

THEME 4 | FUNDING, FINANCE AND DEVELOPMENT SUPPORT

LIVESTOCK INDUSTRY FUNDING CONSIDERATIONS

From counting livestock to banking livestock — innovative funding solutions to scale Eastern Cape farmers

Mr. Simpiwe Somdyala

Chief Executive Officer | ECRDA

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"Inclusive and Thriving Rural Economy"



THE CORE MESSAGE



The challenge is not a lack of money — it is bankability conversion

Capital exists across grants, DFIs, industry and private markets. What is scarce is investable livestock enterprises to absorb it.



Fund investable livestock enterprises, not just farmers

Move from once-off support to individuals toward building businesses with records, markets, governance and balance sheets.



Align every rand with the AAMP

Transformation, market access, infrastructure and traceability are the national priorities — provincial funding must pull in the same direction.

THE NUMBERS ARE NOT IN DISPUTE — THE CONVERSION IS

A SERIOUS LIVESTOCK PROVINCE, AN UNSERIOUS CONVERSION RATE

THE ENDOWMENT

77%

of provincial land suitable for livestock production

25%

of SA's cattle — the largest provincial herd

30% / 38%

of SA's sheep and goats respectively

70%+

of the world's mohair, plus ~25% of SA's milk

THE CONVERSION GAP

15%

formal market share — most animals are sold informally, at a discount

25%

abattoir utilisation — processing capacity standing idle

<10%

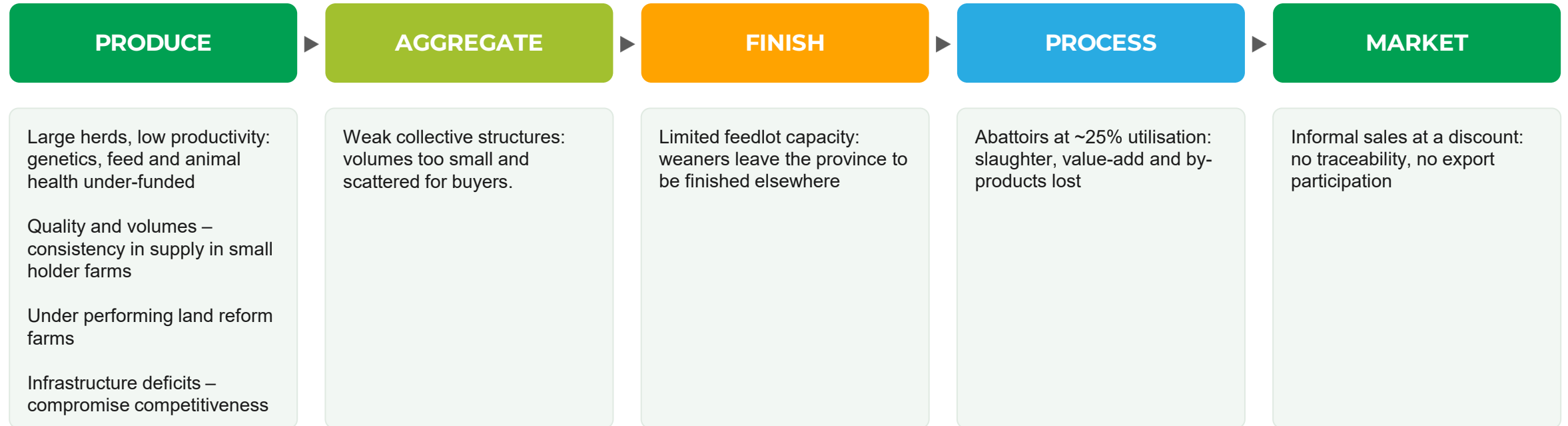
typical communal off-take vs 25%+ in the commercial sector

0 / 10

communal feedlots assessed as commercially ready (ECRDA–ECSECC)

We count animals. We should be counting income. The gap between herd size and livestock economy is a funding-infrastructure-and-market gap — and it is closable.

THE VALUE LEAKAGE PROBLEM



Every stage leaks value the province never banks. Funding that targets one link — a kraal here, a feedlot there — cannot stop leakage. Capital must fund the chain: production, aggregation, finishing, processing and market access as one investable system.

