GROWING A FOCUSED, SUSTAINABLE AND DEVELOPMENTAL DBSA

TRANSPORT  ENERGY  ICT  WATER

CITY OF JOHANNESBURG GARDEN / ORGANIC WASTE SUMMIT
05 July 2018
CONTENTS

• DBSA priority markets, activities and funding

• DBSA Waste management projects

• DBSA Green Fund
DBSA Mandate

- DBSA sectors of focus:
  - **Energy** – renewable energy and energy efficiency
  - **Water** – Opportunities to support water savings programmes e.g. i) revolving facilities, programmatic approaches  ii) Investment in the revitalisation of aging water infrastructure
  - **Transport** – mass transit, alternative fuels
  - **ICT** – e.g. adaptation project opportunities in Africa sub-Saharan countries
  - **Social sector** – housing, education, health
# DBSA Priority markets and activities

<table>
<thead>
<tr>
<th>Project development advisory services</th>
<th>Project finance</th>
<th>Accelerating infrastructure delivery</th>
<th>Programme implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Project identification</td>
<td>• Debt</td>
<td>Managing the design and construction of key projects in the education, health and housing sectors</td>
<td>Project management support, including to the Green Funds, GEF and GCF.</td>
</tr>
<tr>
<td>• Feasibility assessments</td>
<td>• Mezzanine finance</td>
<td></td>
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<tr>
<td>• Technical assistance</td>
<td>• Limited and non-recourse lending</td>
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<td>• Financial structuring</td>
<td>• Guarantees</td>
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<tr>
<td>• Project preparation funds</td>
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</tbody>
</table>

**Services**

- Project identification
- Feasibility assessments
- Technical assistance
- Financial structuring
- Project preparation funds

- Debt
- Mezzanine finance
- Limited and non-recourse lending
- Guarantees

**Key target markets**

- Municipalities
- Public-private partnerships
- Public-public partnerships
- Regional integration

**Countries of operations**

- South Africa
  - Municipalities
  - State-owned enterprises
  - Public-private partnerships
  - Public-public partnerships
  - Private sector

- National and provincial government departments

- National and provincial government departments

**Recently expanded to the rest of the continent**

- Outside South Africa
  - State-owned enterprises

- National and provincial government departments

- National and provincial government departments

- Recently expanded to the rest of the continent
PPU leverages DBSA’s strategic partners to sources 3rd party funding for project preparation

<table>
<thead>
<tr>
<th>Type of funding</th>
<th>Funding partners</th>
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</thead>
<tbody>
<tr>
<td>Project preparation own funding</td>
<td>Joint funding with other partners (e.g. Meridiam Capital)</td>
</tr>
<tr>
<td>Based on cost recovery and return (self-sustaining model)</td>
<td>Gautrain and Transnet (only in relation to their own projects)</td>
</tr>
<tr>
<td>Project preparation funding</td>
<td>KfW</td>
</tr>
<tr>
<td>Grants</td>
<td>European Union</td>
</tr>
<tr>
<td>Project preparation grants &amp; direct capital grants with loans</td>
<td>European Union (participating DFIs: KfW, DBSA, AFD, EIB)</td>
</tr>
<tr>
<td>Grants</td>
<td></td>
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<tr>
<td>Project preparation funding</td>
<td>AFD</td>
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<tr>
<td>Grants</td>
<td></td>
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<tr>
<td>Project preparation grants</td>
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<tr>
<td>Capital grants</td>
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<td>Concession loans</td>
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<tr>
<td>Interest rate subsidies</td>
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<tr>
<td>Guarantees</td>
<td></td>
</tr>
<tr>
<td>On project by project basis:</td>
<td></td>
</tr>
<tr>
<td>– Equity</td>
<td>Electra, Africa50, InfraCo, Harith – Progeny²</td>
</tr>
<tr>
<td>– Mezzanine</td>
<td></td>
</tr>
<tr>
<td>– Grants</td>
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</tr>
</tbody>
</table>

1 Based on individual projects, 2 DBSA is assisting with mobilizing seed capital from KfW
DBSA AND WASTE MANAGEMENT
Waste to Energy

- **City of Joburg** waste to energy
  - Two projects:
    1. **GEF - Sustainable Cities Integral Approach Pilot Programme**
       - development of a biodegradable waste management strategy
       - pilot waste segregation at source
       - conduct full feasibility studies for priority projects as identified in the biodegradable waste management strategy
       - engineering, procurement, construction, commissioning and operation of the biogas plant
       - implement gender mainstreaming strategies
       - undertake data collection and baseline and audits
Waste to Energy

2. City of Joburg landfill waste to energy

- Feasibility stage
- 24 – 30 MW at Robinson Deep
- Processing 500 000T of waste per annum
Waste to Energy

- **Drakenstein Local Municipality** waste to energy
  - Feasibility stage
  - 500tpd (Drakenstein, Stellenbosch and Cape Town)
  - 2.9MW from organic waste component

- **Eden District Municipality** waste to energy
  - Landfill site development (recyclables, non-recyclables, builders’ rubble and organic garden waste)
  - Organic garden waste to be chipped and sold to the George Biomass Plant (5MW)

- Projects effectively diverting waste from landfill sites
Objectives of the Green Fund

- To support initiatives that will contribute to South Africa’s transition to a low carbon, climate resilient, resource efficient development path.
- To address market weaknesses to transition to a green economy by:
  - Promoting innovative and high impact green programmes and projects
  - Reinforcing climate policy objectives through green interventions,
  - Building an evidence base for the expansion of the green economy
- Attracting additional resources to support South Africa’s green economy development.
Green Fund Thematic Windows

- Green Cities and Towns
- Env. & Natural Resource Management
- Low Carbon Economy
<table>
<thead>
<tr>
<th>Project</th>
<th>Application</th>
<th>Feed stock</th>
<th>Green Fund Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lukhanyiso CNG project</td>
<td>Transport</td>
<td>Chicken &amp; pig manure &amp; sorghum</td>
<td>R 60M</td>
</tr>
<tr>
<td>Ibert biogas - combined heat &amp; power facility</td>
<td>Electricity &amp; heat</td>
<td>Abattoir waste</td>
<td>R 5.6M</td>
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<tr>
<td>TOTAL</td>
<td></td>
<td>ZAR 65.6 M</td>
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Lukhanyiso Food and Energy Centre

Location: Lukhanyiso Farm, Kultwanong, Free State
Project description: Private sector and restituted emerging small-scale farmers producing bio-CNG plant with capacity to produce 174,000 GJ/annum bio CNG from sorghum and livestock waste, with confirmed gas off-take (private energy company)
Development status: Construction
Green Fund Investment: R 60 million concessional loan
Jobs: 22 direct and 12 indirect
Biogas and Combined Heat and Power Facility

IBERT: Biogas and Combined Heat and Power Facility
Location: Cullinan, Gauteng
Project description: treatment of biological (abattoir) waste for CHP and electricity
Development status: Construction (Phase 2)
Green Fund Investment: R 5.6 million recoverable grant
Jobs: 8 direct and 35 indirect
Planned Activities

- Programming: programmatic approach for waste management sector to:
  - Identify priority waste sub sectors
  - assist in dealing with the problem in a more holistic, coordinated and integrated manner in order to achieve more impactful catalytic transition of the sector
  - Structure effective funding products and mobilise funding
Thank You