

GROWING A FOCUSED, SUSTAINABLE AND DEVELOPMENTAL DBSA

TRANSPORT

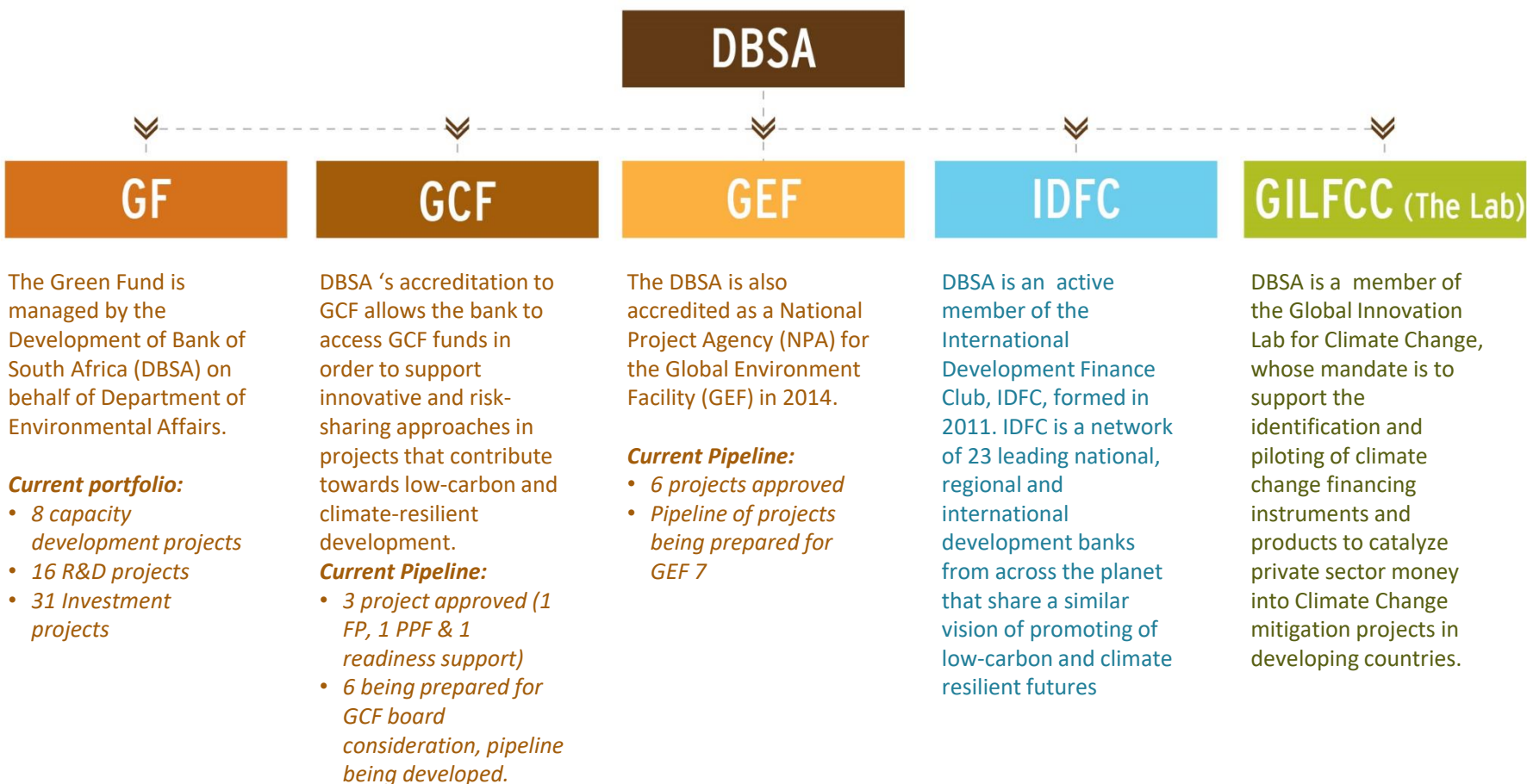
ENERGY

ICT

WATER



Current DBSA Involvement in Climate Finance Activities

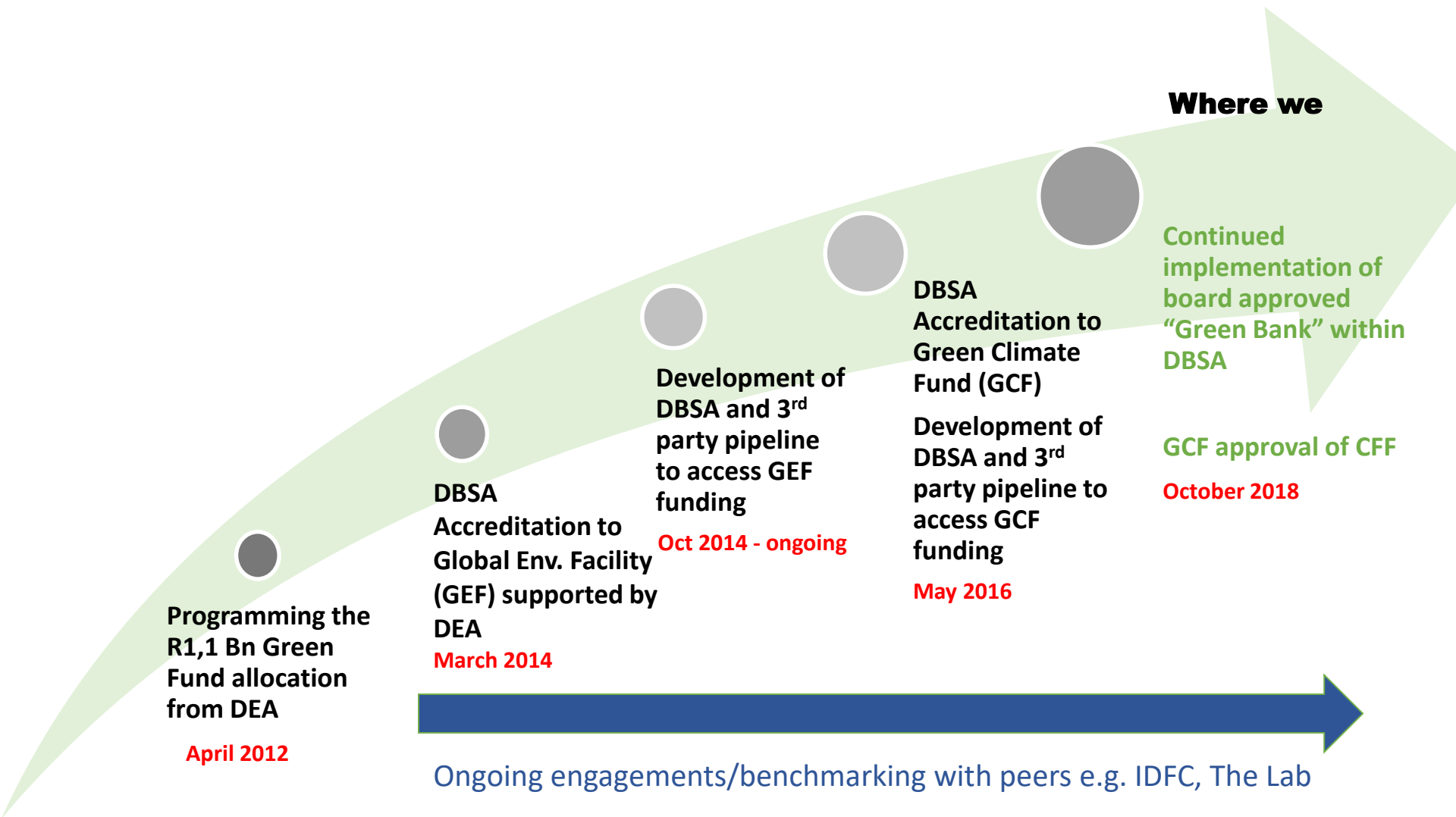


DBSA FORMATION OF A NEW CLIMATE FINANCE FACILITY



Development Bank
of Southern Africa

DBSA has committed to strategic repositioning & formation of the CFF as part of its development as Green Bank



DBSA Climate Finance Facility has specific Mandate & Goals

CFF Mandate: *The CFF is tasked with **catalyzing** greater overall climate and clean-water related investment by **providing credit enhancements**, through **blended finance** to projects that could be commercially viable but not yet bankable in the private sector.*

Catalytic role with blended finance approach

- The CFF will address market constraints, **playing a catalytic role with a blended finance approach**, to increase climate related investment in the Southern African region.

