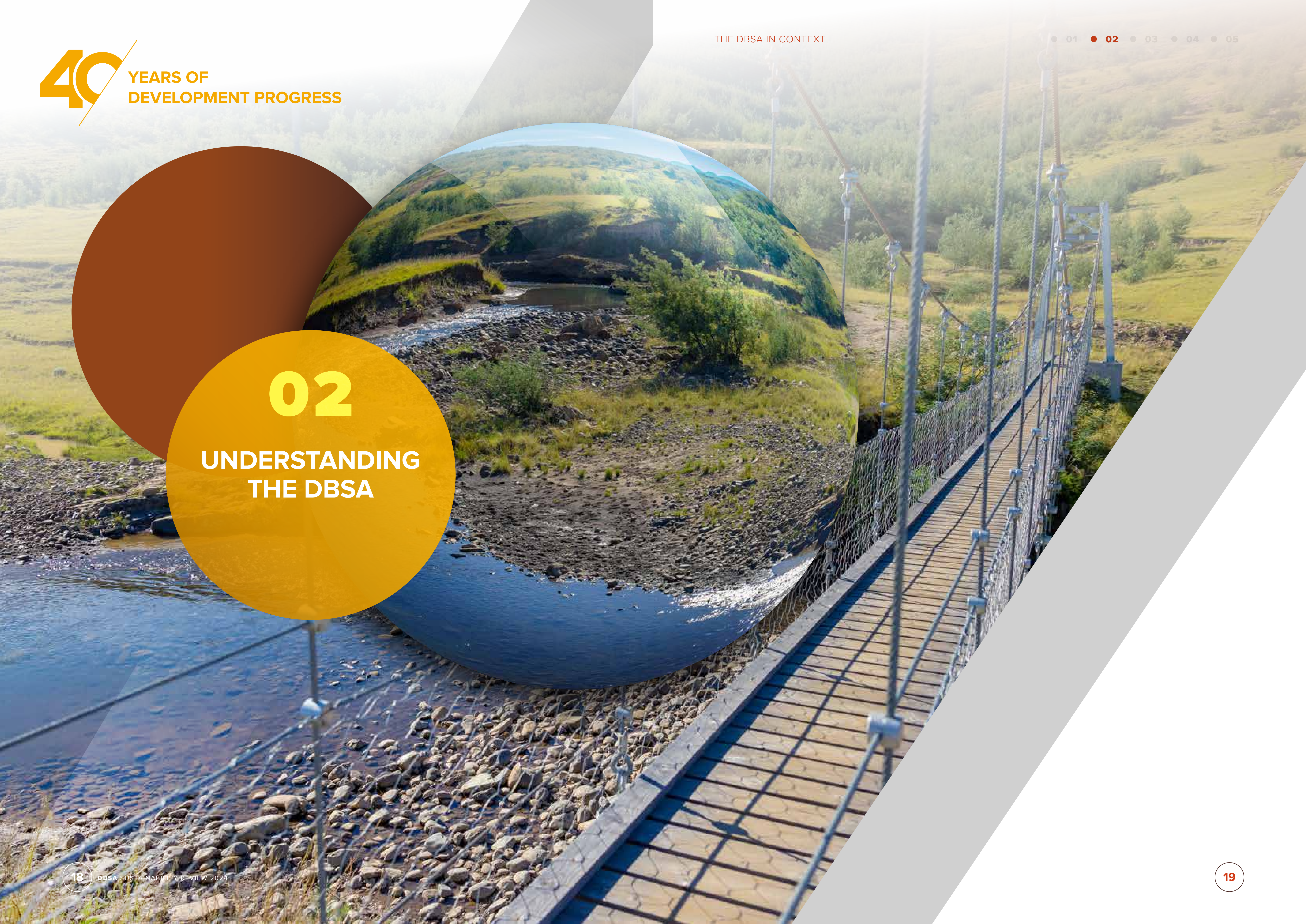
As the transformation of the Bank geared up, Ian Goldin, was appointed as the Chief Executive and Managing Director. He was a principal economist at the European Bank for Reconstruction and Development at the time, and his international experience elevated the leadership. At the same time, Mandla Gantsho was appointed as the Chief Financial Officer. And thus, the sound governance and operational foundation laid by Brand was retained and strengthened. These transformation appointments did not come without major pushbacks. Nevertheless, Gantsho would later succeed Goldin as the Chief Executive and Managing Director in 1995.

Post-democracy

The threat of a mission creep became obvious during the early democracy years. The social activist background in some of the government leaders led to the requirement to intervene beyond infrastructure development. Given the current state of infrastructure maintenance and build in South Africa, it is clear that a serious and urgent intervention is required. Although the country started strong at the beginning of democracy, with public institutions with strong balance sheets, economic focus started waning.

One of the key issues that continues to weaken economic focus is the lack of a technically sound national planning authority that houses the best national planning minds who have vast expertise in strategy, economics, planning, engineering, and so forth. There has to be an institution in the country that is the go-to institution for overall knowledge, planning and investment coordination, especially for infrastructure development.

Over the decades, the Bank has consistently demonstrated a willingness to adapt, continuously seeking innovative approaches to development finance. This agility has not only bolstered its resilience in a dynamic environment, but it has also propelled the Bank to the forefront of the field. Through a relentless pursuit of progress, the DBSA ensures its continued impact and relevance, remaining a vital player in an ever-evolving landscape.



02
UNDERSTANDING THE DBSA

THE DBSA AT A GLANCE

We are a purpose-driven organisation. As a DFI, we bridge the infrastructure gap by mobilising financial and other resources from diverse public and private sources, both domestic and international. These resources are channelled towards sustainable development projects and programmes that address critical infrastructure and capacity development challenges across South Africa, SADC and the wider African continent.

To bend the arc of history towards shared prosperity

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 realise 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.

Our Development Position articulates our ambition to "bend the arc of history" by investing in sustainable development. This has been the guiding mission that has shifted the DBSA into a developmental role, including a higher risk appetite, moderate returns on investment, leveraging co-funding, grant funding of developmental hubs (our DLABS programme), more support for black- and woman-owned businesses, and direct project management of grassroots implementation projects. Globally, the DBSA leads in many of these innovations.

OUR VISION

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

OUR MISSION

The DBSA's mission is to advance development impact in the region by expanding access to development finance, and effectively integrate and implement sustainable development solutions to:

- improve the quality of life through the development of social infrastructure
- support economic growth through investment in economic infrastructure
- support regional integration
- promote sustainable use of scarce resources

The DBSA seeks to effect economic growth that is correlated to the improvement in the quality of the lives of our people.

OUR VALUES

Shared Vision

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

Service Orientation

We deliver responsive and quality service that speaks to the needs of our clients and continuously build relationships that result in mutually beneficial outcomes.

Integrity

Our deals, actions and interactions are proof of transparent and ethical behaviour that demonstrates mutual respect and care for all our stakeholders (employees, clients, share-holder and communities).

High-performance

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

Innovation

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

OUR MANDATE

The Bank's mandate is outlined in the DBSA Act and Shareholders Compact and requires that we:

- promote economic development and growth, human resource development and institutional capacity building.
- enhance and protect the financial sustainability of the Bank.
- embed and monitor a robust governance framework and systems of control.
- mobilise financial and other private and public sector resources for sustainable development projects and programmes.
- appraise, plan and monitor the implementation of development projects and programmes.
- provide technical assistance in the identification, preparation, evaluation, financing, implementation and management of development projects and programmes.
- mobilise funding for initiatives that minimise or mitigate the environmental impact of development projects or programmes.
- encourage regional integration and achieve an integrated developmental financing system.
- address the developmental requirements of the SADC region and the rest of Africa.
- promote regional integration to support South Africa's commitments to trade agreements with countries across the continent.

Our strategy

Our 10-year strategy provides us with a clear vision for our future and desired outcomes. Aligned with our mandate, our strategy is anchored in the imperative of accelerating infrastructure development to act as a driving force for structural transformation within both the South African economy and across the wider African continent, while promoting inclusive economic growth.

Our strategic intent is designed to shape the infrastructure investment landscape by harnessing our dynamic capabilities in conceptualising, catalysing, and executing sustainable infrastructure projects. Leveraging our expertise and position, we actively seek out and solidify strategic partnerships to further our objectives.

OUR STRATEGY

Our 10-year strategy provides us with a clear vision for our future and desired outcomes.

Strategic pillars

- 01 Inclusive economic recovery in South Africa
- 02 Strategic Africa lens
- 03 Doing things differently

Strategic objectives

- 01 Financial sustainability
- 02 Accelerating development impact
- 03 Future-fit-DBSA
- 04 Smart partnerships

Strategic initiatives

- 01 Integrated Municipal Approach
- 02 Just Transition
- 03 Shareholder Alignment
- 04 Regional Integration
- 05 Elevating development impact
- 06 Fit-for-purpose DBSA

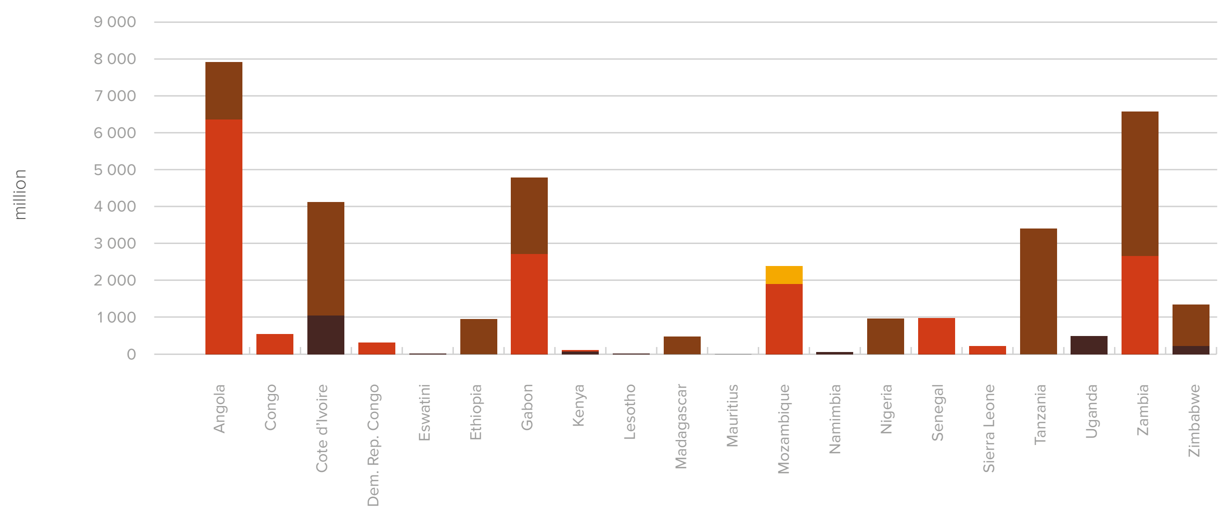
Our integrated development offering

Our product solutions span all phases of the infrastructure development value chain from infrastructure planning and project preparation, across a range of investment financing and non-financing investments to infrastructure implementation and delivery.

	Plan	Prepare	Financing	Build	Maintain
Activities	• Infrastructure needs assessment • Bulk infrastructure plans • Infrastructure planning advice	• Project identification • Feasibility assessment • Technical assistance • Programme design and development • Project preparation functions	• Long-term senior and subordinated debt • Corporate and project finance • Mezzanine finance • Structured finance solutions • Equity support for B-BBEE entities	• Manage design and construction of projects in social and economic sectors • Project management support	• Supporting the maintenance/ improvement of social and economic infrastructure projects

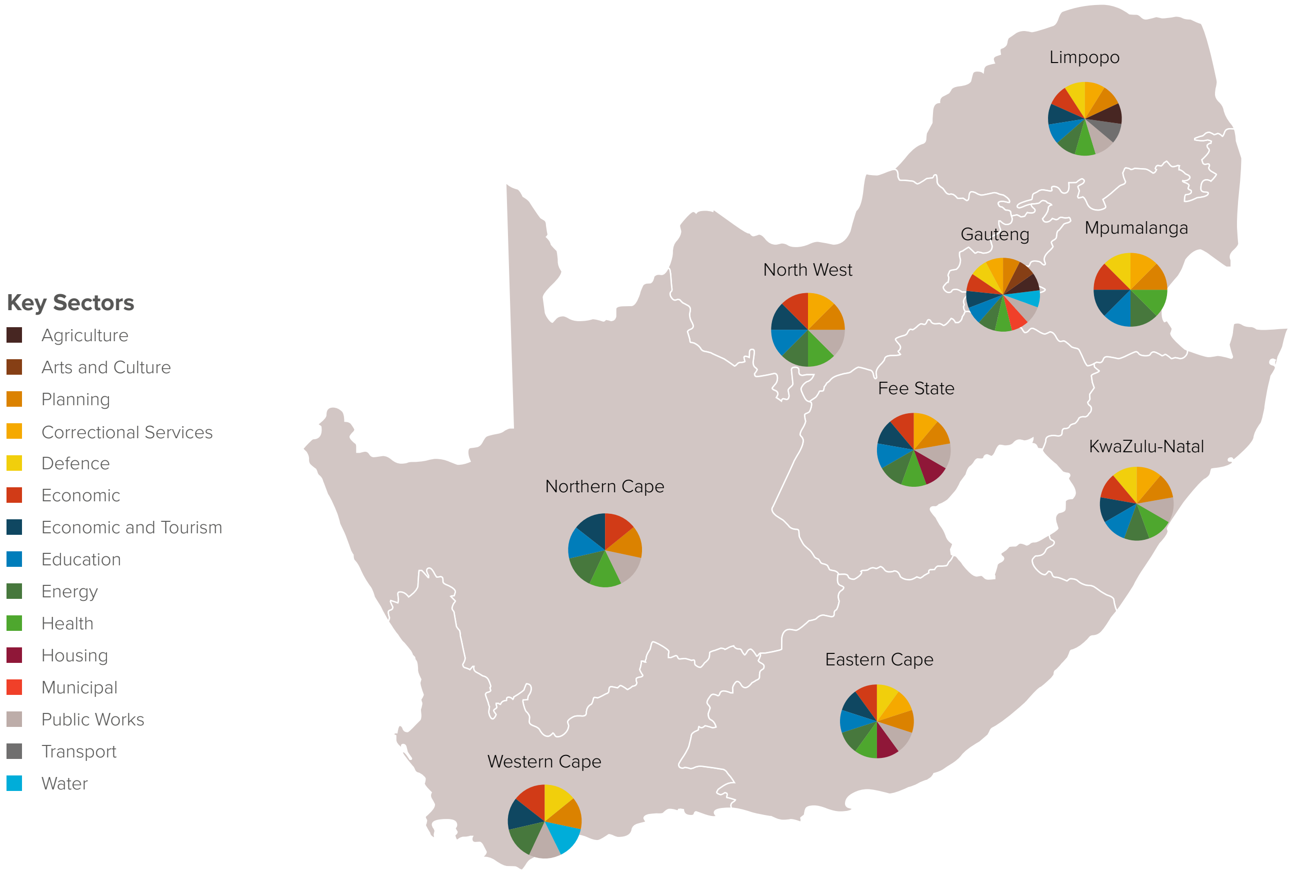
DBSA's exposure and footprint

Loans and equities sector exposure excluding South Africa by 31 March 2024



THE DBSA IN CONTEXT

DBSA as an implementing agent in South Africa



Operating environment

The uncertain global macroeconomic backdrop, characterised by geopolitical tensions, weak global growth and high inflation, poses challenges for African nations vulnerable to global developments. Geopolitical instability, coupled with high poverty rates, adverse weather events, and inadequate infrastructure such as energy and transport logistics, exacerbate the region's challenges. Our troubled domestic landscape further complicates matters. Addressing climate change and its multifaceted impacts is paramount for sustainable development in the region.

As a DFI, our role is to stimulate economic growth during downturns, while ensuring that its investments are in line with long-term developmental goals. The Bank's countercyclical investment in infrastructure development is critical for Africa's economic growth and development. In navigating these complexities, we remain steadfast in our commitment to advancing inclusive growth and resilience, while collaborating with stakeholders to address the distinctive challenges facing the continent.

Key stakeholders

Our success hinges on fostering strong stakeholder relationships through offering extensive services, engaging in diverse partnerships, and maintaining accountability, actively addressing their needs and interests to enable strategic outcomes and enhance performance amidst prevailing complexities in our operating environment.

Our stakeholder universe

Our principal risks

Assessing risks associated with countercyclical interventions is also essential to safeguard our developmental mandate and financial sustainability for the future.

#	Principal risk
1	**Credit risk**
2	**Cyber risk**
3	**Liquidity risk**
4	**Reputation risk**
5	**Business environment and operations**
6	**People and culture risk**
7	**Extreme weather and physical climate risk**
8	**ESG monitoring and action**

Material issues

Issue	Relevance
Governance	Good governance enables the DBSA to perform well in challenging circumstances and thereby safeguarding the value creation model of the organisation.
Strong balance sheet	Enables DBSA to make countercyclical investments as the global economic outlook worsens.
People and culture	Enable the DBSA to respond adaptively to changing conditions and continue to improve the value creation model.
Institutional knowledge	Enables the DBSA to design programmes that suit the market and enhance value creation.
Navigating the Just Transition	Increasing need to move away from fossil fuel-based energy intensive activities and investments from key stakeholders. This may improve our access to capital markets.
Liquidity and capital management	Optimising our liquidity allows us to continue providing solutions to our clients to enable infrastructure development.
Scaling-up and fast-tracking infrastructure development	Allows us to continue to achieve our mandate and aids economic and social development in our active markets.
Equity funding for transformation and economic access	Increasing our development impact.
High cost of funding	This reduces our competitiveness in the market by pricing us out of deals.
Long-term business cycle	This may reduce the number of opportunities in the market or slow the growth and performance of our loan book in the short to medium term but increase it in the long term.

Our sustainability context

We create value for our various stakeholders by shaping the development landscape to ensure a prosperous, integrated and resource-efficient continent. We achieve this through increasing access to infrastructure finance, accelerating infrastructure delivery and leveraging partnerships to maximise value.

The DBSA, as one of the leading DFIs in Africa, has a central role to play in realising the ambitions of the Sustainable Development Goals (SDG), the African Union's Agenda 2063 and South Africa's National Development Plan Vision 2030.

UN's SDGs

The 17 SDGs aim to end poverty and inequality, protect the planet, and ensure peace and prosperity. As a DFI with a domestic and continental footprint, SDGs 6, 7, 9, 11, 13 and 17 are our main priorities, while SDGs 1, 3, 4 and 5 are indirectly supported by our core activities.

South Africa's NDP 2030

The NDP is a policy blueprint to promote economic development. It identifies a gross domestic product that should average 5.4% by 2030, a gross fixed capital formation that should increase from 17% of gross domestic product in 2012 to 30% by 2030, an unemployment rate that should fall from 24.9% to 6.0% by 2030 and a Gini coefficient that should fall from 0.69 to 0.6 by the year 2030, as its key ambitions.

AU's Agenda 2063

Agenda 2063 is a strategic framework to realise the socio-economic transformation of the African continent over the next five decades. The DBSA supports the Africa Continental Free Trade Agreement and the North-South Corridor, among others.

Our value creation model

Capital allocation within the DBSA plays a critical role in achieving our strategic objectives while ensuring long-term financial sustainability. Our value creation model outlines how the Bank transforms resources to create value for our stakeholders and society as a whole.

Business activities

Our product solutions span all phases of the infrastructure development value chain from infrastructure planning and project preparation, across a range of investment financing and non-financing investments to infrastructure implementation and delivery.

OUR VISION, PURPOSE, MISSION, VALUES, MANDATE AND DEVELOPMENT POSITION

See page 21 for more information

OUR CAPITAL INPUTS

SRC SOCIAL AND RELATIONSHIP CAPITAL

Our relationships with clients, funders, partners, and government

20
countries in which we have active exposures

72
municipal clients

See pages 124 of our IAR for more information

FC HUMAN CAPITAL

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

639
permanent employees and long-term contractors

99
employees supported in the agencies we manage

See pages 126 of our IAR for more information

IC INTELLECTUAL CAPITAL

Our brand, innovation capacity and experience

40 years' experience
in infrastructure development

- Knowledge derived from due diligence, project conceptualisation and development, credit granting, credit monitoring and other post-investment activities
- Risk identification and management
- Development of enabling financial products

See pages 122 of our IAR for more information

MC MANUFACTURED CAPITAL

Our business structure and operational processes

- Physical and digital infrastructure
- The DBSA campus

See pages 130 of our IAR for more information

FC FINANCIAL CAPITAL

Our equity and debt funding from investors and clients

R52.0 billion
capital and reserves
(2023: R47.6 billion)

R63.7 billion
financial market liabilities
(2023: R58.5 billion)

R5.4 billion
cash generated from operations
(2023: R5.1 billion)

See pages 108 of our IAR for more information

NC NATURAL CAPITAL

Our natural resources

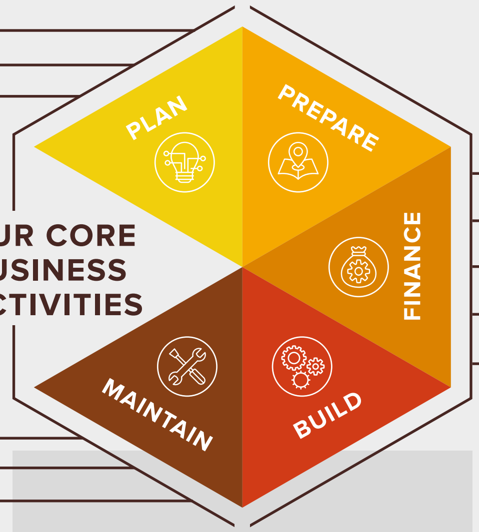
10.5 megawatts
of electricity consumed

3.2 kilolitres
of water consumed

See pages 130 of our IAR for more information

BUSINESS ACTIVITIES

OUR CORE BUSINESS ACTIVITIES



KEY SECTORS

- TRANSPORT AND LOGISTICS
- ENERGY AND ENVIRONMENT
- WATER AND SANITATION
- ICT
- EDUCATION
- HEALTH
- HUMAN SETTLEMENTS

Refer to page 37 of our IAR for more information on our integrated approach to infrastructure development

OUR OUTPUTS

FINANCIAL

R118 billion
total assets
(2023: R109 billion)

R4.6 billion
net profit
(2023: R5.2 billion)

R5.4 billion
cash generated from operating activities
(2023: R5.1 billion)

R16.5 million
training and development spend
(2023: R15.2 million)

LOCAL GOVERNMENT

R4.6 billion
total disbursements to five metros, small metros, and intermediate cities
(2023: R4.0 billion)

R2.5 billion
infrastructure unlocked for under-resourced municipalities
(2023: R2.1 billion)

SOCIAL SECTOR

R504 million
disbursed for social infrastructure
(2023: R290 million)

R4.6 billion
infrastructure delivered
(2023: R4.8 billion)

ECONOMIC SECTOR

R5.3 billion
disbursed for economic infrastructure
(2023: R4.5 billion)

R102 million
innovation grants disbursed for the DLaps programme

SADC AND NON-SADC

R5.9 billion
total disbursements for the rest of Africa, excluding South Africa
(2023: R5.0 billion)

R31.6 billion
in third-party funds catalysed in the rest of Africa
(2023: R1.2 billion)

OUR TRADE OFFS

TRADE OFF	CAPITALS IMPACTED
1 Portfolio realignment in response to climate change	FC SRC NC
2 Employee value proposition and the workforce of the future	FC SRC HC
3 Capital allocation and prudent risk management	FC
4 The trade-off between profitability and development impact	FC SRC
5 Executive remuneration	FC SRC HC IC

OUR OUTCOMES

1. INCLUSIVE ECONOMIC EXPANSION AND CLIMATE RESILIENT DEVELOPMENT

21 484
anticipated jobs facilitated based on commitments

134 310
households anticipated to benefit from the completion of projects

316
infrastructure projects implemented

9 269
jobs facilitated through the construction of the infrastructure projects

19 130
total learners benefitted from 24 new and refurbished schools

17 289
total learners benefitted from 116 DBE SAFE VIP toilets

1 308
SMMEs benefitted from the infrastructure delivered

47 901
total learners benefitted from 73 Limpopo DBE ablution facilities constructed

2. CAPABLE AND STRENGTHENED MUNICIPALITIES

61 301
anticipated jobs to be facilitated from the value of infrastructure unlocked in under-resourced municipalities

518 726
anticipated households to benefit from the value of infrastructure unlocked in under-resourced municipalities

3. FIT FOR PURPOSE ORGANISATION

885
anticipated jobs to be facilitated from the value of infrastructure unlocked in under-resourced municipalities

1 594
youth trained in future skills through the DLABS programme

479
start-up enterprises supported through the DLabs programme

4. FINANCIAL SUSTAINABILITY

R118 billion
total assets

9%
Return on equity (sustainable earnings)

R4.6 billion
net profit

21%
Cost to income ratio (DBSA)

5. SOUND GOVERNANCE AND OPERATIONAL EXCELLENCE

Received unqualified audit opinion since inception

Boasts a robust, ethical and diverse leadership

R nil
in irregular expenditure during the financial year under review

SUPPORTED BY A CORE OF STRONG GOVERNANCE, ETHICS AND INTEGRITY

DEVELOPMENT IMPACT

Then DBSA is aligned with global, continental and national initiatives aimed at driving sustainable development. The initiatives – including the SDGs, AU's Agenda 2063 and the NDP – are broadly united in their focus on people, prosperity, planet, peace and partnerships.

