

**Presentation to the Portfolio Committee - Human Settlements**

# **NURCHA'S MANDATE, APP AND BUDGET**

23-09-2014

# STRUCTURE OF PRESENTATION



- Mandate, core products and impact,
- Turnaround Strategy and Results,
- APP Targets and Budget projections,
- Financing Mechanisms,
- Programme and Fund Management,
- Conclusions

# NURCHA is..

## NURCHA MANDATE

“NURCHA ensures the availability of bridging finance to small, medium and established contractors building low and moderate income housing and related community facilities and infrastructure.”

## NURCHA VISION

“To be regarded as a partner of choice for those seeking innovative bridging finance solutions”

## NURCHA MISSION

“NURCHA initiates programmes and takes considered risks to ensure a sustainable flow of finance for the construction of low-income and affordable housing, community facilities and infrastructure. We work in partnership with all role-players in these markets to maximize the development of sustainable human settlements”



# CORE PRODUCTS

## LENDING BUSINESS

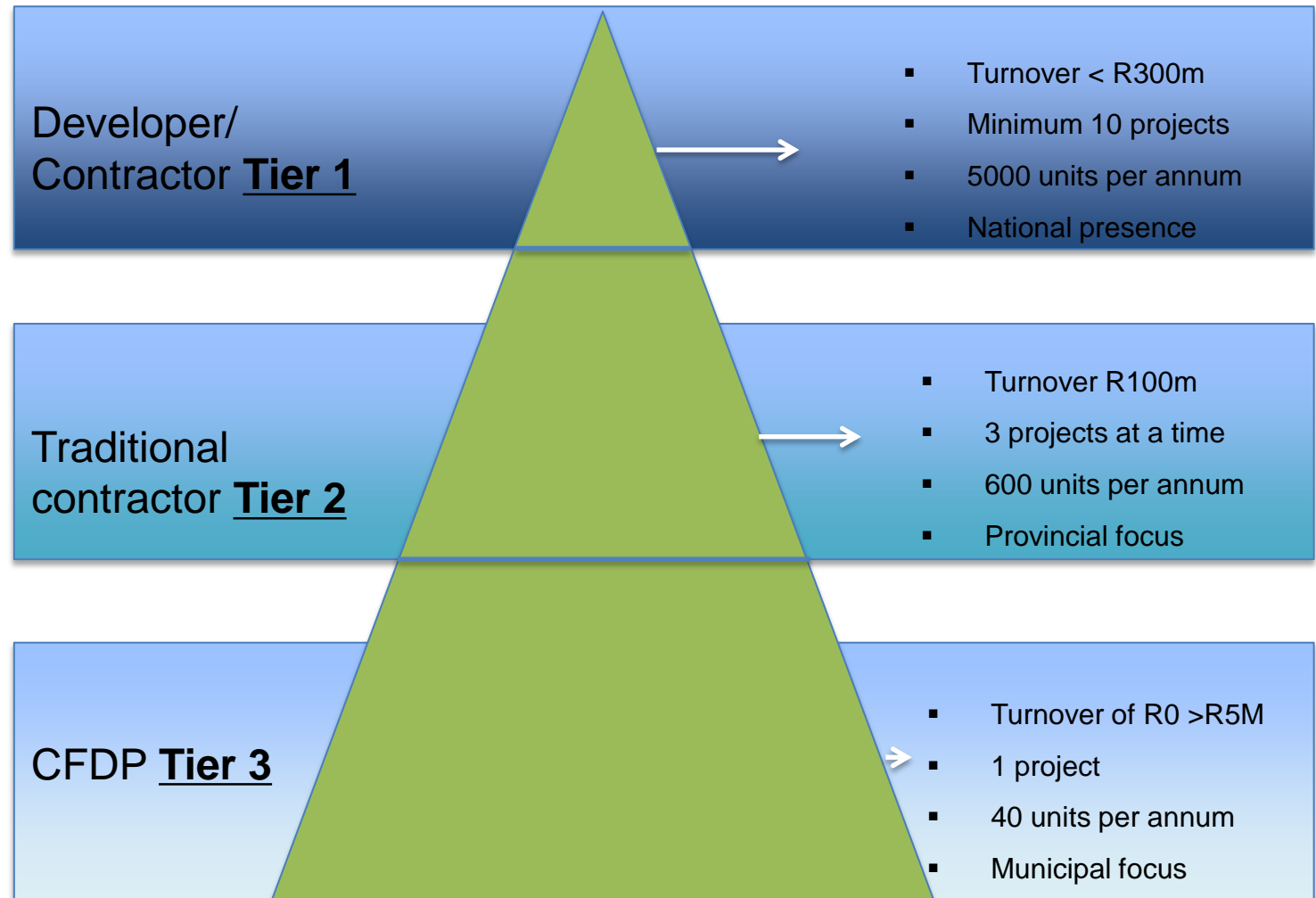
- Affordable Housing
  - Ownership
  - Rental – conventional and student accommodation (**short term finance**)
- Bridging finance to Contractors delivering subsidy housing,

## PROGRAMME MANAGEMENT

- Programme management support
- Fund management
- CFDP



# Refinements Contractors Finance Programme



# IMPACT SINCE INCEPTION

AS AT 30 JUNE 2014	AFFORDABLE HOUSING	SUBSIDY HOUSING	INFRASTRUCTURE & COMMUNITY FACILITIES	TOTAL
NUMBER OF LOANS SIGNED	179	947	283	1409
HOUSES IN LOAN SIGNED	36 746	345 079	0	381 825
HOUSES/ PROJECTS COMPLETED	30 203	250 774	184	281 161
VALUE OF LOANS	R1,573 Billion	R1,349 Billion	R647 Million	R3,569 Billion
VALUE OF PROJECTS	R6,103 Billion	R8,996 Billion	R3,905 Billion	R19,004 Billion



