



Development Bank of Namibia
Finance for serviced land: a model



About 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
- More information
www.dbn.com.na



Types of finance

- Asset-backed Finance (ISA)
Movable assets for enterprises
- Commercial Property Finance
Construction of plant and offices, etc.
- Business Finance
Medium to long-term enterprise financial needs
- Bridging Finance
Short-term enterprise financial needs
- Franchise Finance
Acquisition and operation of manufacturing franchises
- Business Acquisition Finance
Management buy-ins and buy-outs
- Invoice Discounting
Advancement of capital against due and payable invoices





Land Development Project

High Level Concept



**Development
Bank of Namibia**

Expect more.



In a nutshell

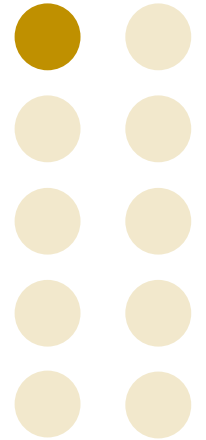
- A win-win proposal to deliver serviced land and housing through an SPV with the local authority, project manager, developer, consultant & DBN.
- USP: Local authority retains ownership of the land (leasehold)

Wins

- Local authority: risk-free allocation of land (rates & taxes, development impact)
- Project manager: fees
- Developer: fees
- Consultant: fees
- DBN: interest

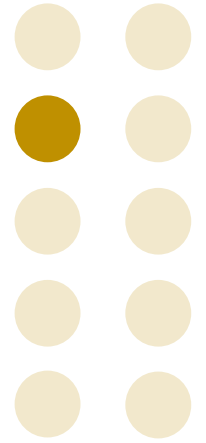
Impact

- Allocation of land to residents
- Housing for residents



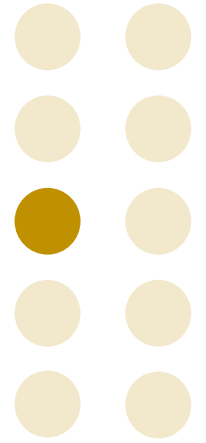
Background & concept

- Promote access to finance for Local Authorities;
- Support land and / or housing delivery;
- Local Authorities maintain ownership of the land
- Land not transferred = risk free concept
- DBN bears the financial risk
Risk measured with due diligence and market feasibility
- Mandates
 - social progression
 - economic transformation;
- Local Authority requires a Ministerial Approval and Council Resolution prior to agreement with DBN



The Eenhana Project: first pilot

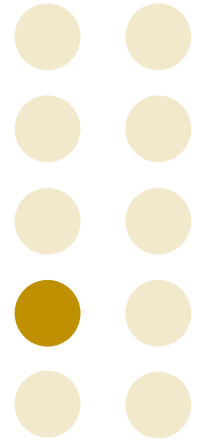
- 2015 pilot PPP
- Provision of bulk infrastructure (servicing) 171 plots (mixed zonings)
- Total project cost N\$ 28.1 million (including VAT), based on BoQ prepared by engineers;
- Engineers also responsible for contract administration, procurement and supervision and alienation of sales (with assistance from ETC and estate agents)
- DBN to recover capital and interest from sale receipts
- Profit
 - Local Authority 70%
 - DBN 30%
- Construction completed and sales receipts forthcoming





The Eenhana Project: chart

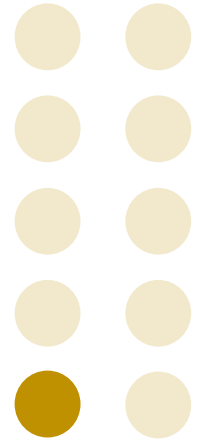
- Executed via a tri-partite JV arrangement between Developer, DBN and Local Authority under a development agreement
- Undertaken via project finance basis
- DBN lent to an SPV, non recourse to shareholders of the SPV





The Nkurenkuru Project: second pilot

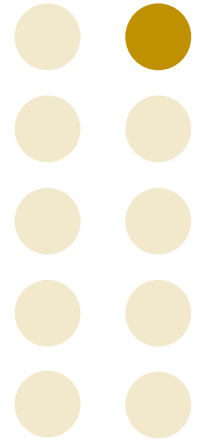
- Provision of bulk infrastructure (servicing) 337 plots (mixed zonings)
- Undertaken via project finance basis
- Cost est. at N\$ 45 million (including VAT)
- Project cost based on BoQ prepared by Engineers;
- Engineers also responsible for contract administration, procurement and supervision and alienation of sales (with assistance from Local Authority and estate agents)
- DBN to recover capital and interest from sale receipts
- Profit
 - Local Authority 70%
 - DBN 30%
- Completion expected within 12 months





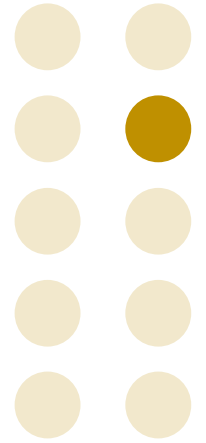
Implementation: risk mitigation & legal

- Roles and responsibilities articulated in Development & Agreement (risk allocation)
- Agreement vetted by external legal counsel
- Feasibility study financed through project preparation fund
- Financial viability established prior to DBN project finance approval



Implementation: technical

- Project Steering Committee established to oversee the project (with representatives from each participating party)
- Project Team - chaired by the Project Manager who reports directly to DBN
- Project Manager coordinates between the Developer and Town Council
- Project Team meets once a month and from the time when necessary
- Project Team discuss progress, sales etc.



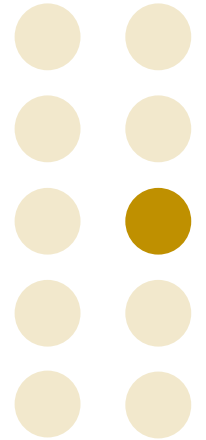


Project team

○ Committee members

Project manager	1 x representative (Chair)
Developer	2 x representatives
Consultant	1 x representative
Local Authority	1 x representative
DBN	1 x representative

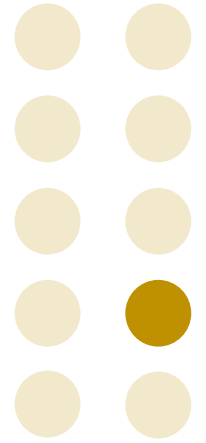
- There needs to be sufficient technical capacity within the project team
- DBN appoints the Developer via a procurement process
- Developer (usually an Engineering Firm) appoints the contractor
- Developer supervises the works throughout the duration of the project





Implementation: sales

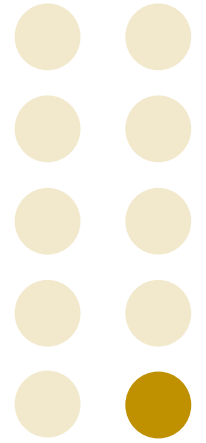
- Project Manager will enlist the services of Real Estate Agents in order to ensure timely sales and transfers of properties, in accordance to projected cash flow
- Building loan contract for the customers to be prepared on conjunction with Town Council
- Sales will be guaranteed through upset prices and need to be within the market range as recommended by the Town Council





Value proposition

- Intent: roll out to other towns/local authorities
- Constant engagements to market facility
- Development impact
 - job creation
 - economic sector stimulation (construction)
 - delivery of land/housing;
- Economic activity stimulated through the provision of business, industrial and general business erven;
- The Town Council benefits = additional rates and taxes





Stay healthy!



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