



agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

THE AGRIBEE FUND - Got questions?

Below are some of frequently asked questions

1. What is the AgriBEE Fund?

The AgriBEE Fund is a support programme initiated by the Department of Agriculture, Forestry and Fisheries (DAFF). It was conceptualized primarily as an intervention to support black owned farming and agribusiness enterprises, previously excluded, to participate in the mainstream economic activities with a view of enhancing the transformation agenda in the sector. The Fund's mandate was extended to also include enterprise development initiatives such as value adding and agro-processing infrastructure (postproduction related infrastructure).

2. What is the purpose of the Fund?

The purpose of the AgriBEE Fund is to support SMME's within the agricultural sector who wishes to acquire equity and shares in viable and sustainable enterprises, including vertically integrated enterprises (agro-processing) in the agricultural sector and advance enterprise development initiatives through agro-processing and value add infrastructure (post production related infrastructure) to the people who were previously marginalized to participate in the sector value chain.

3. What are the key objectives of the AgriBEE Fund?

The objectives of the Fund are as follows;

- To promote entry and participation of previously disadvantaged people in the entire agriculture value chain, through provision of funding for equity acquisition and promotion of enterprise development initiatives through value add and agro-processing infrastructure.

- To ensure that there is an increased number of black people who own, manage and control sustainable enterprises in the agriculture sector and that there is improved participation by black designated groups as stated in the respective sector codes, namely, unemployed black people not attending and not required by law to attend an educational institution; black people who are youth; black people who are persons with disabilities; black people living in rural and under developed areas; black military veterans in terms of the Military Veterans Act 18 of 2011 as well as farmworkers, throughout the respective sectors' value chains.

4. What are the Fund's products?

The Fund consists of two products namely, equity acquisition (i.e. new equity deals and increasing equity ownership and/or interest acquisition) and value adding / agro-processing deals (i.e. start-up processing / value adding business and existing processing / value adding businesses requiring expansion capital).

5. Can I apply through the Fund for 100% equity acquisition in a viable and sustainable enterprise at once?

No, for new equity deals - in the initial investment, an applicant may only be assisted to acquire, at most, up to 49% shareholding. This is to ensure that the skill is transferred gradually over a period of time and that the business continues to be viable and sustainable, amongst other reasons. The same principle applies to applicants, who wish to increase a shareholding in a viable and sustainable enterprise; they may only be assisted to acquire an additional 49%.

6. Can I apply for funding to invest in an enterprise that is not doing well or use funds to bail out an enterprise?

No, the Fund is geared towards supporting investments in viable and sustainable enterprises, including vertically integrated enterprises (agro-processing).

7. Can I apply for primary production related activities?

No, primary production activities cannot be supported through the AgriBEE Fund.

8. Who is eligible?

- Applicants can only be juristic persons who are incorporated in South Africa with valid constitutional documents;
- The applicant (i.e. the individual/s within the legal entity) must be Black (as defined by the Broad Based Black Economic Empowerment Act No 53 of 2003 as amended Act 46 of 2013) and the entity black-owned. In cases where the applicant is not 100% black-owned, only the portion held by the Black Person/s shall be supported by the AgriBEE Fund;
- The applicant must either be able to qualify as an EME or a QSE in line with the applicable Sector Codes. For instance, only agricultural enterprises with annual turnover of up to R50 million may be considered;
- The applicant must be directly involved in the commodity or industry where investment is sought and should have been operating for at least the past recent three (3) consecutive years – to furnish the proof thereof when required (in form and substance acceptable to the Land Bank) ;
- These requirements apply to all applicants including those that wish to apply for new equity deals and start-up agro-processing/ value adding activities and that applicants would, at all times, be required to comply fully with all the sections of this criteria for funding.

9. Can I apply for funding if I am not yet registered as a legal entity?

No, the applicant must be registered as a legal entity, whether it is a Co-operative, Close Corporation, Private Companies (Pty) Ltd and a Trust among others.

10. Can I apply for funding if my business has not been operational in the agriculture sector for at least the past three (3) consecutive years?

No, the Fund's criteria for funding stipulates that an applicant should have been operating for at least the past three (3) consecutive years before they may be considered for support under the AgriBEE Fund.

11. I am currently involved in the agriculture sector; can I apply for funding if my business is not directly involved in the commodity or industry in which I would like to invest?

No, one of the conditions for funding stipulates that an applicant must be directly involved in the commodity or industry where investment is sought.

