

**Speech By YB Pehin Datu Singamanteri Colonel (B) Dato Seri Setia  
(Dr.) Awang Haji Mohammad Yasmin Bin Haji Umar,  
Minister of Energy at the Prime Minister's Office**

Bismillah Hirrahman Nirrahim,

All praises be to Allah Subbahanhu Wataala, salawat and salam upon our beloved Prophet Muhammad Sallallahu 'alaihi Wassalam, his family, companions and faithful and honest followers till the end of time.

Assalamualaikum Warahatullahi Wabarakatuh and Very Good Morning,

Madame Lai Pei-Sei, Chief Executive Officer, Standard Chartered Bank, Brunei Darussalam;

Mr Chris Furness, Group Head, SME Product Management, Standard Chartered Bank.

Yang Mulia Dato Paduka Haji Rosli bin Haji Sabtu , Managing Director AMBD

Permanent Secretaries,

Senior Officials from the Government and Private Sectors,

Distinguished Guests, Ladies and Gentlemen.

It is a great honour for me to be here together with you all to witness the launching of the Standard Chartered Purchasing Order Financing Scheme.

1. Oil and gas is the backbone of Brunei Darussalam's economy and contributes to over 90% of the country income. To ensure that the industry provides maximum economic spin-off and benefits to the Nation, we have made amongst others Local Business Development, as one of the top agendas of the Government of His Majesty the Sultan And Yang Di-Pertuan of Negara Brunei Darussalam.

Since 2012 to date, the Brunei Shell Joint Ventures (BSJV) has awarded contracts worth B\$ 800 million to local companies. This is still quite low considering the joint ventures in total spend around B\$3 Billion every year. This translates that there are still plenty of business opportunities for our SMEs which number around 360, in the oil and gas sector.

2. Yet in reality, only a number of these SMEs are able to develop and venture further. There are many reasons for this but from our visits to the companies, one of the matters raised by the contractors is on finance. The contractors feel that the banks are insensitive to their needs, or have very little trust on them with exception for a select few. This is not what I am saying, but from the contractors themselves! We have to address this problem. So what have we done so far?
  - Firstly, we have brought the two sides together. The Energy Department of the Prime Minister's Office (EDPMO) has now made it a practice to include representatives from the Banking institutions in our visits to the service contractors, so that both can open up on their own side of the stories. Through these engagements, I believe there is now more willingness on the part of the banking sector to be more creative and innovative in looking for more business opportunities with these contractors and at the same time enable the contractors to obtain better and competitive terms for their finance arrangements with the banks. Prior to this, the common perception among the contractors was that our banks were not as competitive as the banks operating outside the country.
  - Secondly, for certain contracts, it is now a pre-requisite for the contractors to use banks operating in the country to finance the related contracts. Recent contract awards valued at B\$ 300 million for the procurement of marine vessels, stipulated the requirement that financing be obtained from banks operating in Brunei Darussalam. This is to help build up our banking sector and ensure their involvements in the oil and gas sector.

3. The success of our SMEs also equates to another important priority i.e. the creation of more employment opportunities. On the supply side, EDPMO is undertaking various initiatives with the Ministry of Education in order to ensure that our technical education curriculum meets the requirement of oil and gas industry e.g. through the Energy Industry Competency Framework (EICF). However we need to develop our demand side by having genuine SMEs who will be able to take up the local workforce. The EDPMO Data shows that since the Energy Job Fair held in October 2012, 1,978 local employments, as of 21<sup>st</sup> August 2013, have been achieved against the set target of 1,600. We will work harder on this. We cannot just be happy by looking at the positive number received alone. The data needs to be scrutinized carefully to make it is reflective of the reality in the job markets. We need to identify what more need to be done in order to help our job seekers.
4. The needs to develop, strengthen and grow the various sectors including oil and gas industry SMEs can be related to His Majesty the Sultan and Yang Di-Pertuan of Negara Brunei Darussalam's Titah as published in the 10<sup>th</sup> National Development Plan (2012-2017) Brunei Darussalam:-  
  
*"We have no other choice but to work even harder and to continue to increase productivity, be it in the public, private or independent sectors. This will not only accelerate economic growth but will also serve as a protective shield in the face of future economic crises."*
5. It is for me therefore enlightening to know of this Standard Chartered Bank's initiative to offer Purchasing Order (PO) facilities. As I understand it, this facility allows an SME to borrow up to 90% of the value of a purchase order, with a maximum cap of B\$375,000 and a flexible repayment period of up to 180 days. I hope and do believe that this facility will help to address the needs of some of our contractors, especially those that are new to the industry, until they

are financially strong enough to cover on their own the full cost of the purchasing orders.

6. I would like to call upon Standard Chartered to monitor the effectiveness of this scheme and to make adjustments if needed to help the SMEs. Please share with EDPMO the data obtained from this scheme. We have our own internal economists and statisticians who will be able to analyse this and help the EDPMO to formulate appropriate policies to encourage SMEs' development.

You should also look at other schemes be it conventional or Islamic, to cater for the various needs of the contractors while at the same time remaining competitive. It is also important to ascertain that the local companies applying for the various financial facilities are indeed truly managed by local owners themselves.

7. My advice for the contractors, it is equally important not to exploit the financing schemes offered for own personal and quick enrichment or to divert the finance for other activities. At the same time, for oil and gas contractors, they need to be more willing to share the financial exposure by investing their own finance rather than expecting a 100% financing by the banks. We want our contractors to be both ethical and honest in conducting their businesses.
8. Banks as Corporate Citizens have additional roles to play in developing our new SMEs as some of them need training in preparation and maintaining documentations such business plan and proper profit and loss accounts. These are documents often required before financing arrangements such as loans, Purchasing Order etc. would be considered by the financial institutions. On this perhaps, the Brunei Association of Banks could organize workshops to help especially our young entrepreneurs.
9. I would like to call on the banks in the country to further develop financing packages to further support the SMEs, especially those who are new to the oil and gas business. It is interesting to note that this

year alone, the BSJV has awarded B\$200 million worth of contracts to new local SMEs. But we need to increase this further. I urged you to engage the players in the oil and gas industry, operators and service contractors alike, to understand the needs and the types of financing required within the industry.

Lastly we are committed to work together to grow our local SMEs, new or established, for none other reasons but to create the much needed economic activities to spur job creations. These will ensure a sustainable socio-economic contribution from the oil and gas service sector to our Nation's peace and prosperity for many years to come. Insya Allah.

With the greetings of Selamat Hari Raya and Maaf Dzahir Batin, I conclude my speech.

Thank you.

WABILLAHITAUFIKWALHIDAYAHWASSALAMU'ALAIKUM  
WARAHMATULLAHIWABARAKAATUH.