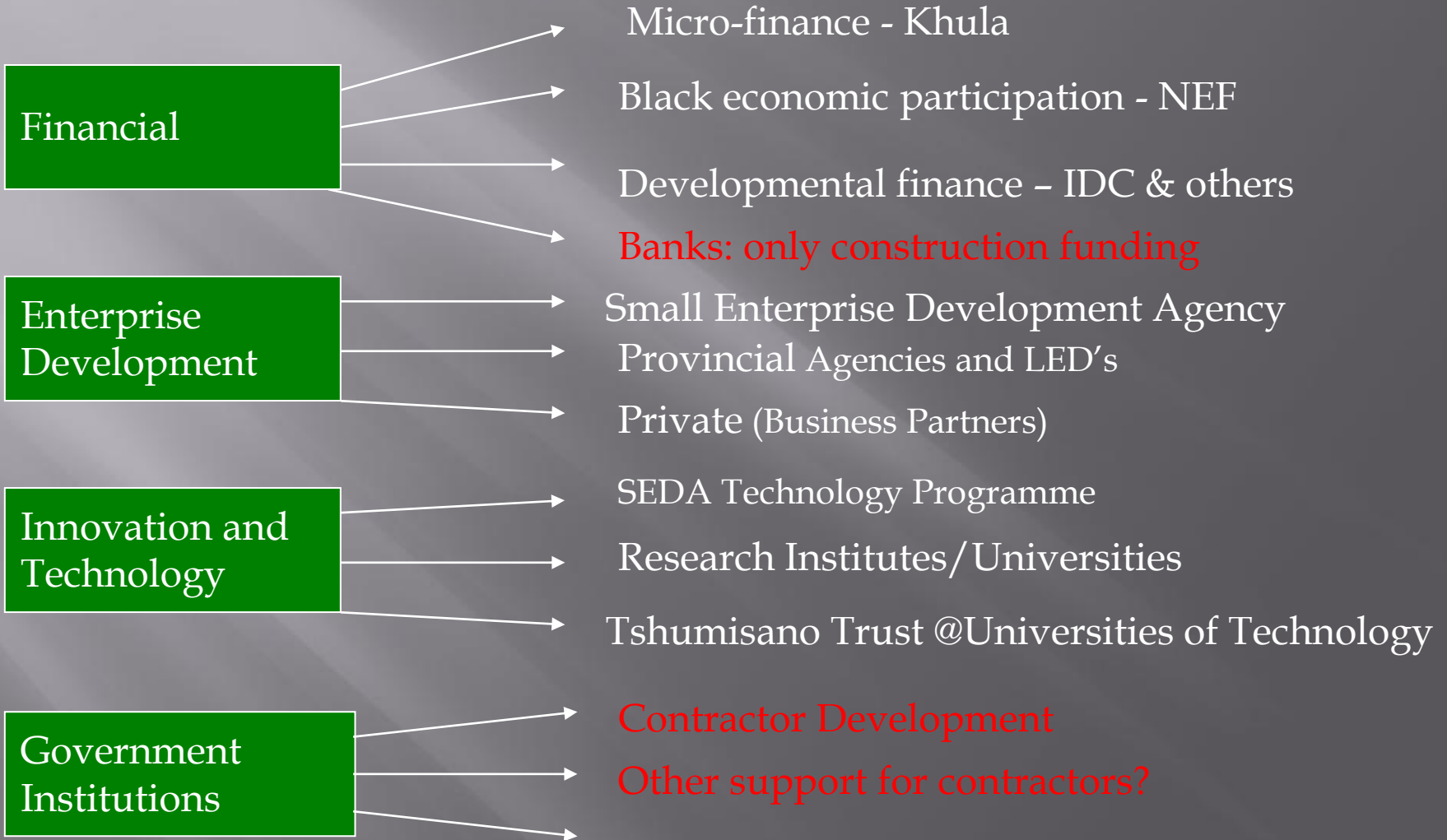


# COMMISSION C: FINANCING

NCDP Workshop  
27 October 2011

# SMME support architecture:



# Commission C: Financing

1. Rationale for facilitating Access to Finance
2. Challenges and Successes
1. Financing Strategies
2. Recommendations

# Rationale for Facilitating Access to Finance

- Underlying principle: so much has been done and yet nothing much has changed
- If nothing is done, it will be the same for the next 5... years
- Accept it is a critical part of Contractor Development and needs to be addressed

# Challenges

- General
  - No statistics or record of what is happening
- Contractors

# Challenges cont.

- Unable to cost finance if not bankable
- Need Financial Support
- Collateral requirements too strict
- Financiers
  - Late Payment
  - They want to know payment will be managed
  - Don't understand the industry
  - SCM regulations
  - Clients knowledge & understanding of the issue
    - Retention, Sureties, Payments,