The DBSA contributes to eight of the 17 SDGs and NDP priorities and consequently, the South African Government's efforts towards our Nationally Determined Contributions in terms of the Paris Agreement. The Paris Agreement calls on countries to reduce their carbon emissions incrementally to collectively meet the global target of limiting the increase in the global average temperature to below 1.5%. The DBSA's overall contribution to these initiatives shows our commitment to sustainable development at a global and national level.

NDP Outcomes	The DBSA's contribution
SDG 1: No Poverty	
• Economy and Employment • Inclusive rural economy • Social protection	• Contribution to poverty reduction through creation of 9 269 employment opportunities in construction projects.
SDG 2: Zero Hunger	
• Economy and Employment • Inclusive rural economy • Social protection	• 15 Infrastructure projects implemented in the agriculture sector in 2 provinces
SDG 3: Good Health and Well-being	
• Health care for all	• 10 Health infrastructure projects completed
SDG 4: Quality Education	
• Improving education, training and innovation	• 6 New schools constructed, and 18 schools refurbished benefiting 19 130 learners • Construction of safe schools sanitation facilities in 116 schools, benefiting 17 289 learners • Construction of 73 ablution facilities to replace unsafe sanitation facilities in Limpopo schools, benefiting 47 901 learners
SDG 5: Gender Equality	
• Nation building and social cohesion	• During the year under review, 49% of work was offered to B-BBEE companies with ≥ 30% Black women ownership

NDP Outcomes	The DBSA's contribution
SDG 6: Clean Water and Sanitation	
• Transforming Human Settlements	• Funding of bulk water, reticulation, and sanitations infrastructure • Post-implementation reviews • Serving as programme management agent for nine transfrontier water and sanitation projects in the SADC Region • Provision of programme management support in the implementation of 3 DWS water and sanitation projects
SDG 7: Affordable and Clean Energy	
• Economic Infrastructure	• Preparation and funding of Independent Power Producers (IPP) • Preparation and funding of renewable energy programmes • Providing planning and implementation support to under-resourced municipalities
SDG 8: Decent Work and Economic Growth	
• Economy and Employment	• Creation of 9 269 employment opportunities during project implementation • Contribution to entrepreneurial development by appointing 1 308 SMMEs and local subcontractors to implement various work packages in construction projects • Value of work offered to SMMEs and local contractors amounting to R615 million • 31 Tourism infrastructure refurbished for promotion of tourism and job creation
SDG 9: Industry, Innovation and Infrastructure	
• Economic Infrastructure	• Funding of various water, sanitation, renewable energy, mass transit and ICT projects • Supporting government with the rehabilitation of industrial parks • 4 Industrial parks were refurbished • 1 Jewellery manufacturing precinct upgraded through construction of 9 new buildings
SDG 10: Reduced Inequalities	
• Economy and Employment	• 88% procurement spend in construction projects was to B-BBEE companies from a targeted 75% • 49% of work awarded to B-BBEE companies was granted to companies with ≥ 30% Black women ownership
SDG 11: Sustainable Cities and Communities	
• Environmental sustainability and resilience • Transforming Human Settlements	• Housing Impact Fund • Support to urban development programmes • Financing of municipal infrastructure • Implementing agent for Ekurhuleni Infrastructure Programme • 202 Houses refurbished in Free State
SDG 13: Climate Action	
• Environmental sustainability and resilience	• Funding of IPPs • Regional hydroelectric projects
SDG 17: Partnerships for the Goals	
• South Africa in the region and the world	• Partnerships with global and regional DFIs Association for African Development Finance Institutions • Member of International Development Finance Club

40 YEARS OF DEVELOPMENT PROGRESS

03

MANAGING SUSTAINABILITY AND ESG

OUR APPROACH TO SUSTAINABILITY AND ESG

As one of the leading DFI's in Africa, the DBSA makes a vital contribution to realising the ambitions of the NDP and the SDGs. The financial sector must play a critical enabling role to scale up efforts to limit global warming, ecosystem degradation, and marginalisation of people while simultaneously building resilience of society and ecosystems. Our commitment to environmental and social sustainability is enshrined in our mandate and articulated in our purpose and development position (refer to pages 20 and 21).

Our 40 years of sustainability journey

EARLY

1990s

DBSA at the forefront of economic restructuring of South and Southern Africa, focused on addressing poverty and economic disparities.

1994-2000

Founding member of the Mvula Trust mandated to improve the health and welfare of disadvantaged rural and peri-urban South Africans through increased access to safe water and sanitation

Aligned operations with the Reconstruction and Development Programme, a socio-economic policy framework, which addressed the inequalities and imbalances created by pre-democracy government

2001

Approved R80 million for the Green Fund, focused on rural development

Expanded DBSA technical assistance to municipalities to support service delivery

2005

Launched the Sustainable Communities Programme

2008

First renewable energy projects funded by the DBSA

Pre-2016

2011

Participated in the development of the Renewable Energy Independent Power Producers Programme (REIPPP)

2012

Positioned as a centre of excellence for infrastructure development

Launched R9 billion Jobs Fund to co-finance projects by public, private and non-governmental organisations that will contribute significantly to job creation

2014

Accredited as a National Project Agency for the Global Environment Facility

2015

Launched new five-year strategy, focused on supporting inclusive growth and sustainable development in the SADC region

2016 ONWARDS

2016

Formalised DBSA safeguards

Launched first green bond

2018

Articulated climate change strategic framework

Commenced Green climate mapping

2019

Created DBSA Development Position

Partnered with Green Climate Fund

Established Climate Finance Facility

Established Embedded generation programme

Established Climate strategic framework

Cemented commitments for greening campus

2020

Revised safeguards

Launched green bonds

Addressed mainstreaming positive biodiversity impact

Supported the SADC region in its response to the COVID-19 pandemic

Initiated DBSA campus off grid project

Established DBSA site and surrounds baseline

2021

Revised Development results reporting framework (DRRF)

Developed the Integrated Transformation Framework

2022

Introduced initiatives towards greening the campus and surrounds

Implemented Biodiversity Framework and toolkits

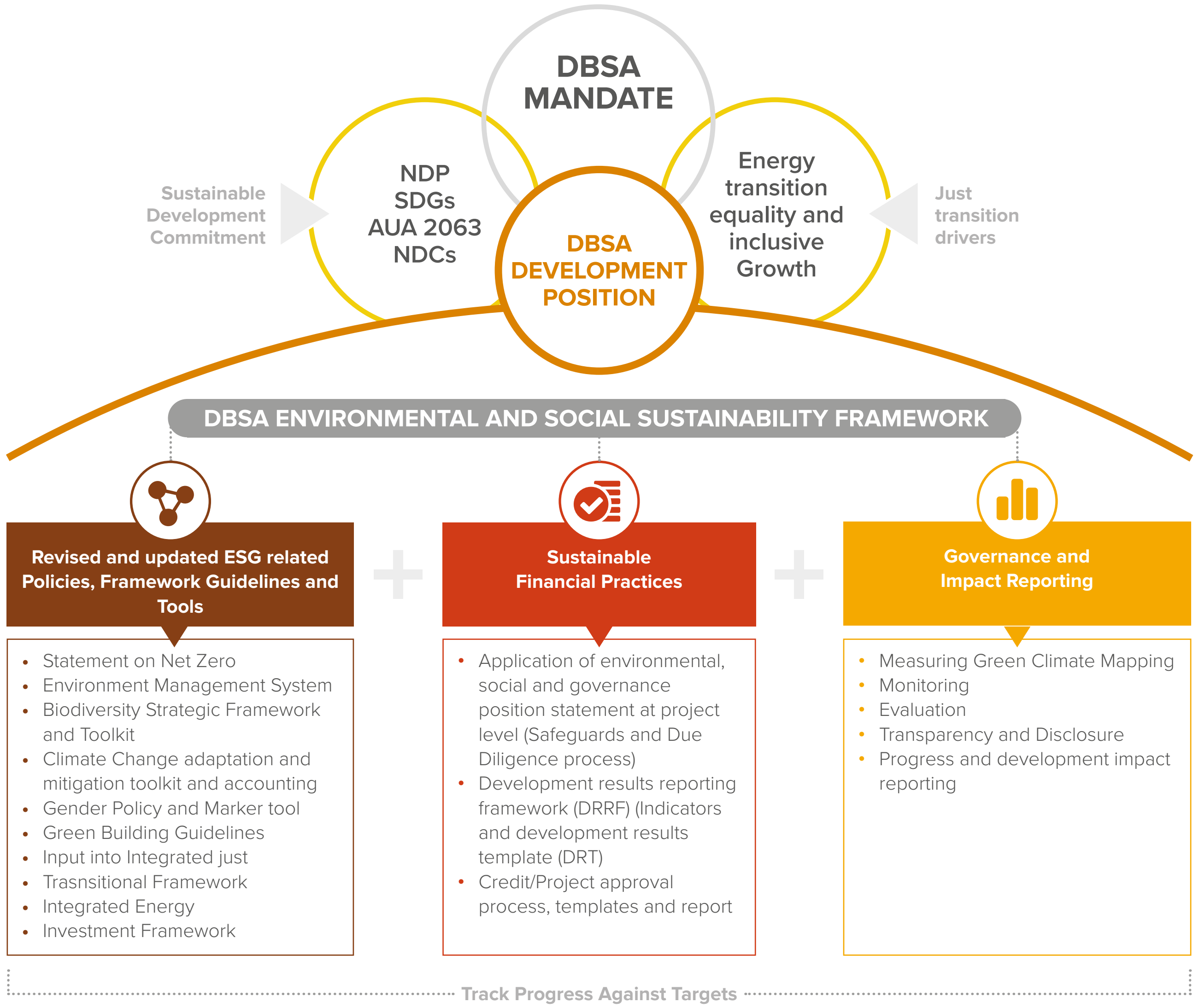
Reviewed Climate Strategic Framework

Created Climate toolkit (carbon footprint tool)

Implemented green building guidelines

Our sustainability framework

The DBSA's sustainability framework aims to integrate and advocate for environmental and social factors in the Bank's activities. Informed by the DBSA's development position, which outlines the Bank's role in fostering "*a just transition towards a renewed and inclusive economy and society that embodies resilience, regeneration, and surpasses current trends*," the framework underscores the importance of sustainability, equitable well-being, and resource efficiency in the Bank's strategy and operations.



Our road map to operationalisation

Over the past year, we have strengthened our ESG focus, engaging with internal and external stakeholders and developing an ESG Road Map to operationalisation. The road map sets out plans to embed ESG in the business. We have appointed an ESG specialist to the Board, strengthened our governance structures and bolstered risk management to enhance ESG oversight.

FOCUS AREA	2024 Risk, Strategy and Governance	2025 ESG Data and Assurance	2026 External Assurance and Reporting
Environment	• Integrated Sustainability/ESG Policy • ESG materiality and baseline year • Environmental and social management system across the organisation and investment level • Green House Gas measurement • Task Force for Climate Related Financial Disclosure (TCFD) and carbon accounting • Biodiversity and water risk	• ESG data tagging process • TCFD / international reporting standard alignment • Greenhouse gas (GHG) emission • Carbon accounting loan book • Climate scenario analysis across portfolios • Risk management • Set financial targets based on sustainable development scenario	• Limited external assurance on ESG system management • Setting financial targets based on baseline year • Translation of all financial targets into science-based targets • Report on relevant indices year on year and its performance / trend
Social	• Gender framework implementation and awareness training • Human rights framework • Civil society organisation stakeholder engagement	• Implementation and integration of Ethics and Human Rights Framework across investments • Continued improvement on a monitoring / reporting mechanism for corporate social investment (CSI) and SDG relevant initiatives • Implement and internally assured projects in line with the International Finance Corporation's Performance Standards and ISO14001 where regionally targeted	• Human Rights framework implementation • Report on relevant indices year on year and its performance / trend
Governance	• Risk, controls and assurance processes • Climate risk integration across organisation • Development and implementation of sustainable finance working group to manage ESG reputational risk including the management of all green use of proceed loans	• Internal assurance on the effectiveness of the ESG related processes • Internal assurance of effectiveness of specific ESG indices • Internal assurance on effectiveness of ESG due diligence and monitoring procedures	• External assurance on certain governance related key risk indicators • On-going training and awareness and integration into an overarching culture conduct framework driven by Ethics and Risk • Continue to report on relevant indices year and its performance / trend

How we approach ESG risk at investment level

The DBSA's sustainability approach outlines the manner in which we incorporate, promote environment and social considerations in the Bank's investments through its Environmental and Social Safeguards.

Integrating environmental and social and governance into investments is a responsible investment practice and generates positive outcomes for public and private sector practices. The SDG's encourage DFI's to promote sustainable infrastructure responses to prioritise social needs in a transparent and accountable manner. The King IV report requires public and private sector institutions to report on the way in which they conduct business and make profits. The DBSA supports investments which demonstrate responsible environmental and social practices. Environmental and social considerations are integrated into all DBSA investment decision making processes.

Our Environmental and Social Management Framework outlines the DBSA's approach to environmental and social sustainability, ensuring that our operations, programmes and projects are socially responsible, environmentally sound, financially sustainable and compliant with government requirements. The framework comprises a suite of ESG and sustainability policies, frameworks and tools that guide our approach to environmental and social sustainability considerations.

DBSA Environmental and Social Management Framework
• DBSA Climate Change Policy Framework
• DBSA Environmental and Social Safeguard Standards
• DBSA Integrated Energy Investment Framework
• Integrated Just Transition Investment Framework
• DBSA Green Bonds Framework
• DBSA Policy Framework for Situations of Fragility
• Integrated Sustainable Development Approach
• DBSA Statement on Net Zero: fossil fuel funding statement
• Green Deep Dive Evaluation
• Development Results Reporting Framework

Our Environmental and Social Management Framework acknowledges the vital, enabling role the financial sector must play in scaling up efforts to limit global warming, ecosystem degradation, and the marginalisation of people, while simultaneously enhancing the resilience of society and ecosystems. To deliver this, we aim to:

- Achieve positive social and environmentally sustainable development outcomes in DBSA operations to realise a green and inclusive economy
- Consider environmental and social factors when making investment decisions, through application of the DBSA Environmental and Social safeguards as well as other internationally recognised standards such as the IFC Performance Standards and the Green House Gas Protocol
- Explicitly improve and leverage gender mainstreaming efforts at both an investment and organisational level
- Use its skills and influence to improve the built environment and to maintain the integrity and quality of the natural capital and cultural environments
- Work with clients, suppliers, contractors, regulators, professional bodies and civil society at large to raise the environmental and social sustainability standards of the sectors and jurisdictions in which it operates
- Report progress on its material environmental, social and governance related performance indicators in line with internationally recognised reporting frameworks such as the Task Force for Climate Related Financial Disclosure (TCFD)

To further embed ESG in the organisation we will be reviewing the Environmental and Social Sustainability Framework, to incorporate relevant governance parameters pertinent to the Bank. Revising the framework re-confirms our commitment to developing a Precautionary Approach in both our own operating environment and with all our stakeholders in keeping with government's endeavours at protecting the environment and communities. A Climate Risk Management Framework, which forms a part of the over-arching Environmental and Social Sustainability Framework, is ear-marked for development over the next three years in line with the four recommendations of the TCFD. The DBSA Integrated Just Transition Framework is an integral component of the overall Climate Change Framework. (see pages 44 and 45 for further details)

Environmental and Social Safeguards

The DBSA's Environmental and Social Safeguards, approved in November 2018, outline the Bank's approach to due diligence and assessment, promoting environmental and social considerations, and managing ESG risks in funded projects. The Environmental and Social Safeguards aims to foster a green and inclusive economy, particularly in the context of a just and green economic recovery post-COVID-19. It addresses global environmental issues like biodiversity loss, climate change, and pollution. The DBSA continuously updates indicators to measure sustainability impacts across projects through its Development Results Reporting Framework. All projects undergo a rigorous environmental and social appraisal. The Environmental and Social Safeguards, implemented by the Bank's ESG specialists, ensures consistency in decision-making, risk mitigation, and maximisation of positive environmental, social, and economic outcomes.

ESG risk assessment in our loan book

The DBSA's environmental and social appraisal process aims to ensure our investments positively impact the environment and society. Our ESG analysts implement relevant policies to maintain consistency in supporting and enhancing the Bank's decision-making processes. They work to mitigate and manage environmental and social risks, while ensuring increased development impact. The DBSA aims to achieve net positive environmental outcomes, such as improved biodiversity, ecosystem services, and water security, alongside net positive social and economic outcomes where opportunities arise.

Considering the ESG impact of our transactions

All investment proposals undergo environmental, social and governance screening and appraisal as per DBSA Environmental, and Social and Institutional Appraisal Framework Guidelines. DBSA applies its safeguard assessment on each proposed investment. The environmental, social and governance appraisal is incorporated into the broader investment appraisal process, underscoring DBSA's commitment to sustainable and equitable development. The credibility of the DBSA project selection and appraisal standards is in line with international best practice.

Project concept

- Identify key ESG and climate issues for project design
- Incorporate in bankable feasibility study
- Identify climate indicators for DRT.

- In principle consideration of project bankability
- Prepare project for financing and implementation

Deal screening

- Identify high level ESG risks and impacts for appraisal
- Assign project risk category
- Screen GHG emission volumes.
- Identify green climate mapping potential.

- High level project assessment
- Screen project for financing
- Identify appraisal data needed.

Structure Deal and Appraise

- Identify project ESG risks, propose mitigants and determine project risk impact after mitigants
- Select and quantify ESG indicators for DRT – ESG climate benefits (mitigation / adaptation), green climate mapping.

- Structure deal and appraise
- Catalyse additional / climate financing
- Prepare appraisal for Investment Committee

Credit Approval

- Embed environmental and social obligations in credit approval process and documentation
- Approval of climate recommendations
- Integration into reporting processes.

- Finalise pricing and approval of credit documentation for financing of investment transaction

ContractIng

- Determine risk mitigants
- Inform client of environmental and social compliance expectations
- Include environmental and social including climate considerations in loan agreement.

- Finalise contracting arrangements
- Ensure funder / agency reporting requirements are contracted with clients

Portfolio Monitoring

- Monitor environmental and social indicators as per DRT
- Meet climate reporting obligations as per financing requirements
- Support annual review monitoring and client compliance to
- environmental social safeguard system obligations.

- Monitor and Annual review of Loan Agreement compliance
- Corporate Reporting as per Development Results Reporting Framework

Evaluation

- Does not sit in the ESG team mandate but falls within the Operations and Evaluations unit. The DBSA ESG team ensures that the environmental and social data points are captured appropriately.

- Ensure environmental and social data points are captured appropriately prior to evaluation

The DBSA environmental and social risk categorisation process

DBSA clients are required to assess, manage and monitor projects environmental and social risks and impacts. The environmental and social team screen each investment proposal to identify the nature and magnitude of potential environmental and social risks and impacts, the client's capacity to manage identified risks and impacts, and thereby determine a project's bankability. Ultimately, the DBSA and client share responsibility for project categorisation.

CATEGORY	DESCRIPTION	PROCEDURES AND GUIDELINES
CATEGORY 1: HIGH AND SUBSTANTIAL RISK	Significant, broad, diverse and irreversible environmental and social impacts which: • Include resettlement with major impacts on community livelihoods • Pose serious occupational or health risks • Pose serious socio-economic concerns • Affect water flow/transfer between catchments e.g., large dams/hydro • Major coal, oil and gas developments and pipelines • Large port and harbour developments • Large thermal and hydropower developments • Projects affecting communities	The client to provide: • An Environmental and Social Scoping report • A comprehensive environmental and social impact assessment (ESIA) • Detailed environmental and social management plan (ESMP) with project mitigation measures. • A Stakeholder Engagement Plan • Project level gender mainstreaming plan • GHG screening and climate mitigation and adaptation plan a Resettlement Action Plan
CATEGORY 2: MEDIUM RISK CATEGORY	Few irreversible environmental and social impacts with prescribed mitigation measures such as: • Water and sanitation supply projects • Water purification plants/reservoirs for public water supply • Electrical transmission • Renewable energy • Telecommunications • Pipelines (depending on the route).	The client to provide: • An Environmental and Social Scoping report • An ESIA • ESMP with project mitigation measures. • A Stakeholder Engagement Plan • Project gender mainstreaming plan • GHG screening and climate mitigation and adaptation plan
CATEGORY 3: OR LOW RISK CATEGORY	Unlikely to have adverse environmental and social impacts such as: • Health service projects • Internal reticulation of urban developments • Institutional development and capacity-building projects	The client to provide at least: • Evidence of project environmental and social screening and basic ESMP • All permits or approvals required • Any measures to manage affected community impacts
CATEGORY 4: OR FINANCIAL INTERMEDIARY	Projects involve DBSA lending to financial intermediaries that on-lend or invest in sub-projects that may result in adverse environmental and social impacts.	

Fostering engagement with our stakeholders

Our ability to generate value and ensure sustained success hinges greatly on the support and collaborative partnerships of our stakeholders. Over time, we have diligently cultivated and nurtured significant social and relationship capital, with our stakeholders playing a vital role in our journey. We prioritise understanding the needs of our clients, investors, and communities through a stakeholder-centric approach. This deep understanding empowers us to cultivate sustainability effectively.

The collective endeavours aimed at developing infrastructure to enhance the lives of individuals across Sub-Saharan Africa have been pivotal in our achievements and enduring sustainability. During the year under review, we undertook a stakeholder workshop with civil society organisation stakeholder groups engagement.

For further insights into our stakeholder relationships management, please refer to pages 51 to 61 of our Integrated Annual Report.

Nurturing our human capital

Our team of development practitioners assumes a pivotal role in ensuring the sustainability of infrastructure projects and their positive environmental impact. They also strive to ensure that infrastructure projects are inclusive, benefiting all South Africans. Sustaining our success necessitates investment in our human capital, fostering a positive company culture, and nurturing employee development. We cultivate a conducive work environment that promotes continuous learning and growth among our employees. Consequently, the DBSA attracts and retains top talent, which is indispensable for our continued success. During the year under review, an ESG workshop was held to enhance Team DBSA's understanding of ESG matters.

CLIMATE AND ENVIRONMENTAL RESPONSIBILITY

Decarbonising our loan book

The DBSA is committed to a just transition to a net-zero emissions future by 2050. As part of our Integrated Just Transition Investment Framework, we are developing specific greenhouse gas reduction targets for our entire investment and loan portfolio. Our aim is to align with the government's net-zero targets outlined in the Nationally Determined Contribution.

Our strategy and operations are informed by various international sustainability policy positions, including global commitments by the South African Government, national economic and sustainability policy positions, our mandate and sector focus, our climate policy frameworks, the Green Bond Framework, and the infrastructure development needs in the region. We are actively collaborating with key partners, such as the Department of Forestry, Fisheries, and the Environment and the National Treasury. Our shared goal is to promote greener infrastructure and sustainable development throughout Southern Africa.

Our Board-approved Integrated Sustainable Finance Approach which integrates sustainability, climate change, green, and social inclusion efforts across our operations and loan book. This ensures a comprehensive and impactful approach to achieving sustainable development, a just transition, and net-zero emissions.

The DBSA is uniquely positioned to champion a just transition to net-zero emissions. This means prioritising a fair and equitable shift away from fossil fuels. We are prioritising transition finance by focusing on providing financial support for enterprises transitioning away from carbon-intensive practices. This excludes new fossil fuel investments that lack a clear and achievable plan for decarbonisation.

The DBSA Statement on Net Zero

The DBSA is committed to playing an active role in a Just Transition that achieves net zero emissions by 2050. This commitment extends to adopting activities and initiatives that contribute towards the global target to drive greenhouse emissions to Net Zero whilst building a fairer and more inclusive economy for women, marginal communities and managing the impact on those workers negatively affected by the move away from affected sectors. We are developing an integrated sustainability approach. As part of the DBSA's approved Integrated Just Transition Investment Framework, we will incorporate the Bank's net zero pathway, which will include details of the DBSA's net zero GHG emissions targets across our total investment and loan portfolios. This is in alignment with the South African government's net zero targets as detailed in the Nationally Determined Contribution.

Our strategy and operations are guided by international sustainability policy positions (including global commitments made by the South African Government), national economic and sustainability policy positions, DBSA's mandate and sector focus, DBSA's climate policy frameworks, our Green Bond framework, as well as the infrastructure development needs in the region. As a leading DFI in the region, the DBSA is well placed to ensure that a transition to a net zero target is a Just Transition. This means that the DBSA will provide transition finance and will not support new fossil fuel investments which are not part of a clear and unambiguous Just Transition plan to a decarbonised future.

Over the years, the DBSA has made a concerted effort to address climate change and contribute to the broader low-carbon aspirations of South Africa and the rest of Africa by supporting and investing in initiatives aimed at climate change mitigation and adaptation. The DBSA was instrumental in the development of the REIPPP by funding the establishment and administration of the Independent Power Producer Office resulting in investments of over R200 billion and the creation of 50 000 jobs in the REIPPP. The DBSA, through its accreditation to the Global Environment Facility (GEF), and the Green Climate Fund (GCF) has implemented innovative programmes which support the transition to a low carbon economy. The Climate Finance Facility is a lending facility established to encourage private sector investment in climate related projects in Southern Africa and the Embedded Generation Investment Programme, a facility that supports embedded generation renewable energy projects in South Africa.

