

# CLIMATE FINANCE



# OVERVIEW: DBSA MANDATE

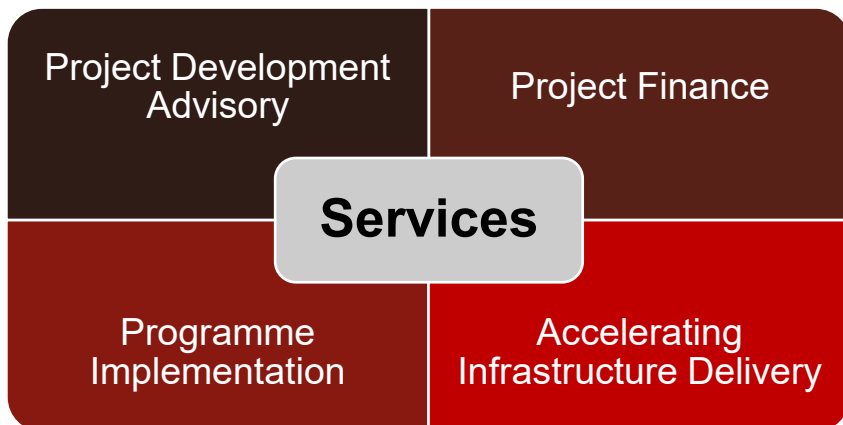


*The DBSA is a **government-owned development finance institution**, established in 1983, with the mandate to promote economic growth and regional integration for **sustainable infrastructure development** in South Africa, SADC and the wider Sub-Saharan Africa*

*Over R100 Billion assets under management*



**PURPOSE:** Achieved by **mobilising funding resources** for sustainable **infrastructure planning and development** across the continent



## Economic infrastructure

- Information and Communication Technologies
- Transport
- Water and Sanitation
- Energy

## Social infrastructure

- Health
- Education
- Human Settlement

# INTEGRATED APPROACH TO INFRASTRUCTURE DEVELOPMENT

## 1. Plan

- Municipal assessments
- Bulk infrastructure plans
- Infrastructure planning advice

## 2. Prepare

- Project identification
- Feasibility assessments
- Technical assistance
- Programme development
- Project preparation funds

## 3. Finance

- Long-term senior and subordinated debt
- Corporate and project finance
- Mezzanine finance
- Structured financing solutions

## 4. Build

- Managing design and construction of projects in education, health and housing sectors
- Project/programme management support
- IA services

