

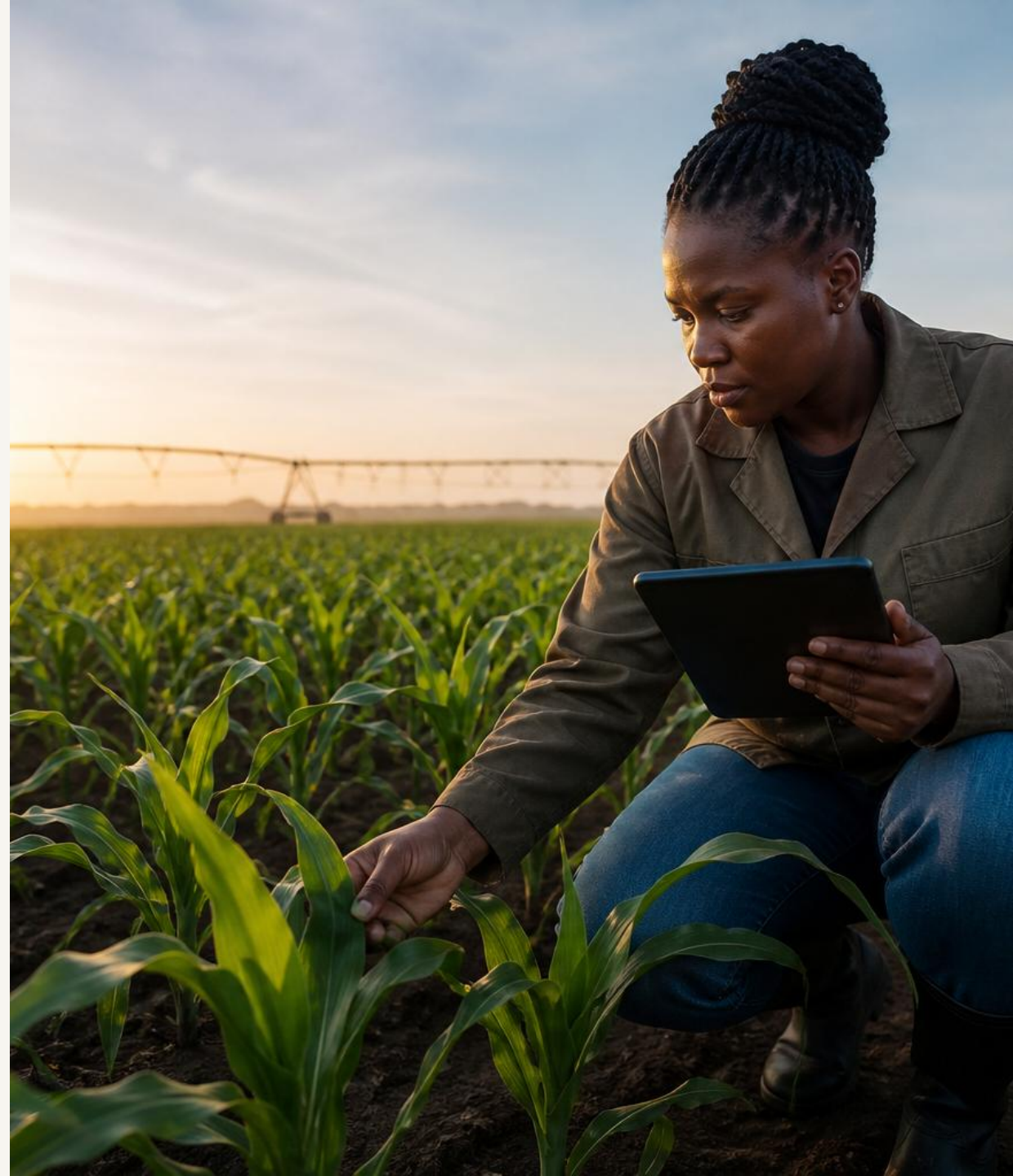


FINANCING AGRICULTURE

# Unlocking production through smart input models

South Africa

Smart Seeds and Fertilizer Innovation Forum 26 - 27 August  
Irene Country Club



## Agriculture is growing in value—but the production margin is under pressure

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**R537.1bn**

Industry income in 2024  
+9.7% year on year

**R511.3bn**

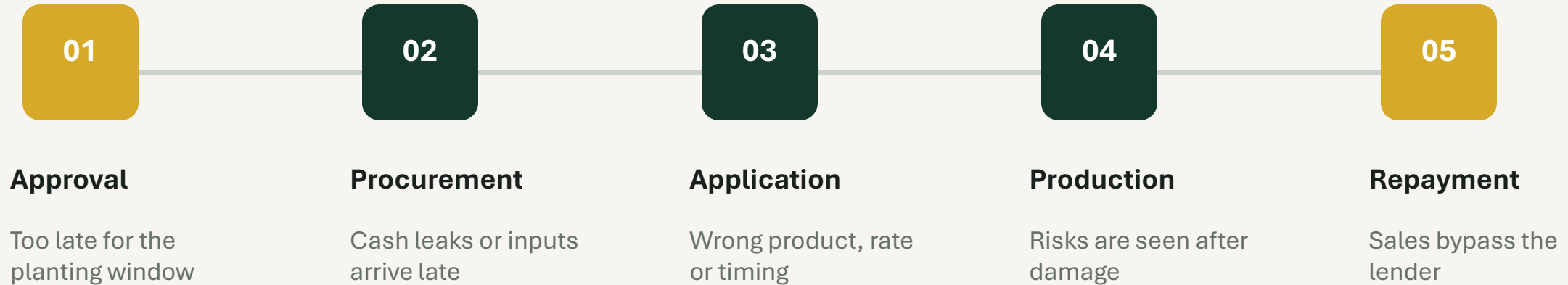
Industry expenditure in 2024  
+11.1% year on year

**R228.6bn**

Estimated farming debt  
at June 2025