# NURCHA's Capitalisation



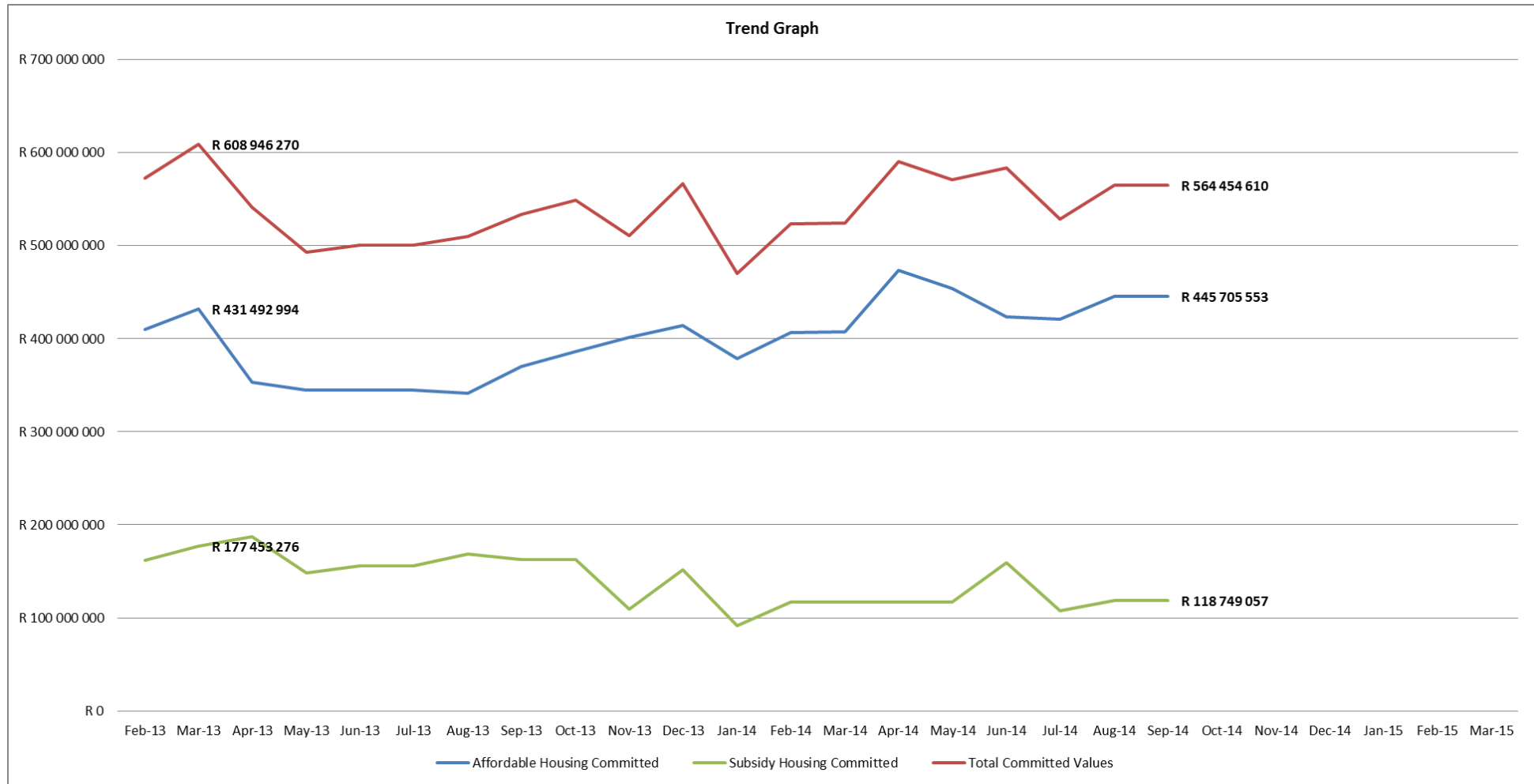
R'000	DOHS	OSI	OTHERS	NURCHA
Formation Grant	20 000	18 300		
S.A. Government (SEDF matching)	61 660			
S.A. Government (Capitalisation)	300 000			
SEDF Loan		61 660		
OPIC/FNB loan facility @ P-2.3% plus guarantee fee @ 2%		178 400		20 000
OSI/FNB loan facility @ P-1.5%		5 000	85 000	20 000
FMO loan facility @ P-1.5			45 000	9 000
Futuregrowth Loan facility @ P+1			135 000	65 000
Cadiz Loan Facility @ P+1			75 000	50 000
PIC Loan Facility @ P			100 000	66 700
<b>TOTAL</b>	<b>381 660</b>	<b>263 360</b>	<b>440 000</b>	<b>230 700</b>

# ACTIVE LOAN BOOK (30-06-2014)

LENDING PROGRAMME	TOTAL ACTIVE PROJECTS		LOAN VALUE COMMITMENT		LOAN EXPOSURE	
	Number	(%)	(R'M)	(%)	(R'M)	(%)
Affordable Housing	26	41%	R 423,70	70%	R 208,30	86%
Subsidy Housing	33	52%	R 159,70	26%	R 24,70	10%
Infrastructure and Community Facilities	5	8%	R 25,50	4%	R 9,80	4%
<b>TOTAL</b>	64	100%	R 608,90	100%	R 242,80	100%



# Committed Loan Values (12-09-2014)



# FUNDING CAPACITY

## NURCHA FUNDS DISTRIBUTION ANALYSIS – 25 AUGUST 2014

FUNDING				UTILISATION				
FUNDER	PRICING	TOTAL FUNDING	NURCHA required contribution	FUNDER UTILISATION	NURCHA UTILISATION	TOTAL UTILISATION	COMMITTED LOAN VALUE	FUNDING AVAILABLE
NURCHA (AFF & SUBS & INFRA)	P-1.5%	R 481 452 551		R 0	R 118 524 837	R 118 524 837	R 277 249 793	R 225 341 665
NBF / CADIZ	P+1%	R 75 000 000	R 50 000 000	R 8 000 000	R 44 128 406	R 52 128 406	R 79 074 827	R 67 000 000
NLF / PIC	P	R 100 000 000	R 66 680 000	R 0	R 81 276 032	R 81 276 032	R 178 429 077	R 100 000 000
NDF / FUTUREGROWTH	P	R 0	R 65 000 000	R 0	R 10 289 493	R 10 289 493	R 23 645 687	R 0
NFC / OPIC	P+1%	R 0		R 0	R 1 892 118	R 1 892 118	R 38 738 253	R 0
<b>TOTAL</b>		<b>R 656 452 551</b>	<b>R 181 680 000</b>	<b>R 8 000 000</b>	<b>R 256 110 886</b>	<b>R 264 110 886</b>	<b>R 597 137 637</b>	<b>R 392 341 665</b>
<b>CASH BALANCE</b>					<b>R 225 341 665</b>			
					R 481 452 551			

# ACTIVE AFFORDABLE HOUSING PROJECTS

(12-09-2014)



Project Name	No. of Houses	Houses completed	Value of Loan Signed	Province	Municipality	Developer	Status
Protea Glen Ext 27	793	584	R 73,511,100	Gauteng	City of Johannesburg Metropolitan Municipality	Cosmopolitan JHB	Active
Gem Valley Ext 2	353	0	R 31,243,339	Gauteng	Tshwane Municipality	Cosmopolitan Tshwane	Active
Atteridgeville Ext 34 Phase 1 & 2	220	0	R 23,617,000	Gauteng	Tshwane Municipality	Groundbase	New
Grootvlei Houses	187	24	R 13,344,000	Gauteng	Ekurhuleni Metropolitan Municipality	JT Group Holdings	Active
Southern Gateway Phase 2 & 3	300	100	R 19,927,168	Limpopo	Polokwane Local Municipality	Groundbase	Active
Devland Ext 33	245	18	26,500,000	Gauteng	City of Johannesburg Metropolitan Municipality	Akula Trading 211 (Pty) Ltd	Active
Rosslyn Housing Ext 45	303	0	29,034,713	Gauteng	Tshwane Municipality	Cosmopolitan Tshwane	Active
Bloubaarsdorp	195	0	17,473,035	Gauteng	City of Johannesburg Metropolitan Municipality	Sklason Investment	Active
Loerie Park	50	0	6,261,233	Gauteng	Ekurhuleni Metropolitan Municipality	Red Finch Investment	Active
Everglades Sectional Title Units	32	32	11,544,867	Gauteng	City of Johannesburg Metropolitan Municipality	C-Max Investment 5 (Pty) Ltd	Active
Lilyfield Sectional Title Units	198	18	23,420,000	Gauteng	City of Johannesburg Metropolitan Municipality	Nelesco 234 (Pty) Ltd	Active
Orchards Ext 89 & 90	192	24	13,209,856	Gauteng	Tshwane Municipality	Safdev Land 1 (Pty) Ltd	Active
202 on Coronation Sectional Title Units	34	0	9,427,089	Western Cape	City of Cape Town Municipality	De Kaap Projects (Pty) Ltd	Active
Linden Lane Sectional Title Units	161	0	28,957,426	Gauteng	City of Johannesburg Metropolitan Municipality	Xanado Trade or Invest 164 (Pty) Ltd	Active
Empangeni Ext 26	51	0	11,581,032	Kwa-Zulu Natal	Ngwelezane Municipality	MDV Developments Empangeni	Active
Orchards Ext 52	291	0	20,922,802	Gauteng	Tshwane Municipality	Safdev Land 1 (Pty) Ltd	Active
Southern Gateway Ext 5 Phase 1 & 2	464	0	R 64,643,670	Limpopo	Polokwane Local Municipality	Groundbase	Active
Gold Lake Estate - Phase 1	18	0	R 4,416,314	Gauteng	Ekurhuleni Metropolitan Municipality	Hyde Park Finance CC	Active
Alliance Ext 1 & 2	593	0	R 30,332,300	Gauteng	Ekurhuleni Metropolitan Municipality	HRH Joint Venture	Active
Evander "The Gayles"	324	0	R 35,530,659	Mpumalanga	Govan Mbeki Local Municipality	sikunye Holdings (Pty) Ltd	Active
	5,004	800	R 494,897,603				

