**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION 2307**

**INTERNAL QUESTION PAPER [No 23-2021 SIXTH PARLIAMENT]
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**2307. Mr N P Masipa (DA) to ask the Minister of Agriculture, Land Reform and Rural Development:**

Whether she will furnish Mr N P Masipa with a detailed progress update regarding the blended finance which includes the (a) contracts that the entities reporting to her have entered into in order to provide the blended finance support and (b) details of funding provided to farmers through the programme? **NW2625E**

**THE MINISTER OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT:**

Yes.

1. The Department of Agriculture, Land Reform and Rural Development (DALRRD) has signed agreements to implement blended finance with Land Bank and the Industrial Development Cooperation (IDC).
* The 1st Memorandum of Agreements (MOA) made and entered into between the former Department of Agriculture, Forestry and Fisheries (DAFF) and Land Bank was signed on March 2018;
* The 2nd one was a tripartite that was entered into between former DAFF, Land Bank and former Department of Rural Development and Land Reform (DRDLR) signed in September 2018; and
* The 3rd one was between DALRRD and IDC signed in March 2021.
1. Details of funding provided to farmers: Please refer to **Annexure A**.

**ANNEXURE A OF NA-QUES 2307 OF 2021**

1. **Land Bank support during the proof of concept phase (2018/2019 financial year):**

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| **Farmers supported during the proof of concept phase in 2018/19 financial year.**  |
| **Province**  | **Type of Support**  | **Commodity**  | **Total Value (R'000)** | **Approved Grant (R'000)** | **Approved Loan (R'000)** | **Amount Drawn (R’000)** | **Insurance (Y/N)** | **Permanent Jobs** | **Status**  |
| KwaZulu Natal  | Mortgage and production loan | Sugarcane  | 15 000 | 7 000 | 8 000 | 15 000 | Y | 13 | **Operational.** Although the client experienced a small fire which burnt ± 39 ha of sugar cane, ±21 ha was mature cane. On 4 November 2019 the client lodged claim against insurance for the damage to the 18 ha. Despite the above, the client is on track with farming operations and payments. The instalment has already been provided for.  |
| Northern Cape  | Mortgage and Production loan | Livestock  | 8 152 | 4 000 | 4 152 | 8 152 | N | 3 | **Operational.** Although drought is still persistent in NC, supplements continue to be given to livestock and farmer drilled borehole.  |
| Mpumalanga  | Mortgage and Production loan | Mixed (crops and Livestock) | 51 386 | 33 826 | 17 560 | 51 386 | N | 23 | **Operational.** 15 Cattle were reported stolen in December 2019. 70ha under production.  |
| North West  | Mortgage and production loan. | Broilers and Cattle  | 10 214 | 2 714 | 7 500 | 10 214 | N | 29 | **Operational**. Sells broilers to Supreme chickens.  |
| North West  | Mortgage and Production loan | Broilers  | 19 158 | 13 858 | 5 300 | 19 158 | N | 8 | **Operational**. Sells broilers to Supreme chickens.  |
| North West  | Mortgage and Production loan | Mixed (crops and Livestock) | 55 000 | 35 500 | 19 500 | 55 000 | N | 5 | **Operational.**  |
| Gauteng  | Mortgage and Production loan | Broilers  | 6 852 | 4 710 | 2 142 | 6 852 | N | 7 | **Operationa**l although the farmer experienced challenges with poor project management during construction of 3 poultry houses. Contract with Avon chickens. |
| **Total**  |  |  | **165 762** | **101 608** | **64 154** | **165 762** |  | **88** |  |
| **PS: It took the Land Bank 272 days on average from approval to disbursement.** |

PS: The agreement with Land Bank is still effective however, the current liquidity challenges at Land Bank has prevented Land Bank to support the farmers through Blended Finance after it was relaunched on 18 March 2021 as they are still awaiting their challenges to be resolved before supporting new transactions.

**(ii) Support through IDC (*the spreadsheet with details is attached*)**

The IDC started implementing blended finance after the re-launch by Ministers of Agriculture, Land Reform and Rural Development and Trade, Industry and Competition on 18 March 2021. The following is the IDC performance since the launch:

1. DALRRD transferred R200 million to IDC in March 2021. The second Tranche will be disbursed before end November 2021;
2. The base target contribution from IDC is R4 billion and Dalrrd has committed R1 billion in five years to the IDC;
3. Approvals as at 30 September 2021 – IDC has approved total funding of R260,340 million, of which R182,340 million is loan and R78 million grant; supporting 5 enterprises and creating 128 permanent jobs as shown in the table below:

|  |
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| **Producers supported through IDC as at end September 2021** |
| **Province**  | **Type of support**  | **Commodity**  | **Total Value R'000** | **Grant Approved**  | **Loan Approved**  | **Total Drawn**  | **Insurance (Y/N)**  | **Permanent Jobs**  | **Comment**  |
| KZN | Acquisition Production loan  | Timber (Forestry) | 25 400 | 10 000 | 15 400 | 0 | Y | 26 | Expansionary acquisition  |
| GP | Production loan (Capex & Opex)  | Agro-processing (vegetables)  | 11 000 | 4 000 | 7 000 | 0 | Y | 32 | Support working capital and machinery |
| MP | Production loan (Capex & Opex)  | Broilers | 75 400 | 23 000 | 52 400 | 0 | Y | 21 | Start up: 360 000 chickens per cycle  |
| GP | Production loan (Capex & Opex)  | Broilers | 72 640 | 23 000 | 49 640 | 0 | Y | 25 | Expansion:380 000 to 680 000 chickens per cycle  |
| MP | Production loan (Capex & Opex)  | Broilers | 75 900 | 18 000 | 57 900 | 0 | Y | 24 | Expansion:545 000 to 845 000 chickens per cycle |
| **Total**  |  |  | **260 340** | **78 000** | **182 340** | **0** |  | **128** |  |
| **Final conditions to be met before transfers are made.** |

Furthermore the current pipeline is as follows:

1. Eight (8) transactions are at Due diligence phase (DD) requiring R534 million and R168 million grant, creating 656 permanent jobs;
2. Transactions that have passed the deal development forum (DDF) and are moving to Due diligence phase are four (4), requiring R199 million loan and R38 million grant, creating 314 permanent jobs;
3. Lastly there are 13 transactions that are at assessment phase requiring R1, 320 billion and R337 million grant, creating 260 permanent jobs;
4. The commodities supported include poultry, beef, piggery, Horticulture, agro-processing and forestry.
5. **Jobs Fund Facility**
* DALRRD has received funding amounting to R300 million from the Jobs Fund to support 108 smallholder producers towards their commercialisation. The fund received from the Jobs Fund required match funding of an equal amount of R300 million from DALRRD. A contract has been signed with the Land Bank as the authorised credit provider. The Land Bank has been appointed as the Implementing Agent for DALRRD’s Jobs Fund project.
* The R300 million from the Jobs Fund coupled with the R300 million match fund from DALRRD is allocated to producers as 50% loan and 50% grant. The loan is repayable at a 7.5% interest to be used as a revolving fund to support additional producers.