

# Land Bank



## Update to Portfolio Committee on Agriculture, Land Reform and Rural Development

Meeting of 12 May 2023



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## I. Overview

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- I.3. Land Bank Strategy, and its role as a Strategic Partner to DALRRD



- Land Bank has been invited to provide the Portfolio Committee with an update and progress report on the implementation of the specified agricultural financial instruments indicated below:
  - AgriBEE Fund
  - Mafisa
  - Land Bank Covid-19 Relief Fund
  - Blended Finance Scheme
  
- Land Bank will take up the first part of this presentation to update the Portfolio Committee on the:
  - The current state of the Bank, and
  - The essential elements of the Bank's adopted strategy.

# 1.2 Current State of the Bank (1 / 2)



Despite the delay to conclude the Liability Solution agreement with lenders since the debt default in 2020, the Bank has continued to diligently manage its business operations:

Focus Area	Progress made
<b>Financial Discipline</b>	<ul style="list-style-type: none"> <li>As at Feb2023 the Bank remains solvent as total assets were higher than total liabilities, evidenced by solvency ratio of 118.1%, up from 112.9% in FY2022.</li> <li>The Group has further continued to implement cost containment initiatives which have resulted in an improved cost to income ratio of 72.7% down from 79.4% in FY2022, and shows a profit of R703m.</li> <li>The Bank has conscientiously collected on clients' scheduled loan repayments and recovered funds from defaulting customers.</li> <li>Contained the level of Non-Performing Loans under difficult conditions of a significantly reduced loan book.</li> </ul>
<b>Insourced SLA Loan Book</b>	<ul style="list-style-type: none"> <li>Insourced the management of the SLA book from SLA intermediary partners, and significantly saved on SLA management fees, as well as tightened the credit management of this portfolio.</li> </ul>
<b>Resumption of Lending activities</b>	<ul style="list-style-type: none"> <li>The Blended Finance Scheme was launched in October 2022 in partnership with DALRRD. Applications to the value of R255.4m have been approved in support of black producers. Details to follow in later slides.</li> <li>A pipeline of R1.454bn has been developed to accelerate momentum into FY24.</li> </ul>
<b>Reduced Funding Liabilities</b>	<ul style="list-style-type: none"> <li>The Bank has significantly reduced its funding liabilities in line with the reduction of its loan book (45% since default), with a further repayment being currently under consideration.</li> </ul>
<b>Stakeholder engagement</b>	<ul style="list-style-type: none"> <li>A Reputation Management Plan has been implemented to proactively engage stakeholders</li> <li>Reputational risks that are being managed include the default with Lenders and collections from non-performing clients</li> </ul>

## 1.2 Current State of the Bank (2 / 2)

<b>Area</b>	<b>Progress made</b>
<b>Audit outcome</b>	<ul style="list-style-type: none"> <li>• A significant intervention for the stabilisation of the Bank was the implementation of a rigorous remediation plan to address the credit management and internal control deficiencies that led to the Bank's Disclaimer of Audit Opinion outcome by the Auditor General in FY2020. This intervention resulted in a significant turnaround to a Clean Audit outcome in FY2022</li> </ul>
<b>Leadership appointment</b>	<ul style="list-style-type: none"> <li>• The Board is pleased to have appointed the new CEO, Mr Themba Rikhotso, following the departure of the previous CEO in the first quarter of 2022. This appointment will bring the required leadership stability that is crucial for the Bank's turnaround.</li> </ul>
<b>Organisational Capacity</b>	<ul style="list-style-type: none"> <li>• The Bank's headcount is 330 (300 Permanent Employees and 30 FTC employees), whilst Land Bank Insurance has a complement of 21 employees (19 Permanent Employees and 2 FTC employees).</li> <li>• The Board continues to implement targeted employee retention strategies.</li> </ul>
<b>Accountability and Consequence Management</b>	<ul style="list-style-type: none"> <li>• Progress is being made by the Board to address outstanding instances of confirmed or potential misconduct that may have contributed to the Bank's current position.</li> <li>• In line with this prioritisation, a Board-level Accountability and Consequence Management Task Team was established to:               <ul style="list-style-type: none"> <li>○ Assess the status of ongoing investigations</li> <li>○ Gather data and prioritise matters with the intention of making specific recommendations to the Board and National Treasury.</li> </ul> </li> <li>• The deterioration of the quality of the loan book may partially be attributed to the manner in which the SLAs were concluded, managed and monitored. As such, the Board has requested that the National Treasury's Specialised Audit Services Unit conduct a forensic investigation in relation to loans that were granted and managed by the Bank's SLA partners on its behalf.</li> </ul>

# 1.3 Land Bank Strategy

## Re-emphasis of the Bank's Mandate



### Purpose:

Land Bank is a specialist DFI that effectively balances financial sustainability and developmental outcomes to meaningfully contribute to the development and transformation of South Africa's agriculture

### Value proposition:

Land Bank utilises financial services and products to address a critical market gap in the economy by facilitating the development and transformation of agriculture, including agricultural land ownership and use, by promoting growth of the sector and the inclusion of Historically Disadvantaged Persons in commercial agricultural. The Bank aims to provide, amongst others:

- Affordable finance
- Products to close the equity contributions and collateral gaps of new entrants in the market.
- Facilitation of comprehensive pre- and post-finance support programmes to improve entrepreneurial success of financed clients
- Facilitation of access to productive agricultural land, and production of high socio-economic impact commodities which will significantly contribute to the achievement of socio-economic outcomes.

