



MEDIA RELEASE FROM LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA

World Bank Group funds Land Bank intermediation programme in local currency

Centurion, South Africa – 10 April 2017: The World Bank Group has provided a long-term financing solution for Land Bank's Financial Intermediation Project which will be repaid in local currency. The financing deal will enable Land Bank to on-lend loan proceeds to participating financial intermediaries (PFIs) and direct beneficiaries.

The Financial Intermediation Project and the resultant disbursement will enable Land Bank to sustainably scale up its sources of funding to benefit emerging farmers. The project is supported by a R1.3bn line of credit with a Government guarantee.

"Through this loan, emerging farmers in particular will have increased access to affordable finance, which is critical to South Africa's aim to create jobs, reduce poverty and lessen inequality by promoting agriculture and rural development," says World Bank Country Director, Paul Nomba Um. "It is an aim that is contained in the country's National Development Plan and aligns with our own objectives to reduce poverty and improve shared prosperity".

The objective of the financing deal is to support Land Bank in driving the Bank's new approach of integrating emerging farmers into established value chains. To achieve this, Land Bank will provide both wholesale finance to participating PFIs for on-lending to both commercial and emerging farmers as well as direct financing, in partnership with large agriculture corporates, to emerging farmers to support their integration in established value chains.

For TP Nchocho, Land Bank CEO, the agreement represents a vote of confidence in the development work being undertaken at Land Bank. "We are excited that Land Bank is at the forefront of furthering national imperatives around transformation and inclusivity in the sector and this disbursement will go a long way in ensuring the availability of sustainable finance solutions to deepen our development impact."

The agreement comes with a number of requirements to ensure effective governance around on-lending and reporting, including the alignment and integration to the institutions environmentally and socially sound and sustainable development principles that PFIs will have to comply with. These measures are intended to ensure that the appropriate risk management processes have been identified for implementation by the loan applicant.

Land Bank is responsible for implementation and monitoring of the World Bank-financed Financial Intermediation Project through a team being led by its Chief Financial Officer with the support of the Chief Operating Officer/s and the respective operational teams.

The loan has a 25-year maturity period.

For more information on the project and how to access funds contact Land Bank on 0800005259 or visit www.landbank.co.za or e-mail info@landbank.co.za

Attribute statement to Mr TP Nchocho, Land Bank Chief Executive Officer

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