



Transformation and Inclusive Growth in the Agricultural Sector

Presentation by:

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- ❑ Mandate of the Land Bank
- ❑ The NDP Perspective
- ❑ The Strategy of Land Bank
- ❑ Segment – Based Strategies
- ❑ Products and Mechanisms being deployed: Land Bank’s Distribution Channels
- ❑ Constraining Factors: Emerging Farmers
- ❑ Conceptual Project Arrangements (Structure)
- ❑ Strategic Enablers
- ❑ Incentive Schemes for Distressed Farmers

Mandate of the Land Bank



The Mandate of the Land Bank, the Constitution and the National Development Plan highlights the importance of the agriculture sector to the country's development and transformation agenda...

Mandate

The objects, as per the Land Bank Act, No. 15 of 2002, are the promotion, facilitation and support of:

- **Equitable ownership** of agricultural land, in particular increasing ownership of agricultural land by HDI's **Agrarian reform**, land redistribution or development programmes aimed at HDI persons;
- **Land access** for agricultural purposes;
- **Agricultural entrepreneurship;**
- **Removal of the legacy of racial and gender discrimination** in agriculture;
- **Enhancing productivity**, profitability, investment and innovation;
- **Growth** of the agricultural sector and better use of land;
- **Environmental sustainability** of land and related natural resources;
- **Rural development and job creation;**
- **Commercial agriculture;** and
- **Food security.**

Dual Mandate = Agriculture Sector Generally & Development/Transformation in particular

The NDP Perspective: Agriculture & Land



The Mandate of the Land Bank, the Constitution and the National Development Plan highlights the importance of the agriculture sector to the country's development and transformation agenda...

The NDP views agriculture as central in achieving its inclusiveness and socio-economic goals.

The NDP fundamentally calls for:

1. Rapid transfer of Agricultural land to HDI's
2. Building of Know - how / Skills
3. Partnerships to enable established farmers to participate in Land Reform

“Better land use in communal areas has the potential to **improve the livelihoods¹ of at least 370 000 people.**”

“**70 000 livelihood opportunities** created if land reform beneficiaries are properly supported.”

“**Agriculture has the potential to create close to 1 million new jobs by 2030**, a significant contribution to the overall employment target.”

