

# A DIRECTORY OF DEVELOPMENT FINANCE AND GRANT FUNDING ORGANIZATIONS FOR AQUACULTURE OPERATIONS IN SOUTH AFRICA



agriculture,  
forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

**A DIRECTORY OF DEVELOPMENT FINANCE  
AND GRANT FUNDING ORGANIZATIONS  
FOR AQUACULTURE OPERATIONS IN  
SOUTH AFRICA**

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Disclaimer: This information is accurate as possible. For the latest information, please consult the websites or the relevant contact person mentioned in the relevant chapters. The Department will not be held responsible for consequences of actions which may arise from information contained in this book.

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## Acronyms and abbreviations

ADEP	Aquaculture Development and Enhancement Programme	DTI	Department of Trade and Industry
BEE	Black Economic Empowerment	DoA	Department of Agriculture
BBBEE	Broad Based Black Economic Empowerment	HDI	Historically Disadvantage Individual MAFISA Micro Agricultural Finance Institution of South Africa
BBSDP	Black Business Supplier Development Programme	NEF	National Empowerment Fund
CIP	Corporative Incentives Programme	SME	Small Medium Enterprises
COPAC	Corporative and Policy Alternatives Center	IDC	Industrial Development Cooperation
IDC	Industrial Development Corporation	SACU	Southern African Customs Union
DBSA	Development Bank of Southern Africa	SARS	South African Revenue Services
DFI	Development Finance Institutions		



## Introduction

Globally aquaculture sector has grown significantly in recent years and this can be attributed to various factors such as the decline in production from capture fisheries, population growth and increasing global demand for seafood products. Currently, aquaculture is regarded as a major global industry and is essential in contributing to economic growth of many countries, providing employment and serving as a major driver of socio-economic development in poor rural and coastal communities. The aquaculture production reached 63.3 tonnes valued approximately US\$ 117.5 billion dollars in 2011 (SOFIA, 2012). Aquaculture contributes 45.7 percent of the world's fish production for human consumption. The estimated annual growth rate per annum for aquaculture globally was 8.3 percent between 1970 and 2008. Although aquaculture has grown tremendously worldwide, Africa share of global production was minimal, contributing approximately 1.5% in 2006 and South Africa contributing less than 1 percent of the African production.

Aquaculture has been identified as one of the priority sectors in South Africa that can contribute to food security, job creation, promote economic development and export opportunities. This is advocated in policy documents such as the New Growth Path (NGP) and Industrial Action Plan (IPAP). In order to promote the development of aquaculture locally, the Department of Agriculture, Forestry and Fisheries (DAFF) in partnership with Department of Trade and Industry (the dti) developed the Aquaculture Development and Enhancement Programme (ADEP) an incentives scheme dedicated to the aquaculture sector. The ADEP aims to stimulate investment in the aquaculture sector with intention to increase production, sustain and create jobs, encourage geographical spread and broaden participation. This pro-gramme will contribute towards creation of an enabling environment for the development of an equitable, diverse, viable, competitive aquaculture sector.

Aquaculture is a technology driven industry that requires substantial and sustained capital investment. Majority of the aquaculture businesses are faced with limited access to finance and therefore cannot afford to invest in research and development projects on the scale required. In countries where aquaculture has experienced rapid growth in past, governments have provided financial assistance to make aquaculture producers more competitive locally and internationally. Therefore Government assistance in a form of funding will play a vital role in the development of commercial aquaculture in South Africa.

## Objectives

The main objective of this document is to provide information and guidance on financial assistance available for the aquaculture sector with the intention to create awareness, provide a finance directory for new, emerging and established aquaculture enterprises and to stimulate investment in aquaculture sector.



# 1. DEVELOPMENT FINANCE INSTITUTIONS

## INDUSTRIAL DEVELOPMENT CORPORATION

### 1.1 AGRO-INDUSTRIES

The Agro-Industries provides support for a wide range of food and non-food production activities in the agricultural value chain. Agro-Industries are often based in rural areas and provide on-site job opportunities to turn raw products into consumable goods. Investing in these industries is critical to the economic direction of the country's development plans, encouraging on-going economic growth, job creation and reducing poverty among those who deal with food security.

Agro-Industries provide funding to a number of sub-sectors of the agricultural value chain. These include: agro-processing (food and non-food), which can include on-farm, first-tier processing (such as packing and sorting) and also backward integrated agro-processing projects; beverages (alcoholic and non-alcoholic); and aquaculture.

IDC's involvement in the aquaculture sector dates back since the 1990s and has provided support to more than ten entities or ventures. These were primarily coastal based and included Prawn farming in KwaZulu Natal, Abalone ranching in the Northern Cape, Abalone farming in Western Cape, Oysters in Namibia, Finfish farming in Eastern Cape and also provided support to the Koi, Mussels and Trout farming sectors

### ELIGIBLE ENTERPRISES

1. New or existing South African companies operating within the agro-industries sector are welcome to apply for funding. Two key factors will be taken into account:

- The project must create jobs; and
- The funding request must be for at least R1-million.

2. New or existing companies operating in the agro-industries sector in the rest of Africa are also encouraged to apply for funding. Again, there are a number of provisos:

- The project must facilitate the development of new industrial capacity;
- The project must be of direct benefit to South Africa in the form of, among other things, exports of South African capital goods and/or South African shareholding; and
- The size of the project (total funding requirement) must be at least:
  - ZAR 5-million for members of the Southern African Customs Union;
  - USD 3-million for countries in the Southern African Development Community (SADC); and
  - USD10-million for countries outside SADC.

