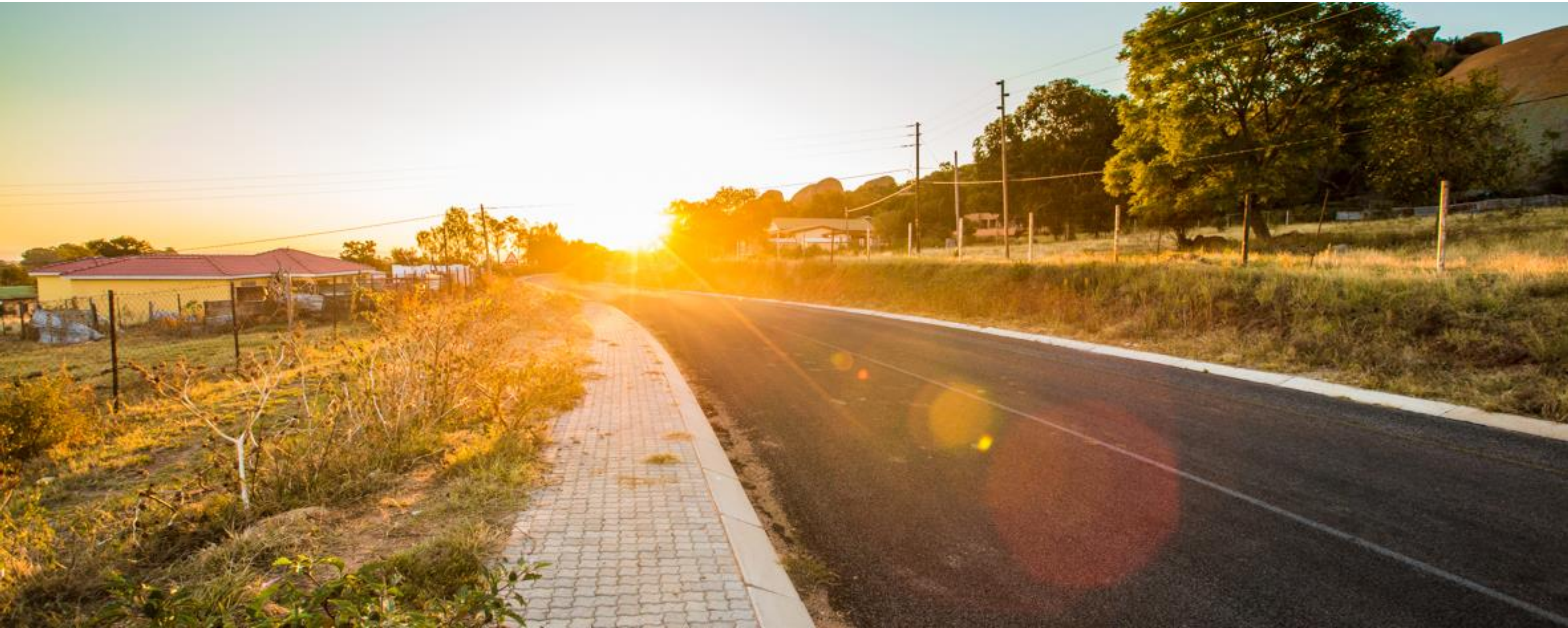
REVENUE ENHANCEMENT SUPPORT PRESENTATION_SWELLENDAM LOCAL MUNICIPALITY 15 JULY 2026

DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
Building Africa's Prosperity



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WHY WE EXIST

USE OUR END-TO-END INFRASTRUCTURE DEVELOPMENT PRODUCT SUIT

PLAN

- Infrastructure Needs assessment
- Bulk infrastructure plans
- Infrastructure planning advice

PREPARE

- Project identification
- Feasibility assessments
- Technical assistance
- Programme development
- Project preparation funds

FINANCE

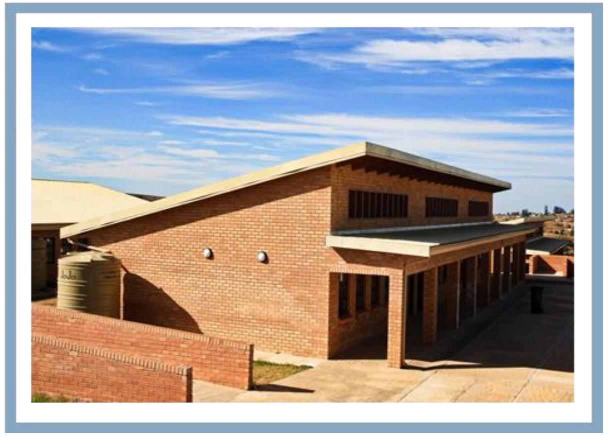
- Senior and subordinated debt
- Corporate and project finance
- Mezzanine finance
- Structured financing
- Equity support for Black Economic Empowerment ("BEE") entities

BUILD

- Managing design and construction of projects in education, health and housing sectors
- Project management support

MAINTAIN

- Supporting the maintenance / improvement of social and economic infrastructure projects



CLIENTS

South Africa

- Municipalities
- State Owned Entities ("SOEs") *(infrastructure mandate alignment)*
- Private sector
- Public–Private Partnerships
- National and provincial government departments

Rest of Africa

- SOEs
- Public–Private Partnerships
- Sovereigns

PROGRAMME OBJECTIVES

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OBJECTIVE 01

Improve billing accuracy.

