



**Development Bank of Namibia
Presentation to AFRECO
26 November 2020**



**Development
Bank of Namibia**

Expect more.



About the Bank





Development Bank of Namibia

- Established 2004 (Development Bank of Namibia Act)
- Government of Namibia is sole shareholder
- Large enterprises, infrastructure & SMEs
- Pioneers new forms of lending
- Develops financial markets
- Transformative lending to address persistent economic issues



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Mandate

○ Primary objectives

- Mobilise public and private financial resources, nationally and internationally
- Appraise, plan and monitor implementation of development plans
- Enable private sector and community participation in development
- Assist development of money and capital markets.

○ Secondary objectives

- Cooperate with other DFIs to develop an integrated finance system
- Assist public and private sector to manage specific funds



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Governance

- Governance through board and executive committees
- Robust risk management
- Strong due diligence on loans
- Post-lending management
- Tracking of development impact
- Environmental and social management
- Focus on continuous improvement



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Partnerships for development finance (benchmarking and funding)

- SADC DFI Network
- African Development Bank (on-lending of concessional loans)
- KfW (on-lending of concessional loans for climate adaptation)
- NSX-registered bond programme
- Industrial Development Bank (South Africa)
- Development Bank of Southern Africa
- NORSAD
- Credit Guarantee Scheme (commercial banks and National Special Risks Insurance Association)





Lending portfolio

- Large enterprises & infrastructure
- Ring-fenced SME lending
- Lending to address development needs
- NDP5 sector focus
 - Manufacturing
 - Transport and logistics
 - Tourism & hospitality
 - Infrastructure
- Transformative lending
 - Inclusiveness
 - Women & youth
 - Skills-based entrepreneurial development





Development Bank of Namibia SME Centre

- Finance for SMEs
- Employment creation
- Development of enterprise ecosystem
- Transformational lending
 - Previously disadvantaged Namibians
 - Women entrepreneurs
 - Young entrepreneurs





Showcase projects



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National Energy Fund (NEF)

- Strategic Fuel Storage
- Extension of Namibia's fuel storage capacity from 1 month to 2 months
- Financed by DBN with concessional capital from AfDB
- Proxy governance of funds during project on behalf of NEF
- Risk mitigation and supervision by Project Preparation Fund
- Value: N\$4.2 billion



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Omburu Solar Photovoltaic Park

- Pioneering finance for independent power producer (IPP) and renewable energy
- Namibian partnership with French company
- Multiple solar parks and one wind farm followed
- Relieves shortage of electricity through PPP model with electricity buyers
- Value: N\$ 84 million



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Ohorongo Cement

- Equity participation (minority shareholding)
- Majority shareholder: Schwenk Zement (German parent)
- Establishment of cement plant
- Secures local production of cement
- Equity participation with Industrial Development Corporation (IDC) and Development Bank of Southern Africa (DBSA)
- Value: N\$83 million



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Pulsar Electronics

- DBN Innovation Award Winner & showcase project
- Manufacturing of remote electricity meter management and wi-fi router
- Supports electricity saving and internet access
- DBN assistance with product prototyping and business model
- N\$500,000



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Programmes ~ past and ongoing



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Bond programme

- N\$2.5 billion bond subscription programme listed on Namibian Stock Exchange
- Deepen private sector participation in development (governance by proxy)
- Extend range of Namibian investment mechanisms
- First bond settled





Project Preparation Fund

- Activities to prepare major enterprises for bankability
- Demand studies
- Risk mitigation
- Environmental and social management
- Supervision of complex projects



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Credit Guarantee Scheme

- Increase access to finance for SMEs
- Component of SME Financing Strategy (includes Mentoring & Coaching Programme and Venture Capital Fund)
- Smart partnership to reduce commercial bank collateral requirements for SMEs
- Scheme provides collateral cover of up to 60%
- One participating bank
- More banks expected to follow





Skills-based finance for young entrepreneurs

- Alleviate shortage of trade and technical skills for enterprises
- Develop professional services
- Future pool of entrepreneurs
- Employment creation
- No collateral requirement at application
- Assets financed serve as collateral
- Reduced borrowing floor: N\$50,000



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Economic recovery and Covid-19



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Government of the Republic of Namibia Policies and institutions for Covid-19 support

- Onset 13 March 2020
 - 13,500 cases *
 - 12,680 recoveries *
 - 138 deaths *
- Rapid response
- Emergency income grant: N\$562 million
- Social Security Commission
 - Salary protection: N\$150 million
 - Contribution waiver: N\$142 million
 - SME & domestic workers: N\$32 million
- N\$500 million business relief (DBN)
- N\$352 million agriculture relief (Agribank)

** at 14 November 2020*





Economic recovery

- Economic impacts of
 - Covid-19 interruption
 - Multi-year recession
 - Prolonged drought
- Government developing economic recovery plan, based on recommendations of:
 - 2019 Economic Growth Summit
 - High Level Panel on the Namibian Economy



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Covid-19: DBN immediate response

- Repayment holidays
 - Tourism sector: N\$33.8 million
 - SMEs: N\$35 million
 - Lengthen term of loans to offset interest recapitalization
- Grant funding support from a bilateral partner to waive interest accruing from April to December 2020 for most affected clients
- Priorities
 - Preserve existing clients
 - Extend relief to new borrowers
 - Enhanced portfolio management
- Additional N\$500 million business relief lending to be administered by DBN
- Sourcing concessional funding to onlend to struggling businesses





Covid-19 recovery and post-recovery programmes





Ongoing projects requiring support

- Focused on Covid-19 recovery and previously planned before for economic recovery
- Ongoing SME Support
 - Improve access to finance for SMEs
 - Mentoring & Coaching (improve sustainability of SMEs with knowledge, experience and capacity building)
 - Venture Capital Fund
- Affordable housing
 - Continuing support of affordable housing and land development
 - New housing models and finance



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New initiatives

- **Controlled environment agriculture**
 - **Agro-processing**
 - **Reduce impact of droughts**
 - **Improve food security**
- **Climate adaptation**
 - **Reduce impact of climate change**
 - **Water consumption reduction**
 - **Heat reduction**
 - **Focus on National Development Plan sectors**
 - **Socio-economic wellbeing**



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Relationship and mutual support



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Relationship

- Mutual understanding
- Mutual respect
- Mutual benefit
- Memorandum of Understanding informed by study of opportunities and goals



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Mutual support

- Opportunities for finance of Japanese enterprises registered in Namibia
- Opportunities to co-finance projects with Japanese development partners
- Administration of funds advanced by Japan for targeted economic activity, e.g. Mentoring & Coaching Facility
- Transfer of skills from Japan





**Financial statements available at
www.dbn.com.na/annual**



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Thank you.



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