

DEVELOPMENT BANK OF SOUTHERN AFRICA

This factsheet is an update version of the Factsheet "Development Banks in the BRICS Countries", published in 2013 by the BRICS Policy Center and Ibase.



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SOCIO AMBIENTAL PLATFORM



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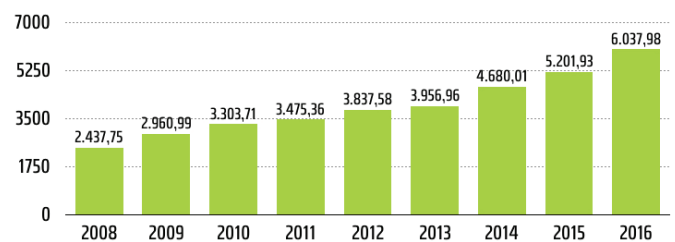
PUC

Nature and Purpose

- The Development Bank of Southern Africa (DBSA) has been operating since 1983. The composition and conduct of DBSA's Board of Directors are regulated by the Development Bank of Southern Africa Act, No. 13, of 1997; by the Public Finance Management Act, No. 1, of 1999; and by the Companies Act, No. 71, of 2008.
- Note that, not being a deposit-taking institution, the DBSA's operations are not subject to the Banks Act, nor to the Basel Accords.
- The DBSA is integrally subordinated to the South African government and reports directly to the Ministry of Finance through the National Treasury.
- The Bank's investments are concentrated in "socio-economic infrastructure", both in South Africa and Southern Africa, mainly in the sectors of energy, transport, water and communication.

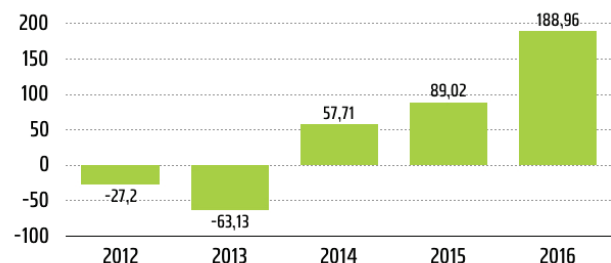
DBSA Total Assets (in millions of USD)

Source: The author's based on DBSA Annual Report (2016)



DBSA Net Profits

Source: The author's based on DBSA Annual Report (2016)

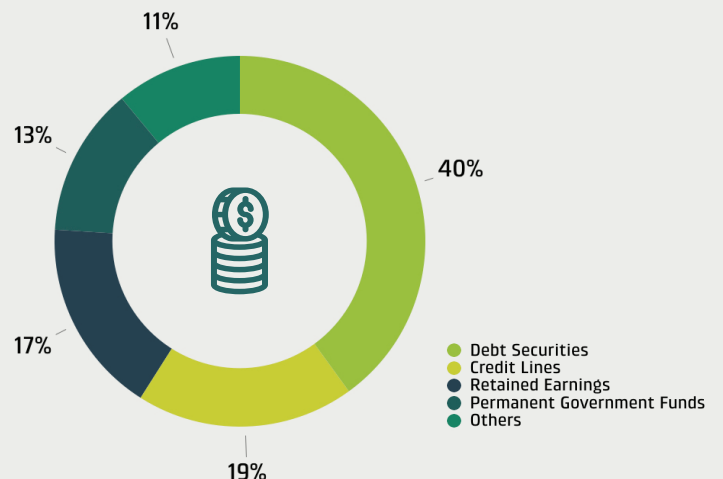


Where do the funds come from?

- DBSA is a self-financed institution with funds stemming from domestic and international capital markets and from bilateral and multilateral institutions.
- Bonds are issued in the domestic capital market, while lines of credit originate from agreements with commercial and international banks, as well as "development financial institutions"
- In 2002, the DBSA set up the Services Unit Management Agency in order to increase its capacity to implement and manage programs in the country and in Southern Africa.
- From 1997 to 2012, the African Development Bank (AfDB) granted the DBSA five lines of credit to finance infrastructure projects in South Africa and Southern African region. From 1994 to 2013 the government of South Africa did not carry financial injections, altering this policy from 2014 onwards, with payments amounting to US\$ 220 million in 2016 and US\$ 183,3 million in 2015.

DBSA Funding Sources 2016

Source: The author's based on DBSA Annual Report (2016)



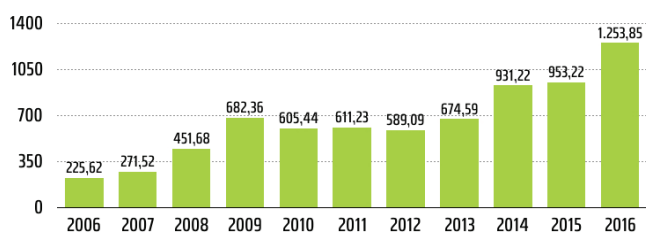
DBSA

How does it work?