LIVESTOCK FINANCE REALITIES IN 2026



Differing production cycles

Poultry and pigs return in months; sheep, goats and cattle take far longer — timelines conventional seasonal credit was never designed for.



Biosecurity & disease risk

FMD — a declared national disaster — closed export markets and repriced livestock risk. Vaccination, insurance and traceability are now licence-to-borrow.



Infrastructure deficits

Dilapidated fencing, water, dipping, auction and processing infrastructure compromise competitiveness — and fail a funder's first inspection.



Weak farmer balance sheets

Little owner equity and no financial buffers — enterprises absorb no shocks and offer funders no cushion.



Dwindling fiscal allocations

Grants are limited in scale — R613m nationally against ~R1.5bn of demand, with provincial budgets tightening. The grant queue cannot fund a province.



Technical & business skills

Production skill without business acumen — costing, record-keeping, marketing and enterprise management gaps undermine bankability.



Compliance with market standards

Traceability, animal ID, food safety, and auction, abattoir and export requirements — non-compliance locks farmers out of formal value chains.

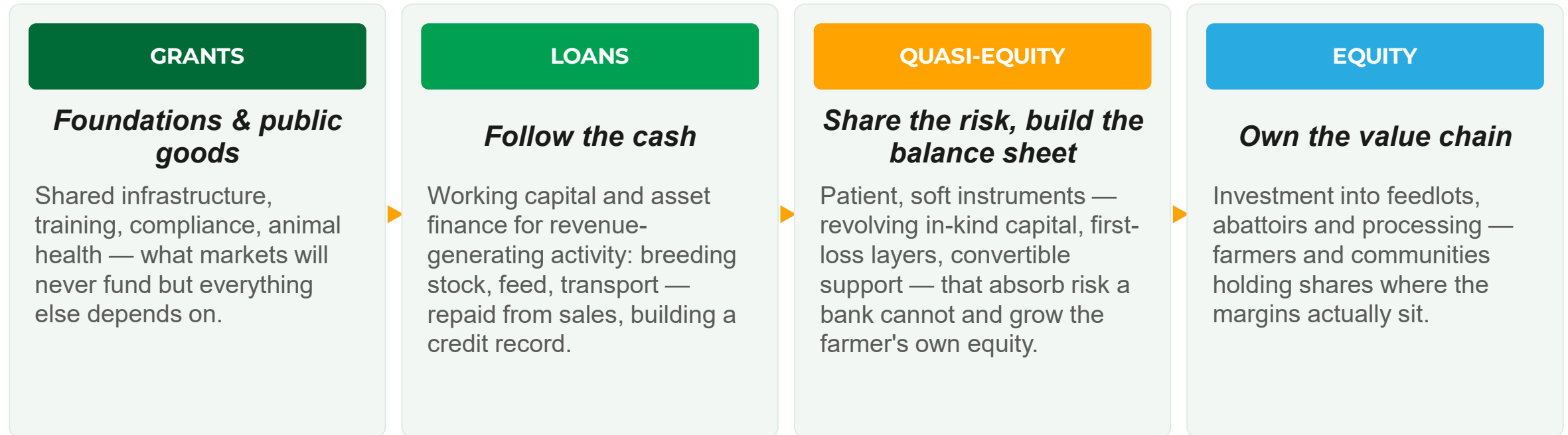


Collateral does not fit the farmer

Communal tenure means land cannot be pledged, while the real asset — the herd — goes unrecognised as security.

The conclusion: scarce grants must be stretched, risk must be shared, and instruments must follow the biology of the enterprise — which is where innovation comes in.

THE FUNDING CONTINUUM —GRANTS TO LOANS TO QUASI-EQUITY TO EQUITY



THE PRINCIPLES: FOLLOW THE CASH · BUILD THE BALANCE SHEET · TAKE RISK · BUILD THE FARMER

Innovative long-term funding is not a product — it is a journey along this continuum, with each instrument preparing the farmer for the next.

STRETCHING SCARCE GRANTS: FOUR MULTIPLIERS

1

Grants for public goods only

Reserve grants for shared infrastructure — dip tanks, water, fencing, auction pens, shearing sheds — assets that serve hundreds of farmers for decades, not one farmer once.

