

# GROWING A FOCUSED, SUSTAINABLE AND DEVELOPMENTAL DBSA



## 3<sup>rd</sup> National Biogas Conference: Funding Criteria for Biogas Projects



# Green Fund Establishment & Implementation FY2012/13-FY2016/17

**WE ARE  
HERE**

Targeted  
Programming,  
M&E, Knowledge  
Management,  
Lessons Learnt and  
close out

RFP3- Targeted/Active  
origination/Strategic  
engagements

**(Oct 2014)**

RFP2- Research  
Grants

**(Feb/March 2014)**

RFP1- Project  
Finance

**(Sept/Oct 2012)**

DBSA MoA with DEA  
implementing partner  
of GF

**(FY2012/13-FY2015/16)**

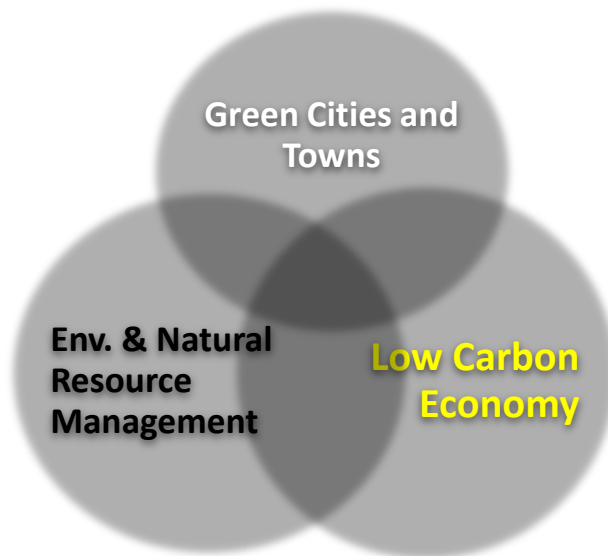
National  
Treasury  
allocation of  
R1,1 billion

**April 2012**

# Green Fund Objectives and Mandate Sectors

One of government's strategic responses was to establish the  
**Green Fund**

- To provide **catalytic finance** to facilitate investment in green initiatives to transition SA to a green economy by financing **project development, capacity building research and development** for green initiatives
- Build **an evidence base** to further inform policy and regulatory environment for inform green economy investments



- ✓ Energy efficiency
- ✓ Renewable energy
- ✓ Rural energy including use of renewables
- ✓ Biogas and biofuels
- ✓ Sustainable transport
- ✓ Industrial cleaner production and consumption

# The DBSA Project selection criteria (Project Preparation Unit) uses a number of selection criteria for reviewing and accepting projects into the pipeline and funding

1

Sector / strategic fit

2

Development Impact

3

National / regional priority

4

Co-funding opportunities

7

Potential Investment Value (USD 10 – 250M)

6

Cost recovery and return (Financial viability)

5

Institutional capacity of the project sponsor



# Green Fund Eligibility Criteria

## Relevance & Additionality

- Projects to be directly related to one of the thematic windows and have distinct environmental benefit
- Focus on Projects with environmental benefits that would not have happened without Green Fund support

## Impact & Leverage

- Projects to support national priorities i.e. economic growth, job creation & poverty alleviation etc.
- Private sector funders progressively replaces public spending to further the green economy
- Create suitable environment for international and multilateral and private sector investment that are aligned with national interests to participate.

## Scalability & Spatial distribution

- Focus on taking projects to scale in order to localise manufacturing capacity and drive down technology costs
- Attention to be paid to the spatial distribution of the projects

## Sustainability

- Capacity to implement, technically, financially, institutionally, socially & environmentally
- Focus on financial sustainability and replicable projects that generate long term savings and/or revenues.
- Develop replicable models and capacity to implement.