# Active Subsidy Housing Projects (12-09-2014)

Project Number	Contractor	Project Name	Number of units	Prov	Loan Amount Approved
N-SH_E 6139	Quick Leap	NUR / Matjhabeng 1700	1700	FS	R 6,500,000
N-SH_E 6142	Makhosi Nyoka & Ass	NUR / Matimatolo 600	600	KZN	R 3,500,000
N-SH_E 6172	Victory Parade	NUR/ Grabouw/ Roodakkei	1169	WC	R 7,468,545
N-SH_E 6181	Simsi Construction	NUR/ Rocky Park 224CRU	224	KZN	R 8,517,369
N-SH_E 6189	Simsi Construction	NUR/ Rocky Park 49LIU	49	KZN	R 1,110,069
N-SH_E 6183	Maseko Hlongwa & Ass	NUR/ Bhukumthetho 1000	1000	KZN	R 7,585,878
N-SH_E 6190	Trans Gariep	NUR/Piet Retief 256	256	EC	R 3,000,000
N-SH_E 6191	Trans Gariep	NUR/Dundee 250	250	MP	R 3,000,000
N-SH_E 6192	Trans Gariep	NUR/Jouberton	220	NW	R 3,800,000
N-SH_E 6200	Amakhaya Construction	NUR/Cedarville 201	201	EC	R 2,579,230
N-SH_E 6203	Karibu Group	NUR/Soshanguve 1662	1662	GP	R 7,500,000
N-SH_E 6204	Khatha Khatha	NUR/Victor Khanye 500	500	MP	R 7,800,000
N-SH_E 6198	Maono	NUR/Heilbron 294	294	FS	R 3,467,648
N-SH_E 6197	Maono	NUR/Edenville 134	134	FS	R 2,135,099
N-SH_E 6211	DCI Holdings	NUR/Ntsongeni	882	EC	R 5,000,000
N-SH_E 6199	Lekwa Consulting	NUR/Osizweni	1240	KZN	R 5,735,904
N-SH_E 6212	Verem Builders	NUR/Cradock	1350	EC	R 7,151,353
N-SH_E 6213	Bathopela	NUR/Makhasa	400	KZN	R 8,211,463
N-SH_E	EM & S	NUR/Cala	420	EC	R 5,208,323
N-SH_E	Maono	NURThandanani	424	FS	R 3,000,000
N-SH_E	GC Housing	NUR/Ntabankulu	604	EC	R 6,822,152
SH_E 4109	Shatsane System Solution	SOWETO-ON-SEA 500	500	EC	R 6,000,000
SH_E 4114	Gannabos Trading	DROMMEDARIS 1588	1588	WC	R 4,000,000
SH_E 4116	Young Alum	RUSTENBURG 550	550	NW	R 4,100,000
SH_E 4119	Brainwave projects	SOWETO-ON-SEA 250.2	250	EC	R 4,200,000
SH_E 6129	Dezzo Development	NFC / Obuka Rural 1000	1000	KZN	R 7,900,000

