

# **DBSA'S Infrastructure Development Support in Africa**

**International Trade and Investment Conference**

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# Introduction

- **The Development Bank of Southern Africa (“DBSA”) is a Development Financial Institution (“DFI”) wholly owned by the South African Government**
- **DBSA is the primary vehicle for promoting infrastructure development in SADC including South Africa**
- **Its main focus is on infrastructure sectors supportive of economic growth**
- **DBSA had total assets of about ZAR 28,6 bn (approx. US\$ 4,4 bn) at the end of December 2004**
- **SADC lending and investment portfolio has grown to over ZAR 7 bn**

# Lending and Investment Strategy for the Region

- **The DBSA has segmented the countries to reflect**
  - ❖ **Stages of political and economic development**
  - ❖ **Capacity of public institutions to identify and manage projects**
  - ❖ **The level of private sector participation in all spheres of economic activity**
  - ❖ **The availability of capital (long and medium term)**
  - ❖ **The ability of public institutions to assume commercial debt given HIPC and ESAP status**
- **As such, countries were segmented as follows:**

**Tier 1: Middle income countries, strong private sector local funding capacity available but limited to short to medium term, strong institutional capacity, TA required mainly for project structuring, low inflation and strong local currency, established capital markets, DBSA funding in support of commercial funding where there is a shortfall or need for longer term finance**

Country	Botswana	Mauritius	Namibia	Seychelles
DBSA Focus Sectors	Tourism, manufacturing and agri-industrial	ICT, transport, tourism, agri-industrial, ports, harbours and airports	Power (Kudu gas-to-electricity), urban infrastructure, tourism, agri-industrial	Tourism

**Tier 2: Focus countries for the DBSA, developing enabling investor environment, national priorities clearly defined, institutional capacity to identify, implement and manage projects, growing private sector participation, national utilities operating on commercial basis, relative macro-economic stability (decreasing inflation rates and exchange rate volatility), some technical assistance required, developing capital markets, DBSA funding per project is significant (mixture of concessionary and commercial funding)**

