

Limpopo Investment Conference

Financing Climate-Smart and Inclusive Growth in Limpopo:
Building a Sustainable Investment Ecosystem

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LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA



LEDA
LIMPOPO ECONOMIC
DEVELOPMENT AGENCY
AN AGENCY OF THE LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

ROOTED IN THE FUTURE



Our commitment to a sustainable environment

Our approach to sustainability is an overarching framework that supports and informs our long-term business strategy focused on **climate, financial inclusion, diversity and inclusion** while driving continual improvement

It is embedded in our strategy with a stated purpose to be an active force for good in everything we do with the ambition of reaching net zero by 2050.



Environmental, Social and Governance (ESG)

ESG is firmly entrenched in our strategy of which economic transformation, inclusive growth and industrialisation are embedded in the 'Social' pillar.

Environmental

Climate (Air and Water)
Waste Management
Natural Resources and
Hazardous Materials

Social

Diversity
Human Capital Management
Health & Safety

Governance

Risk Management
Transparency, Policies &
Regulation
Insurance Cover

Our focus sectors have sustainability (Environment and Financial Inclusion) underpinning their value propositions

Agriculture; Tourism; & Manufacturing (non full list)

All are job creators and financial inclusion is a key driver of our own focus on these sectors.

Renewable Energy
Water
Smart and efficient equipment
Sustainable Supply Chains
Sustainable Materials
Recycling & Circularity

Enterprise Development, &
Enterprise Supplier
Development
Workplace Banking
Citizenship

Sustainable Management and
Policy-Making
CBAM and other local / global
policies



Sustainability, ESG & Financial Inclusion are intertwined

There are key initiatives and programmes driven by Absa and in partnership with DFIs and government that demonstrate this through credit product enablement as well as non-financial support to drive access to those products.

Development credit finance offered (incl. outstanding loans over time and relevant trends)

- Development finance offered by the bank spans across different sectors and segments
- This **includes enterprise development grants and bank lending enabled through DFI guarantees which exceed R1.5bn**
- Specific sector interventions include the **implementation of the Bounce Back Energy Scheme (BBES)** aimed at solar installations and development
- Access to credit for MSMEs and black-owned businesses across multiple sectors has been enhanced by **leveraging grants provided by government and DFIs to offer affordable production, asset, and mortgage financing**. Examples of this include the Blended Finance Scheme within the agriculture sector.