Leading by example

The Bank has a long history of tackling climate change and actively contributes to the continents low-carbon goals by supporting initiatives in climate change mitigation and adaptation. The DBSA has played a key role in propelling renewable energy investments, as indicated by the examples below.

Green Fund

The DBSA manages the Green Fund on behalf of the Department of Environmental Affairs. The Green Fund is a resource mechanism to contribute to a wide range of goals of transitioning to a greener economy, including the financing of projects and programmes that reduce climate change impacts.

Climate Finance Facility

The Climate Finance Facility is a lending facility intended to increase climate-related investment in Southern Africa by addressing market constraints and playing a catalytic role with a blended finance approach. This facility uses its capital to fill market gaps and crowd-in private investment targeting infrastructure projects that mitigate or adapt to climate change. It is a Rand dominated facility targeted and available to co-fund private sector projects in South Africa, eSwatini, Lesotho and Namibia.

Global Environment Facility

The DBSA was accredited as a National Project Agency for the Global Environment Facility in 2014. Accreditation of the DBSA as a Global Environment Facility agency has placed the DBSA at the global arena in terms of providing financial assistance to environment and climate change projects. This fits into the DBSA's strategy and focus area of Energy/Environment. As a Global Environment Facility agency, the Bank is further posed at an opportune position to assess funding and leverage funds from other global sources.

Embedded Generation Investments Programme

The Embedded Generation Investment Programme is a programme developed with funding from the Green Climate Fund and the DBSA. The Programme supports the implementation of photovoltaic and wind embedded generation projects developed by Independent Power Producers operating in South Africa.

Renewable Energy Independent Power Producer Procurement Programme

The DBSA's established and manages the Independent Power Producer Office for the REIPPPP. This programme has attracted over R200 billion in investments and created 50 000 jobs.

Greening our campus

We are committed to transforming our campus into a sustainable environment. This initiative concentrates on energy, water, and waste management, providing an opportunity to showcase our contribution towards achieving the net zero.

The DBSA Green Campus Initiative project includes the following objectives:

- Enhancing the Environmental Management System for campus operations
- Implementing energy demand management and climate mitigation strategies, such as investing in on-site solar energy to reduce the need for staff travel and reporting on carbon footprint reductions
- Implementing integrated waste management practices, including increased avoidance, reuse, and recycling
- Managing water resources and reducing consumption
- Implementing sustainable campus landscape design and management, including the rehabilitation of grassland and wetland natural habitats on and off-site
- Achieving a green building star rating

CASE STUDY

The DBSA powers up South Africa's renewable energy future

Since the DBSA's inception in 1983, the Bank has evolved into a powerful engine propelling South Africa's clean energy transformation. The DBSA acts as a catalyst, accelerating South Africa's transition to clean energy. Beyond direct funding, we have played a pivotal role in fostering the growth of renewables.

In 2010, the Department of Mineral Resources and Energy, National Treasury and the DBSA established the IPP Office for the specific purpose of delivering on the Independent Power Producer Procurement Programme (IPPPP) objectives. The IPPPP is designed not only to procure energy but has also been structured to contribute to the broader national development objectives of job creation, social upliftment and broadening of economic ownership.

The IPP Office provides professional advisory services, procurement management services, and monitoring, evaluation, and contract management services (up to 30-year contract periods since 7 July 2014), with three interrelated focus areas: acting as a key procurement vehicle for national renewable energy capacity building, securing electricity capacity from non-renewable energy sources as determined by the Minister of Energy, and offering advisory services for programme/project planning, development, implementation, and financing to create a stable market environment for IPPs.

In 2011, the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) was established, marking a paradigm shift in South Africa's energy sector. This innovative programme attracts private sector investment in renewable energy sources like solar, wind, and biomass to strengthen the national grid. The experience and lessons that the Bank has cultivated since the inception of the REIPPPP have been invaluable. More importantly, the success of the REIPPPP has strengthened the DBSA's position in the energy infrastructure landscape profiling the Bank as a leader in the energy sector.

The DBSA continues to position itself as one of the leading financiers in the energy sector in South Africa through its participation in the recently unveiled IPPPP, intended to secure 7615 MW of generation capacity, spanning across renewable energy, gas, and battery storage technologies. This includes procurement from gas-fired power generation projects for the first time. Our experience in gas-to-power energy generation in East, Central and West Africa, will allow us to support project developers

The success of the programme has been acknowledged internationally and adopted by organisations like the International Finance Corporation, as shown in the table next page, under programmes like Scaling Solar.

Programme highlights from the IPPO

89 IPPs Operational

Job creation

73 738

Employment opportunities for South African citizens during construction and operations

EnD and SED contributions

R3.0 billion

Actual contribution realised for socio-economic and enterprise development

Power generated

95 795 GWh

Energy generated to date

Enough to provide power to more than 28.9 million households

Energy generated from Renewable energy sources offsets 93.0 Mton CO_2

Renewable energy projects realised water savings of 109.9 million kilolitres

B-BBEE Procurement spend

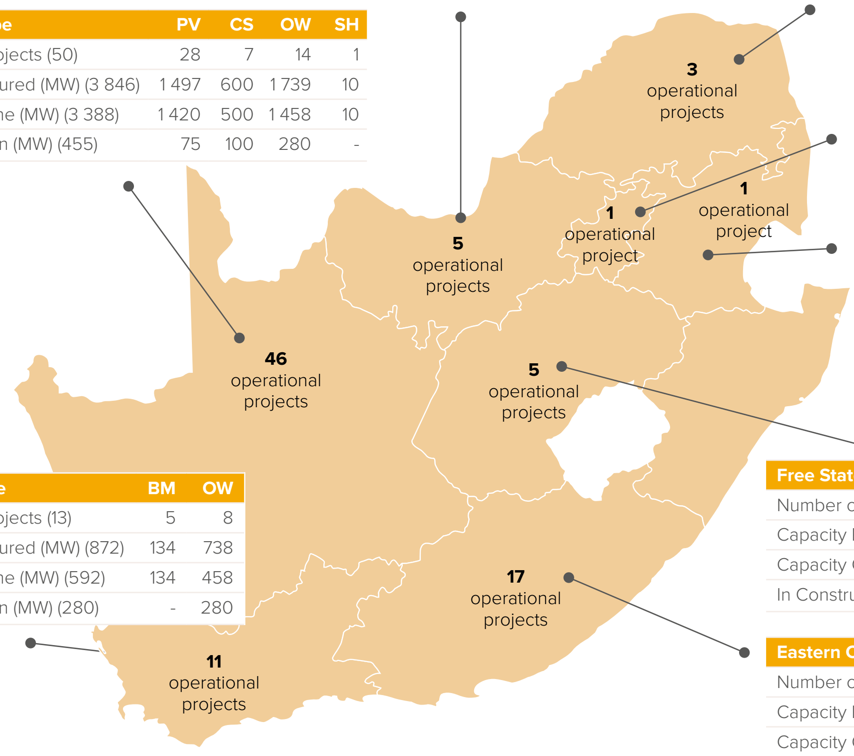
R83.1 billion

Actual B-BBEE spend (77% of total procurement)

Local content

R67.9 billion

Actual local content spend (50% of total project value realised) (excluding Peakers)



North West	PV
Number of projects (5)	5
Capacity Procured (MW) (275)	275
Capacity Online (MW) (275)	275
In Construction (MW) (-)	-

Limpopo	PV
Number of projects (3)	3
Capacity Procured (MW) (118)	118
Capacity Online (MW) (118)	118
In Construction (MW) (-)	-

Northern Cape	PV	CS	OW	SH
Number of projects (50)	28	7	14	1
Capacity Procured (MW) (3 846)	1 497	600	1 739	10
Capacity Online (MW) (3 388)	1 420	500	1 458	10
In Construction (MW) (455)	75	100	280	-

Gauteng	LG
Number of projects (1)	1
Capacity Procured (MW) (13)	13
Capacity Online (MW) (8)	8
In Construction (MW) (-)	-

Mpumalanga	BM
Number of projects (1)	1
Capacity Procured (MW) (25)	25
Capacity Online (MW) (25)	25
In Construction (MW) (-)	-

Western Cape	BM	OW
Number of projects (13)	5	8
Capacity Procured (MW) (872)	134	738
Capacity Online (MW) (592)	134	458
In Construction (MW) (280)	-	280

Free State	PV	SH
Number of projects (5)	3	2
Capacity Procured (MW) (208)	199	9
Capacity Online (MW) (204)	196	8
In Construction (MW) (-)	-	-

Eastern Cape	PV	OW
Number of projects (19)	1	18
Capacity Procured (MW) (1 733)	70	1 664
Capacity Online (MW) (1 496)	70	1 426
In Construction (MW) (224)	-	224

PV PhotoVoltaic
CS Concentrated Solar
OW Onshore Wind
SH Small scale Hydro
LG Liquified Gas
BM BioMass

As a key funder in REIPPPP, we have invested R20.9 billion in 33 projects. Notably, R3.4 billion specifically supported nine B-BBEE entities and 15 local community trusts. This commitment to transformation is further exemplified by landmark projects like the Sirius Solar, Dyasons Klip 1 and 2 Photovoltaic plants developed by Scatec Solar, which received DBSA funding. The DBSA's portfolio extends beyond these flagship projects. They provided crucial debt financing for the 140 MW Roggeveld wind project (R951 million) and the 102 MW Copperton wind project (R1.2 billion). These diverse investments demonstrate the DBSA's comprehensive approach to supporting renewable energy development.

Kathu Solar Park

Kathu Solar Park is a landmark project pioneering concentrated solar power (CSP) technology in South Africa. Operational since January 2019, this 100 MW solar giant utilises parabolic troughs and molten salt storage to deliver clean energy to the national grid, even after sunset.

As part of the government's REIPPPP programme, the project contributed to job creation, socio-economic development in surrounding communities. A socio-economic development plan was implemented aimed at enhancing the lives of residents in Kathu and its neighbouring communities. The plan prioritised infrastructure development, fostering a better learning environment with access to nutritious food for students. Recognising the social and economic realities of the area, the project avoids duplicating efforts by aligning with existing government initiatives, independent power producers, and mining operations. The plan was monitored and evaluated throughout its implementation.

Established	Construction commenced in May 2016 and operating in January 2019
Investment:	Total value of the project at the beginning was R 12 million and the current value: R 14 million
Location:	Gamagara, Northern Cape
Value chain or business unit:	Infrastructure Financing
Sector:	Energy
SDGs and NDP Outcomes impacted:	SDG 7 Affordable and Clean Energy

Outputs

- Technology: Concentrated Solar Power technology
- Installed capacity: 100 MW
- Operational life cycle of the plant: 20 Years
- Turbines built: 1 Steam Turbine
- Capacity / MW Allocation: 100 MW
- Reached commercial operation: 31 January 2019

Outcomes

Households supplied with clean energy
- 179 000 South African homes
- The project supplies enough power to support with stable electricity during their peak demand period

Emissions reductions
- 6 million tonnes of CO_2 avoided

The calculated emission reductions for the past operation (commercial operation since February 2019) are as per the table below.

	Emission reduction [tCO_2e]					
Month	2019	2020	2021	2022	2023	2024
January		33 718	22 692	29 289	22 690	27 071
February	20 037	21 069	24 066	26 893	25 518	27 383
March	24 175	24 282	27 904	20 151	24 285	19 212
April	18 025	21 227	16 209	23 924	24 670	
May	18 286	23 179	21 055	19 816	12 356	
June	10 883	17 337	16 792	13 194	36 159	
July	-1 332	7 421	22 590	7 469	7 775	
August	22 705	30 042	19 649	23 331	21 924	
September	31 413	23 610	28 874	23 621	27 878	
October	36 803	23 874	33 970	18 872	32 515	
November	31 543	35 242	38 603	28 778	31 885	
December	23 891	36 060	33 039	30 913	24 224	
Total	**236 429**	**297 061**	**305 443**	**266 252**	**291 879**	**73 666**

Economic impact
- Enterprise development black-owned, black-women-owned business and local SMMEs
- R12 billion
- Local content: 42.5%
- 2.5% community trust ownership

Job creation
- 500 jobs created for SA citizens during construction
- 73 employment opportunities, of which 94% are historically disadvantaged individuals

Socio-economic development programmes
- Annual back to school programme equipping children with backpacks and school shoes
- Access to tertiary education for local communities through bursary programme
- Access to quality early learning opportunities through Early Childhood Development (ECD) programme
- Access to clean, drinking water for the Babatas Community and local community farmers.
- Increase learner participation and improved student outcomes through Maths Programme to increase learner participation in the subject of mathematics
- Capacity building for children with disabilities
- Access to occupational and physiotherapy services for rural communities in the district
- Science, Technology, Engineering and Mathematics (STEM) Programme
- Access to employment opportunities for unemployed graduates through internship programme

Public infrastructure built over three years
- Six infrastructure upgrades completed each year for three years
- Continuous mentoring and support provided to the ECD centres
- 25 unregistered ECD centres supported with registration and subsidy
- Two ECD centre upgrades per year for first three years
- Continuous mentoring and support to 25 ECD centres

Challenges
- Relationship building in communities

The socio-economic development team engaged municipalities, attending and organising periodic, structured sector engagements.
- A lack of reputable construction contractors was addressed by identifying potential construction contractors and developing skills to help equip reputable construction contractors.
- Historic infrastructure programmes to be implemented technical team will be assisting in project oversight and sign-off of milestones.

Scatec Kalkbult

The DBSA played a key role in bringing clean energy to the Northern Cape by supporting the development of three solar photovoltaic plants: Sirius1, Dyason's Klip 1 and Dyason's Klip 2. Developed by Scatec Solar under Round 4 of the REIPPPP programme, each plant boasts an impressive 86 Megawatt peak capacity, for a combined total of 258 MWp. This clean energy generation translates to powering roughly 120 000 South African homes and reducing carbon emissions by an estimated 600 000 tonnes annually.

The Kalkbult plant was the first project commissioned under Round 1 REIPPP in March 2014, and the first REIPPP project to be grid connected and operational in South Africa. It is the only fixed tilt plant in the portfolio, with an exceptional production record contributing to regional growth and portfolio performance. The project holds a 20-year PPA with Eskom.

Investment:	The total cost of the Project was budgeted at R2.2 billion. The DBSA provided R343 million of the total funding requirement in the form of a senior debt facility of R 248 million and a BEE Equity facility of R105 million.
Location:	De Aar, Northern Cape
Value chain or business unit:	Infrastructure Financing
Sector:	Energy
SDGs and NDP Outcomes impacted:	SDG 7 Affordable and Clean Energy

Outputs
- Technology: 312 000 solar panels mounted on 156 kilometres of substructure linked to inverters
- Installed capacity: 75 MW
- Operational life cycle: 20 years
- Capacity per year: 135 MW
- Annual production: 141GWh
- Reached commercial operation: 31 December 2013

Outcomes

Environmental impact
- 35 000 homes supplied with electricity
- CO_2 reduced emissions / CO_2 emissions: 48.06 tCO_2

Economic impact
- Local Content Value: R723 million
- Local Content: 40%
- Enterprise development spend in 2023: R173 million

Job creation
- 315 positions created during construction (citizens)
- 296 full-time, long-term operational jobs (citizens)

Training and development
- 16 employees trained in 2023.
- Enterprise development spend in 2023: R173 million

Socio-economic development programmes
- 20-year collaboration with local communities and the development of social and economic initiatives in areas such as education and health

Challenges
- Concerns regarding hazardous chemical store
  A hazardous store has been constructed which seems adequate for the needs of the project.
- Training on resource efficiency

Resource management and reporting is taking place but will be augmented by including a checklist and a procedure is in the process of being developed.

Roggeveld Wind Farm Project

Roggeveld Wind Farm is a 147 MW project located near Laingsburg, Western Cape generates enough clean energy to power nearly 50 000 homes annually. Developed under the REIPPPP programme, the wind farm reduces reliance on fossil fuels by offsetting over 500 000 tonnes of CO_2 emissions per year. Eskom is the primary purchaser of this clean energy.

Established	Approved in November 2017. Financial Close: 13 April 2018 Commercial operation: 26 February 2022
Investment:	Project cost: R4.86 billion DBSA investment: R962.2 million
Location:	Roggeveld, 45 km northwest of Laingsburg, Western Cape
Value chain or business unit:	Infrastructure Financing
Sector:	Energy
SDGs and NDP Outcomes impacted:	SDG 7 Affordable and Clean Energy

Outputs
- Technology: Wind turbines
- Installed capacity: 147 MW
- Operational life cycle of the plant: Design life of the turbines: 20 years
- Turbines built: 40 x 3.15 MW wind turbines and 7 x 3.0 MW wind turbines and its associated infrastructure.
- Capacity / MW Allocation: 147 MW

Outcomes

Environmental impact
- CO_2 reduced emissions / CO_2 emissions: 528 915 tCO_2
- Households supplied with clean energy: ±100 000

Economic impact:
- Local Content Value: R 723 million
- Local Content: 40%

Job creation:
- 386 positions created during construction (citizens)
- 33 full-time, long-term operational jobs (citizens)

Training and development:
- Individuals impacted: Local community
- Women empowered: 3.69% of the total amount of procurement spend

Community benefits
- Community Trust ownership: 2.5%

Socio-economic development programmes

The Building Energy Opportunity Trust was created to ensure the empowerment of black people. The Trust owns 2.5% of the project and undertakes public benefit activities, which will include the development of poor communities, the promotion of community-based projects, the provision of training, the promotion of micro enterprises, the building and equipping of crèches for the poor, scholarships and other community-based programmes:
- 0.6% of the revenue is spent on enterprise development contributions. This equates to R96.3 million (nominal) or R30.8 million (NPV at COD) over the life of the project.
- 1.5% of the revenue is spent on socio-economic development contributions. This equates to R240.8 million (nominal) or R77.1 million (NPV at COD) over the life of the project.

Challenges

The COVID-19 national lockdown gave rise to force majeure claims from the EPC Contractor's as well as delays by Eskom with its grid connection schedule, which delayed COD from 31 July 2021 to 26 February 2022.

SOCIAL RESPONSIBILITY

Our people and social impact

Economic transformation is a key priority for the DBSA, in line with national policy frameworks. The Bank employs several strategies to advance economic transformation within infrastructure development. These strategies include elevating our B-BBEE rating, implementing preferential procurement practices, promoting skills development, ensuring employment equity, fostering supplier and enterprise development, providing direct lending to previously disadvantaged individuals, managing third-party funds, setting guidelines and conditions for clients, incorporating gender mainstreaming, and supporting black-owned entities in sectors such as student housing, health and captive energy.

Gender mainstreaming

By embracing a gender mainstreaming approach, the Bank fosters gender-inclusive business environments, ensuring equal and equitable participation for women and men. This approach also encompasses gender considerations throughout the investment process, analysing how differences between women and men manifest in social, political, intellectual, cultural, or economic realms.

The DBSA defines gender mainstreaming as "Being deliberate in giving visibility and support to both women, men's and other genders' contributions individually, rather than assuming that all groups will benefit equally from gender-neutral development interventions."

Our gender mainstreaming policy aims to guide the Bank towards adopting a gender lens approach, leading to a gender-inclusive business environment. It forms an integral part of the Bank's Diversity, Equality, Inclusion and Belonging programme, serving as a roadmap to promote gender equality. The policy provides a framework for prioritising the focus on women and should be considered alongside investment/financing audit processes and procedures, as well as ethics and human capital-related policies and frameworks affecting women, such as employment equity, training, succession planning and labour relations.

CASE STUDY

The DLAB Programme - innovative and sustainable development

The DLAB Programme is a South African initiative aimed at providing meaningful access to opportunities and fostering economic activities for youth by empowering community-based economic development and promoting large-scale sustainable development in an inclusive manner. Its goal is to unlock human creativity and innovation potential and invest in impactful partnerships. Leveraging the DBSA's convening power, the programme has established a network of approximately 30 key stakeholder partnerships spanning civil society, business, government and other like-minded groups with shared developmental goals. This partnership platform creates financial and non-financial opportunities within the DLAB Precinct ecosystem, mobilises and attracts investments through targeted investing, yields developmental returns and stimulates the township economy.

Innovation has been at the core of the DLAB Programme since its inception. Adopting a "fail fast, learn faster" approach, the programme has evolved through various learnings from implementation. This financial year focused on consolidating these insights to ensure the programme's long-term sustainability. The 2023/24 financial year is designated as a consolidation year, with specific programme-related activities performed alongside ongoing implementation.

Established:	2020 – to date
Investment:	R172.7 million in total DLAB Programme Development expenditure since 2020
Location:	• Jabulani, Soweto, Gauteng • Westridge, Mitchell's Plain, Western Cape • Alexandra, Sandton, Gauteng • Louwsburg, KwaZulu Natal • Waterberg, Limpopo • Marikana, Rustenburg, North West • Simile, Sabie, Mpumalanga • Thembalethu, George, Western Cape • Zwide, Gqeberha, Eastern Cape
Value chain or business unit:	Innovation Unit
Sector:	Social and Education
SDGs impacted:	SDG 3: Good Health and Wellbeing SDG 4: Quality Education SDG 5: Gender Equality SDG 7 Affordable and Clean Energy SDG 8: Decent work SDG 9 Industry, innovation and infrastructure SDG 13 Climate action

In 2020, the DLAB Programme was initiated with pilot sites in Jabulani (Soweto) and Westridge (Mitchell's Plain), founded on a vision of inclusive development, community empowerment and self-sustainability. Four years later, five operational DLAB sites have developed into thriving, holistic ecosystems. These sites deliver transformative results by uniting local partners and services to accelerate progress in education, health, recreation, employability and entrepreneurship.

In 2024 implementation continued, with additional specific programme-related activities, including:

- Undertaking an independent review of the DLAB 's current state and the programme's value proposition to assess the readiness for the DLAB programme to be institutionalised and scaled
- Complied a case outlining the requirements for scaling and institutionalising of the DLAB Programme
- Commissioned a DLABS Social Return on Investment Framework to quantify [in monetary terms] the social impact being achieved

Outputs

The DLAB Programme successfully achieved the targets set by partners in our 2024 implementation plan. The DLAB Programme continues to be a space that provides the youth with opportunities. The team saw more than 22 683 515 participants register for various programmes available at the DLAB. The SCALP programme continues to be popular and the key attraction for the youth. 5 693 youth are currently participating in SCALP programmes. Community outreach and mobilisation remain key to accessing participants that have not had the chance to come into the facility and the elderly. The health and ZLTO programmes have been instrumental in community outreach, the Wits Health Hubb advocates provided basic wellness checks to 64 153 community members. The ZLTO offering saw 45 058 social impact transactions being completed through by DLAB-engaged participants. As in many disadvantaged communities, unemployment is high. However, the Youth Cafe continues to be the link between the youth and opportunities for work. Youth cafe has facilitated the placement of 239 youth into learnership opportunities and into internships.

All DLAB Development Results are audited internally by DBSA screening and review team and by the Auditor-General of South Africa, an external national authority. In addition to the quantitative outcomes captured in the DRTs, numerous qualitative impacts have been observed throughout the year, including an improvement in participants' overall well-being. A sample of these positive qualitative results are illustrated in the personal testimonies shared in this report.

Outcomes

Inclusive local economic development

Financial sustainability has been a crucial measure of success for the programme. Since its inception, partners have been dedicated to achieving the goals outlined in DLAB's 5-year sustainability strategy. The ground breaking Jabulani Business Process Outsourcing project, launched in 2022, marks a significant milestone in this strategy. Phase 2 construction has recently been completed, and agents were set to begin operations in April 2024. Collaborating with operating partner Merchants, the programme is also establishing an additional contact centre to serve DoorDash, an online food ordering and delivery platform based in San Francisco. This initiative presents a unique opportunity as it marks the first time this US corporation has outsourced services to South Africa. This expansion not only creates new employment opportunities but also contributes to the overall growth and diversification of our business landscape, enhancing the financial sustainability of the DLAB.

Partners in the Alexandra DLAB precinct are making significant progress towards completing the construction of a cutting-edge Business Process Outsourcing facility by the end of March. This ambitious endeavour draws from the insights and successes of our pilot project in Jabulani, signifying a substantial expansion of this innovative model for economic empowerment. Notably, the Alexandra Business Process Outsourcing will mark a significant milestone as the first contact centre in South Africa to serve an international financial services client, Capital One. This achievement holds immense importance, not only for DLAB partners but also for the future of township-based economies across South Africa. By securing one of the two contracted contact centres to be established in Alexandra, alongside another in neighbouring Sandton, we are signalling the untapped potential of township economies and local talent.

These achievements are a testament to the power of our partnership and our ability to deliver on a truly transformative vision for township economies.

Lessons Learned

These valuable lessons have proved useful in the ongoing development of existing sites, as well as in the establishment and operationalisation of new precinct sites. Three key insights to date include:

Community buy-in is indispensable

Partners must identify and carefully engage with local community members and stakeholders, as a rushed community engagement process bears high risks of creating grievances that can complicate the set-up and operationalisation of a DLAB precinct.

