



agriculture, forestry & fisheries

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REPUBLIC OF SOUTH AFRICA

AGRIBEE FUND CRITERIA FOR FUNDING

1. Background

- 1.1. The AgriBEE Fund is a support programme initiated by the Department of Agriculture, Forestry and Fisheries. It was conceptualized primarily as an intervention to support black owned small agricultural enterprises, previously excluded, to participate in the mainstream economic activities with a view of enhancing the transformation agenda in the sector. The Fund's mandate was extended to also include promotion of enterprise development initiatives through value add and agro-processing infrastructure (post-production and related infrastructure).
- 1.2. Thus, the aim of this manual is to guide all role players involved in the facilitation to make the programme realise its objectives, and particularly to ensure that eligible applicants for support access the Fund as expeditiously as possible.
- 1.3. In the event of a conflict between any of the provisions of this criteria for funding and the provisions of the Memorandum of Agreement as well as the Operational Manual concluded between the DAFF and the Land Bank, the provisions of the Memorandum of Agreement as well as the Operational Manual shall prevail.
- 1.4. Please note that, the eligibility criteria as per paragraph 4 below holds for all the Fund's products and that applicants would, at all times, be required to comply fully with the mentioned paragraph and all the other sections of this criteria for funding.



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2. Purpose of the AgriBEE Fund

The purpose of the AgriBEE Fund is to support SMME's within the agricultural sector who wish to acquire shareholding in existing commercially viable and sustainable enterprises and advance enterprise development through support for agro-processing and value adding activities (post-production infrastructure) to the people who were previously marginalised to participate in the sector value chain.

3. The objectives of the AgriBEE Fund

The objectives of the AgriBEE Fund are:

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

3.1.1. Acquisition of equity and shares in viable and sustainable enterprises, including vertically integrated enterprises (agro-processing) in the agricultural sector; and

3.1.2. Promotion of enterprise development initiatives through value add and agro-processing infrastructure (post-production related infrastructure).

3.2. To ensure that there is an increased number of black people who own, manage and control sustainable enterprises in the agriculture sector and that there is improved participation by black designated groups as stated in the respective sector codes, namely, unemployed black people not attending and not required by law to attend an educational institution; black people who are youth; black people who are persons with disabilities; black people



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living in rural and under developed areas; black military veterans in terms of the Military Veterans Act 18 of 2011 as well as farm workers, throughout the respective sectors' value chains.

4. Who is eligible?

- 4.1. Applicants can only be juristic persons who are incorporated in South Africa with valid constitutional documents;
- 4.2. The applicant (i.e. the individual/s within the legal entity) must be Black (as defined by the Broad Based Black Economic Empowerment Act No 53 of 2003 as amended Act 46 of 2013) and the entity 100% black-owned. In cases where the applicant is not 100% black-owned, only the portion held by the Black Person/s shall be supported by the AgriBEE Fund;
- 4.3. The applicant must either be able to qualify as an EME or a QSE in line with the applicable Sector Codes;
- 4.4. The applicant must be directly involved in the commodity or industry where investment is sought and should have been operating for at least the past recent three (3) consecutive years – to furnish the proof thereof when required (in form and substance acceptable to the Land Bank) ;
- 4.5. These requirements apply to all applicants including those that wish to apply for new equity deals and start-up agro-processing/ value adding activities and that applicants would, at all times, be required to comply fully with all the sections of this criteria for funding.



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5. Pre-requisite for funding

5.1. The pre-requisite for funding shall include the following:

- 5.1.1. The applicant must complete the application form (or the latest version thereto from time to time), and provide the documents requested therein including but not limited to FICA documents and B-BBEE certificate or exemption certificate;
- 5.1.2. The applicant must also provide any other documentation which is deemed necessary by the DAFF and /or the Land Bank;
- 5.1.3. The applicant must provide a business plan with a clear indication of long-term sustainability;
- 5.1.4. The applicant must make a presentation of the business plan to either and /or the DAFF and Land Bank, when requested;
- 5.1.5. Viability studies would 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;
- 5.1.6. The applicant, its directors, members, trustees or partners must have a clean credit record and be credit worthy;
- 5.1.7. The applicant must provide proof of a market partner or identified market, market plan and signed contract/undertaking, off-take agreement(s), preferably a long-term off-take agreement from partner market to qualify for funding;
- 5.1.8. In cases where raw materials or part thereof are sourced from external suppliers, legally binding contracts/ undertakings would be required;
- 5.1.9. The applicant must have skills on the intended business operation it plans to buy into and/or expand – to furnish proof thereof when



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required (in the form and substance acceptable to the DAFF and to the Land Bank);