Subordinated debt/first loss + Tenor extension

- The CFF will focus on two main instruments: **subordinated debt / first-loss** and credit enhancements such as **tenor extension**

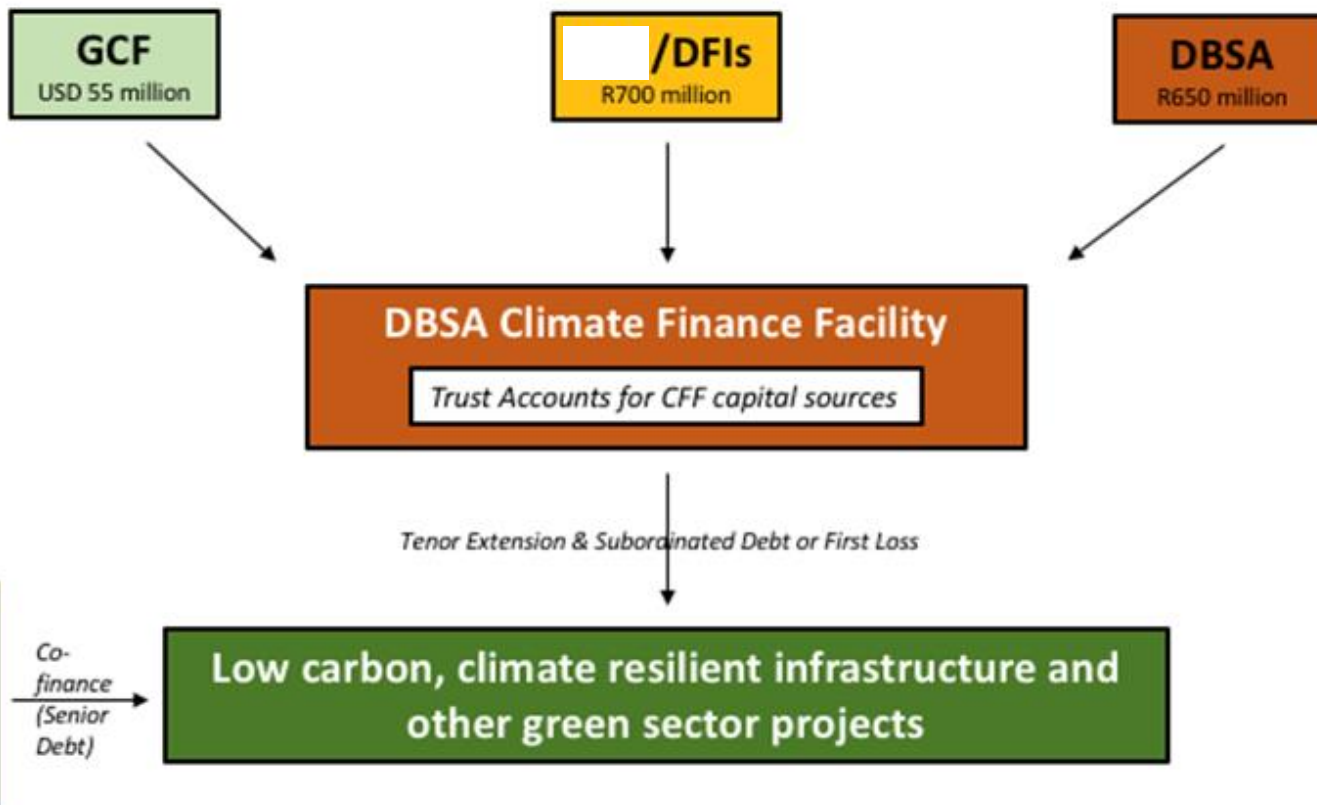
Leveraging private investment

- The CFF is designed to **leverage private investment** with co-funders to reach an overall portfolio leverage ratio of **1:5** (project leverage ratios will vary within this range).