**The constraint is not only access to capital. It is whether capital arrives with enough control, capability and market certainty to convert inputs into cash.**

# Standalone credit breaks at the hand-offs



**A loan can be perfectly underwritten and still be poorly designed for production.**

# Finance the production system—not the farmer in isolation

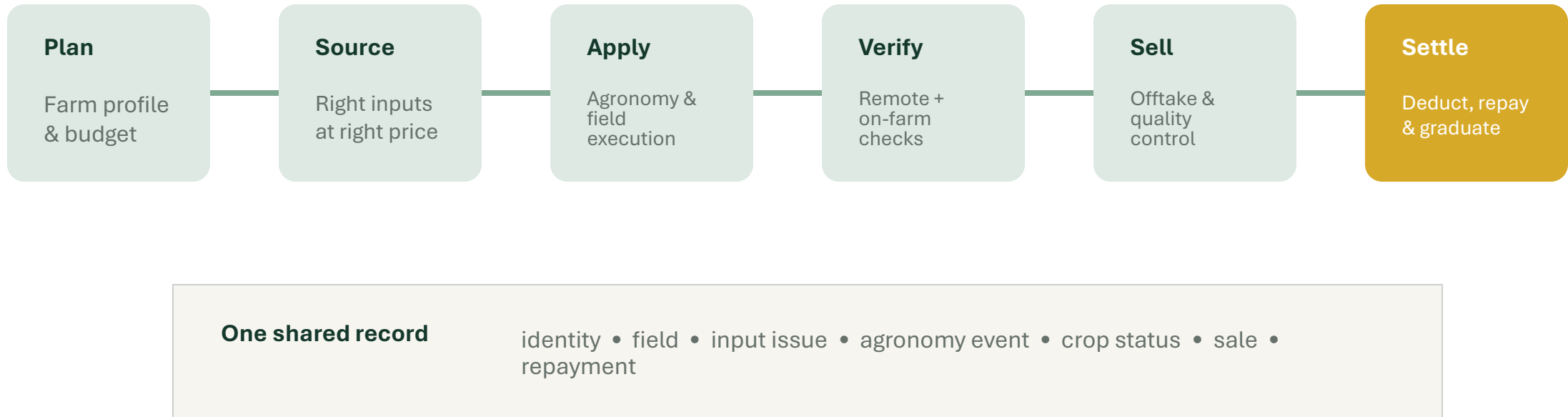
## SMART INPUT FINANCE

**Capital + inputs + agronomy + data + market +  
controlled repayment**

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The unit of finance becomes a verified production plan with visible milestones—not an unsecured promise at the start of the season.