### Targeted Outcomes:

- Inclusion of Historically Disadvantaged Persons
- Contribution to the GDP
- Job Creation and increase in the economically active population
- Food Security
- Environmental Stewardship

Note: The targeted outcomes are aligned to the objectives of the Land Bank Act, and those of the SDG's, NDP and AAMP.

### Development Effectiveness Targets by FY28:

- Development Loan book to make up 50% of the portfolio
- 1,050 New Development farmers
- Creation of Jobs
- ESG Impact (through finance for environmental sustainability)

### Financial Sustainability:

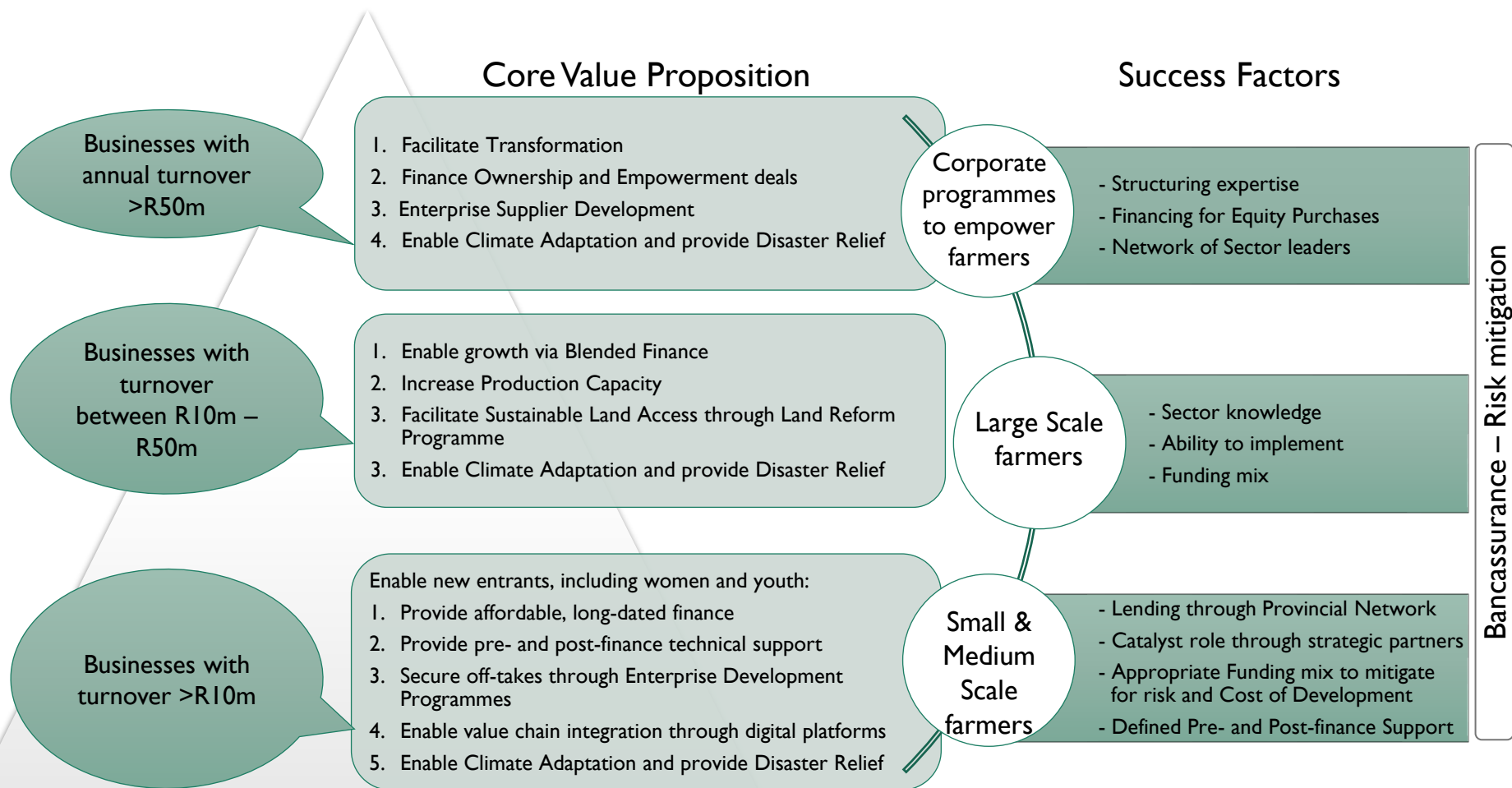
- Funding Model, Loan Book Quality, Revenue Growth and Diversification, Cost Management

# 1.3 Land Bank Strategy

## The Bank's Client Value Proposition



### Agricultural Finance Expertise is Land Bank's Competitive Advantage





# 1.3 Land Bank Strategy

## LB as a Strategic Partner to DALRRD and an Eco-System Catalyst



- In line with the Land Bank Act No.15 of 2002 the Bank seeks to work with DALRRD to significantly contribute to:
  - Effecting change in the patterns of land ownership by promoting greater participation in the agricultural sector by historically disadvantaged persons and an increase in ownership of agricultural land by such persons through the provision of appropriate financial services.
  - Promoting sustainable agrarian reform and development of agricultural resources.
  - Strengthening of existing agricultural financial services and promoting a competitive and profitable agricultural sector.
- The Bank is positioning itself as **a critical instrument for the achievement of national agricultural policy goals**, and has incorporated the objectives of the Agriculture and Agro-processing Master Plan in its strategy.
- A critical success factor for the execution of the Bank's adopted strategy is its ability to perform the role of **an ecosystem catalyst of the agricultural finance value chain**:
  - An **integrator** of the end to end value chain – including market access through Off-taker facilitation arrangements.
  - An **orchestrator** of stakeholder provision of Pre- and Post-Finance Services support.
  - A **consolidator** of appropriate funding sources through strategic partnerships.
    - In this regard, the Bank has established a **specialist capability for Partnership Funds Management** in order to position the Bank as **an effective strategic partner of DALRRD for the deployment of funds** in support of the agricultural sector.