#### **AGRO INDUSTRIES DOES NOT FUND**

- Primary agricultural projects/applications – these will be referred to the Land Bank;
- Pure land-based transactions/acquisitions;
- Hard liquor, including any drink with an alcohol content of more than 12% vol
- Any tobacco and tobacco products;
- Refinancing of existing activities;
- Pure acquisition transactions; and
- Biofuels – this falls under the Green industries Strategic Business Unit.





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**INFORMATION SHEET (cont.)**

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<b>Funding Entity</b>	<b>Industrial Development Corporation (IDC)</b>
<b>Funding Name</b>	<b>Agro Industries Fund</b>
<b>Funding Threshold</b>	<b>A minimum of R5 million</b>
<b>Key contact person</b>	<b>Rian Coetzee</b>
<b>Key contact details</b>	<b>Head: Agro-Industries Tel: +27 (0) 11 269 3133 Fax: +27 (0) 11 269 3110\ Email:rianc@idc.co.za 19 Frednam Drive, Sandton Gauteng province South Africa</b>
<b>NEF Call center</b>	<b>+27 (011) 269 3000</b>
<b>Website</b>	<b>www.idc.co.za</b>

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# DEVELOPMENT BANK OF SOUTHERN AFRICA

## 1.2 JOBS FUND

The Job Fund targets sustainable job creation initiatives and long term employment creation initiatives linked to private sector business development. The Jobs Fund is to co-finance projects by public, private and non-governmental organisations that will significantly contribute to job creation. This involves the use of public money to catalyse innovation and investment on behalf of a range of economic stakeholders in activities which contribute directly to enhance employment creation in South Africa. To address the challenge of unemployment, South Africa requires high rates of sustained economic growth. South Africa's macro-economic policy environment, infrastructure asset base, schooling system and regulatory frameworks are all key to growth. However, improving and reforming these factors is a long-term process.

The Jobs Fund does not intend to tackle these long-term, structural causes of low growth and unemployment on its own. Numerous government initiatives are already tasked with parts of that challenge. Nor does the Jobs Fund aim to replicate or substitute these initiatives; rather it presents an opportunity to complement these efforts with limited and short-term funding interventions. These funding interventions will seek to overcome some of the barriers to job creation that have been identified. Some of these relate to demand for labour, some to the supply of labour and some to the broader institutional environment. The Jobs Fund has been designed specifically to overcome these barriers by providing public funding through four "funding windows" i.e. Enterprise Development; Infrastructure Investment; Support for Work Seekers and Institutional Capacity Building.

### ELIGIBLE CRITERIA

- Targets sustainable jobs creation initiatives and long term employment creation linked to private sector business development.
- The applying entity should have a minimum of operational activity at the time of applying.
- The Jobs Fund will not fund start-ups, as other funding vehicles exist to support such initiatives and the fund wishes to leverage existing capacity.
- Initiatives must not be dependent on outstanding government decisions of a strategic, financing, regulatory nature to proceed. This does not refer to normal administrative decisions such as issuing of business licences.
- Initiatives are expected to share the risk. To ensure full buy-in and commitment, applicants must commit to providing matching funding at a minimum ratio of 1:1.
- Applicants must be tax compliant and in good standing with South African Revenue Services (SARS).

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### INFORMATION SHEET

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<b>Funding Entity</b>	<b>Development Bank of Southern Africa</b>
<b>Funding Name</b>	<b>Jobs Fund</b>
<b>Funding Threshold</b>	<b>Dependent on the project type</b>
<b>Fund Close Date (if closed-end)</b>	<b>First close: 31 July 2012 Closing date: 15 March 2013</b>
<b>Key contact person</b>	<b>Chuene Ramphele Gidela Ndwandwe</b>
<b>Key contact details</b>	<b>Chuene Ramphele Tel: +27 (0) 11 313 3869</b>

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**INFORMATION SHEET (cont.)**

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**Midrand 1685**  
**Gauteng province**  
**South Africa**

**Website**

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# NATIONAL EMPOWERMENT FUND

## 1.3 RURAL AND COMMUNITY DEVELOPMENT FUND

The Rural and Community Development Fund was designed to promote sustainable change in social and economic relations and supporting the goals of growth and development in the rural economy, through financing of sustainable enterprises. This would be achieved through the mobilisation of rural communities in legal entities or cooperatives, in order to participate in the broader economic activities and realise the economic transformation goals in rural South Africa. The fund has four products: Project Finance, Business Acquisition, Expansion Capital and Start-up/Greenfields with the funding threshold ranging from a minimum of R1 million to R50 million.

### **SECTORS TO BE FUNDED**

- Primary and Secondary Agriculture
- Aquaculture
- Agro processing
- Manufacturing
- Tourism
- Agro-Forestry
- Retail Property Development

### **ELIGIBLE CRITERIA**

- Projects must be financially sustainable.
- BEE applicants should be actively involved in the day-to-day operations of the business.
- Technical partners should be actively involved in the day-to-day operations of the business.
- The NEF will invest using debt, equity and quasi-equity instruments.
- Minimum black ownership of 25.1% is a requirement.
- Joint ventures between black and non-black partners to support skills transfer.
- The business should be able to repay NEF's investment.
- The business must have a clear value-add with a sustainable business case.
- The NEF will exit from the investment in 5 to 10 years.
- The NEF reserves the right to oblige applicants to participate in the NEF mentorship programme.

