FINANCING THE JUST ENERGY TRANSITION

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DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
Building Africa's Prosperity

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DBSA OVERVIEW

DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
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INTRODUCTION

Preparing, financing and implementing infrastructure projects in Africa

Sectors

- Municipalities;
- Energy, Environment, ICT;
- Transport, Logistics & Bulk Water; and
- Health, Education, Social Housing.

Geography

- South Africa;
- SADC; and
- Rest of Africa.

Origination and coverage

- Deal origination;
- Client relationship management; and
- Stakeholder engagement.

Project preparation

- Planning;
- Programmed;
- Project development; and
- Climate funds.

Transacting

- Municipal finance;
- Corporate finance; and
- Project finance.

Finance operations

- Credit;
- Portfolio management; and
- Business support and recovery.

Treasury and capital management

INTEGRATED APPROACH TO INFRASTRUCTURE DEVELOPMENT

DBSA JUST TRANSITION APPROACH

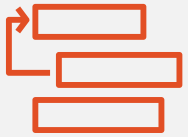
PRINCIPLES UNDERPINNING THE INTEGRATED JUST TRANSITION INVESTMENT FRAMEWORK

DBSA

Prioritise least cost

- Support Africa's energy plans;
- Invest in disruptive technology;
- Flexible dispatchable energy solutions; and
- Support transmission infrastructure.

Leave no one behind



- Promote localisation and industrialisation;
- Green Industries and biodiversity;
- Prioritise broad based black economic empowerment; and
- Enhance gender mainstreaming.

Support low carbon transition

- Reduce transition and stranded asset risk;
- Upscale concessional, climate and green financing;
- Increase transparency in investment allocation and reporting; and
- Implement responsible environmental, social and governance practices.

JUST TRANSITION PROJECTS

DBSA initiatives to support a Just Energy Transition in different stages of development

Development support and financing for the **South African REIPPPP**

Eskom plant repurposing programme

Climate Finance Facility (CFF)

Embedded Generation Investment Programme (EGIP)

International Council for Local Environmental Initiatives (ICLEI) partnership

Public and Private Sector Energy Efficiency Programme (PPSEEP)

Energy storage programme

Targeted **municipal interventions** in eMalahleni, Steve Tshwete, Govan Mbeki & Msukaligwa.

Role out of D-Labs within Mpumalanga

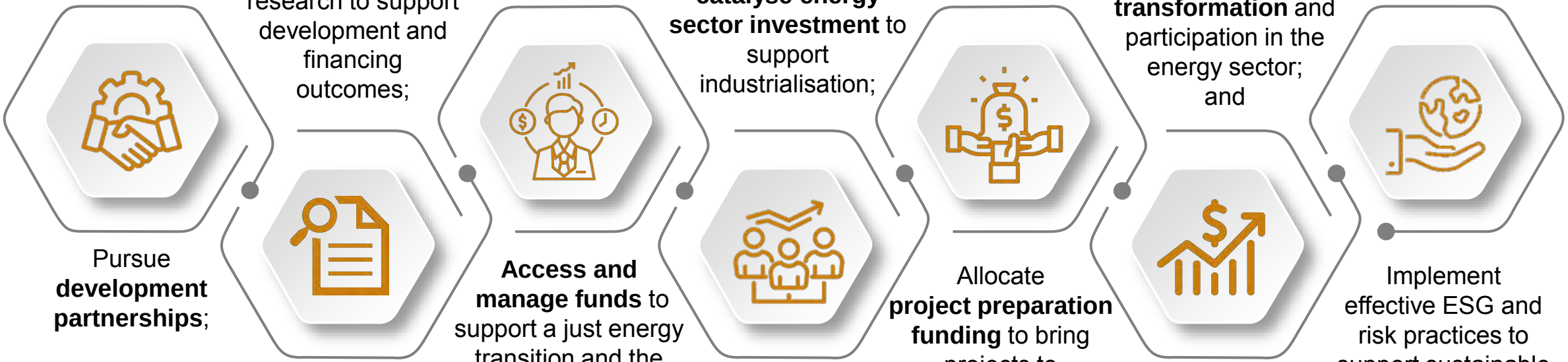
Support for South Africa's green hydrogen programme

Support implementation of Department of Trade and Industry Renewable Energy Masterplan

Support upstream and downstream industries to kick start renewables sector

IMPLEMENTATION PRIORITIES

Measures to achieve an Integrated Just Transition Energy Investment Framework



Pursue **development partnerships**;

Undertake policy and research to support development and financing outcomes;

Access and manage funds to support a just energy transition and the building of a green economy;

Deliver effective advisory services to **unlock and catalyse energy sector investment** to support industrialisation;

Allocate **project preparation funding** to bring projects to bankability;

Support **economic transformation** and participation in the energy sector; and

Implement effective ESG and risk practices to support sustainable infrastructure financing.

FINANCING ACTIVITIES

KEY PROGRAMMES: CFF AND EGIP

Climate Finance Facility (CFF)

- Initial committed funding (US$151m);
- Co-funding with development and private sector institutions to achieve 1:5 leverage; and
- Projects in Rand common monetary area – credit enhancement products through blended finance.