- DBSA is divided into four clusters: three are tasked with originating and packaging viable infrastructure projects for financing and provision of technical assistance; the fourth is responsible for the coordinating activities relating to divisional portfolio planning, risk monitoring and reporting.
- The South Africa Operations Division (SA Ops) focuses on the integration in the public and private sector markets, concentrating on infrastructure projects, which are carried out primarily through municipalities.
- The Investment Operations Division encompasses mainly private sector companies, state-owned enterprises and public-private partnerships.
- The International Division is responsible for DBSA's operations throughout the African continent and for the African Development Bank's (AfDB) funds.

DBSA Disbursements (in millions of USD)

Source: The author's based on [DBSA Annual Report \(2016\)](#)



Investment in Development Activities (in millions of USD)

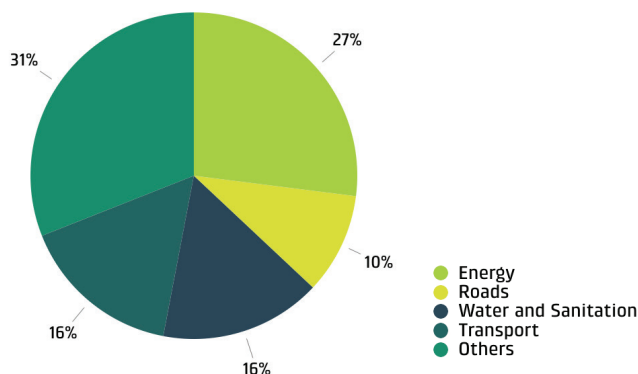
Source: The author's based on [DBSA Annual Report \(2016\)](#)



Disbursements are DBSA's expenditures in project financing operations; the Bank's investments also include DBSA's capital assets.

Disbursements by Sector – 2016

Source: The author's based on [DBSA Annual Report \(2016\)](#)



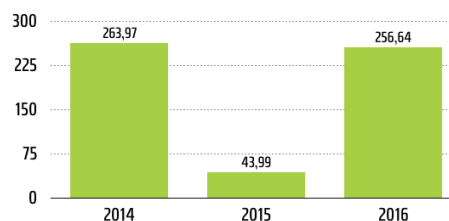
DBSA abroad

How does it work?

- DBSA's operations which extrapolate the geographical scope of South Africa are undertaken by the Bank's International Division. It is worth mentioning, however, that this Division is assigned to conduct operations only within the African continent.
- The main axes of action of DBSA's International Division include technical assistance in the elaboration of projects searching for finance, in addition to direct disbursements and lines of credit.
- The DBSA's International Division also provides lines of credit to other African financial institutions, such as: the African Investment Bank, PTA Bank, Development Bank of Zambia, Infrastructure Development Bank of Zimbabwe, Tanzania Investment Bank and the East African Development Bank.

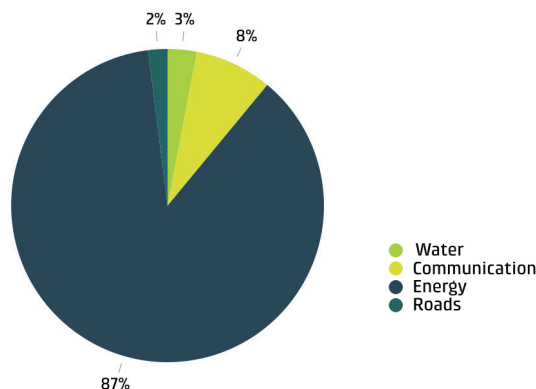
Total DBSA International Disbursements (in millions of USD)

Source: The author's based on [DBSA Annual Report \(2016\)](#)



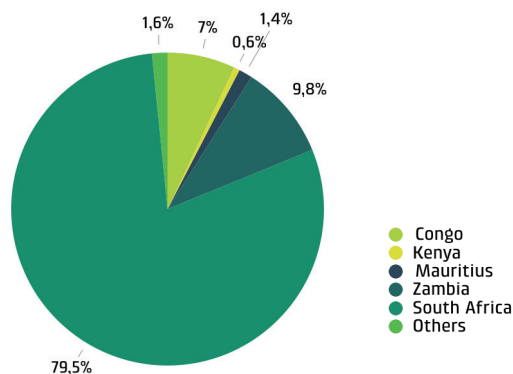
DBSA International Disbursements by Sector – 2016

Source: The author's based on [DBSA Annual Report \(2016\)](#)



