****

**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION 2695/ NW3186E**

**MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES:**

**Dr M J Figg (DA) to ask the Minister of Agriculture, Forestry and Fisheries:**

**QUESTION**

What is the total amount of the outstanding loan repayments due to the National Treasury which prompted the National Treasury to withdraw all funding for a certain scheme **Micro Agricultural Financial Institutions (MAFISA)** and (b) by what date will the outstanding loans be repaid? NW3186E

**REPLY**

The Micro Agricultural Financial Institutions of South Africa (MAFISA) is a scheme that provides loans to smallholder farmers in the agriculture sector. The loans are provided through intermediaries and not directly by the department. To get the loan, the applicant must meet a set of requirements. The applications for funding are handled by intermediaries and not by DAFF. The intermediaries report to the Department on a monthly basis.

From the inception of MAFISA to date a total of R 408 million has been loaned out to smallholder farmers. Of this amount a total of R187 million has been repaid. The amount repaid account for 45.8% of the total disbursements (repayments are linked to the farming activity e.g. cattle farmers take a longer time to repay whereas cash crop farmers repay in a short period depending on the income cycle).

(b) The repayment timeframe of the loans differs according to the commodity financed. With the effect of drought some clients need extended time to fully settle their loans and this has an impact on repayments. The Department has been involved in discussions with intermediaries on how to handle the situation so that the smallholder farmers can continue to produce on their farms despite the effect of drought.

MAFISA funds are not supposed to be repaid to National Treasury within a given timeframe; they revolve for purposes of continuously granting loans to smallholder farmers. The recalling of MAFISA funds was not because DAFF failed to repay funds to National Treasury. The reason was that the introduction of the Wholesale Finance Facility (WFF) led National Treasury to conclude that it is better to phase out MAFISA and therefore recalled MAFISA funds. Practically the target market of the WFF is not the same target market served by MAFISA.