### **RURAL AND COMMUNITY DEVELOPMENT FUND OFFERS THE FOLLOWING:**

- Acquisition
- New Venture Capital
- Expansion



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## INFORMATION SHEET

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<b>Funding Entity</b>	<b>National Empowerment Fund (NEF)</b>
<b>Funding Name</b>	<b>Rural and Community Development Fund</b>
<b>Funding Threshold</b>	<b>A minimum of R1 million to R50 million</b>
<b>Key contact person</b>	<b>Nokuthula Fakude</b>
<b>Key contact details</b>	<b>Tel: + 27 (11) 305 8032 Fax: + 27 (11) 305 8001 Email:FakudeN@nefcorp.co.za West Block,187 Rivonia Road, Morningside 2051, Po Box 31, Melrose Arch North 2076</b>
<b>NEF Callcente</b>	<b>0861 843 633</b>
<b>Website</b>	<b><a href="http://www.nefcorp.co.za">www.nefcorp.co.za</a></b>

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## 2.GOVERNMENT FUNDING SUPPORT PROGRAMMES

### DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES AND LANDBANK

#### 2.1 AGRI-BEE FUND

The Agri-BEE fund is a grant that is given to farmers who want to start agricultural farming; the fund is an investment that is made by the Department of Agriculture Forestry and Fisheries (DAFF) in collaborating with the Land Bank which is the vehicle for the fund. The fund given to farmers wanting to start a business, the farmers submit the business plan to the DAFF and then the business plan is assessed and then sent to the Land Bank to be assessed again. The purpose of assessing the business plan is to see whether it will be economically viable, financial sustainable and profitable. The fund is targeting farmers who are black people; it is there to empower the blacks.

#### **AIMS AND OBJECTIVES OF THE FUND**

- To promote the entry and participation of black people in the entire Agricultural value chain, through provision of funding for equity deals, acquisition of interests in the Agricultural, Forestry and Fisheries entities and enterprise development (small, medium and micro enterprises) to people who were previously marginalized to participate in the economy of South Africa.
- To ensure increased in the number of black people who own, manage and control sustainable enterprises in the agricultural, forestry and fisheries sectors.
- To ensure improved participation by the designated groups as stated in the Agri-BEE charter, namely; Black women, black youth, black farm workers and black people living with disabilities, throughout the agricultural value chain.

#### **AGRI-BEE FUND POLICY GUIDELINE**

Agri-BEE funding shall be utilized in terms of Agri-BEE Charter, with reference also to the following policies and frameworks which provide for the implementation of the Agri-BEE fund:

- Agri-BEE Charter
- Public Finance Management ( Act no 1 of 1999)
- The BBBEE (Broad Based Black Economic Empowerment)
- The financial Sector Charter
- CASP and Land Reform Programmes
- The Agricultural Sector Plan
- Approved Agri-BEE aligned commodity strategies

#### **CRITERIA FOR FUNDING**

- The applicant must be black and the project 100% black owned.
- The applicant must be a legal entity (certificate for registration)
- Business plan with a clear indication of sustainability for a long term
- Government employees, land Bank employees and politicians will not be eligible for the grant and support from AgriBEE Fund.
- Constitution and founding documents must be provided



- The applicant must make a presentation of his or her business plan to the Land Bank.
- Preference will be given to project applicant whose membership consists mostly of black women, black youth, black people with disabilities and black farm workers and whose proposal is linked to commodity strategy of specific commodity group.
- A minimum of own contribution of 10% from applicants is required.
- For proposals larger than 5 million a minimum of own capital of 20% contribution is required.

**PRE-REQUISITES OF THE FUND**

- Individuals / entity must be South African citizens
- Must have repayment ability if own contribution is sourced as a loan
- Viability assessments will be conducted by the Land Bank
- Agricultural Economist report is as well required
- FICA & NCA compliance is applicable

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**INFORMATION SHEET**

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<b>Funding Entity</b>	<b>Department of Agriculture, Forestry and Fisheries</b>
<b>Funding Name</b>	<b>Agri-BEE Fund</b>
<b>Fund Manager</b>	<b>Land bank (Strategic Partner)</b>
<b>Funding Threshold</b>	<b>A minimum of R1 million</b>
<b>Key contact person</b>	<b>Ms Kefeuae Mohapelo</b>
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<b>Website</b>	<b><a href="http://www.daff.gov.za">www.daff.gov.za</a></b>

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## DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES

### 2.2 MICRO AGRICULTURAL FINANCIAL OF SOUTH AFRICA

The Micro Agricultural Financial Institutions of South Africa (MAFISA) is a financial scheme to address financial services needs of smallholder farmers and agribusinesses. MAFISA provides capital loans to enhance the agricultural, forestry and fisheries activities.

The objectives of the Micro Agricultural Finance Institution of South Africa.

- Purchase of production inputs (fertilizers, seeds, pesticides, animal feed and remedies).
- Purchase of small equipment and implements (knapsack spray, wheel barrow, and spades).
- Purchase of livestock breeding stock, animal feed, veterinary remedies, branding material.

#### PRODUCTS AND SERVICES

- Short to medium term production loans to target groups and individuals engaged in agricultural, forestry and fisheries.
- Facilitation of savings mobilization.
- Capacity building for member based financial institutions.

