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R1bn set aside to support black farming investments in 2017

5TH MAY 2017 BY: [TERENCE CREAMER](#) - CREAMER MEDIA EDITOR

South Africa's Land Bank has set a target of disbursing "at least" R1-billion in 2017/18 to support investments by black entrepreneurs in the agriculture sector and to begin transforming a loan book that is still overwhelmingly composed of funding to established commercial farmers.

Should the R1-billion target, which has been approved by the National Treasury, be achieved, it would represent one-third of the R3-billion being budgeted for disbursements by the State-owned bank during the current financial year.

CEO **TP Nchocho** describes the current configuration of the Land Bank's R39-billion loan book as "not good, to say the least", with only R2.5-billion currently dedicated to black-owned or black-empowered investments and the R36.5-billion balance directed mostly towards white farmers.

By setting a firm target, the intention of the development financier is to accelerate the "pace and scale" of transformation in the agriculture sector, which is still viewed as a transformation laggard.

The target has been announced against a backdrop of growing discontent at the pace of land reform and agricultural transformation, both of which feature in the ‘radical economic transformation’ policy proposals currently being debated within the governing African National Congress (ANC).

In an address to the Black Business Council, Deputy President **Cyril Ramaphosa** made specific reference to a policy discussion document published in preparation for the ANC’s midyear policy conference, stating that “inclusive growth requires that we redistribute agricultural land on a far larger scale and at a far quicker pace; and that we properly equip the new owners of that land to farm it productively and sustainably”.

Nchocho says that the Land Bank, whose creation in 1912 coincided with the notorious Natives Land Act that entrenched the dispossession of land from black South Africans, is currently governed by the “dual mandate” of growing the agriculture sector and broadening participation in the sector to those who were previously excluded.

“For this strategic sector to grow and safeguard the country’s food security, it must seize the opportunity to open up and be accessible to emerging farmers. Inclusive participation will certainly lead to sustainable growth, ensuring that as many people as possible contribute and benefit from the economic benefits driven by the sector.”

But it also required an acknowledgement of the “problem statement”, which is that, “as an institution, we have not done enough to ensure broader inclusion in the sector”.

The Land Bank also aims accelerate transformation by facilitating partnerships between black entrepreneurs and established farmers and agribusinesses.

Nchocho reports that several such schemes have already been implemented or are in the process of being concluded, including:

- a R25-million facility extended to Sernick to support 59 emerging farmers in the livestock sector, in the Free State;
- a R240-million deal to enable a black consortium led by Mike Teke's Masimong Holdings to acquire a shareholding in Mouton Citrus; and
- loans in support of an emerging black farmer to develop an 80 ha table grape farm in the Hex River Valley and to create the largest black-owned pack house and cold storage facility in the Western Cape.

The Land Bank is also working on the design of what it calls 'corporate farming investment structures', which would be vehicles for black entrepreneurs, probably with the support of the Land Bank and the Public Investment Corporation, to own and develop portfolios of agricultural assets.

Nchocho stresses that the concept has not been finalised, but that there is potential to use well-resourced, black-owned entities to unlock parcels of arable land held by government, mines and farmers.

"Land is available. What needs to be done is for that land to be released into hands that can commercialise it," he said, arguing that the land could be released in competitive processes similar to the one used by government to attract independent power producers. 🇷🇺

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