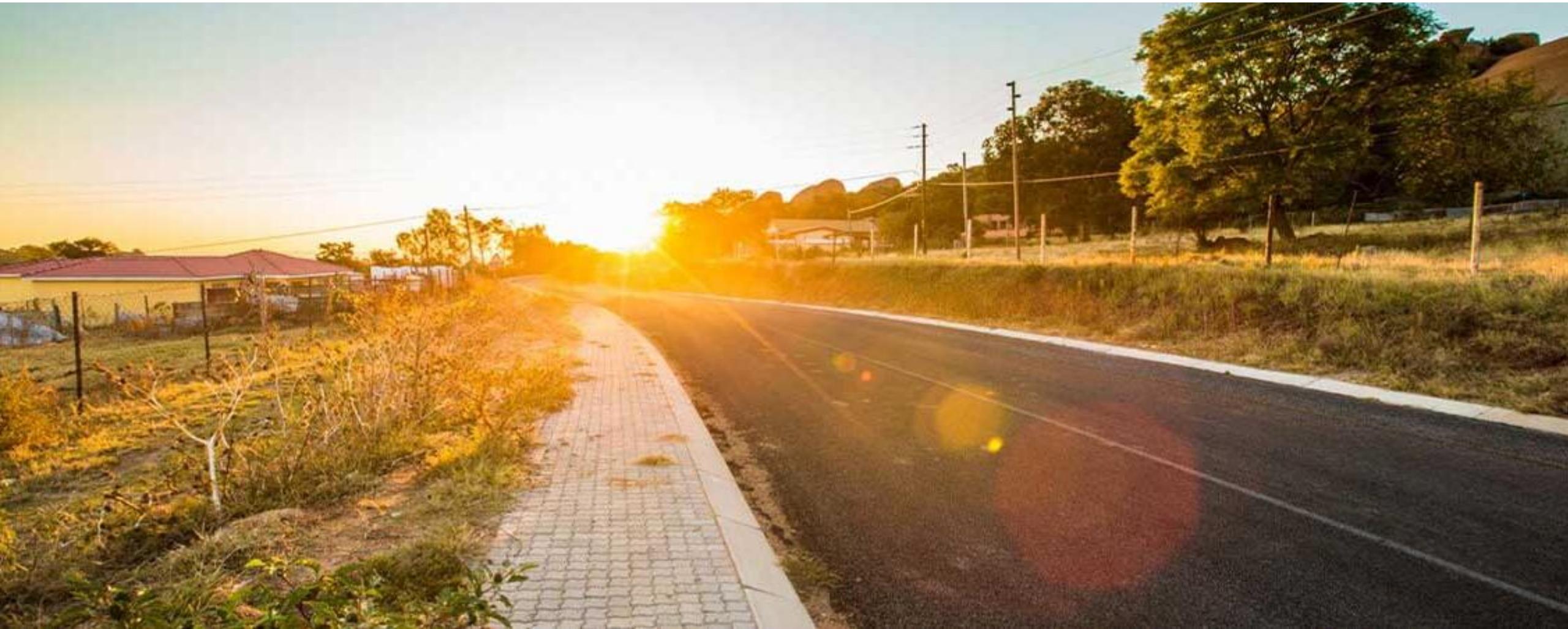


INNOVATIVE PPP PROGRAMMES FOR IBT IMPLEMENTATION IN PROVINCES AND MUNICIPALITIES



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 management support

5. Maintain

- Supporting maintenance/ improvement of social infrastructure projects

Clients

Public

- Municipalities
- SOEs
- Sovereigns

Private

- PPPs
- Private sector



Sectors

- Human Settlements
- Education
- Health
- Student Housing
- Water and Sanitation
- Critical Minerals & Mining
- Trade Finance & ICT
- Energy & Environment
- Transport and Logistics

1

Challenge and opportunities

South Africa faces a growing housing backlog amid fiscal constraints, climate risks, and rising construction costs. Traditional delivery models alone cannot meet demand.

Innovative Building Technologies (IBTs) offer faster, lower-cost, and climate-resilient housing solutions aligned with global green finance priorities.

2

The Gap and Solution

IBT projects remain constrained by limited access to international capital, weak project readiness, and perceived technology risk.