#### ELIGIBILITY CRITERIA

- Must be a South African citizen.
- Must be from historically disadvantaged (designated) group.
- Must be in possession of a valid South African identity document.
- The enterprise pursued must indicate ability to repay the loan ( i.e. viable).
- The applicant must be of the age of 21 and above (if between 18 and 21 there is a need for parental/guardian consent).
- Household gross monthly non-farm income must not be more than R20 000.
- Total enterprise turnover must not exceed R1000 000.
- Can apply as an individual, group or an entity.
- Enterprise must be in respect of either farming or agribusiness.

#### INTEREST RATE CHARGED

- Currently an interest rate of 8% per annum compounded is charged.
- The above rate will be reviewed from time to time.

#### TERMS AND CONDITIONS

- A maximum loan amount up to R500 000 per person
- For loans above R25 000 collateral / collateral substitutes as required.
- Money borrowed has to be repaid in full together with the interest within the prescribed time name.
- Money borrowed from Mafisa has to be entirely used for the purpose for which it was requested.





## REQUIRED DOCUMENTS

- Certificate copy of ID
- Proof of address
- Proof of legal access to land production facilities
- Extension officers report

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## INFORMATION SHEET

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<b>Funding Entity</b>	<b>Department of Agriculture, Forestry and Fisheries</b>
<b>Funding Name</b>	<b>Micro Agricultural Finance Institution of South Africa</b>
<b>Funding Threshold</b>	<b>A minimum of R25 000 (collateral) to maximum R500 000 per person</b>
<b>Interest rate</b>	
<b>Key contact person</b>	<b>Dan Kekana</b>
<b>Key contact details</b>	<b>Tel: + 27 (12) 319 8133 Fax: + 27 (12) 319 8132 Email:</b>
<b>Call Centre</b>	<b>+27 (12) 319 6825</b>
<b>Website</b>	<b>www.daff.gov.za</b>

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## PARTICIPATING INSTITUTIONS

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<b>Institution</b>	<b>Province of operation</b>	<b>Contact Details</b>
<b>NERPO</b>	<b>All provinces</b>	<b>+2712 345 8566</b>
<b>GEP</b>	<b>Gauteng</b>	<b>+2711 521 9800</b>
<b>MADC</b>	<b>Mpumalanga</b>	<b>+2713 755 6328</b>
<b>PEULWANA</b>	<b>Gauteng, North West, KZN, Free State and Limpopo</b>	<b>+2711 314 1173</b>
<b>ECRFC</b>	<b>Eastern Cape</b>	<b>+2743 604 7000</b>
<b>SASA</b>	<b>KZN &amp; MP</b>	<b>+2713 508 7015</b>

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## DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES

### 2.3 ILIMA LETSIMA

The Ilima Letsima is a campaign by the government to stimulate food production through household and backyard activities, creating micro-enterprises through the use of communal land, ensuring productivity of land lying fallow in the peri-urban areas and the rural areas and lastly, converting dormant agricultural assets into liquid income generating assets. Ilima Letsima campaign will be rolled – out across the country centering on the Land and Agrarian Reform Programme (LARP) and seeking to increase productivity by 10% to 15%. The campaign also aims at ensuring socio-economic development and the amelioration of the effects of high food prices and addressing the following:

- Stimulating food production – increase food production to ensure food security.
- Promoting social cohesion.
- Militating against a sense of dependency.
- Raising general awareness about Government programmes and the unique potential economic resources and opportunities available to different communities.
- Stimulate the realisation of the benefits of collective synergies.
- Structuring the involvement of stakeholders (including SOE's, other Social Cluster departments, WARD and YARD).
- Conducting situation analysis per province ILIMA/LETSIMA location.

### OBJECTIVES

- To invest in the improvement of the quality of the livestock in communal areas such as the Nguni cattle, goats and Chicken for Africa.
- Increase family and community production for household food and nutritional security.
- Develop agricultural development corridors.
- Increase the percentage of land in the former homelands.
- Rehabilitate to productive use of degraded agricultural land.
- Rehabilitate and expand the existing irrigation schemes.
- Establish new irrigation schemes.
- Establish contract farming for high-value and feedstock products for bio-fuels, wine, essential oils, hemp, medicines, leather, juices, canning, diary and others.



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## INFORMATION SHEET

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<b>Funding Entity</b>	<b>Department of Agriculture, Forestry and Fisheries</b>
<b>Funding Name</b>	<b>Ilima/Letsima</b>
<b>Funding Threshold</b>	<b>N/A</b>
<b>Key contact person</b>	<b>Elder Mtshiza</b>
<b>Key contact details</b>	<b>Tel: + 27 (12) 319 7847 Fax: + 27 (12) 319 8132 Email: CDCASP@daff.gov.za</b>
<b>Website</b>	<b><a href="http://www.daff.gov.za">www.daff.gov.za</a></b>

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## DEPARTMENT OF TRADE AND INDUSTRY

### 2.4 AQUACULTURE DEVELOPMENT AND ENHANCEMENT PROGRAMME

The Aquaculture Development and Enhancement Programme (ADEP) is a response to the Department of Agriculture, Forestry and Fisheries' (DAFF) National Aquaculture Strategic Framework (NASF) of 2011. This intervention is also advocated in policy documents such as the New Growth Path (NGP) and Industrial Policy Action Plan (IPAP). According to NASF, an incentive for aquaculture has become a government priority that recognises the socio-economic opportunities that aquaculture presents to meet key constitutional obligations for a fairer and equitable society.

