



South Africa Siyasebenza

OVER A DECADE OF INNOVATION AND PARTNERSHIP



Ushintsho Olughakazile

Jobs Fund Webinar

Building Tomorrow: Empowering Emerging Black SMMEs in the Construction Industry

Tuesday, 25 June 2024

The event will start at 10h00



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



National Treasury
REPUBLIC OF SOUTH AFRICA

Opening & Welcome

Lionel Kunene
Team Leader
(Jobs Fund)

- The **Jobs Fund** is a R9 billion challenge fund seeking to:
 - **Support sustainable job creation** in the short to medium term, and
 - **Identify scalable, replicable and sustainable job creation models** that lay the foundations for longer term employment.
- The Fund works with implementing partners (intermediaries), sharing risk and leveraging their networks, funding and technical expertise to access and provide support to the targeted market segment.
- It plays a complementary role in the social protection and employment landscape.
- The Jobs Fund was established with knowledge sharing as one of its foundational pillars and has a rigorous monitoring, evaluation, reporting, and learning framework.
- To this end, the Jobs Fund regularly hosts and participates in knowledge exchange sessions, together with its partners and the public.

A Unique Showcase of Pragmatic PPPs in this highly labour-absorptive industry

TWO-PART PRESENTATION WITH JOBS FUND PARTNERS

Lettie Mashua (CEO – Motheo Construction Group)

Geoffrey Kemper (Director – Motheo Academy)

And

Stephen Ntsandeni (CEO – SP Impact Fund)

Nonhlanhla Mthombeni (SMME Development Manager – SP Impact Fund)

PROJECT OVERVIEW

Motheo Construction Group have subscribed to the principle of small business development, prior to the legislative requirements. Research indicated that 93% of emerging construction contractors (SMME's) are unable to sustain a business past a three-year period. Upon further investigation, it became clear that business/management knowledge was the missing ingredient that needed augmentation.

The Motheo Construction Group Enterprise Development Programme was therefore formulated with the following in mind:

- To develop and mentor Developing Organisations in the Construction industry and to assist them to become independent and sustainable
- To have a model that is sustainable and simple to manage
- To formalize the mentor process

The focus is on the development of the entire organisation (the organisation and its employees), which ensures better sustainability and more individuals benefit from the development programme. As the organisation develops, natural and sustainable job creation occurs. The development model achieves this by identifying key personnel within Motheo Construction Group who guide, coach and mentor those active in the same roles within the Developing Organisation. External training interventions by subject experts are sponsored when needs are identified, to ensure development and growth.

The specific aim of the programme is to develop the Organisation to achieve independent operational capacity at its maximum potential level. The model is designed to ensure that the support which Motheo Construction Group provides to the Developing Organisation is slowly withdrawn throughout the levels of development, in an agreed and structured way.

MOTHEO'S ASSISTANCE TO BLACK EMERGING CONTRACTORS IN GAINING ACCESS TO INDUSTRY AND RELATED VALUE CHAINS

Work Opportunities

Through Motheo's development model and supported by their Building and Civil Construction Divisions, contracting opportunities have been created on "Live" Construction Projects.

It has been noted through detailed Needs Analysis with Emerging Contractors that access to actual live opportunities remains one of the greatest need and challenge of emerging contractors.

Motheo in partnership with the Jobs Fund have thus provided opportunities for emerging contractors in Gauteng, Eastern Cape, Mpumalanga and KwaZulu Natal on live construction projects. These emerging contractors have been employed from the communities within which Motheo operate.

Tender Compliance and Marketing

With access to opportunities being one of the greatest challenges, the Motheo / Jobs Fund partnership has ensured that emerging contractors are assisted in obtaining compliance documentation and marketing material. Having compliance documentation in place, which includes:

- Tax Clearance Certificates
- Workman's Compensation
- CIDB/NHBRC registration and upgrades,

Coupled with:

- Marketing material in the form of Company Profiles
- Company Websites
- Company Logos

has placed the emerging contractor in a strong position when seeking new work opportunities in the form of open tenders and other subcontract work.

Training and Skills Development

Formal certified training of personnel from all levels within the emerging contractor further assists the emerging contractor in their development and gaining access to the industry with qualified personnel. Training interventions include:

- Business Owner training
- Contracting training
- Supervisory Skills
- Health and Safety training
- Technical Skills

IMPACT OF THE PROJECT ON ACCESS TO PROJECT FINANCE, CASHFLOW MANAGEMENT, SKILLS DEVELOPMENT AND SUPPLIER RELATIONSHIPS

Cashflow

The Motheo / Jobs Fund partnership has positively impacted the emerging contractors cashflow. Through the Matched Funding, emerging contractors have been remunerated for work done on presentation of their invoices thus not having to wait 30 days for payment.

