



agriculture, forestry & fisheries

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Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

1. Background

The AgriBEE Fund is a support programme initiated by the Department of Agriculture, Forestry and Fisheries. It was conceptualised primarily as an intervention to support previously excluded black farmers to participate in mainstream economic activities with a view of enhancing the transformation agenda in the sector.

2. Purpose of the AgriBEE Fund

The purpose of the AgriBEE Fund is to support small, medium and micro enterprises within the sector who wish to acquire shareholding in existing commercially viable and sustainable enterprises and to advance enterprise development through agro-processing and value adding activities to previously marginalised people who could not participate in the sector value chain.

3. The objectives of the AgriBEE Fund

The objectives of the AgriBEE Fund are:

3.1. To promote the entry and participation of black people in the entire agricultural, forestry and fisheries value chains, through provision of funding for:

3.1.1 Acquisition of equity deals (shares) in viable and sustainable enterprises, including vertically integrated enterprises (agro-processing) in the agricultural forestry and fisheries sectors;

3.1.2 Promotion of enterprise development initiatives through value adding and agro-processing.

3.2. To ensure that there is an increased number of black people who own, manage and control sustainable enterprises in the agricultural, forestry and fisheries



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sectors and that there is improved participation by designated groups as stated in the respective sector codes, namely: black women, black youth, black farmworkers and black people living with disabilities, throughout the respective sectors' value chains.

4. Who is eligible?

- 4.1. The applicant must be black (as defined by Codes of Good Practice under section 9 (1) of the Broad Based Black Economic Empowerment Act No 53 of 2003) and the project 100% black owned;
- 4.2. The applicant must be a South African citizen with a valid identity document (certified by commissioner of Oath at SAPS)
- 4.3. The applicant must be a legal entity (proof such as certificate for registration/ memorandum of incorporation, and / or articles as well as annual returns by CIPC to be attached);
- 4.4. The applicant must be directly involved in the commodity in which they wish to invest.

5. Prerequisite for funding

5.1. The prerequisite for funding shall include the following:

5.1.1. Applicant (i.e. the individuals within the group/entity) must:-

5.1.1.1 be a South African citizen and have valid identity document/s;

5.1.1.2 produce a marriage certificate or decree of divorce (whichever is applicable), if it is an in community of property marriage or divorce.



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- 5.1.2. Viability and sustainability studies need to be conducted by the Land Bank as part of the due diligence process. In this regard, the report of such studies shall form part of the evaluation;
- 5.1.3. The applicant must have a clean credit record and be credit worthy;
- 5.1.4. FICA verification documents required;
- 5.1.5. NCA documents need to be submitted/completed where necessary;
- 5.1.6. The applicant must have a market plan/identified market/off-take agreement(s)/letter(s) of intent/undertaking(s), from partner to qualify for funding;
- 5.1.7. The applicant must be a registered legal entity;
- 5.1.8. The applicant must have experience on the intended business operation it plans to buy into and be able to furnish proof thereof when required (in form and substance acceptable to the Land Bank). If the applicant does not have the necessary experience on the intended business operation, must commit that a suitable candidate would be hired to effectively manage operations;
- 5.1.9. Proposals must be linked to the elements of the sector codes and the entity must comply with BEE-rating and verification processes;
- 5.1.10. The applicant must either be able to be EME or a QSE in line with the applicable sector codes;
- 5.1.11. The applicant must be able to contribute to the deal with some form of minimum capital (own contribution) as more fully set out in paragraph 6.7 below;



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5.1.12. Utilise the proposed management model to ensure that the equity deal and/or interest acquisition is secured over the long-term period.

6. Criteria for funding

- 6.1. The applicant must be black and the project 100% black owned. Preference shall be given to the applicant whose membership consist mostly of black women, black youth, black people living with disabilities and black farmworkers and whose proposal is linked to a commodity strategy of a specific commodity group;
- 6.2. Business plan with a clear indication of long-term sustainability;
- 6.3. Government and the Land Bank employees, including politicians will not be eligible for the grant and/or support from the AgriBEE Fund;
- 6.4. Constitutional and/or founding documents must be provided where applicable;
- 6.5. The applicant must make a presentation of his or her business plan to the Land Bank, if necessary;
- 6.6. A minimum own contribution of ten percent (10%) from applicants is required. The applicant's "own contribution" shall be paid to the Land Bank. This will demonstrate the level of commitment from applicants;
- 6.7. As a general rule, the maximum grant that each applicant can apply for is R5 000 000, 00 (five million rands), provided that the DAFF and/or the Land Bank may exercise their discretion and consider and approve applications of more than R5 000 000,00 (five million rands), twenty percent (20%) own contribution would be required for such cases.



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7. Conditions for funding

7.1. In the event that the applicant is a newly formed entity or the applicant acquires full ownership of a business as a going concern, the applicant must indicate the management structure of its business, which includes the empowerment of designated groups, management skills and qualifications, roles and responsibilities of key personnel and role players as well as succession planning;

7.2. The management of the applicant entity must be skilled in financial and project management before they can start to utilise the funds and authorisation to start utilising the fund should be obtained from the DAFF in writing.