#### OBJECTIVES

The aims and objectives of the Aquaculture Development and Enhancement Programme is to stimulate the investment in the aquaculture sector with the intention to:

- Increase production output in the sector;
- Sustain and create jobs;
- Encourage geographical spread and
- Promote broaden participation in the aquaculture sector.

#### PROGRAMME DESCRIPTION

The ADEP offers a reimbursable cost –sharing grant of up to a maximum of forty million rand (R40 000 000) towards qualifying costs in:

- Machinery and equipment;
- Bulk infrastructure;
- Owned land and/ or buildings;
- Leasehold improvements; and
- Competitiveness improvement activities

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#### INFORMATION SHEET

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<b>Funding Entity</b>	Department of Trade and Industry
<b>Funding Name</b>	Aquaculture Development and Enhancement Programme
<b>Funding Threshold</b>	A minimum of R1 million to R40 million
<b>Key contact person</b>	Mr. Paseka Masemula
<b>Key contact details</b>	Tel: + 27 (12) 394 5021 Fax: + 27 (12) 394 6021 Email: pmasemula@thedti.gov.za The Enterprise Organization (TEO), The dti Campus, Sunnyside, 77 Mentjies Street Pretoria 0002
<b>the dti Call centre</b>	0861 843 384
<b>Website</b>	<a href="http://www.the dti.gov.za">www.the dti.gov.za</a>

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## DEPARTMENT OF TRADE AND INDUSTRY

### 2.5 BLACK BUSINESS SUPPLIER DEVELOPMENT PROGRAMME

The Black Business Supplier Development Programme is a cost sharing grant offered to small black owned enterprises to assist them to improve their competitiveness and sustainability in order to become part of the mainstream economy and to create employment. BBSDP provides grant to a maximum of R1000 000 per project. A maximum of R800 000 will be for tools, machinery and equipment and R200 000 maximum for eligible enterprises to improve their corporate governance, management, marketing, productivity and use of technology.

#### OBJECTIVES

- To improve the sustainability of black owned enterprises, thereby increasing employment.
- To fast track the existing SMMEs that exhibit good potential for growth into the main stream economy.
- To grow black owned enterprises by fostering linkages between black SMMEs and the corporate and public sector enterprises.

#### ELIGIBILITY CRITERIA

- Fifty one percent (51%) black owned majority shareholding.
- Enterprise with turnover of R250 000 to R35 million per year.
- The enterprise must have been operating and trading for least one year.

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#### INFORMATION SHEET

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<b>Funding Entity</b>	Department of Trade and Industry
<b>Funding Name</b>	Business Supplier Development Programme
<b>Funding Threshold</b>	A maximum of R1 million
<b>Key contact person</b>	Mr Alan Torley
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## DEPARTMENT OF TRADE AND INDUSTRY

### 2.6 CO-OPERATIVE INCENTIVE SCHEME

The Co-operative Incentive Scheme (CIS) is a 90:10 matching cash grant for registered primary co-operatives (a primary co-operative consists of five or more members who are Historically Disadvantaged Individuals). The CIS is an incentive for co-operative enterprises in the emerging economy to acquire competitive business development services, and the maximum grant that can be offered to one co-operative entity under the scheme is R 350 000.

#### **OBJECTIVES**

- Promote co-operatives through the provision of a matching grant.
- Improve the viability and competitiveness of co-operative enterprises by lowering the cost of doing business.
- Assist co-operatives to acquire their start-up requirements.
- Build an initial asset base for emerging co-operatives to enable them to leverage other support.
- Provide an incentive that supports broad-based black economic empowerment.

#### **ELIGIBILITY CRITERIA**

- Incorporated and registered in South Africa in terms of the Co-operatives Act, of 2005 ( Act no 14 as amended).
- Operating or will operate in the emerging sector.
- Adhere to co-operatives principles.
- Emerging co-operatives owned by historical disadvantaged individuals
- Rural and semi-urban based.

#### **ELIGIBLE ACTIVITIES**

- Business Development services.
- Business profile development.
- Feasibility studies/market research.
- Production efficiency.
- Technological improvement projects.
- Plants and Machinery.
- Start-up requirements



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**INFORMATION SHEET**

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<b>Funding Entity</b>	<b>Department of Trade and Industry</b>
<b>Funding Name</b>	<b>Co-operative Incentive Scheme</b>
<b>Funding Threshold</b>	<b>A maximum of R350 0000 per project</b>
<b>Key contact person</b>	<b>N/A</b>
<b>Key contact details</b>	<b>Administrators Secretariat Tel: + 27 (12) 394 1115 Business Development Unit  Department of Trade and Industry The dti Campus, Sunnyside 77 Mentjies Street Pretoria 0002</b>
<b>the dti Call centre</b>	<b>0861 843 384</b>
<b>Website</b>	<b><a href="http://www.the dti.gov.za">www.the dti.gov.za</a></b>

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## DEPARTMENT OF TRADE AND INDUSTRY

### 2.7 INCUBATION SUPPORT PROGRAMME

The Department of Trade and Industry initiated the Incubation Support Programme (ISP) as a grant to develop incubators into successful enterprises with potential to revitalise communities and strengthen local and national economies. This programme encourages partnership in which big business assists SMMEs with skills transfer, enterprise development, supplier development and marketing opportunities. The ISP will be available on a cost-sharing basis between the Government and the private sectors partner(s). It is available for infrastructure and business development services necessary to mentor and grow enterprises to ensure that within two to three years they will graduate to a level of self –sustainability by providing products and services to the market. This programme is effective from 1 September 2012 to 31 March 2022.