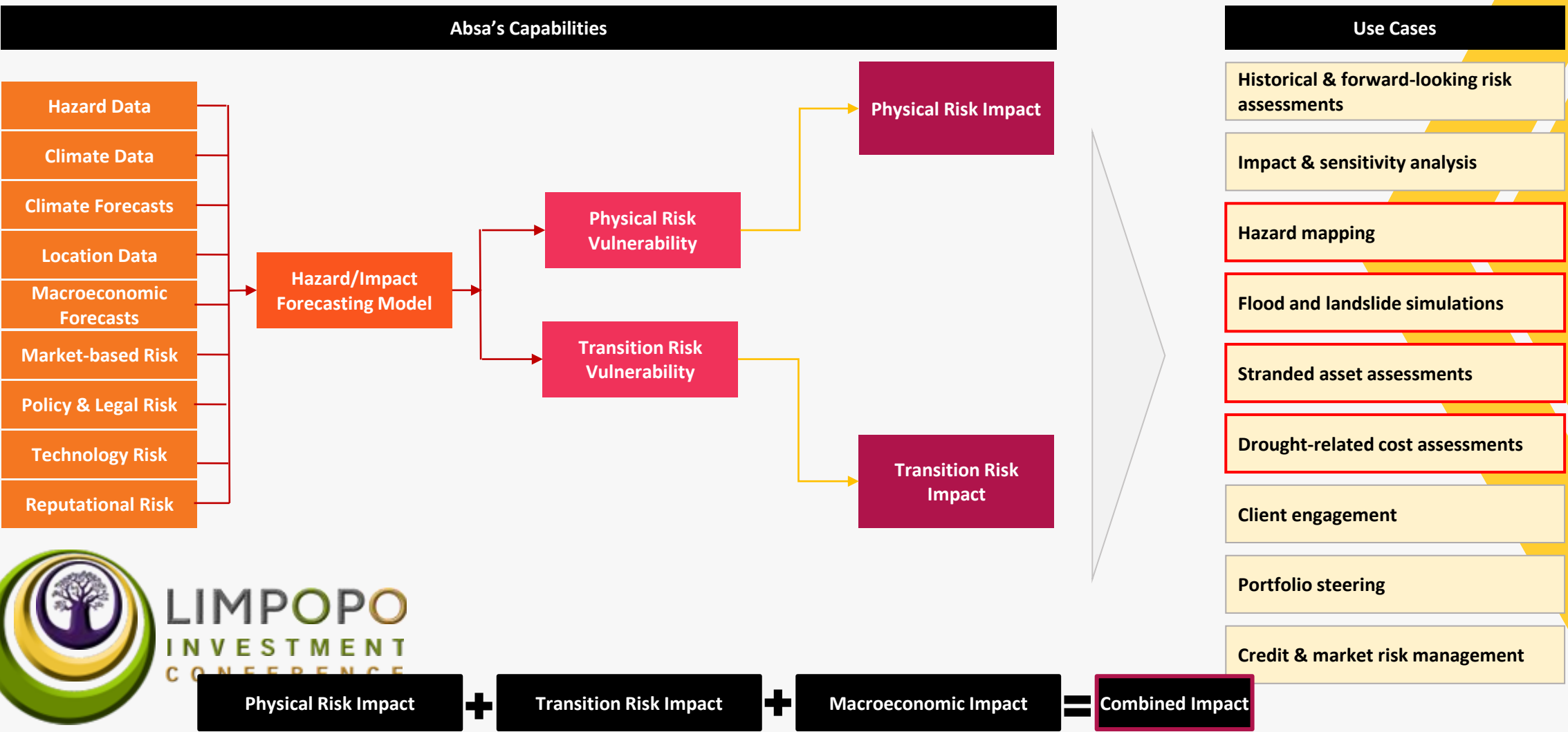
Relationship with development finance institutions

- **Partnerships with both local and international DFIs** have expanded access to financial solutions for MSMEs
- A R1.7bn sustainability linked loan from AfDB **is being leveraged to incentivise women-owned enterprises and to increase access to trade finance to reduce the gap in key sectors such as agriculture and manufacturing**
- We see continued opportunities in DFI funding lines **that will support financial inclusion**.