2

Grants as first-loss capital

A rand of public money positioned to absorb first losses de-risks three to four rands of private and DFI lending. The grant stops being spending and becomes leverage.

3

Grants as equity in blended deals

Inside a blended package the grant behaves like the farmer's equity — shrinking the loan, cutting repayments, and making marginal enterprises bankable.

4

Grants that revolve

Convert consumable support into revolving instruments — in cash or in kind — so the same capital funds farmer after farmer instead of disappearing after one.

Multiplier 4 is where ECRDA is innovating — and it has a name.

ECRDA BUSINESS-A-BOX —PRE-PACKAGED FUNDING SOLUTIONS

Business-A-Box standardises the livestock enterprise — blueprint, funding stack, market and compliance pre-packaged so the application becomes an order form, not a negotiation.

WHAT'S IN THE BOX



Enterprise blueprint

Standard designs per enterprise — wool unit, weaner unit, goat, broiler, piggery — with pre-costed capex, opex and yields.



Pre-structured funding stack

Grant, loan and quasi-equity pre-mixed per stage of the continuum — including Inkomo Yeqoma breeding stock.



Market built in

Pre-negotiated off-take, auction and aggregation linkages — the buyer is in the box before the first animal.



Compliance & capability bundle

Entity registration, tagging, insurance, herd-record templates, mentorship and training — standards embedded, not bolted on.

WHY IT CHANGES THE GAME



Acceleration

Funders approve the box once — then replicate. Months of bespoke appraisal become weeks of matching farmers to a pre-approved package.



Predictability

Standard costs, standard terms, standard risk profile. Farmers know what they qualify for; funders know exactly what they are buying.



Bankability by design

Every box manufactures the evidence funders require — records, insurance, off-take, governance — from day one.



Scale by replication

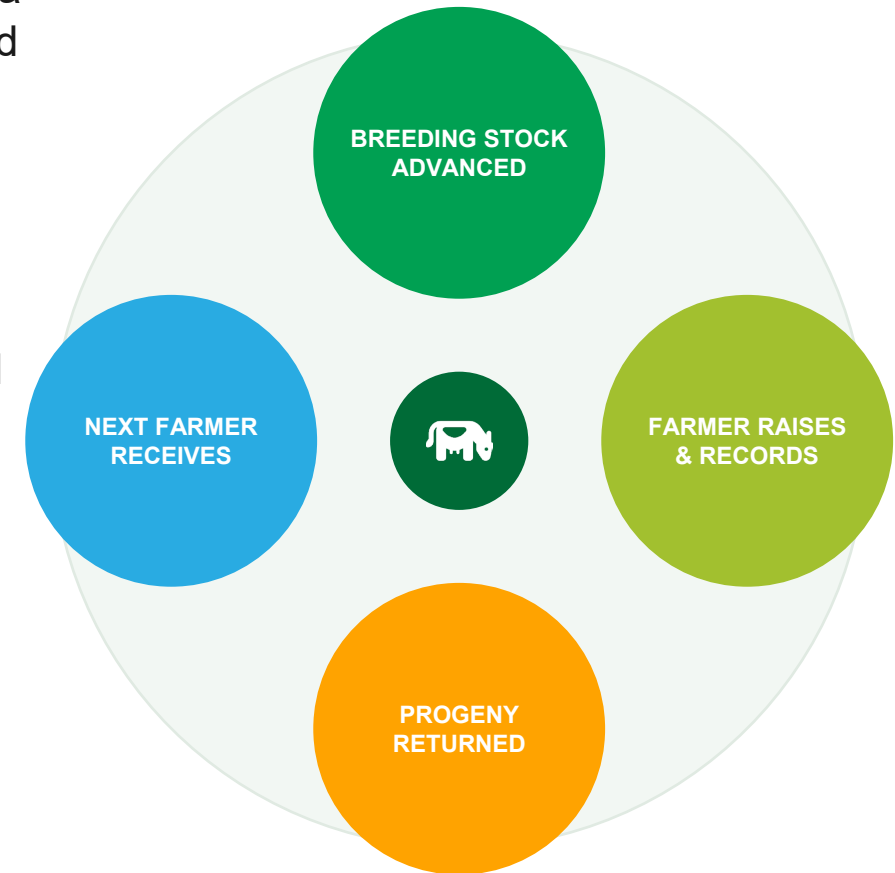
One approval, many farmers: boxes roll out cluster by cluster, giving Treasury and DFIs a pipeline they can budget for.