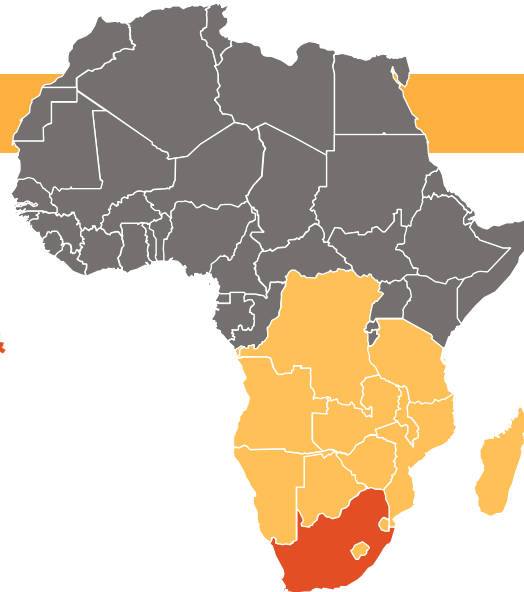
## 5. Maintain

- Supporting maintenance/improvement of social infrastructure projects

## Clients

### Public

- Municipalities
- SOEs incl Universities & TVET Colleges
- Sovereigns

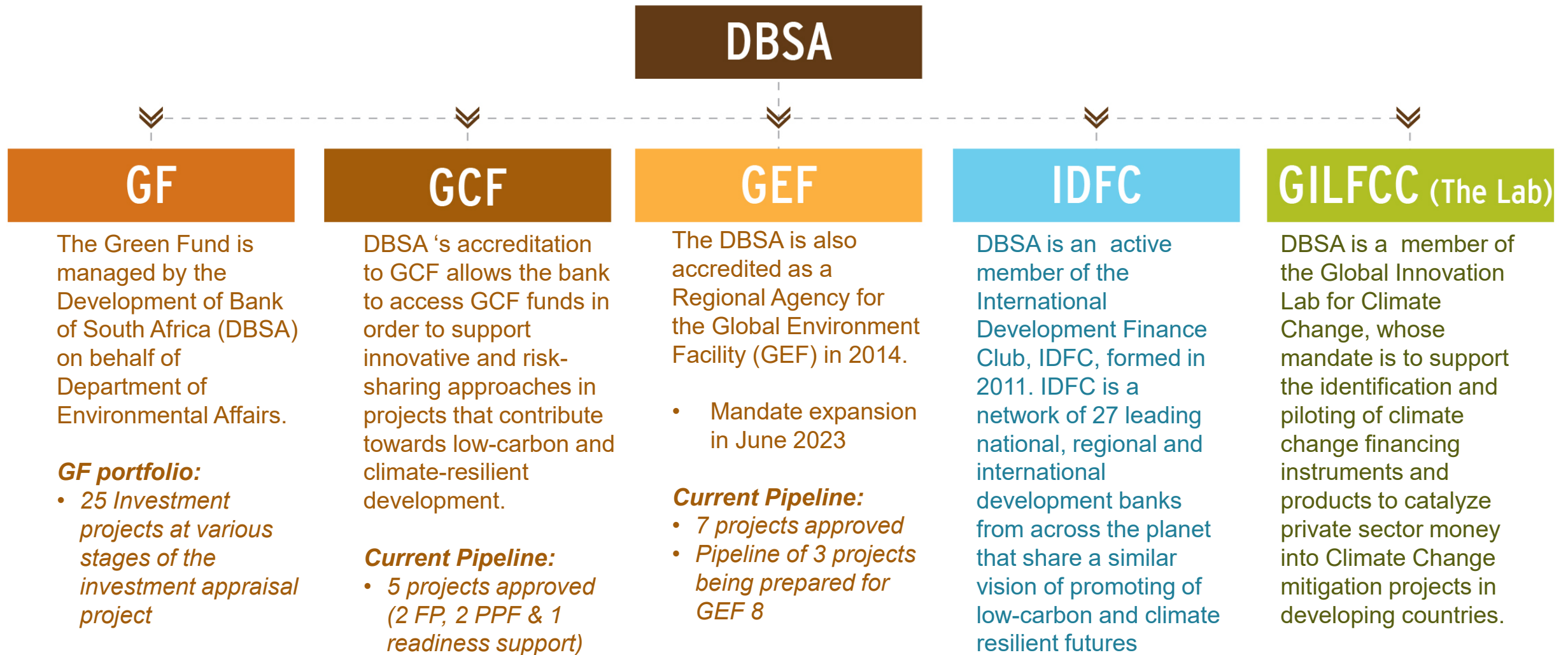


### Private

- PPPs
- Private sector



# DBSA Involvement in Climate Finance Action



# **1. GEF INTRODUCTION**

- DBSA became an accredited **National** agency of the GEF in 2014
- 9 projects approved to date (all in South Africa)
- Project Value – USD 67 million
- Fees – USD 6 million
- Total funds mobilized – USD 73,9 million

# GLOBAL ENVIRONMENTAL FACILITY

GEF PROJECT	DESCRIPTION	Year	GEF Contribution
<b>1. Environmentally sound management of Polychlorinated biphenyls (PCBs) – GEF 6</b>	<ul style="list-style-type: none"> <li>• Institutional capacity building and awareness raising for management of PCBs</li> <li>• Final treatment and disposal of PCBs and PCB-contaminated oil, equipment, and wastes</li> <li>• Stock taking – identification and quantification</li> </ul>	2020	\$8m
<b>2. Ecological Infrastructure – GEF 6</b>	<ul style="list-style-type: none"> <li>-To build capacity for mainstreaming biodiversity and ecosystems values into national, regional and local policy</li> <li>- Natural capital accounting</li> <li>-Improve water security in the demonstration catchments (KZN, WC)</li> </ul>	2016	\$8m
<b>3. COJ Sustainable Cities – GEF 6</b>	<ul style="list-style-type: none"> <li>▪Development of an <b>eco-district and social housing</b></li> <li>▪Improving urban <b>food security</b> by increasing the efficiency of food flows and improving peri-urban agriculture techniques.</li> <li>▪<b>Waste</b> management strategy</li> <li>▪Development of a <b>biogas plant</b></li> </ul>	2016	\$10m (with UNEP)