# Request for proposals 1 - screening

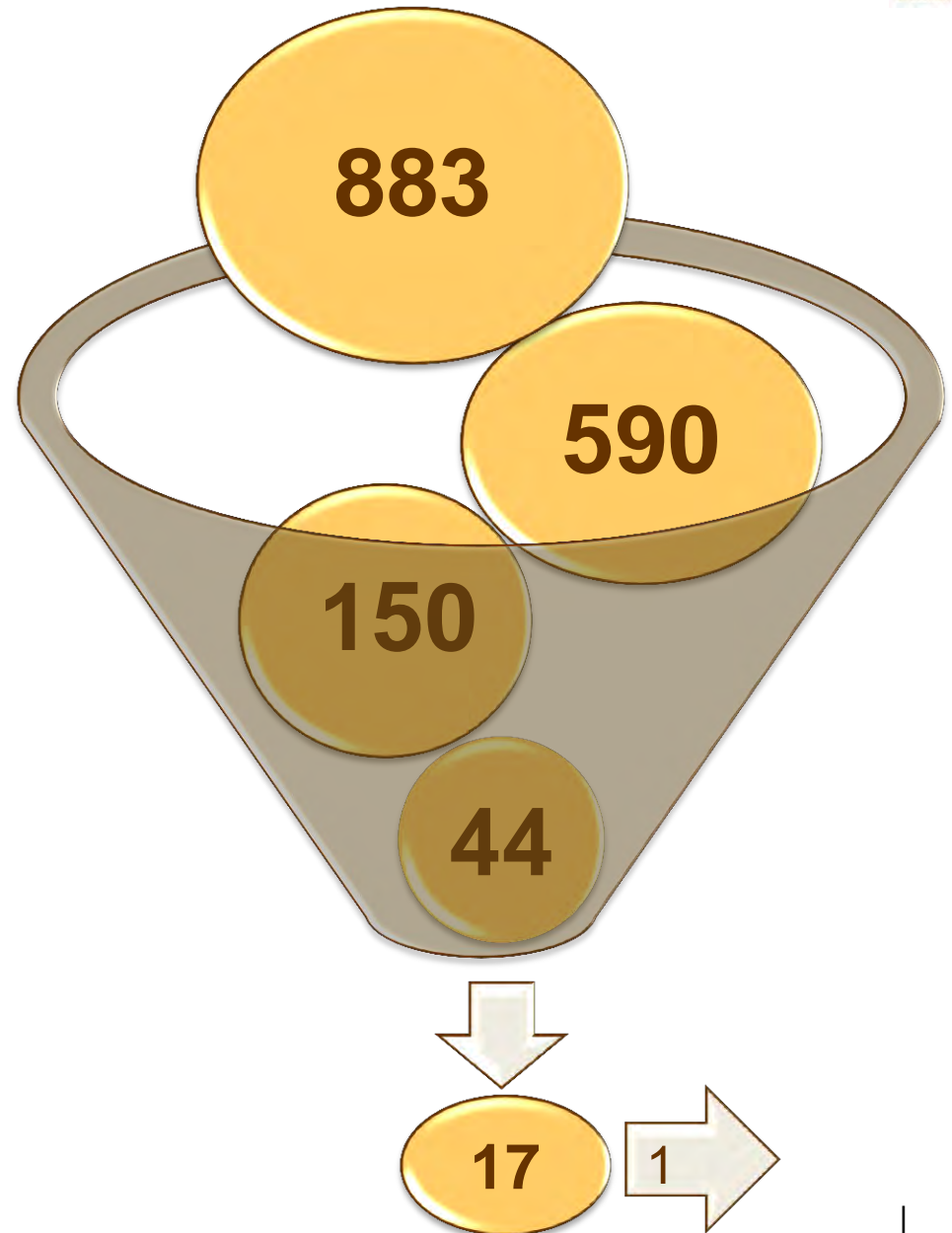
No. of proposals initiated on the system