Tailored responses to site-specific needs are essential

While certain socio-economic challenges resemble one another across different communities, the most effective solutions are tailored to site-specific needs. A thorough process to identify these needs is critical. Thereafter, the DLAB collective must articulate and pursue a common agenda.

Securing land access and usage rights requires time and careful engagement

Obtaining land tenure rights and development rights is a delicate process that requires careful engagement with a municipality and local stakeholders.

Development impact

Job creation (permanent and temporary)	
Permanent jobs	934 created and facilitated.
Temporary jobs	124 created and facilitated
Internships jobs	144 created and facilitated
Training and development	
Individual skills development	1 037 individuals
Digital skills	1 594 individuals
Learnerships	95 individuals
Enterprise development (black-owned, black-women-owned business, local SMMEs)	
SMME training	431 local SMMEs
SMME incubation	48 local SMMEs
SMMEs operating in DLAB Precincts	97 local SMMEs
Individuals benefitted (learners, students, patients)	
Number of individuals that have accessed DLAB offerings	22 683 515 individuals
Environmental impact/ benefits	
Number of green solutions deployed	6 solutions

CORPORATE SOCIAL INVESTMENT

Empowering communities for lasting change

The DBSA's Corporate Social Investment (CSI) initiatives go beyond just building infrastructure. We recognise that true progress requires equipping individuals with the skills and resources to thrive. Our previous CSI strategy prioritises education, particularly in Early Childhood Development (ECD) for rural and peri-urban areas.

The year under review marked the completion of critical upgrades at ECDs in five provinces. These upgrades will assist the ECDs in some of the rural parts of the country to provide a conducive learning environment for children in their care.

Refining our CSI programme

During the year under review, the Bank embarked on a new phase in our CSI programme strategy. We initiated a significant shift in the DBSA's social investment programme, particularly in the realm of early childhood development. As we phase out a single-approach CSI strategy, which was largely focused on ECD infrastructure, we are transitioning towards a more holistic approach that not only focuses on traditional CSI initiatives but also aims to provide a basic package of support to the ECDs we serve and their direct communities. This evolution reflects our commitment to making a lasting impact on the lives of young children and their communities.

The basic package of support we will be providing includes various initiatives aimed at enhancing the overall well-being of children at the ECDs. One key aspect is the provision of adequate nutrition for children, ensuring they receive the nourishment they need for healthy growth and development. In addition, we are committed to the eradication of unsafe pit toilets in and around the ECDs we support. This initiative is part of our broader goal to ensure safe and healthy learning environments for all children. We will also establish food gardens in the communities surrounding the ECDs, promoting sustainable food production and community empowerment.

Through these initiatives, we hope to empower communities, foster a culture of learning and development, and contribute to the long-term prosperity of our nation.

We recognise the importance of health and awareness programmes in ensuring the holistic development of children. To address this, we will be introducing initiatives focused on maternal health support, as well as health education programmes aimed at promoting healthy lifestyles and disease prevention among children and their families.

In line with our commitment to innovation and sustainability, we will also be exploring the introduction of new programmes in areas such as rural water provision, AI and robotics training, and reading for meaning programmes. These programmes are aimed at equipping children and their communities with the skills and resources they need to thrive in an ever-changing world. Furthermore, each of the programmes will intentionally pursue opportunities for unemployed youth and create platforms for local SMMEs to benefit from these programmes.

Our CSI strategy review will include a review and benchmarking of the CSI governance and policy and devising a CSI communication strategy. We also considered out CSI initiatives in the light of programmatic investments and approaches in line with the Bank-wide approach to development. We developed a new CSI impact measurement framework which will be implemented going forward and proposed a volunteering and staff participation strategy.

CASE STUDY

Building a brighter future from the ground up

We believe the early years have a profound impact on a child's future. Investing in school programmes fosters not only personal growth and development but also empowers individuals to create positive change within their communities. This focus contributes to breaking cycles of poverty and promotes inclusive, sustainable growth for South Africa. By creating nurturing environments and providing quality education during these formative years, we help children reach their full potential.

School Nutrition

Timeframe:	2023
Investment:	R3.3 million
Location:	Eastern Cape, Limpopo, Mpumalanga, and Northern Cape
Value chain or business unit:	CSI
Sector:	Education
SDGs impacted:	SDG 2: Zero Hunger SDG 3: Good Health and Wellbeing SDG 4: Quality Education SDG 5: Gender Equality

South Africa Faces a Challenge: Less than half of children entering Grade 1 finish high school. This lack of education fuels a high unemployment rate, reaching 70% for those without a diploma. Poverty and hunger further restrict access to education, with millions lacking reliable food and resources.

School meals are a powerful tool. They incentivise families to send children to school, where they receive not just food but a safe space for development, learning, and social interaction. This prepares them for future education and increases their potential to secure a livelihood. By staying in school, children gain the skills and knowledge to break the cycle of poverty and build a brighter future.

Outputs

In the year under review, the DBSA partnered with the Lunchbox Fund.

A total of 628 450 meals were served to 3 830 pre-school children attending 166 ECD centres in five provinces.

Together with the meals, each ECD is provided cutlery and crockery for each child and preparation/serving containers and aprons for each school. In total, 19 235 items of equipment were supplied to the ECDs benefiting from the project.

School Sanitation

Timeframe:	2023
Investment:	R8.6 million
Location:	Eastern Cape
Value chain or business unit:	CSI
Sector:	Education, Water and Sanitation
SDGs impacted:	SDG 6: Clean Water and Sanitation

The unsafe pit latrines have claimed the lives of countless children over decades, and this has evolved into a national crisis demanding urgent action.

Pit latrines are a prevalent form of sanitation across South Africa, especially in rural areas and informal settlements where centralised sewage systems are lacking. Efforts have been made to innovate in the field of sanitation, with projects focusing on developing more sustainable and hygienic pit latrine designs and promoting community education on proper sanitation practices. This remains a pressing need for continued investment in infrastructure and initiatives to ensure access to safe and hygienic sanitation for all South Africans, particularly those in rural and informal settlement areas.

We believe that access to safe sanitation is a fundamental human right, and through collaborative efforts like this, we are committed to creating a future where every child can thrive in a safe and hygienic learning environment.

Outputs

In the year under review, the DBSA partnered with Breadline Africa, to eliminating over 200 hazardous pit toilets, mitigating health risks for children, and ensuring a safe learning environment.

The initiative kicked off in Mount Ayliff, Eastern Cape, where two schools serving visibly impoverished and rural communities were identified as priority areas for intervention. Recognising the pressing need for action, the DBSA and Breadline Africa joined forces to tackle this persistent challenge head-on. Through the collaborative endeavour, outdated and unsafe pit toilets have been replaced with modern, flushing facilities, equipped with a 60-litre water tank.

These upgraded facilities not only prioritise the health and safety of children but also champion sustainable infrastructure solutions. By utilising a mere two litres of water per flush, sourced from nearby water sources, the project ensures a sustainable solution in water-scarce communities like Mount Ayliff.

In addition, by providing employment opportunities for 30 local artisans and contractors during the construction phase, the project contributes to local economic growth.

By eliminating the need for costly pit toilet maintenance, the project has saved the schools thousands of rands. Benefiting over 450 children and educators, this initiative sets a precedent for future endeavours aimed at enhancing community well-being.

We are committed to expanding the project's impact significantly. Over the coming months, an additional eight schools across Eastern Cape, Limpopo, Mpumalanga, and KwaZulu Natal will receive similar support. This extension will see over 200 toilet facilities, including seats and urinals, replaced, benefiting over 3 000 children and educators across these regions.

GOVERNANCE FOR SUSTAINABILITY

We are dedicated to generating and preserving value for our stakeholders. Upholding exemplary corporate governance, ensuring transparency, and fostering accountability are essential pillars for driving long-term sustainable performance and fostering accelerated development impact. Our governance framework is fundamental in securing the sustainability of the DBSA. Governance oversight at the Bank is vested in the Board and extends through management to the entire organisation, safeguarding our ability to sustainably thrive.

In governing for sustainability, the Bank actively engages with key legislation, governance principles, partnerships, policies, and procedures. The Board delegates its authority to committees tasked with addressing pertinent governance issues, reporting on them quarterly to the Board. Each committee operates under defined terms of reference, outlining roles, responsibilities, composition, and scope of authority.

Enhancing ESG Oversight

The DBSA's Governance Framework embodies a comprehensive array of principles, rules, and practices meticulously crafted to foster accountability, transparency, and sustainable development. Embracing a dynamic approach to governance, risk management, and environmental and social sustainability underscores the Board's steadfast commitment to continual enhancement.

Throughout the year, the Board proactively engaged in ESG training themed "Shifting Landscapes and Responses," delving into topics such as global and national landscape shifts, underlying drivers, ESG issues, transitioning from compliance to strategy, and ESG governance.

Dedicated governance structures

Board Social and Ethics Committee

In the past year, the Social and Ethics Committee was revitalised to enhance diversity in skills, capabilities, and backgrounds among its members. This included the addition of directors with strategic expertise in ESG. Specifically, a new member with proficiency in investment and corporate banking, ESG investments, and global climate change was appointed to the Board and the SEC Committee.

The Board expanded the mandate of the Committee to encompass a broader range of responsibilities related to ESG matters. This includes oversight of topics such as climate change impacts, energy and natural resource conservation, environmental sustainability, human rights, diversity and inclusion, and other relevant ESG issues pertinent to the Bank.

The Committee's duties and responsibilities now include:

- Reviewing and discussing the Bank's ESG strategy, initiatives, and policies with management.
- Monitoring the operational, regulatory, and reputational risks and impacts of ESG on the Bank.
- Reviewing and discussing management reports regarding the Bank's progress toward achieving its key ESG objectives.

This expansion reflects the Board's commitment to enhancing the Bank's focus on ESG considerations and ensuring robust oversight in this critical area.

The name of the Committee will be changed to the Social, Sustainability and Ethics Committee (SSEC) in the 2024/25 financial year.

EXCO's Social Environmental Ethics Climate Risk Management Committee

In a bid to enhance oversight and management of ESG matters at the Bank, the Board has directed the CEO to establish a new ESG committee at the EXCO level. The Social Environmental Ethics Climate Risk Management Committee has been instituted as an executive management committee, with the primary objective of supporting the CEO in executing the SEC's mandate, particularly regarding ESG concerns. This initiative underscores the DBSA's commitment to corporate responsibility.

In line with the DBSA's pledge to achieve net-zero emissions, the Bank has committed to aligning its strategies, policies, and mandates with the objectives outlined in the Paris Agreement and the recommendations of the Financial Stability Taskforce on Climate-related Financial Disclosure, in an equitable manner. Furthermore, DBSA has aligned with the national stance on nationally determined contributions.

The Social Environmental Ethics Climate Risk Management Committee, operating under the CEO's delegation, is entrusted with overseeing the following:

- Development of an environmental (including climate) and social strategy
- Implementation of governance and risk management frameworks to uphold the strategy
- Adoption of rigorous monitoring, reporting, and disclosure procedures in line with international standards
- Operationalisation of data management, including metrics, to monitor progress towards set targets

This Committee is dedicated to ensuring that DBSA effectively responds to and manages evolving environmental, social, governance, and climate risks, while also identifying opportunities aligned with the organisation's long-term sustainability and resilience goals.

YEARS OF DEVELOPMENT PROGRESS

04

MEASURING DEVELOPMENT IMPACT

PLANNING AND PROJECT PREPARATION

Despite a significant infrastructure development gap estimated around USD170 billion in Africa, a scarcity of bankable projects impedes investment in African infrastructure. The DBSA plays a critical role by providing risk capital during the planning and preparation phases of sustainable infrastructure projects. Our team of highly skilled professionals offers comprehensive project development and preparation services, mitigating project risks and creating attractive investment opportunities for key enabling sectors of the African economy.

The DBSA's planning and project preparation division addresses the lack of capacity and capability in capital project planning. By equipping governments, municipalities, and state-owned companies with viable infrastructure plans, the DBSA fosters sustainable infrastructure development that facilitates service delivery and stimulates economic growth.

The Bank's activities encompass the entire project preparation life cycle. These activities include establishing enabling environments, precisely defining projects, conducting pre-feasibility and bankable feasibility studies, and structuring deals. We unlock investment opportunities by leveraging strategic partnerships and undertaking initiatives that ensure project bankability and ultimate project success.

The DBSA's project preparation focus areas encompass four key domains: planning, project development, programme development, and climate and environmental finance.

The Bank is a highly regarded and trusted partner within the global development finance arena. This esteemed position is reflected by its accreditation by various third-party institutions for fund management. These third parties include the European Union, National Treasury, and SADC, with programmes geared towards development impact, such as IIPSA, SADC PPDF, the Green Fund, and the SADC Water Fund.

CASE STUDY

Increasing access to healthcare

South Africa's healthcare sector mirrors the deep inequalities prevalent in the country. The private healthcare sector mostly financed through medical aid schemes, is well resourced yet covers only 16% of the population. By contrast, the public healthcare sector is overcrowded, under-resourced and is struggling to provide healthcare services for 84% of the country's population. South Africa's high health challenges, shortage of healthcare specialists and ageing infrastructure is putting strain on the public healthcare sector. Private healthcare in South Africa is expensive and unaffordable, limiting access to quality healthcare services for the majority of South Africans. The disparity in access to good healthcare between South Africa's public and private sectors provides significant opportunities for innovative reforms which will increase access to affordable and quality healthcare to wider sections of the population.

To address the above challenges, the DBSA provided funding to a portfolio of hospital projects developed by Razorite Hospital Managers. Estcourt Hospital Project is the second hospitals to be developed under the Razorite Hospital Programme. The project has reached Financial Close and is in implementation stage.

Timeframe:	Project Preparation Facility was signed in 2019 Financial Close in November 2023 Commercial operation date is anticipated in 2025
Investment:	Project Preparation: R25 million Finance: R89.04 million towards the senior debt and BEE funding of R17.68 million (to part finance the equity required by the BEE sponsors and a group of doctors). Total project cost estimated at R178.07 million
Location:	KwaZulu-Natal Province, uThukela District, Estcourt, South Africa
Value chain or business unit:	Project Preparation
Sector:	Health
SDGs impacted:	SDG 3: Good Health and Wellbeing SDG 10: Reduced Inequalities

The Razorite Hospital Programme comprised the development of a portfolio of General Level 2 private hospitals to address the growing need for affordable quality healthcare infrastructure within low to middle income areas in South Africa. The programme is to empower and assist independent hospital license holders to unlock capital and management resources in order to develop and operate independent private hospitals. The hospitals in the programme targeted medically insured people who currently either must travel longer distances to access private hospitals or who live in areas with limited availability of private healthcare facilities.

The project involves the development, design, financing, construction and operation of a 75-bed hospital located in Escourt. The hospital will provide general and specialist services, such as surgery, maternity and paediatrics, doctors consulting wings as well as casualty, radiology and pathology services.

The Project Preparation Facility was signed in 2019 to support the development of hospitals, including Estcourt Hospital. The Project reached financial close in November 2023 and broke ground shortly after.

Output
- Development of the Bankable Feasibility Study for the new Estcourt Hospital
- 75 beds are currently in implementation (construction) stage and scheduled to be completed by mid-2025
- Increasing the availability of and access to quality private healthcare in the project site and surrounding communities

Outcomes

The following outcomes are expected from the project:
- Enhancing the support for black entrepreneurship in the healthcare sector
- Job creation during construction, operation and maintenance of the hospital
- Local SMME development through enterprise development within the project site for services such as cleaning and catering services
- Enhanced quality of life and local economic development by the employment opportunities provided by the Project.

Economic impact
- Empowerment/ entrepreneurship through promotion of an experienced fund manager, which has a strong track record of co-developing and delivering hospital projects and is 58% black owned, 53% black women owned company and a level 2 B-BBEE contributor
- Enhancing the support for black entrepreneurship in the healthcare sector
- Reduction in market domination and expanding access to quality healthcare services to low- and middle-income area

Job creation
- 116 operational jobs
- 150 construction jobs including 139 allocated for youth employment.

Quality of health services
- Ensuring effective; efficient; equitable and patient-centred healthcare.

Challenges

Some of the key challenges faced relate to risks identified by the lender's advisors, which include but not limited to:
- Conclusion of construction contract, medical equipment supply contract, commissioning contract and hospital operating contract.
- Finalising organisational structure and staffing arrangements including letters of intent from key doctors and specialists.

CASE STUDY

Assisting Mopani District Municipality to improve service delivery and eradicate backlogs

Mopani District Municipality, a Water Services Authority, is responsible for planning, developing, and implementing water and sanitation services infrastructure. The Municipality lacked up-to-date water services master plans essential for effective and sustainable service delivery, which enable effective, efficient, and sustainable water services infrastructure development and service delivery in the municipal area. The Municipality was experiencing significant challenges in the delivery of water and sanitation services in its municipal area including poor operations and maintenance, water distribution losses, unreliable supply, water rationing, infrastructure misalignment and insufficient capacities. In addition, the municipality faced issues with sewage treatment and disposal and had limited capacity to develop the necessary infrastructure master plans.

Timeframe:	Commenced: 3 December 2020 Plan accepted: 31 January 2023.
Investment:	R7 million
Location:	Mopani District Municipality, Limpopo
Value chain or business unit:	Planning Support
Sector:	Water and Sanitation
SDGs impacted:	SDG 6: Clean Water and Sanitation SDG 11: Sustainable Cities and Communities

The DBSA assisted with development of a Municipality's Water Services Master Plan, and Water Services Development Plan and Management Plan to Reduce Non-Revenue Water. These will assist the municipality in improving the identification, prioritisation, budgeting, alignment, and sustainability of projects in water and sanitation services delivery. The project will help Mopani District Municipality assess the capacity of its water and wastewater treatment plants to meet future demand, considering population growth and economic activities. It will identify critical issues in water services, including service backlogs, infrastructure capacity, and long-term sustainability. In addition, the project will guide the municipality's investments to boost economic development and municipal revenues. Upon completion, the project is expected to attract third-party funding, alongside the municipality's own resources, to implement the identified projects in the master plan.

Outputs
- Water Service Master
- Water Service Development Plan
- Management Plan to Reduce Non-Revenue Water Outcomes

Economic impact

Infrastructure of at least R338.5 million is expected to be unlocked in the short and medium terms in bulk water and sanitation infrastructure.

Summary of infrastructure expected to be unlocked in medium-term to long term per financial year

Financial year	Anticipated value of infrastructure unlocked (minimum)	Critical infrastructure programmes / activities involved
2024/25	R149 million	• Restoration of water supply, repair plants, eradicate illegal connections and implement bulk water metering • Bulk and domestic meter installation programme • Protection of key municipal infrastructure from vandalism stabilising supply and storage and VIPs installation programme. • VIP installation programme. • Rehabilitations of pumpstations and critical boreholes.
2025/26	R148 million	
2026/27	R26 million	
2027/28	R8.7 million	
2028/29	R6.8 million	
TOTAL	**R338.5 million**	

Once the priority projects identified are implemented, 296 319 households will benefit from new and improved water and sanitation services.

Job creation

Once the priority projects identified are implemented, 1 389 job opportunities are expected to be created in the medium and long terms comprising:
- 422 skilled job opportunities.
- 742 semi-skilled job opportunities.
- 225 unskilled job opportunities.

Lessons learnt
- **Development and positive change take time:** Despite all best efforts, it took more than four years from the time the municipality first requested the assistance of the DBSA on the project to the adoption of the project outputs by the local council.
- **Stakeholder engagement and development facilitation are critical in infrastructure delivery:** The project team from the onset built in significant stakeholder engagement and development facilitation into the project. These activities were critical in maintaining the buy-in of the municipality and key stakeholders in resolving issues and delays encountered.
- **Efficiency of DBSA internal processes needs to be improved:** Given the delays highlighted above on the procurement and payment processes of the Bank, there is significant scope for improving the efficiency of the DBSA's internal processes such as the procurement and payment processes.
- **Compliance with all applicable regulations must be ensured at all times:** All applicable regulations (e.g., Environmental, Occupational Health and Safety, etc.) must be maintained during project delivery to avoid reputational damage and consequential project delays. During the project, the Project Steering Committee ensured that no corners were cut, and that all applicable regulations were strictly complied with. The project was completed successfully without any injuries and fatalities.
- **Use of approved standard forms of contract facilitated the adjudication of the contractual claims of service providers:** The DBSA used approved standard forms of contract to appoint the professional services provider instead of a be-spoke service level agreement developed in-house. The advantage of using the approved standard forms of contract is that these conditions of contract are well established, are tested by case law.
- **Appropriate pricing and other strategies should be explored to mitigate cost escalation in project delivery:** The use of a fixed-price strategy in the implementation of the project was effective in mitigating the risk of cost escalations. Similar pricing and other strategies should be explored by the DBSA on the execution phases of projects given the background that significant cost escalations are being experienced on public sector projects in South Africa.

CASE STUDY

Facilitating urban development in the Drakenstein Municipality

The Drakenstein Municipality, an intermediate city eligible for the Integrated Urban Development Grant, partnered with DBSA to develop its 10-year Capital Expenditure Framework. This framework aligns with a three-year capital programme required for the grant business plan submission to the Department of Cooperative Governance and Traditional Affairs.

Drakenstein's economy thrives on agriculture and tertiary sectors, positioned within a prime agricultural region of the Western Cape. The municipality boasts a diversified revenue base, primarily driven by consumer accounts. They demonstrate sound financial management, maintaining balanced expenditures within their budget. Notably, utilities like electricity, water, and sanitation generate income exceeding their operational costs.

However, maintaining financial viability hinges on efficient consumer debt collection. This is crucial since consumer accounts are a major revenue source. In addition, Drakenstein faces increasing pressure to meet growing service demands from both residents and developers seeking to invest in the area.

The South African government established the Integrated Urban Development Framework to improve its cities and towns. This framework includes creating designated "Intermediate Cities" and providing them with the grant. The Integrated Urban Development Grant combines previous grants and aims to fund infrastructure for the underprivileged and increase municipal investment capacity.

Timeframe:	Commenced: 1 February 2020
Investment:	R4 million
Location:	Cape Winelands District, Western Cape
Value chain or business unit:	Planning
Sector:	Local Government
SDGs and NDP Outcomes impacted:	SDG 8: Decent Work and Economic Growth SDG 9: Industry, Innovation and Infrastructure SDG 10: Reduced Inequalities SDG 11: Sustainable Cities and Communities

To qualify for the Integrated Urban Development Grant funding stream, eligible municipalities must submit a Business Plan that contains a three-year capital programme that is aligned with a 10-year Capital Expenditure Framework to the Department of Cooperative Governance and Traditional Affairs. Stellenbosch, Drakenstein municipalities and Western Cape Department of Local Government submitted a request to DBSA for support with the development of the Capital Expenditure Framework to address these challenges. The Capital Expenditure Framework will be developed using an integrated software tool to improve project planning, budgeting, and prioritisation.

Drakenstein Municipality, a client of the DBSA with a loan of R662 million, is an Intermediate City required by law to develop annual Capital Expenditure Frameworks aligned with the government's Integrated Urban Development Framework. In addition, Drakenstein received an interest rate subsidy and a project preparation grant of R23 million and R29 million, respectively from the Infrastructure Investment Programme for South Africa (IIPSA).

Outputs

The Capital Expenditure Framework is an important tool to ensure that long-term infrastructure investment decisions by the municipality are made in a timeous and financially viable manner to support spatial transformation. The demand for capital funding is normally more than what the municipality can afford, hence the need to identify infrastructure requirements for the short, medium, and long term to enable strategic prioritisation.

Developing a Capital Expenditure Framework enables:
- Improve service delivery and eradicate infrastructure backlogs, in water, sanitation, roads, storm water, electricity, etc
- Institute a holistic, integrated, systematic, and cost-effective infrastructure planning and implementation delivery approach within the respective municipal areas of jurisdiction.

Outcomes

Potential development results

Economic impact
- Value of infrastructure to be unlocked in the short to medium term. As a result of the DBSA support National Treasury awarding Drakenstein Municipality R1.4 billion infrastructure grant for the upgrading of the Paarl wastewater treatment works and the construction of the southern Paarl bulk sewer.
- Contribution to the GDP: R493 million
- Capital Formation: R1.69 billion

Job creation
- 5 229 job opportunities are expected to be created in the short to medium term comprising:
- 1 542 skilled job opportunities.
- 2 733 semi-skilled job opportunities.
- 1 024 unskilled job opportunities.

Challenges

The disruptions caused by the Covid-19 pandemic and its associated mitigation measures such as social distancing, curfews, etc. posed challenges during the implementation of the project by slowing down the pace (speed) of the project activities.

The DBSA team has instituted novel processes and arrangements to ensure adequate marketing of the programme and the establishment of open communication channels, both internally and with national stakeholders. A longer period between when an application was received and approved by the DBSA, and due to the urgency of this project, the municipality used in-house capacity to plan and prepare the projects with confidence that they will receive funding from the DBSA.

CASE STUDY

Student Housing Infrastructure Programme

South Africa is grappling with a severe shortage of student housing in the post-school education and training sector. The availability, affordability, and quality of student housing significantly impact the academic success of university and technical and vocational education and training (TVET) college students, particularly those from rural and impoverished backgrounds. To address this issue, a Student Housing Infrastructure Programme (SHIP) management office was established. This initiative, in partnership with the Department of Higher Education and Training, the DBSA, and the National Treasury, aims to assist in the planning, financing, implementation, operation, and maintenance of student housing infrastructure.