Mobilising climate finance, blended funding instruments, and international public-private partnerships can de-risk IBT projects and unlock large-scale investment.

3

The Role of DFIs and the Impact

Anchor international capital and climate funds.

Structure bankable PPP programmes.

Provide de-risking and project preparation support.

I: Align housing delivery with climate-resilient finance frameworks.

I: Scalable IBT implementation nationwide.

I: Sustainable, affordable and resilient human settlements.

DE-RISKING AND INVESTMENT READINESS MECHANISMS

Key instruments used globally



Project
Preparation
Facilities



Guarantees
and
political risk
insurance



First-loss &
concessional
tranches

Grant-funded
feasibility studies,
technical design and
financial structuring

Cover regulatory
oftake and
construction risks,
mobilising up to 3-10x
private capital per
public rand deployed

Absorb early risk and
improve investor
confidence. Without
these tools, IBT PPPs
struggle to reach
financial close

1

Model 1: Climate-linked affordable housing PPPs

Used in Latin America and Asia

Government: provides land and demand guarantees

Private sector: delivers innovative housing solutions

DFIs/climate funds: provide blended finance and guarantees

2

Model 2: Green modular housing platforms

Public sector partners with private manufacturers to scale:

Modular housing factories

Low-carbon material production

Supported by: anchor procurement climate concessional finance

3

Model 3: City-level housing PPP programmes

Municipal governments bundle multiple housing projects into bankable portfolios supported by DFIs and green funds, enabling scale and risk diversification

MOBILISING CLIMATE FINANCE THROUGH BLENDED & INNOVATIVE MODELS



DBSA's catalytic role



Dual Focus

- Mobilise climate finance
- Design blended-finance instruments to crowd in private capital



Key impact tools

- Results-Based Financing (pay for climate outcomes)
- Co-financing platforms with DFIs & climate funds
- Local currency financing & risk mitigation
- Project Preparation Facility (PPF) for bankable projects



Accreditation & Delivery

DBSA as accredited entity

- Green Climate Fund (GCF)
- Global Environment Facility (GEF)



Outcome

- De-risked climate projects
- Crowded-in private investment
- New climate-resilient asset classes

DBSA INVOLVEMENT IN CLIMATE FINANCE ACTION



Green Fund

- The Green Fund is managed by the Development of Bank of South Africa (DBSA) on behalf of Department of Environmental Affairs.
- GF portfolio:
25 Investment projects at various stages of the investment appraisal project



Green Climate Fund

- DBSA's accreditation to GCF allows the Bank to access GCF funds in order to support innovative and risk-sharing approaches in projects that contribute towards low-carbon and climate-resilient development.
- Current Pipeline:
5 projects approved (2 FP, 2 PPF & 1 readiness support)



Global Environment Facility

- The DBSA is also accredited as a Regional Agency for the Global Environment Facility (GEF) in 2014.
- Mandate expansion in June 2023
- Current Pipeline:
7 projects approved
Pipeline of 3 projects being prepared for GEF 8



International Development Finance Club

- DBSA is an active member of the International Development Finance Club, IDFC, formed in 2011. IDFC is a network of 27 leading national, regional and international development banks from across the planet that share a similar vision of promoting of low-carbon and climate resilient futures.



Global Innovation Lab for Climate Change

DBSA is a member of the Global Innovation Lab for Climate Change, whose mandate is to support the identification and piloting of climate change financing instruments and products to catalyse private sector money into Climate Change mitigation projects in developing countries.