# A smart model converts six disconnected services into one seasonal operating system



# Four models cover most production-finance needs

|    |                              |                                                                                         |                                                       |
|----|------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------|
| 01 | <b>Input-on-credit</b>       | Supplier provides a defined input pack; farmer pays after harvest.                      | Best when inputs are standard and the cycle is short. |
| 02 | <b>Offtake-backed</b>        | Buyer contract anchors the facility and captures repayment at sale.                     | Best where quality and delivery can be contracted.    |
| 03 | <b>Managed-input service</b> | Inputs, advice, application and monitoring are delivered as one service.                | Best where execution risk exceeds credit risk.        |
| 04 | <b>Outcome-linked blend</b>  | Grant or first-loss capital absorbs transition costs; debt funds repeatable production. | Best for new entrants and climate-smart upgrades.     |

## Match the model to the commodity's cash cycle and controllable risks

| Production system          | Dominant risk            | Strong starting model            | Repayment trigger           |
|----------------------------|--------------------------|----------------------------------|-----------------------------|
| Grains & oilseeds          | Weather + price          | Input-on-credit + insurance      | Silo / buyer proceeds       |
| Fresh produce              | Quality + perishability  | Offtake-backed + managed service | Buyer settlement            |
| Livestock                  | Feed + biological cycle  | Revolving input facility         | Auction / processor payment |
| New entrants / mixed farms | Execution + thin records | Outcome-linked blend             | Milestones → sale proceeds  |

**Rule: finance against the next verifiable cash event—not an arbitrary monthly instalment.**

# Underwrite the season—not only the historical balance sheet

**1 Identity & rights**

Who operates? Who can contract, plant and sell?

**2 Productive asset**

Field, water, infrastructure and realistic capacity

**3 Season plan**

Commodity budget, timing, input recipe and break-even

**4 Execution capability**

Agronomy support, track record and delivery partners

**5 Market & settlement**

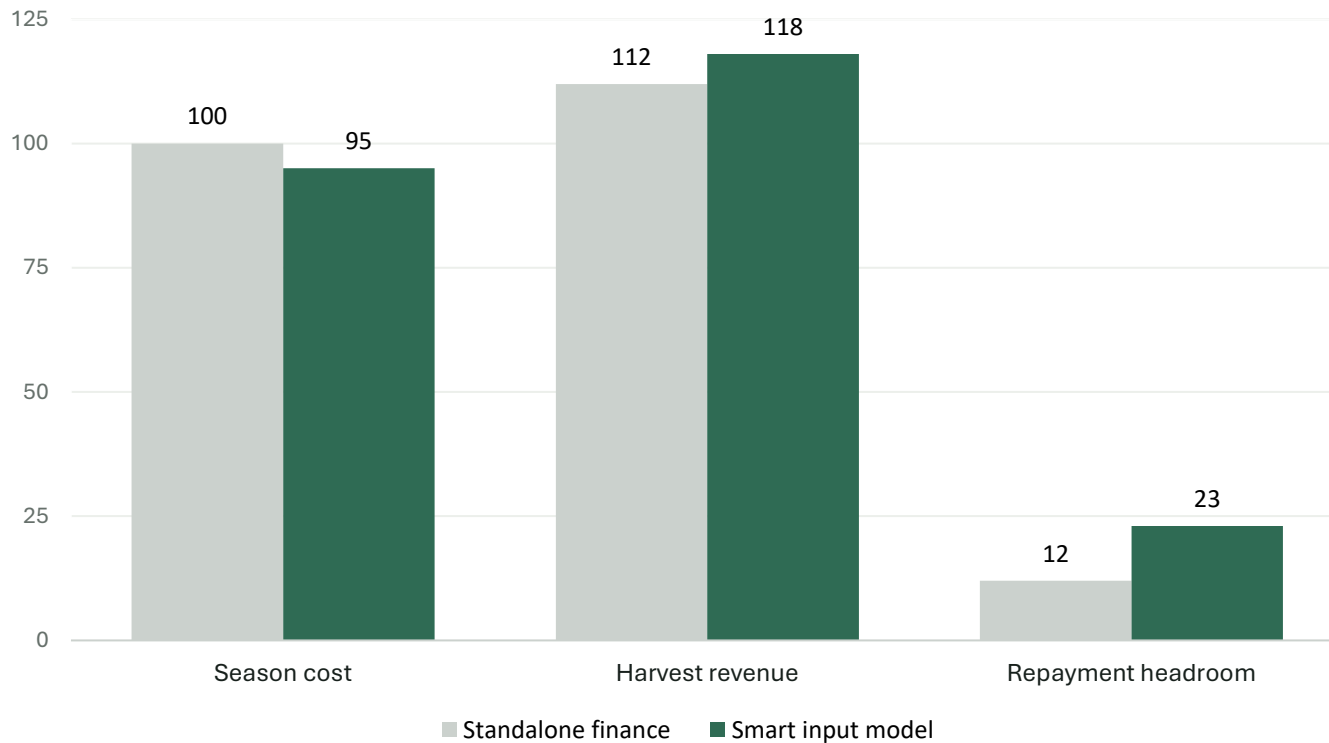
Buyer, quality spec, price mechanism and payment control

