

Land Bank, KfW partnership to further agricultural development and transformation in SA

The Land and Agricultural Development Bank (Land Bank) has signed a R900m term loan facility, secured through the German Development Bank, KfW. The funds are earmarked for agricultural development and will supplement the Land Bank's sources of transformational and development funding.



Dr Thomas Duve (KfW Director for Sub-Saharan Africa) and Bennie van Rooy (Land Bank Chief Financial Officer) conclude the signing of a R900-million loan agreement to boost development in the agricultural sector. (Image Supplied)

In a first for KfW, the loan has been priced in local currency with favourable terms to Land Bank. The facility features a 10-year amortising repayment period with a two-year repayment holiday, payable from March 2020 in 17 semi-annual instalments until 2028. This will help to increase the Bank's long-term liquidity for the benefit of the agricultural sector in South Africa.

For Land Bank CEO, TP Nchocho, the facility will enable the bank to continue supporting Greenfields projects: "We are encouraged by the confidence investors are showing in the important work we are doing to support rural development as well as in our ability to meet all commitments to key stakeholders. With secure lines of funding such as this, Land Bank remains best positioned to drive productivity, growth and job creation as well as promote food security in the country."

Land Bank's partnership with KfW Development Bank represents another significant milestone in its efforts to diversify the bank's sources of funding in order to drive its development mandate. During the past year, Land Bank has secured similar funding facilities through the World Bank and its MIGA arm (in support of a long-term commercial loan from Standard Chartered Bank and DZ Bank) in addition to Land Bank's funding efforts in the local capital and debt markets.



\$300m term loan facility to boost agriculture in South Africa

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Statement by Dr Thomas Duve, KfW Director for Sub Saharan Africa: "As KfW Development Bank, we are very excited about our growing partnership with Land Bank. The funding by KfW will be targeted at providing financing solutions to commercial farmers, and end-to-end business support for emerging farmers, specifically with a view to enabling access to long-term finance at competitive conditions. We are convinced that this agreement will contribute significantly to broadening

and deepening the financing offer for small and medium-sized enterprises in the agricultural sector of South Africa.”

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