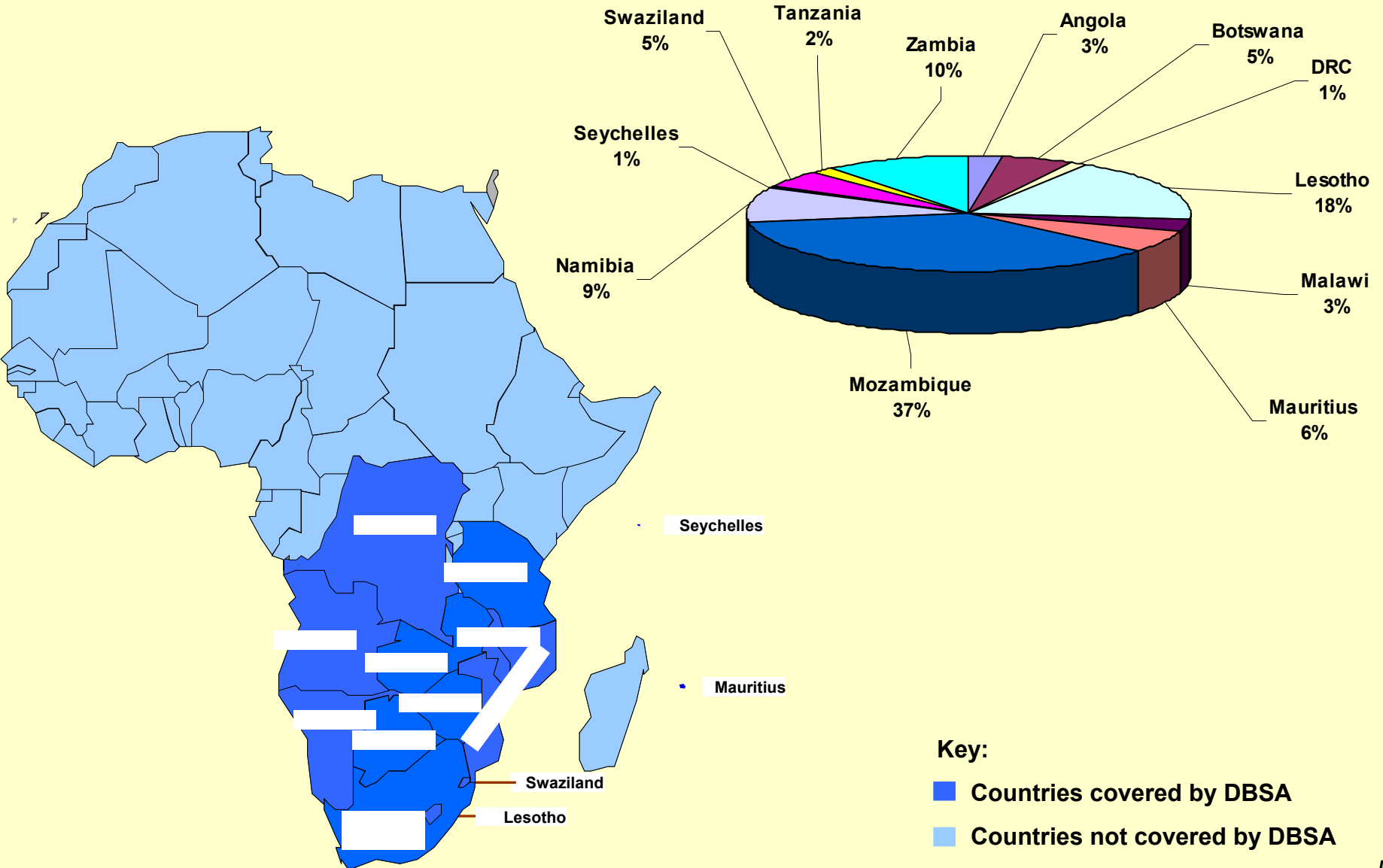
Country	Lesotho	Malawi	Mozambique	Swaziland
DBSA Focus Sectors	Urban infrastructure, agri-industrial, Power (LEC privatisation)	ICT, power, urban infrastructure, tourism, agri-industrial	Power (Mephanda Nkuwa hydropower and off-grid gas IPPs), tourism, agro-processing, transport	Tourism, capital markets, agri-industrial

Country	Tanzania	Zambia		
DBSA Focus Sectors	ICT, power, ports, harbours and airports mining, tourism, agri-industrial, capital market	ICT, power, mining, tourism, agri-industrial, capital markets		

