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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 enterprise development initiatives such as value adding and agro-processing activities as well as black owned small enterprises within the forestry and fisheries sectors.
- 1.2. Thus, the aim of this manual is to guide all role players involved in helping to make the programme realise its objectives, and particularly to ensure that eligible applicants for support receive it 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 SMMEs within the agricultural, forestry and fisheries sector who wishes to acquire shareholding in existing commercially viable and sustainable enterprises and advance enterprise development through support for agro-processing and value adding activities (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, forestry and fisheries value chains, through provision of funding to:
 - 3.1.1. Acquire equity (shares) in viable and sustainable enterprises, including vertically integrated enterprises (agro-processing) in the agriculture forestry and fisheries sectors; and
 - 3.1.2. Promote enterprise development initiatives through value add and agro-processing infrastructure.
- 3.2. To ensure that there is an increased number of black people who own, manage and control sustainable enterprises in the agriculture, forestry and fisheries sectors 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



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institution; black people who are youth; black people who are persons with disabilities; black people living in rural and under developed areas; black military veterans in terms of the Military Veterans Act 18 of 2011 as well as farmworkers, throughout the respective sectors value chains.

4. Who is eligible?

- 4.1. The applicant (i.e. the individuals within the group/entity) 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 as amended) and the project 100% black owned;
- 4.2. The applicant must be South African citizen with valid identity document;
- 4.3. The applicant must be a legal entity with a certificate for registration/incorporation;
- 4.4. In line with applicable sector codes, only agricultural / forestry / fisheries enterprises with annual turnover of up to R50 million may be considered;
- 4.5. 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;
- 4.6. 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.

5. Pre-requisite for funding

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



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- 5.1.1. 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;
- 5.1.2. The applicant must have a clean credit record and be credit worthy;
- 5.1.3. FICA verification documents may be required;
- 5.1.4. NCA documents would need to be submitted/completed where necessary;
- 5.1.5. The applicant and the entity offering shares (in case of equity deals) must have a market plan / identified market / off-take agreement(s) / letter(s) of intent / undertaking(s) from the market to qualify for funding;
- 5.1.6. In cases where raw materials or part thereof are sourced from external suppliers, legally binding contracts/ undertakings would be required;
- 5.1.7. The applicant must be a registered legal entity;
- 5.1.8. The applicant must provide B-BBEE certificate except for Exempted Micro Enterprises who may provide a sworn affidavit or Companies and Intellectual Property Commission (CIPC) issued certificate;
- 5.1.9. The applicant must be directly involved in the commodity or industry where investment is sought and should have been in business for at



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least the past recent three (3) consecutive years - to furnish proof thereof when required;

5.1.10. The applicant must have skills on the intended business operation it plans to buy into . to furnish proof thereof when required;

5.1.11. Proposals must be linked to the elements of the sector codes and the entity must comply with BEE-rating and verification processes;

5.1.12. The applicant must either be able to be Exempted Micro Enterprise (EME) or a Qualifying Small Enterprise (QSE) in line with the applicable sector codes;

5.1.13. The applicant must be able to contribute to the deal with some form of minimum capital (own contribution) as more fully set out in paragraphs 6.6; 6.7 and 6.8 below;

5.1.14. Utilise a 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, 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 living in rural and under developed areas; black military veterans in terms of the Military Veterans Act



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18 of 2011 and 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 may be required to make a presentation of his or her business plan to DAFF and 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 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), twenty percent (20%) own contribution would be required for such cases.
- 6.8. The applicant must source the portion required as own contribution from any funding source of their choice and furnish DAFF with supporting evidence (e.g. Own savings / signed loan agreement).



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7. Conditions for funding

- 7.1. In the event that the applicant is a newly formed entity (particularly for worker~~o~~ equity schemes and similar cases) 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.
- 7.3. 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 of time and that the business continues to be viable and sustainable, amongst other reasons.
- 7.4. 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.
- 7.5. 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.



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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 new equity shares which would result in their equity ownership and or acquiring other interests in viable and sustainable agricultural/forestry/fisheries 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/forestry/fisheries 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



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transferred gradually over a period of time 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 linked in the commodity / 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 the clear indication of sustainability for a long term;
- 8.2.4. CVs / profile of Directors / Shareholders / Trustees for both the applicant(s) and the entity(s) offering shares;
- 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 must be provided. If it is a Trust, Trust structure is also required;
- 8.2.8. The past recent three (3) year consecutive audited financial statements (Balance Sheet, Income and Cash Flow statements) for both the applicant(s) and identified partner(s) and 5 year financial projections;
- 8.2.9. Valid original tax clearance certificates for both the applicant(s) and entity offering shares;
- 8.2.10. Shareholders' 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



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- 8.2.13. Off take agreements / market plans / letters of intent for both the applicant and the entity offering shares;
- 8.2.14. Sellers independent business valuation report;
- 8.2.15. Declaration by the applicant(s) committing to pay own contribution;
- 8.2.16. Trust deed for farmer workers organized into a Trust;
- 8.2.17. Annual returns by CIPC(to verify status of the enterprise)
- 8.2.18. Partnership agreement between the applicant(s) and the entity offering shares;
- 8.2.19. B-BBEE certificate for the applicant(s) except for Exempted Micro Enterprises who may provide a 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.



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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 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 linked in the commodity / industry in which they want to invest;
- 8.4.2. Completed and signed application form;
- 8.4.3. Business plan of the applicants with a clear indication of sustainability for a long term;
- 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 must be provided;
- 8.4.8. Trust deeds for farm workers organized into a Trust
- 8.4.9. The past recent three (3) year consecutive audited financial statements (Balance Sheet, Income and Cash Flow statements) for



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applicant(s) and 5 year financial projections;

- 8.4.10. Valid original Tax Clearance certificates for applicant(s);
- 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. Offtake agreements / market plans / letters of intent;
- 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 who may provide a sworn affidavit or Companies and Intellectual Property Commission (CIPC) issued certificate;

9. The following are excluded

- 9.1. Purchasing of farms and farming / fishing / forestry infrastructure at primary level (the Fund supports post production activities such as agro processing/value-addition);
- 9.2. 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);
- 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 will be excluded (passive or speculative investors);



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- 9.5. Government employees, Land Bank employees and politicians will not be eligible for the Fund.

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.