## 2. AgriBEE Fund

2.1. Purpose of the Fund

2.2. Key Features of the Agreement between DALRRD and Land Bank

2.3. Qualifying Criteria

2.4. Progress and Performance Update



## 2.1 Purpose of the AgriBEE Fund



- The AgriBEE Fund was established in 2006 by the Department in terms of the AgriBEE Charter, and guided by the Sector Codes to facilitate broad-based Black Economic Empowerment in the agriculture sector.
- The latest MoA was signed in November 2022 and expires May 2024.
- The objectives of the fund are to promote the entry and participation of black people in the entire agricultural value chain through the provision of funding for:
  - The acquisition of equity and shares in viable and sustainable agri-businesses, including in vertically integrated enterprises.
  - The promotion of enterprise development initiatives through value add and agro-processing infrastructure (post-production related infrastructure).
  - To ensure that there is an increased number of black people who own, manage and control sustainable enterprises in the agricultural sector.

## 2.2 AgriBEE Fund

### Key Features of the Agreement



The agreement between the Department and Land Bank provides, amongst others, that:

- **The Department** will:
  - Promote and market the AgriBEE Fund.
  - Receive applications and proposals from the Provincial Departments of Agriculture, Land Reform and Rural Development, screen, evaluate and forward suitable applications to Land Bank for due diligence.
  - On receipt of the due diligence report and recommendations from Land Bank, the Department will make a decision, and if approved, issue a written instruction to Land Bank for the disbursement of the grant.
  - Evaluate the progress and impact analysis of the Fund.
- **Provincial Departments** will receive applications and provide advisory services to beneficiaries and monitor the implementation of the projects, and effect remedial actions when necessary.
- **Land Bank's** role is to administrate and manage the Fund on the Department's behalf – this includes:
  - Receive applications.
  - Disbursements of approved grants to beneficiaries.
  - Financial reporting and ensuring acceptable audits in the management of the Fund.
  - A further role of the Bank is to undertake due diligence for applications that have been processed by the Department, and to submit the due diligence report to be considered by the Department in terms of making the decision.

- Amongst others, the following criteria for qualifying beneficiaries apply:
  - The applicant must be a South African Black-owned entity. Where the applicant is not 100% Black-owned only the portion held by the Black person will be supported.
  - Applicant must be able to qualify as an EME or SQE in line with the applicable BEE Sector Codes.
  - Applicants and their partners must have a clean credit record and be credit worthy.
  - A viable and sustainable business plan must be provided.
  - Applicant must have skills in, and be directly involved in the commodity or industry in which the investment is sought, and have been in business for the last three consecutive years.
  - For equity purchases an independent valuation of the value of the shares is required, and applicants will only be allowed to acquire up to 49% of the business (to ensure gradual skills transfer).
  - Applicants must provide a minimum of 10% of the grant amount to be provided.
  - A minimum of grant of R1m will be considered. As a rule R5m will be the set maximum amount. A special consideration may be made to provide grant funding over R5m – in such cases the applicant will be required to contribute 20% of the grant amount.
- Exclusions:
  - Government, Land Bank employees and politicians are excluded.
  - Purchases of farms or farming infrastructure at primary level.
  - Investment in farms under land claims.

<b>AgriBEE Fund Update</b>		
Balance as at 31 March 2023	Disbursement as at 31 March 2023 (since inception in 2006)	Disbursed YTD (April 2022 - 31 March 2023)
R363,590,302	R68,672,047	R30,643,417

### Notes:

- R68.7m was disbursed for the period of the agreement. The disbursements for the last five years of the Fund as per below:

FY2021	FY2022	FY2023
R8.7m	R5.1m	R30.6m

- Lack of disbursements prior to FY2014 was a result of the Fund having been put on hold due to fraudulent activity in 2007/8 and tightening of processes and controls over the period.
- Disbursements were recommenced from FY2014 to FY2016 when R24m was disbursed in this period.
- From FY2017 to FY2020 no payment instructions were received by the Bank.

### Fund Impact:

- Since inception the AgriBEE Fund has disbursed R68.7m to 13 applicants contributing to the creation of 215 jobs.



## 3. MAFISA

- 3.1. Purpose of the Fund
- 3.2. Key Features of the Agreement between DALRRD and Land Bank
- 3.3. Qualifying Criteria
- 3.4. Progress and Performance Update



# 3.1 Purpose of the MAFISA Fund



- The Mafisa Fund was established by the Department in 2004 in order to fill the gap that resulted from the closure of the Agriculture Credit Board.
- The Fund was aimed to support / facilitate the provision of micro and retail agri-financial services on a large, accessible, cost effective and sustainable basis in rural areas for agricultural economic activities.
  - Targeted at the following groups:
    - Communal farmers and farmers in the transitional stage from subsistence farmers to so-called “beginner farmers”
    - Emerging farmers, small-scale farmers, small Agri-businesses
    - Women and Youth
    - Farm workers
    - Community based organizations involved in Agriculture
  - Focus on applicants who cannot offer traditional forms of collateral or offer limited forms of security for the full value of the loan either directly or through associated legal entities.
- Intermediaries and Community Based Organisations were accredited by the Department to provide finance (on-lend) to end beneficiaries.
- The agreement expired in December 2013, and has not been renewed since then.
- A review of the MAFISA Fund by the Department is currently underway.
  - The purpose of the review is to identify gaps and align with other funding support programmes and policies in the Department.