Project Finance and Scaling

The Matched Funding has assisted Motheo to scale the opportunity to more emerging contractors than what would normally be accommodated by Motheo on their own. To date 113 baselines have been conducted on emerging contractors which is double the anticipated number of planned emerging contractors.

Supplier Relations

Through the Matched Funding, emerging contractors have gained access to construction materials and have commenced building relationships with material suppliers.

Skills Development

Skills Development of emerging contractor's employees has been positively impacted with training being conducted through all levels of the organization. Management skills, Contracting skills and Technical skills have been structured throughout the organization not forgetting the importance of Health and Safety training and the liability of Business Owners.

Informal training is conducted on site with tacit knowledge transfer from Motheo site management and site supervision staff. Assistance is provided to emerging contractors in the form of planning their works, ensuring quality through induction and training into Motheo's ISO9001:2015 Quality Management System.

Emerging contractors are inducted and trained into Motheo's ISO45001:2018 Occupational Health Safety Management System transferring safety skills and ensuring compliance is retained at a high level throughout the construction site.

Youth Focus

Unemployed Youth specific training interventions have been embarked upon in the form of the GETC Construction Learnership and New Venture Creation training.

GETC Construction Learnerships

Further to the employed learner training, through the Motheo / Jobs Fund partnership training opportunities have been created for 60 unemployed learners who underwent and are still undergoing GETC Construction Learnerships. Under normal circumstances this type of training would not have been possible without the support of the Jobs Fund.

New Venture Creation

The Motheo / Jobs Fund partnership has created further opportunities in the form of New Venture Creation for 60 potential emerging contractors who have a passion for construction but have not been provided with training or guidance. This training will culminate in the formation of new emerging contractors equipped to commence business complete with marketing material and company websites.

PERFORMANCE OF EMERGING CONTRACTORS POST INCUBATION

Mixed success has been achieved post incubation with the greatest challenge being access to opportunities once projects come to completion. This problem is notably more pronounced in the rural areas of the Eastern Cape and Mpumalanga where real opportunities are limited.

With a key focus on assisting emerging contractors to ensure that all compliance documentation is in place, has led to opportunities for emerging contractors in the Eastern Cape being able to tender for work packages advertised by SANRAL in the Cathcart and Stutterheim areas where opportunities are limited.

A challenge faced by Motheo in creating opportunities beyond the initial project where emerging contractors were employed is “localization”. Communities from areas where new projects are established will not permit “non-local” entities from working in their area. This is understandable as the opportunities within these “new” work areas are also limited and emerging contractors from these areas want to secure the long-anticipated work for themselves. Greater success has been achieved where emerging contractors have secured new opportunities on new project. The Needs Analysis conducted with the emerging contractors noted the key to their sustainability of emerging contractors is the continuity of work.

REVIEW OF PROJECT SPECIFIC ELEMENTS

Sustainability

The project sustainability is created through the recycling of funds that have been ring-fenced for emerging contractor support. The continuous recycling of funds paid to emerging contractors upon presentation of invoices provides a mechanism to extend the support beyond the initial targeted emerging contractors.

Skills Transfer

Tacit knowledge transfer from on-site mentors allocated to the emerging contractor combined with knowledge transfer from industry professionals utilizing practical and live work conditions and formal training interventions will further enhance the transfer of critical contracting skills to emerging contractors.

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Personal insights shared on the impact of the funded project

SPECIAL GUEST APPEARANCE – MOTHEO CONSTRUCTION GROUP

Bonolo Sebata (Imogene Consulting and Projects: Project Beneficiary)

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SP Impact Fund

Stephen Ntsandeni (CEO)

Nonhlanhla Mthombeni (SMME Development Manager)

SPECIAL GUEST APPEARANCE

Precious Mbhalathi (Prest Business Suppliers: Project Beneficiary)



THE IMPACT OF SP IMPACT FUND

SP Impact Fund and the Jobs Fund initiative aims to create a sustainable construction industry by:

- **Empowering SMMEs:** Equipping them with the skills and resources to compete for larger projects.
- **Job Creation:** Facilitating employment opportunities within these businesses.
- **Economic Development:** Contributing to the overall growth of the South African economy.