OBJECTIVE 02

optimize revenue collections.

OBJECTIVE 03

Contribute to operational efficiencies.

OBJECTIVE 04

Identify and implement initiatives with achievable low hanging fruits/intervention.

OBJECTIVE 05

Developing medium to long-term solutions for protection of the revenue streams.

Project Steering Committee

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Establishment of the Municipal Project Steering Committee(MPSC)

1. The role of the Municipal Project steering (MPSC) and Technical Steering committee(TPSC) is to provide strategic and technical direction to the project
2. Serve as the primary interface between the stakeholders in respect of the Project
3. Formulation: Municipality, DBSA, Professional Service Provider, Provincial Treasury, Cogta and Salga

Mandates of TPSC and MPSC

1. TPSC Monitor the technical aspects of the project while MPSC considers the report of the TPSC for approval.

2.TPSC recommends Reports to MPSC for approval.

Frequency of Meetings

1. The MPSC must sit monthly and TPSC must sit frequently. Preferably monthly.
2. Serve as the primary interface between the stakeholders in respect of the Project

Project Steering Committee

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Guiding Principles

1. Promote trust, fairness, mutual cooperation, dedication to the agreed common goal while understanding each other's expectations and values the Project.
2. show flexibility whilst still ensuring that the project achieves excellence in its construction and operational standard.

Communications and Meetings

1. English will be the preferred language for all dealings of the PSC.
2. Correspondence requiring approvals shall be by email, or letter.
3. All PSC meeting agenda items must be forwarded to the Chairperson or the secretariat support by close of business seven (7) working days prior to the next scheduled meeting.

Frequency of Meetings

1. The (MPSC) must sit monthly and TPSC must sit frequently. Preferably monthly.
2. The PSC meetings may be held in the offices of the Municipality and / or virtually, via telephone, teleconference, videoconference, Microsoft Teams or via Zoom etc.

Conditions Precedent to Effectiveness of Grant Agreement

A

An original of this Agreement duly executed by the Parties, together with (where applicable) all documents, or instruments required to be delivered thereunder and an original signed SLA.

B

An originally certified copy of the Municipal Council's resolution of the Recipient, signed by the Mayor in terms of the MFMA:

C

Approving the Project, accepting the DBSA's Revenue Enhancement Programme support thereon, and resolving to support implementation of the Project;

D

The establishment of the Municipal PSC, to the satisfaction of both Parties which will include representation from the Recipient, the DBSA, the Professional Service Provider, relevant key stakeholders

E

A copy of the Project Implementation Plan, and Project Budget approved by both Parties, Approval of completed deliverables(signed PSC Resolution, signed Disbursement form, Minutes of the PSC)

DISBURSEMENT OF DELIVERABLES

Key pointers associated with Disbursements

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A

The DBSA shall, upon the completion of specific Project milestones, make progressive Disbursements to the Professional Service Provider, in accordance with the approved Project Implementation Plan.

B

The DBSA shall make the Disbursements directly to the Professional Service Provider only (and to no third party) in South African Rand.

C

The disbursement date shall be a Business Day within the Availability Period and within 20 (twenty) Business Days of the submission of a signed Disbursement Claim Form by the Recipient for the benefit of the relevant Professional Service Provider.

D

The Recipient hereby acknowledges and agrees that all Disbursements shall constitute valid Disbursements made by the DBSA, to the Professional Service Provider, the benefit of which shall have been received by the Recipient.

E

The Disbursement Claim Form as contained in the grant agreement shall be utilised for the purpose of disbursing claims .

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REVENUE ENHANCEMENT PROGRAMME LIFECYCLE

FOCUS AREAS

KEY INPUTS/ ACTIVITIES

OUTPUT

Data Cleansing

Analysis of billing data for accuracy and completeness:

- Ensure all consumers are billed for services rendered-metered and at correct tariffs
- Ensure that all properties are on the valuation roll and billed correctly – values & tariffs
- Update of customer details.
- Increase value in revenue

- Increased No & value of consumers billed (Revenue generated)
- Reduction in No & % customers incorrectly classified

Tariff Structure Review

Review tariffs structures for cost reflectiveness:
Refuse Removal, Water and Electricity Bulk purchase & sales per customer categories

- Increased Revenue as a percentage of cost of service.
- Recommended tariff structures and rollout strategy.
- Percentage annual improvement in tariff structures.