26

17,467

R 135,293,033

# Infrastructure





# Affordable Housing: Sectional Title



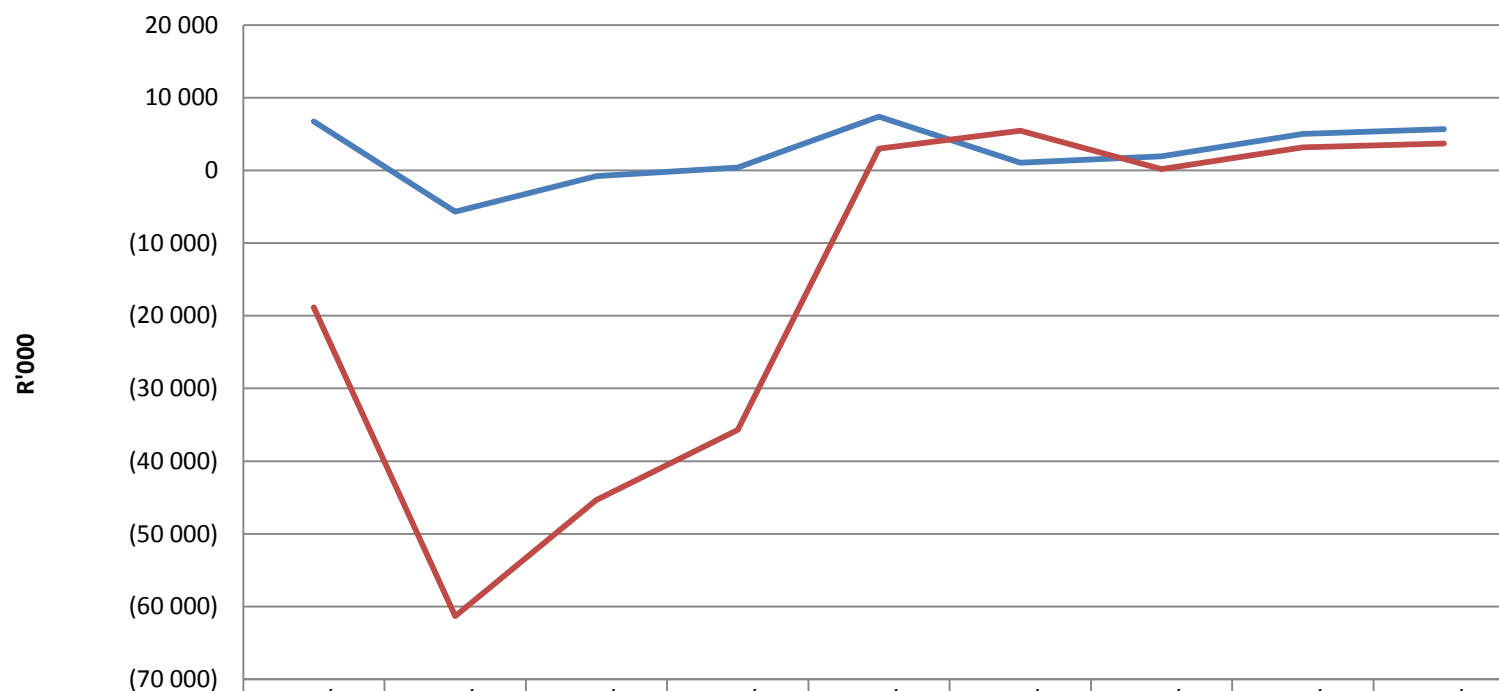




# TURNAROUND STRATEGY AND RESULTS

# FINANCIAL PERFORMANCE TREND

## FINANCIAL PERFORMANCE SINCE FY2009/10



	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	ACTUAL AUDITED (R'000)				ACTUAL	BUDGET (R'000)			
Surplus/(deficit) before impairments	6 733	(5 696)	(789)	408	7 393	1 034	1 928	5 019	5 675
Surplus/(deficit) after impairments	(18 826)	(61 315)	(45 359)	(35 707)	2 995	5 436	194	3 186	3 697

# TURNAROUND STRATEGY:

## CHALLENGES

- **GOING CONCERN STATUS** and organisational stability.
- Provisions for losses reached crisis proportions peaking at R134 million,
- Wrote-off R61 million in 2012/13
- NDHS and National Treasury required a turnaround strategy
- The five year Strategy and last two APP captured the turnaround plan.

## RESPONSE

### 1) **Relevance to developmental mandate**

- Improve delivery of affordable housing,
- Lending to subsidy housing contractors,
- Leverage private sector and donor finance into development areas,
- Support service delivery improvement efforts in the sector

### 2) **Restore organisational sustainability**

- Strive to restore financial viability,
- Diversification of income sources,
- Change the delivery model from intermediary driven to direct lending.

## Old Business Model

- **Use of intermediaries**
  - Project viability assessments,
  - Control loan and project accounts
  - Visits to construction sites
  - Support procurement and payments to project related suppliers
- **Model focussed on contractor risk whilst risk were emerging from employers at a growing rate.**
  - Growth in fraudulent activities – diversion of project proceeds,
  - Weakening contract and programme management processes :
    - **slow flow of payments,**
    - **slow inspections on sites,**
    - **slow approval of variation orders and final accounts etc**

## New Business Model

- **Direct lending (built in-house capabilities)**
  - Business re-engineering process
  - Restructure to fulfil business ‘cradle to grave’
  - Tightened risk management processes and lending rules - **certificate based lending**
  - Introduce CFDP as skills development and finance programme – **integration with client processes.**
  - **Improve performance of the loan book.**
  - Transitional challenges and working out old business with intermediary.
- **Introduced programme & fund management stream**
  - Proactive risk management approach to address sources of risk in partnership with departments in HS sector.
  - Systems, knowledge and leadership capacity in place to fulfil this.



