



# BLENDING FINANCE SCHEME (BFS)



agriculture, land reform  
& rural development

Department:  
Agriculture, Land Reform and Rural Development  
REPUBLIC OF SOUTH AFRICA



## BLENDING FINANCE SCHEME (BFS):

BFS is a blended finance programme, established in partnership with the Department of Agriculture, Land Reform and Rural Development (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.

Land Bank is also a founding signatory to the UNEP FI Principles for Responsible Banking (PRB). The PRB is a voluntary set of principles that define and affirm the banking industry's role and responsibilities in shaping and financing a sustainable future. The PRB is aligned to the frameworks such as the Sustainable Development Goals (SDG) and the National Development Plan (NDP), which goes beyond sustainable finance and steer us towards long-term sustainability. These principles require us to be accountable to all stakeholders to develop society and preserve the environment. We have the expertise to understand your business needs and offer a wide variety of products and services to meet your short, medium and long term financing needs.

### ABOUT THE PROGRAMME:

#### TARGETED PRODUCERS AT LAND BANK:

Small and medium 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: Citrus, deciduous, sub-tropical 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).
- 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.
- 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.

### 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 (Brownfield 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 DALRRD 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 DALRRD 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 scheme will follow approved Land Bank lending policies 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:** For provincial office contact details, please visit our website at <https://landbank.co.za/Pages/Contact-Us.aspx> to obtain application details.