Metering Audit

Audit:
Functionality, faulty, inaccessible meters, unbilled stands, illegal connections and land use.

- Reduction in No and % of unmetered consumers,
- Reduction in No & % of consumers incorrectly metered consumers

REVENUE ENHANCEMENT PROGRAMME LIFECYCLE (CONT..)

FOCUS AREAS	**Indigent Management**	**Policies and SOPs**	**Sub-Projects and Revenue Improvement Plan**
KEY INPUTS/ ACTIVITIES	• Audit of Indigent Register. • Review of free basic services allocation.	• Review Revenue related policies (Budget, Indigent: Property Rates, Credit Control and Debt Collection). • Review SOPs across the municipal-wide revenue management value-chain.	Identification of revenue generation infrastructure projects and possible funding options. • Preparation of business plans to access funding for prioritized projects. • Compilation of Municipal Revenue Improvement Plan (MRIP) based on DBSA project outcome.
OUTPUT	Reduction of No & % of customers incorrectly receiving free basic services (Rand value & % savings)	• Revenue related policies updated or reviewed. • Best Practice Operating Procedure and staffing requirements report. • Reduction in No and % of vacancy rates of senior posts	• List of projects identified as recommendations from REP • Based on the identified list, number included in IDP and budget process of the municipality –post DBSA project. • Implementation of MRIP progress-post DBSA project.

Project deliverables

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Milestone 1 : Project Inception and Preparation (PIP) of Inception Report and PIP

Milestone 2 : Strength Weakness Opportunities Threats (SWOT) Analysis and Existing Situation/(AS-IS) , and Stakeholder Engagement Reports

Milestone 3: Cost Of Supply Studies, Tariff Structure Review, Analysis And Restructuring Of The Tariff Codes For Cost Reflectiveness

Milestone 4: Audit 100% desktop and 10600 Stands Of Electricity & Water Meters, Metering Management And Land Use/ Zoning.

Project deliverables

DBSA

Milestone 5 : **Review of Indigent register, policies and management**

Milestone 6 : **Review and Development of best standard practice procedure and staffing requirements**

Project deliverables

Milestone 7 : **Implementation Of The Identified Low Hanging Fruit/ Initiatives /Quick Wins (Within Budget Of R500 000) And Transfer Of Skills To The Relevant Municipal Officials**

Milestone 8: **Identification And Prioritization Of The Interventions/ Infrastructure Projects For The Short, Medium To Long Term To Broaden And Protect Revenue Protocol Of The Municipality And Develop Bankable Business Cases For Funding.**

Milestone 9: **A Final Consolidated Municipal Revenue Improvement Plan (MRIP)**

CASE STUDY- PROJECT PROFILING

Msukaligwa Local Municipality

Municipal Profile

- The DBSA supported Msukaligwa Local Municipality(MLM) with Revenue Enhancement Support programme to the value of **R 3.5 Million**

Project Description

- The objective was to assist MLM through-out its services delivery value chain to create operational efficiencies, identify and implement initiatives with achievable short-term benefits while also developing solutions for long term sustainability.

- **Implementation outcomes**

- Located and enabled access to 5000 water meters & normalised the connection of 2000 water meters that were bypassed.

- Through Provincial Treasury(PT) collaboration, PT funded replacement of 4187 meters to the value of R 8.6 Million, correction and reconciliation with the billing system meters (Electricity Meters) has resulted in R 13,2 million for FY 2024/25 to date

- Project data cleansing milestone identified a discrepancy between the valuation roll, financial system, Deeds and SG data to the value of R1,1 billion. The correction of the discrepancies will generate additional revenue of R 14,4 million per annum

- **Infrastructure unlocked**

- The support programme unlocked infrastructure of **R 18 million,** with potential infrastructure of **R 224 Million.**

Revenue improvement

- The unlocked infrastructure contributed to revenue improvement of **R 21.8 Million** and with additional potential revenue of **R 198.9 million** more when all recommendations are implemented.

INFRASTRUCTURE PLANNING SUPPORT PROGRAMME RESULTS

Programme Development Impact

#13 Projects currently in implementation.

#25 Projects have been completed

#22 Projects at procurement

Revenue improvement: **R 461 Mn**

Projected Revenue improvement in the next 5 years – **R4.5Bn**

Infrastructure unlocked **:R 2.8 Bn**

Projected infrastructure to be unlocked in the next 5 years **: R 8.5 Bn**

QUESTIONS AND CLARITY

40 YEARS OF DEVELOPMENT PROGRESS

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2026

THANK YOU

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