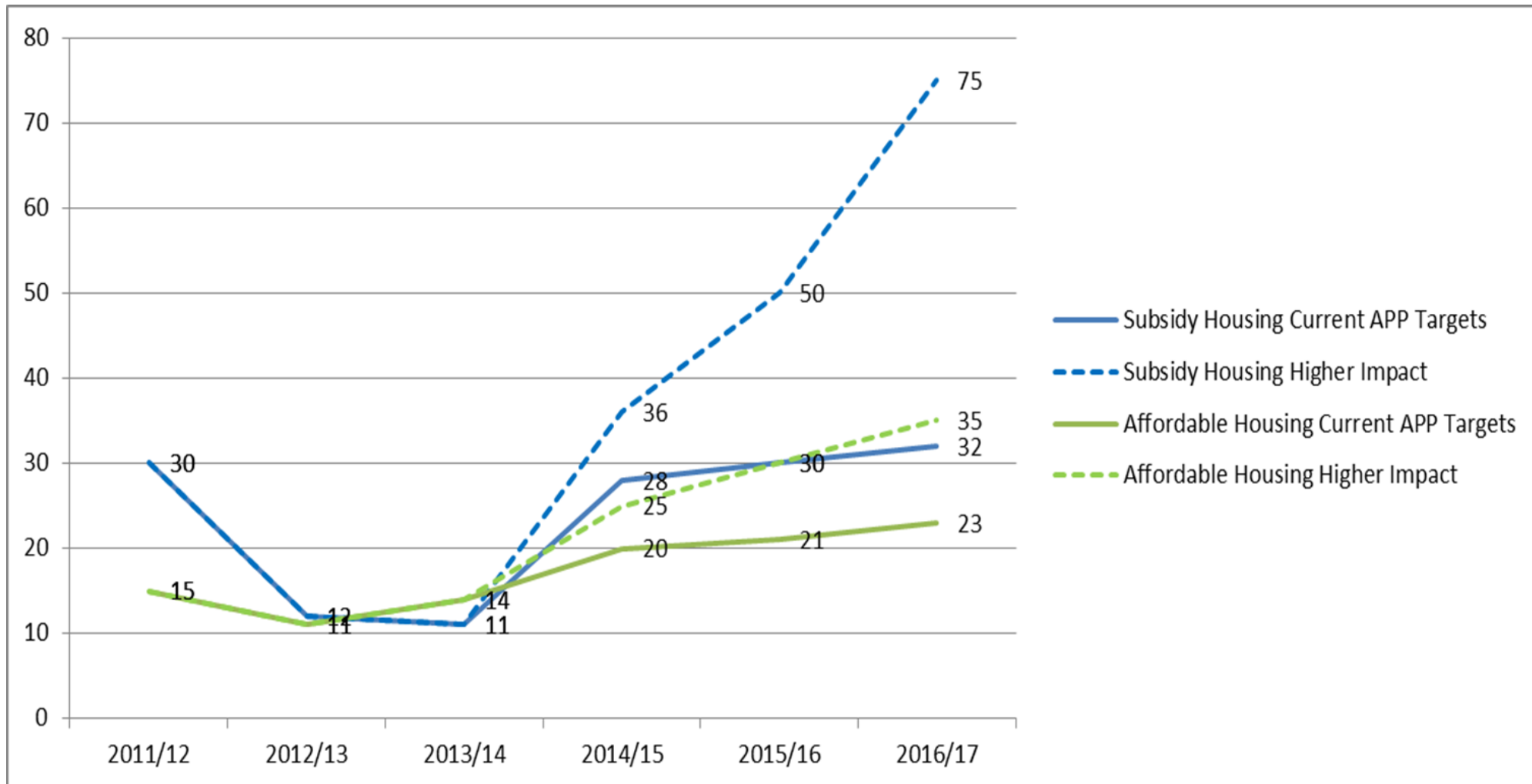
# ANNUAL PERFORMANCE TARGETS

# APP Targets

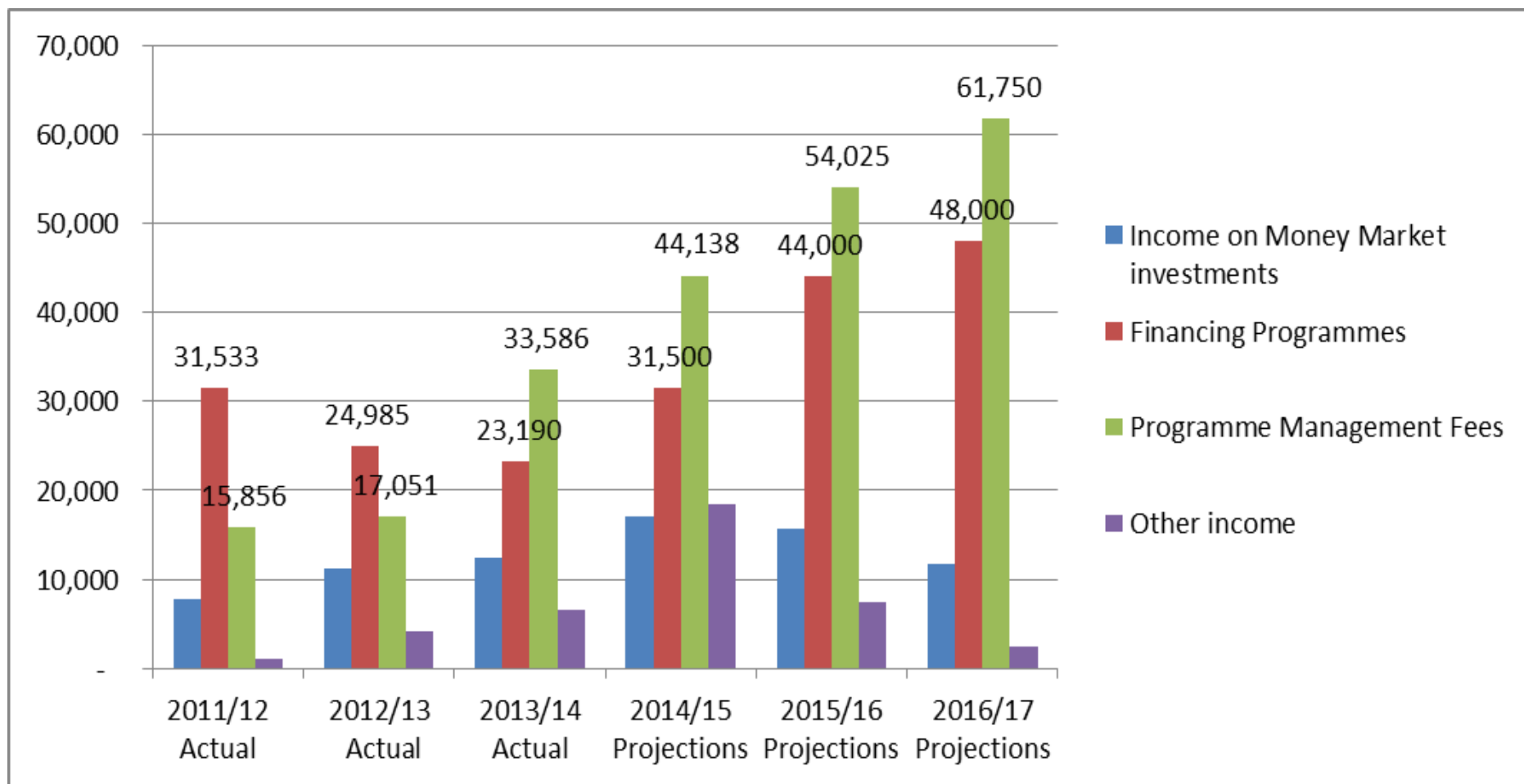
OUTPUTS - APP		YEAR 1 2014/2015 Budget	YEAR 2 2015/2016 Budget	YEAR 3 2016/2017 Budget	YEAR 4 2017/2018 Budget
<b>1</b>	<b>AFFORDABLE HOUSING</b>	<b>(Houses and Serviced Sites)</b>			
1.1	Application Received	30	33	34	36
1.2	Board Approvals	20	21	23	25
1.3	Houses in Board Approvals	2 800	3 150	3 450	3 755
1.4	Contract Signed	20	21	23	25
1.4	Houses and sites in signed contracts	2 800	3 150	3 450	3 755
1.5	Value of Loans (Rands)	300 000 000	315 000 000	345 000 000	378 000 000
1.7	Value of Projects (Rands)	440 000 000	630 000 000	690 000 000	750 000 000
1.8	Houses built and Sites serviced	1 950	2 200	2 500	2 700
<b>2</b>	<b>SUBSIDY HOUSING</b>	<b>(Houses and Serviced Sites)</b>			
2.1	Application Received	28	32	35	38
2.2	Board Approvals	28	32	35	38
2.3	Houses in Board Approvals	9 660	10 626	13 528	14 706
2.4	Contract Signed	28	32	35	38
2.5	Houses and sites in signed contracts	9 660	12 298	13 528	14 706
2.6	Value of Loans (Rands)	112 000 000	128 000 000	140 000 000	152 000 000
2.7	Value of Projects (Rands)	724 500 000	831 600 000	914 760 000	993 168 000
2.8	Houses built and Sites serviced	5 500	6 149	6 764	7 353
<b>3</b>	<b>INFRASTRUCTURE &amp; COMMUNITY FACILITIES</b>	<b>(Houses and Serviced Sites)</b>			
3.1	Application Received	10	10	10	10
3.2	Board Approvals	4	4	4	4
3.3	Contract Signed	4	4	4	4
3.4	Value of Loans (Rands)	17 380 000	18 000 000	18 000 000	18 000 000
3.5	Value of Projects (Rands)	88 000 000	100 000 000	100 000 000	100 000 000
3.6	Project Completed	8	2	3	4



## KEY SUCCESS FACTORS FOR HIGHER IMPACT



# Historical and Projected Income





# Key Success Factors for Affordable Housing

## **ECONOMIC FACTORS**

- Performance of the economy generally,
- Bank willingness to lend, Basil 3,
- Improved affordability – (FLISP, MGI),
- Supply side tax incentives,

## **MINING AND FAST GROWING TOWNS**

- Forward planning and availability of land – ennobled,
- Bulk infrastructure,
- Speed of critical property development related approvals,
- Capacity of Municipalities to fulfill the function

## **FINANCING CAPACITY**

- Access to funding at concessionary rate,
- Fund mix between public funds and private sector at ratio 1:3
- Availability of takeout finance for rental projects,(long term finance).

## **LEADERSHIP AND COORDINATION BY KEY SECTOR PLAYERS TOWARDS COMMON OBJECTIVES.**

# Success Factors for Subsidy Housing

## Programme planning, execution and bridging finance

- Effective forward planning practices for a multi year pipeline of projects, in line with MTEF indicative figures.
- Streamlined contract administration processes and systems with human capabilities,
- Management of inter-governmental collaborations between NURCHA and provincial departments; EMT, MINMEC to agree on critical factors to improve contractors access to bridging finance.
- Collaborations on contractor finance and development programmes.

## Financing capacity

- Access to funding at concessionary rate,
- Appropriate fund mix between public funds and private sector
- Grant funding for scaling up small contractor development.