## 3.2 MAFISA FUND

### Key Features of the Agreement



The agreement between the Department and Land Bank provided, amongst others, the following responsibilities:

- **The Department:**

- Assess applications for approval.
- Provide written instruction to Land Bank for the disbursement of funds to intermediaries.
- Monitor the utilisation of the disbursed funds.
- Evaluate the progress and impact analysis of the Fund.

- **Land Bank:**

- Administrate and manage the Fund on the Department's behalf.
- Hold funds in custody, in a dedicated interest bearing account.
- Make disbursements as per written instructions of the Department.

There were two types of qualifying criteria involved – criteria to accredit the Intermediaries, and criteria for applicants/beneficiaries to access the Funds from beneficiaries.

- **Intermediary Accreditation** (undertaken by the Department) considered, amongst others, the following:
  - Company / Entity profile and governance.
  - Business Plan:
    - Leadership and Management capability – relevant experience in lending activities
    - The Business' financial projections based on identified market and geographic coverage
    - Operational capability and capacity
    - Lending processes – origination, credit policy and processing of loans, disbursements, monitoring, and collections and recoveries
    - Risk Management and Controls
- **Applicant/beneficiary Criteria** included the following:
  - Black South African citizens / HDI's – individuals and legal entities (100% Black-owned)
  - Applicant must have access to land (leased, communal or own) or processing facilities
  - Proven ability and willingness to repay
  - Gross non-farming income of an individual applicant must not be above R30 000 (thirty thousand) per month; the business turnover should not be more than the Value Added Tax (VAT) threshold of R3 000 000 (three million) per annum
  - In terms of legal entities and trusts, the business turnover should be less than the VAT threshold of R5 000 000.00 (five million) per annum;
  - Must have legal permit and or applicable rights required by law to operate the type of business, (title deeds/PTO/lease agreement, water rights or permits, aquaculture / fishing license etc.)

<b>Mafisa Fund Update</b>	
Balance as at 31 March 2023	Disbursement since inception
R16,049,934	R1,302,852,719

- Notes:**
- R1.3bn was disbursed for the period of the agreement. The disbursements for the last five years of the Fund as per below:

<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>
R265m	R-	R196.5m	R140.6m	R360.4m	R304.5m	R35.9m

- On 8 November 2013 the balance that was in the Fund account, of R136m, was returned by Land Bank to National Treasury.
- The balance currently in the dedicated Bank account (as at 31 March 2023) is R16.05m which has accumulated from repayments that were still being made by Intermediaries into this account post the return of the funds to NT.

### **Fund Impact:**

- Since inception the Mafisa Fund has disbursed R1.3bn to 25,732 applicants.
- Contributed to the creation of 68,131 job opportunities.



## 4. Covid-19 Relief Fund

- 4.1. Purpose and Key Features of the Fund
- 4.2. Qualifying Criteria
- 4.3. Progress and Performance Update



# 4.1 Covid-19 Relief Fund

## Purpose and Key Features of the Fund



- In July 2020 DALRRD and Land Bank entered into an agreement for a grant amount of R100m to be allocated to the Bank as part of the Department's programme of interventions to assist agri-businesses to mitigate the impact of Covid-19 on their businesses.
- An amount of R100m was transferred to the Bank in August 2020.
- The amount would be utilized as grants allocated to the Bank's clients whose businesses were impacted by COVID-19, and based on criteria that was agreed between DALRRD and the Bank.
  - Applicants had until 16 October 2020 to submit their requests.
  - Due to the stringent criteria that were applied for accessing of the funds only R3.4m was utilized by the time of the expiry of the MoA with DALRRD on 27 March 2021.
  - A renewal of the MoA took long to conclude, only being signed in April 2022 for a period of 12 months. At that time R10.9m had been disbursed.
  - This second MoA was therefore put in place to govern the utilisation of the remaining amount of R92.7m that was not utilised when the first MoA expired.
  - During the course of FY2023, and before the expiry of the second MoA, there were engagements between DALRRD and Land Bank with the intention to amend the criteria for the utilisation of the funds by the Bank as well as to extend the period of the MoA in order to enable sufficient time to consider new applications under the second MoA.

## 4.2 Covid-19 Relief Fund

### Qualifying Criteria



The **original qualifying criteria** to access the Funds were the following:

- Available to existing qualifying Land Bank clients (including SLA and/or insourced clients) who submitted grant applications.
- Each beneficiary would be eligible for up to R2 million.
- The grant funding was limited to wine, wool, and game industries as being the most impacted commodities.

The **proposed revised qualifying criteria** are being considered by the Department.

- The Bank has identified clients in its loan portfolio whose businesses were negatively impacted by Covid-19 but could not qualify in accordance to the original qualifying criteria, and whose challenges have persisted beyond the peak of the Covid-19 pandemic.
  - Support from the Fund will improve the prospects of these clients to get out of their current distress.