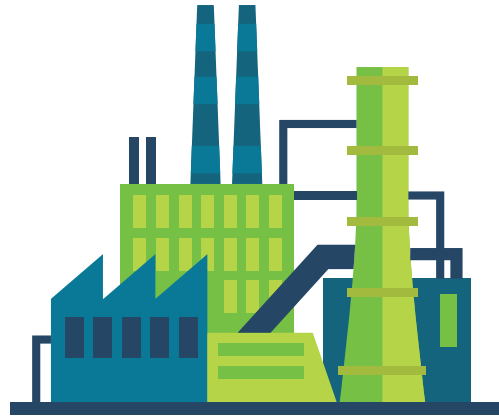
DBSA International Disbursements by Country – 2016

Source: The author's based on [DBSA Annual Report \(2016\)](#)



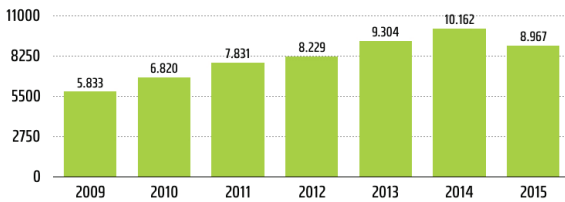
IDC

- The Industrial Development Corporation (IDC) was established in 1940, with the purpose of financing and stimulating the process of industrialization in South Africa, as well as of innovation and acquisition of equipment and machinery.
- Established by a "Parliamentary Act" (Industrial Development Corporation Act, No. 22 of 1940), it focused on answering the demands of global trade in the aftermath of the Second World War, financing the renovation of the minerals and petrochemicals industries, which to this day represent the main sectors contemplated by IDC.



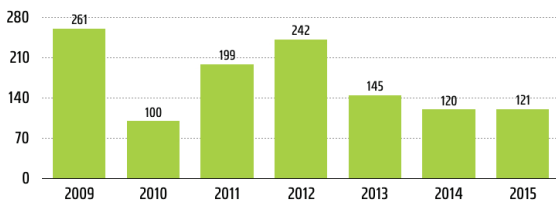
IDC Total Assets (in millions of USD)

Source: The author's based on IDC Integrated Report 2017



IDC Net Profits (in millions of USD)

Source: The author's based on IDC Integrated Report 2017

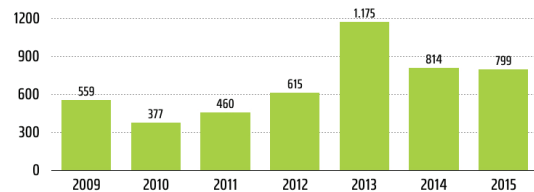


How does it work?

- IDC works as an industrial policy implementation agency, mainly centered on: the "National Development Plan (NDP)", "New Growth Path" (NGP) and "Industrial Policy Action Plan" (IPAP).

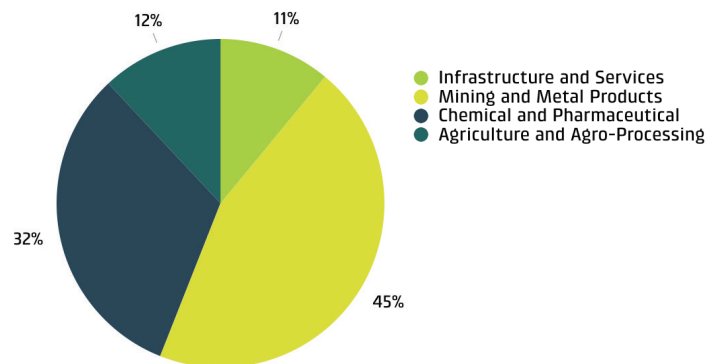
IDC Disbursements (in millions of USD)

Source: The author's based on IDC Integrated Report 2017



IDC Approved Transactions in 2016 (in %)

Source: The author's based on IDC Integrated Report 2017



IDC abroad – How does it work?