No. of proposals completed and submitted

No. of proposals after on-line screening

No. of proposals after prioritization process

No. of proposals after ERR review process – submitted to Mancom



# Request for proposals 3 - screening

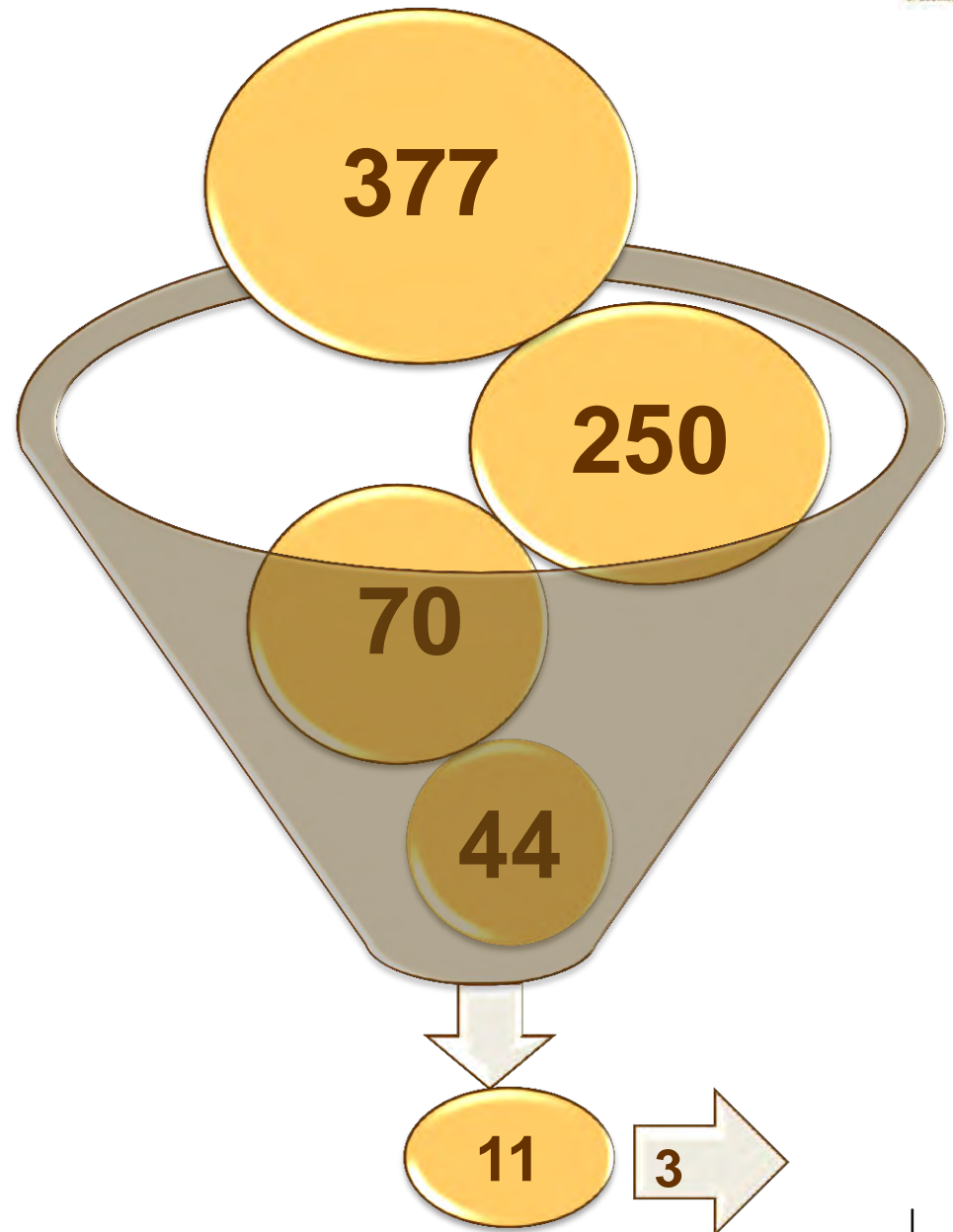
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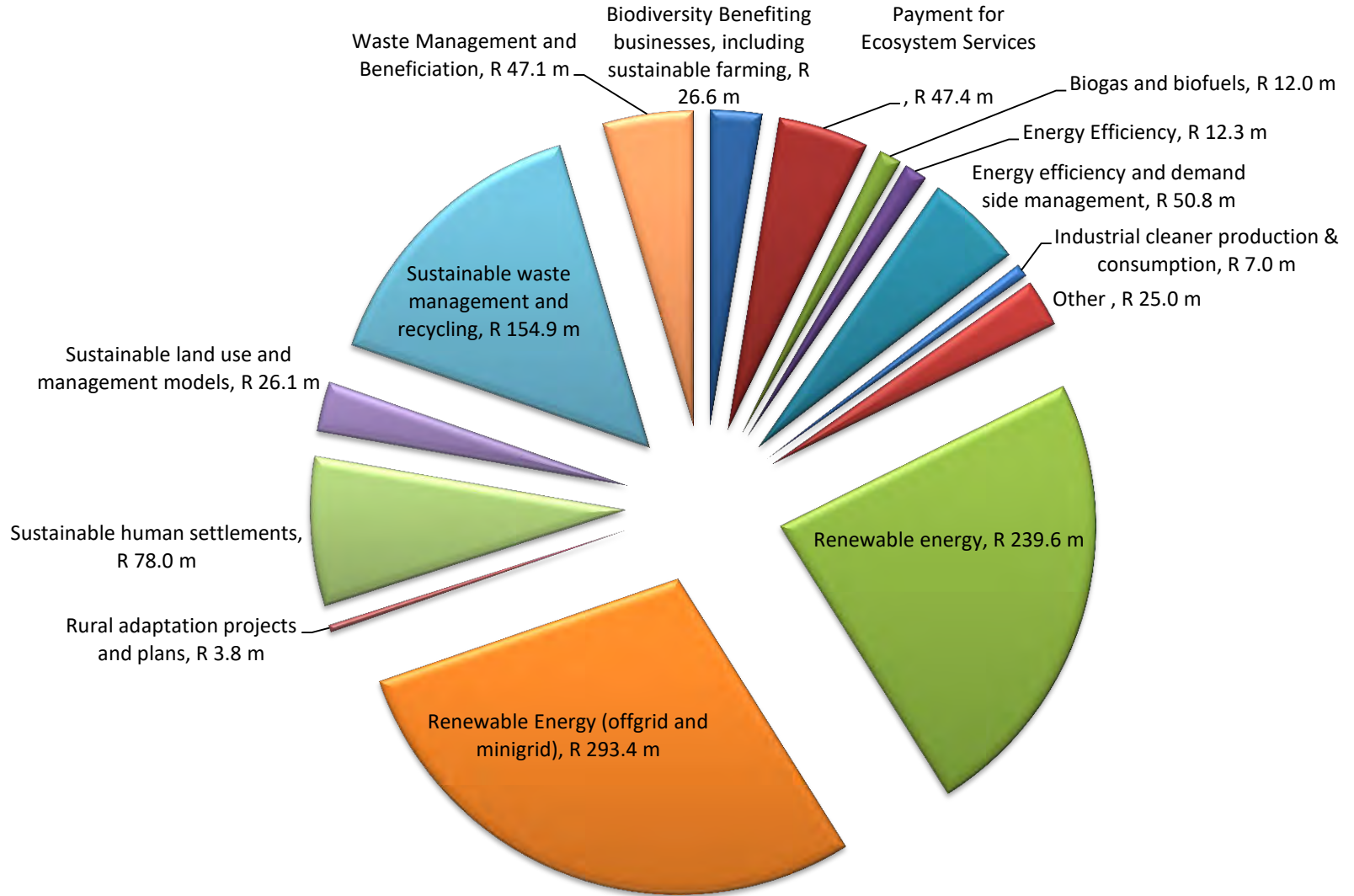
No. of proposals after ERR review process – submitted to Mancom