# INCOME STATEMENT 2014/15 TO 2017/18

## STATEMENT OF FINANCIAL PERFORMANCE

### INCOME FROM OPERATIONS

Interest on money market investments

Interest on loans for construction projects

Fees on loans for construction projects

Programme management fees

Less: Interest paid

### OTHER INCOME

**Net surplus before administration expenditure**

Administration expenses

**Net operating surplus before project losses**

**Provision for project losses and losses**

(Increase) / decrease in provisions for project losses

Project losses written off

**(DEFICIT) / SURPLUS FOR THE YEAR**

LATEST ESTIMATES 2014/15	BUDGET 2015/16	FORECAST 2016/17	FORECAST 2017/18
<b>82,046,133</b>	<b>102,395,839</b>	<b>122,666,106</b>	<b>139,848,239</b>
19,179,494	17,989,802	26,227,137	35,164,109
21,184,849	31,491,983	32,779,567	37,588,873
7,891,099	9,616,667	10,817,250	12,147,618
39,486,153	54,000,000	56,970,000	59,818,500
(5,695,462)	(10,702,613)	(4,127,848)	(4,870,861)
<b>15,953,875</b>	<b>7,500,000</b>	<b>2,500,000</b>	<b>-</b>
<b>98,000,008</b>	<b>109,895,839</b>	<b>125,166,106</b>	<b>139,848,239</b>
(89,158,752)	(94,411,946)	(99,889,982)	(105,182,041)
<b>8,841,255</b>	<b>15,483,893</b>	<b>25,276,124</b>	<b>34,666,198</b>
<b>(1,966,632)</b>	<b>976,045</b>	<b>(16,749,810)</b>	<b>(2,264,696)</b>
(1,966,632)	976,045	(16,749,810)	(2,264,696)
-	-	-	-
6,874,623	16,459,937	8,526,314	32,401,502
<b>6,874,623</b>	<b>16,459,937</b>	<b>8,526,314</b>	<b>32,401,502</b>



# BALANCE SHEET AS AT 2014/15 TO 2017/18

## STATEMENT OF FINANCIAL POSITION

### ASSETS

Notes

#### Non-current assets

Loans for construction projects  
Investments in associates  
Property, plant and equipment  
Intangible assets

#### Current assets

Loans for construction projects  
Trade and other receivables  
Cash and cash equivalents

#### TOTAL ASSETS

LATEST ESTIMATES 2014/15	BUDGET 2015/16	FORECAST 2016/17	FORECAST 2017/18
13,181,987	12,434,627	12,027,356	12,024,431
9,453,706	9,453,706	9,453,706	9,453,706
1,435,233	1,435,233	1,435,233	1,435,233
539,559	434,674	346,090	343,160
1,753,489	1,111,014	792,327	792,332
600,541,825	785,124,038	981,389,055	1,122,126,468
178,863,930	207,497,528	233,472,509	274,623,528
9,015,000	8,062,000	8,124,000	8,147,000
412,662,894	569,564,510	739,792,547	839,355,940
613,723,812	797,558,664	993,416,411	1,134,150,898



**NURCHA**CONSTRUCTION FINANCE AND  
PROGRAMME MANAGEMENT

# BALANCE SHEET AS AT 2014/15 TO 2017/18 (Cont.)



## EQUITY AND LIABILITIES

### Equity

Formation grants

### Accumulated surplus

Grant funding

Operating surpluses

### Non Current Liabilities

SEDF Loan

Futuregrowth Loan

Cadiz Facility

PIC Loan

### Current liabilities

Trade and other payables

Bank loans to finance projects

### TOTAL EQUITY AND LIABILITIES

		LATEST ESTIMATES 2014/15	BUDGET 2015/16	FORECAST 2016/17	FORECAST 2017/18
		433,275,153	649,735,090	858,261,404	990,662,907
	1	38,300,000	38,300,000	38,300,000	38,300,000
	2	394,975,153	611,435,090	819,961,404	952,362,907
		499,284,442	699,284,442	899,284,442	999,284,442
		(104,309,289)	(87,849,352)	(79,323,038)	(46,921,535)
		90,045,384	56,809,416	43,572,800	51,415,904
		57,220,674	-	-	-
		2,292,270	-	-	-
		5,313,399	13,428,671	9,736,400	11,488,952
		25,219,040	43,380,745	33,836,400	39,926,952
		90,403,275	91,014,157	91,582,206	92,072,086
		90,403,275	91,014,157	91,582,206	92,072,086
		-	-	-	-
		613,723,811	797,558,663	993,416,410	1,134,150,897



# CASH FLOW STATEMENT - 2014/15 TO 2017/18

## STATEMENT OF CASH FLOWS

### Notes

#### Cash generated/(utilised) in operating activities

(Deficit) / surplus for the period

Adjusted for non cash flow items:

- Depreciation
- Amortisation
- Interest on SEDF loan
- Impairments
- Increase / (decrease) in provision for project losses
- (Profit)/ loss on disposal of fixed assets
- Movement in gross accounts receivables
- Movement in accounts payables