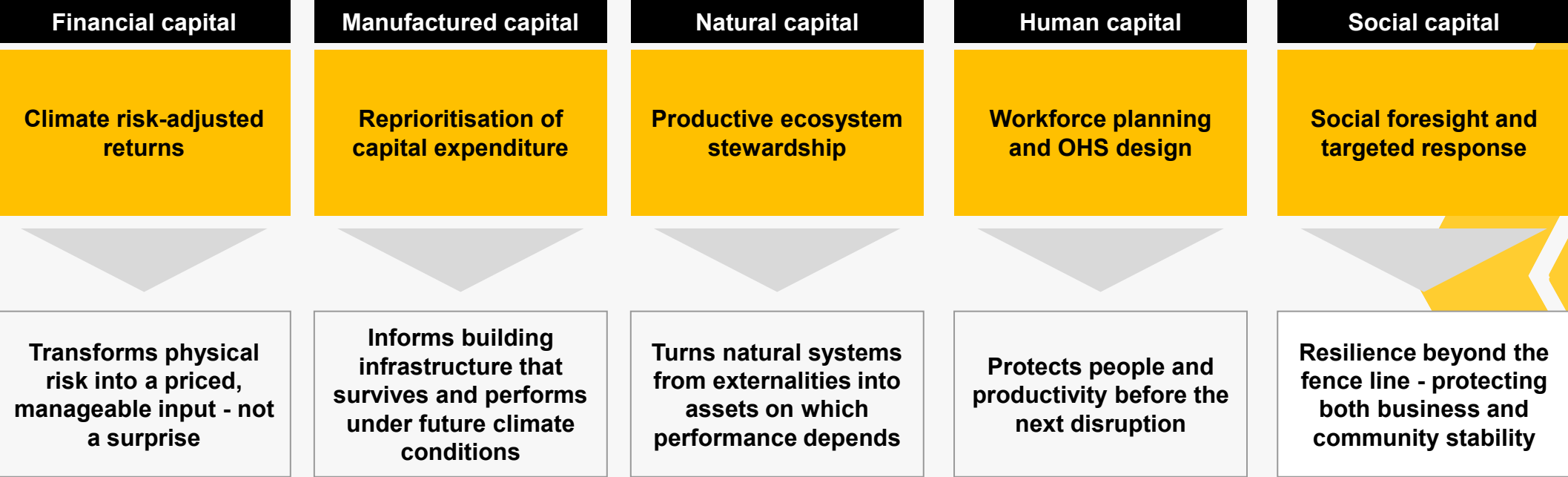
Measures developed by the bank

- Key measures adopted by the bank are interlinked with business performance measures including, **the number of new MSMEs with access to financial services through new transactional accounts, new loans issued, and development finance loans issued**
- **A key pillar to our strategy is to 'transform the business landscape to be more representative and support our communities'**. This is measured through preferential procurement, supplier development, empowerment financing and enterprise development
- Absa's **target is to shift spend to qualifying EME/QSE's to enable lending**. Absa's Group Procurement Policy, endeavor to navigate spend to suppliers that achieved a minimum level 3 B-BBEE status with black ownership and black women ownership (preference of 51% Black Owned and/or 30% Black Women Owned).

Climate-related risks have had material impacts on SA stakeholders. Using locally relevant information sources, Absa's response was to develop **Climate Risk Stress Testing (CRST)** capabilities that enable **informed decision-making...**



...turning ‘ESG’ from a data collection and disclosure exercise into **financial foresight and competitive advantage**



Absa’s CRST offering is localised climate intelligence - to price risk, protect value, and identify the next frontier of resilient growth



Decision input Comparative advantage

The mindset we've seen from clients in deciding on their smart climate investments

Commerciality

It's not just a green choice — it's a smart financial decision

- Electricity & water cost inflation vs. installation price deflation
- Access to innovative financing options
- Cash flow neutral / positive

Energy & Water Trilemma

Availability (Security)

Keeping operations online in a volatile resource environment

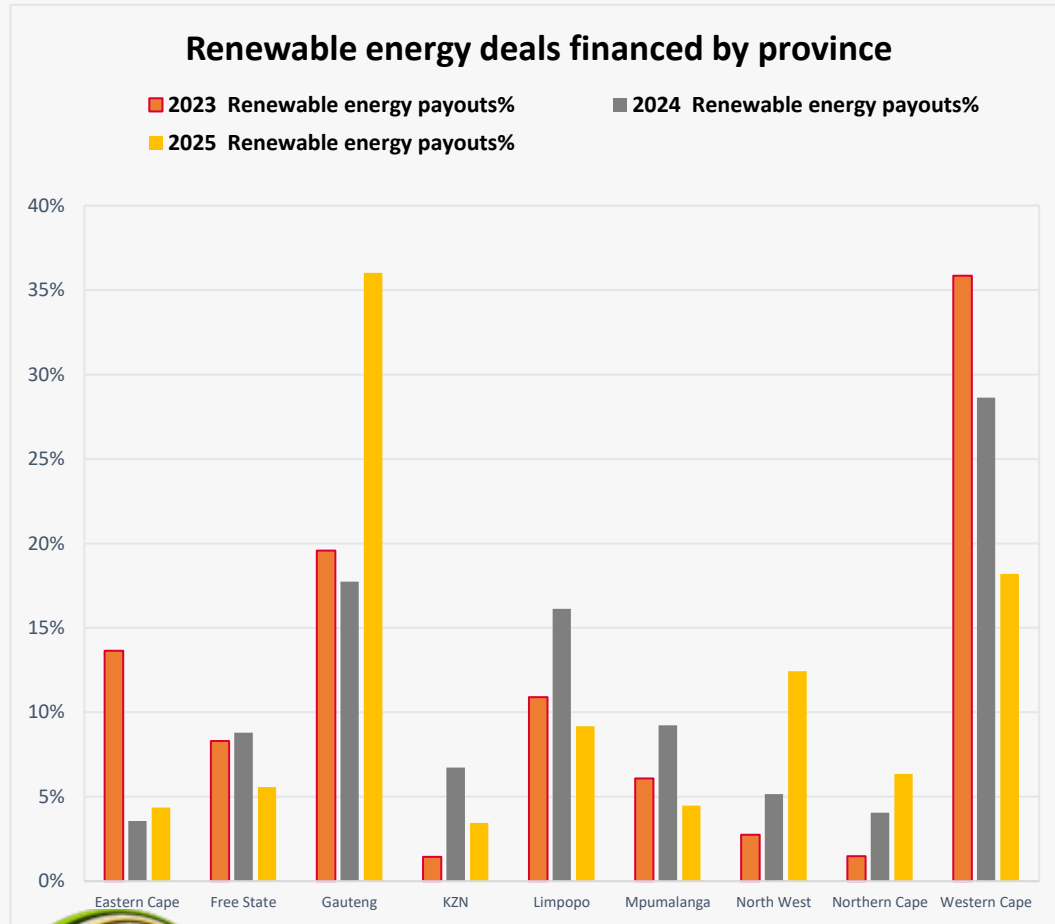
- Resilience has been a major driver of investment into energy and water
- Solar + battery systems offer decentralised resilience
- Infrastructure outages are a property risk factor