# GLOBAL ENVIRONMENTAL FACILITY

GEF PROJECT	DESCRIPTION	Year	GEF Contribution
<b>5. LED lighting and high efficiency distribution transformers – GEF 6</b>	Support mechanisms to accelerate market penetration of LEDs and high-efficiency distribution transformers in South Africa	2018	\$10m (with UNDP)
<b>6. Electric mobility - GEF 7</b>	Institutional capacity building to support the implementation and transformation of sustainable public transport in South Africa	2022	\$5m
<b>7. National Implementation Plan – GEF 6</b>	Review and Update of the National Implementation Plan for the Stockholm Convention on Persistent Organic Pollutants	2019	\$250k
<b>9. Conservation rehabilitation – Cote d'Ivoire</b>	Strengthening the ecological and economic functions of critical biodiversity habitats of the voluntary nature reserve of N'ZI	2024	\$2.2m (CEO Endo)



# GEF 8 PIPELINE

GEF PROJECT	DESCRIPTION	Value	Status
Sustainable cities integrated programme	<ul style="list-style-type: none"> <li>Support the advancement of sustainable urban planning in secondary municipalities, ensuring integration of climate change,, and biodiversity considerations across sectors.</li> <li>Implement a 200MW solar energy project in Johannesburg</li> <li>A child project under a global programme led by the World Bank</li> </ul>	\$8m	CEO ER under review
Private sector energy efficiency programme (PSEEP) NGI	<ul style="list-style-type: none"> <li>Guarantee instrument aimed to de-risk small scale EE projects in SA</li> <li>Complements existing programmes (EEPBP)</li> </ul>	\$15m	Approved
<b>Malawi</b> Sustainable Infrastructure Development climate Action (MSINDA)	To address the declining climate resilience of the most vulnerable, marginalised communities living in two of Malawi's cities - Mzuzu and Lilongwe through climate-proofing, NbS, integrating climate resilience into urban planning and infrastructure, and stimulating private sector investment into key sectors such as waste management and NbS focused infrastructure.	\$5m	CEO ER under review
Building Capacity for Smallholder Farmers and Agribusinesses in East Africa to Monetize Climate Resilience Outcomes.	Build capacity and address the barriers smallholder farmers face in accessing the necessary capital and technical support for implementing climate-smart practices in <b>Ethiopia, Tanzania and Kenya</b>	\$1.8m	CEO ER under Review
Adaptation Innovation through Emissions Reductions Traditional Fire Management.	To pilot the adoption of Traditional Fire Management (TFM) and related technologies in <b>Mozambique, Angola, and Zambia</b> , building on successful experiences in northern Australia and Botswana from the Aboriginal and Khoi San communities.	\$2.2m	CEO ER under review

# GEF 8 PIPELINE

GEF PROJECT	DESCRIPTION	Value	Status
Outcome based bonds	Supporting ecological conservation and rehabilitation projects focusing on various species – Lions, African Elephants, Wild dogs, Water catchments	\$15m	PIF under development
Biodiversity credit and offsets credit scheme	This project aims to enable the development of the Bessabsklip Industrial area while offsetting biodiversity impacts through a revolving local compensation fund hosted by the DBSA.	\$15m	PIF Under development
Miombo forest restoration (NGI) <b>ZAMBIA</b>	A carbon credit scheme in 11 countries – includes Malawi. Currently starting with Zambia. Carbon credit offtakers have been secured	\$15m	PIF under development
<b>Tanzania</b> Conservation facility	Blended finance solutions for nature conservation, - Nature positive Infrastructure (Transport, Ecotourism)  A consultant has been appointed to develop a coherent proposal.	\$15m	PIF under development
Nature conservation project in <b>Namibia</b> (GBFF)	Nature conservation project - Transforming Urban Infrastructure through Nature-Based Solutions (Green corridors, Enhancement of Ecosystem services)	\$4.4m	PIF under review
Lesotho nature conservation (GBFF)	Integrated Grassland Management and Biodiversity Conservation for Resilient Livelihoods and Ecotourism in Semonkong	\$2.2m	PIF under review

