

R3.2bn blended finance scheme launched to assist farmers

The Minister of Agriculture, Land Reform and Rural Development, Thoko Didiza, has launched a R3.2bn blended finance scheme with Land Bank to assist farmers. The programme will be implemented over a 10-year period.



Source: [123RF](#)

The funding will be on a blended finance structure which is a combination of a loan and grant with a focus on commodities as per the Agriculture and Agro-processing Master Plan.

The department and Land Bank have each invested R325m per annum which will effectively result in the creation of a R650m fund a year and it will grow to R1.95bn by end of year three.

Agriculture sector development, transformation

"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," says 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 Thabi Nkosi, Land Bank chairperson.



New agriculture agro-processing masterplan to transform the sector

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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 the blended finance scheme will be directly through Land Bank and the department will perform an 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 vegetable value chains
- Grains and sugarcane
- Poultry value chain,
- Pork, beef and sheep value chains,
- Other viable ventures that support 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 qualifies

- 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.

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