# Each risk should sit with the party best able to control it

|                             |                            |                                            |
|-----------------------------|----------------------------|--------------------------------------------|
| <b>Input quality</b>        | <b>Supplier</b>            | Approved products + replacement warranty   |
| <b>Application</b>          | <b>Farmer + agronomist</b> | Protocols, visits and proof of use         |
| <b>Weather / biological</b> | <b>Insurer + risk fund</b> | Parametric or crop cover + triggers        |
| <b>Market / price</b>       | <b>Buyer + farmer</b>      | Offtake, floors, hedging where appropriate |
| <b>Repayment leakage</b>    | <b>Buyer + financier</b>   | Controlled account or deduction at source  |

# Smart input design can expand repayment headroom

Illustrative only • index per hectare

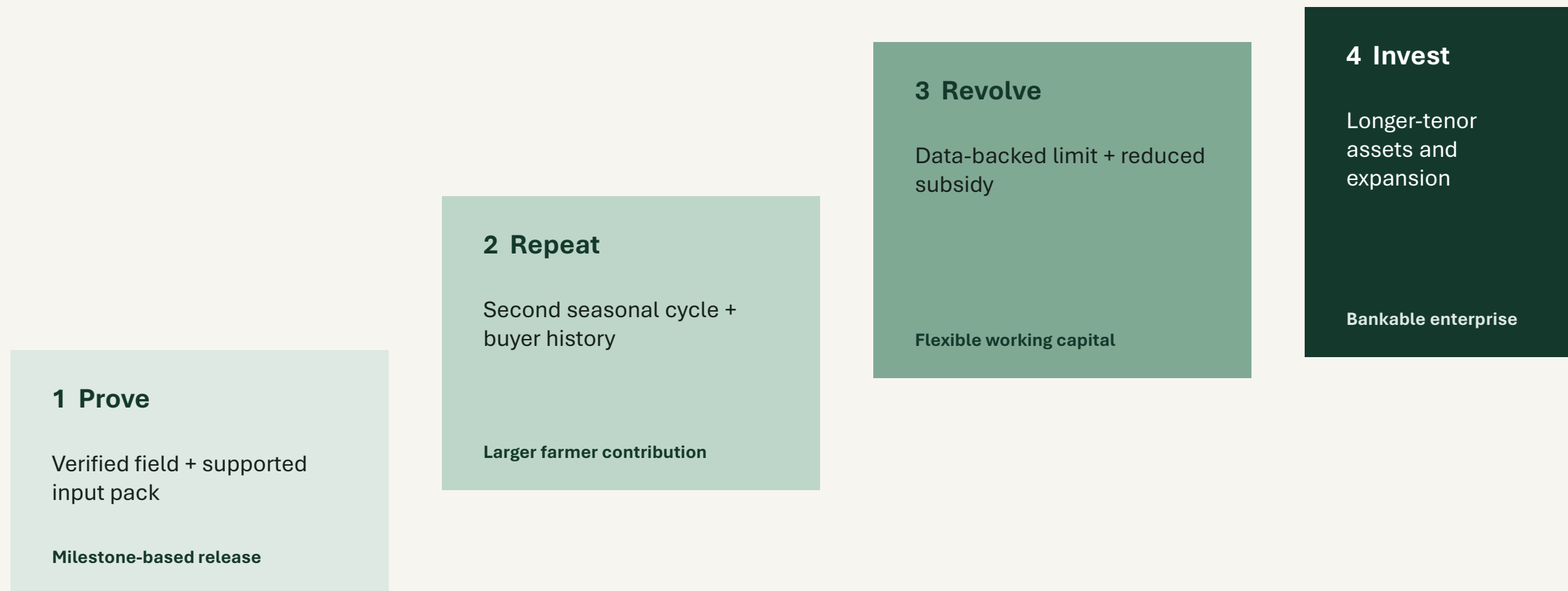


## Three levers

- Bulk buying lowers input cost
- Targeted application protects yield
- Controlled sales protect repayment

