



Press release

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UNIQUE PARTNERSHIPS BRING AUTHENTIC AGRI GROWTH

The international agriculture sector is a dynamic world and South Africa an esteemed player – with world-class products complying with the strictest quality and food safety standards for very discerning consumers. In this global village, agri-businesses rely on the latest technology, science, and research to compete and produce top-quality products for maximum profit. Equally so, agri-businesses also have to survive the socio-economic rapids created by international politicians, trade-wars and natural disasters.

One of the key economic drivers and objectives of the South African fruit and wine industries is to transform the agri-landscape in a sustainable manner by focussing on primary agriculture as well as the entire value chain – upstream and downstream. This is done by creating opportunities to include previously disadvantaged individuals to actively participate in the fruit sector by enabling a black-owned business to become commercially successful, sustainable and integrated into the economy.

Yet, one of the biggest challenges that *agripreneurs* face, is access to finance to become fully-fledged commercial entities.

Now, the South African deciduous fruit industry, the Jobs Fund, and Land Bank are proud to announce the first ever blended finance scheme for people/entities who want to enter or expand their businesses in the fruit and wine industries; targeted (at least) 51% black-owned entities.

Blended finance is the strategic use of development finance for the mobilisation of additional finance towards sustainable development.

Hortfin is an R600 million ring-fenced debt fund directed at the fruit and wine industry value chains and is positioned to provide innovative and comprehensive financing and support systems in a manner that promotes job creation, transformation, and sustainability.



The custodians of this agricultural development fund are the deciduous fruit industry, supported by the Land Bank and the Jobs Fund. The activities of Hortfin will be directed by a board of directors with a range of supporting personnel to effectively execute its mandate. The Land Bank is a key role player and financier and will be responsible for managing the loan book. The Jobs Fund provides grant funding and has a key monitoring role over the initial years. Participants in the broader fruit industry are expected to play an important role in identifying opportunities, forming joint ventures and generally providing support to the investee companies.

In short, **Hortfin** endeavours to create economic growth, more development, more employment and wealth-creating opportunities in a sustainable way.

Who will benefit?

Hortfin is primarily targeted at *agripreneurs* from previously excluded groups and previously disadvantaged individuals with the following criteria:

- The business must have the ability to repay the loans
- Must consent to appropriate mentoring, capacity building, implementation of financial and admin systems and regular monitoring and evaluation audits
- Be able to create sustainable jobs within the 3-year implementation period at approximate R300 000 per job;
- Be a 51% -100% black-owned entities or provide an undertaking to achieve at least 51% black ownership within 3 years.
- Must be a “juristic person” in the form of a company, trust or cooperative, and
- Have a majority turnover from the South African deciduous fruit value chain, including pome and stone fruit, and table and wine grapes.

Hortfin anticipates its exposure to be in the order of 60% of funding targeted at primary agricultural players and 40% focused on value chain growth.

HOW IS HORTFIN DIFFERENT?

- Typical applications can range from small black-owned businesses to larger joint ventures with commercial farmers.
- The fund has a willingness to absorb relatively greater risk with relatively less security – given the category of applicants that is targeted.
- Flexibility in structuring finance products with an optimum matching of cash flows to repayments.
- Comprehensive post-investment support and pro-active oversight and assistance regarding Financial, Technical and Management aspects
- It will encourage collaboration with other funders, commodity organisations and agribusinesses to enable the fund to grow and do more. And in doing so will rely heavily



on industry bodies and local knowledge to assist with deal origination, the due diligence process, the investment decision and post-investment support.

Hortfin – opening a new way of thinking about how to grow the South African fruit and wine industries; to grow inclusively and in a financially viable manner - not only by providing funding but also through support. Thereby, reforming lives and investing in world-class agriculture.

Hortfin investing in our future!

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- Or visit <https://www.hortgro.co.za/inclusive-growth/hortfin/>

What our stakeholders have to say about Hortfin:

“The Hortfin project demonstrates how complementary partnerships may be structured between industry, government and the development finance sector, so as to holistically provide appropriate blended funding and business support solutions for the development of the emerging agricultural sector.” - **TP Nchocho**, CEO Land Bank.

“It is refreshing to see and experience positive movements in support of black deciduous farmers by Hortgro and black-owned brands in the wine industry, supported by the SA Wine Industry Transformation Unit, not only in the Western Cape but in all Provinces that has the climatic conditions for production. It is not only very good, but also draws on past partnerships and business models to ensure that the sector support commercialization of black farmers (both fruit and vines) in terms of advice and logistics. The principles of the blended finance are embedded in the process of financial support, and this talks to both the national and provincial policies and it links to the Job Summit recommendations wherein job creation linked to agricultural development remains a key imperative.” - **Joyene Isaacs**, HOD, Western Cape Department of Agriculture and Chairperson of the SA Wine Industry Transformation Unit NPC.

“If we want to stay relevant and ahead of the curve, we need to be innovative and bold and come up with relevant solutions to serve the complex needs of our stakeholders. This can only be possible if we forge partnerships between like-minded stakeholders. We have learnt a lot from previous initiatives and I am confident that the Hortfin project will be a huge success drawing on the expertise and experience of the partners involved. I am equally confident that this project will be yet another step in our journey towards sustainably transforming the face of our sector.” - **Anton Rabe**, Hortgro Executive Director.



“SATI is excited to be part of the Hortfin initiative, which will help us to realise our vision of creating a progressive, equitable and sustainable table grape industry.” - **Willem Bestbier**, CEO SATI.

“In a more systematic way we are focusing our attention on emerging farmers that have struggled to move up the deciduous fruit sub-sector value chain. By making available an innovative finance model, this partnership will provide comprehensive assistance that may significantly contribute to the transformation of the industry over time.” - **Najwah Allie Edries**, Head of the Jobs Fund.

“We believe that the unique partnership between various key stakeholders within Hortfin, will ensure a differentiated approach to agricultural finance of value chains within the fruit and wine sectors.” - **Rico Basson**, MD Vinpro.

“Hortfin is an innovative approach and another ‘tool’ in the toolkit to address a critical challenge to economic development pertaining to access to finance. It is linked to a comprehensive support package to ensure capacity building, management expertise and skills transfer for long-term sustainability and growth. Public-private partnerships is a critical element to fast-track land reform and economic development and successfully integrate previously excluded and marginal groups into the mainstream economy; drawing on the expertise and resources of the various partners.” - **Mariette Kotze**, Hortgro Operational Manager and Interim Hortfin Project Manager.