To address skills shortages that hinder economic growth, it is essential to increase the number of students entering and completing higher education and training. SHIP supports this goal by developing safe, accessible, affordable, and decent student housing, providing students with a living environment conducive to learning.

Timeframe:	Programme established in July 2019 and ended in 2022
Investment:	DBSA contributed R1.6 billion to the initiative Feasibility studies for twelve institutions in March 2022 have successfully unlocked R900 millions of grant funding from the National Treasury
Location:	National
Value chain or business unit:	Project preparation
Sector:	Human Settlements, Education
SDGs impacted:	SDG 4: Quality Education

The SHIP had four core tasks for programme delivery: project preparation, financing and procurement, implementation and commissioning, and operations. Nine projects were selected for the piloting phase - Phase 1: SHIP Developments, and various feasibility studies were undertaken during 2017 and concluded early in 2018.

The institutions that formed part of this development are as follows:
- Universities: University of Fort Hare, University of the Western Cape, North-West University, Nelson Mandela University, Sefako Makgatho Health Sciences University, University of Limpopo, University of Zululand, and Vaal University of Technology; and
- TVET college: King Hintsa TVET College.

Phase 2: SHIP Developments comprised a further twelve projects (approx. 24 398 student beds), where feasibility studies were undertaken from February 2021 and concluded in March 2022. The institutions that formed part of this development are as follows:
- Universities: University of Johannesburg, Walter Sisulu University, University of KwaZulu-Natal, Tshwane University of Technology, Central University of Technology and Cape Peninsula University of Technology; and
- TVET colleges: Gert Sibande, Majuba, Northlink, Sekhukhune, Lephalale and Vhembe TVET colleges.

Outputs

Phase 1 Development
- 11 407 student beds have been completed
- Construction of 312 student beds is underway
- This phase has thus far enabled a total of R3.5 billion investment with R1.6 billion debt funding by the DBSA
- Over 3 000 job opportunities created

Phase 3 Launch
- The launch of Phase 3 was approved by the SHIP Oversight Committee in 2021
- Demand analysis completed for 29 institutions that submitted, awaiting DHET approval

Phase 2 Development
- Feasibility studies for 24 398 student beds completed
- Ministerial approval received for one institution and debt funding process underway
- BFI of R900 million approved for four institutions
- Infrastructure and Efficiency Grant funding, from the DHET, of R1.5 billion has been secured
- Total programme to enable R7.2 billion investment with debt funding of approximately 40%
- Development will enable private sector participation through the Design, Build, Operate and Maintain contractual agreement
- Over 4 000 jobs opportunities to be created

Cost optimisation model
- In October 2021, the DBSA introduced an order of magnitude cost optimisation model to determine the optimal cost per bed for greenfield student housing projects and a rental cost per bed was launched for use by the DHET and institutions for planning purpose
- The updated model will include options for brownfield sites and expand functionality for alternative building technologies

Outcomes

Socio-economic impact

The qualitative impact analysis concluded that there are many benefits of undertaking student housing developments, both during the construction and operations phases. It should be noted that this contribute to the DBSA's purpose: 'Build Africa's Prosperity'. These benefits are summarised as:
- Growth of local labour market and small, medium, and micro enterprises opportunities;
- Institutional standing and pride;
- Contribution to social amenities;
- Skills and training improvement;
- Student quality of life improvement;
- Construction sector, student housing and general property sector improvement; and
- Bulk services improvement.

Cost benefit analysis

A cost benefit analysis was completed for all institutions. It is more beneficial for students to stay on-campus than off-campus. Some of the benefits include:
- Improved living and learning environments that increase the chances of students completing their academic training. A study was done by Cape Peninsula University of Technology which showed over a 10-year period, a 77.4% pass rate on off-campus students vs. 83.4% pass rate of on campus students;
- Eliminates travelling and use of public transport to access the targeted campus, thereby reducing travel costs. This also diminishes the likelihood to be engaged in a fatal vehicle crash. Travel saving also contributes to lower carbon emissions;
- Provides students a safety aspect that limits their propensity to fall victim to crime;
- Invokes a sense of place for students far from their homesteads;
- Increased student success as a result of enhanced social interactions;
- The development of essential skills typically gained as a result of social interactions;
- Improved access to institutional infrastructure
- Participation in recreational, cultural and spiritual activities

Job creation
- Over 3 000 temporary job opportunities created during the construction of SHIP Phase 1 developments (five projects)

Enterprise development
- For North West University residences, throughout the construction period, the contractor achieved employment of 45% local labour on site
- For University of the Western Cape residences, the developer had set a target to achieve a minimum of 85% local labour on site and this was achieved.

Individuals benefitted

For the SHIP Phase 1 developments, there are six facilities (from five institutions) which are currently operational, which amounts to 9 407 student beds. Students are benefiting as they have eliminated travelling time and the use of public transport to access the campuses, thus providing effortless access to institutional infrastructure (e.g. libraries, sports facilities, etc.). In addition, these new facilities are safe for students, as each institution has provided security personnel to limit student's propensity to fall victim to crime.

Environmental impact

Some of the new facilities are equipped with storage water tanks for fire water and back-up water supply. Gauges have been provided for tanks to ensure that once a minimum water level has been reached, the municipal water system is able to replenish water to required capacity. New facilities comply with the National Building Regulations with regards to glazing, solar control, insulation, rainwater harvesting and orientation. All sustainability and green aspects were incorporated, where feasible, in accordance with the minimum requirement of the regulations

Challenges

- Lack of bulk infrastructure in Post-School Education and Training (PSET) institutions and municipalities where these institutions are located. This is further exacerbated by uncoordinated planning between the municipalities and universities;
- Delays due to some institutions not having title deeds, rezoning and land claims on rural campuses;
- Land availability for proposed developments to some of the institutions;
- Limited planning capacity in institutions resulting in poorly structured commercial agreements;
- Limited capacity in government to support project preparation;
- Protracted ministerial approval process to enable development at PSET institutions, leading to project delays;
- Uncoordinated sequencing of funding caused project delays;
- Investors deterred by onerous procurement processes, including poorly structured request for proposal documents, unclear timelines and extended bidding stages due to insufficient bids;
- On conclusion of feasibility studies, some institutions indicated that they are unable to raise require equity to support the project, thus leading them to pull out of the programme; and
- Protracted ministerial approval process to enable development at PSET institutions, leading to project delays

INFRASTRUCTURE FINANCING

The DBSA offers various financial solutions to a wide range of clients in South Africa and throughout Africa. These clients include municipalities, private companies, State-owned Entities and Public-private Partnership (PPPs). The DBSA provides both senior and mezzanine debt financing for traditional balance sheet lending and project financing structures. They also offer a variety of other financial products that are designed to meet the specific needs of infrastructure projects.

CASE STUDY

DBSA spearheads national water programme to tackle water crisis

The DBSA is at the forefront of developing a National Water Programme for South Africa. This programme aims to address the country's water challenges comprehensively through a "programmatic approach." This means prioritising needs and strategically mobilising resources for maximum impact.

Playing a key role as both fund manager and programme secretariat, the DBSA seeks to attract investment from both public and private sectors. Our goal is to deliver tangible solutions for various stakeholders, including municipalities and other players in the water sector.

The Trans-Caledon Tunnel Authority (TCTA) is a government agency responsible for developing and financing large-scale raw water infrastructure projects in South Africa. Beyond construction, TCTA plays a vital role throughout the project lifecycle. They secure the necessary funding and manage all associated risks, including those related to financing, governance, engineering, construction, environmental impact, and public communication. Operating under the Department of Water Affairs and Forestry, TCTA tackles both infrastructure development and advisory projects within the water sector. The DBSA partners with TCTA providing funding mechanism.

Berg River-Voelvlei Augmentation Scheme

Identified as a critical surface water development, Berg River- Voelvlei Augmentation Scheme (BRVAS) aims to address the growing water demands of the Western Cape Water Supply System. This system supplies water to Cape Town, surrounding urban centres, and irrigators across the Berg, Eerste, and Sonderend rivers.

The Western Cape Water Supply Systems water deficit was highlighted during the severe 2015 Cape Town drought. The system's inability to cope with the drought prompted the development of a Reconciliation Strategy, with BRVAS identified as the most effective short-term surface water solution to address the current water shortage.

Timeframe:	Construction to begin: 2024 Project completion expected: 2027
Investment:	Total value of the project: R1.850 billion DBSA's investment in the project: R1.850 billion
Location:	Western Cape, South Africa
Value chain or business unit:	Infrastructure financing
Sector:	Water and Sanitation
SDGs:	SDG 6: Clean Water and Sanitation

The BRVAS project will provides much-needed boost to Cape Town's water supply by extracting 23 million cubic meters of water annually from the Berg River. To maximise efficiency, BRVAS leveraged existing infrastructure where possible. This included utilising Voëlvlei Dam, established water treatment works, Cape Town's existing pipeline from the treatment plant, and facilities managed by the West Coast District Municipality.

The BRVAS project will consist of the pumped abstraction of water in winter months (April to September) from the Berg River to increase the yield of the Voëlvlei Dam by approximately 23 million cubic meters per annum, a low-level weir and pump station located at the Lorelei site on the Berg River, and a 6.3 km long pipeline to deliver the water into the Voëlvlei Dam. The pipeline will be designed for reverse operation during summer so that releases can be made from the Voëlvlei Dam to the downstream users, including meeting the ecological water requirements of the estuary.

Outputs

The project components include the following:

- A low-level weir, abstraction works and 4 m^3 /s raw water pump station on the Berg River;
- A rising main pipeline from the Berg River to Voëlvlei Dam; and
- A potential new summer release connection at the existing Swartland WTW to facilitate summer releases into the Berg River for environmental requirements thus eliminating the need to use the existing canal from which water losses occur.

The pipeline will be capable of reverse operation during summers so that releases can be made from the Voëlvlei Dam to the downstream users and to meet the ecological water requirements of the estuary.

Outcomes

Environmental and social impact:

The proposed project will have both direct and indirect impacts on the local watercourses. A number of watercourses, including floodplain; valley bottom wetlands; hillslope seeps; depressions and numerous drainage channels; were identified and assessed for the project. The ecological integrity of these systems varied from moderately to largely modified, with no systems determined to be in a natural or largely natural state.

The most significant risks are associated with the weir and fishway structures, with the level of risk determined to be moderate. These moderate risks are expected for the construction and operation of the project. The risks associated with the supporting activities and linear structures (such as roads and pipelines) was determined to be low. It is recommended that an aquatic monitoring programme be implemented after construction activities should the proposed project commence. A buffer zone of 15 m and 21 m has been prescribed for the construction and operational phase respectively.

Climate change impacts on water in South Africa could exacerbate existing water-related challenges and create new ones related to climate variability, extreme weather events and changing rainfall seasonality. This would affect a wide range of economic sectors and livelihoods and impact on the development of infrastructure into the future, including through water quality-related issues. Projected impacts are due to changes in rainfall and evaporation rates, further influenced by climate drivers such as wind speed and air temperature as well as soils, geology, land cover and topography across South African water catchments. Hydrological modelling is essential for translating these complex interactions into potential water resource impact.

Mokolo-Crocodile River (West) water augmentation project phase 2a

The Mokolo Crocodile Water Augmentation Project (MCWAP) is a multi-phase initiative designed to increase water supplies in the Lephalale area of South Africa. Originally envisioned with three phases, the project currently focuses on Phase 1 (MCWAP-1) and Phase 2A (MCWAP-2A). The MCWAP-2 project will provide enough water for new pollution control units at Medupi and Matimba power stations, support the growing population of Lephalale, and unlock the potential of the Waterberg coal fields for power generation and export. This additional water source is essential because the existing MCWAP-1 pipeline cannot meet all these demands

Established:	Construction to begin 2024 Project completion date/stage: 2029
Investment:	Total value of the project: R22.25 billion DBSA's investment in the project: R5 billion
Location:	Lephalale Local Municipality, Limpopo, South Africa
Value chain or business unit:	Infrastructure financing
Sector:	Water and Sanitation
SDGs and NDP Outcomes impacted:	SDG 6: Clean Water and Sanitation

The MCWAP project underwent some revisions during its planning stages. Initial plans included provisions for future coal-fired power stations and a Sasol petrochemical plant. However, these aspects were dropped due to changes in South Africa's energy needs and economic considerations. As a result, the overall water transfer capacity of the project was scaled down to better reflect current demands and some anticipated future development needs in the region.

Despite these adjustments, MCWAP-2A is considered the most sustainable solution to address the growing water deficit in the Water Management Area. Alternative water sources were explored during the project's feasibility study, but MCWAP-2A emerged as the most viable option. The water transferred from the Crocodile River primarily consists of upstream return flows from Gauteng province's major cities, which itself relies heavily on the Vaal River catchment area for its water supply.

Phase 1, already operational since June 2015, delivers approximately 30 million cubic meters (m^3) of water per year to key users like Eskom power stations, Exxaro industries, and the Lephalale Local Municipality. This water comes from the Mokolo Dam.

Phase 2A, currently under development, aims to significantly boost water supplies by adding another 75 million m^3 annually. To achieve this, a new 160-kilometer pipeline will be constructed, drawing water from the Crocodile River (West). Once completed, the combined MCWAP system will have a total yield of 105 million m^3 per year.

Outputs

- Water Supply Agreements have been finalised with Water Users and Department of Water and Sanitation.
- Procurement and award of main construction contract is underway
- Land acquisition activities are in process to ensure access for construction phase
- Procurement of the service providers for the design and implementation of the River Management System underway

The project performance to date shows that the client adhering to the DBSA Environmental and Social Safeguard Standards:
- Valuations of impacted properties is completed.
- 50% expropriation notices issued.
- 90% land acquisition to be completed by March 2023
- Consultation with the affected landowners for obtaining free, prior and informed consent

Vaal River Eastern Sub-System Augmentation Project

The Vaal River Eastern Sub-System Augmentation Project (VRESAP), also known as the Vaal Pipeline Project, addressed a critical water shortage in South Africa's eastern Mpumalanga province. VRESAP aimed to bolster water supply for the growing energy demands of Eskom's power stations and Sasol's fuel production facilities. VRESAP significantly increased the region's water yield by 160 million cubic meters annually, ensuring a reliable source of water for these crucial industries and contributing to South Africa's energy security.

Established:	Construction began 2005 Project completion: 2009
Investment:	Total value of the project: R2.9 billion DBSA's investment in the project: R400 million
Location:	Eastern Mpumalanga, South Africa
Value chain or business unit:	Infrastructure financing
Sector:	Water and Sanitation
SDGs and NDP Outcomes impacted:	SDG 6: Clean Water and Sanitation

The project was initiated in 2004, addressed the growing water needs of Eskom and Sasol's expansion in eastern Mpumalanga. Funded and implemented by the TCTA, the project is now fully operational, delivering water since June 2009. However, the project was facing financial difficulties due to delays in completion and revenue generation. The project's completion was delayed by two years, causing a 7% budget increase and pushing back the start of revenue collection. Loan repayments were due before revenue streams began, creating a liquidity mismatch The DBSA provided a R400 million loan to address this liquidity shortfall and the seasonal funding gap.

It will transfer water via large pumps through 115 km long, 1.9 m diameter buried steel pipeline from the Vaal Dam reservoir near the Vaal Marina Boating Resort to Knoppiesfontein near Secunda. From here the water will be diverted via existing pipelines either to the Bosjesspruit Dam for supply to Sasol's petrochemical facilities or to Trichardsfontein Dam to supply the Eskom power generation facilities. An additional 5.5 km pipeline will be installed from Knoppiesfontein to Bosjesspruit.

Outputs

- 160 million m^3 per year increase the yield of the region's Vaal River Eastern Sub-system by 160 million m3 per year
- 1900-meter diameter pipeline constructed, stretching 115 kilometres to transport water from the Vaal Dam reservoir to Knoppiesfontein near Secunda.
- Abstraction works located at the Vaal Dam, including a low-lift pump station, a dual purpose de-silting works-cum-balancing dam(s), a high lift pump station, 121 km of 1.9 m diameter pipeline, a 10 000 m^3 surge tank and an upgraded historical diversion structure

Outcomes

Economic impact

- R60 million local economic spend in the construction period

Job creation

- 20 permanent persons that are employed

During construction:

- 600 people employed in the construction of the pipeline
- 350 people employed in the construction of the abstraction works
- Transfer of skills to unskilled workers

During construction, contractors, and service industries in the region benefitted from the construction activity. This had a knock-on effect on suppliers of goods and services in other areas of the country.

Vaal river system water resources development project phase II

The Vaal River System (VRS) is a crucial water source for South Africa, supplying 45% of the population and 60% of the economy. It serves Gauteng province, major industries, and mining areas.

The system relies on two major transfers to supplement its water:

- The Tugela-Vaal Transfer Scheme: This pumps water from the Thukela River to the Vaal.
- The Lesotho Highlands Water Project (LHWP): This project, built in phases between Lesotho and South Africa, delivers water from Lesotho's Senqu River to the Vaal and generates hydropower for Lesotho.

Phase 1 of the LHWP is complete and includes two dams (Katse and Mohale) and a network of tunnels to transfer water. Phase II is underway and will involve a Polihali Reservoir, conveyance tunnels, and additional infrastructure, representing a significant expansion of this infrastructure initiative.

Phase II comprises the construction of the Polihali Dam. Situated downstream of the confluence of the Senqu and Khubelu Rivers the dam will create a reservoir with a maximum water level of 2075 meters above sea level. The transfer of water captured by the Polihali Dam will be facilitated by 38.2 kilometres tunnel with a diameter of five meters. The design of the tunnel incorporates the capability for high flow rates, making it well-suited to support potential hydropower generation endeavours.

Phase II of the LHWP also explores the potential for hydropower generation. A pump storage hydropower scheme with a capacity of 1 000 megawatts is envisioned as a possible addition. This ambitious undertaking would use the existing Katse Reservoir as the lower reservoir and necessitate the construction of a new upper reservoir near the headwaters of the Kobong River. It is important to note that the realisation of this hydropower plant is contingent upon further agreements between the involved parties.

Even without the inclusion of the hydropower component, Phase II represents a substantial advancement in the LHWP's water transfer capabilities. The Polihali Dam and its associated infrastructure will play a critical role in bolstering water security for South Africa. Additionally, the potential for hydropower generation in Lesotho offers a promising avenue for the development of a clean and renewable energy source.

Timeframe:	Construction began: 2021 Project completion expected: 2028
Investment:	Total value of the project: R15 billion DBSA's investment in the project: R5.5 billion
Location:	South Africa and Lesotho
Value chain or business unit:	Infrastructure financing
Sector:	Water and Sanitation
SDGs impacted:	SDG 6: Clean Water and Sanitation

In fulfilling its mandate, TCTA currently manages a debt portfolio for the Vaal Rivier System of R13.3 billion, serviced by a revenue stream derived from capital tariffs charged on water supplied from the entire system.

Outputs

Phase II consists of the following components:

Polihali Dam – to be constructed downstream of the confluence of the Senqu and Khubelu Rivers with a 163.5 metres high concrete faced rock-fill embankment dam wall

Polihali to Katse Tunnel – 38.2 kilometres long, five metres diameter, to transfer water from the Polihali Reservoir to Katse Dam.

Hydropower Features – A pump storage scheme of approximately 1 000 megawatt utilising Katse Reservoir as the lower reservoir and a new upper reservoir near the Kobong headwaters, or any other similar scheme, may be built as part of Phase II, subject to agreement on the outcome of a joint feasibility study.

Outcomes

Job creation

To date, a total of 15 699 unskilled labour candidates have been registered in the project area. National registrations stand at 40 226, which brings the total to 55 925.

Since construction began, 2 213 candidates have been allocated to different contractors for unskilled positions:
- 375 (17%) of these are female
- 1 082 (49%) are youth (18 years and above)

Contractors have engaged 3 723 skilled personnel:
- 323 females
- 1 535 youth
- 3 168 Basotho nationals
- 415 South African nationals
- 140 personnel from other countries)

A total of 773 skilled personnel is from the project area:
- 8 professional and management level
- 146 skilled, supervisory, and senior level
- 619 at the semiskilled level.

Training and development

- **Community outreach programme**

District outreach teams, who are part of the public health team, provide technical support, mentorship and coaching during the provision of services. Technical support is provided during health education sessions, and nutritional assessments. Data collection and reporting tools have been standardised and they include the community mapping tool from Mamohau which was adopted for use at Mapholaneng health Centre for data collection on the target populations at village level. The community-based health services programme is conducting a training of trainers workshop for health facility nurses and public health personnel from the hospital

- **School Health Programme**

The programme aims to encourage schools to take responsibility for the health of their students as they are educated about the risks of malnutrition, teenage pregnancy, early marriage, sexually transmitted infections, HIV, human trafficking. Training was provided to high school teachers and community representatives on Life-skills Based Sexuality Education (LBSE) to capacitate them on health education and promotion skills educate the students and communities on how to mitigate the impacts of the project, particularly teenage pregnancy.

Anthropometric assessments were conducted at Mapholaneng High School. The findings indicated weight problems indicating a risk of developing non-communicable diseases like hypertension and diabetes in the future. The team has initiated food production training to families in the area, to address manage the problem.

Peer educators have been trained at Mapholaneng High School on sexuality education, nutrition, youth friendly services, challenges faced by adolescents, STI/HIV, and substance abuse.

- **Health education and promotion**

Health education as a tool for health promotion is an important aspect of primary health care and is required for the successful implementation of maternal and child health, adolescent health, prevention of sexually transmitted infections including HIV/AIDS, non-communicable diseases and human trafficking, and water and sanitation services. Health education is conducted during outreach services and during community gatherings and during one-on-one sessions with the patients in the villages.

- **Training**

Training is approached through supervision and mentorship from community to facility level to improve access to services and coverage of health services provided by village health workers and skilled health personnel at health posts, outreach areas, health centres and hospitals. Hospitals are included as they also provide outreach services for their catchment populations. Capacity building is being conducted through workshops, meetings, and interactive discussions.

Religious and traditional leaders were trained on their roles in preventing human trafficking through community participation organised by World Vision and Skills Share.

Socio-economic development

A Phase II Social Development Master Plan was approved in March 2023 and has been submitted to the Board for approval. The plan outlines prioritised thematic areas of social development, estimated construction, operation and maintenance costs sustainability analysis, participatory monitoring, evaluation and learning. Recommendations about institutional arrangements for funding and ownership of the projects, are also included.

Environmental impact

A Biodiversity Management Action Plan has been approved by the project authorities and the Department of Environment. The plan has prioritised four biodiversity elements based on their interdependencies, presumed negative impacts by the project and their use as indicators of the health of the catchments within which they exist. These priorities are rangelands and wetlands, birds and fish. The plan is currently being implemented.

Overstrand Municipality electricity projects

The Overstrand Municipality was facing issues with aging overhead power lines, unreliable electricity supply due to infrequent maintenance, and illegal connections. To address these challenges, the project aimed to upgrade the electricity grid, replace overhead lines with underground cables, create jobs, and accommodate future growth in the municipality.

Timeframe:	2014/15 - 2017/18
Investment:	R29 million
Location:	Overstand, Western Cape
Value chain or business unit:	Infrastructure financing
Sector:	Energy
SDGs impacted:	SDG 7: Affordable and Clean Energy SDG 11: Sustainable Cities and Communities

The DBSA assisted the municipality with the funding of R29 million to address the issue of electricity and to ensure that overhead lines are replaced with underground lines and strengthen the cabling systems. Consequently, the municipality appointed various service providers to resolve the problems of electricity connections and ensured the upgrade of the system's network.

The electricity projects included the upgrade of the network (Low and Medium Voltage), provision of new mini substations, installation of technologies within the switching stations, new kiosk, new street light cables, installation of LED lights, and replacement of old overhead lines with underground cables. The projects selected for evaluation were implemented in Gansbaai, Stanford, Hermanus, Franskraal, Hawston, and Overstrand towns.

Outputs

- 11.8 km overhead lines replaced with underground lines in the identified areas
- 5.9 km medium voltage cables installed
- 3.8 km lower voltage cables installed
- 4.126 km of street light cables installed
- 33 distribution kiosks installed
- 89 LED Street lights installed
- 5 mini-stations and 9 transformers
- 11 switch gears installed
- 9 CCTV cameras, station extension, and ring main unit installed

Outcomes

Community benefits

- 29 874 households benefitted
- Network strengthened ensuring no intermediate supply
- Increased revenue collection on electricity between 96% -100%.
- OLM reduced maintenance of overhead lines by almost 100% as lines are now underground.
- LED lights significantly reduced the cost of light replacement
- The cost of using other alternative energy sources was reduced
- Improved access to electricity
- Improved standard of living

Job creation

- A total of 112 temporary jobs were created on all electricity projects

Lessons learned

- Increased maintenance cost of overhead powerlines forced the municipality to construct and install an underground electricity network
- Construction and installation of electricity projects employed more males as compared to females
- Street light poles are exposed to corrosion due to seawater moisture which will require continued maintenance
- Interaction with community members revealed that the customers paid for services on time and were satisfied as the municipalities always informed them of potential service interruptions. Households who could not afford the payment of electricity were assisted using an indigent policy provided they qualified
- The infrastructure (streetlight poles) is exposed to seawater and moisture resulting in some reddish colour. The OLM coated the poles with a galvanising compound to mitigate corrosion and rust. Unfortunately, the exposure remains
- Other South African municipalities could learn financial and governance lessons from OLM to improve their audit outcomes as the OLM had a clean audit during the year under review (2023/24) and over the past five years

CASE STUDY

Angolar Solar

A reliable and functioning energy supply is widely recognised as fundamental to a thriving economy. Studies have consistently shown a link between electricity consumption and economic growth. Governments around the world understand that development hinges on a constant and dependable source of power.