**Headroom is a design outcome—not simply a higher interest rate.**

# Inclusion works as a ladder—not a leap into full commercial debt



# South Africa has momentum; the next step is tighter execution at farm level

**R9.8bn**

Blended-finance support approved since inception to March 2026

**627**

Black commercial producers reported as beneficiaries

**600+**

Land Bank transactions reported as approved

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## Scale needs coordinated roles

**Government / DFI**

First-loss, grant, infrastructure

**Commercial lender**

Seasonal capital + discipline

**Input & agronomy**

Product quality + execution

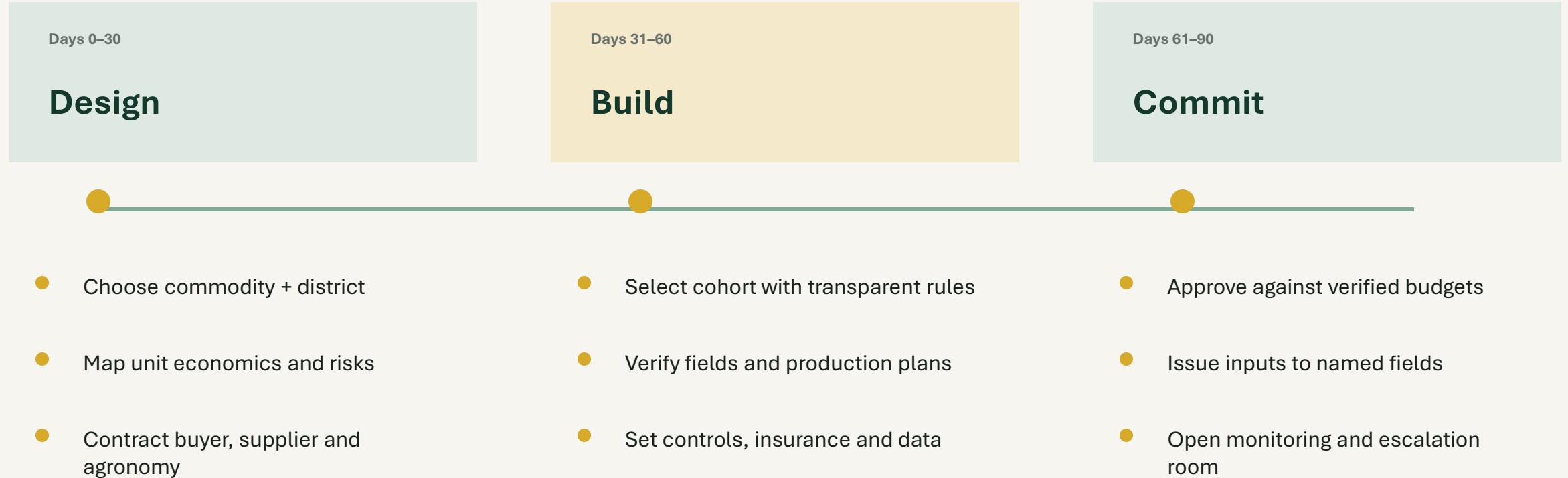
**Buyer / processor**

Demand + settlement channel

**Farmer organisation**

Aggregation + trust + accountability

# Start with one value chain, one district and one accountable pilot



# Measure production, repayment and graduation—together

|    |                           |                                |                            |
|----|---------------------------|--------------------------------|----------------------------|
| 01 | <b>Productive reach</b>   | Verified hectares planted      | Inputs issued on time      |
| 02 | <b>Farm performance</b>   | Yield vs. local benchmark      | Cost per marketable unit   |
| 03 | <b>Portfolio quality</b>  | On-time settlement             | Loss after risk-sharing    |
| 04 | <b>Farmer progression</b> | Repeat-season approval         | Rising farmer contribution |
| 05 | <b>System efficiency</b>  | Days from application to issue | Cost to serve per farmer   |

If yield improves but farmers cannot graduate, the model is not yet sustainable.

**Capital follows confidence.  
Confidence follows evidence.  
Evidence follows execution.**

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Build the production system around the finance—and finance can unlock the next hectare, the next season and the next generation of South African producers.