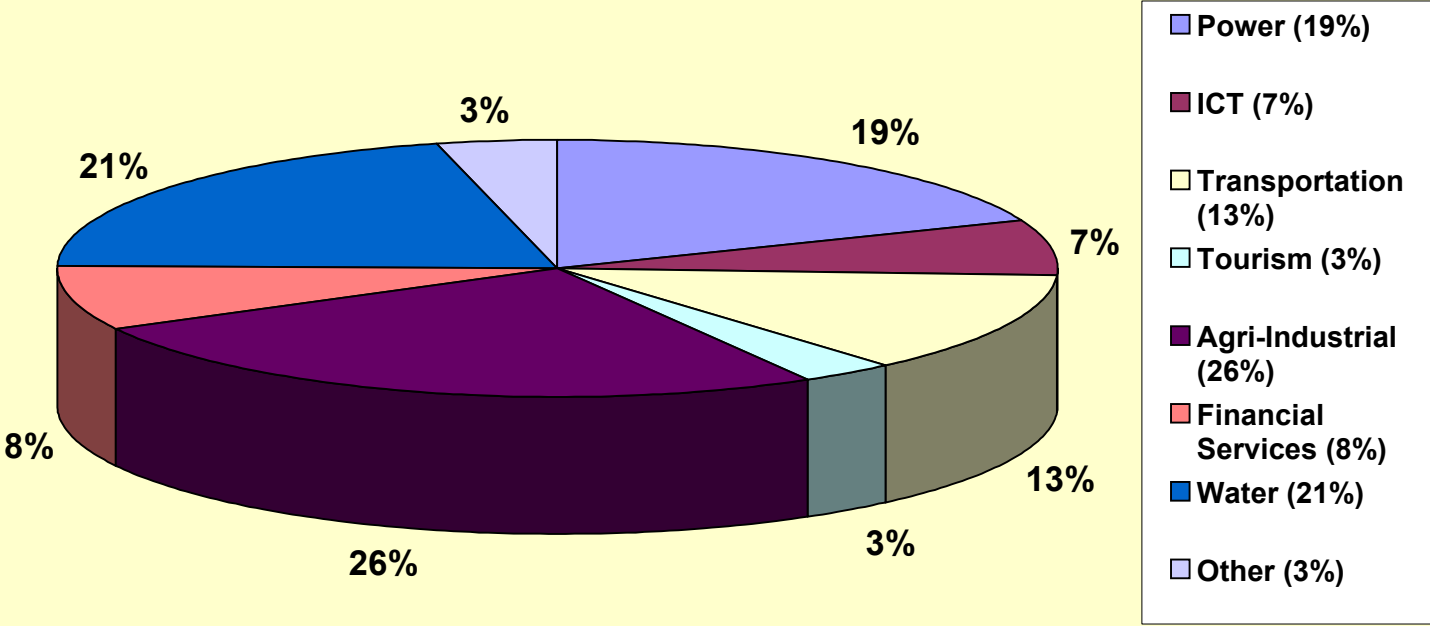
**Tier 3: Post-conflict, weak legal and regulatory environment, limited institutional capacity, significant technical assistance required, weak private sector, high inflation rates and volatile local currency, PRI required, significant donor funding, struggling utilities**

Country	Angola	DRC	Madagascar	Zimbabwe
DBSA Focus Sectors	ICT, ports, power, capital markets, mining, urban infrastructure	Power, airport, ICT, mining	Ports, power, ICT, tourism, agri-industrial, airports	ICT, transport, power, capital markets, private sector, agri-industrial, tourism

# DBSA's Exposure by Country



# Current Portfolio by Sector



# Product Offering

**Lines  
of Credit**

**Direct Loans  
Guarantees**

**Equity  
Quasi-Equity**



**Financial  
Market  
Development**

**Direct  
Lending**

**Advisory  
Services**



**Investment Linked Technical Assistance**

# Main Challenges

KEY CHALLENGES	IMPROVEMENTS
<ul style="list-style-type: none"><li>▪ <b>Non-payment by utilities due to default by other Government institutions</b></li><li>▪ <b>High and volatile exchange rates in few countries and absence of deep capital markets</b></li><li>▪ <b>Slow development of legal and regulatory framework in some countries</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>Government commitments in honoring debt on behalf of such institutions</b></li><li>▪ <b>Some countries such as Zambia are beginning to experience stability in macroeconomic environment</b></li><li>▪ <b>Most countries well advanced although enforcement remains a challenge</b></li></ul>

# Conclusion

***Despite the existence of some key challenges facing the region, Southern Africa offers immense investment opportunities with high and sustainable returns and manageable risks, hence DBSA's continued involvement in the region***

**THANK YOU**

# DBSA Contact Details

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# **ANNEXURES**

## **Typical Projects Financed in SADC**

# Typical Projects Financed in SADC

No.	Client	Country	Industry	Commitments (R'000)
1.	Blantyre Water Board	Malawi	Water	22 500
2.	Marromeu Sugar	Mozambique	Agriculture	138 840
3.	Cabinet do plano do Zambeze	Mozambique	Planning	21 000
4.	Lesotho Building Finance Corporation	Lesotho	Planning	10 000
5.	Lesotho Government	Lesotho	Education, Capacity Bldg	18 863
6.	Lesotho Highlands Development Authority	Lesotho	Water	991 121
7.	Lesotho Nat Dev Corp	Lesotho	Manufacturing	4 929
8.	Malawi Develop Corp	Malawi	Entrepreneurship	45 000