Recognising this crucial link, the Angolan government has prioritised improving its energy sector in order to spur economic growth and tackle its development challenges. Their goals extend beyond just economic advancement. They also aim to reduce reliance on oil, diversify the national economy, rebuild essential infrastructure, strengthen institutions and governance, and ultimately improve the lives of Angolans.

The Angolan Energy Sector Master Plan is a comprehensive strategy designed to achieve several objectives. It aims not only to significantly increase access to electricity, reaching 60% of the population by 2025, but also to enhance competition within the power sector and ensure the long-term sustainability of the newly developed infrastructure.

Timeframe	30 July 2020
Investment:	€79.5 million
Location:	Angola
Value chain or business unit:	Infrastructure financing
Sector:	Energy
SDGs impacted:	SDG 7: Affordable and Clean Energy SDG 11: Sustainable Cities and Communities

The DBSA granted a loan for the development, design, engineering, finance, procurement and construction of 370 MW photo voltaic solar power projects at seven sites in Angola. The electricity generated from these sites are transmitted via high voltage power transmission lines to the respective substations for transmission and distribution through the national network. The Baía Farta and Biópio solar plants are expected to generate benefits for their respective communities as well as the entire country. The Baía Farta with 75.90 MVA and Biópio with 144.90 MVA were the two biggest projects which commenced construction in December 2020 and completed in July (Baía Farta) and August 2022 (Biópio).

Outcomes

Job creation:

Employed 622 and 322 employees for the Biópio solar project and Baía-Farta solar project respectively.

Training and development:

The contractor established a training centre to provided accredited professional carpentry training to young people:

- 37 in Baía Farta
- 40 in Biópio

Socio-economic development

The contract between the Angolan government and the contractor stipulated that €260 000 (per site) be allocated for socio-economic development initiatives for communities affected by the solar projects.

Community development

- Upgraded the informal fish market in Baía Farta
- Developed an agricultural market for the community in Biópio
- Procured wheelchairs for disabled children in the communities

Lessons learnt

- The main contractor implemented social projects that it deemed necessary after consultations with relevant stakeholders, especially the community. The developmental interventions were not prescriptive nor discretionary but were in accordance with the needs of the community. The appointment of a Director of Social Responsibility is an optimal approach to delivering distinctive developmental projects.
- The stipulation of and adherence to a Landscape Recovery Plan ensured that rare species of trees (e.g. Baobab trees) were protected when the solar panels were installed. Furthermore, the planting of alternate types of trees that could easily adapt to soil and climatic conditions of the project area mitigated the loss of native vegetation.

Providing affordable healthcare: Royal Buffalo Hospital

South Africa's healthcare system is deeply unequal. Private healthcare is well-funded and serves a small portion of the population, while the public system struggles to serve the majority with limited resources. This creates a situation where quality care is expensive and inaccessible for most South Africans. Even those who cannot afford private care are often willing to pay something for better services. This highlights the need for improved funding and infrastructure in the public sector, particularly in underserved areas.

Timeframe	Financial close: March 2021 Commercial Operation: April 2022.
Investment:	R266.4 million of senior debt and broad-based black economic empowerment (B-BBEE) funding of R64.6 million
Location:	Buffalo City, Eastern Cape
Value chain or business unit:	Infrastructure financing
Sector:	Health
SDGs impacted:	SDG 3: Good Health and Well-being SDG 10: Reduced Inequalities

The DBSA) provided funding for the Razorite Hospital Programme developed by RH Managers (Pty) Ltd, a black-owned South African licensed fund manager that manages the Razorite Healthcare Fund. The programme comprises a portfolio of eight greenfield hospitals in South Africa, with a total capacity of 651 beds The first hospital to be developed was the Royal Buffalo Hospital.

The Razorite Programme aims to empower and assist independent hospital license holders to unlock capital and management resources to develop and operate independent private hospitals. The hospitals in the Programme target medically insured people who currently either must travel longer distances to access private hospitals or who live in areas with limited availability of private healthcare facilities.

Output

The Royal Buffalo Hospital project involved the development, design, financing, construction, and operation of a 150-bed, General, Level 2 acute facility offering general hospital and specialist services, such as maternity, paediatrics, radiology, cardiology and surgical beds. The hospital is in the Stoney Drift suburb of East London, Buffalo City Metropolitan Municipality in the Eastern Cape Province.

Outcomes

Economic impact:

RBH also contributed to B-BBEE empowerment with procurement spend on black and women-owned suppliers as follows:

- Outsourcing of the Accident and Emergency Unit to Leemed Healthcare Practitioners Incorporated, that is 100% black-owned and 50% black women-owned with a monthly retainer of R100 000 per month (R1.2 million per annum)
- Outsourcing of the management of the Radiology Department to Triple M, 100% black women owned who manage the full spectrum of radiology services for the hospital.
- Outsourcing of the Coffee Shop to a black couple who own and operate the coffee shop that also provides cafeteria services at the hospital. Furthermore, RBH have provided free rental to the value of R180 000
- Catering for the launch of the hospital was awarded to a black woman supplier at a cost of R193 000
- The RBHP had a positive impact on the economy during the construction phase by contributing R447.9 million to the GDP and creating 1 694 employment opportunities, mainly for semi-skilled and unskilled workers. The increased economic activity resulted in an estimated R306.7 million additional income for households and R122.4 million increased revenue for government from taxes
- The total building area is 15 301 square metres, and the value of the completed hospital is estimated at R800 million to R1 billion
- The average occupancy rates for 2022 (23%) and the average occupancy rate from March to December 2023 (39.1%) exceeded the projected targets in the financial model

Job creation:

- Total number of direct operational phase jobs created is 108 of which 90 are women. Majority (95%) of employees are from previously disadvantaged groups while 83% are females.
- Employment opportunities provided to poorer communities include 11 jobs for security, 30 jobs for janitorial services and 14 jobs for catering. In addition, employment opportunities were created for a porter and two admission clerks
- The number of direct employment opportunities created during the construction phase is estimated at 676, with 80% for unskilled and semi-skilled workers
- The hospital has created opportunities for 52 specialist doctors in 2023, 91% of which are black, receiving average revenue of R13.8 million per month or around R186.7 million for the year.
- As a result, contributing R169.9 million towards B-BBEE, far exceeding the targets of R11 million and R12 million for black and women-owned suppliers, respectively.

Lessons learnt

In addition to assessing the achievement of development results, the evaluation was intended to provide lessons to enhance organisational learning and lending operations for projects in the same sector. The following lessons and recommendations have emerged from the evaluation:

- RBH management recommended that the management team be recruited earlier (six months before) and be more involved in the design process.
- Parallel construction, operational and recruitment processes would have facilitated smoother operations. Nursing skills are considered scarce and more time for recruitment would have eliminated the shortage when operations commenced.
- Early application for Designated Service Provider status for cheaper medical scheme options would have improved revenue and occupancy and benchmarking billing systems and ensuring effective internal control in the admin department such as ensuring accurate billing, checks and balances to prevent medical scheme rejections was recommended.
- As the project is situated in a rural area, accessing medicine, equipment and spare parts was challenging and necessitated the borrowing of stock from nearby hospitals and therefore establishing good relationships with other facilities and pharmaceutical representatives was recommended.
- Hospitals and care systems in SA can reap multiple benefits and help fulfil their broad public mission by implementing environmental sustainability practices into health facilities. Understanding the strategic importance of environmental sustainability, hospitals and care systems across South Africa can improve community health, enhance public perception, streamline facility operations, and improve financial performance — all key aspects to caring for both people and the planet.

CASE STUDY

Mossel Bay Municipality

The lack of decent and satisfactory municipal services negatively impacts businesses and households. Municipalities need to provide adequate basic services to stimulate economic development and improve peoples' lives. Moreover, the municipalities need to also maintain, repair and refurbish infrastructure to prevent financial losses, especially with regards to water and sanitation, electricity and waste management.

The Mossel Bay Local Municipality provides key services such as water, sanitation, electricity, waste removal, roads and storm water drainage for its inhabitants. It was experiencing challenges in providing these services due to increased demand arising from population growth (migration). The main issues identified were:

- Increased need for basic services, especially in the informal settlements
- Increase in indigent households
- Increase in water losses of 15.44% in 2016/17 due to defective meters, breakage in pipelines, theft and vandalism

Timeframe:	2016 to date
Investment:	R64.8 million
Location:	Mossel Bay, Western Cape
Value chain or business unit:	Infrastructure financing
Sector:	Local government
SDGs impacted:	SDG 6: Clean Water and Sanitation SDG 7: Affordable and Clean Energy SDG 10: Reduced Inequalities SDG 11: Sustainable Cities and Communities

The Mossel Bay Local Municipality needed to fund critical municipal infrastructure to continue to provide basic services. These included the extension, replacement, upgrading and rehabilitation of electrical, water, sanitation and waste management infrastructure.

The Capital Infrastructure Programme (CIP) was expected to support the socio-economic development of the municipality and surrounding areas through the provision of new and refurbishment of existing municipal infrastructure in accordance with its Integrated Development Plan. The projects were expected to meet the demand for basic services and subsequently alleviate backlogs, create employment and improve the quality of lives of the citisens.

Outputs

Water

Volume added through bulk water mains (Ml/day): 30
Length of pipeline installed (km): 5.09

Sanitation

Volume added through outfalls sewers (Ml/day): 0.12
Number of new sewer connections installed: 230
Length of sewers installed (new/replaced/refurbished/upgraded) [km]: 1.1

Energy
Increased energy generated (MVA): 2
Number of new sub-stations constructed/rehabilitated:1

Outcomes

Environmental impact
2 640 waste to landfill recycled (tonnes per annum)

Job creation:
Total number of direct construction jobs created:107

Community benefits:
15 883 households benefitting from new water infrastructure
6 000 households benefitting from improved existing electricity infrastructure

Socio-economic development programmes

- The successful implementation of the programme within budget can be attributed to the knowledgeable, experienced and dedicated staff.
- The prudent management of the municipal finances has ensured that the municipality was within the prescribed financial norms to undertake its extensive CIP. It is notable that maintenance is lower than the stipulated norms which can be ascribed to investment in new infrastructure assets which require less O&M.
- The compulsory requirement for new buildings to meet specific 'green' requirements has resulted in the need to use more energy efficient technologies. Consequently, there is less demand for electricity from the municipality which is impacting the revenue from electricity distribution. The situation is compounded by load shedding which also decreased demand; and motivated developers to install technologies which are less reliant on electricity from ESKOM/municipality. Hence, government needs to consider the financial repercussions of the compulsory 'green' requirements for buildings on municipalities and compensate them accordingly.

CASE STUDY

Tanzania standard gauge railway

The Tanzania standard gauge railway (SGR) is a new standard gauge railway line that connects key cities and regions within Tanzania and the Great Lakes region of Rwanda, DRC, Burundi and Uganda. This modern rail system replaces the older, outdated narrow gauge railways, providing faster, safer, and more efficient transportation of goods and passengers. By linking major cities such as Dar es Salaam, Dodoma, and Mwanza, as well as connecting to neighbouring countries like Rwanda, Burundi, and Uganda, the project enhances transportation networks and trade corridors.

The African Continental Free Trade Area (AfCFTA) will increase the demand for road, rail, maritime and air transport by 50%. This is a huge undertaking, calling for a similar roll-out in requisite infrastructure for Africa to be able to transport massive amounts of cargo and support the intra-African exchange of services and movement of people.

The DBSA has funded Lots 1 and 2 from Dar es Salaam to Makutupura totalling 422 kms, and more recently Lots 3 and 4 from Makutupura to Isaka totalling 424kms of Tanzania's Standard Guage Railway which is links the port of Dar es salaam to the great lakes region of Rwanda, DRC Burundi and Uganda in order to address the regional integration and low intra-African trade on the Central Corridor. Upon completion, the SGR Project will constitute 1225 km of completely a new railway line.

Tanzania Railway Corporation, the project implementor, is a member of the Southern African Railway Association, a strategic regional partner of the DBSA to gear up our regional integration mandate.

Timeframe	2019 to 2024
Investment:	US$100 million
Location:	Tanzania, from Dar es Salaam to Kigoma
Value chain or business unit:	Infrastructure financing
Sector:	Transport
SDGs impacted:	SDG 8: Decent Work and Economic Growth SDG 9: Industry, Innovation and Infrastructure SDG 10: Reduced Inequalities SDG 11: Sustainable Cities and Communities

The DBSA provided funding for the construction of Lots 1 and 2 of the standard gauge railway of the project, which commenced in 2017. Lots 1 and 2 are currently 95% and 98% complete and they cover 422 kms of the total 1225 km railway line project. In March 2024, DBSA provided further funding towards Lots 3 and 4 of the SGR project which covers an additional 424 kms of the railway project.

The DBSA is part of a global group of international lenders in the project who have to date provided over US$3.5bn worth of funding.

Outputs

Anticipated
- 4% Reduction in travel time
- USD100 million invested in climate mitigation activities
- 342 929 tonnes CO2e carbon emissions for project
- 30 km rail track constructed
- 23 km Service length
- 35 tonne axel load capacity
- Connects Tanzania with neighbouring countries (Kenya, Rwanda, Uganda, DRC, Burundi).
- Provision of modern railway technologies and infrastructure standards, including advanced signalling systems, electrification (where applicable), and high-speed rail capabilities.

To date
- 30 km rail track constructed
- 23 km Service length
- 35 tonne axel load capacity

Outcomes

Economic impact (Anticipated)
- Regional integration which will promote cross-border trade and cooperation, fostering economic integration and development.
- Provides faster, reliable, and cost-effective freight transport
- Total number of construction jobs created: 474 -
- Total number of women employed: 29 -

Social impact (Anticipated)

- Technological advancements ensure safety, reliability, and efficiency in railway operations.
- Improved accessibility to transportation for rural communities along the railway route, which can facilitate access to healthcare, education, and other essential services.

CASE STUDY

Evaluation of the OR Tambo International Airport runways and rapid exit taxiways

Airports Company South Africa (ACSA), established in 1993, operate commercially while being majority-owned by the government. The company is legally and financially autonomous and operates under commercial law. To stay competitive, ACSA identified inefficiencies and lifecycle issues with their airport infrastructure, including runways and landing systems. This raised safety concerns and impacted aircraft operations. ACSA owns and manages a network of nine airports in South Africa, including the three main international gateways, namely, OR Tambo International Airport (ORTIA), Cape Town, and King Shaka International Airport.

ACSA's operating model involves acquiring airports (strategic assets), developing, and maintaining assets, and commercialisation and managing the assets for the safety of all passengers. ACSA assessed all its asset usage at nine airports as part of its strategy to remain competitive and sustain its business model. The findings of the assessment were that most of the assets were becoming inefficient or at the end of their life cycles. Issues with the runways and RETs were affecting the movements and safety of aircraft and passengers.

The ACSA needed funding to upgrade all its assets. These included runways, taxiways, aprons, security, and buildings among others. At the ORTIA, the solution was to rehabilitate the runways and RETs to the required standard and quality. This was also to ensure that there was a smooth departing and landing of aircraft. Consequently, the DBSA provided funding to the company to ensure it realises its development goals and objectives and to remain competitive.

Timeframe:	2021 – to date
Investment:	R810 million
Location:	National
Value chain or business unit:	Infrastructure financing
Sector:	Transport
SDGs impacted:	SDG 9: Industry, Innovation and Infrastructure

The DBSA provided ACSA with a loan amount of R810 million during the 2021 financial year to upgrade and maintain its infrastructure assets such as runways, taxiways, aprons, security, and buildings among other projects. The loan provided to ACSA led to the establishment of many projects which were approximately 59 in total and were spread across the nine airports where ACSA operates. Most of the projects were still under implementation as development was disrupted by the COVID-19 pandemic. However, the OR Tambo International Airport runways and Rapid Exit Taxiways were completed and selected for evaluation.

Considering the business nature of the airport, the technical feasibility of upgrading the runways and RETs indicated that the work could only occur at night as the airport is fully operational during the day.

Output
- Relocation of line markings was constructed as per the designs to ensure compliance with International Civil Aviation Organization (safety standards).
- Electrical equipment was upgraded, and lights improved on the roads.
- Apart from temporary jobs (46) created by the project, OR Tambo International Airport sustained all the operational job (5 614) opportunities in the company by upgrading the primary and secondary runways and RETs.

- Milled asphalt as a waste material was stored within the airport facility and protected as per the Environmental Management Plan
- Asphalt, a reclaimed material that is 100% recyclable will be provided to the companies that specialise in the production of road manufacturing materials for recycling.

The following projects, valued at R193 million, were constructed at OR Tambo International Airport, were evaluated by the DBSA's Operations and Evaluations unit. The results of the evaluation are displayed in the Table below.

<table>
<tr><th>Outputs</th><th>Outcomes</th><th>Impact</th></tr>
<tr><td>4.6 km primary runway upgraded.

3.6 km secondary runway upgraded.

4 RETs upgraded.</td><td>Number of passengers serviced in 2022/23:
<table><tr><td>Destination</td><td>Arrivals</td><td>Departures</td></tr><tr><td>International</td><td>2.97 m</td><td>3.04 m</td></tr><tr><td>Regional</td><td>0.29 m</td><td>0.28 m</td></tr><tr><td>Domestic</td><td>4.47 m</td><td>4.45 m</td></tr></table>
46 jobs created during construction.
5 B-BBEE sub-contracted firms benefitted (R50.1 million) from the project.

Increased operational efficiencies leading to no delays in departing and landing of aircraft.
Increased revenue: R3.5 billion in 2023 from R2.2 billion in 2022 for region one (ORTIA and Bram Fischer International Airport).
Increased safety of aircraft and passengers at ORTIA</td><td>Improved economic development and growth.

Improved standard of living.</td></tr>
</table>

Outcomes

Economic impacts

- The overall impact on the economy during the construction phase is estimated at a contribution of R131 million to the GDP.
- The projects positively impacted the entire economy by creating an estimated 448 jobs during construction based on direct, indirect, and induced impacts and further led to an additional R89.4 million estimated to have been received by the households.
- The estimates accrued to the government in terms of tax was R35.3 million which is derived from increased economic activities in all the sectors that were affected, and a positive capital formation was estimated to be at R286.5 million.
- Operationally, it is estimated that the projects contribute R100.9 million to GDP and create 336 job operational opportunities for the entire economy.
- The income of households is estimated to increase by R68.9 million and the government revenue from taxes will increase by R53.5 million.

Lessons learned

- The main contributors to the damage of the runways and RETs were Boeing 737-800 which represented 21.7% of all traffic at ORTIA.
- Road construction needs specialised skills and qualifications, and few companies were able to provide better quality services.
- The appointment of the management company ensured that the quality of the outputs was delivered according to the specifications.
- The successful implementation and completion of the projects can be attributed to a competent steering committee responsible for oversight of each project activity.

- Safety is a core value offering for the airport industry. Accordingly, all workers were trained and capacitated on the operations of the airport to prevent loss of lives.
- The ORTIA meets the AICs Airport Carbon Accreditation at Level 2 requirements which recognises a reduction in the carbon emission on a year-to-year basis.
- ORTIA maintains ISO 14001:2015 which is the accreditation standard for environmental management.

CASE STUDY

Future Nation Schools Phase One

Schooling in South Africa and other developing economies has not delivered fully on its promise as the driver of economic success. Expanding school access and attendance is at the centre of most development strategies, has not guaranteed better economic conditions. Attention to the quality of education and ensuring that students learn has been the missing elements. There is strong international evidence that the cognitive skills of the population, rather than mere school enrolment, are powerfully related to individual earnings, to the distribution of income, and to economic growth.

For an economy, quality education increases the human capital in the labour force, which improves labour productivity and thus leads to a higher level of output. It also increases the innovative capacity of the economy, knowledge of new technologies, products and processes, and promotes growth. This is particularly relevant to the STEM areas of the economy. Given the well documented challenges of the South African public schooling system, particularly in the STEM subjects, to provide quality education there is a rapidly growing demand for affordable quality education.

The vision of the Sifiso Learning Group (SLG) is to build a network of affordable private schools across Africa that offer excellent education characterised by student-centred learning, high academic standards, problem-solving skills, with a focus on applied research and development, innovation, leadership, entrepreneurship and African studies. The whole focus of the SLG is to provide quality education at an affordable cost. To this end their aim is to build a world class model and grow through building at most, one school every five years. The Future Nation Schools (FNS) tools and resources are characterised by high academic standards, project-based learning, problem solving skills, innovation and leadership.

There is a specific focus on STEM subjects at FNS. Moreover, to ensure rigorous quality is maintained the required pass rate in all subjects at FNS is 60%. Teachers receive specialist in-house training to enable the learners achieve these results.

Timeframe:	2020
Investment:	R20 million
Location:	Gauteng
Value chain or business unit:	Infrastructure financing
Sector:	Education
SDGs impacted:	SDG 4: Quality education SDG 8: Decent work and economic growth SDG 9: Industry, innovation and infrastructure SDG 10: Reduced inequalities

The DBSA approved a R20 million loan to Sifiso Education Properties for the expansion of the Future Nation Schools Lyndhurst campus project. The Sifiso Learning Group (SLG) is the holding company. SLG wholly owns FNS and Sifiso Education Properties (Pty) Ltd.

The first phase of the project, FNS Phase One, entailed the construction of 15 additional classrooms to increase the capacity from 345 learner places by an additional 455 places to 800 in total, on the existing Lyndhurst campus in Johannesburg. The second phase is intended to increase the total learner places to 1 200. The total cost of the project was R 47.7 million.

The project involved the development, design, financing, construction, and operation of the FNS Lyndhurst school expansion. Sifiso Education Properties Lyndhurst 1 (Pty) Ltd funded the project from its own resources and the DBSA balance sheet loan which was disbursed after the construction was completed, was applied towards the reimbursement of the sponsor's funding.

Outcomes and outputs

The FNS Phase One, which is an expansion of the Lyndhurst campus, encompassed a new block with an additional 15 classrooms. The completed block was handed over in February 2021 when all internal works were completed. External works were completed by the end of March 2021.

The development results that were achieved at the time of the evaluation are included in Table 1.

Table 1: FNS Development Results Achieved

Indicators	Anticipated Results	Actual Results	Status
Employment opportunities created/sustained			
Total number of direct construction jobs created	120	234 (84% for unskilled and semi-skilled workers plus an additional 44 indirect and induced employment opportunities)	Achieved
Women	2	2	Achieved
Youth	30	55	Achieved
Total number of direct operational phase jobs created/sustained	30	46	Achieved
Women	20	29	Achieved
B-BBEE			
Client's B-BBEE spend on empowering black suppliers (%)/R '000	57 700 (100%)	57 700 (construction costs and land value)	Achieved
Other			
Total Number of classrooms	15	15	Achieved
Number of additional learners per year from 2021 to 2029	100	78	Partially Achieved
Learner teacher ratio	30:1	12:1	Achieved
Matric pass rate in STEM subjects from 2021 onwards	100%	100%	Achieved
% black ownership of FNS during loan period.	100%	100%	Achieved
Number of hours of in-service training per teacher per year	140	144	Achieved

Employment

The number of direct employment opportunities created during the construction phase is estimated at 234, with 84% for unskilled and semi-skilled workers. Most of these employment opportunities were temporary terminated once construction was completed.

Data provided by the client indicates that the school created 46 permanent job opportunities during the operational phase of the project. Most employees (91%) are from previously disadvantaged groups and 65% of employees are females. Most of the jobs (36), were for teaching staff, eight for senior teaching staff and two for administration staff.

B-BBEE Contributor

The B-BBEE spend on empowering Black suppliers during the construction phase could not be determined however, the B-BBEE contribution of the project encompasses the land value (R27.7 million) of FNS Lyndhurst, owned by SLG which has 100% black shareholding and the construction costs of R19.9 million paid to the main contractor, W3O, which has 51% Black shareholding and 55% Black women shareholding (W3O, 2024)

In addition, R1.9 million has been spent on empowering three Black suppliers and service providers for landscaping and maintenance, cleaning and security services (excluding staff costs) in 2023. Further B-BBEE operational expenditure includes rent of R4.9 million and salaries of R3.8 million for the first nine months in 2023 (91% of permanent staff are from historically disadvantaged backgrounds). Therefore, salaries and rental costs contributed a further R13.1 million and R4.9 million towards B-BBEE respectively.

Contribution to the Gross Domestic Product

The FNS Lyndhurst project had a positive impact on the economy directly during the construction phase by contributing an estimated R20.5 million to the GDP. The increased economic activity resulted in an estimated R14 million additional income for households and R5.5 million increased revenue for government from taxes.