Sustainability

Future-proofing your business

- Green energy generation
- Smarter water usage
- International standards
- Local climate = perfect for solar generation

Limpopo is an important province in our Renewable Energy funding and continues to grow



Performance to date:

- Limpopo province contributes an average of **12.06%** to the renewable energy payouts to date with agriculture sector contributing more than 80% followed by wholesale, retail trade & franchise (WRF) with 2%

Notable deals: largest BESS systems installed in the country housed in Limpopo

- Project A: 1.1 MW hybrid
- Project B: 300kWp panels + 1.5 MWh BESS
- Project C: 1 MWh BESS system

Key Sector Trends:

- Eskom implemented an electricity tariff increase of 12.74% for direct customers and 11.32% for municipal customers (to be effective from 1 July). This results in an average annual increase of 12.97% compared to a yearly CPI increase of 5.41% during the same period
- According to the latest South Africa Renewable Energy Grid Survey (SAREGS) survey, Limpopo has 18 GW of 220 GW of total renewable energy pipeline under development across the country. Of that, 7.8 GW is solar PV, 7.6 GW is solar PV + BESS and 1.8 GW of BESS
- Out of a total of 7.3 GW of rooftop PV capacity installed across South Africa, the Limpopo region contributes approximately 6%
- Of the total of 16.1 GW of NERSA registered projects, Limpopo accounts for 2.7 GW

How can Absa support businesses: We are proud to partner with our clients in delivering innovative and ground-breaking renewable energy projects. Our tailored financing solutions span the full spectrum – from supporting households with solar systems for their homes, to empowering small, medium and micro enterprises (SMMEs) with energy backup solutions and enabling large-scale infrastructure

Renewable Energy Client Value Proposition

1

Why choose Absa?

- Dedicated sector expertise
- Expert-driven
- Pioneers in renewable energy
- Sustainability initiatives

2

Sector solutions

- Access to finance
- Attractive pricing benefits
- Solar equipment assessments
- Access to our solar installer network
- Financing for Independent Power Producers

3

Core product offerings

- Competitive renewable energy financing
- Additional business finance and insurance

South African **water crisis** threatens the continuity of business operations

Insufficient and inconsistent water supply

- Low average rainfall and per capita water availability, compared with other countries
- High seasonal and regional variability of rainfall
- High run-off and evaporation potential