# GREEN CLIMATE FUND (GCF)

- **CLIMATE FINANCE FACILITY**
- **EMBEDDED GENERATION INVESTMENT PROGRAMME**
- **WATER RE-USE PROGRAMME**

# CLIMATE FINANCE FACILITY (CFF)



*A debt facility to catalyse private capital to support private sector projects that are low emissions and climate resilient*





# CLIMATE FINANCE FACILITY



**GREEN CLIMATE FUND**  
\$55 million



**DBSA**  
R650 million

## MANDATE

- Support and de-risk green projects
- Clear environmental impact
- **Socio-economic development**
- Additionality
- Crowd-in private investment
- Project size; R150 million+
- Contribute up to 30% of total project cost

## REGIONS

- Namibia
- Lesotho
- eSwatini
- South Africa

## Value Proposition

- Sub-ordinated debt Instrument
- Tenor extension (upto 15 years)
- Blended concessional finance

Scope: Climate Change Mitigation and Adaptation



TRANSPORT



HOUSING



ICT



EDUCATION



ENERGY



WATER AND SANITATION



HEALTH

# EMBEDDED GENERATION INVESTMENT PROGRAMME (EGIP) – ZAR 5 BILLION FUND

Green Climate Fund



1

## PROGRAMME OVERVIEW

- Embedded generation renewable energy projects have no demonstrable track record of successfully reaching financial close.
- The key objective of the EGIP is to formulate this track record to ensure that the initial Projects reach financial close, by so doing, a market for embedded generation is created in South Africa.
- **EGIP is a credit support mechanism to support non-sovereign backed PPAs for renewable energy projects in South Africa**
- In addition, EGIP will crowd-in funding from commercial lenders and to assist South Africa to make further inroads towards their climate change objectives.

2

## FUNDING

DBSA investment: R3.7 billion  
GCF investment: USD 100 million

3

## DEVELOPMENT IMPACT

- Shift to low-emission sustainable development pathways
- Addition of 330 MW of new generating capacity, generating approx. 744,600 MWh of clean electricity annually, thereby directly avoiding emissions of more than 717,794 tCO<sub>2</sub>e per annum.
- Provision of clean energy to households
- Socio-economic co-benefits



# GREEN FUND

*The Green Fund has been set up to contribute to a wide range of goals in transitioning to a greener economy and reducing impact on climate change*



## Funding instruments

Grant

Recoverable Grant

Equity

Mezzanine Debt

Senior Debt

## Green Fund Focus Areas

Energy Generation and Storage

Biogas Technologies

Waste Management

Water Sector

Green Buildings

Transport Sector

## Project size

Project preparation - Upto R25m (USD 1.5m)

Project implementation — Upto R70m (USD 4m)

## Tenor

Upto 10 years

## Investment Principles

Just Transition

Transformation

Women and Youth Development

Additionality

Scalable / Replicable

# IDFC - IKI NUCA PROGRAMME

- International Climate Initiative (IKI) National Development Banks Urban Climate Action Programme – German Government
- **Aim:** To improve the capacity readiness of NDBs thus increasing their volumes for low carbon and climate resilient urban financing toward municipalities.
- **Scope:** To identify 7 municipalities to participate in the programme
- Identify climate and biodiversity munic projects to be developed and eventually funded by the banks
- **Banks:** DBSA (South Africa), CAF (Columbia), TDB (Mozambique), PT SMI (Indonesia), and BNDES (Brazil)
- **Pilot** project with potential for roll out



**THANK YOU**

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