## 4.3 Covid-19 Relief Fund Progress Update



### Covid Relief Fund Update

Balance as at 31 March 2023	Disbursement as at 31 March 2023 (since inception in August 2020)	Disbursed YTD (April 2022 - 31 March 2023)
R92,510,371	R17,580,151	R6,677,718

#### Notes:

- R17.6m has been disbursed since the inception of the agreement as per below table:

FY2021	FY2022	FY2023
R6.2m	R4.7m	R6.7m



## 5. Blended Finance Scheme

5.1. Purpose of the Blended Finance Scheme (BFS) Fund

5.2. Qualifying Criteria

5.3. Progress and Performance Update





# 5.1 Purpose of the BFS Fund



- The **Purpose** of the Blended Finance Scheme is to:
  - Support sustainable commercialization of black producer’s farming enterprises in meeting food security and wealth creation.
  - Support enhancement of production and agro-processing by Black Producers through deliberate, targeted and well defined interventions.
  - Accelerate land redistribution and make land reform successful.
  - Grow the economy, create sustainable employment and eradicate poverty.
  - Transform the sector
- The **blended finance instrument deploys grants which leverages private funding** in order to increase access to affordable finance for black producers.
  - The grant will always be utilised to blend with loans, and treated as equity contribution on behalf of black producers.
- **Scope of funding:**
  - The acquisition of primary agricultural land parcels and/or commercially viable agricultural sector value chain operating entities (agri-businesses).
  - Support existing operations for expansion in production on privately owned or land reform farms
  - Support start-up operations (Brownfields and Greenfields 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 6% (six percent) of each total Grant Funding Facility amount).

### Qualifying Criteria:

- South African citizens with a valid identity document.
- Black owned and managed farming enterprises that are commercially viable in commodities prioritised in the AAMP, Aquaculture and Forestry [N/A to Land Bank].
- 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.
- Youth, women, People with Disability and military veterans.
- Qualifying applicants 60 years and above but demonstrate evidence of a successor.

### Exclusions:

- Politicians in public office (12 months cooling period).
- Employees of government & SOEs (24 months cooling period).
- Fund administrators.
- Special advisors for agricultural programmes.
- Foreign nationals, dual citizenship and illegal immigrants
- Part time producers.
- 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.
- Joint Ventures with farm workers where farm workers are not involved in the management of the operation.
- Applicants with no provision for farm worker profit sharing.

## 5.2 BFS Qualifying Criteria (2 / 2)

Applicants will need to meet a minimum of 20 points in the **Economic Benefits Criteria** which is a DALRRD scorecard that looks at:

- Ownership and Transformation
- Own contribution through financial or non-financial means
- Employment creation
- Contribution to food security
- Sustainable development
- Localisation and markets.

The below selected commodities by DALRRD are in-line with the **Agriculture and Agro-processing Master Plan (AAMP)**:

Poultry – Layer and Broiler production	Vegetables
Red Meat – Beef, sheep and goat	Citrus
Piggery	Fruit (Sub-tropical, deciduous, table grapes, pome, etc...)
Grains and Oil seeds	Aquaculture
Sugarcane	Nuts
Cotton	Hemp and Cannabis
Dairy	Wool and Mohair

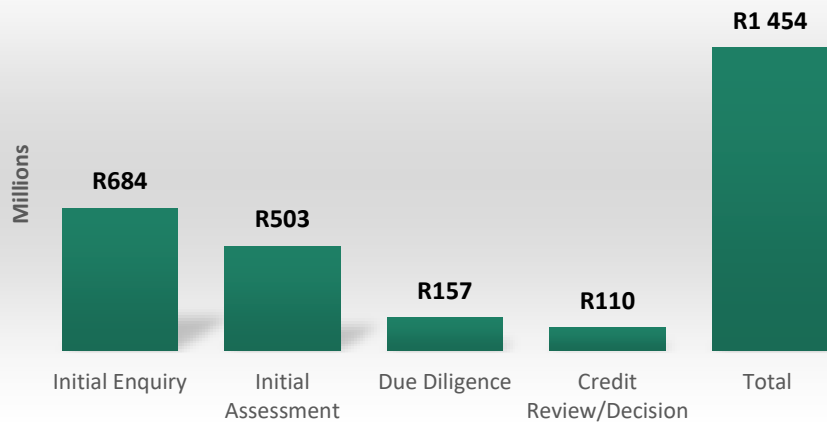
# 5.3 BFS Progress Update

Pipeline and Producer Category [As at 26 April 2023]

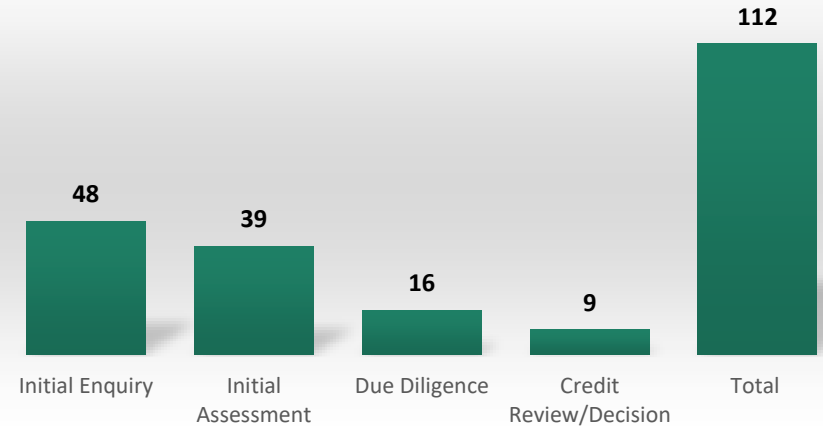


- A pipeline of applications and approvals is being built.
- Significant focus on building the appropriate quality of prospects and converting applications to approvals and disbursements is required.