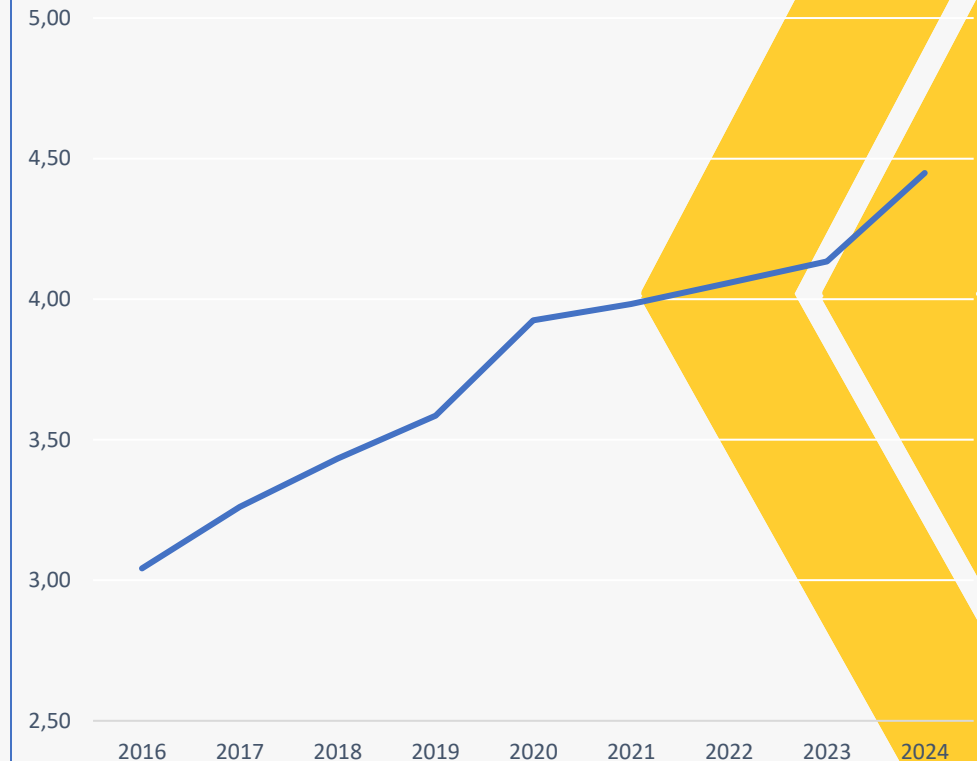
Inadequate infrastructure

- Shortage of technical skills
- Poor infrastructure management
- Inadequate budgeting and expenditure on maintenance
- Non-reflective tariffs
- Vandalism
- Significant leakages (40%) between source and tap
- Pollution of watercourses
- Inadequate wastewater treatment

Increasing demand and a lack of awareness

- Demand increasing an average of 1% per annum
- Low (financial) incentives to reduce usage or improve efficiency
- Excessive consumption (237 litres used per person per day compared with global average of 173 litres per person per day)

Average Domestic and Industry Raw Water Tariff
(c/m³)



Source: DWS National Integrated Water Information System - Raw water tariffs dashboard
Average calculated across the 9 water management areas of South Africa



How can Absa support you

Reduce your water demand

Leak detection:

Water leaks are not only a waste of water but also affect your business' bottom-line. Being able to quickly identify and correct leaks enables your business to mitigate water wastage and protect your business margin.

Water metering systems:

Smart water meters provide real-time data using digital technology to measure and record water consumption and pressure levels, enabling you to determine which aspects of your business are using water inefficiently.

Innovative solutions:

Reduce water demand by investing in more efficient equipment and machinery, or through innovative solutions such as low-flow devices.

Water recycling and reuse:

By investing in a greywater system, you would reduce your business' demand and reliance on municipal water as recycled water can be used elsewhere in the business (including the flushing of toilets or for irrigation).

Back-up & Alternative water sources

Municipal water backup:

Ensure your business has a reserve of municipal water to rely on during water outages by utilizing water storage tanks. A water backup solution is also a typical requirement from insurance providers regarding fire risk.

Alternative water sources:

Alternative sources of water include ground, sea and atmospheric water. These alternatives can provide additional water in replacement of, or in conjunction with, the municipal supply.

Water treatment:

Alternative water sources, and in many cases – municipal water, require a level of water treatment. The type of treatment process involved needs to be fit for purpose dependent on the quality of water and what the water will be used for.

Absa's **Enterprise and Supplier Development** strategy is to enable access to development finance for emerging SMEs. We support this access to development finance through Business Development Support (BDS) which is a business skills training intervention for SMEs and access to markets. Our development finance solutions include Bank Lending, Corporate Funds Administration as well as Alternative Funds.

