



01 August 2023

The Competition Commission of South Africa
Case number: 2022APR0051

The DTI Campus
Mulayo Building (Block C)
77 Meintjies Street
Sunnyside, Pretoria

Per E-mail: MawaboN@compcom.co.za

CC Email: freshproduceing@compcom.co.za

RE: REQUEST FOR INFORMATION RELATING TO THE FRESH PRODUCE MARKET INQUIRY

Dear Mawabo

We refer to the Competition Commission's ("**Commission**") request for information received via email dated 23 June 2023. Please see below Nedbank Limited's ("**Nedbank**") response below to the Commission's information request.

BACKGROUND AND ACTIVITIES

1. ***Ad para 1 – Provide a description of the role played by Nedbank in relation to the fresh produce sector. In your answer, indicate the process which emerging farmers need to go through to receive funding/ start-up capital?***



Group Risk | Group Legal | Nedbank Limited

Thelani Luthuli 3rd Floor B Block 135 Rivonia Road Sandown 2196
T 010 236 4635 Email ThelaniL@nedbank.co.za

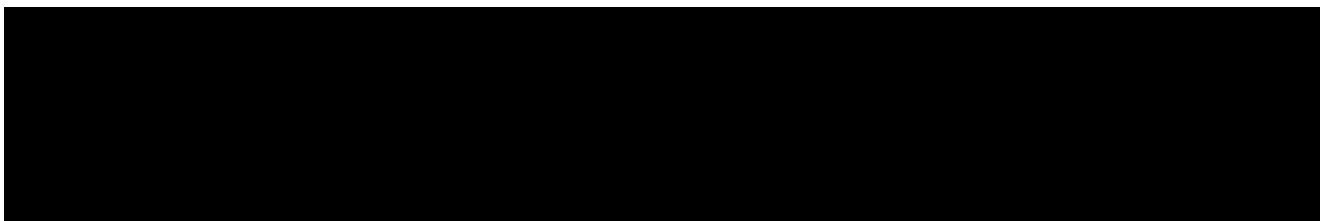
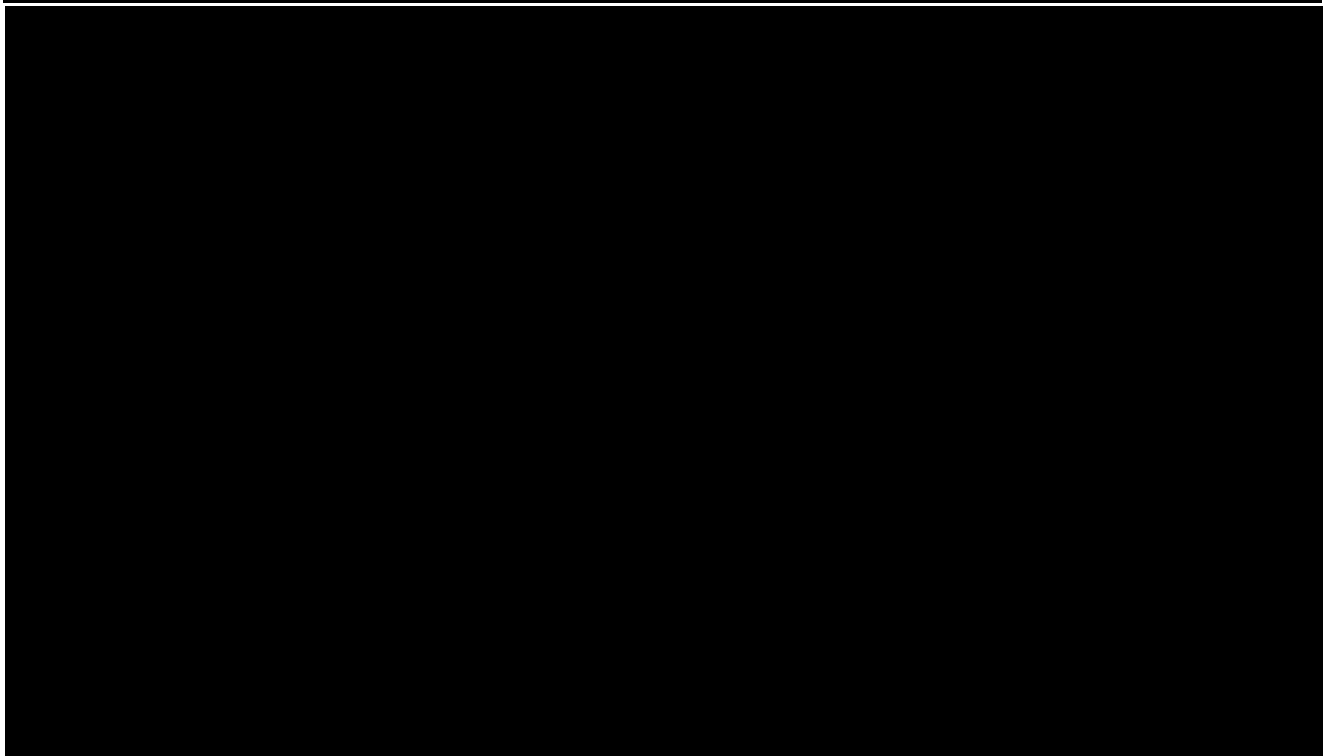
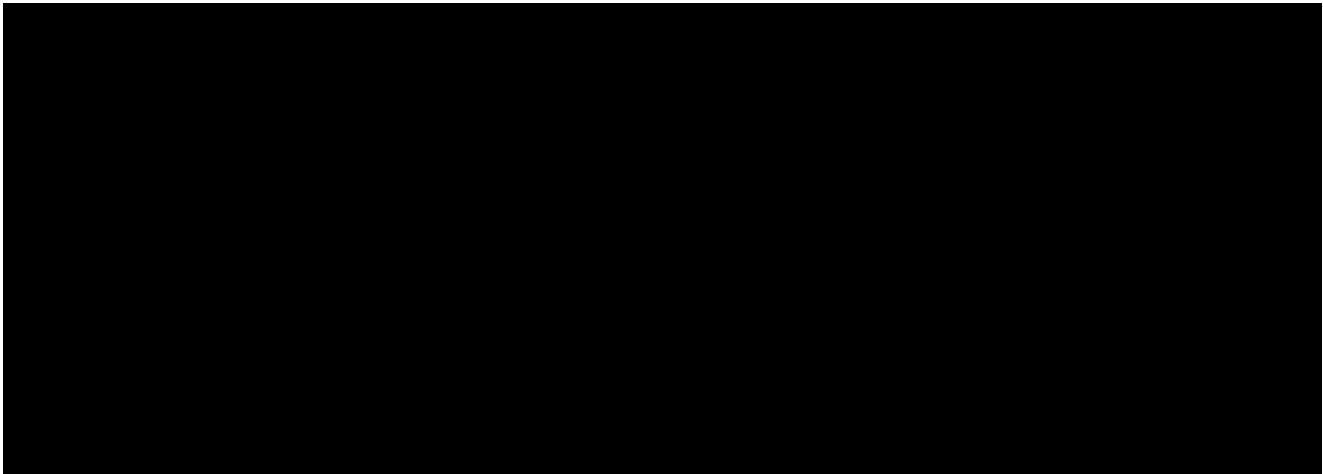
Directors: AD Mminele (Chairperson) MWT Brown (Chief Executive) HR Brody (Lead Independent Director) BA Dames MH Davis (Chief Financial Officer) NP Dongwana EM Kruger P Langeni
RAG Leith L Makalima MC Nkulu (Chief Operating Officer) M Nyati S Subramoney
Company Secretary: J Katzin 02.06.2023.

