**Land Bank calls on farmers to apply for drought relief measures**

**Centurion, South Africa – 30 March 2016:** State-owned Land Bank, a specialist land and agricultural bank providing financial services to the commercial farming and agri-business sector has called on farmers in drought declared provinces to apply for concessional loans raised by the Bank from the Industrial Development Corporation (IDC) to help ease the effects of the drought and return to viability in the long term.

The IDC advanced a concessional loan of ZAR400 million to the Land Bank for on-lending to farmers affected by the current drought who can apply for these loans immediately. Last year, the Government declared KwaZulu-Natal, Mpumalanga, North West, Limpopo and Free State as drought disaster areas following poor rainfall which led to critical loss in production especially of staple maize.

Maize production especially white maize is set to decline considerably this season owing to a marked reduction of some 27.1% in area planted.

These efforts to assist drought affected farmers are expected to cover the anticipated shortfall in both commercial and emerging farming sectors. Without the government intervention and financial assistance, the farming community is likely to face grim prospects with none of the clouds offering a silver lining.

According to Statistics South Africa, agriculture growth fell by 8.4%, the largest annual fall since 1995. El Nino’s vicious grip has also seen the sector contract by 14% and forced losses of over USD 1 billion.

Says TP Nchocho, Chief Executive Officer, Land Bank, “The conditions in the affected provinces are unforgiving – both to the crops and livestock. In keeping with our mandate, this collaboration effort with the IDC is an offer of practical support to help farmers cope with the drought and recover when conditions improve.”

“The lending conditions for these concessionary loans are fairly relaxed and come in three forms. One, the rate of interest is pegged at prime less 3. Two, the repayments can be made over an extended period, and lastly Land Bank will offer extended capital moratorium of up to two years.”

“These loans represent the cheapest finance available to farmers in drought declared areas in the country today.”

The loans can be used as a source of emergency working capital to minimise further losses to current farming operations, carry over debt as well as to repair and replace weather damaged property and equipment. Land Bank will also use the funds to provide companies involved in primary agriculture with start-up capital.

The Land Bank is also looking to advance a further R15 billion in the next three years towards financing growth and transformation in the agricultural sector. This funding can be accessed for land acquisition, farm-level infrastructure development, commercialisation of under-used land especially in rural areas, as well as expanding agro-processing opportunities.

Land Bank on its part has been proactive in reading distress signals and intervened with measures to minimise risk be it either through rescheduling debt or by virtue of new facilities.

These have included a carryover debt facility for production credit, restructuring and capitalising arrears or instalments due, granting repayment holiday depending on cash flow projections, adjusting loan to value from 60% to 75% (fully collateralised) and extending repayment period for the remaining term of the loan.

The Land Bank also offers a facility for tax relief to drought hit livestock farmers in disaster declared areas. Under this programme, farmers are granted exemption from income tax for livestock sold as a result of the drought. The onus of determining whether a farmer qualifies for tax incentive rests with SARS.

These moves come amid growing concerns about the country’s dry conditions and El Nino’s stronghold over the weather patterns.

“More collaborative interventions will be required to pull the sector from the worst time in decades,” Nchocho concludes.

For enquiries and applications for disaster relief finance, farmers may visit Land Bank offices in their local area, or contact the Land Bank by emailing droughtrelief@landbank.co.za

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