



**ECRDA**

**Eastern Cape Rural Development Agency**

**ELIDZ-STP Funding Opportunities  
Seminar**

**21 February 2024**



# ECRDA: Vision; Mission and Values

## Vision:

- Uqoqosho lwamaphadle oluzinzileyo, oluquka uwonke-wonke  
(An inclusive and sustainable rural economy)

## Mission:

- "Connecting **abanegalelo** to **catalyze** the prosperity of the rural Eastern Cape"

## Values and Guiding Principles:

- The values that underpin the vision and mission of ECRDA  
**Transparency, Excellence; Honesty & Integrity; Innovation;**  
**Commitment to Empowerment and Ubuntu.**

# ECRDA CORE PROGRAMMES

To highlight the ECRDA Portfolio Projects as underpinned in our **2020-2025 Strategic Plan**

1. Agro-processing: RED Hub Aggregation Centres – all agricultural produce
2. Agro-processing: Diversified Tshabo RED Hub
3. Forestry: Community Forestry projects
4. District Mechanisation Centres - *unfunded*
5. Cannabis & Hemp Initiative
6. Aquaculture & Fisheries - *unfunded*
7. Livestock: Wool and Mohair Initiative
8. Green Energy - *unfunded*
9. Trade & Investment Promotions
10. Magwa- Majola Tea Estates
- 11. Rural Finance Services**



# RURAL FINANCIAL SERVICES



# ECRDA LOAN FUNDING SUPPORT

- ECRDA is biased towards providing developmental loan finance to **rural entrepreneurs** and **farmers**.
- Currently ECRDA has **three loan portfolios** namely:
  - a) **ECRDA Loans (agricultural and non-agricultural products)**
  - b) **ECRDA – SEFA Blended Finance Scheme (agriculture and agro-processing)**
  - c) **MAFISA Loans (only agricultural products)**

## a) ECRDA LOAN PRODUCTS

LOAN TYPE	PURPOSE	LOAN TERM
Micro Finance (Non-Agricultural)	<p>This funding applies to clients in the starter business entrepreneurial development programme (SBEDP)</p> <ul style="list-style-type: none"> <li>• SMME's like hawkers, spaza shops, sewing people</li> </ul> <p>The aim is to move them from being unbankable to bankable with the mobilization of savings.</p>	Maximum loan term = 24 months
Production inputs (Agricultural)	To cover production and harvesting costs – like fertilizer, seed, packaging material and any other production inputs that a business require	Maximum loan term = 12 months
Tractor and equipment loan (Agricultural)	To purchase new or used tractor, machinery, irrigation equipment, loose tools and other farming equipment	Maximum loan term = 60 months
Livestock loan (Agricultural)	To purchase livestock, breeding stock, livestock feed and medication	Maximum loan term = 36 months
Working capital (Agricultural)	provide working capital funding to meet the operational cash flow requirements of an already existing business	Maximum loan term = 12 months

# GENERAL TERMS AND CONDITIONS OF ECRDA LOAN PRODUCTS

- **An initiation fee** is payable on all approved loans prior to disbursement of funds (minimum **R250** maximum **R1050**)
- **Maximum loan size** offered without the security is **R100,000**.
- Interest rates are linked to the prime lending rate, with agricultural loans offered at **prime rate less 2%** and non- agricultural at **prime lending rate**.
- There is **2% concessionary interest rebate** on the basis of women, youth and people with disability.
- Applicants who cannot provide conventional collateral may be assisted subject to the availability of alternative risk mitigation initiatives such as,
  - formal enforceable market contracts
  - effective technical support
  - enterprise insurance
  - effective management and mentorship
- Funds are disbursed to suppliers or service providers upon presentation of valid invoices
- Direct deposits into client's bank accounts may be made for payment of **wages, fuel or electricity**.
- Loan terms are in line with the **production cycles of the enterprises**
- Loan repayments are in line with the income cycle of the specific enterprises. Clients may also use income from other sources to repay the loans
- People can apply as individuals, groups, co-operatives, registered entities, CC's etc. all are allowed.

## b) ECRDA-SEFA BLENDED FINANCE SCHEME

**ECRDA** and **SEFA** Blended Finance Scheme supports all agriculture and agro processing enterprises operating in the rural environment that meet the qualifying criteria.

**Blended Finance Scheme covers the following:**

1. Cost of production inputs
2. Moveable assets & equipment (e.g. tractor, harvesters, pack shed machinery etc)
3. Working/Operating capital including salaries, rental, payment of utility bills
4. Assistance with compliance and technical skills improvement, e.g., labelling, industry standards, etc.
5. Facilitate Business and financial management training, including productivity management.



# ECRDA-SEFA BLENDED FINANCE SCHEME

**The financial package is structured at a maximum value of R2 500 000 (two and a half million rand) that consist of:**

- a. Maximum of **R2 500 000** towards working capital, cost of equipment, input costs or any other requirements (paid directly to the supplier where applicable)
- b. The financial package will be offered in the form of a blended finance with a possible **grant portion** dependent on developmental impact.

## **Loan Repayment Terms**

- a. Up to **60 months repayment period** dependent on cash flows and/or production cycle
- b. Interest rate at from **5%** on loan component

**The following Business Development Support linked to the Scheme will be coordinated through SEDA:**

- a. Compliance with applicable standards for products.
- b. Business and financial management training and mentorship through participants in the Business Services support scheme.

# ECRDA-SEFA BLENDED FINANCE SCHEME

## **Conditions for participating in the scheme:**

- a. Willing to participate in the DSBD / SEDA facilitated business development process.
- b. An entity registered with CIPC.
- c. The business must be 100% owned by South African nationals.
- d. Employees must be 70% South Africans, and in the case of non-South African employees, they must hold valid work permits.
- e. The enterprise must be operating in a township or rural environment.
- f. The enterprise or its owner must possess or willing to apply for a business license after the funding has been provided, with the local municipality or statutory authority.
- g. The enterprise must be registered or must apply for registration with SARS and UIF.
- h. The enterprise must have a valid business bank account or willing to open and operate a business account.

# INTEREST RATES AND CONCESSIONS

- Interest rates :
  - a) Agency agricultural loans: prime rate minus 2.00 % p.a.,
  - b) Agency non-agricultural loans: prime rate, and
  - c) Mafisa loans : 7% interest rate per annum.
- With ECRDA loans :
  - a) a concessionary rebate of 2.00% p.a. will be given to individual clients who qualify due to their status, either as youth, disabled person or female, and
  - b) a 100% rebate of all interest debited against loans advanced in the SBEDP program will be given should the loan be repaid within the agreed loan period.

# ECRDA NEW REGIONAL DEMARCATATIONS

- **Eastern Region** – Alfred Nzo and OR Tambo Districts
  - Main office:- **Mthatha** and Satellite office:- **Kokstad**
  - **TEL : 047 531 2266**
- **Northern Region** – Chris Hani and Joe Gqabi Districts
  - Main office:- **Cradock** and Satellite offices:- **Komani & Ngcobo**
  - **TEL: 048 881 0177/73**
- **Southern Region** – Amathole, Sarah Baartman and Metros
  - Main office:- **Qonce** and Satellite offices:- **Gqeberha & Butterworth**
  - **TEL: 043 604 7000/2**



***Thank you***

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