

SAVI VENTURES • TRANSACTION ADVISORY & CREDIT SOURCING

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THE 2026 SOUTH AFRICAN CONTRACTOR'S GUIDE TO PURCHASE ORDER FUNDING & MANDATORY TENDER CHECKLIST

A definitive institutional manual for SMMEs and tier-one suppliers executing contracts for Eskom, Transnet, SANRAL, PRASA, Municipalities, and Government Departments. Learn how credit committees evaluate purchase orders, how to eliminate fraud red flags, and how to access **R50,000 to R200,000,000+** without pledging personal property bonds.

FACILITY RANGE
R50k – R200M+

ADVANCE RATE
70% – 90%

TURNAROUND
24h – 48h Terms

DISBURSEMENT
Direct Account

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01 THE 2026 PROCUREMENT LANDSCAPE IN SOUTH AFRICA

Winning a government or state-owned enterprise (SOE) contract is the single fastest way for a South African contractor to scale revenue from seven figures into eight or nine figures. However, under the **Public Finance Management Act (PFMA)** and **Municipal Finance Management Act (MFMA)**, government procurement units are mandated to pay within 30 days of receiving a verified invoice—yet in practice, payment cycles frequently stretch to 45, 60, or even 90 days.

For contractors who must purchase materials upfront, pay specialized subcontractors, or cover logistics costs, this liquidity gap is fatal. Without committed credit backing, contractors face contract cancellation, blacklisting on the National Treasury Central Supplier Database (CSD), or crippling late-delivery penalties.

Core Rule: Traditional retail commercial banks evaluate loan applications based on your historical balance sheet and real estate collateral. Specialized institutional credit funds evaluate applications based on the *creditworthiness of the procuring government department* and the *feasibility of the purchase order*.

02 PO FUNDING VS. INVOICE FACTORING VS. BANK OVERDRAFTS

FEATURE	PO FUNDING (TENDER FINANCE)	INVOICE DISCOUNTING	BANK OVERDRAFT
When to Use	Before delivery (to buy stock & raw materials)	After delivery (waiting for 30–90 day payment)	General operational float
Key Security	Confirmed Government PO + Cession	Approved Invoice + Delivery Proof	Property Bond / Balance Sheet
Advance Rate	Up to 70% – 85% of PO value	Up to 80% – 90% of invoice value	Strictly capped to bank limit
Approval Speed	24h to 72h Indicative Term Sheet	24h to 48h Disbursement	6 to 12 weeks of committee review

03 THE 5 NON-NEGOTIABLE MANDATORY DOCUMENTS

Institutional credit committees reject over 65% of funding submissions within the first 15 minutes due to missing or illegible verification documents. Ensure your document pack contains exactly these 5 files before requesting a term sheet:

01 Official RFQ (Request for Quotation) / Tender Specification

The original procurement invitation issued by the government institution or SOE. Underwriters cross-examine the RFQ line items against your PO to verify that scope creep or mismatched specifications have not occurred.

02 Valid Purchase Order (PO) or Approved Invoice

Must be signed and stamped by an authorized SCM (Supply Chain Management) official or Chief Financial Officer. Must state the full contract value, VAT breakdown, delivery location, and contract expiration date.

03 Proof of Execution / Supplier Pro-Forma Invoices

For PO Funding: Written, signed pro-forma invoices from verified manufacturers/suppliers detailing the exact cost to fulfill the order.

For Invoice Discounting: Official Delivery Note stamped by receiving officer, or an Engineer's Certificate of Completion.

04 CIPC Registration & Director FICA Packs

Current CIPC CoR14.3 certificate confirming company status is "In Business". Certified green barcoded ID copies or Smart ID cards of all directors holding 20%+ shareholding, plus valid B-BBEE certificate/affidavit.

05 Original 6 Months Business Bank Statements (PDF)

Original e-stamped bank statements directly downloaded from online banking (FNB, Standard Bank, Nedbank, Absa, Capitec Business). Scanned, altered, or print-and-scan PDFs are automatically rejected by digital fraud filters.

04 INSTITUTIONAL VERIFICATION PROTOCOLS

Due to the proliferation of syndicate scams issuing fraudulent purchase orders claiming to be from Transnet, Eskom, or the Department of Health, underwriters execute stringent two-way verification protocols before releasing capital:

THE 4-POINT FRAUD SCREENING AUDIT:

1. Direct phone & official email verification with the procuring entity's CFO or Head of SCM.
2. Verification that the RFQ was gazetted on the eTender Portal or SOE procurement registry.
3. CSD verification to confirm the supplier's tax compliance status is green (SARS PIN).
4. Verification that the delivery location matches a recognized state facility (no third-party storage units).

05 CESSION OF PAYMENT, ESCROW & ACCOUNT DISBURSEMENT

How does repayment work without encumbering your personal home or factory?

The cornerstone of PO and Tender Finance is a legally binding **Cession of Payment (Irrevocable Payment Instruction)** acknowledged in writing by the government department. Under this agreement, the department agrees that when the final payment is due, funds are remitted to a designated ring-fenced bank account or escrow conduit.

Direct Business Account Disbursement

At SaVi Ventures, credit funds disburse directly into your operational business bank account for immediate procurement execution. (Only where requested or required for high-risk supply chains is Supplier Finance paid directly to manufacturers).

06 CALCULATING ADVANCE RATES & TRANSACTION ECONOMICS

Example: R2,000,000 Eskom PO

Margin Rule of Thumb

- Purchase Order Value: **R2,000,000**
- Cost of Goods / Execution: **R1,200,000**
- Sourced Advance (80% of PO): **R1,600,000**
- Net Working Capital Released: **R1,600,000**
- Facility Duration: **45 Days**
- Contractor Retained Profit: **R600,000+**

To remain highly lucrative after factoring in the cost of funding (typically 2.5% to 4.5% per 30 days depending on risk grade), your contract gross margin should ideally exceed **20% to 30%**. Never bid below 15% margin on public tenders if third-party debt is required.

07 DISQUALIFICATION TRAPS & HOW TO FIX THEM

Trap 1: Expired Tax Compliance Pin on CSD

If SARS flags non-compliance during payout, government SCM cannot disburse. Fix: Run daily CSD compliance audits.

Trap 2: Short Execution Window on PO

If the PO delivery date is 7 days away and stock takes 14 days to import. Fix: Request a formal written contract extension letter from SCM before applying.

Trap 3: Third-Party Intermediary Markup Abuse

Suppliers quoting inflated pricing through informal middlemen. Fix: Secure primary tier-one manufacturer distribution agreements.

08 PRE-SUBMISSION COMPLIANCE AUDIT SCORECARD

Tick each box below prior to uploading your transaction to SaVi Ventures:

☐ Confirmed Purchase Order signed by authorized SCM delegate with official letterhead.

☐ Original Request for Quotation (RFQ) document with matching line specifications.

☐ Confirmed supplier quotations covering all equipment, transport, and raw materials.

☐ Active CIPC CoR14.3 certificate + certified IDs of all directors holding >20% equity.

☐ Last 6 months business bank statements in original digital PDF format (with e-stamp).

☐ Active SARS Tax Clearance PIN showing green compliant status on Treasury CSD.

READY TO UNLOCK YOUR FACILITY?

Submit your transaction memorandum online for rapid credit evaluation or contact the rapid-response deal desk on WhatsApp. We respond within 60 minutes.

[SUBMIT DEAL ONLINE](#)

[📞 WHATSAPP DEAL DESK \(068 964 2994\)](#)

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