- 5.1.10. For equity deals, an independent valuation report is required that will validate shares on offer. Such independent business valuation report will be prepared at the applicant's expense;
- 5.1.11. In the event that the applicant is a newly formed entity or the applicant acquires full ownership of a business as a going concern (provided that paragraph 4.4 and 5.1.9 above have been met, among others), 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;

The management of the applicant/s 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. This fact will be determined from the curriculum vitae of the management of the applicant/s entity;

- 5.1.12. Proposals for funding must be linked to the elements of the Sector Codes;
- 5.1.13. The applicant must be able to contribute to its project with some form of minimum capital (own contribution) as more fully set out below in paragraphs 6.2 and 6.3 below;
- 5.1.14. The applicant must utilise a proposed management model to ensure that the equity deal and/or interest acquisition is secured over the long-term period.



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6. Criteria and conditions for funding

- 6.1. Government and the Land Bank employees, including politicians will not be eligible to receive grant funding and/or support from the AgriBEE Fund;
- 6.2. A minimum own contribution of 10% (ten percent) of the grant to be provided shall be required from applicants. The applicants shall deposit the own contribution of 10% (ten percent) into the AgriBEE Fund Account prior to disbursement of the grant. This will demonstrate the level of commitment from applicants. Accordingly, the total grant to be disbursed to the applicant will include the own contribution of 10% (ten percent);
- 6.3. As a rule, the minimum grant that each applicant can apply for is R1 000 000.00 (One million Rand), and the maximum grant that each applicant can apply for is R5 000 000.00 (Five million Rand), 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 Rand), a (20) twenty percent own contribution would be required for such cases.
- 6.4. The funds must only be utilised for the purpose for which they were advanced and /or applied for and the applicant shall provide the Land Bank and /or the DAFF access to verify the use of the advances made.
- 6.5. For equity deals, applicants may only be assisted to acquire at most, up to 49% in the initial investment. This is to ensure that the skill is transferred gradually over a period and that the business continues to be viable and sustainable, amongst other reasons.
- 6.6. For value adding or agro-processing infrastructure, the applicant/s must demonstrate the ability to sustain the operations of the marketing/processing facility running at full capacity.



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- 6.7. Successful applicants will be required to enter into a legally binding contract with the department that sets out the rights, roles and responsibilities of each party to the contract.

7. Exclusions

- 7.1 Purchasing of farms and farming infrastructure at primary level (the Fund supports post production activities such as agro-processing/value addition infrastructure);
- 7.2 100% acquisition of a business at initial investment by the applicant(s) (applicants may only be assisted to acquire at most, up to 49% in the initial investment);
- 7.3 Investment in farms under land claim;
- 7.4 Applicant(s) who are not directly involved in the industry / commodity where investment is sought will be excluded (passive or speculative investors).

8. AgriBEE Fund products are as follows:

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 wish to acquire equity and shares which would result in their equity ownership and or acquiring other interests in viable and sustainable agricultural



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business enterprise. Please note that, the eligibility criteria as per paragraph 4 above still holds and that the applicants would still be required to comply fully with the mentioned paragraph and all the other sections of this criteria for funding.

8.1.2. Increasing Equity Ownership and Interest Acquisition

This is meant to support acquisition of increased equity share and/or other interests in a viable and sustainable agricultural business enterprise. 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.

Important: Please note that, for equity deals, applicants may only be assisted to acquire at most, up to 49% in the initial investment. This is to ensure that the skill is transferred gradually over a period and that the business continues to be viable and sustainable, amongst other reasons.

8.2. Below is the check list for equity deals

- 8.2.1. Verify if the applicant(s) is directly involved in the commodity or industry in which they want to invest;
- 8.2.2. Completed and signed application form;
- 8.2.3. Business plans for both the applicant(s) and the entity offering shares, with a clear indication of long term sustainability;
- 8.2.4. CVs / profile of Directors / Shareholders / Trustees for both the applicant(s) and the entity(s) offering shares;



