
Memorandum of understanding between the Development Bank of Southern Africa and IFAD

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 9 of this document.

Technical questions:

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Memorandum of understanding between the Development Bank of Southern Africa and IFAD

I. Background and purpose of the memorandum of understanding

1. In September 2023 the Development Bank of Southern Africa (DBSA) and IFAD initiated formal discussions around the development of a memorandum of understanding (MoU). These discussions were spurred by a series of technical engagements, which highlighted points of synergies between the two organizations. DBSA is a development finance institution established under the laws of the Republic of South Africa.
2. The MoU between DBSA and IFAD will facilitate collaboration in areas of mutual interest, including: (i) integrated sustainable development that enhances the well-being of targeted rural communities; (ii) promoting holistic development approaches that link development to infrastructure connectivity and climate resilience within the African region to the benefit of rural dwellers and smallholder farmers; (iii) empowering rural communities with improved value chains and social infrastructure that contribute to dynamic economies; and (iv) facilitating knowledge-sharing and capacity-building initiatives among stakeholders to promote best practices in sustainable development.
3. This collaboration with DBSA will provide an opportunity for IFAD to leverage additional resources and expertise for its projects, enhancing its impact on development, poverty reduction and climate resilience throughout the East and Southern Africa region.
4. Regular meetings will be held between the two parties to discuss pipeline projects, internal approval procedures, and regional and thematic priorities, which will guide the selection of projects.

II. Development Bank of Southern Africa

5. DBSA, established in 1983 as a Government-owned financial institution incorporated under the laws of the Republic of South Africa, is a development institution that invests in sustainable infrastructure through long-term investments at national and regional levels.
6. DBSA, although wholly owned by the Government of South Africa, also has a regional focus and mandate. As at 31 March 2023, DBSA had investments in 18 African countries, in addition to South Africa. These investments range across water and sanitation, transport, energy, and information and communications technology.
7. DBSA has 40 years of experience in infrastructure development and is fully aligned to the African Union's Agenda 2063, the United Nations Sustainable Development Goals and the Paris Agreement on Climate Change.

III. Alignment with IFAD strategies

8. The principles and objectives of the proposed MoU will be in line with IFAD strategic objectives and policies, most notably the IFAD Strategic Framework 2016-2025 and the IFAD Partnership Framework. Both reference documents advocate for the kind of partnership envisaged under the planned MoU with DBSA. As outlined in the Partnership Framework, the MoU with DBSA will allow for two critical partnering outcomes: (i) the achievement of country impact at scale; and (ii) influencing and contributing to global and national agendas to foster equitable and sustainable rural development.

IV. Recommendation

9. In accordance with article 8, section 2 of the Agreement Establishing IFAD, the Executive Board is invited to authorize the President of IFAD to negotiate, finalize and sign a memorandum of understanding between IFAD and DBSA as described above, the terms of which will be consistent with the IFAD mandate, rules and policies.
10. The signed memorandum of understanding will be submitted to the Executive Board for information at a subsequent session.