The impact of the operational phase of the project on the economy is also positive. It is estimated that the project contributes R47.1 million to the GDP, with the bulk derived from the indirect and induced impacts. The income of households is estimated to increase by R38.4 million and government revenue by R12.7 million.

Lessons learned

In addition to assessing the achievement of development results, the evaluation was intended to provide lessons to enhance organisational learning and lending operations for projects in the education sector. The following lessons and recommendations have emerged from the evaluation:

- Even though the construction was in progress at the time of the DBSA loan application, development results indicators for the construction phase in addition to the operational phase were included in the DRT. Furthermore, ensuring specific development results indicators for balance sheet lending is consistent with GIIP and is standard practice for other multilateral development banks. The DBSA lending team are to be commended for that as well as their cooperation and facilitation with the client for the evaluation.
- SLG had comprehensive ESG reporting data which was a requirement from another lender where development results, ESG reporting, and a Transformation Scorecard were mandatory conditions of the loan. This greatly assisted with the availability of data for the evaluation. While capacity constraints in the municipal sector is acknowledged, the practices of ESG and development results reporting of FNS is exemplary and should be emulated in other DBSA private sector, balance sheet and eventually in municipal lending as well. Clear communication on the monitoring and reporting expectations of the DBSA should form part of the loan negotiations and agreement.

CASE STUDY

Hessequa Local Municipality (HLM) Capital Infrastructure Programme

Local municipalities are at the forefront of service delivery in South Africa. The absence of adequate and consistent municipal services deters businesses from investing in municipalities, in addition to the negative socio-economic impact on the community, especially poor households. Often, municipalities need to borrow from the capital market to fund their infrastructure requirements. Accordingly, DBSA provides financing (loans) as well as other support (e.g., crafting of tariffs for electricity and water) to municipalities.

The HLM provides key services such as water, sanitation, electricity, waste removal, roads and storm water drainage for its inhabitants. It was experiencing high rates of urbanisation leading to a rise in demand for basic services and expansion of backlogs. The backlogs for water and refuse services in 2016 were 9.4% and 26.6% respectively. Consequently, the municipality needed funding to increase its service delivery efficiency and alleviate the infrastructure backlogs.

Timeframe:	2018 to date
Investment:	R30 million
Location:	Hessequa, Western Cape
Value chain or business unit:	Infrastructure financing
Sector:	Local government
SDGs impacted:	SDG 6: Clean Water and Sanitation SDG 7: Affordable and Clean Energy SDG 10: Reduced Inequalities SDG 11: Sustainable Cities and Communities

The 2018/19 was initiated by the HLM to finance critical municipal service delivery infrastructure, particularly the upgrading and rehabilitation of electrical, water and sanitation, road and storm water as well as social infrastructure (DBSA, 2018). The primary project objectives, as per the DRT were:

- Increase capacity to meet future demands.
- Renewal and maintenance of infrastructure assets to reduce interruptions of basic services.

The DBSA funded several projects as specified in the loan agreement. A summary of the budget per sector is denoted in the table below.

Output

Project list

Sectors	Amount R'000	Percentage %
Water services: Reticulation	R10 989	37%
Roads and drainage	R5 233	17%
Sanitation: Municipal bulk	R11 263	38%
Social infrastructure	R902	3%
Energy	R1 645	5%
Total	R30 000	100%

The projects were selected as per the HLM Integrated Development Plan (IDP) and in support of its Service Delivery and Budget and Implementation Plan (SDBIP). The projects funded by the HLM CIP have been implemented in conjunction with other projects that were funded by the municipality's own revenue.

Outcomes

Development impact

An evaluation was conducted and verify development results of the HLM CIP. The results are shown in the table below.

Development results of the HLM CIP

Mandatory Indicators		KPI			
		Anticipated Total Project Target	Anticipated DBSA Contribution Target	Actual Output	Status of achievement
1. Employment opportunities created/sustained (FTEs)					
1.1	Total number of direct construction jobs created	97	5	97	Achieved
1.2	Total number of direct operational phase jobs created/sustained	0	2	2	Achieved
2. Households benefiting					
2.1	Households benefitting from reticulation services (Number):	39 982	1 402	39 982	Achieved
	2.1.1 Water services	7 815	504	7 815	Achieved
	2.1.2 Sanitation services	10 272	487	10 272	Achieved
	2.1.3 Electricity services	6 277	168	6 277	Achieved
	2.1.4 Roads and drainage	15 618	243	15 618	Achieved
3. Broad Based Black Economic Empowerment (B-BBEE)					
Project Specific Indicators		Anticipated Total Project Target	Anticipated DBSA Contribution Target	Actual Output	Status of achievement
Length of water mains installed (new/ refurbished/replaced/upgraded) (km)		8	8	8	Achieved
Length of sewers installed (new/ refurbished/replaced/upgraded) (km)		3	3	3	Achieved
Length of electricity network constructed/ rehabilitated (km)		3	3	3	Achieved
Length of tarred road constructed. Resurfaced or rehabilitated (km)		1	1	3	Achieved
Length of gravel roads surfaced (km)		2	2	2	Achieved

The achievement of the above targets (particularly the mandatory targets) is not only dependent on the DBSA funded projects but also reliant on other projects of the CIP. Some complementary projects of the CIP were implemented prior to the DBSA funded projects, and some in subsequent financial years. It is not possible to precisely apportion and/or attribute the achievement (e.g., households benefitting) to the DBSA funded interventions as the projects are inextricably intertwined with other projects. For example, DBSA funded the 'Upgrading of the main 11 KV Substation in Albertina' for R1.645 million. However, the electrical refurbishment also included the Upgrade of the MV and KV lines and other ancillary electrical works that were not funded by the DBSA.

Furthermore, the improvement/extension of infrastructure was undertaken to not only cater for current demand for basic services but makes provision for future development.

These actual outputs (e.g., households benefitting) from the projects, were not recorded by the HLM. Suffice to state that many of the targets could have been met. For instance, the many work opportunities - were created as these projects were executed within the auspices of the Extended Public Works Programme. Nevertheless, the infrastructure benefits, particularly those arising from DBSA funding, should be acknowledged.

The project specific indicators as per the DRT were achieved as confirmed by the HLM officials, except for the B-BBEE outputs which was not achieved. The HLM contracts with service providers do stipulate the B-BBEE requirements; but this is not recorded by the municipality. The outputs and associated achievements of the projects that were part of the site inspection can be gleaned from the ensuing narrative.

Lessons learnt

Project management

The successful implementation of the programme is attributed to the knowledgeable and experienced staff at the municipality, supported by adequate governance structures. Hence, it is critical to have suitable, competent and professional staff to manage and oversee infrastructure projects to ensure that they are successfully completed and implemented.

Prudent financial management

The frugal management of the municipal finances has ensured that the municipality was within the prescribed financial norms to undertake its extensive capital infrastructure programme. Furthermore, the careful management of the HLM finances has bolstered the financial sustainability of the municipality and empowered it to easily execute its developmental mandate of providing basic services.

Addressing municipal complaints

The HLM has implemented a 'Block System' with a focus on planning and preventative maintenance to reduce service delivery complaints arising from the community. Consequently, the approach endeavours to prevent service problems before they occur and direct resources where they are most needed. Such a system needs to be investigated further to determine if it is effective and can be adopted by other municipalities.

CASE STUDY

Housing Impact Fund of South Africa

The Housing Impact Fund of South Africa (HIFSA) was created to develop housing portfolio for sale, rental housing and housing loans, with a focus on the affordable market. Established in October 2010, HIFSA, was funded by the DBSA, Old Mutual Life Assurance Company (South Africa) Limited, Government Employees Pension Fund and Eskom Pension and Provident Fund.

The fund's mandate is to invest in the development of new affordable housing stock, residential rental units, student beds and the provision of various forms of end user (consumer) finance, including greenfield projects, rental properties and end user finance. The end user finance related to mortgage bonds and shorter-term consumer loans for housing purposes, such as home improvements but all these investments were all closed out in prior years.

Timeframe	2010 to date
Investment:	Total value at inception: R9.15 billion DBSA contribution: R2.98 billion (32.55% of the total value) Net asset value at 31 December 2023: R4,1 billion
Location:	South Africa
Value chain or business unit:	Infrastructure financing
Sector:	Human Settlements
SDGs impacted:	SDG 11: Sustainable Cities and Communities

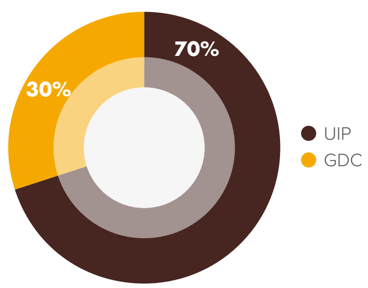
Output

Currently, HIFSA consists of two portfolios, the rental portfolio (Urban Impact Properties) which comprises 70% of the HIFSA's gross assets, and Greenfields Develop for Sale portfolio, representing the remaining 30% of gross assets.

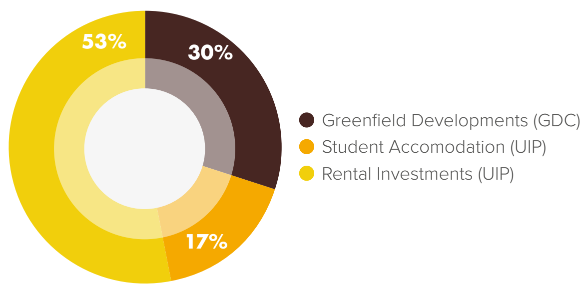
Portfolio	Asset Class	Market Value
Rental	Rental and Student Housing	R2.61 million
GDC	Develop for sale Housing	R1.48 million
Total		R4.09 million

Below is the portfolio composition by asset type:

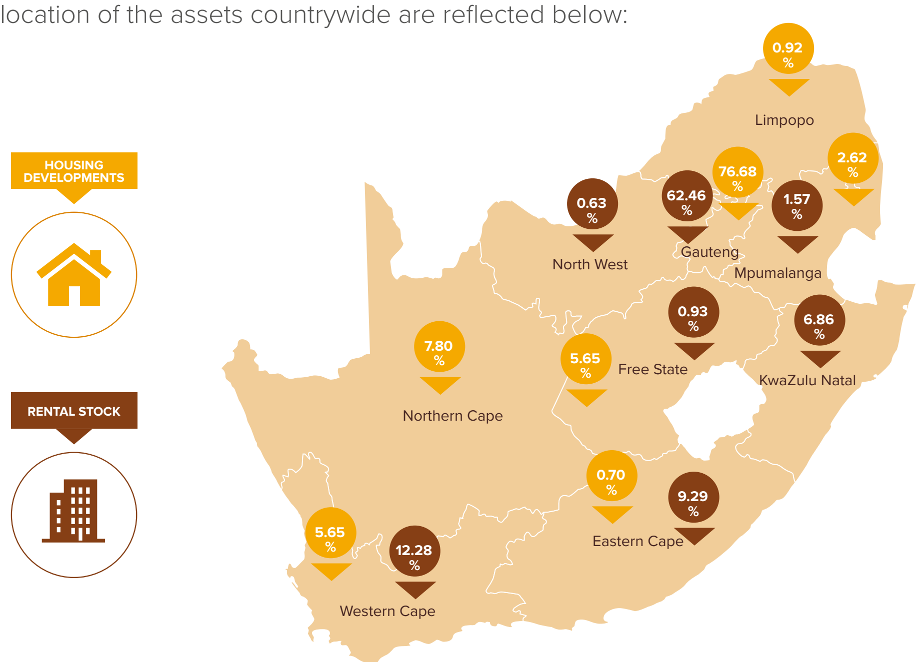
PORTFOLIO COMPOSITION BY ASSET VALUE



PORTFOLIO COMPOSITION BY ASSET TYPE



HIFSA's assets are located in almost every province with the most rental and greenfield assets in Gauteng. The geographic location of the assets countrywide are reflected below:



Outcomes

Economic impact

Below are the cumulative total impact numbers (since HIFSA inception) which involve calculation and assessment of the socio-economic direct, indirect, and induced impacts during the construction and operational phases of the HIFSA developments.

Measurement	Number/ Value	Market
Housing Opportunities Created	25 000	83% Affordable and lower income market
Rental units	7 700	98% Affordable and lower income market
Student Beds	10 200	81% Affordable and lower income market
Home Improvement Loans	86 700	70% Affordable and lower income market
Home Loans	3 900	83% Affordable and lower income market 48% granted to women 86% granted to HDSA
Jobs Created (construction phase)	71 000	
Jobs Created (permanent)	3 200	
Total Contribution to GDP (construction phase)	R25 billion	
Total Contribution to GDP (operational phase)	R1.3 billion	
Total Contribution to New Business (construction phase)	R68 billion	
Total Contribution to New Business (operational phase)	R3.6 billion	

Environmental impact

- 50% of new rental units EDGE certified since the commencement of EDGE certification in November 2019. The EDGE Certification Process is a voluntary certification system that recognises buildings designed to be more energy and resource efficient than standard practice. The certification process is administered by the International Finance Corporation (IFC), a member of the World Bank Group.
- 2254 tonnes of CO_2 emissions are saved annually from EDGE certified units

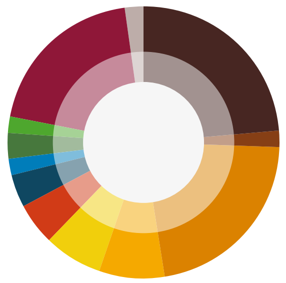
Development impact

The development impact of HIFSA is demonstrated through the Urban Impact Properties and the Greenfields Develop for Sale portfolios. The housing delivery, rental housing, financial inclusion and retirement accommodation yielded positive results and impact ranging from the provision of student accommodation to access for accommodation for the elderly which includes security, health care and support services.

- The rental or Urban Impact Properties involve developing, refurbishing or converting existing buildings into residential rental and student accommodation and acquiring newly built rental units. These are mainly multi-unit inner city/urban properties. HIFSA has thirteen projects that have several buildings that are operated and managed for rental purposes. The impact is measured through the capital investment in HIFSA's developments.

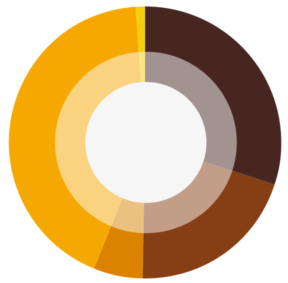
Below is the Urban Impact Properties portfolio composition and the location:

PORTFOLIO COMPOSITION BY PORTFOLIO VALUE



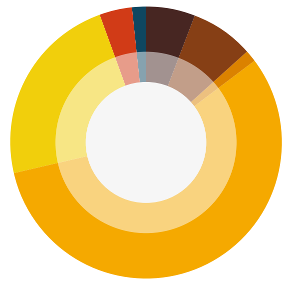
Southpoint	23%
Raceway Park	2%
Elwandle	22%
Uvest	8%
RUS	7%
Urbika	5%
Selcourt	4%
CATIB	2%
Crystal Park	3%
Karino	2%
Circlevest	20%
Andean	2%
Valumax	0%

PORTFOLIO COMPOSITION BY ASSET TYPE



Student beds	30.2%
Inner City	20.2%
Freestanding Houses	5.8%
Suburban	42.7%
Commercial	1.1%

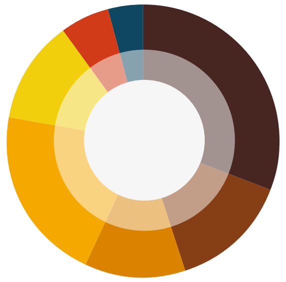
PORTFOLIO COMPOSITION BY LOCATION



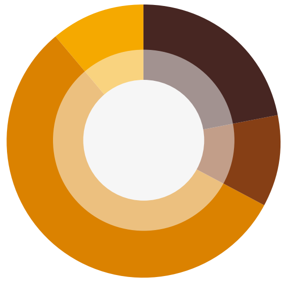
Eastern Cape	5.9%
Pretoria	7.6%
Bloemfontein	1.5%
Greater Johannesburg	56.5%
Cape Town	23.2%
Durban	3.9%
Mbombela	1.4%

Greenfield projects involve funding for developing unimproved land through land servicing and constructing affordable housing units. This section covers the economic impact of the developments which is measured by the capital investment injected in the developments. There are currently twenty four projects. Below is the Greenfields Develop for Sale portfolio composition and the location:

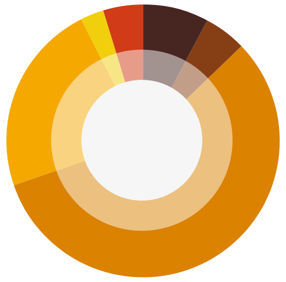
PORTFOLIO COMPOSITION BY PORTFOLIO VALUE



PORTFOLIO COMPOSITION BY ASSET TYPE



PORTFOLIO COMPOSITION BY LOCATION



Hillside Lenasia South – JHB

Southern Gateway – Polokwane

Development impact per asset type:

HOUSING DELIVERY

R12.5 billion invested

- 24 projects
- 24 500 transfers (units erven and opportunities)
- 83% in Affordable market
- Development of affordable serviced stands and top structures

RENTAL HOUSING

R3.4 billion invested

- 13 rental portfolios
- 7 700 rental units
- 10 200 student beds
- 93% in Affordable market
- Affordable inter-city and suburban rental units and student beds

FINANCIAL INCLUSION

R1.2 billion invested

- 3 900 home loans
- 86 700 unsecured housing loans
- 84% in Affordable market
- All Financial inclusion assets were exited

RETIREMENT ACCOMODATION

R0.44 billion invested

- 620 units in 2 retirement villages, including 196 life Right units
- Plus 36 units under construction
- Not currently focused on Affordable market
- Enhance access for elderly market to security, healthcare, support services

BUILD AND MAINTAIN

Our Infrastructure Delivery capacity plays a pivotal role in augmenting the South African economic and social infrastructure. We offer a suite of implementing services, programme management, and capacity-building initiatives, which actively support the government in erecting and maintaining vital infrastructure. By bolstering the government's capacity to execute infrastructure projects, we fulfil our mandate of facilitating enhancements in service delivery and fostering an elevated standard of living for all South Africans.

Delivering public infrastructure is a challenging undertaking. The Bank streamlines the planning and procurement process to kickstart projects faster, offering client-centered solutions throughout the entire infrastructure lifecycle, and providing meticulous project management to ensure everything runs smoothly. This translates to quicker construction times and less red tape, allowing vital projects to get underway and deliver their benefits sooner.

Our engagement in infrastructure delivery not only expedites planned development but also contributes to job creation, propels the advancement of the green economy, and facilitates the delivery of cost-effective infrastructure. Collaborating closely with stakeholders, the DBSA remains steadfast in enhancing both the efficiency and quality of infrastructure delivery nationwide.

CASE STUDY

Development of school infrastructure

The DBSA in partnership with National Department of Basic Education (DBE) contributed to the eradication of inappropriate schools and replaced them with 159 new schools. The DBSA has been one of the Implementing Agents for the Accelerated Schools Infrastructure Delivery Initiative (ASIDI) since 2011. Funded through the Government's Schools Infrastructure Backlog Grant, ASIDI is a medium-term initiative designed to eliminate the backlog in schools' infrastructure where existing schools do not meet the optimum functionality levels as prescribed in the Norms and Standards for Schools Infrastructure. The objective of ASIDI programme is to provide quality education and decent school infrastructure through the eradication of mud schools and inappropriate structures and bring them into functional standards of the Department of Basic Education (DBE).

A four-strand strategy of DBE for rolling out of ASIDI focused on:

- Addressing schools that need to be brought up to basic safety functionality levels (water, sanitation, electricity, and fencing).
- Replacing all other entirely inappropriate structure schools
- Replacing all mud schools that are situated in the Eastern Cape province
- Upgrading schools to optimum functionality by providing associated and specialist facilities e.g., libraries, laboratories, and administration

The DBE has over the past 9 years allocated DBSA new schools to build across the country in batches:

2011	2012	2013	2016	2017	2020
49	**22**	**50**	**8**	**15**	**47**

Ngxaza Primary School

Situated in Elundini Local Municipality in Joe Gqabi District Municipality, Ngxaza Primary School is constructed for the purpose of consolidating neighbouring schools and rationalising them into a mega school in the area. The scope of work involved the demolition of some of the old infrastructure and refurbishing some for temporary use during construction, construction of new infrastructure and installation of services. Site establishment was in September 2018 and the main site reached practical completion and partially handed over for use on 15 April 2021. The school achieved full practical completion and was officially handed over to the Department on 19 October 2021.

With a total of 15 classrooms, the school has the capacity to enrol 639 learners. The construction of Ngxaza primary School created 526 employment opportunities, inclusive of 308 young people and 90 women, and has benefitted a total of 61 local SMMEs. The project further contributed to training and skills development of 85 locals that received training in brick laying, plastering, carpentry and tiling. The project also offered on the job training by employing two Graduates and four students during implementation.

Refurbishing damaged school

The Bank also refurbished 660 existing schools following destruction by storms in KwaZulu-Natal and isolated incidents of violence in Limpopo. During 2019, the Department of Basic Education appointed the DBSA as one of its implementation agents that would support delivering its Sanitation Safe for Education (SAFE) goals. The role of the DBSA's Infrastructure Delivery Division was to plan, package, design school sanitation infrastructure in accordance with the National Norms and Standards for Schools Infrastructure and accelerate the construction through conventional methods and Innovative Building Solutions. In the 1st phase of the SAFE programme roll-out, DBSA was allocated 584 schools, 392 schools are through National DBE and 192 schools are directly through the KZN Department of Education.

The scope of the work included: conditional assessment of the existing sanitation infrastructure, demolition of inappropriate structures and the construction of appropriate toilets. Replacement of the demolished structures included the construction of Ventilated Improved Pit-latrines (VIPs), walkways and provision of water tanks to identified schools. The design of the VIPs allows for an average life span of 15-20 years with capacity range of between 46 to 96 cubes. Per school an average of 160 000 litres capacity is being provided.

Improving school sanitation

The DBSA also served as Implementing Agent in the delivery of ablution facilities in 753 schools in various provinces in South Africa. This amount includes procurement and provision of emergency mobile toiles in 55 schools in the Eastern Cape during the COVID-19 pandemic. DBSA supported the Limpopo Department of Education to eradicate unsafe ablution facilities in 72 school across the province. A similar programme was managed in Mpumalanga Province whereby DBSA had demolished unsafe sanitation facilities in 43 schools where the province had constructed replacement facilities.

CASE STUDY

Construction and refurbishment of health infrastructure

The National Department of Health has appointed the DBSA to serve as an implementing agent for some of its infrastructure programmes. As an implementing agent, DBSA is entrusted with the responsibility to manage the construction of new health infrastructure and the refurbishment of existing infrastructure.

To date 463 health infrastructure projects have been completed. Support to the Health sector commenced after the Bank entered into an agreement with the National Department of Health in 2011. Since then, DBSA has served as Implementing Agent that managed: the construction of 156 doctor's consulting rooms, the refurbishment of 54 voluntary counselling and testing clinics, the refurbishment, replacement and maintenance of boilers in seven hospitals situated in the North West province. Two Community Health Centres (eThandakukhanya and Musukalingwa) are under construction. The Balfour CHC was officially opened on the 18th April 2024 in Mpumalanga.

Balfour Community Health Centre

The development of the Balfour Community Health Centre (CHC) commenced with the site handover on the 17 October 2019 and construction on the 7th November 2019 with practical completion of the facility on the 31st August 2023. Equipment installation was accomplished on the 23rd November 2023, when the facility was handed over to the National and Mpumalanga Departments of health.

The scope of works for the construction of this health facility included the following:

- Construction of a 10 420 m^2 health facility comprising a 7 800 m^2 main community health centre, 158 m^2 pregnant mothers lodge, 177 m security and gate house, 537 m^2 Emergency Medical Services, 753 m^2 Forensic mortuary and an outdoor play area courtyard administration block
- Staff accommodation in a form of 4 two-bedroom units and 10 bachelor units
- Installation of the solar energy system to offer electricity power supply back-up

The construction of the Balfour CHC created 585 local job opportunities, provided 90 training opportunities, utilised 36 subcontractors, and benefitted a total of 27 local SMMEs. At a total project cost of R373.1 million, the investment represents a commitment to enhancing healthcare accessibility while driving sustainable development and prosperity in the Balfour community.

The Balfour CHC is a modern facility serving Balfour and its surroundings, providing a range of healthcare services. It offers primary care for general health needs, specialised services for maternal and child health, support for chronic disease management, and community health education. The centre which is prepared to handle emergencies, strives to enhance community wellness and health outcomes by offering all-inclusive care and encouraging preventive measures.

Limpopo mega hospitals

The Bank is offering support as the programme implementation agency for the construction of four mega hospitals that are currently in various stages of development in Limpopo. At completion these hospitals will provide a total of 1 641 beds in the province. Of these four, 224-beds in Siloam Hospital and 488-beds in Limpopo Central Hospital will reach Practical Completion in June 2026 and May 2028, respectively. The 513-beds in Tshilidzini Hospital will achieve Practical Completion in May 2031, whereas 416-beds in Elim Hospital will reach Practical Completion in July 2030.

Refurbishment and maintenance of boilers in the North West hospitals

Assisting the National Department of Health in enhancing health infrastructure also entailed the replacement, refurbishment, and maintenance of boilers in seven hospitals in the North West Province. This initiative began on 3 June 2019, with the final boiler installation accomplished on 31 January 2024.

