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## **MEDIA STATEMENT**

**24 October 2022**

### **MINISTER DIDIZA LAUNCHES A 3.2 BILLION BLENDED FINANCE SCHEME WITH LAND BANK TO ASSIST FARMERS**

The Minister of Agriculture, Land Reform and Rural Development Ms Thoko Didiza, MP today launched a 3.2 billion Blended Finance Scheme with Land Bank to assist farmers. The programme will be implemented over a 10-year period with the department investing a minimum of R3, 2 billion over the period. The funding will be on a blended finance structure which is a combination of a loan and grant with the focus on commodities as per the Agriculture and Agro-processing Master Plan.

The department and Land Bank have each invested R325 million per annum which will effectively result in the creation of a R650 million fund a year and it will grow to R1.95 billion by end of Year 3.

Land Bank is a specialist agricultural Development Finance Institution (DFI) that is embarking on a revised strategy which is aimed at improving the effective balancing of financial sustainability and developmental outcomes in order to meaningfully contribute to the development and transformation of the agricultural sector in South Africa.

The bank achieved a clean audit outcome for Financial Year 2022 providing an indication of the bank's sound governance, management controls and processes to enable the successful implementation of the Blended Finance Scheme.

“Strategic partnerships like these are critical to ensure growth, food security, development of farmers and transformation of the agricultural sector, and contribute towards job creation,” said Minister Didiza.



“In order to ensure increased affordability and inclusion, and to reduce the risk of failure by new entrants, Land Bank will predominantly follow a blended finance model to support development farmers,” says the Land Bank Chairperson, Ms Thabi Nkosi.

This partnership aims to support the development of small and medium scale producers to participate in the mainstream agricultural economy and along the agricultural value chain. The objective of the Fund is to make the land and agrarian reform successful by supporting the development, acquisitions and production expansion of qualifying black producers in prioritised value chains. This is meant to achieve the following goals:

- Economic growth and expansion of the agricultural sector,
- Accelerate land redistribution and wealth creation,
- The job creation,
- Transformation of the sector,
- Increased exports,
- Effective land reform and rural development (especially underutilised land),

Access to Blended Finance Scheme will be directly through Land Bank and the department will perform and oversight role including reporting to all its relevant structures. Furthermore, the received Expression of Interest from other private banks and engagements are at an advanced stage as part of the goal of broadening access to finance by producers.

The targeted sectors include:

- Fruits, nuts and vegetables value chains
- Grains and sugarcane
- Poultry value chain,
- Pork, Beef and sheep value chains,
- Other viable ventures that supports the AAMP.



Grants will be provided based on the pre-set Department of Agriculture, Land Reform and Rural Development qualifying criteria.

Important to note is that long-term lease agreements including Permission to Occupy that is longer than the period of funding will be accepted as adequate security to enable access to funding.

### **WHO QUALIIFIES?**

- South African citizens with a valid identity document;
- Black owned and managed farming enterprises that are commercially viable in commodities prioritised in the AAMP.
- In the case of Joint Ventures, the non-black partner should have 40% but not less than 26% ownership in the enterprise
- Enterprises with 10% Farm worker profit sharing; the National Development Plan urges that by 2030, no one should go to bed hungry!
- Youth (40% targeted), women (50% targeted), People with Disability (6% targeted) and military veterans.

**-END-**

Issued by the Department of Agriculture, Land Reform and Rural Development:

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