#### Cash flows from investing activities

Loan disbursements for construction projects

Acquisition of fixed assets

Acquisition of intangible assets

Proceeds on disposal of fixed assets

#### Cash flows from financing activities

Grants received - Nat. Dept. of Human Settlements

Increase / (decrease) in loans obtained 1

Increase / (decrease) in overdraft facilities 2

Net cash (used)/generated

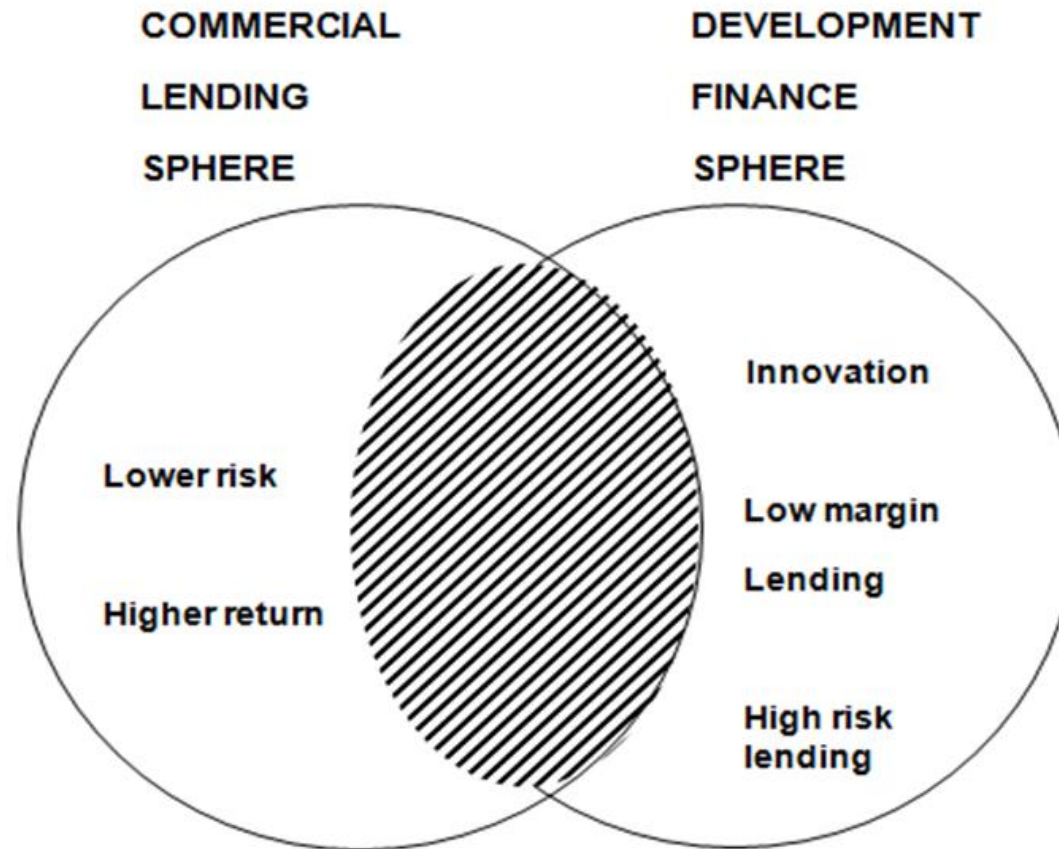
Balance at beginning of year

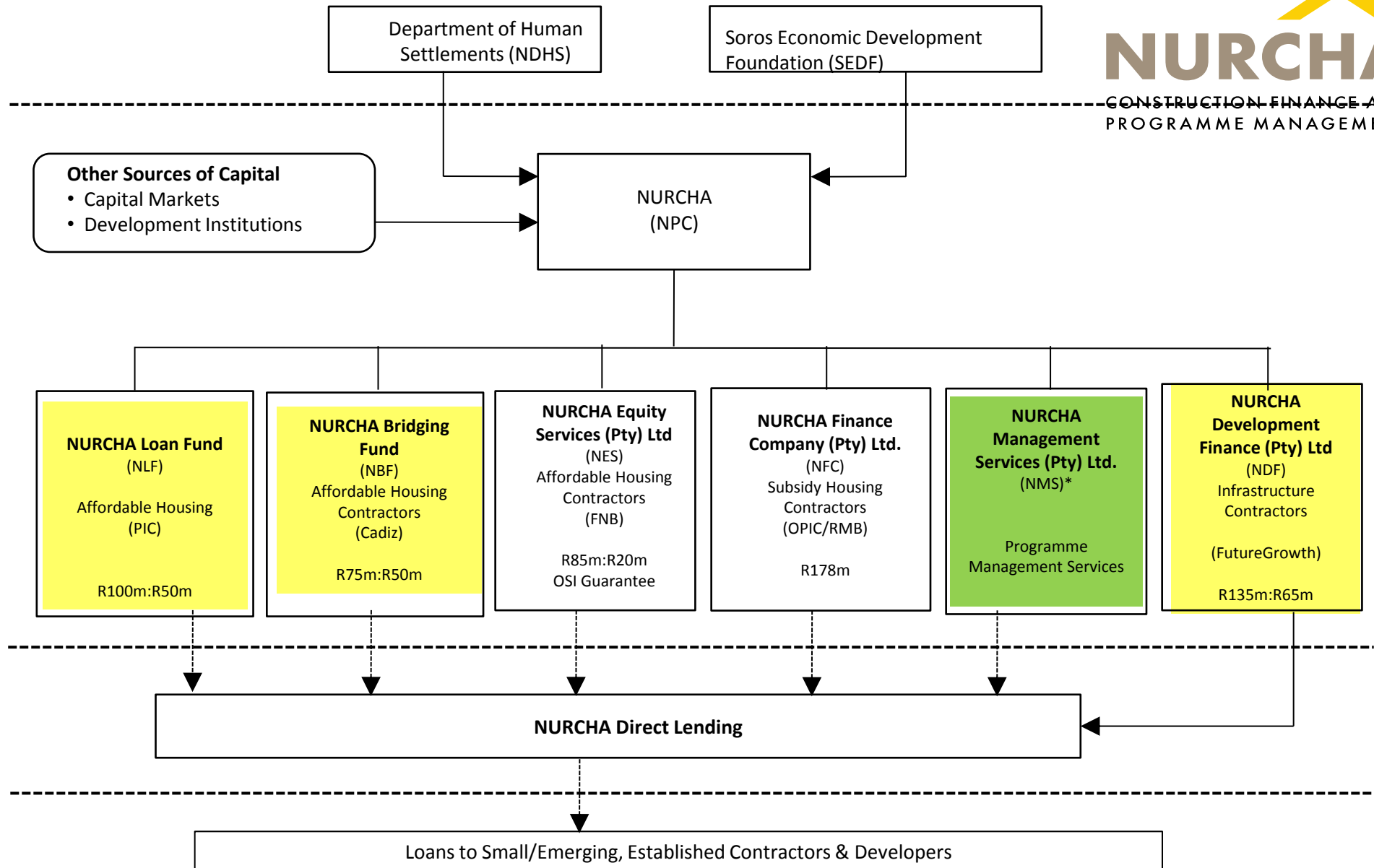
**Balance at end of the period**

LATEST ESTIMATES 2014/15	BUDGET 2015/16	FORECAST 2016/17	FORECAST 2017/18
<b>(18,031,900)</b>	<b>22,559,461</b>	<b>26,509,443</b>	<b>35,476,004</b>
8,774,623	16,459,937	8,526,314	32,401,502
399,759	304,885	308,584	316,584
1,104,587	978,358	328,670	49,995
4,907,351	4,439,326	-	-
-	-	-	-
(4,401,777)	(976,045)	16,749,810	2,264,696
-	-	-	-
2,273,346	953,000	(62,000)	(23,000)
(31,089,790)	400,000	658,066	466,227
<b>(16,704,095)</b>	<b>(27,982,553)</b>	<b>(43,044,790)</b>	<b>(43,755,715)</b>
(15,603,095)	(27,657,553)	(42,724,790)	(43,415,715)
(321,000)	(200,000)	(220,000)	(290,000)
(780,000)	(125,000)	(100,000)	(50,000)
-	-	-	-
<b>(19,027,409)</b>	<b>162,324,707</b>	<b>186,763,384</b>	<b>107,843,104</b>
-	200,000,000	200,000,000	100,000,000
(15,835,710)	(37,675,293)	(13,236,616)	7,843,104
(3,191,699)	-	-	-
(53,763,404)	156,901,615	170,228,037	99,563,393
466,426,299	412,662,894	569,564,510	739,792,547
<b>412,662,894</b>	<b>569,564,510</b>	<b>739,792,547</b>	<b>839,355,940</b>

# FINANCING MECHANISMS

# Role of DFI's: Private Sector vs. DFIs





\* Previously Joint Equity Investment in Housing (JEIH)

# Approval Process for SPVs

- Purpose: Ring-fence financing facility, risk management, securities and management of the affairs of the SPV.
- All SPVs are approved by the respective Ministers of NDHS and National Treasury.
  - Evaluate and approve gearing
  - Covenants regulating risk sharing
    - First Loss Principle
    - Shareholders loan subordination
    - Ceded loans and contractor securities
  - Reporting
- Audited in accordance with Companies Act.
- Approved for five-year life span and extensions go through the approval process as above.