The DBSA further:
- Compiled and supplied operating and maintenance manuals for new installations.
- Trained current boiler operators on the new boiler and water treatment technology.
- Submitted system-specific Operation and Maintenance Manuals complete with General Arrangement Drawings and Pipe and Instrumentation Diagrams.

During construction, at least 352 employment opportunities were created benefiting at least 33 women and 125 youth. During the same period, 31 SMMEs were contracted.

Support to development of human settlement

The Bank has contributed to the sustainable human settlements by delivering 3 924 housing units in South Africa. Of this amount a total of 3 468 houses were constructed in the Eastern Cape benefiting approximately 26 644 households. The houses were constructed following the signing of the MOA between DBSA and the Eastern Cape Department of Human Settlements (ECDoHS). The Infrastructure Delivery Division (IDD) was appointed by the ECDoHS for providing Implementing Agent Services for the Elliotdale Rural Sustainable Human Settlements Pilot Project (ERSHPP). ERSHPP was part of the Enhanced Peoples' Housing Process (EPHP) identified in 2004 for piloting the rural pilot projects in Limpopo and the Eastern Cape.

The objective of the programme was to provide quality affordable housing for the rural community of the Eastern Cape. The programme is unique because it addressed the housing backlog with an integrated approach retaining the rural character of the community without imposing an invasive and alien architectural and spatial planning theme of 'township' development that has been associated with typical RDP housing projects. This enabled the houses to be constructed within existing individual homesteads were in some cases the vegetable gardens and livestock 'kraals' are retained within the homesteads.

Lessons learnt from the EC Housing Project

Focus	Lesson Learned/Recommendation
Beneficiary Identification	Delays in loading the beneficiary subsidy data on the Housing Subsidy Scheme (HSS) affected the readiness to construct. The beneficiary administration selection of house typologies is to be done upfront to enable bulk procurement of materials on site.
Integration of access roads construction/re-gravelling	Bad terrain, sparsely populated sites and extremely uneven terrain resulted in the construction programme becoming highly at risk as the contractors had to cut extensive kilometres of road which have not been budgeted for in the allocation/subsidy. This is in an effort to ensure access to the sites.
Direct Intervention on Critical Construction Material Components	Most of the delays attributed to contractors claims for extension of time with or without cost are associated to inability to acquire critical material especially ready-mix concrete and building blocks. Such key construction material is not necessarily unavailable but the biggest challenge being the unwillingness of the suppliers to deliver due to bad terrain. Going forward, include issuing of guarantees to concrete suppliers and block brick manufacturers on supply with an option of direct supplier payment where the contractor fails to do so.
Social Facilitation is a critical success factor	Communities in Ward 17 and 26 remained active in the project, the social facilitation programme was not structured to effectively resolve issues related to convincing beneficiaries and traditional leadership to provide alternative sites or relocate the beneficiary where it would be extremely difficult to build a house due to bad terrain. Adequate budget for social facilitation needs to be made to ensure regular engagement with all stakeholders more especially the community and beneficiaries.

DBSA managed the delivery of 456 social housing units in the City of Ekurhuleni (COE) as part of its mandate to serve as an Implementing Agent of the COE following signing an MOA with the metro in 2015. IDD supported the municipality with the design and construction of social housing for the metro. The programme forms part of the urban renewal of the city and its towns. IDD constructed three phased social housing developments that are for people in the low-income bracket that can still afford subsidised rentals. The rentals will be utilised for the maintenance of the building to ensure sustainability of the model.

It supported the Ekurhuleni Housing Company to implement the City's Urban Renewal Programme. The delivery of the housing units contributed to the easing of the housing backlog in the city by providing rental accommodation to low- and middle-income households.

During the year under review IDD has been offering Programme Implementation Support to The Free State Human Settlements in the refurbishment of 36 000 houses in various locations in the province. Divided into 10 clusters, the project kicked-off on 5 July 2023 following the appointment of Professional Service Providers. To date the project was piloted in 202 houses from a planned 200 to develop proof of concept, and 32 625 houses were verified and confirmed for refurbishment.

Involvement in economic and tourism infrastructure

In support of the Sustainable Development Goals, IDD is also involved in the delivery of economic infrastructure in addition to the social infrastructure. Economic infrastructure contributes to poverty reduction (SDG 1) through provision of decent work and economic growth (SGD 8); and contributes to SDG 9.

The DBSA has implemented 92 economic and tourism projects. 20 of them include 17 industrial parks refurbished throughout South Africa on behalf of the Department of Trade Industry and Competition; and 3 industrial parks refurbished in Gauteng on behalf the Gauteng Growth and Development Agency. In addition to the refurbishment of the industrial parks, DBSA also supported the Limpopo Department of Economic Development and Tourism to refurbished 16 nature reserves. An additional 56 nature reserves were refurbished throughout South Africa on behalf of the National Department of Tourism.

Makuya Nature Reserve

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 the Big Five sightseeing as well as all other species of the region. Its accommodation facilities offer a combination of log cabin suites with own kitchen for families and tented camp with communal braai and kitchen area. The log cabins have been designed in a way that moderates temperature to enable less demand for energy to regulate temperature. Their walls, ceiling and floors are made of timber while the roof has been tiles to make them cool during summer and warm in winter. Being mindful of the water shortage in the country, the bathrooms are equipped with showers to ensure minimum water demand.

Using the Makuya Nature Reserve, the typical scope of work for the refurbishment of nature reserves included the following:

- Planning and design of the infrastructure and facilities within provincial parks and nature reserves, including undertaking infrastructure conditional assessments and other required studies;
- Construction of the infrastructure and facilities within provincial parks and nature reserves;
- Refurbishment, upgrade and maintenance of existing infrastructure and facilities within provincial parks and nature reserves; and
- Capacity building for the provincial government's technical staff to enable the province to manage its provincial park infrastructure and facilities programme in the long-term.

Developing municipal infrastructure

DBSA entered into an MOA with City of Ekurhuleni to support the city to implement its infrastructure programme. Through this agreement, the Bank, managed the delivery of 119 projects in the areas of municipal roads, social housing, water and sanitation, parks and cemeteries. These projects also include the construction of 456 social housing units.

Delivery of water and sanitation projects

The DBSA delivered four reservoirs in the City of Ekurhuleni and is currently providing programme implementation support to the Department of Water and Sanitation in the implementation of 3 projects, and the SADC Water Fund to deliver nine transfrontier projects.

Within the portfolio of projects allocated by the City of Ekurhuleni to DBSA to implement, are water projects identified to augment the existing storage capacity for potable water in several areas. The Bank allocated a team of qualified and experienced professionals to manage the planning, design, implementation and completion of specific projects that the city had identified for the enhancement of potable water supply. Such projects included the construction of the Liliba Water Tower.

The 2 Meglitre Liliba Water Tower constructed between 30 August 2018 and 20 June 2021, providing water to 9 294 households in City of Ekurhuleni.

The Liliba Water Project scope of work covered the following:

- Construction of a 2 megalitre reinforced concrete tower elevated to a height of 35m
- Paving of 220 m^2 around the tower, inclusive of the access road
- Refurbishment of existing pump house
- Relocation of operator's house
- Steel, PVC piping and storm water piping
- Mechanical and Electrical work, and fencing

The project commenced on 28 August 2018 and reached practical completion on 30 June 2021. During this period, 9 SMMEs were contracted of which 2 are women owned. It also created 53 employment opportunities, inclusive of 6 females and 21 youths. The reservoir contributes to the provision of sustainable and people-centred services by supplying potable water to 9 294 households and 47 business and commercial units.

In addition to projects implemented in South Africa, the DBSA is supporting the SADC Water Fund to implement nine transfrontier water and sanitation projects to enhance provision of potable water and improve sanitation. Furthermore, these projects foster regional integration by improving water and sanitation services needed by residents of these border towns and people in transit from one country to another.

40 YEARS OF DEVELOPMENT PROGRESS

05

REFERENCE INFORMATION

ANNEXURE A: GLOBAL REPORTING INITIATIVE INDEX

We report in line with the requirements of the Global Reporting Initiative (GRI). This GRI Content Index details the DBSA approach to reporting on material sustainability topics. It outlines how the DBSA aligns with the GRI Standards (Core option) and provides references to where specific disclosures can be found within the DBSA's Integrated Annual Report and Sustainability Review.

This index allows stakeholders to easily locate information on the DBSA's economic, environmental, and social performance, fostering transparency and accountability in our sustainability efforts.

Based on our internal assessment, we believe our 2024 Sustainability Review is compliant with the Core Option of the GRI Universal Standards. Our Internal Audit unit has conducted a review of the disclosure items and the results are provided below.

Disclosure	GRI disclosure title	GRI option	Reference
GRI 2: General Disclosures 2021			
2-1	Organisational details	Core	Refer to 2024 Integrated Annual Report page 185.
2-2	Entities included in the organisation's sustainability reporting	Core	The DBSA is a single entity with no subsidiaries.
2-3	Reporting period, frequency and contact point	Core	Refer to 2024 Integrated Annual Report page 2 to 3.
2-4	Restatements of information	Core	There was no restatement of information during the financial year.
2-5	External assurance	Core	Refer to 2024 Integrated Annual Report page 3.
2-6	Activities, value chain and other business relationships	Core	Refer to 2024 Integrated Annual Report pages 37 to 38.
2-7	Employees	Core	Refer to 2024 Integrated Annual Report pages 126 to 129.
2-8	Workers who are not employees	Core	Not applicable
2-9	Governance structure and composition	Core	Refer to 2024 Integrated Annual Report pages 19 to 24 and 139 to 141.
2-10	Nomination and selection of the highest governance body	Core	Refer to 2024 Integrated Annual Report page 156.
2-11	Chair of the highest governance body	Core	Refer to 2024 Integrated Annual Report pages 16 and 17.
2-12	Role of the highest governance body in overseeing the management of impacts	Core	Refer to 2024 Integrated Annual Report page 136 to 144.
2-13	Delegation of responsibility for managing impacts	Core	Refer to 2024 Integrated Annual Report pages 138.
2-14	Role of the highest governance body in sustainability reporting	Core	Refer to 2024 Integrated Annual Report pages 136 to 140.
2-15	Conflicts of interest	Core	Refer to 2024 Integrated Annual Report pages 148 to150.
2-16	Communication of critical concerns	Core	Refer to 2024 Integrated Annual Report pages 51 to 61.
2-17	Collective knowledge of the highest governance body	Core	Refer to 2024 Integrated Annual Report pages 19 to 24.
2-18	Evaluation of the performance of the highest governance body	Core	Refer to 2024 Integrated Annual Report page 142.
2-19	Remuneration policies	Core	Refer to 2024 Integrated Annual Report pages 154 to 155 and 161 to 165.
2-20	Process to determine remuneration	Core	Refer to 2024 Integrated Annual Report pages 161 to 165.
2-21	Annual total compensation ratio	Core	The DBSA supports the principle of fair and equitable remuneration, equal pay for work of equal value as per the Employment Equity Act.
2-22	Statement on sustainable development strategy	Core	Refer to 2024 Integrated Annual Report pages 32 to 41. Refer to the Sustainability Review on page 36.
2-23	Policy commitments	Core	Refer to 2024 Integrated Annual Report pages 77, 137, 149, 150, 161. Refer to the Sustainability Review on page 38.
2-24	Embedding policy commitments	Core	Refer to 2024 Sustainability Review on page 38 to 39.
2-25	Processes to remediate negative impacts	Core	Refer to 2024 Sustainability Review page 38 to 45 and page 54, 58 and 62 to 63.
2-26	Mechanisms for seeking advice and raising concerns	Core	Refer to 2024 Integrated Annual Report pages 52 to 61. Refer to 2024 Sustainability Review on page 43.
2-27	Compliance with laws and regulations	Core	Refer to 2024 Integrated Annual Report page 136.
2-28	Membership associations	Core	Refer to 2024 Integrated Annual Report pages 124 to 125.
2-29	Approach to stakeholder engagement	Core	Refer to 2024 Integrated Annual Report pages 54 to 56.

Disclosure	GRI disclosure title	GRI option	Reference
2-30	Collective bargaining agreements	Core	The DBSA does not have a recognised labour union or collective bargaining agreements. SACCAWU has organisational rights but no bargaining rights.
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Core	Refer to 2024 Integrated Annual Report pages 78 to 82.
3-2	List of material topics	Core	Refer to 2024 Integrated Annual Report pages 78 to 82.
3-3	Management of material topics	Core	Refer to 2024 Integrated Annual Report pages 78 to 82.
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Core	Refer to 2024 Integrated Annual Report pages 4 to 5 and 42 to 43.
201-2	Financial implications and other risks and opportunities due to climate change	Core	Refer to 2024 Integrated Annual Report pages 76 and 77.
201-3	Defined benefit plan obligations and other retirement plans	Core	Refer to 2024 Integrated Annual Report pages 164 and 165.
201-4	Financial assistance received from government	Core	Not applicable
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Refer to 2024 Integrated Annual Report pages 161 to 165.
202-2	Proportion of senior management hired from the local community		Refer to 2024 Integrated Annual Report pages 26 to 28.
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	Core	Refer to 2024 Integrated Annual Report pages 42 to 43.
203-2	Significant indirect economic impacts	Core	Refer to 2024 Integrated Annual Report pages 42 to 43.
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Core	Refer to 2024 Integrated Annual Report pages 90 to 104.
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Core	Refer to 2024 Integrated Annual Report pages 147 to 149.
205-2	Communication and training about anti-corruption policies and procedures	Core	Refer to 2024 Integrated Annual Report pages 147 to 149.
205-3	Confirmed incidents of corruption and actions taken	Core	Refer to 2024 Integrated Annual Report pages 148.

Disclosure	GRI disclosure title	GRI option	Reference
GRI 206: Anti-competitive Behaviour 2016			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Core	Not applicable
GRI 207: Tax 2019			
207-1	Approach to tax	Core	Refer to 2024 Annual Financial Statements page 16.
207-2	Tax governance, control, and risk management	Core	Refer to 2024 Annual Financial Statements page 16.
207-3	Stakeholder engagement and management of concerns related to tax	Core	Refer to 2024 Annual Financial Statements page 16.
GRI 301: Materials 2016			
	301-1 Materials used by weight or volume	Core	Not applicable
	301-2 Recycled input materials used	Core	Not applicable
	301-3 Reclaimed products and their packaging materials	Core	Not applicable
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Core	Refer to 2024 Integrated Annual Report pages 130 to 133.
302-2	Energy consumption outside of the organisation	Core	Refer to 2024 Integrated Annual Report pages 130 to 133.
302-3	Energy intensity	Core	Not applicable
302-4	Reduction of energy consumption	Core	Refer to 2023 Integrated Annual Report page 130.
302-5	Reductions in energy requirements of products and services	Core	Not applicable
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Core	Not applicable
303-2	Management of water discharge-related impacts	Core	Not applicable
303-3	Water withdrawal	Core	Not applicable
303-4	Water discharge	Core	Not applicable
303-5	Water consumption	Core	Refer to 2023 Integrated Annual Report page 130
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Core	Not applicable
304-2	Significant impacts of activities, products and services on biodiversity	Core	Not applicable
304-3	Habitats protected or restored	Core	Not applicable

Disclosure	GRI disclosure title	GRI option	Reference
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Core	Not applicable

GRI 305: Emissions 2016

Disclosure	GRI disclosure title	GRI option	Reference
305-1	Direct (Scope 1) GHG emissions	Core	Refer to 2024 Integrated Annual Report pages 78 and 130 to 133. Refer to 2024 Sustainability Review pages 44 and 45.
305-2	Energy indirect (Scope 2) GHG emissions	Core	Refer to 2024 Integrated Annual Report pages 130 to 133.
305-3	Other indirect (Scope 3) GHG emissions	Core	Refer to 2024 Integrated Annual Report pages 130 to 133.
305-4	GHG emissions intensity	Core	Refer to 2024 Integrated Annual Report pages 130 to 133.
305-5	Reduction of GHG emissions	Core	Refer to 2024 Integrated Annual Report pages 130 to 133.
	305-6 Emissions of ozone-depleting substances (ODS)	Core	Refer to 2024 Integrated Annual Report pages 130 to 133.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Core	Refer to 2024 Integrated Annual Report pages 130 to 133.

GRI 306: Waste 2020

Disclosure	GRI disclosure title	GRI option	Reference
	306-1 Waste generation and significant waste-related impacts	Core	Refer to 2024 Integrated Annual Report pages 130 to 133.
	306-2 Management of significant waste-related impacts	Core	Not applicable
	306-3 Waste generated	Core	Not applicable
	306-4 Waste diverted from disposal	Core	Not applicable
	306-5 Waste directed to disposal	Core	Not applicable

GRI 308: Supplier Environmental Assessment 2016

Disclosure	GRI disclosure title	GRI option	Reference
	308-1 New suppliers that were screened using environmental criteria	Core	Not applicable
	308-2 Negative environmental impacts in the supply chain and actions taken	Core	Not applicable

GRI 401: Employment 2016

Disclosure	GRI disclosure title	GRI option	Reference
	401-1 New employee hires and employee turnover	Core	Not applicable
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Core	Refer to 2024 Integrated Annual Report page 161 to 165.
	401-3 Parental leave	Core	Refer to 2024 Integrated Annual Report page 161 to 165.

GRI 402: Labor/Management Relations 2016

Disclosure	GRI disclosure title	GRI option	Reference
	402-1 Minimum notice periods regarding operational changes	Core	Refer to 2024 Integrated Annual Report page 161 to 165.

Disclosure	GRI disclosure title	GRI option	Reference

GRI 403: Occupational Health and Safety 2018

Disclosure	GRI disclosure title	GRI option	Reference
403-1	Occupational health and safety management system	Core	The DBSA has an Occupational Health and Safety Policy that was approved by its Governance Structures. The Occupational Health and Safety Team reports on a quarterly basis to the Bank's Governance Structures on OHS matters. The DBSA reports to the Department of Employment and Labour when there are reportable incidents on Occupational Health and Safety. Refer to 2024 Integrated Annual Report pages 60, 68 and 126 to 129.
403-2	Hazard identification, risk assessment, and incident investigation	Core	
403-3	Occupational health services	Core	
403-4	Worker participation, consultation, and communication on occupational health and safety	Core	
403-5	Worker training on occupational health and safety	Core	
403-6	Promotion of worker health	Core	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Core	
403-8	Workers covered by an occupational health and safety management system	Core	
403-9	Work-related injuries	Core	
403-10	Work-related ill health	Core	

GRI 404: Training and Education 2016

Disclosure	GRI disclosure title	GRI option	Reference
404-1	Average hours of training per year per employee	Core	Refer to 2024 Integrated Annual Report pages 126 to 128.
404-2	Programmes for upgrading employee skills and transition assistance programmes	Core	Refer to 2024 Integrated Annual Report pages 126 to 128.
404-3	Percentage of employees receiving regular performance and career development reviews	Core	Refer to 2024 Integrated Annual Report pages 126 to 128.

GRI 405: Diversity and Equal Opportunity 2016

Disclosure	GRI disclosure title	GRI option	Reference
405-1	Diversity of governance bodies and employees	Core	Refer to 2024 Integrated Annual Report pages 126 to 128.
405-2	Ratio of basic salary and remuneration of women to men	Core	Refer to 2024 Integrated Annual Report pages 126 to 128.

GRI 406: Non-discrimination 2016

Disclosure	GRI disclosure title	GRI option	Reference
406-1	Incidents of discrimination and corrective actions taken	Core	Not applicable

GRI 407: Freedom of Association and Collective Bargaining 2016

Disclosure	GRI disclosure title	GRI option	Reference
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Core	The DBSA does not have a recognised labour union or collective bargaining agreements. SACCAWU has organisational rights but no bargaining rights.

GRI 408: Child Labor 2016

Disclosure	GRI disclosure title	GRI option	Reference
408-1	Operations and suppliers at significant risk for incidents of child labour	Core	Not applicable

Disclosure	GRI disclosure title	GRI option	Reference
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Core	Not applicable
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	Core	Not applicable
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	Core	Not applicable
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programmes	Core	Refer to 2024 Integrated Annual Report page 54 to 119.
413-2	Operations with significant actual and potential negative impacts on local communities	Core	Not applicable
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Core	Not applicable
414-2	Negative social impacts in the supply chain and actions taken	Core	Not applicable
GRI 415: Public Policy 2016			
415-1	Political contributions	Core	Not applicable
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	Core	Not applicable
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Core	Not applicable
GRI 417: Marketing and Labelling 2016			
417-1	Requirements for product and service information and labelling	Core	Not applicable
417-2	Incidents of non-compliance concerning product and service information and labelling	Core	Not applicable
417-3	Incidents of non-compliance concerning marketing communications	Core	Not applicable
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Core	Not applicable

ANNEXURE B: UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact (UNGC) is a UN 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 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: support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.	The DBSA supports the United Nations' Universal Declaration of Human Rights. We are bound by the Constitution of the Republic of South Africa, which contains the Bill of Rights. 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. Our service providers, suppliers and trade partners are also bound by the Code. At a project investment level, the DBSA considers the advancement and protection of human rights an imperative. Various social safeguards have been built into our due diligence process.	Code of Ethics and Employment Policy

UNGC Principle	DBSA's support of UNGC Principle	The DBSA Policy
	Labour	
Businesses should uphold: the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.	The DBSA is committed to fair employment opportunities for all and to create an environment that permits such equal opportunities for advancement. This is imperative 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, we affirm our commitment to comply with the spirit of the Employment Equity Act, No. 55 of 1998 to the strategic benefit of the DBSA. 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 Policy incorporates these legislative provisions. South African law prohibits forced, compulsory and child labour. 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, No. 66 of 1995. For the past two financial years, no collective bargaining agreement has been in place.	Employment Policy
	Environment	
Businesses should: support a precautionary approach to environmental challenges; undertake initiatives to promote greater responsibility; and encourage the development and diffusion of environmentally friendly technologies.	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 our strategy, which highlights the need for effective integration of sustainability issues as the key to ensuring sustainable economic and social development. The DBSA supports the precautionary approach to environmental challenges. Environmental and sustainability considerations at the DBSA are founded on the following key documents, systems and processes: the DBSA Environmental Sustainability Strategy; the DBSA Environmental Policy; the environmental management system; and the DBSA environmental appraisal procedures. These combine to form the DBSA environmental management framework, which serves as the structure to ensure all our operations, programmes and projects are socially responsible, environmentally sound and in line with government requirements.	Environmental Policy

UNGC Principle	DBSA's support of UNGC Principle	The DBSA Policy
	Anti-corruption	
Businesses should work against corruption in all its forms, including extortion and bribery.	The DBSA has adopted a Code of Ethics that articulates the values and ethical standards to which all persons associated with the Bank 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, our Fraud Prevention Plan sets out, and reinforces, our policy of zero-tolerance towards fraud and corruption as well as management's commitment to combating all forms of fraud inherent in our operations. The DBSA's fraud hotline forms an integral part of its anti-fraud and anticorruption efforts. The toll-free hotline is independently managed and administered. 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.	Code of Ethics Conflict of Interest Policy Gift and Hospitality Policy Whistle-Blowing Policy Fraud Prevention Plan

ACRONYMS AND ABBREVIATIONS

ACSA	Airports Company South Africa
AfCFTA	African Continental Free Trade Area
ASIDI	Accelerated Schools Infrastructure Delivery Initiative
B-BBEE	Broad-based Black Economic Empowerment
CEO	Chief Executive Officer
CFF	Climate Finance Facility
COVID-19	Coronavirus Disease 2019
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DMRE	Department of Mineral Resources and Energy
DTIC	Department of Trade Industry and Competition
ECD	Early Childhood Development
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
GCF	Green Climate Fund
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
HRC	Human Resources and Remuneration Committee
IAR	Integrated Annual Report
ICT	Information and Communications Technology
IDD	Infrastructure Delivery Division
IDKC	Infrastructure Delivery and Knowledge Management Committee
IFRS	International Financial Reporting Standards
IIPSA	Infrastructure Investment Programme for South Africa
IPP	Independent Power Producers Office
IPPPP	Independent Power Producers Procurement Programme
NDP	National Development Plan
ORTIA	OR Tambo International Airport
PEP	Politically Exposed Person
PPF	Project Preparation Facility
PFMA	Public Finance Management Act, No 1 of 1999 SADC
PPP	Public Private Partnerships
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
RoA	Rest of Africa
SADC	Southern African Development Community
SAFE	Sanitation Safe for Education
SARB	South African Reserve Bank
SDG	Sustainable Development Goals
SHIP	Student Housing Infrastructure Programme
SMME	Small, Medium and Micro Enterprises
SOE	State-owned Entity
STEM	Science, Technology, Engineering and Mathematics
TCFD	Task Force for Climate Related Financial Disclosure
TCTA	Trans-Caledon Tunnel Authority
UN	United Nations
VIP	Ventilated Improved Pit-latrines

GENERAL INFORMATION

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Postal address	PO Box 1234 Halfway House 1685 South Africa
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Registered auditor	Auditor-General of South Africa
Company registration number	1600157FN
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Notes

DBSA

DEVELOPMENT BANK OF SOUTHERN AFRICA

Building Africa’s Prosperity