Marula Platinum Mine
(Sekhukhune District)

- Memorandum of Agreement signed with mine **to fund SMEs under their supply chain** – this will assist in shifting spend to locals
- Collaboration will provide access to finance for SMEs
- Training on regulatory requirements of mines
- Business Development Support

University of Venda
(Vhembe District)

University Centre for Entrepreneurship and Rapid Incubation

- Absa to **run a skills development program through specialised masterclasses with a competitive pitching platform**, creating opportunities for sustainable business growth and market access for local SMEs in the Vhembe district

Youth in Agriculture
(Waterberg District)

- Absa programme **aimed to provide targeted support for youth farmers in Limpopo Province.**
- The initiative will enhance their compliance, financial literacy, and market readiness, enabling sustainable participation in local and global agricultural value chains.



Absa's Enterprise and Supplier Development

Absa & South African
Chamber of
Commerce and
Industry Township
Economy
(Vhembe District)

Absa SACCI Township economy and development Conference Tour

- Aimed at **empowering township and rural economies in the MSME landscape**
- To support in strengthening connections between MSMEs and larger institutions, highlighting the development potential within township and rural economies and to encourage investment into the regional economies

Glencore Mine
Costing Training
(Sekhukhune District)

- SMEs receiving purchase orders from Glencore **participated in an interactive Costing and Pricing Training Workshop**
- This intervention is aimed to strengthen SMEs' understanding of key pricing principles and costing methodologies, **enabling them to effectively price their goods and services when fulfilling mining-related contracts**

Unisa Enterprise
Green Economy
(Capricorn District)

- The goal of this program is to **strengthen the operational capacity of 25 local businesses by enhancing their business management, financial literacy, productivity, marketing, and leadership skills**. By equipping business owners with essential tools and knowledge, this training will contribute to the growth and sustainability of SMEs in Sekhukhune District.

Business Operational
Skills Program
(Sekhukhune District)

- This initiative is in partnership with Unisa Enterprise to support 10 of their entrepreneurs selected out of the 50 that are part of a **Green Economy Entrepreneurship Training and Incubation programme**
- The programme aims to empower businesses to contribute meaningfully to the green economy through innovative solutions and sustainable practices

Absa's strategic intent within the province

Agriculture

- **Absa Agriculture participates in the Blended Finance Scheme (BFS) for emerging black farmers**, a program managed by the Land Bank and funded by the Department of Agriculture, Land Reform and Rural Development (DALRRD).
- This scheme **combines public grants with private loans to fund land acquisition, expansion, equipment, working capital, and insurance for eligible Black producers or majority Black-owned enterprises in agriculture**. While Absa follows the BFS requirements, it may have its own bank-specific standards that cannot contradict the agreed-upon criteria"
- Our primary focus is on driving transformation in the agri sector and the development of emerging farmers
- Pursue strategic relationships with farmer organisations within the province as well as traditional authorities
- Focus is also on the secondary agri market and off-takers

Mining

- Our primary focus is on building strong relationships with mining houses across the province.
- We provide tailored financial solutions to support mining operations and their entire value chains.
- We enable SMME participation within mining ecosystems by offering funding and advisory services.
- We pursue strategic partnerships to drive transformation and local economic development in mining communities.

Tourism

- Tourism is a key focus area for us, given its potential to drive regional growth and job creation.
- We have conducted national training programs for the tourism sector, which included three sessions in Limpopo covering Polokwane (Capricorn District), Limpopo East & North (Vhembe and Mopani Districts) , and Limpopo West & South (Sekhukhune and Waterberg Districts).
- These sessions focused on marketing strategies and enhancing visibility for tourism businesses.
- We continue to support tourism enterprises with financial solutions and capacity-building initiatives.

Energy

Green Economy – Solar PV

- Absa in collaboration with SAPVIA and National Business Initiative has invested in the **"Upskilling into Solar PV"** programme
- Upskilling 100 electricians with a focus on youth and women-owned businesses, through Solar PV Green Card training and SAPVIA competency assessment
- Placement of successful beneficiaries with installation companies for a 3-month internship, prioritizing SAPVIA member companies
- Entrepreneurial beneficiaries supported to start businesses & offering financing solutions