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## **LAND BANK AND DEPARTMENT OF LAND REFORM AND RURAL DEVELOPMENT PARTNER TO EXPAND SUPPORT FOR BLENDED FINANCE**

The Land and Agricultural Development Bank of South Africa (Land Bank) and the Department of Land Reform and Rural Development (DLRRD) have entered into a Memorandum of Agreement (MoA) to strengthen support for emerging and developing farmers through the Land Bank's Blended Finance Scheme (BFS).

Under the agreement, DLRRD will provide R500 million in grant funding for the remainder of the 2026/27 financial year, to be deployed through the blended finance alongside Land Bank loan finance. The additional grant funding will strengthen the Bank's capacity to provide appropriately structured and affordable finance to qualifying farmers and agricultural enterprises.

The DLRRD contribution complements the significant support already provided to the BFS by the Department of Agriculture, which has been a key government partner in the implementation and funding of the Scheme. The additional participation of DLRRD therefore broadens the partnership supporting blended finance and strengthens government's collective contribution towards agricultural transformation, land reform and the sustainable participation of emerging and developing farmers in the mainstream agricultural economy.

The BFS responds to one of the key constraints facing developing and new-entrant farmers: the affordability and availability of appropriate finance. By combining Land Bank loan funding with a non-repayable grant contribution, blended finance reduces the overall financing burden on qualifying beneficiaries and enables them to invest in productive assets, expand their operations and participate more sustainably across agricultural value chains.

The Blended Finance Scheme has demonstrated both its developmental relevance and the significant demand for affordable agricultural finance for qualifying historically disadvantaged producers. By the end of 2025/26 financial year, approximately 540 clients and beneficiaries had been supported through the Scheme.

Strong demand for the Scheme has, however, substantially exceeded the grant funding available. This resulted in Land Bank temporarily pausing the acceptance and consideration of new BFS applications for the remainder of the 2026/27 financial year while available grant resources were prioritised towards existing commitments.

The additional funding provided by DLRRD is therefore a significant development in strengthening the funding base of the Scheme and addressing the funding pressures arising from the strong demand for blended finance. Land Bank, the Department of Agriculture and DLRRD will continue to work collaboratively to maximise the developmental impact of available resources and expand sustainable access to finance for qualifying farmers.

Land Bank's Acting Chief Executive Officer, Jabu Mphambo, said the partnership demonstrates the importance of collaboration between government and development finance institutions in addressing structural barriers to agricultural development.

“Access to affordable and appropriate finance remains an important enabler of agricultural transformation. We welcome DLRRD’s support and partnership in the Blended Finance, which builds on the important support already provided by the Department of Agriculture and strengthens our collective ability to respond to the significant demand for developmental agricultural finance. Through partnerships of this nature, we can leverage the respective capabilities and resources of the government and Land Bank to support sustainable agricultural enterprises that can grow, create employment, strengthen rural economies and contribute to food security.”

The Minister of Land Reform and Rural Development, Mzwanele Nyhontso has welcomed the signing of the MoA, saying that it marks an important step in ensuring that land reform beneficiaries are supported beyond access to land. “Land Reform cannot succeed on the transfer of land alone. Farmers who receive land must also have the means to work it productively, and for too many emerging and developing farmers the cost of finance has stood between them and a viable agricultural enterprise. This partnership with Land Bank directs public resources to close that gap. By combining grant funding with Land Bank lending, we are lowering the barrier to entry for historically disadvantaged producers and giving them a fair opportunity to participate meaningfully in the mainstream agricultural economy”, said the Minister.

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