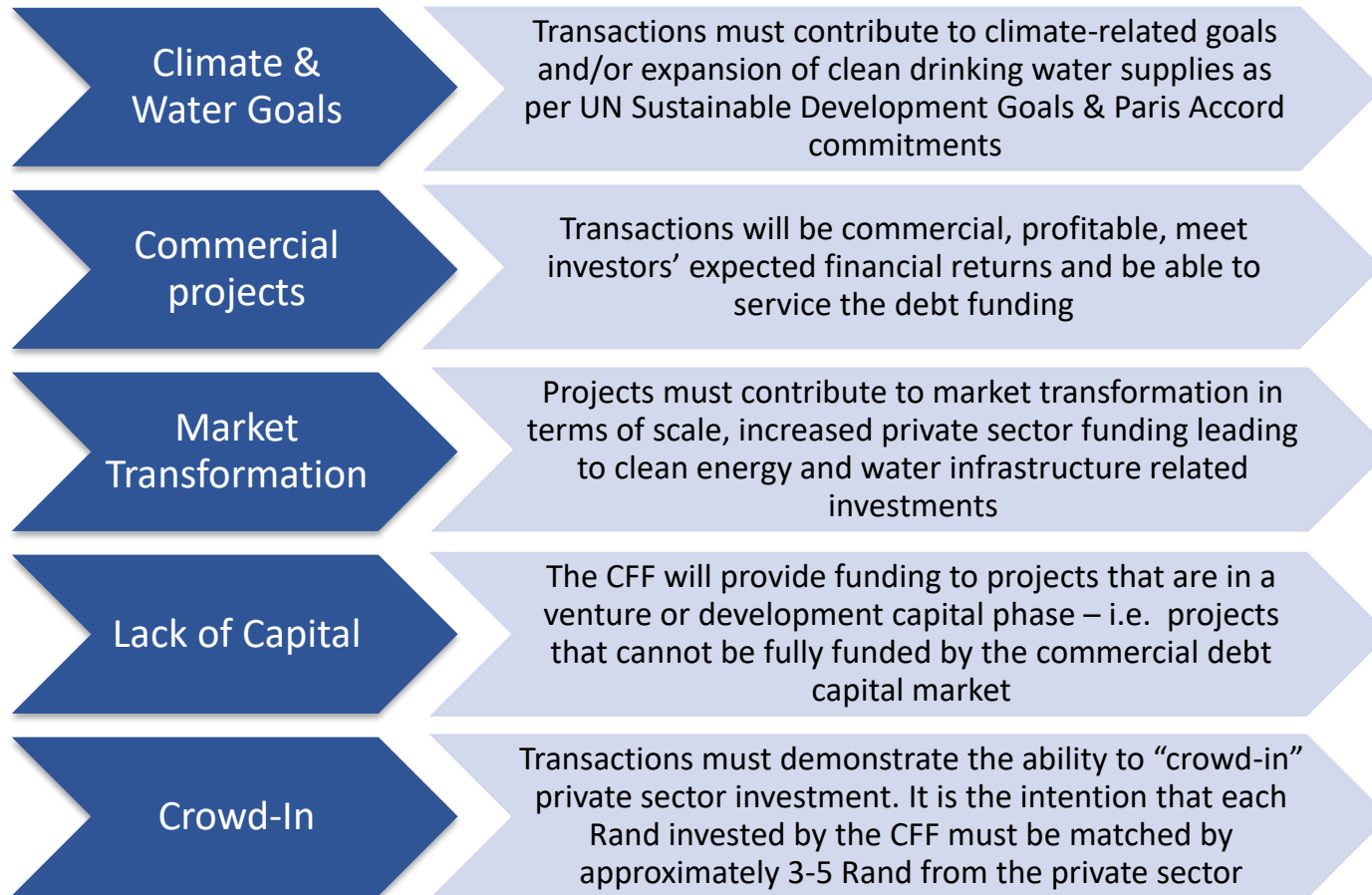
Multiple co-funding sources

- The **CFF will raise co-funding from multiple sources** to be deployed in innovative structures and products, to support projects across South Africa and certain SADC countries