# . Risk Sharing Mechanisms

- Junior lender status – higher exposure to risk and gearing on private sector investment
  - Loan subordination
  - First Loss Principle
- Guarantees – Treasury or other (OPIC)
- Borrowing at concessionary rate – DFIs
  - Strength of balance sheet
  - Empowerment by legislation
  - Guarantees
- Borrower's Balance sheet (developer/contractor)
- Risk mitigation mechanisms
  - Credit policies
  - Irrevocable undertaking to pay to dedicated accounts
  - Mitigating contractor and employer risks



# PROGRAMME AND FUND MANAGEMENT



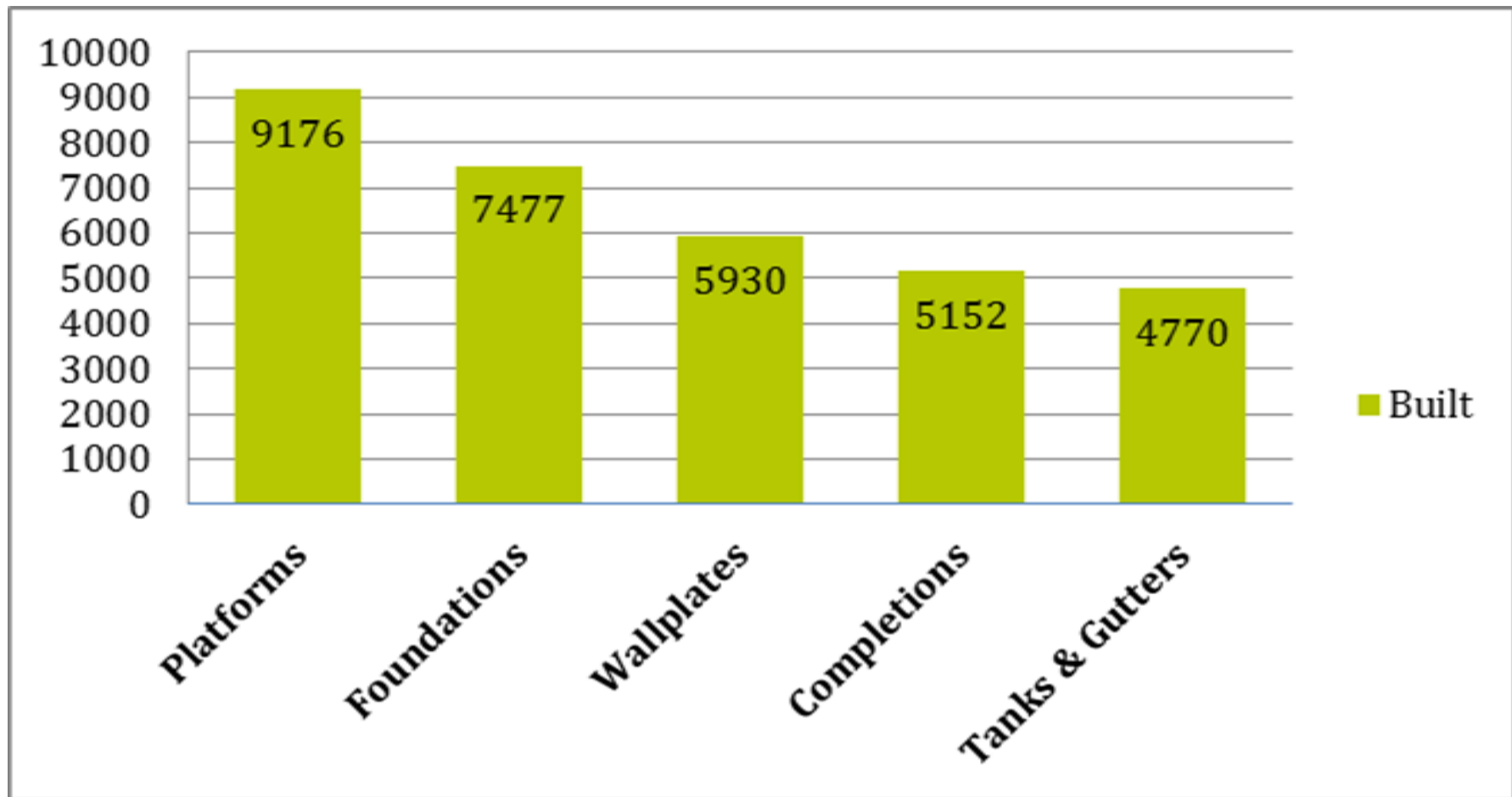
# BUCKET ERADICATION PROGRAMME – (EC)

(31-08-2014)

Project Code	Bucket Eradication Programme Projects	No. of Buckets	No. of VIPs	Progress vs. Scope				
				Sites allocated to contractors	Slabs completed	Toilet structures in progress	Structures with plumbing complete	Buckets eradicated to date
1A	1003 VIPs, Ext.6, Phase 2, Stage 2 & 3 (Makana)		1003	532	523	477	466	169
1B	Bucket to 288 Sites in Makana	288		288	0	0	0	0
2A	Testing of water & sewer network in Paterson	1245		1245	0	0	0	0
3A	Bucket eradication to 14 sites in Golden Valley (Baviaans)	14		14	13	0	0	13
4A	Bucket eradication to 1200 sites in Steynsburg	1200		1200	1200	9	4	1191
5A	Bucket eradication to 64 sites at Indwe	64		64	66	53	13	13
6A	Bucket eradication to 21 sites in Jansenville	21		21	0	0	0	0
7A	Bucket eradication to 4 sites in Somerset East	4		4	4	0	0	4
8A	Sewer Reticulation Upgrade in 2290 sites in Nemato, Ndlambe		2290	1374	0	0	0	0
<b>Total</b>		<b>2835</b>	<b>3293</b>	<b>4741</b>	<b>1806</b>	<b>539</b>	<b>483</b>	<b>1390</b>



# VULINDLELA PHP (KZN) (31-08-2014)



# PROGRAMME MANAGEMENT SUPPORT (FS)

- Winding down processes
  - Improved internal capability of programme and project managers and project administrators,
  - Handover processes on management of programmes complete 90% complete,
- GIS capabilities and inspection management process,
  - Recruitment and training internal candidate for the internal GIS units,
  - 1<sup>ST</sup> phase of fieldwork, mapping and data collection complete,
  - Hardware and software procured,
  - Piloting inspection application and training users,
  - Institutionalising inspection processes and data management,



# RURAL HOUSING DEVELOPMENT PROGRAMME (EC)

Milestone	Progress to Date	Scope Target	Total Balance
Foundations	155	500	345
Wall Plates	105	500	395
Roofs	97	500	403
Finishes	36	500	464
VIP Ablution units	89	500	411

- 39 village builders finished first block of training on building skills at Border Tech College,
  - CETA financed training,
  - Programme paid stipends and transport.
- Programme covers three municipalities, Ntsika Yethu, Mtlontlo and Umzimvubu.
- Scheduled completion 31 March 2015,

# Conclusion: Fund Mobilisation



- Contributes an average of 10% of new houses in the affordable residential market,
- Optimal usage of lending capacity and small balance sheet.
- Reviewing current funding partnerships and in search for an appropriately priced mix for competitive pricing and organisational sustainability,
- Available funding facilities inadequate to meet the scale of growth envisaged in the MTSF.

## CONCLUSION: OTHER KEY AREAS OF FOCUS

- Collaboration with provinces and enable easier flow of finance to contractors - agreed '**rules of the game**' and enabling protocols.
- Participate in NDHS strategies on mining towns and pursue project financing opportunities.
- Grow Contractor Finance and Development Programme.
- Funding requested from the fiscus is **R500m**.





# NURCHA

CONSTRUCTION FINANCE AND  
PROGRAMME MANAGEMENT

**GOING BEYOND FINANCE**