



BLENDDED FINANCE SCHEME (BFS)



agriculture

Department:
Agriculture
REPUBLIC OF SOUTH AFRICA



BLENDING FINANCE SCHEME (BFS):

BFS is a blended finance programme, established in partnership with the Department of Agriculture (DOA - formerly known as DALRRD) to commercialise development farmers with the objective to facilitate meaningful participation of black producers and majority black owned enterprises owning and controlling the agricultural value chains.

ABOUT LAND BANK

The Land and Agricultural Development Bank of South Africa is a specialist agricultural bank that offers tailor made financial solutions for our valued clients to enable farmers to finance land, equipment, asset acquisition and improvements including short-term and production credit facilities. Our value added services include insurance, business development and support services. As a development finance institution, we leverage funding from public and private sector partnerships to offer enabling funding solutions geared towards ensuring inclusivity, sustainability and growth in the agricultural sector. In this regard, Land Bank is committed to sustainable finance and development and is a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) which fosters the implementation of the Principles of Responsible Banking.

ABOUT THE PROGRAMME:

TARGETED PRODUCERS AT LAND BANK:

Small, medium and large scale producers in primary agriculture and agro-processing subsectors within the Land Bank's mandate. The fund seeks to support producers engaged in value chain and aggregation activities. The objective is to assist projects to achieve sustainability and growth with priority given to projects with high development impact.

SECTOR FOCUS

Targeted commodities in-line with the Agriculture and Agro-processing Master Plan and Aquaculture:

- Grains and Oilseeds.
- Fruits and Nuts.
- Livestock: Poultry, piggeries and red meat.
- Other Food Sectors / Agro-processing: Dairy, sugarcane, aquaculture and vegetables.
- Non-food Sectors: Wool and mohair.
- Industrial Crops: Cotton

EXCLUSIONS

- Politicians in public office (12 months cooling period).
- Employees of government and State-Owned Enterprises (24 months cooling period).
- Employees of all organisations serving as administrators of the scheme within credit providers.
- Special advisors for agricultural programmes (local, provincial and national).
- Foreign nationals and illegal immigrants.
- Part time producers (regardless of having a full-time farm manager or will appoint a farm manager).
- Foreign nationals and illegal immigrants.



- Politically Exposed Persons posing a reputational risk as identified through the credit provider's lending policies, including but not limited to Anti-Money laundering risk management and compliance policies.
- Distressed producers where the grant is required to settle the debt of distressed producers (at application stage).
- Joint Ventures with farm workers where farm workers are not involved in the management of the operation.
- Joint ventures where targeted producers exercise less than 60% ownership and voting rights.
- Producers who have mismanaged previous government support.
- Applicants with no provision for farm worker profit sharing.

QUALIFYING CRITERIA

- South African citizens with a valid ID and/or registered business entity.
- Applicant must be a black South African as defined by the Broad-Based Black Empowerment Act No.53 of 2003 (as amended Act 46 of 2013).
- Black owned and managed farming enterprises that are commercially viable in commodities prioritised in the Agriculture and Agro-processing Master Plan (listed above) and Aquaculture.
- 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.
- No debt takeovers, settlements or refinancing of facilities.

FUNDING SCOPE

- Acquisitions of primary agricultural land parcels and/or commercially viable agricultural sector value chain operating entities (agri-businesses).
- Support to existing operations for expansion in production on privately owned or land reform farms (Brown field and Greenfield operations).
- The purchasing of capital equipment and infrastructure ("CAPEX").
- Working capital and/or production loan ("Production Facility").
- Insurance pool provision for subsidisation of insurance cover for the applicable farmers (capped at a maximum of 6% (six percent) of the total grant facility).

KEY PROGRAMME TERMS

- Applicant must meet the minimum criteria as stipulated by the economic benefits criteria scorecard from DOA for the conditional grant and also qualify and be approved for loan funding.
- Applicant must also meet the Land Bank credit criteria regarding the debt portion.
- Conditional grant funding will be capped according to the maximum grant gliding scale limits as approved by DOA which shall be determined at application stages based on the funding needs of the business.
- The conditional grant cannot be approved on a standalone basis, grant funding to be in conjunction with Land Bank loan funding. Loans will be priced at market related rates.
- Assessment and approval processes for the BFS will follow approved Land Bank lending policies, products and processes.

ABOUT THE ECONOMIC BENEFITS CRITERIA SCORECARD

A scorecard that allocates points to the Applicant for ownership and transformation, inclusivity, own contribution through financial or non-financial means, employment creation, contribution to food security, sustainable development, localisation and markets. Applicants will need to obtain a minimum of 20 points out of a total of 50 points to qualify for the conditional grant.



CONTACT DETAILS

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HOW TO APPLY TO THE LAND BANK

Visit our local branches;

Log an enquiry via our website at www.landbank.co.za and contact provincial offices please visit our website at <https://landbank.co.za/Pages/Contact-Us.aspx>