#### OBJECTIVES

- To encourage private sector partnership with Government to support incubators to develop SMMEs and nurture them into sustainable enterprises that can provide employment and contribute to economic growth and
- Provide funding for incubators that can generate revenue through the provision of services and initiatives that can be self-sustainable.

#### GRANT SUPPORT

- The grant approval will be based on projections for the first year at application stage whereas the approval for subsequent years will be dependent on the review of the actual performance of the preceding year against agreed milestones.
- All payments will be made directly to the incubator's primary account.
- The ISP offers a cost sharing support of 50:50 for large businesses and 40:60 for SMMEs.
- After the three year period, applicants may apply for assistance for an additional three years and must comply with the guidelines of the ISP.

#### QUALIFYING COSTS

- Business development services such as business advisory services, coaching and mentoring, training, facilitation of funding, production efficiency and improvement, quality and standard acquisition;
- Market access;
- Machinery, equipment and tools;
- Infrastructure linked to incubators (buildings, furniture);
- Feasibility studies for establishing and expanding incubators;
- Product or service development and
- Operational costs.

#### ELIGIBILITY CRITERIA

- The programme is available to applicants that want to establish new incubators or wish to grow and expand existing ones.
- The supported incubator may either offer physical and or virtual incubation support services.





- The incubator to be supported may be a corporate incubator; private investor's incubator; an academic or research institution incubator in partnership with industry.
- The incubator must be focused on establishing and growing enterprises that will graduate to sustainable enterprises
- Applicants must submit a proposal to the dti outlining the objectives of the project and demonstrate how the incubator would function and be sustainable over time.

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#### INFORMATION SHEET

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<b>Funding Entity</b>	<b>Department of Trade and Industry</b>
<b>Funding Name</b>	<b>Incubation Support Programme</b>
<b>Funding Threshold</b>	<b>R 10 million</b>
<b>Key contact details</b>	<b>Department of Trade and Industry The dti campus, Sunnyside 77 Mentjies Street Pretoria 0002</b>
<b>the dti Call centre</b>	<b>0861 843 384</b>
<b>Website</b>	<b><a href="http://www.the dti.co.za">www.the dti.co.za</a></b>

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## DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

### 2.8 WESTERN CAPE GROWTH FUND

The provincial Growth Fund provides financial support in the form of cost sharing grant with maximum government contribution of 70% .i.e. 70:30; where 30% of the project costs will be own contribution. The aim of the fund is support enabling environment for businesses by providing financial support to innovative economic development projects that are aimed at assisting with the expansion and sustainability of business grouping (minimum of two qualifying businesses).

#### **OBJECTIVES**

The objective of this initiative is to fund innovative project proposals that enhances the existing operations, or expands the current local production of a pair or a group of businesses, by:

- Improving their own Productivity or Competitiveness.
- Improving Supply Chain Activities/ Co-Ordination.
- Gaining access to new markets.
- Increasing market share within an existing market.
- Improving the competitiveness of a cluster of business within a common geographic region.

#### **ELIGIBILITY CRITERIA**

- A minimum of two separate existing businesses as a grouping must apply jointly.
- The business must reside, trade and operate within the Western Cape Province.
- The entities need to be in the same/ similar industry, sector/ sub-sector, with a common goal.
- The applicants applying for funding must be able to provide for a minimum of 30% of the total intervention costs.
- The business must be in existence and operating for at least twelve months and provide proof of trade i.e.: annual financial statements, management accounts, other trade documents.
- All application entities must elect 1 (one) representative to sign the application and other related documents on behalf of the group.

#### **EXCLUSIONARY CRITERIA**

- The redemption of any loans, guarantees or any other existing financial commitment of the enterprise.
- The establishment of any new entities as a direct or indirect consequence of the joint operation between 2 or more businesses.
- A project that aims to set up or establish separate or a different new businesses that can seek commercial financing or be financed by the applications themselves.
- Feasibility or may legally required studies or research e.g. (EIA).
- Management buy-outs or buy ins.
- Legal fees.
- Projects or interventions already in operation.
- Applications by NPO's / NGO's for operational or sustainability interventions.



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**INFORMATION SHEET**

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<b>Funding Entity</b>	<b>Western Cape Provincial Department of Economic Development and Tourism</b>
<b>Funding Name</b>	<b>Western Cape Growth Fund</b>
<b>Funding Threshold</b>	<b>N/A</b>
<b>Key contact person</b>	<b>Sharief Davids or Peter- Jon Thebus</b>
<b>Key contact details</b>	<b>10th Floor , NBS Waldorf Building St Georges Mall, Cape Town 8001 Tel: + 27 (21) 483 9112 or 483 9026</b>
<b>Website</b>	<b>Sharief.Davids@westerncape.gov.za or PeterJohn.Thebus@westerncape.gov.za</b>

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## 3. COMMERCIAL BANKS

### 3.1 ABSA

Absa Agri-Business, the agricultural department of Absa Bank, is one of the largest agribusiness units in South Africa. It has a national footprint with approximately 53 Agri-Business Specialists servicing this sector. Absa Agri-Business's vision is to be a focused financial services provider in the agribusiness-market segment. Absa's focus is on retaining and selective acquisition of its dominant market share in commercial agriculture. In order to maintain its market leadership into the future, an attraction strategy is currently being implemented in developing agriculture.