AIDING SMME SUSTAINABILITY

BUSINESS
DEVELOPMENT

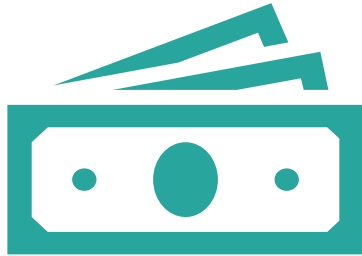
ACCESS TO MARKETS
& NETWORKS

ACCESS TO FINANCE

ACCESS TO
DISCOUNTED
MATERIALS AND
SUPPLIES

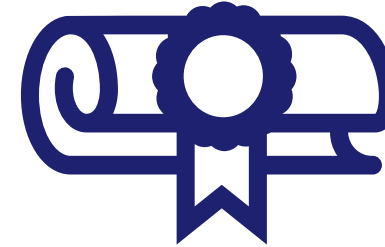
EMPLOYMENT
CREATION &
RETENTION

TRAINING AND
MENTORSHIP



OUR LENDING SOLUTIONS:

- Working Capital
- Purchase Order Funding
- Materials and Supplies Procurement Funding
- Invoice Discounting



NON-FINANCIAL SERVICES INCLUDE

- Hands on assistance with Compliance
- Training and Development in Business Management,
- Onsite Mentorship
- Technical and Vocational Education and Training.
- Access to a nationwide Supplier Database

The fund launched in 2019, with the support of the Jobs Fund, we have achieved the following;

- We facilitated the creation of **+3,234 Jobs** through funding to SMMEs
- We have onboarded and created development plans for **+162 SMMEs**.
- We have trained **+1,870 Employees & Business Owners**
- We have funded **+50 SMMEs**.
- We have spent **+R5m in SMME Training & other non-financial support**.
- Improved **application processes, website and internal governance policies**.



EMPOWERING THROUGH PARTNERSHIPS

SP Impact Fund is strategically partnering with major construction SMMEs to provide valuable opportunities through:

- ***Tailored Financial Solutions:*** Offering material and supplies facility through Main Contractor partnership to bridge funding gaps and ensure smooth project execution for subbies.
- ***Accelerated Skill Development:*** Combining classroom training with practical application leads to faster skill acquisition.
- ***Project Success:*** Collaboration fosters expertise sharing, contributing to successful project completion for all stakeholders.
- ***Supplier Relationships:*** The Fund's network and established partnerships can help secure favorable terms with suppliers or connect emerging companies with reliable suppliers.

