

Increased competitiveness Through Innovative Financial Mechanisms

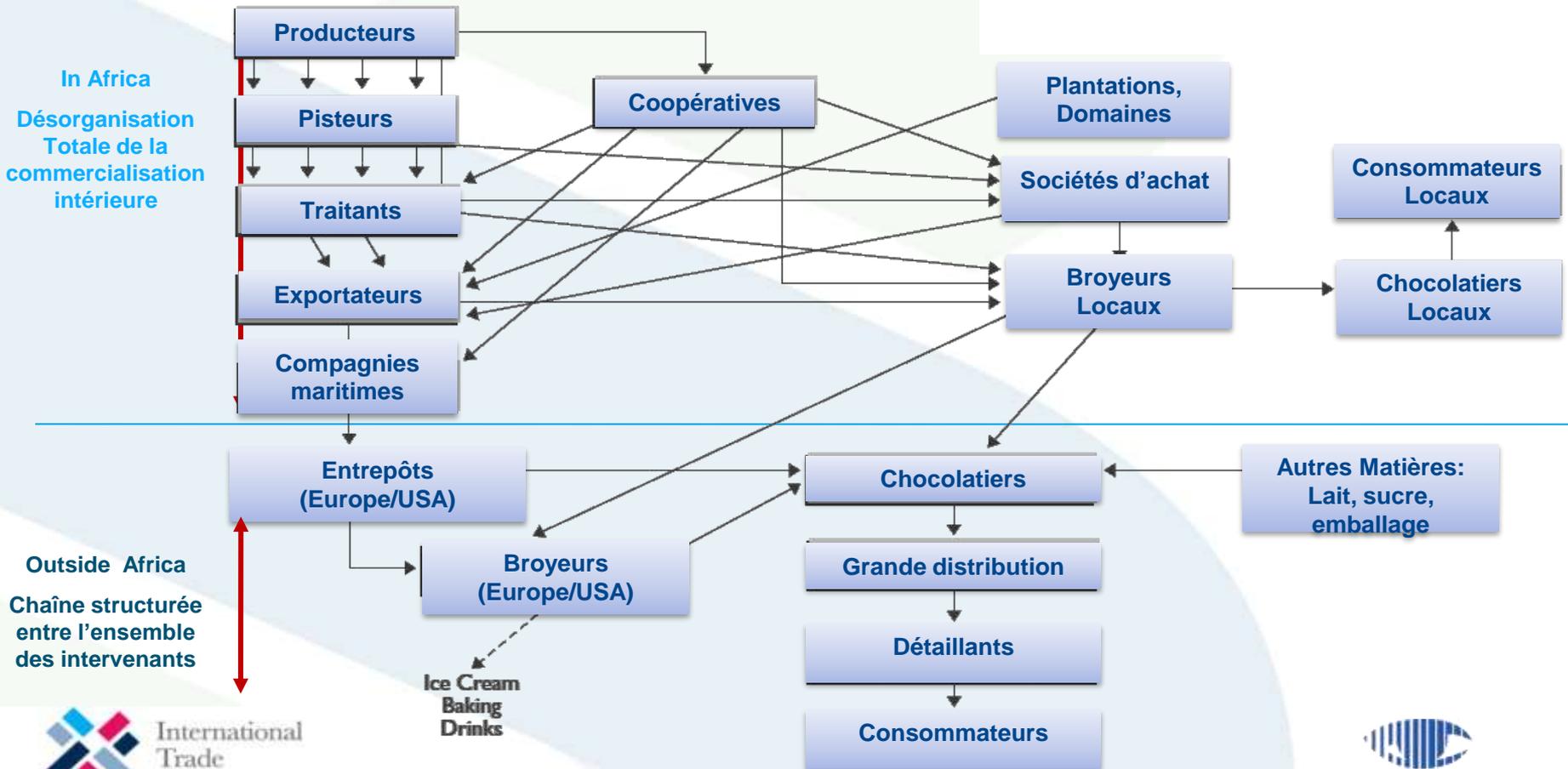
Financing the commodity supply chain



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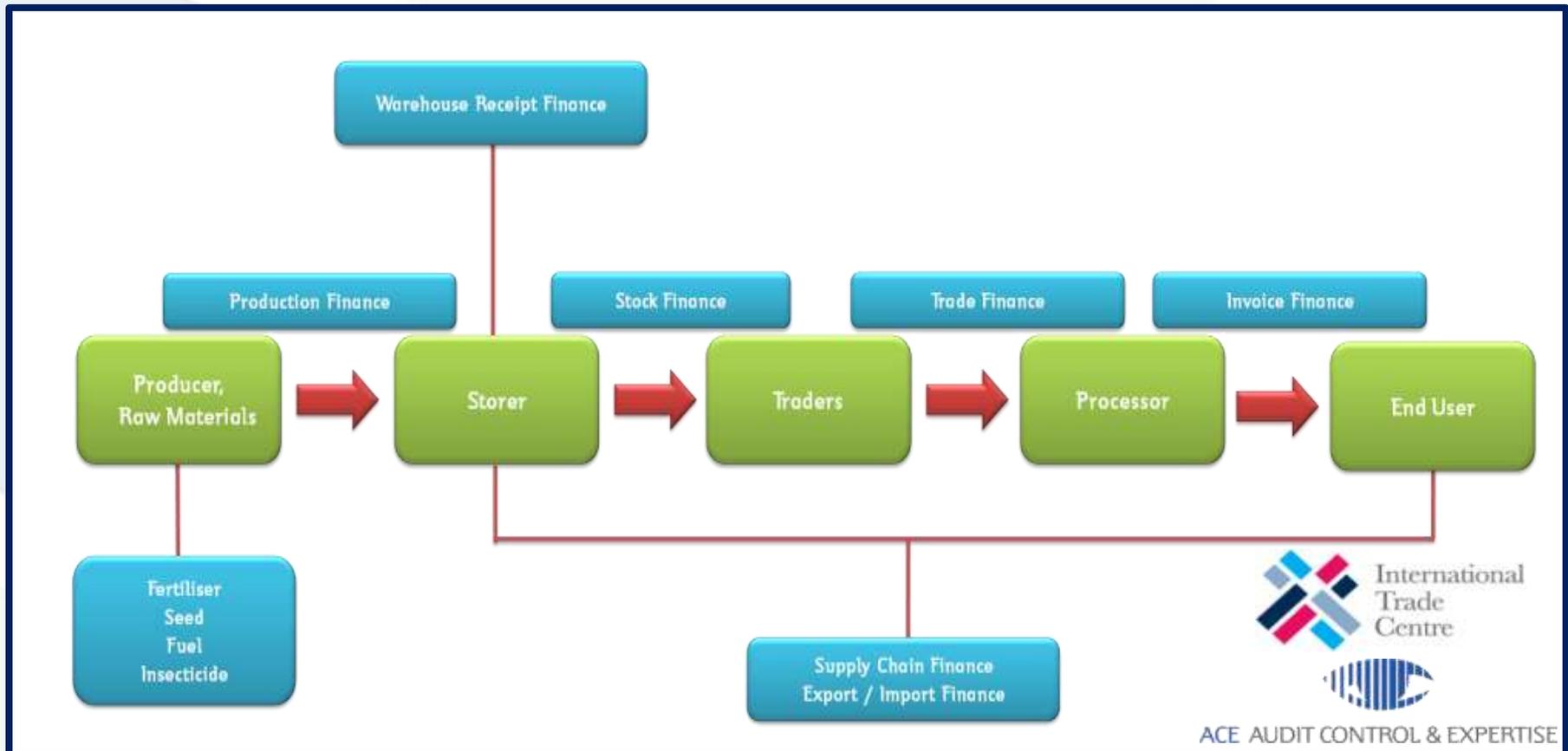
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In most developing countries, actors within the value chain have limited transparency in the product and the actors throughout the value chain



The Basis for an Alternative Approach

The commodity supply chain rests **on five building blocks**. Understanding the financing requirements of each block on an individual basis, creates the basis for a consolidated approach, starting from the End User and integrating a discounted financing model.