National Development Plan; Vision 2030

The Strategy of Land Bank: In Summary



Strategic Development Objectives



Transformation



Sector growth



Employment Quality



Food Security



Sustainable
Development

Strategic Pillars

1

Sector growth support

Prioritise high-potential regions and crops



2

Supply chain development

Increase funding in agro-processing



3

Production expansion and intensification

Support next-generation farming



4

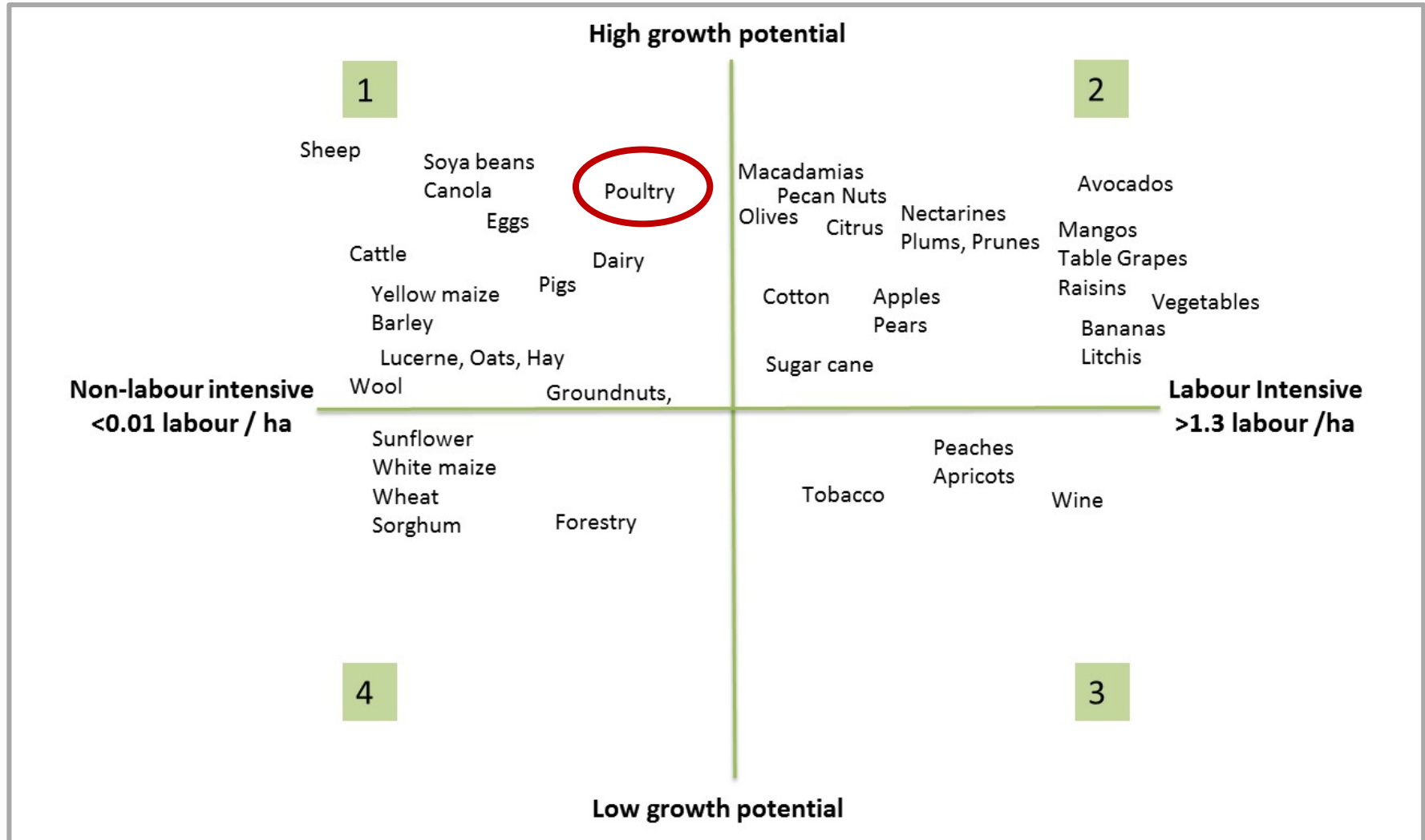
Agri. innovation

Spur agri. innovation

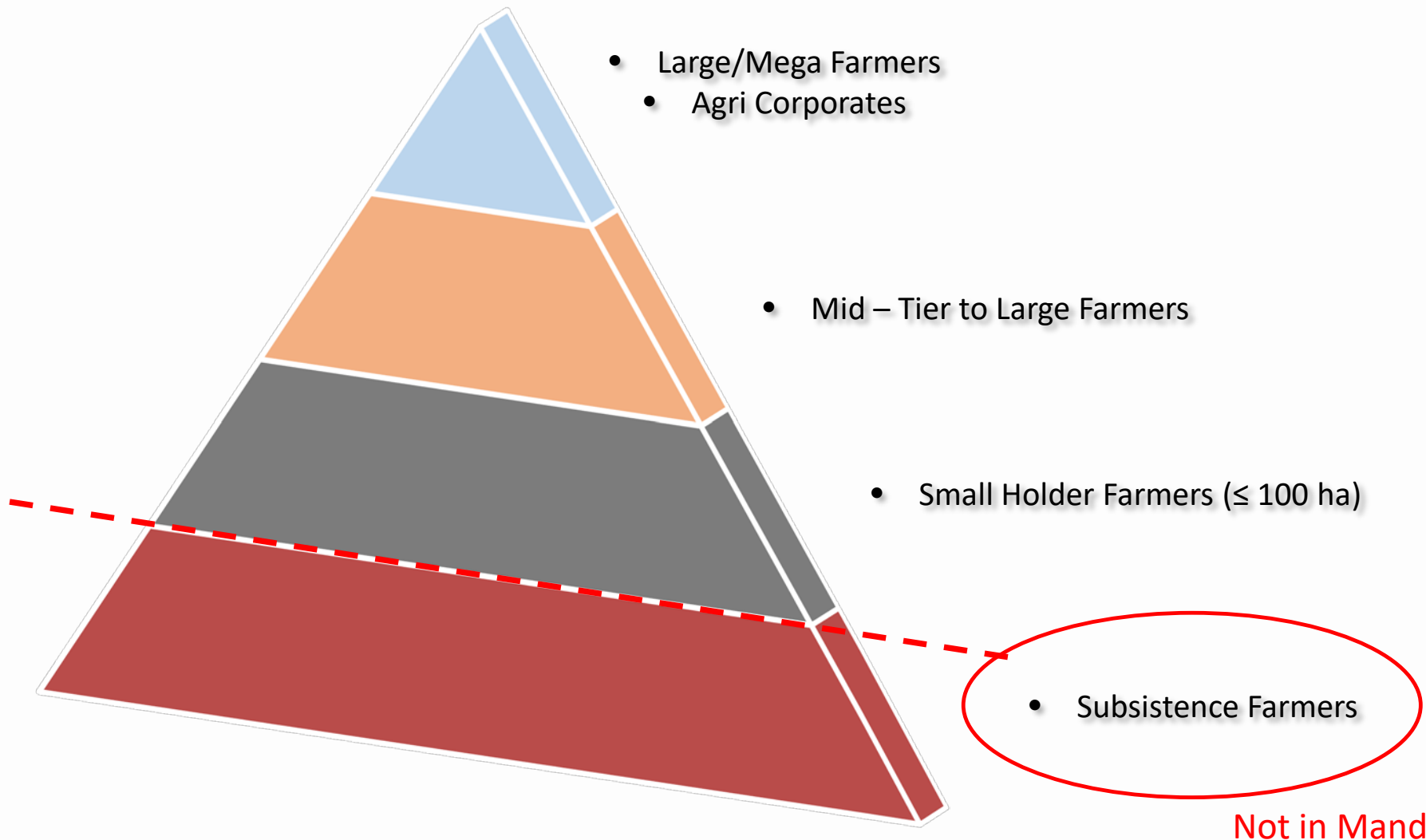


The Strategy of Land Bank:

NDP High Priority Commodities



Segment – Based Strategies



Not in Mandate

Products and Mechanisms being deployed: Land Bank's Distribution Channels



Distribution Channels

Direct

- Branches (x25)
- Business Banking Team (Head Office)
- Corporate Banking & Structured Investments Team (Head Office)

R 20.3bn

Indirect

- | | |
|---|---|
| <ul style="list-style-type: none">• Corporate Intermediaries ("SLA Partners") | <ul style="list-style-type: none">• Value Chain "WFF" Intermediaries |
| <p>e.g.</p> <ul style="list-style-type: none"><input type="checkbox"/> AFGRI<input type="checkbox"/> GWK<input type="checkbox"/> Suidwes<input type="checkbox"/> Obaro | <p>e.g.</p> <ul style="list-style-type: none"><input type="checkbox"/> Akwandze<input type="checkbox"/> Humans-Dorp<input type="checkbox"/> Sernick |