Total Funding Structure



Number of Clients

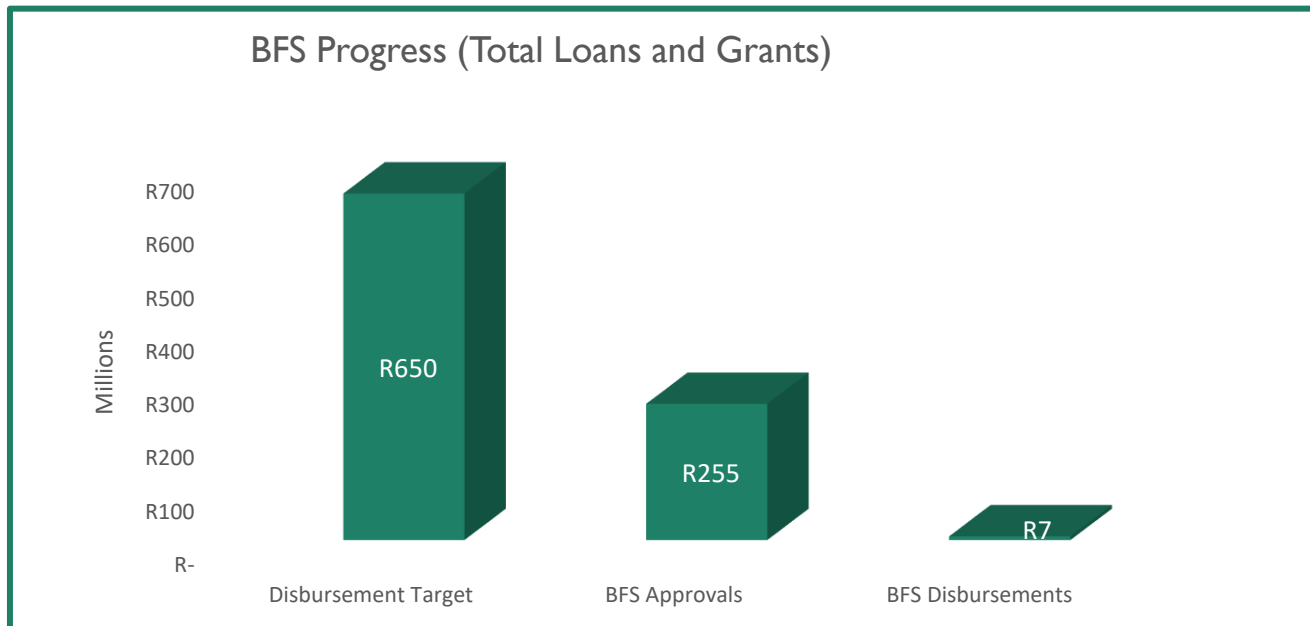


Producer Category	Land Bank Loan	BFS Grant	Total Funding Structure	Number of Clients	% Of Grants Per Category	% Of Clients Per Category
Smallholder	R82 986 739	R118 989 336	R201 976 075	34	16%	30%
Medium Scale	R556 020 144	R593 397 121	R1 149 417 265	75	79%	67%
Large Scale	R61 447 861	R40 965 240	R102 413 101	3	5%	3%
<b>Total</b>	<b>R700 454 744</b>	<b>R753 351 697</b>	<b>R1 453 806 441</b>	<b>112</b>	<b>100%</b>	<b>100%</b>

## 5.3 BFS Progress Update

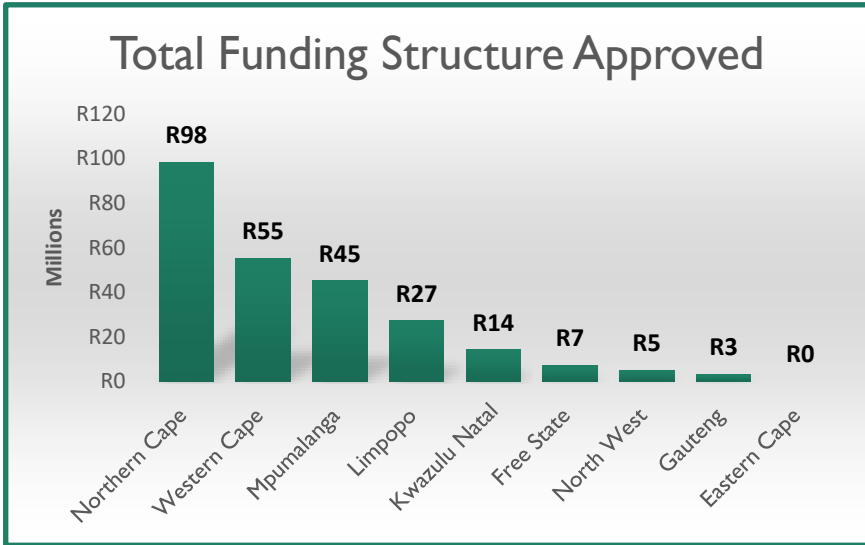
Approvals and Disbursements [As at 31 March 2023]

- **Approvals:** Total of **R255.4m** made up of **R121.7m of loans** and **R133.7m of grants** supporting **30 clients**.
- **Disbursements:** Total of **R6.9m** made up of **R3,3m of grants** and **R3,6m of loans**.