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- 8.2.5. Valid ID copies of the applicant(s) and relevant persons such as directors/shareholders/trustees in the entity offering shares (Certified by the Commissioner of Oath at SAPS);
- 8.2.6. Registration certificates for both applicant(s) and the entity offering shares;
- 8.2.7. Constitutional and / or founding documents such as Memorandum of Incorporation must be provided. If the applicant is a Trust, the Trust deed and Trust structure is also required;
- 8.2.8. The past three (3) year consecutive audited and / or independently reviewed financial statements (Balance Sheet, Income and Cash Flow statements) for both the applicant(s) and identified partner(s) and 5 year financial projections. DAFF and Land Bank have a prerogative to request audited financial statements.
- 8.2.9. Valid copy of tax clearance certificates for both the applicant(s) and entity offering shares;
- 8.2.10. Shareholder's certificates;
- 8.2.11. Letter of intent to sell shares from the entity offering the shares;
- 8.2.12. Letter of support from the respective Provincial Department of Agriculture endorsed by the Head of Department with detailed economics report;
- 8.2.13. Off take agreements / market plans / letters of intent for both the applicant and the entity offering shares that will indicate volumes, prices and duration;
- 8.2.14. Sellers independent business valuation report;
- 8.2.15. Declaration by the applicant (s) committing to pay own contribution as well consent to Land Bank having access to applicant's information;
- 8.2.16. Annual returns by CIPC (to verify status of the enterprise)



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8.2.17. Partnership agreement between the applicant(s) and the entity offering shares;

8.2.18. B-BBEE certificate for the applicant(s) except for Exempted Micro Enterprises and Qualifying Small Enterprises who may provide the dti EME/QSE Sworn Affidavit or Companies and Intellectual Property Commission (CIPC) issued certificate;

8.3. Support For Agro-Processing/Value Adding Enterprises

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

8.3.1. Start-up processing/Value-adding businesses

This is meant for funding interventions for businesses that have been doing very well at primary production level who then wish to start adding value or process their products. Please note that, the eligibility criteria as per paragraph 4 above still holds and that the applicants would still be required to comply fully with the mentioned paragraph and all the other sections of this criteria for funding.

8.3.2. Existing processing/value adding businesses requiring expansion capital

Funding for existing enterprises will be done in consideration of up-scaling operations; meaning - these enterprises are successful and doing very well, however, with some support, they could increase their



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operations and productivity so that they can enhance their competitiveness to generate more output and jobs.

Important: Please note that, for value adding or agro-processing infrastructure, the applicant/s must demonstrate the ability to sustain the operations of the marketing/processing facility running at full capacity.

8.4. Below is the check list for agro-processing and value addition activities

- 8.4.1. Verify if the applicant(s) is directly involved in the commodity or industry in which they want to invest;
- 8.4.2. Completed and signed application form;
- 8.4.3. Business plan of the applicant(s) with a clear indication of long-term sustainability;
- 8.4.4. CV(s) / profile(s) of the applicant(s);
- 8.4.5. Valid ID copies for applicant(s)(certified by the Commissioner of Oath at SAPS);
- 8.4.6. Registration certificates for applicant(s);
- 8.4.7. Constitutional and / or founding documents such as Memorandum of Incorporation must be provided. If the applicant is a Trust, the Trust deed and Trust structure is also required;
- 8.4.8. The past three (3) year consecutive audited and / or independently reviewed financial statements (Balance Sheet, Income and Cash Flow statements) for applicant(s) and 5-year financial projections. DAFF and Land Bank have a prerogative to request audited financial statements.
- 8.4.9. Valid copy of Tax Clearance certificates for applicant(s);
- 8.4.10. Shareholder's certificates



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- 8.4.11. Letter of support from the respective Provincial Department of Agriculture endorsed by the Head of Department with detailed economics report;
- 8.4.12. Off take agreements / market plans / letters of intent that will indicate volumes, prices and duration;
- 8.4.13. Environmental Impact Assessment (EIA) where applicable as per the schedule provided in the National Environmental Management Act (NEMA);
- 8.4.14. Plans/ designs/ specifications/ Quotations for the cost items;
- 8.4.15. Declaration by the applicant(s) committing to pay own contribution;
- 8.4.16. Annual returns by CIPC (to verify status of the enterprise);
- 8.4.17. B-BBEE certificate for the applicant(s) except for Exempted Micro Enterprises and Qualifying Small Enterprises who may provide the dti EME/QSE Sworn Affidavit or Companies and Intellectual Property Commission (CIPC) issued certificate;

Enquiries may be directed to the Department of Agriculture, Forestry and Fisheries for the attention of Ms. Viwe Sibelegwana, email 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. This criteria for funding document, application forms, frequently asked questions and contact details for the relevant Provincial Departments of Agriculture point of contact officials are also available on DAFF website, www.daff.gov.za >>>**Resource Centre>>>AgriBEE Fund**. Please note that, the Department of Agriculture, Forestry and Fisheries does not accept applications directly from applicants. Fully completed application forms accompanied by all supporting documents as per the checklists should be hand delivered to the respective Provincial Departments of Agriculture.



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Please note that incomplete applications will not be processed and shall be returned to the applicant through the Provincial Department of Agriculture.