# Typical Projects Financed in SADC (Cont.)

No	Client	Country	Industry	Commitments (R'000)
9.	Namibia Development Corporation	Namibia	Entrepreneurship	65 000
10.	Namibia Government	Namibia	Water	208 000
11.	Namibian Water Corp	Namibia	Water	220 000
12.	NamPower (Pty) Ltd	Namibia	Energy	220 000
13.	Northern Region Water Board	Malawi	Water	11 500
14.	Sasol Petroleum Temane	Mozambique	Energy	100 000
15.	Swaziland Business Growth Trust	Swaziland	Entrepreneurship	5 000
16.	Swaziland Electricity Board	Swaziland	Energy	97 135

# Typical Projects Financed in SADC (Cont.)

No	Client	Country	Industry	Commitments (R'000)
17.	Swaziland Government	Swaziland	Telecoms	72 200
18.	Swaziland Post and Telecoms Corp	Swaziland	Telecoms	155 895
19.	Telecommunicacoes Mozambique	Mozambique	Telecoms	2 984
20.	Trans Caledon Tunnel	Lesotho	Roads and transport	305 000
21.	Uniao Geral Das Cooperatives	Mozambique	Agriculture	4 800
22.	Water Utilities Corporation	Botswana	Water	242 250
23.	Zesco	Zambia	Energy	210 393

# Typical Projects Financed in SADC (Cont.)

No.	Client	Country	Industry	Commitments (R'000)
31.	Swaziland Electricity Board	Swaziland	Energy	97 135
32.	Lower Usuthu Irrigation	Swaziland	Commercial	72 251
33.	SASCO	Swaziland	Commercial	25 000
34.	Namibia Government	Namibia	Water	10 000

# Typical Projects Financed in SADC (Cont.)

No.	Client	Country	Industry	Commitments (USD'000)
1.	Banyan Tree Resorts	Seychelles	Tourism	8 000
2.	Development Bank of Mauritius	Mauritius	Financial Services	15 000
3.	Electricidade De Mocambique	Mozambique	Energy	12 064
4.	Mauritius Central Energy Board	Mauritius	Energy	37 500
5.	Mozal Phase II	Mozambique	Fund	40 000
6.	Telecommunicacoes De Mozambique	Mozambique	Telecoms	35 510
7.	Copperbelt Energy Corporation	Zambia	Energy	10 000

# Typical Projects Financed in SADC (Cont.)

No.	Client	Country	Industry	Commitments (USD'000)
8.	COMAFIN	Africa	Fund	10 000
9.	Maputo Port Development Co SARL	Mozambique	Roads and transport	11 000
10.	Maragra Acucar Sari	Mozambique	Agriculture	9 200
11.	Mozal S.A R.L	Mozambique	Roads & drainage	63 000
12.	MSI	Africa	Telecoms	30 000
13.	Zamcell Limited	Zambia	Telecoms	7 800
14.	Zesco	Zambia	Energy	42 195
15.	Golden Tulip	Tanzania	Tourism	8 000
16.	LHPC Bond Issue	Zambia	Energy	3 000

# Typical Projects Financed in SADC (Cont.)

No.	Client	Country	Industry	Commitments (USD'000)
17.	Industrial Credit Company	Zambia	Commercial	5 000
18.	BPC	Angola	Commercial	30 000
19.	Namiwawa Hotel	Malawi	Tourism	7 600
20.	Salt Lake Resorts	Mauritius	Tourism	10 000
21.	ENH Gas	Mozambique	Energy	40 000