1

A Treasury – compliant, DFI Bankable / Commercial Bank Bankable Delivery Model

2

Aligned to National Infrastructure Plan 2050

3

**PPP Structured Infrastructure Scaling
Across Public Sector**

WHAT NATIONAL TREASURY IS MOSTLY CONCERNED ABOUT

1

Unfunded and hidden fiscal committees

2

Poor quality feasibility studies

3

Political project selection vs Technical Prioritisation

4

Weak Post-Financial close contract management

1 PFMA section 66 and Treasury Regulation 16

2 MFMA Section 120 PPP Requirements

3 Treasury standardised PPP provisions

4 Affordability, Value for money and risk transfer tests

Do's and Don'ts

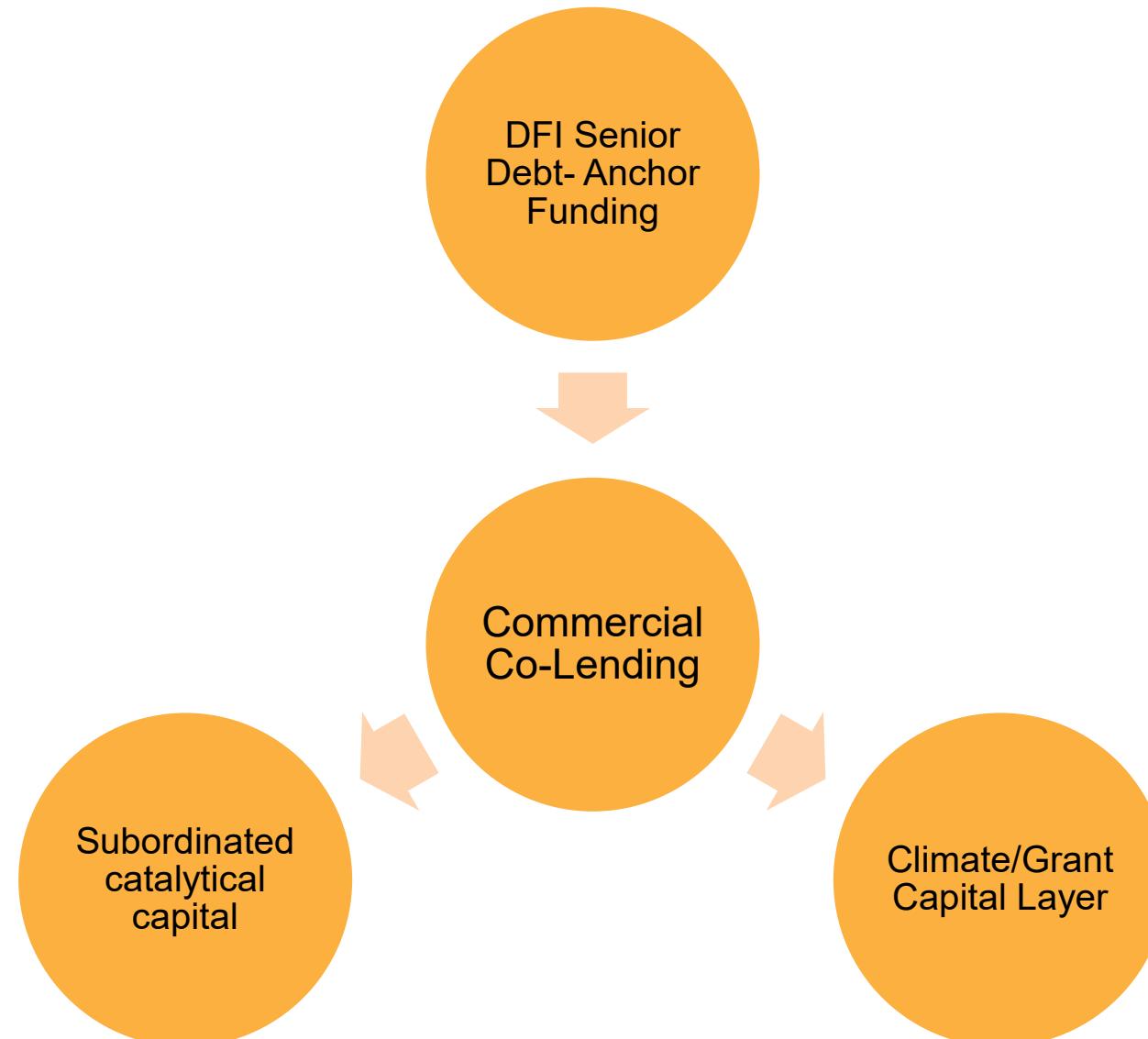
Do's

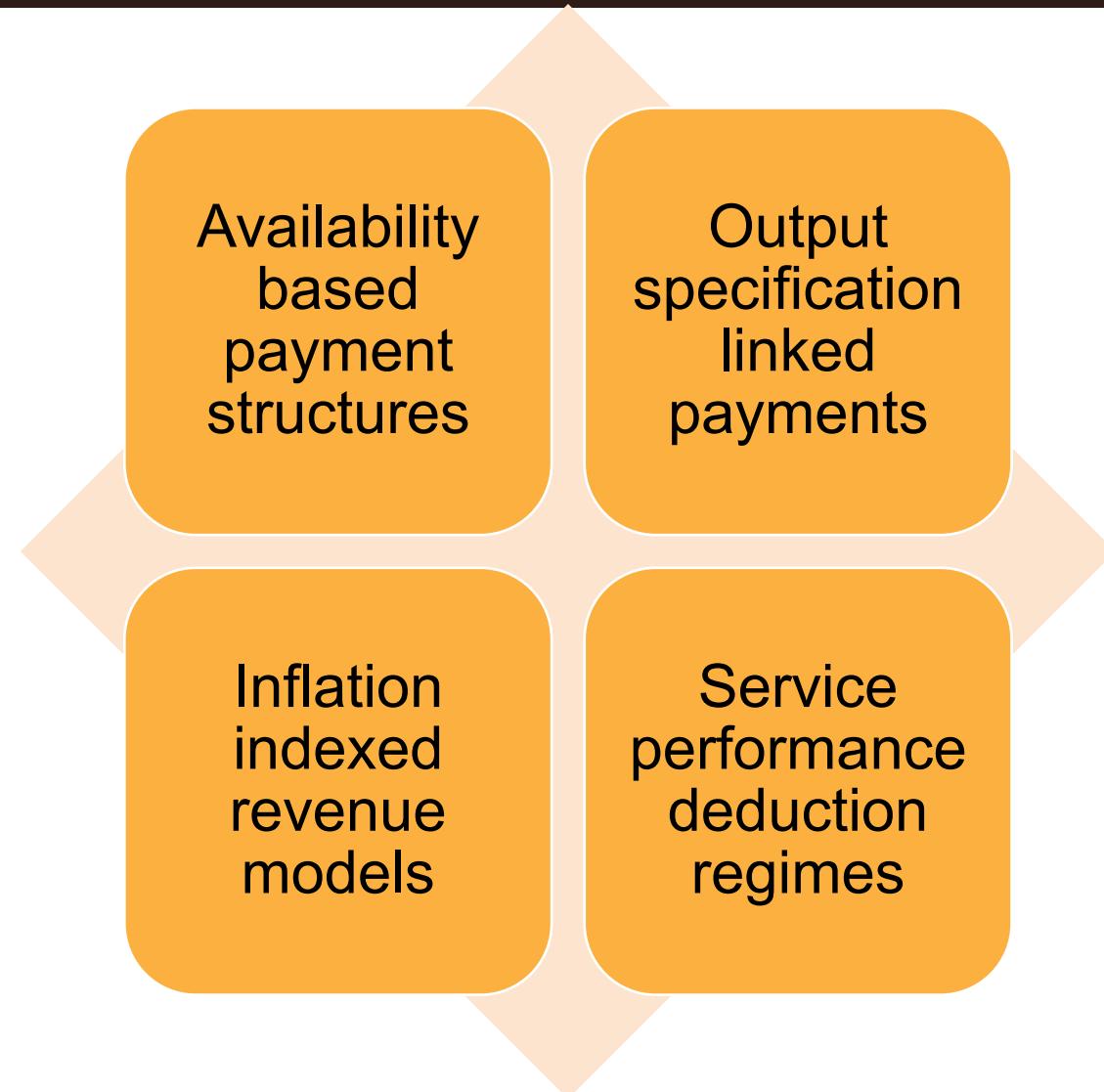
- Revenue certainty and payment security
- Security / Collateral clarity
- Fiscal commitment register exposure
- Counterparty creditworthiness
- Technical delivery capability

Don'ts

- Unclear or unsecured revenue mechanisms
- Weak technical sponsors or EPC contractors
- Non ring-fenced municipal cashflows
- Policy or regulatory instability risk