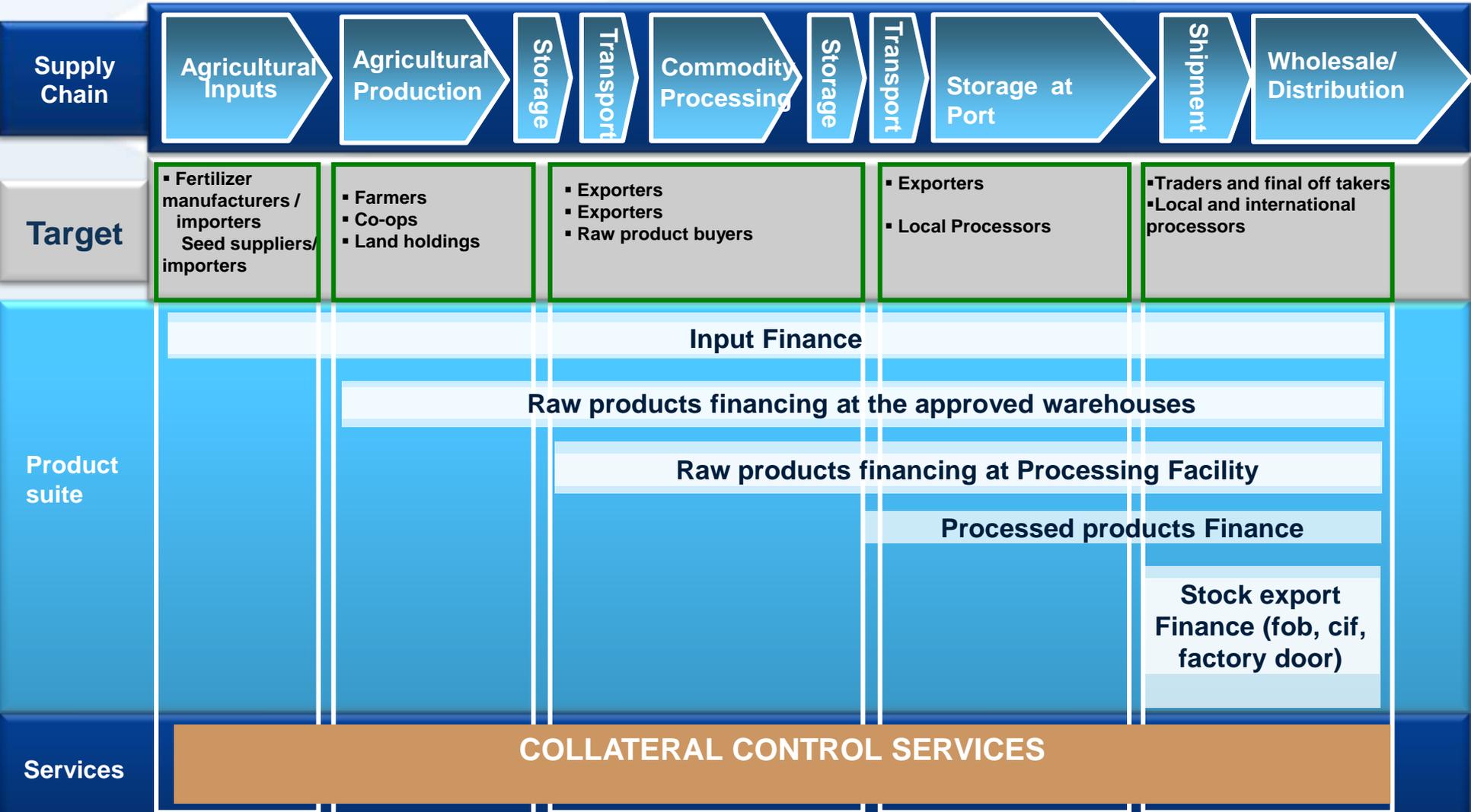


In the absence of a regulated, transparent and liquid exchange or trading platform, the domestic market is often controlled by a private oligopoly dominated by the Multinational Traders.

How then can the smaller and local participants competitively enter the supply chain financing arena on a structured basis?



The Value Chain



- Financing for SME's demands a non-conventional approach towards Collateral
- Banks and Clients need to understand the associated risks and mitigate through:
 - Thorough understanding of the markets they operate in
 - Use of Collateral Controllers such as ACE to gain and maintain effective control
 - Discount mechanisms to ensure cashflow commensurate with supply chain
- Partnership with ITC to ensure broad awareness of the move towards an alternative financing methodology:
 - Identify likely market
 - Educate participants along the value chain:
 - Producers, Traders, Storers, Processors, Banks, DFO's and Public Sector

Thank you