CFF Structure



CFF Investment Criteria

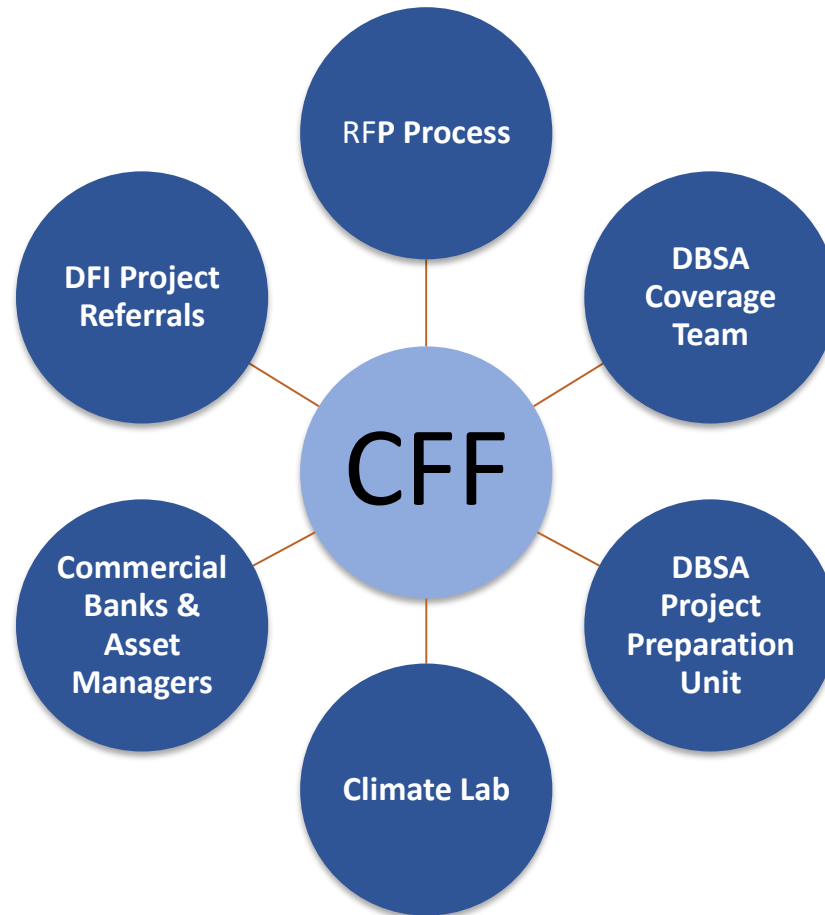


Selection Criteria	Description
CFF specific criteria	
Transaction contributes to low-carbon infrastructure, climate-related goals	Transactions must contribute to low-carbon infrastructure, climate-related goals and/or expansion of clean drinking water supplies and priorities. Projects must demonstrate consistency with UN Sustainable Development Goals and meet climate objectives as determined by designated specialists within the DBSA.
Transaction contributes to market transformation	Projects must contribute to market transformation and demonstrate that they can materially and sustainably expand markets in terms of scale, improved private sector participation, confidence in clean energy investments, or other aspects.
Transactions are technically and economically feasible but unable to secure commercial financing. This criteria includes GCF criteria of assessing Efficiency and Effectiveness of the project.	Projects will be required to demonstrate technically and economically feasible transactions where there is market interest but the project has not been able to secure financing from the commercial market due to specific financing gaps and barriers. Economic and financial soundness of the CFF project
Transactions demonstrate leverage and the ability to crowd-in commercial investment	Transactions must demonstrate leverage and the ability to crowd-in commercial investment. Each Rand invested by the CFF must be matched by approximately 3-5 Rand from the private sector.
Transaction addresses Climate adaptation related goals particularly where they require water	The context-specific nature of climate change adaptation and climate resilience means that a process-based approach is required for assessing, tracking and reporting adaptation finance – this applies to all sectors and especially water sector i) Setting out a project-specific context of climate vulnerability and impacts related to climate variability and climate change; ii) Stating the intent to address the identified risks, vulnerabilities and impacts in project documentation (objectives of the project should state this); iii) Demonstrating a direct link between the identified risks, vulnerabilities and impacts, and the financed activities.
Relevant GCF investment criteria to be applied for CFF sub-projects	
Impact potential	Potential of the CFF sub-project project to contribute to the achievement of the Green Climate Fund's objectives and result areas
Paradigm shift Potential	Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment
Needs of the recipient	Vulnerability and financing needs of the beneficiary population
Country ownership	Sub-project must align to country priorities, climate strategies and NDCs.

CFF Sectors

Project Financing : providing credit enhancements and debt financing to climate change mitigation and adaptation projects	Sub-components			
	2.1 Mitigation Sectors	% of CFF Portfolio	Amount (million USD)	GCF Funding million USD
	Renewable Energy Generation Renewable Energy Generation	31	52.31	17.0
	Waste to Energy	10	16.9	5.5
	Energy Efficiency	22	37.18	12.1
	Low emission Transport	7	11.83	3.9
	Sub-total Mitigation	70	118.22	38.5
	2.2 Adaptation Sectors	% of CFF Portfolio	Amount (million USD)	GCF Funding million USD
	Water efficiency	3	5.07	1.70
	Water Treatment	12	20.28	6.60
	New clean water sources (Eg. Aquifer, desalination)	15	25.35	8.30
	Sub-total Adaptation	30	50.70	16.50
	Total Debt financing (Mitigation and Adaptation)	100	169.00	55.00

CFF will utilize Multiple Origination Channels to develop “deal flow”





DBSA

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**Thank you,
Questions?**

**MAKING
CHANGE HAPPEN**

WATER

ICT

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