BLENDED FINANCE PPP STACK





1

Escrow and ring-fenced revenue structures

2

Debt service reserve accounts

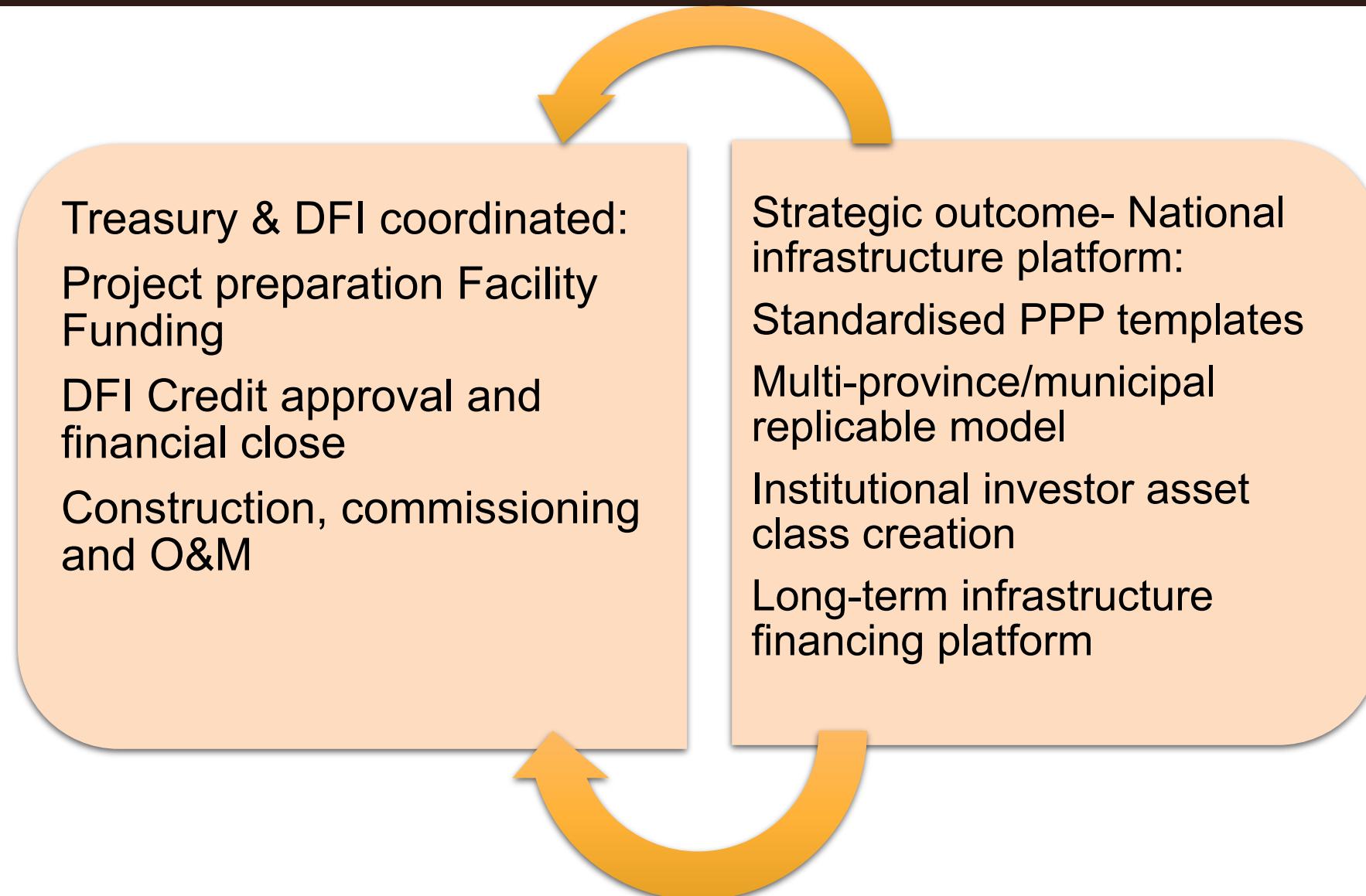
3

DFI partial credit guarantees

4

Grant and tariff revenue blending

EXECUTION PATHWAY...





Palesa Ryan: Head – Social, Health and Education
Palesar@dbsa.org
+27113133106

THANK YOU