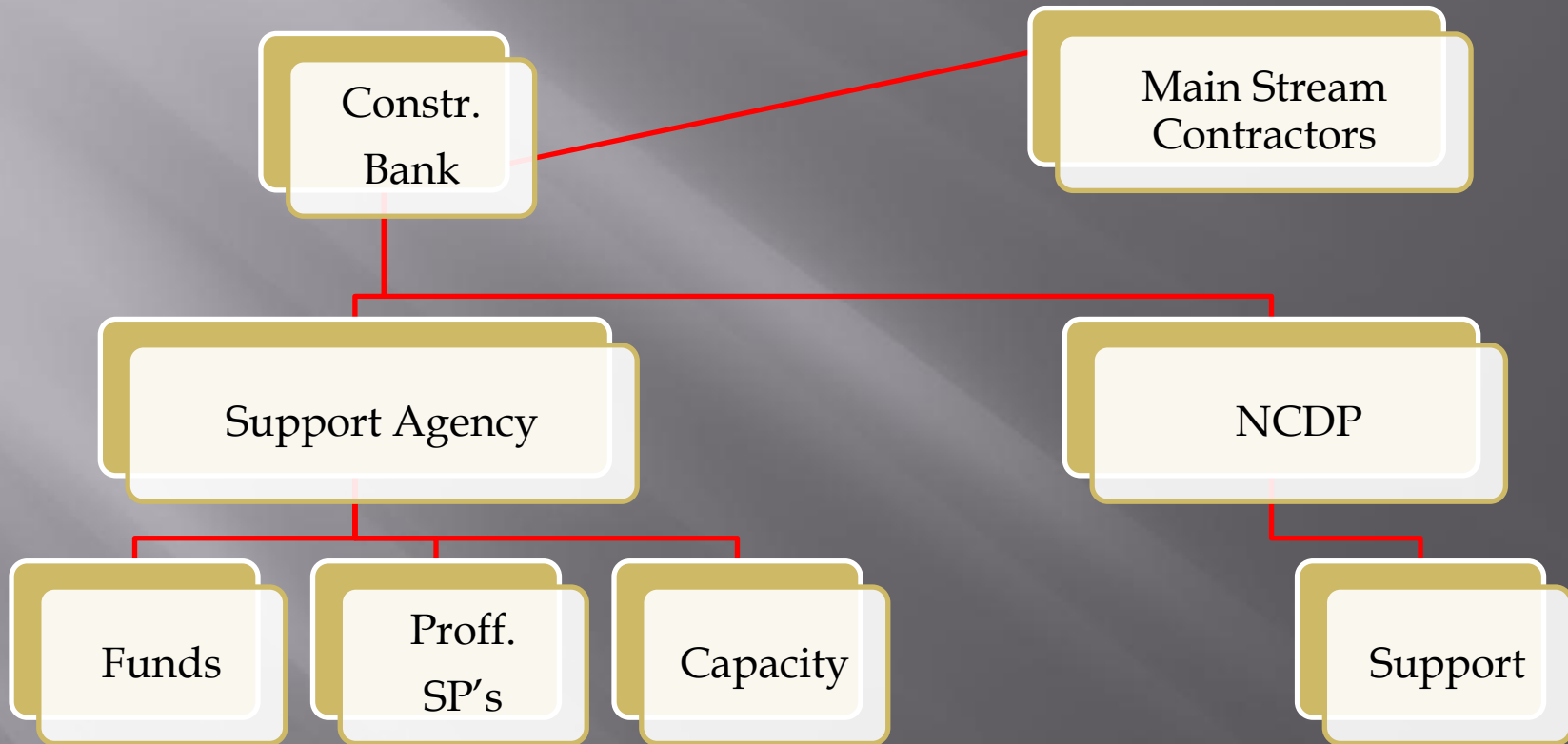
# Successes

- ▣ Client arranged support and project assistance
- ▣ Early Warning systems in place
- ▣ Control of
  - Sessions, Co-signing, Joint Accounts etc.
- ▣ Direct Payments to suppliers etc
- ▣ Project Float Account
  - Acts as financial buffer between Client and Contractor, PM managed

# Financing Strategies

- ▣ Immediate focus on an ongoing NCDP programme to assist reduce challenges
- ▣ Medium to Long term construction finance programme
- ▣ Whatever we do
  - needs to support and mitigate risk to all
  - Include Technical and ED support
  - Access to work – Downstream Activities, % of budget allocated to CD or allow market forces to drive the process

# Recommendation



# Actions to be Taken (Driver)

- ▣ Existing CD programmes to be aligned with NCDP (Clients, cidb)
- ▣ Constitution of a Finance Forum (cidb)
- ▣ Active lobbying for commitment (Forum)
- ▣ Implementation of the programme (All)
- ▣ Timeframes
  - Establish the forum - April 2012
  - Lobby participation - Ongoing
  - Roll out of Programme – All lead by Forum

**Thank You**

**Questions ?**