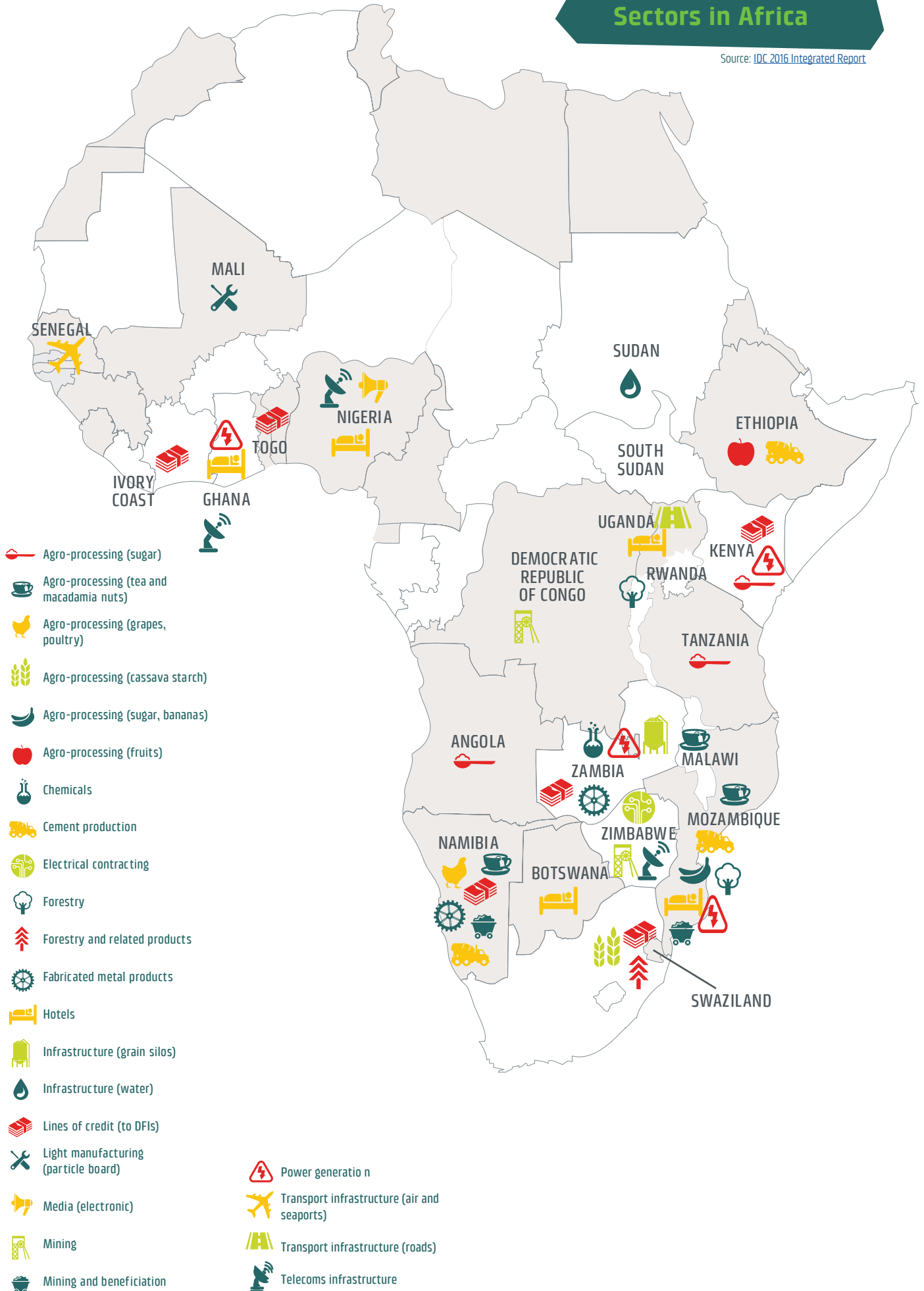
- During the 1990s, IDC's mandate was expanded to include investments in other African countries, having as a first project the constitution of an aluminum company in Mozambique. Currently, investments in Africa include mining, agriculture, manufacturing, tourism and telecommunications.
- In 2015 US\$ 132 million were approved in operations in the following 10 African countries: Zambia, Uganda, Mali, Ivory Coast, Swaziland, Democratic Republic of Congo, Ghana, Namibia, Rwanda and Ethiopia. The financing refers to the generation of energy, mining, manufacturing of wooden and paper products, hotel services and financing for other development financial institutions (DFIs).

Where do IDC's funds come from?





- IDC's funds are generated by the revenue of loans and capital investments and the outflow of mature investments, as well as by loans from commercial banks, development financial institutions (DFIs) and other creditors.

Sectors in Africa

Source: IDC 2016 Integrated Report



-  Agro-processing (sugar)
-  Agro-processing (tea and macadamia nuts)
-  Agro-processing (grapes, poultry)
-  Agro-processing (cassava starch)
-  Agro-processing (sugar, bananas)
-  Agro-processing (fruits)
-  Chemicals
-  Cement production
-  Electrical contracting
-  Forestry
-  Forestry and related products
-  Fabricated metal products
-  Hotels
-  Infrastructure (grain silos)
-  Infrastructure (water)
-  Lines of credit (to DFIs)
-  Light manufacturing (particle board)
-  Media (electronic)
-  Mining
-  Mining and beneficiation

-  Power generation
-  Transport infrastructure (air and seaports)
-  Transport infrastructure (roads)
-  Telecoms infrastructure