

# Land Bank

Established in 1912, Land Bank is a wholly government-owned Development Finance Institution, with the sole mandate of financing agricultural development to achieve food security and to drive economic growth and development in South Africa. Tshokolo Petrus Nchocho, CEO, discusses their product offerings, the partnerships they're facilitating established commercial farmers and the importance of Corporate Social Investment.

**L**and Bank is charged with promoting agricultural and rural development, as well as providing a range of financial products and services," says Nchocho.

"Our mission is to work with all stakeholders to build an adaptive and competitive agricultural sector that drives environmental, social and economic development growth and contributes to food security," he adds.

He explains that, for Land Bank, development means enabling inclusive and transformational growth within the agricultural sector. Through its direct lending, Land Bank currently supports approximately 1 500 black farmers and relinquished approximately R100 million of its profits to subsidise interest rates to these farmers as well as an additional 700 emerging farmers through its Wholesale Funding Finance intermediaries.

Some of the bank's principal offerings include:

- Mortgage finance: To take care of your capital expenditure financing needs.
- Special mortgage bonds: Special mortgage bonds can be accessed by individuals or legal entities who are historically disadvantaged South African citizens, first-time buyers of agricultural land and those who own land, but need a loan to purchase additional land to make farming a viable enterprise.
- Medium-term loans: They offer a customised lending solution, whether your needs are a general purpose loan to make structural improvements, a loan to purchase livestock or even a loan for the establishment of perennial crops.

- Short-term seasonal loans: These are tailored to meet important financing needs faced by their clients during the vital agricultural production cycles.

What their clients can expect:

- Loan terms that are longer than those offered by competitors;
- Low monthly administration costs;
- Customised product offerings;
- Flexible security options;
- The backing and support of skilled and experienced staff;
- Competitive interest rates and insurance premiums; and
- Instalments that are matched to primary income streams (monthly, quarterly, half-yearly or yearly). In addition to these unique facilities, Land Bank is committed to supporting sector growth, supply chain development, production expansion and intensification as well as agricultural innovation.

Nchocho says that, additionally, Land Bank Insurance Company (LBIC) offers insurance to farmers and the overall agricultural sector.

"Our years of short-term insurance experience means we understand the needs of this market and offer products tailored to suit the needs of our clients in the agricultural sector. LBIC's short-term insurance offerings include Assets and Crop cover," he explains.

#### Facilitating crucial partnerships

Land Bank facilitates a number of partnerships, which are helping to transform the country's agricultural sector.

Nchocho explains that Land Bank provides wholesale funding to intermediaries who on-lend to emerging farmers, adding that all lending activities are governed by sound credit policies, which are approved by the bank.

"These intermediaries also provide technical assistance to emerging farmers to ensure farming skill development.

"These skills assist emerging farmers to improve the quality of their outputs and provide access to markets through full participation in the industry value chain.

"To date, some examples of successful projects include the assistance to a commercial dairy (Limpopo Dairy) who joint-ventured with its farm workers to purchase a farm. The workers' trust is a 51% shareholder in an enterprise called Zolarity (Pty) Ltd and the new farm is being developed to include maize, blueberries and alternative energy production.

"The project will create at least eight new full-time job opportunities and the intention is to add another 150 opportunities over the next year. Projects such as this, the successful Sernick Co-op project; the Mouton Citrus empowerment deal as well as the 25% acquisition of the Fruit Farmers Group by the 100% black-owned Talis Investment Group all financed through Land Bank are proof that transformation in the agriculture sector is possible when willingness and collaboration exist amongst different role players," he enthuses.

#### The role of Corporate Social Investment (CSI)

Corporate Social Investment is an integral part of the bank and through their CSI programmes, they aim to promote the development of

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Tshokolo Petrus Nchocho, CEO

agricultural expertise among subsistence farmers and communities.

"This promotes food security and as subsistence farmers progress to emerging farming businesses, it would enhance employment quality and inclusivity. In this way, we seek to grow the sector and contribute towards its transformation.

"Our CSI programmes focus on the subsistence farmer segment, thereby complementing our core business activities and customer segments.

"We further seek to support rural youth and women in addition to supporting small and subsistence farmers and ensuring skills development for them," Nchocho explains.

Their CSI objectives are aligned with the development objectives of the organization and their key CSI project entails a partnership with IDC and Buhle Farmer's Academy to train and mentor aspiring black farmers.

"This programme enables new and emerging farmers to establish viable farm businesses. Farmers are offered structured agricultural courses in crop and animal production, followed by mentorship support in farm business development and market access," he says.

#### A visionary leader

Nchocho has a wealth of industry experience, which prepared him for his current role.

Prior to being appointed CEO, "My recent role was Executive for Infrastructure Project Finance at the Development Bank of Southern Africa (DBSA). I was also Interim CEO of DBSA in 2013 during a transitional period.

"My earlier career was in the field of small business/SME finance. I have been blessed to have worked in the fields of development finance and banking for many years. I value education

highly and my postgraduate education in finance and economics (UNISA and University of London), as well as executive education at Harvard University, have been great assets," he says.

Nchocho describes his role as CEO, first and foremost, as a 'path-finding' role.

"The strategy of the bank is about pushing boundaries for development impact and ensuring financial sustainability. My thought processes are, therefore, always preoccupied by strategies to continuously evolve a better performing bank," he says.

To support the implementation of the strategy, Nchocho is also responsible for resourcing the organisation in terms of people and finances as well as executing the organisational design/structure.

"I am continuously looking for ways to enhance, to renew and to reinvigorate the organisation. Lastly, but certainly not least, I

have the responsibility to protect the organisation with sound governance and ethical practices," he says.

In terms of carrying out his duties effectively, Nchocho praises his team, saying that he is fortunate to have a fully capacitated team of executives.

"Each division delivers in accordance with its operating plan. In addition to Exco as the coordinating leadership forum, we hold comprehensive quarterly business reviews with management," he says.

In essence, Nchocho describes leadership as being able to orchestrate team efforts and enable individual brilliance.

"I lead on a collaborative basis. Mandates are best delivered when there is buy-in and understanding of the core purpose. I consider my leadership role as being to sketch out the big picture, to provide a persuasive rationale for doing things and then to leave it up to the technical specialists to execute. At times, however, situations to do demand intervention and directing," he explains.

With regard to leadership lessons, Nchocho says that, firstly, it is paramount to be absolutely clear about the overriding purpose of the organisation—its reason for existence.

"It has to capture your imagination and be the abiding motivating force. Secondly, select the best possible people. Individual expertise is the nucleus, but ensure that team efforts are well coordinated.

"Keep your eyes on the ball because in the final analysis, what matters is actual performance.

"Do not forget the wider context in which the organisation operates because it matters and it has an impact. Therefore, it is important to be attuned to key socio-economic issues because the organisation has to be relevant if it is to cultivate a meaningful social license," he concludes. ▲

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