



DBSA Perspectives on African Aviation: *A High-Level Overview*

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DBSA Mandate and Strategy



DBSA Mandate:

To catalyze economic growth through investment in economic and social infrastructure, and support regional integration

1 Founding year

1983

2 Shareholding structure

100% owned by SA Government through the Ministry of Finance

3 Vision

A prosperous and integrated region, progressively free of poverty and dependence



DBSA Mandate:

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Mission

To advance the development impact in the region **by expanding access to development finance** and effectively integrating and implementing **sustainable development solutions**

- Improve the **quality of life** of people through the development of **social infrastructure**
- Support **economic growth** through investment in **economic infrastructure**
- Support **regional integration**

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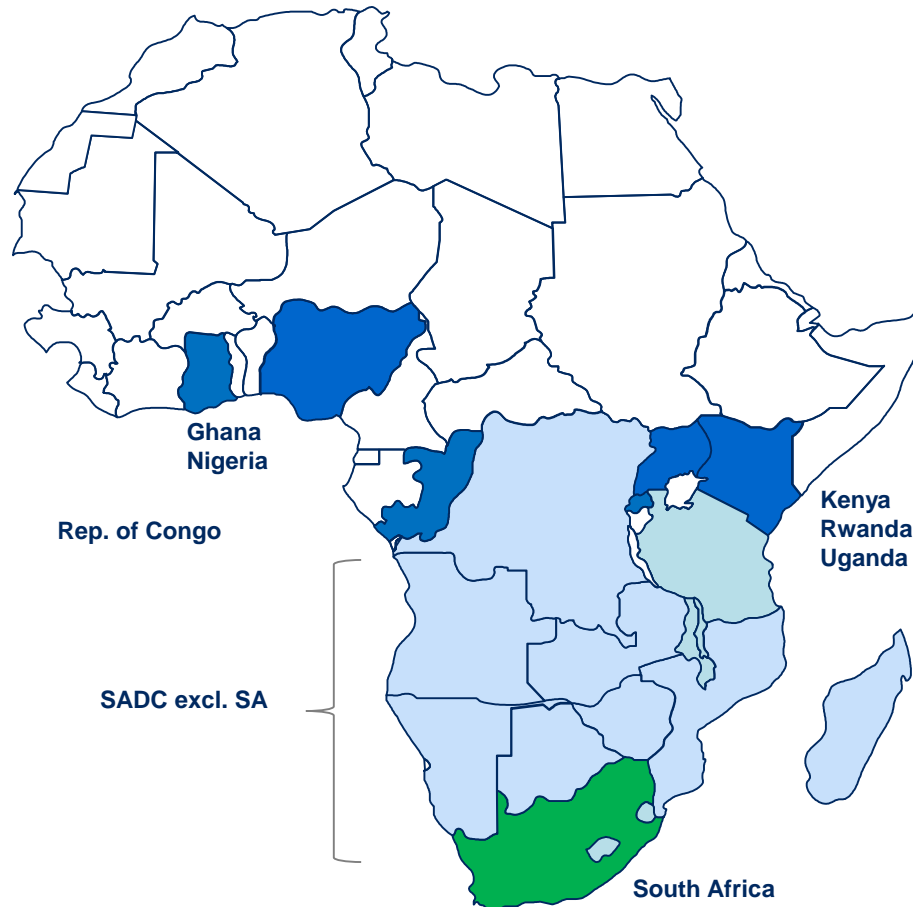
Strategic objectives

- Sustained growth in development impact
- Integrated infrastructure solutions
- Financial sustainability

Although DBSA's mandate covers the whole of Africa, the bank focuses mainly on South Africa, SADC and priority countries outside of SADC

Geographical Focus Areas

- DBSA mandate was recently expanded to the rest of Africa
- The bank however has a targeted approach beyond SADC with focus on six priority countries (Nigeria, Ghana, Kenya, Rwanda, Republic of Congo and Uganda)



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SECTOR MANDATE

CORE SECTORS

Energy

Transport

ICT

Water

Secondary Sectors

- Health
- Education
- Housing

The DBSA operates across the infrastructure value chain, providing integrated solutions

 Core focus area  Secondary focus area



Through integrating processes across the value chain, DBSA drives African infrastructure delivery in an effective and timely manner



Aviation Opportunities



SELECTED AFRICAN AVIATION ISSUES

- Africa's **aging airport infrastructure** has become increasingly critical as the region positions itself as an attractive and sustainable investment destination.
- Large numbers of **African airports need urgent upgrades and regular maintenance**, and others may need total rebuilding.
- **Connectivity** of the aviation industry with other transport sector areas needs to be enhanced

SELECTED AFRICAN AVIATION ISSUES

- The African aviation industry **requires significant investment** not only because of the nature of the industry, but also because Africa has massive backlogs in investments in this industry.
- As Africa continues to grow, **DFIs such as DBSA are critical catalysts** to open up and expand opportunities in the sector.

SELECTED AFRICAN AVIATION ISSUES

- In 2013, **60% of total air traffic in Africa went through 20 airports and Johannesburg (SA)** was 60% larger than the next airport, Cairo (Egypt). This unequal development will maintain the inequality across the continent in the sector.
- African airlines only operate 5.5% of the world's commercial passenger and freighter aircraft and the **African fleet is the oldest in the world** (17 years vs 13 years global average) and their aircraft mix tends to involve smaller than average-size aircraft.

CRITICAL AFRICAN AVIATION ISSUES

- Sumeshin Naidoo, Technical Executive at GIBB, one of South Africa's leading engineering consulting firms working in aviation, said the following about the African aviation industry:

“Poor records of safety and security, (long) distances and limited connectivity, (poor) investment in education and training, lack of adequate resources and infrastructure and a lack of regulation, are among the main challenges faced by the African aviation industry. Aviation as a transportation method provides the economy with significant growth”.

CRITICAL AFRICAN AVIATION ISSUES

- There are massive investment opportunities in African Aviation
- **Africans have to fly to Europe in some cases to reach other African destinations.** In a study done on connections, some African passengers have to make two to three connections to reach their destinations on the continent.

AFRICAN AVIATION SOLUTIONS

“To have effective commercial airports, African countries must adopt **proper maintenance protocols** with a full implementation rollout. Addressing these challenges could significantly boost future growth for the aviation industry. An **investment in infrastructure development**, safety, security and regulatory frameworks is of principle importance if African airports and African airlines are to become truly global competitors,” (Naidoo: GIBB, 2015).

Selected DBSA Focus Areas

- Enhancing the DBSA's **value proposition outside South Africa**
- Accelerate the delivery of **Large Urban Catalytic Infrastructure** projects (major transport focus; need more attention on Aviation)
- **Fee income** diversification strategy
- Positioning DBSA as the go-to institution for **Renewable Energy** infrastructure development in Africa
- Developing necessary **Skills**, and **Building Institutional Capacity** to grow not only the aviation sector, but all African economies.

OUR CALL TO YOU:

Let us work together to develop Africa aviation. We need our partners' skills and experience to take full advantage of this available business opportunity in African aviation.

Thank You



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DBSA

Development Bank
of Southern Africa

GROWING A FOCUSED, SUSTAINABLE AND DEVELOPMENTAL DBSA