#### PRODUCTS AND SERVICES

Absa provides a range of products and services specifically developed for the agricultural sector. Products are tailor-made to meet the needs of the clients.

Products and services offered are, amongst others, cheque accounts, overdraft facilities, term loans, mortgage loans, asset finance, investments, estate and asset management, insurance and assurance, international banking services, contract growing, hedging and trading as well as electronic banking services and advisory services.

Apart from these products and services, Absa Agri-Business is involved in Joint Venture finance to developing agriculture where Government instruments are applied.

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#### INFORMATION SHEET

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<b>Funding Entity</b>	<b>Absa Agribusiness</b>
<b>Funding Name</b>	<b>N/A</b>
<b>Funding Threshold</b>	<b>N/A</b>
<b>Key contact person</b>	<b>Mr Andrew Makanete</b>
<b>Key contact details</b>	<b>Absa Agri-Business P O Box 7735, Johannesburg 2000. Tel (011) 350 6854. Fax: 011-3505494</b>
<b>Website</b>	<b><a href="http://www.absa.co.za">www.absa.co.za</a></b>

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### 3.2 FIRST NATIONAL BANK

First National aims to be the banker of choice in the agricultural market segment, providing products and services which farmers accept as excellent value for money via an efficient delivery channel (i.e. FNB branches) achieved by a committed team dedicated to serving the farming community. FNB provides banking services to all farmers and farming businesses operating in non-urban and peri-urban areas in South Africa.

#### PRODUCTS AND SERVICES

The First Rand Group and its subsidiaries offer a comprehensive range of financial products and services for all farmers' banking requirements. These include agricultural loans (short, medium and long-term finance), savings and investments, transmission of funds, insurance and many other banking services. FNB offers financial support through following:

- **Short-term production finance** – Available in the form of fluctuating overdraft, this facility is aimed at farmers or farming businesses operating as proprietors, partnerships, close corporations, companies, trusts and co-operatives. It provides working capital for day to day expenses and to purchase production inputs.
- **Agricultural medium-term or project loan** – This is a medium term loan that can be used for establishment of production capacity such as the purchase of livestock, establishing of Orchards, farm buildings and other projects that take time to generate an income. The type of farming enterprise and its economic lifespan will determine the repayment term, up to a maximum of ten years.
- **Agricultural long term loan** – This is a mortgage loan used to finance the purchase of farmland and finance capital improvements (i.e. buildings, dams, fencing). The loan is usually limited to a maximum of 15 years.

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#### INFORMATION SHEET

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<b>Funding Entity</b>	<b>First National Bank</b>
<b>Funding Name</b>	<b>Short-term production finance Agricultural medium-term or project loan Agricultural long term loan</b>
<b>Funding Threshold</b>	<b>Mr Jan van Zyl</b>
<b>Key contact person</b>	<b>FNB agricultural manager / specialist</b>
<b>Key contact details</b>	<b>Head office: P O Box 7750 Johannesburg 2000 Tel + 27 (011) 371 9824 Fax: 011-3524702 jvanzyl@fnb.co.za</b>
<b>Call centre</b>	<b>N/A</b>
<b>Website</b>	<b>www.fnb.co.za</b>

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### 3.3 NEDBANK

The Nedbank Agricultural Division offers clients a banking partnership founded on the bank's willingness and ability to understand the clients business and the bank's solutions – driven services offering. The Agricultural Division's knowledge is aligned to the needs of both the primary and secondary production of three main market sectors (as well as its value chain). These are agronomy, horticulture and livestock production.

#### PRODUCTS AND SERVICES

Nedbank Business Banking is a leading provider of tailor-made agricultural financial solutions offering, these include:

- **Lending solutions** – Cheque accounts, overdrafts, debtor finance, agricultural instalments sale agreement, agricultural medium-term loan, agricultural nedbond and agricultural production loan.
- **Transactional products** – Current account, global trade finance and electronic banking.
- **Other services include** – Investments solutions, value added solutions, financial planning solutions, short-term insurance and corporate schemes.
- **Emerging Farmers Programme and Projects** – The bank is involved in various projects in the sector which include: The Biodiversity Wine initiative, WWF – SA Green Trust, The Cape Winemakers Guild and Enterprise Development, and Cape Wine exhibitions with Wines of South Africa (WOSA).

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#### INFORMATION SHEET

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<b>Funding Entity</b>	<b>Nedbank</b>
<b>Funding Name</b>	<b>Agricultural financial Solution</b>
<b>Key contact person</b>	<b>Switch board</b>
<b>Key contact details</b>	<b>Tel: + 27 (021) 807 1369 Fax: + 27 (021) 807 2854</b>
<b>Website</b>	<b><a href="http://www.nedbank.co.za">www.nedbank.co.za</a></b>

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### 3.4 STANDARD BANK

Standard bank is one of the leading agricultural financiers in the South African market. The bank's agriculture aims to be the most dynamic and professional by providing a comprehensive value add service and guidance to agricultural business.

Our customers are various role players in the agricultural supply chain. Parallel to commercial farming, Standard Bank's emergingfarm section focuses solely on the development of emerging farm projects.

#### PRODUCTS AND SERVICES

- **AgriPlan** – This is a trademark that groups together all of our agricultural products. AgriPlan includes the services of specialist agricultural economists, managers and advisers, and incorporates other financial products and services offered by Standard Bank
- A new service is our Grain Marketing Unit. This unit focuses on the best grain marketing strategy for farmers, which includes crop and input insurance, risk management through trading on Safex and portfolio management.
- Agricultural banking is not only about loans and repayments; it's also about meeting the challenges of the agricultural industry and taking advantage of the opportunities it presents.