12. I have identified an opportunity in agriculture sector, however, currently I am NOT directly involved in the sector/industry/commodity where investment is sought; can I apply for funding for a new equity deal or start-up processing / value adding business or any of the Fund's products?

No, one of the conditions for funding stipulates that, an applicant must be directly involved in the commodity or industry where investment is sought and that they should have been operating for at least the past three (3) consecutive years before they may be considered for support under the AgriBEE Fund folder.

13. How and where do I apply? What is the application process?

The process of application for the AgriBEE Fund begins at the Provincial Departments of Agriculture (PDAs). The department has partnered with Provincial Departments of Agriculture whom shall assist applicants with project formulation, packaging and submitting of applications to DAFF with a letter of support endorsed by the respective Head of Department, once they are satisfied that the project fits the criteria for funding. As a result, DAFF does not accept applications directly from applicants. Applications may only be submitted through the respective PDAs – see contact details of relevant officials in respective provinces available at: www.daff.gov.za/daffweb3/Resource-Centre under the AgriBEE Fund folder.

14. How will the respective Provincial Departments of Agriculture assist me?

The respective Provincial Departments of Agriculture will assist you with project formulation, preparation of a commercially viable business plan, furnish you with general agricultural information, and provide the capacity to contribute to the success and sustainability of your project.

15. Can I submit my application directly to the Department of Agriculture, Forestry and Fisheries?

No, complete applications must be submitted to the respective Provincial Departments of Agriculture as per the contact details available at: www.daff.gov.za/daffweb3/Resource-Centre under the AgriBEE Fund folder. This is in line with the partnership arrangements between DAFF and PDAs, thus, it is important that the PDAs assess if the applications fit the criteria for funding, and if they do, attach a letter of support endorsed by the respective Head of Department before submitting applications to DAFF.

16. What do I need to include in my application, is there a checklist of required documents?

Yes. There are minimum documents required to accompany the applicants' AgriBEE Fund applications. These documents assist to perform a holistic assessment of your business in order to respond to your application. Thus, a checklist, with a list of all the required documents is attached to the application form available at: www.daff.gov.za/daffweb3/Resource-Centre under the AgriBEE Fund folder.

17. If there are outstanding attachments to my application, will my application be processed?

No, your application will not be processed until such time that the respective PDA and DAFF have received all the minimum required documents.

18. Is there a standard business plan template to be used?

No, there is no specific business plan template to be used by applicants. However, as a guideline, see the guideline to 12 essential elements to feature in applicant's business plan requiring support under the AgriBEE Fund available at: www.daff.gov.za/daffweb3/Resource-Centre under the AgriBEE Fund folder.

19. Is there a standard template or preferred model for a business valuation report?

No, there is no standard template or preferred model for a business valuation report. However, should it be necessary, the Land Bank (the strategic partner to the department) will advise the department and the applicant.

20. Can my own contribution be in kind?

No, only monetary contribution is considered.

21. Is my own contribution required before a business is funded?

Yes, a minimum own contribution of ten percent (10%) from applicants shall be required once the application is approved by the accounting officer of DAFF prior disbursements. The applicant's "own contribution" shall be paid into the AgriBEE Fund account being managed by the Land Bank. This is done so as to demonstrate the level of commitment from applicants.

22. What is the minimum and maximum amount that I can apply for and what would be my own contribution?

As a rule, the minimum grant that each applicant can apply for is R1 000 000.00 (one million Rand), and the maximum grant that each applicant can apply for is R5 000 000.00 (Five million Rand), provided that the DAFF and/or the Land Bank may exercise their discretion and consider and approve applications of more than R5 000 000.00 (Five million Rand), a twenty percent (20%) own contribution would be required for such cases.

23. What are exclusions when applying for the Fund?

- Purchasing of farms and farming infrastructure at primary level (the Fund supports post production activities such as agro processing/value-add infrastructure);
- 100% acquisition of a business at initial investment by the applicant(s) (applicants may only be assisted to acquire at most up to 49% in the initial investment);
- Applicant(s) who are not directly involved in the industry / commodity where investment is sought, will be excluded (passive or speculative investors);

- Investment in farms under land claim; and
- Government employees, Land Bank employees and politicians.

24. Is there a criteria for funding and how can I get more information on the AgriBEE Fund programme?

Yes, there is a criteria for funding available at www.daff.gov.za/daffweb3/Resource-Centre under the AgriBEE Fund folder.