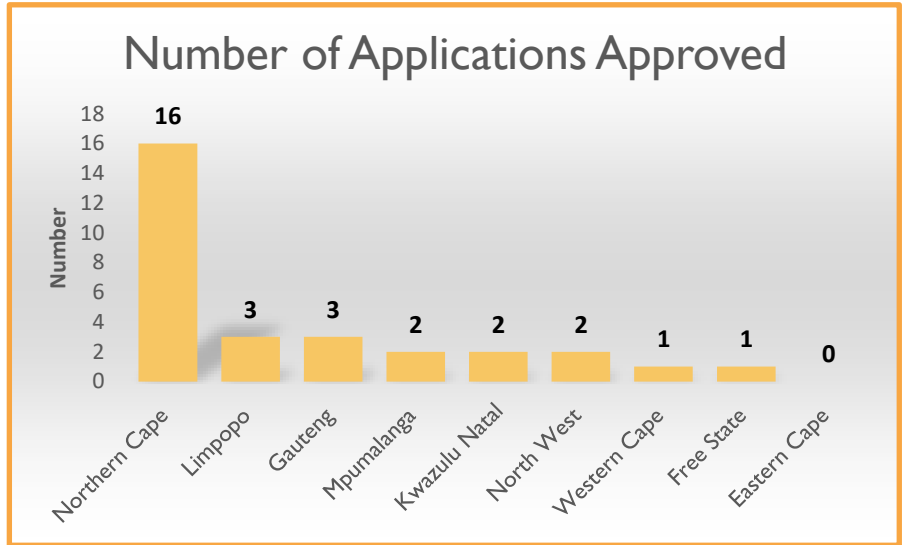


# 5.3 BFS Progress Update

Approvals Per Province [As at 31 March 2023]