8. AgriBEE Fund products are:

8.1. Equity acquisition

For equity ownership and interest acquisition across sector value chains, the funds shall be utilised as follows:

8.1.1. New equity deals

This is meant for empowerment of the designated groups who have been operating in the sector for, at least, the past three (3) consecutive years and their commodity is in line with commodity of the entity where investment is intended. As well as farm workers schemes, who are starting new projects which would result in their equity ownership and/or acquiring other interests in an agricultural, forestry and fisheries business enterprises.

8.1.2. Increasing equity ownership and interest acquisition

This is meant to support acquisition of increased equity share and/or other interests in viable and sustainable measured agricultural, forestry and



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fisheries entities In essence, the funds will be available for transforming narrow-based empowerment into broad-based empowerment through increasing shareholding and interest acquisition by black owned entities/individual(s).

8.2. Below is the checklist for equity deals

- 8.2.1. Completed and signed application form;
- 8.2.2. Business plans for both the applicant(s) and the entity offering shares;
- 8.2.3. Business valuation report from Independent Auditors;
- 8.2.4. CVs/profile(s) of the applicant(s) and identified partner(s);
- 8.2.5. Registration certificates for both applicant(s) and identified partner(s);
- 8.2.6. Constitutional and/or founding documents must be provided.
- 8.2.7. Memorandum of association or partnership agreement between the applicant(s) and identified partner(s)
- 8.2.8. Certified identity documents for both the applicant(s) and identified partner(s);
- 8.2.9. Recent three (3) year consecutive audited financial statements (Balance Sheet, Income and Cash Flow statements) for both the applicant(s) and identified partner(s);
- 8.2.10. Shareholder's certificates;
- 8.2.11. Valid original Tax Clearance certificates for both the applicant(s) and identified partner(s);
- 8.2.12. Letter of intent from the seller;
- 8.2.13. Off take agreements/market plans/letters of intent;
- 8.2.14. Letter of support from the relevant Provincial Department of Agriculture endorsed by the Head of Department;
- 8.2.15. Trust deed for farmer workers organised into a Trust;
- 8.2.16. B-BBEE certificate for the applicant(s);
- 8.2.17. Declaration by the applicant(s) committing to pay own contribution;
- 8.2.18. Annual returns by CIPC.



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8.3. Support for agro-processing/value adding enterprises

For enterprise development initiatives (value addition and agro-processing), the fund will be utilised as follows:

8.3.1. Start-up processing/value adding businesses

This is meant for funding interventions for enterprises which have been operating in the sector at primary level for, at least, the past three (3) consecutive years. The following two approaches namely, clusters and niche export products will be considered. This does not exclude any other intervention models which might be applicable on a case-by-case basis.

8.3.2. Existing processing/value adding businesses requiring expansion capital

Funding for existing enterprises will be done in consideration of expanding operations; these enterprises are successful and doing very well, however, with some support, they could increase their operations so that they can enhance competitiveness to generate more output and jobs.

8.4. Below is the checklist for agro-processing and value addition

- 8.4.1. Completed and signed application form;
- 8.4.2. Business plan of the applicant(s) CV(s)/profile(s) of the applicant(s);
- 8.4.3. Registration certificates for applicant(s);
- 8.4.4. Certified identity documents for applicant(s);
- 8.4.5. Recent three (3) year consecutive audited financial statements (Balance Sheet, Income and Cash Flow statements) for applicant(s);
- 8.4.6. Valid original Tax Clearance certificates for applicant(s);
- 8.4.7. Offtake agreements/market plans/letters of intent;
- 8.4.8. Letter of support from the relevant Provincial Department of Agriculture endorsed by the Head of Department;



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- 8.4.9. Environmental Impact Assessment report may be required. Applicants should indicate in their proposal whether the EIA report will be required or not as per the schedule provided in the National Environmental Management Act (NEMA);
- 8.4.10. Plans/Designs/Specifications/Quotations for the cost items;
- 8.4.11. B-BBEE certificate for the applicant(s);
- 8.4.12. Trust Deed for farm workers scheme;
- 8.4.13. Declaration by the applicant(s) committing to pay own contribution;
- 8.4.14. Annual returns by CIPC.

9. The following are excluded:

- 9.1. Purchasing of farms and farming/fishing/forestry infrastructure at primary level (the fund only supports post production activities such as agro-processing/value-addition);
- 9.2. 100% acquisition of a business at initial investment by the applicant(s);
- 9.3. Investment in farms under land claim;
- 9.4. Applicant(s) who are not directly involved in the sector in terms of farming, fishing and forestry activities (passive or speculative investors);
- 9.5. Application that include Government employees, Land Bank employees and politicians as beneficiaries.

Enquiries may be directed to the Department of Agriculture, Forestry and Fisheries for the attention of Ms Viwe Sibelegwana, e-mail address: ViweS@daff.gov.za. Technical enquiries, support with formulation of proposals and request for application forms should be directed to the respective Provincial Departments of Agriculture. Application forms are also available at www.daff.gov.za >>>Resource Centre>>>AgriBEE Fund. Fully completed application forms accompanied by all supporting documents should be hand delivered to the respective provincial departments of agriculture.