Predictable products attract predictable capital — and at the heart of every box sits an instrument with a name.

INKOMO YENQOMA —THE HERD AS REVOLVING CAPITAL

Ukunqoma is the isiXhosa custom of entrusting productive cattle to a household without any: the family raises them, lives from their milk and draught power, and returns the animal — keeping part of the progeny. It is Africa's original development finance.

- Capital in kind: quality breeding stock advanced to the farmer, not cash — nothing to mispend, everything to husband
- Repayment in progeny: offspring return to a revolving provincial herd pool that funds the next farmer
- The farmer keeps the growth: each cycle builds the farmer's own herd — a balance sheet built from the first animal
- Standards embedded: tagging, vaccination, herd records and mentorship are conditions of the animal, not an afterthought
- Grant capital made perpetual: one appropriation seeds a herd that revolves for decades — the ultimate grant multiplier



Quasi-equity in its purest form: patient, risk-sharing, balance-sheet-building — and rooted in who we are.

COLLATERAL SUBSTITUTES —CASH FLOW BEATS TITLE DEEDS



Off-take-backed finance

Signed buyer contracts — feedlot, abattoir, retailer or exporter — serve as security for working capital.



Livestock as movable collateral

Tagged, insured and recorded animals can be pledged — the herd itself becomes the bankable asset.



Aggregation vehicles

Cooperatives and SPVs pool volumes and risk, giving lenders one creditworthy counterpart instead of 300 small ones.



Blended first-loss layers

Public capital absorbs initial losses so private lenders can price emerging farmers realistically.



Digital input wallets

Ring-fenced vouchers ensure production finance reaches feed, medicine and inputs — building lender confidence.



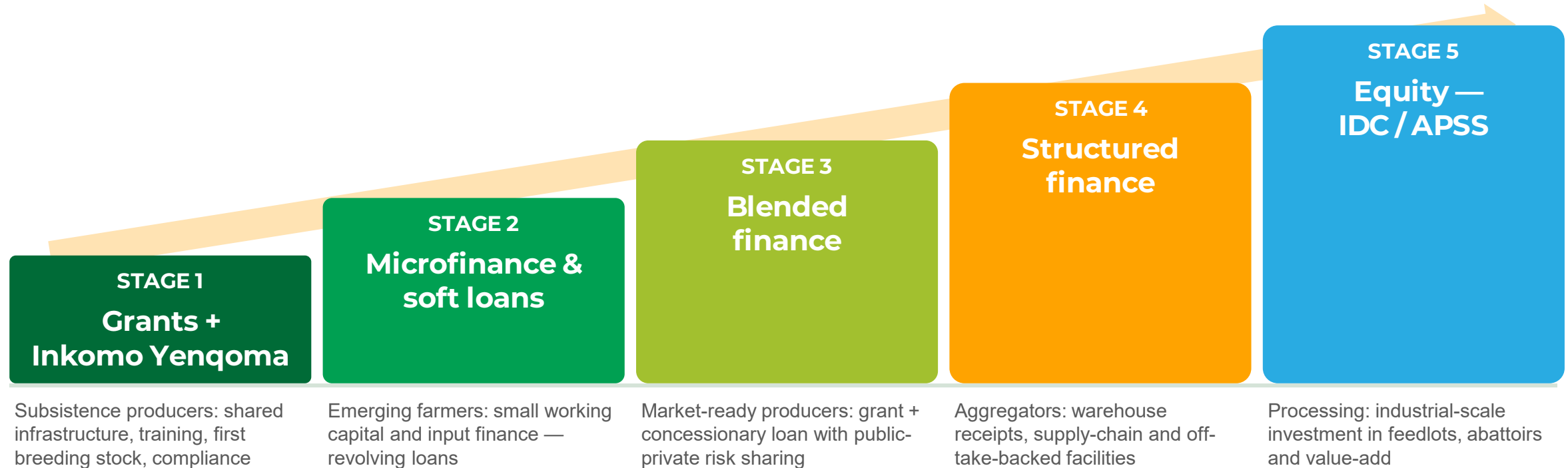
Tenure through governance

Formalised use rights, leases and community resolutions give institutional backing where title deeds do not exist.