MECSA CONSTRUCTION
COMPANY

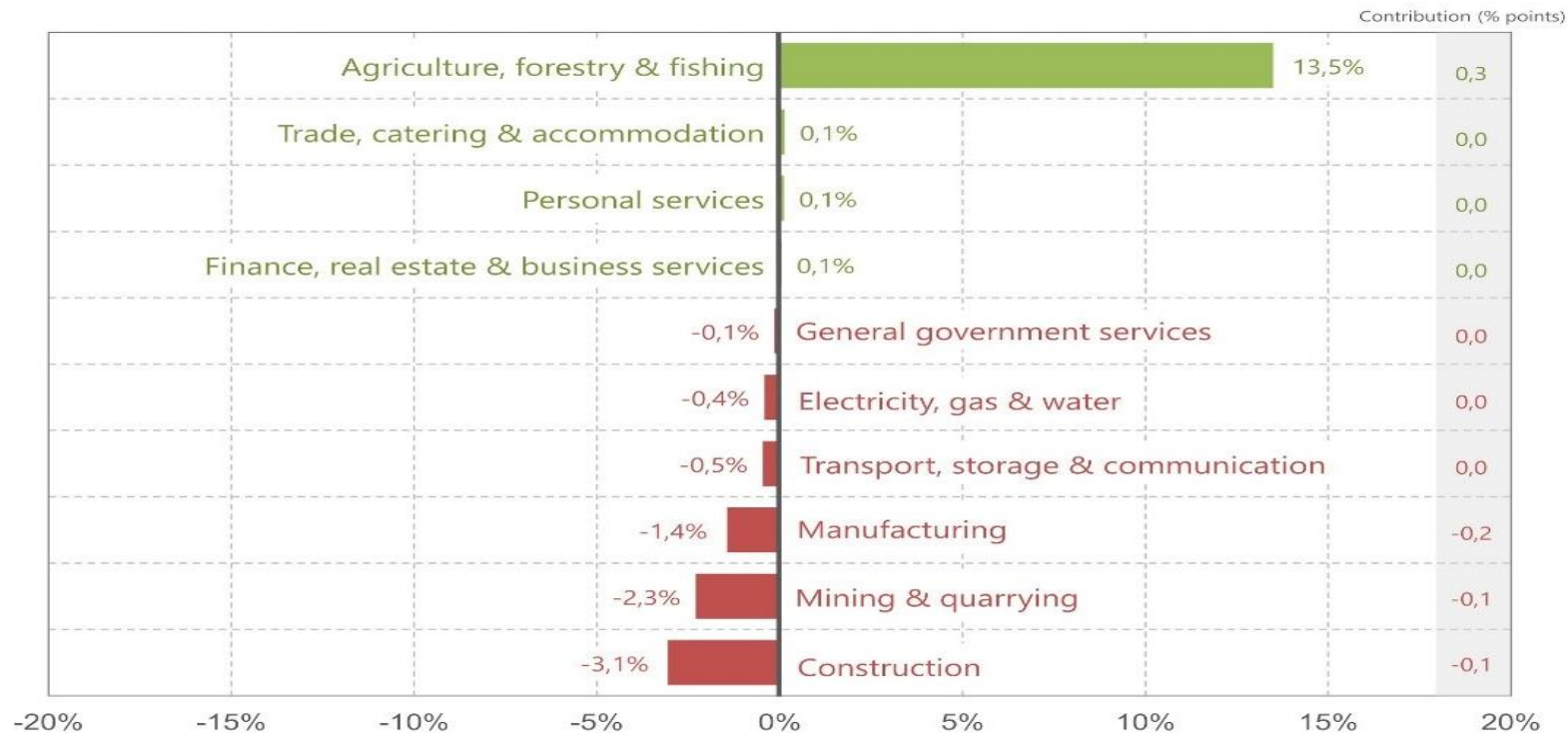
MAGOGUDI
CONSTRUCTION PROJECTS

MAGARULE CIVIL WORKS
AND CONSTRUCTION

MINTIRHO BUSINESS
ENTERPRISES

Figure 1: Six industries recorded a decline in production in Q1: 2024

Industry growth rates – Q1: 2024 compared with Q4: 2023 (constant 2015 prices, seasonally adjusted). GDP contracted by 0,1%



Source: Gross domestic product (GDP), 1st quarter 2024

CREDITED SOURCES

CONSTRUCTION SECTOR PERFORMANCE IN SOUTH AFRICA

- The South African construction sector experienced a contraction of **3.1%** in Q1 **2024** ([STATS SA](#)).
- This decline is attributed to factors like:
 - *Intensified power outages (load shedding)*
 - *Political uncertainty leading to project delays*



stats sa

Department:
Statistics South Africa
REPUBLIC OF SOUTH AFRICA

Construction Sector Performance Globally

- Overall global economy is expected to have grown at **3.2%**.
 - Growth prospects for **Sub-Saharan Africa** (including South Africa) are projected to improve to **3.8%** in **2024** ([GCM-RICS](#)).



FUNDING PARTNERSHIP WITH SP IMPACT FUND

PREST BUSINESS SUPPLIERS CC is one of our funded SMME's, funded by SP Impact fund through the Jobs Fund 10th call Initiative.

- **PREST** had been awarded a 12-month contract worth R9,512,950 by Eskom for a security fence project at HEMES substation
- **PREST** was funded R 1,500,000 in October 2023.

PREST's dedication to excellence is reflected in their current **CIDB Gradings**

- ✓ **6 CE PE** - Civil Engineering
- ✓ **7 EP PE** - Electrical Engineering Work Infrastructure
- ✓ **2 EB PE** - Electrical Engineering Work Building

PREST BUSINESS SUPPLIERS

Close corporation





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Personal insights shared on the impact of the funded project



MANAGING DIRECTOR, PREST BUSINESS SUPPLIERS CC
PRECIOUS MBHALATHI

A presentation slide for an interview with Precious T Mbhalati, Managing Director of PREST Business Suppliers CC. The slide features the SP Impact Fund logo and the text 'INTERVIEW PREST Business Suppliers CC'. Below this, it lists the interviewee's name and title. The main question is 'QUESTION 1. CAN YOU ELABORATE ON PREST'S HISTORY AND AREAS OF EXPERTISE?'. The slide has a dark background with a sunset or sunrise image at the bottom.



Q&A Session

Closing Address

Najwah Allie-Edries

Deputy Director-General: Employment Facilitation
(Head of the Jobs Fund)



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Thank you



Jobs Fund:



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<http://www.jobsfund.org.za>



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