**Total approvals: R255.4m**



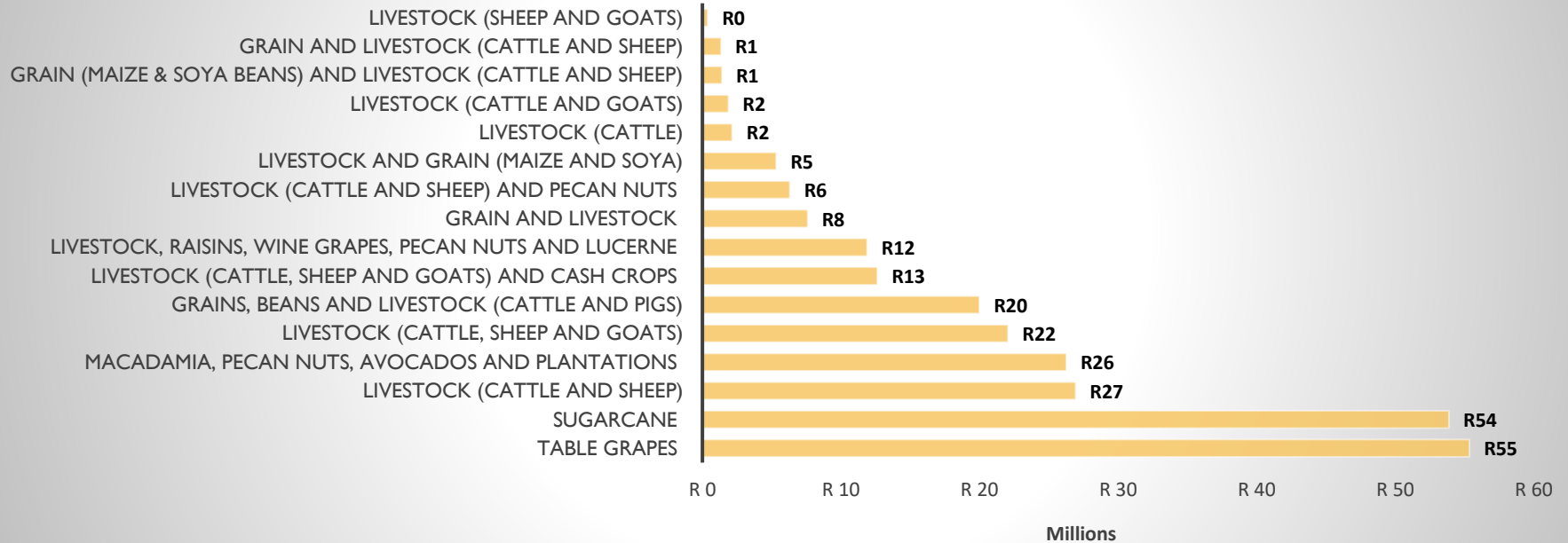
**Number of client supported: 30**

# 5.3 BFS Progress Update – Approvals

## Commodity and Producer Category [As at 31 March 2023]



### Total Approvals



### Producer Category

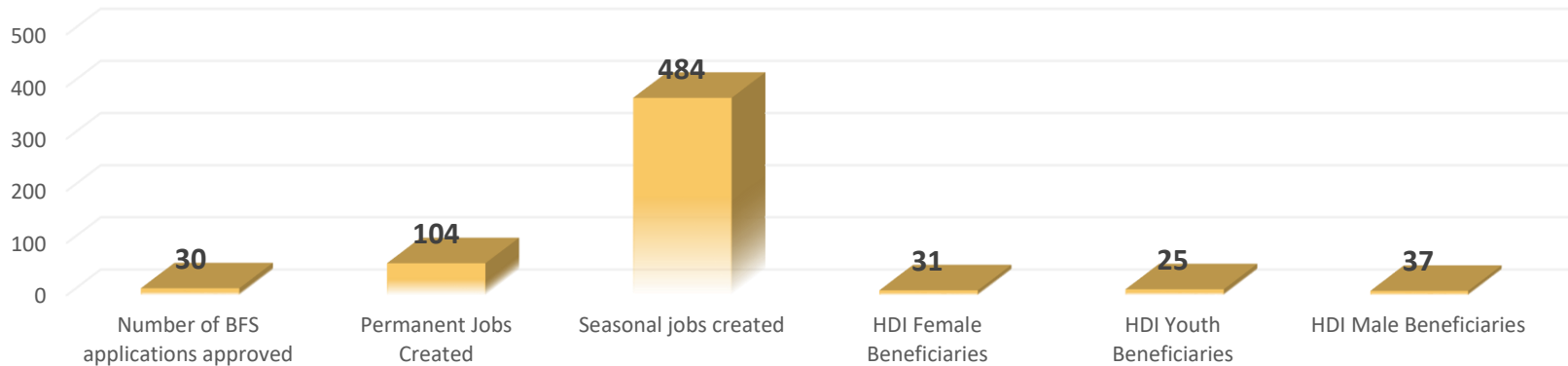
Producer Category	Number of clients	BFS Approvals (loan and Grant)	% of Total Fund Size
Smallholder	15	R64.1m	10%
Medium	14	R151.5m	23%
Large Scale	1	R39.8m	6%
<b>Total Approvals</b>	<b>30</b>	<b>R255.4m</b>	

# 5.3 BFS Progress Update

## Development Effectiveness BFS [Based on Approvals]



### TOTAL



Number of Approved Applications	Permanent Jobs Created	Seasonal Jobs Created	HDI Female Beneficiaries	HDI Youth Beneficiaries	HDI Male Beneficiaries
30	104	484	31	25	37

- The Data Management & Information Framework (DMIF) SteerCo is in the process to enhance and integrate systems to enable Business to capture the Development Effectiveness Indicators approved by Board in the Land Bank Development Indicator Framework (LBDIF).
- At this stage Business has provided information on the Financial and Social Capital Indicators (reflected above) and previous slides.
- The reporting will be enhanced as the project progresses to incorporate all Indicators approved which process will include the socialisation and training of the Business teams.



# 5.3 BFS Progress Report

## Fund Update



### Blended Finance Update

Participating Finance Institution	Balance as at 31 March 2023	Disbursement as at 31 March 2023 (since inception in 2018)	Disbursed YTD (April 2022 - 31 March 2023)
Land Bank	R1,175,224,461	R539,675,695	R3,380,967

#### Notes:

- R104.76 has been disbursed to Land Bank clients as per table below:

FY2019	FY2020	FY2021	FY2022	FY2023
NIL	R99.14m	R2.31m	NIL (The Fund was on hold)	R3.31m

- The difference between the disbursements made to Land Bank clients and the amount of R539.7m of disbursements as at 31 March 2023 is made up largely from transfers made from the main account to the IDC's BFS in FY2021.
- The Land Bank client disbursements that were made in FY2020 and FY2021 were made as part of the BFS pilot before it was put on hold by the Department to undergo a review of the concept which resulted in the new BFS which was launched on 22 October 2022.

# 5.4 BFS Progress Report

## Lessons Learned, Challenges and Interventions



### **Land Bank as an Administrator:**

- The Bank has performed its role satisfactorily as an administrator in accordance with the applicable MoA.
- No notable challenges from an Administrator role perspective have been observed.

### **Land Bank as an Implementer:**

- The lessons learned from the pilot undertaken before the new BFS has proven to be very valuable for the newly launched scheme.
- There is a need to address the exclusion of financing the purchase of land under claims.
  - As notable number of applicants are being excluded in provinces predominantly with land claims (e.g. Limpopo and Mpumalanga).
  - Engagements are in progress between the Bank and DALRRD to address this challenge.
- Land Bank is addressing implementation/execution improvements which include the following:
  - The Bank has revised its credit policy to be more developmentally oriented. The policy is being implemented.
  - The regionalisation of credit committees and mandates is being piloted in two provinces with the intention to roll this out in all provinces. Encouraging outcomes towards improvement of Turn Around Times are being experienced.
  - Projects to undertake continuous improvements towards more simplified origination, application and credit assessment processes are being implemented.
  - Bedding down pre- and post-finance support services.
  - Capacitation of the frontline business function – i.e. Bankers and Agricultural Specialists.



## 6. Agro-Energy Fund



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- The Minister of Agriculture Land Reform and Rural Development announced the establishment of the Agro-Energy Fund during her 2023/24 Policy and Budget Vote on 09 May 2023.
- The purpose of the Fund is to finance farmers and agri-businesses (on a blended finance basis) with the implementation of alternative energy sources in response to the energy challenges in the country.
  - The focus for the Agro-Energy Fund will be on energy intensive agricultural activities, including irrigation, intensive agricultural production systems and cold chain related activities.
- Land Bank and DALRRD are in the process to finalise the implementation details for this Fund.
  - The process of applying and processing of applications will therefore be published in due course.



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