



—AGRO—

ENERGY FUND (AEF)



agriculture, land reform
& rural development

Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA



ABOUT THE PROGRAMME

The AEF is a blended finance programme, established in partnership with the Department of Agriculture, Land Reform and Rural Development (DALRRD) to provide funding support for the acquisition of alternative energy assets to alleviate the impact of loadshedding on farming operations and the agricultural sector. The fund will focus on financing energy intensive agricultural activities which include irrigation, intensive agricultural production systems and onfarm cold chain related activities.

ABOUT LAND BANK

The Land and Agricultural Development Bank of South Africa is a specialist agricultural bank that offers tailor made financial solutions for our valued clients to enable farmers to finance land, equipment, asset acquisition and improvements including short term and production credit facilities. Our value added services include insurance, business development and support services. As a development finance institution, we leverage funding from public and private sector partnerships to offer enabling funding solutions geared towards ensuring inclusivity, sustainability and growth in the agricultural sector.

Land Bank is also a founding signatory to the UNEP FI Principles for Responsible Banking (PRB). The PRB is a voluntary set of principles that define and affirm the banking industry's role and responsibilities in shaping and financing a sustainable future. The PRB is aligned to the frameworks such as the Sustainable Development Goals (SDG) and the National Development Plan (NDP), which goes beyond sustainable finance and steer us towards long-term sustainability. These principles require us to be accountable to all stakeholders to develop society and preserve the environment. We have the expertise to understand your business needs and offer a wide variety of products and services to meet your short, medium and long term financing needs.

TARGETED PRODUCERS AT LAND BANK

- Mega Commercial Producers;
- Large Scale Producers;
- Medium Scale Producers; and
- Smallholder Producers.

SECTOR FOCUS

Targeted commodities that have high energy consumption at farm level i.e.:

- Dairy farming;
- Poultry and Piggeries;
- All irrigated commodities; and
- On-farm processing.

***Commodity list is not exhaustive, to be guided by internal assessment at Land Bank.*

EXCLUSIONS

- Foreign nationals and illegal immigrants;
- Employees of government and State-Owned Entities (24 Months cooling period);
- Politicians in public office (12 months cooling period);
- 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;
- *Part-time producers (regardless of a farm manager being in place or to be employed);



- Distressed producers;
- Non-agricultural businesses;
- Double dipping applications (if already benefited from other energy government programmes); and
- Off-farm processors (Industrialists).

QUALIFYING CRITERIA

- South African citizens with a valid ID (must be 18 years and above) and/or registered business entity;
- Applicant must be applying to implement an energy efficiency project or to implement a project that offsets electricity from the grid through self-use renewable energy;
- The Applicant must be operating an agricultural business at the primary or secondary level;
- Applicants must demonstrate the capacity to utilize the energy requirements applied for;
- Smallholder, medium-scale, large-scale and mega commercial producers operating in the agricultural sector;
- Producers involved in energy-intensive farming enterprises including on-farm cold chain related activities;
- Proof of land ownership or proof of access to land (Lease tenure must be aligned to the term of the loan at the minimum);
- Only one application per entity or applicant will be considered; and
- No debt takeovers; debt settlements or refinancing.

FUNDING SCOPE

- Purchasing of capital equipment and infrastructure (“CAPEX”) for alternative energy sources directly linked to energy-intensive farming operations.

KEY APPLICATION REQUIREMENTS

- Business Plan demonstrating the impact of the funding support on the businesses’ operations and cash flow projections of at least 24 months;
- Historical financial statements for operating entities;
- Feasibility or energy expert report outlining the energy requirement and significant energy uses of the farm including the infrastructure design, must be submitted with the application;
- For existing operating entities, proof of historical energy consumption (three months municipality bill or equivalent) must be submitted as well and for new entrants as per the energy expert requirements report;
- Environmental authorisations (EIA/EA) to be in place where applicable in terms of the regulations;
- A generation license from NERSA where applicable in terms of the regulations;
- Health and Safety requirements to be complied with;
- Quotations for Capex requirements: to specify the aftercare service, warranties and lifespan;
- Project implementation plan; and
- Certification of the service provider of choice as a qualified entity or individual for installation and registered with relevant competent authorities or industry bodies.

KEY PROGRAMME TERMS

- Applicants must meet the criteria for the conditional grant and also qualify and be approved for loan funding.
- Applicants must also meet the Land Bank credit criteria regarding the debt portion, be viable and sustainable enterprises.
- Conditional grant funding will be capped according to the maximum grant scale limits as stipulated by DALRRD for each producer category.



- The conditional grant cannot be approved on a standalone basis, grant funding to be in conjunction with Land Bank loan funding. Loans will be priced at market related rates.
- Co-funding by other development finance institutions, equity participants, private sector grants, other debt or equity programmes for the same purpose and project (sharing risks) is allowed, if it forms part of the total project proposed (process will be handled in-line with Land Bank policies and procedures).
- Assessment and approval processes for the AEF will follow approved Land Bank lending policies, products and processes.

CONTACT DETAILS

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EAST LONDON

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HOW TO APPLY TO THE LAND BANK

Visit our local branches;

Log an enquiry via our website at www.landbank.co.za and Contact provincial offices using above contact details