Land tenure is a governance problem to be managed, not a blocker to be waited out. Funders should lend against demonstrable cash flow and repayment capacity.

MATCHING INSTRUMENTS TO THE FARMER'S STAGE

BUILDING A FARMER →



Graduation is the product. Each stage builds the records, repayment history and market relationships that qualify the farmer for the next.

THE FUNDER ECOSYSTEM: ECRDA · ECDC · SEDFA · LAND BANK · NEF · IDC · COMMERCIAL BANKS · INDUSTRY PARTNERS

WHAT FUNDERS REQUIRE —FUNDERS FUND EVIDENCE



Legal structure & governance

Registered entity — co-op, company or trust — with a constitution, board, financial controls and clear accountability.



Production records & tagging

Herd records, calving rates, individual animal ID and traceability compliance — an identified herd is an asset; an unidentified one is a rumour.



Viable cash flows & market access

Demonstrable revenue: signed off-takes, auction or abattoir linkages, and a documented breeding, feeding and marketing plan.



Risk systems & insurance

Livestock insurance, veterinary protocols, biosecurity and disaster preparedness — post-FMD, non-negotiable.



Working infrastructure

Kraals, dip tanks, water and fencing in working condition — the physical platform funders inspect first.



Capable management

The jockey matters as much as the horse: mentorship, training and honest reporting discipline.

None of these six requires new money — they are the difference between waiting for funding and qualifying for it.

THE DELIVERY SYSTEM: ROLES + ONE STRUCTURED FACILITY



Dept of Agriculture

Farmer readiness: extension, training, compliance support, animal health



ECRDA/ECDC

Enterprise capability: business planning, governance, mentorship — and Inkomo Yenqoma



DFIs & private sector

Finance provision: blended capital, loans, quasi-equity, equity, insurance



Industry bodies

Market access: auctions, abattoirs, feedlots, off-take arrangements

THE EASTERN CAPE LIVESTOCK TRANSFORMATION FACILITY

- One structured facility blending public, DFI and private capital — grants, loans, quasi-equity and equity under a single governance framework
- Cluster-based deal structuring: farmers grouped by geography and value-chain position, not financed one by one
- Designed to move from pilot to scale within three years — with the Inkomo Yenqoma revolving herd pool as its foundation layer

Fragmented funders produce fragmented farmers. One facility, one pipeline, one accountability line.

CALL TO ACTION —FIVE COMMITMENTS TO LEAVE WITH

- 1 Conclude a funder compact** — public, private and DFI partners aligned on shared terms, shared scorecards and a single provincial pipeline.
- 2 Build the 100-farmer pipeline** — identify and prepare the first cohort of investable livestock enterprises, cluster by cluster.
- 3 Launch a 90-day readiness sprint** — an accelerated preparation programme — entities, records, off-takes, insurance — for the priority clusters.
- 4 Roll out tagging & traceability** — toward one million cattle tagged — the province's passport back to formal and export markets.
- 5 Seed the Inkomo Yenqoma pool** — co-invest in the revolving herd — the instrument that turns one grant allocation into decades of farmers.

TRANSFORMATION REQUIRES SYSTEMS, NOT JUST FUNDING.

Link capital to traceable animals, committed buyers and capable operators. Stretch every grant. Walk every farmer along the continuum — grants, loans, quasi-equity, equity — until the province that counts livestock becomes the province that banks livestock.

Enkosi | Thank you

Simpiwe Somdyala · Chief Executive Officer, ECRDA

Panel Discussion 4 · Financing Growth Across the Livestock Value Chain · 11:00

"Inclusive and Thriving Rural Economy" · "Uphuhliso Lwamaphandle Oluquka Uluntu Ngokubanzi"