R 22.1bn

R 0.9bn



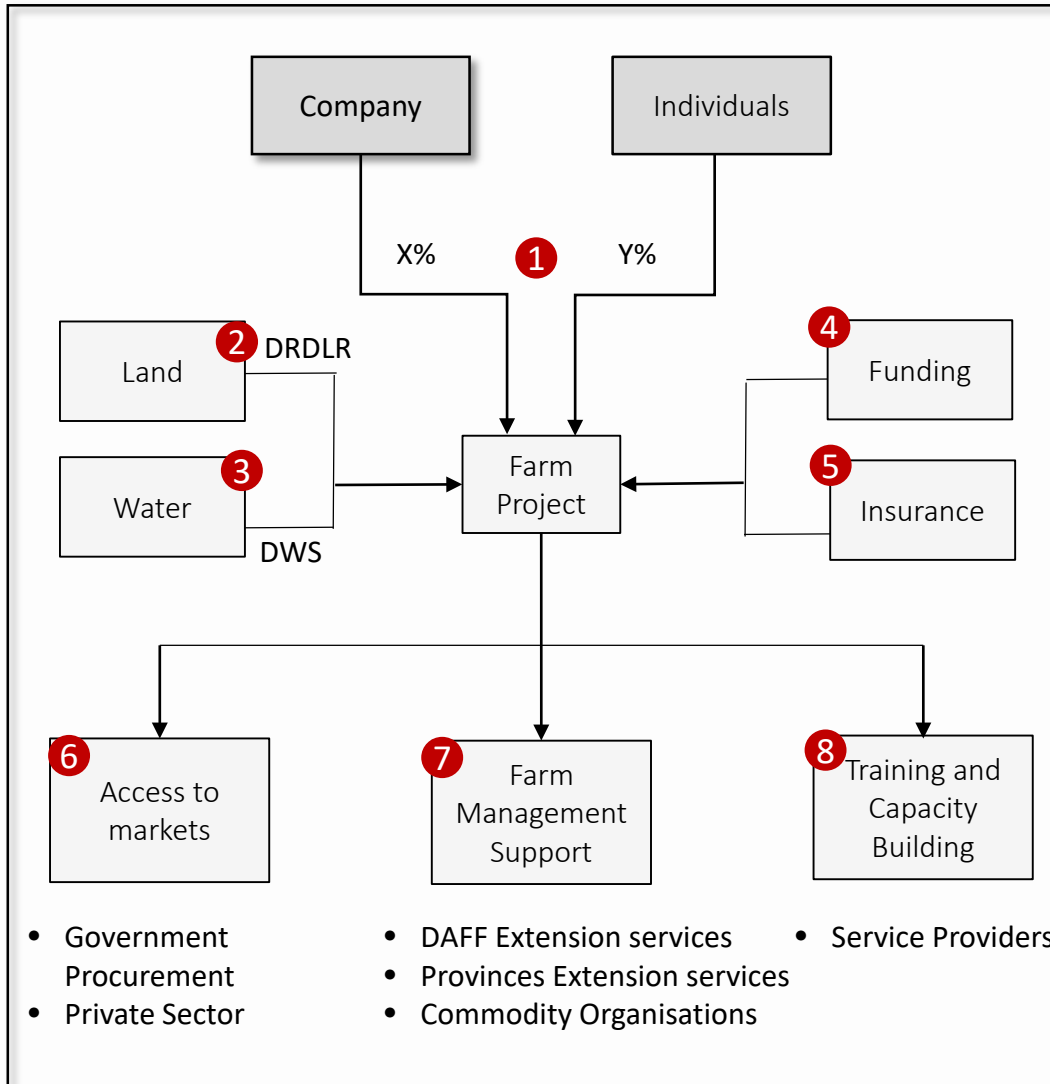
Well Established Farmer

- ✓ Track Record
- ✓ Equity Capital
- ✓ Market(s)
- ✓ Know-How
- ✓ Risk Cover
- ✓ Asset Cover

Emerging Farmer

- ? Track Record
- ? Equity Capital
- ? Market(s)
- ? Know-How
- ? Risk Cover
- ? Asset Cover

Conceptual Project Arrangements (Structure)



- 1
 - Shareholding of project can be split between individuals or companies
- 2
 - Land is made available from DRDLR
- 3
 - Water is made available from DWS
- 4
 - Funding for farm infrastructure, equipment, machinery, inputs, working capital, etc. Blended financing with Government (DAFF / DRDLR / Provinces)
- 5
 - Insurance to be obtained (i.e. Crop Insurance)
- 6
 - Market access underpinned by contractual procurement supplies
- 7
 - Farm Management support provided to ensure successful enterprise management
- 8
 - Training and Capacity Building provided by appointed Service Providers

1. Land Availability
 - Department of Land Reform
2. Technical Advisory / Extension Services
 - DAFF and the Coop's / Private Sector
3. Market Access Support
 - Post liberalisation, but value chains are difficult to penetrate by new entrants
4. Financial Equity Contributions by New Entrants
 - Often lacking own equity, difficult to finance 100% debt
 - Government grants could be repurposed for Equity Fund Support
5. Dispensation regarding Water Licensing
 - Complete overhaul required

Incentive Schemes for Distressed Farmers



~ Approved for implementation since 5 December 2017 ~

Medium Term Loan

- Restructure and capitalise arrears/instalment due
- Modification of terms of the original agreement, mostly applicable to at least one year old loans
- Structural improvements to enhance biosecurity
- Consolidation of debt incurred for cost of culling, for loss on the value of culled chickens, loss of all dead chickens, cost of disease surveillance and cost of disposal, where disposal includes the use of landfill sites and the handling of biohazardous material
- Repayment holiday (capital and/or interest) depending on cash flow projections up to 6 months

Production Loan

- For new production cycle/s, which may include feed, veterinary expenses, cost of pullets, broilers and layers, packaging material and any other short-term direct costs.

Criteria	Features
Eligible customers	<ul style="list-style-type: none">▪ All poultry farmers – Land Bank and non Land Bank customers
Areas covered	<ul style="list-style-type: none">▪ Nationally, where the outbreak has been confirmed by DAFF or Provincial State Veterinary Services.
Timeframe	<ul style="list-style-type: none">▪ Availability is until 31 March 2018
Term of facility	<ul style="list-style-type: none">▪ Up to 5 years
Interest rate	<ul style="list-style-type: none">▪ Prime less 3 percent (p-3%) for the first year, subject to annual review for subsequent years
Maximum loan per customer	<ul style="list-style-type: none">▪ Up to R15 million
Exclusions	<ul style="list-style-type: none">▪ Distressed accounts due to other reasons, not AI related, are excluded from this scheme▪ Over indebted customers▪ Customers with no confirmation of strain for AI by DAFF or Provincial State Veterinary Services



THANK YOU!