# Reasons for rejection

1. Bankability : Commercial / financial viability
  - Poor / marginal project returns
  - Offtake agreement
  - Feedstock supply reliability
  - Lack of co-funding (skin in the game)
2. Quality of project proposals
3. Regulatory compliance – permitting and licensing
4. State of readiness for implementation

# Investment Per Green Economy Sector



## Green Fund Bio Gas Projects

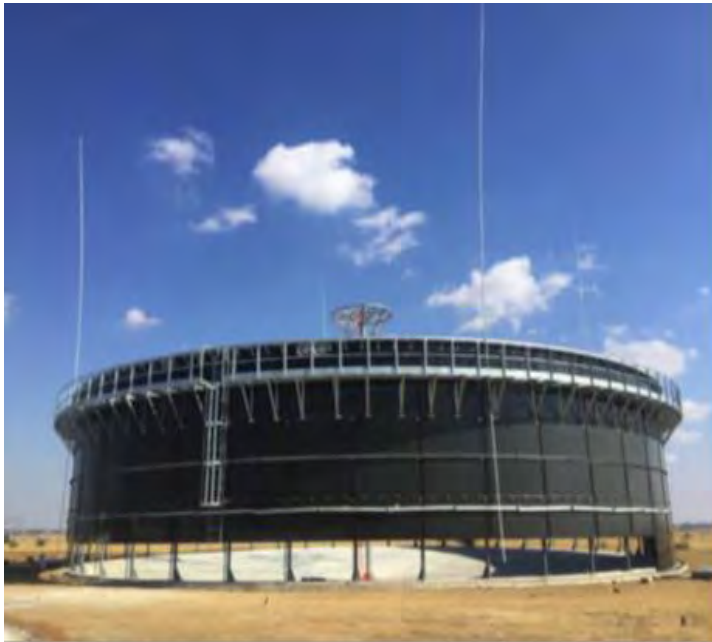
Project	Application	Feed stock	Green Fund Commitment
Lukhanyiso CNG project	Transport	Chicken & pig manure & sorghum	R 60M
Ibert biogas - combined heat & power facility	Electricity & heat	Abattoir waste	R 5.6M
<b>TOTAL</b>			<b>ZAR 65.6 M</b>

# Biogas Development Impact

Application	Project	
	Lukhanyiso CNG	Ibert Biogas (CHP)
Electricity	-	135 kW
Transport	5,308,674 t CNG	-
Organic fertilizer	64,980 t	-
Heat	-	170 kW
Job creation	20 direct jobs & 36 DC	10, 18 abattoir expansion

# Green Fund biogas projects – Lukhanyiso Food and Energy Centre

- **Project name:** Lukhanyiso Food & Energy Centre
- **Location:** Lukhanyiso Farm, Kultwanong, Free State
- **Project description:** Private sector and restituted emerging small-scale farmers producing bio-CNG plant with capacity to produce 174,000 GJ/annum bio CNG from sorghum and livestock waste, with confirmed gas off-take (private energy company)
- **Development status:** Construction
- **Green Fund Investment:** R 60 million concessional loan
- **Jobs:** 22 direct and 12 indirect



# Green Fund biogas projects – IBERT: Biogas and Combined Heat and Power Facility

- **Project name:** IBERT: Biogas and Combined Heat and Power Facility
- **Location:** Cullinan, Gauteng
- **Project description:** treatment of biological (abattoir) waste for CHP and electricity
- **Development status:** Construction (Phase 2)
- **Green Fund Investment:** R 5.6 million recoverable grant
- **Jobs:** 8 direct and 35 indirect





THANK YOU