Embedded Generation Investment Programme (EGIP)

- Funding – $200m;
  - DBSA – $100M;
  - GCF – $100M;
- Credit support to improve viability and bankability of non – sovereign backed PPAs for renewable energy projects; and
- Plan to add 330MW (280MW solar PV and 50MW onshore wind) new capacity

RENEWABLE ENERGY IPP PROGRAMME

Role of DBSA in catalysing private finance

REIPPP impact

- 100+ renewable energy projects (solar PV, wind, solar CSP, small hydro, biomass, biogas and landfill gas) with **6,000MW+** of capacity delivered or in construction.

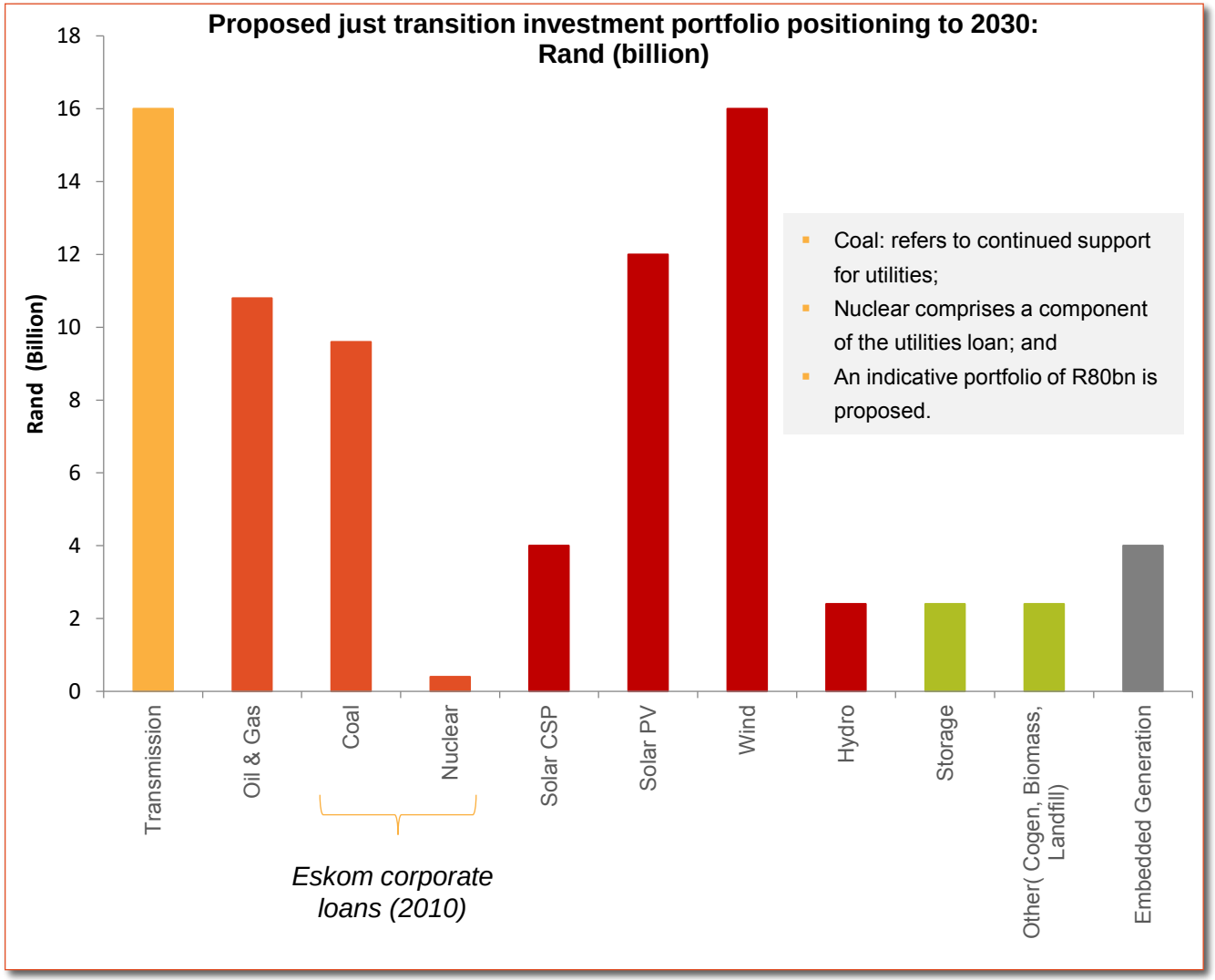
Future programmes

- **Risk Mitigation IPP Programme** - 2,000MW of dispatchable power from various technologies. Preferred bidders announced mid-March and financial close end-July.
- **REIPPPP Round 5** announced mid-April, bids due early August.
- South Africa **Integrated Resource Plan** requires ~12,000MW of new power, including 6,000MW from renewables.

REQUIREMENTS FOR REALISATION OF NET-ZERO FUTURE

INDICATIVE JUST TRANSITION INVESTMENT PORTFOLIO POSITIONING

Proposed DBSA energy portfolio disbursements profile to 2030 is suggested against the Africa Case (2030) scenario utilising a 50% DBSA Climate policy mitigation target.



01

- Energy sector portfolio to as a minimum maintain the current market share of the renewable energy sector within the overall portfolio;

02

- Pivoting of the DBSA energy sector investment portfolio to align with national policy (IRP, SA-LEDs and PEAC), regional and continental policy;

03

- Energy sector portfolio to be informed by concessionary partner investment policies; and

04

- Categories below include proposal for transmission entity and broad IRP categories. New technologies such as green hydrogen not specifically mentioned as foundational work still to be undertaken.

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