

## Agro Energy Fund: A Milestone for Agricultural Resilience

By Temba Msiza

In a significant stride toward addressing the pressing energy challenges in the agricultural sector, the Agro Energy Fund (AEF) was successfully launched yesterday, marking a pivotal moment in the ongoing efforts to secure the stability and sustainability of South Africa's farming operations. The launch, attended by key stakeholders showcased the cooperative spirit that drives impactful change within the agricultural landscape.

The AEF is the brainchild of an energy task team assembled earlier this year, dedicated to devising solutions to mitigate the impact of energy cuts on the sector. Spearheaded by the Minister of Agriculture, Land Reform and Rural Development, Thoko Didiza, the task team brought together sector partners, including Agbiz, Agri SA, NAMC, the Bureau for Food and Agricultural Policy (BFAP), and officials from the Department of Agriculture. This united effort aimed at not only addressing the immediate challenges of load shedding but also fortifying the agricultural industry for a resilient future.

One of the task team's standout accomplishments was the establishment of the Agro Energy Fund in collaboration with the Land Bank and the Department of Agriculture, Land Reform and Rural Development (DALRRD). The fund is designed to provide financial support for the acquisition of alternative energy assets, strategically targeting energy-intensive agricultural activities such as irrigation, intensive agricultural production systems, and cold chain related activities. These are the key areas where dependable energy sources are vital to maintaining productivity and preserving South Africa's food security.

According to Theo Boshoff, CEO of Agbiz, "When the energy task team assembled at the beginning of the year, we set about achieving a number of objectives, namely; assessing the impact of load-shedding on agricultural production, making load-shedding more manageable and predictable and reducing the costs to business. This initiative can go some way towards bridging that gap – providing accessible finance to those who may struggle to fund renewable energy without some assistance. Ultimately, the subsidies going into this initiative will not only help producers but also contribute towards greening the sector's energy mix and buffering against costs that are carried up the value chain to the consumer."

During the launch event, Minister Didiza emphasised the significance of the AEF for farmers. The funding will blend grant funding from the Department with loan funding from the Land Bank at a scale ranging from 30% to 70% grant depending on the applicant's size. With grant funding available up to R500,000 for small-scale farmers, up to R1 million for medium-scale farmers, and up to R1.5 million for large-scale farmers, the fund directly addresses the pressing need for financial assistance. It's a practical solution that not only helps to alleviate the impact of load shedding but also empowers farmers to invest in energy-efficient equipment and infrastructure.

Moreover, the Agro Energy Fund aligns with broader sustainability goals. By incentivising the adoption of renewable energy sources, the fund contributes to greening the sector's energy mix, mitigating the environmental impact of traditional energy consumption, and lowering operational costs in the long run. This holistic approach not only ensures the sector's resilience but also promotes a more sustainable and responsible agricultural industry.

As the dust settles after the successful launch of the Agro Energy Fund, it is clear that this collaborative effort has ushered in a new era of agricultural energy resilience. Agbiz's vital role in the fund's inception underscores the power of partnership and collective determination in driving positive change within the sector. The Agro Energy Fund stands as a testament to the potential of cooperative endeavours and sets a precedent for future innovations that will shape the trajectory of South Africa's agricultural landscape.