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#### INFORMATION SHEET

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<b>Funding Entity</b>	<b>Standard Bank</b>
<b>Funding Name</b>	<b>AgriPlan Grain Marketing</b>
<b>Funding Threshold</b>	<b>N/A</b>
<b>Key contact person</b>	<b>Lume Kleynhans</b>
<b>Key contact details</b>	<b>Manager Agric Insights 5 Simmonds Street Johannesburg 2001 Tel: + 27 (011) 636 3447 Fax: + 27 (086) 645 9816 Email: <a href="mailto:lume.kleynhans@standardbank.co.za">lume.kleynhans@standardbank.co.za</a></b>
<b>Website</b>	<b><a href="http://www.standardbank.co.za">www.standardbank.co.za</a></b>

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## 4. PRIVATE PUBLIC PARTNERSHIP FUNDING

### **OLD MUTUAL (MASISIZANE)**

Old Mutual has launched a range of bold and visionary initiatives designed to boost sustainable economic growth and well-being of all sectors of South African society. One such initiative is the Masisizane Fund. The fund is partnership between Old Mutual, Umsobamvu Youth Fund and Department of Trade and Industry to implement enterprise development. The Masisizane fund was launched in May 2007 and is a Section 21 (non-profit) organization that was created to coordinate the implementation of several initiatives.

In summary, the initiatives are:

- Facilitation of the development of women-owned micro-small and medium-sized enterprises,
- Financial education that aims to help South Africans improve their financial discipline and knowledge,
- The Ilima trust, which aims to develop capacity and skills within the public service, particularly at the municipal level, to facilitate improved service delivery to communities across South Africa,
- Promotion of direct foreign investment into initiatives that conform to the Masisizane objectives and
- Continued support of the Joint Initiative for Priority Skills Acquisition (JIPSA).

### **ELIGIBILITY CRITERIA**

- Close Corporations and Companies with a profit motive and
- More than 25% women ownership.

The Masisizane initiatives allocations, including the criteria as well as contact details for each partnership, are provided as follows:

<b>No.</b>	<b>Current Masisizane Initiatives</b>	<b>Investments</b>
4.1	Women – owned enterprise development funds	R300 million
4.2	Financial education	R60 million
4.3	Ilima Trust	R50 million
4.4	Promotion of Investment into South Africa	R25 million
4.5	Joint Initiative for Priority Skills Acquisition	R5 million
<b>Total</b>		<b>R440 million</b>





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**INFORMATION SHEET**

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<b>Funding Entity</b>	<b>Old Mutual and Umsobomvu Fund</b>
<b>Funding Name</b>	<b>Masisizane Women's Enterprise Fund</b>
<b>Amount committed</b>	<b>R200 million (Old Mutual committed R100 million, matched by R100 million from Umsobomvu)</b>
<b>Minimum loan size</b>	<b>R100 00</b>
<b>Maximum loan size</b>	<b>R5 million</b>
<b>Key contact details</b>	<b>Umsobomvu House, 11 Broadwalk Avenue, Off Church Street, Halfway House, 1685 P.O. Box 982, Halfway House, 1685 Call Centre: + 27 086 009 6884 Fax: + 27 (011) 805 9709 Email: <a href="mailto:info@uyf.org.za">info@uyf.org.za</a></b>
<b>Website</b>	<b><a href="http://www.youthportal.org.za">www.youthportal.org.za</a></b>

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**INFORMATION SHEET**

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<b>Funding Entity</b>	<b>Old Mutual and Department of Trade and Industry</b>
<b>Funding Name</b>	<b>Isivande Women's Fund</b>
<b>Amount committed</b>	<b>R100 million (Old Mutual committed R50, matched by R50 million from the dti)</b>
<b>Minimum loan size</b>	<b>R30 000</b>
<b>Maximum loan size</b>	<b>R2 million</b>
<b>Key contact person</b>	<b>Martin Lebea</b>
<b>Key contact details</b>	<b>209 Smit Street, US Building, Braamfontein, Johannesburg, 2001 P.O. Box 28331, Sunnyside, 0132 Tel: + 27 (011) 339 3182 Fax: + 27 (011) 339 3182 Email: <a href="mailto:mlebea@thedti.gov.za">mlebea@thedti.gov.za</a></b>
<b>Website</b>	<b><a href="http://www.thedti.gov.za">www.thedti.gov.za</a></b>

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## REFERENCES

The following documents provided useful information towards the development of this document:

1. Department of Agriculture, Forestry and Fisheries. (2011). The National Agricultural Directory. p448 – 464.
2. Department of Trade and Industry. (2011/2012). A guide to the dti Incentives Schemes. p4 – 7.
3. Department of Trade and Industry. (2012). Aquaculture Development and Enhancement Programme Guidelines document.
4. Deloitte. (28 September 2011). Project and Infrastructure Funding, Funding Database prepared for Kwa - Zulu Natal Department Economic Development and Tourism.
5. Western Cape Provincial Department of Economic Development and Tourism. (2011). Western Cape Growth Fund application and guidelines document.
6. [www.nda.agric.za /doaDev/sideMenu/links/Digest9.htm](http://www.nda.agric.za /doaDev/sideMenu/links/Digest9.htm).





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