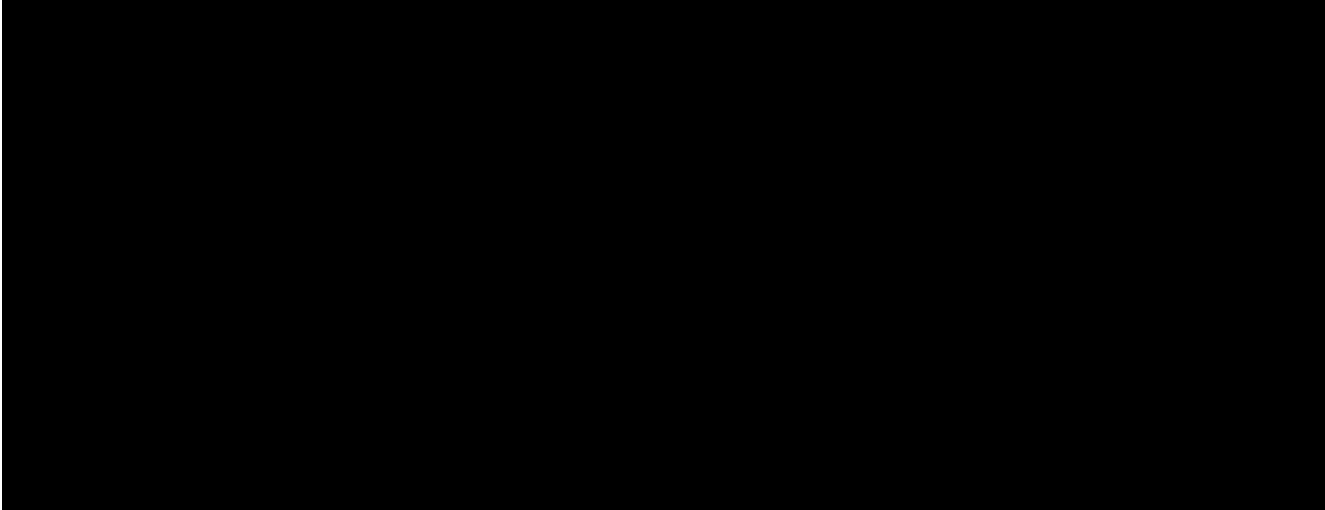
nedbank.co.za

NEDBANK

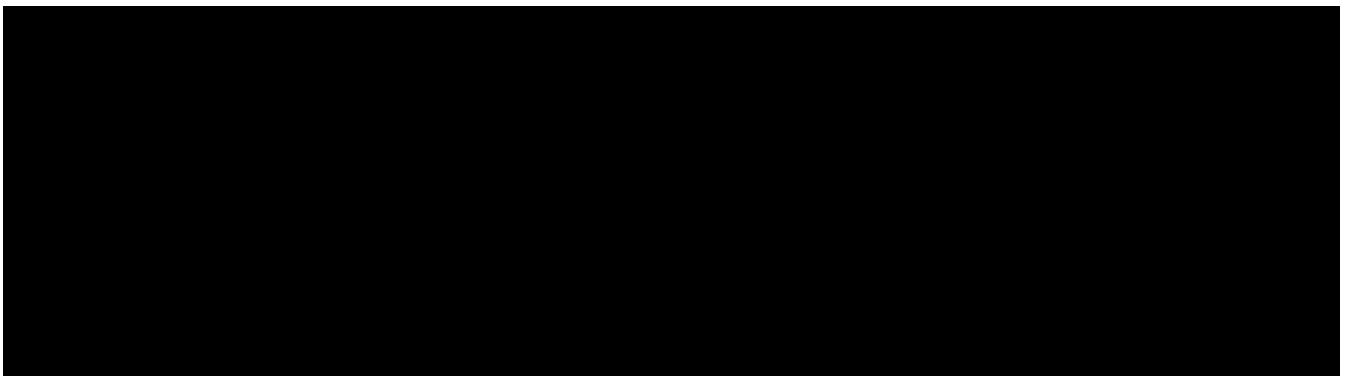
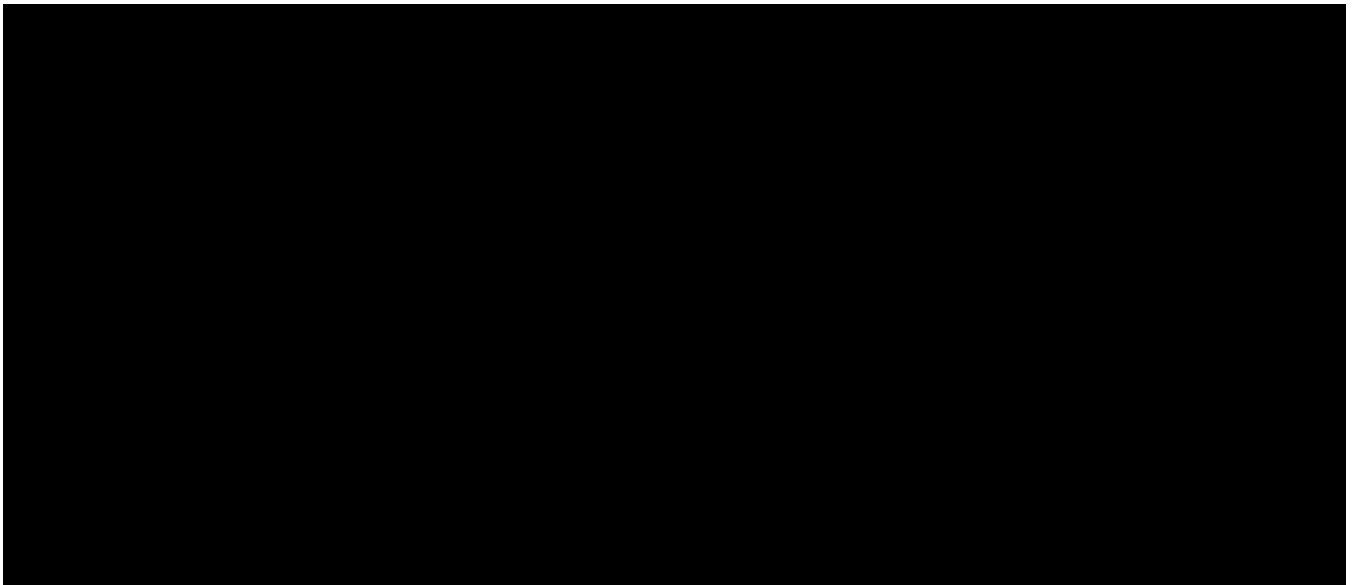


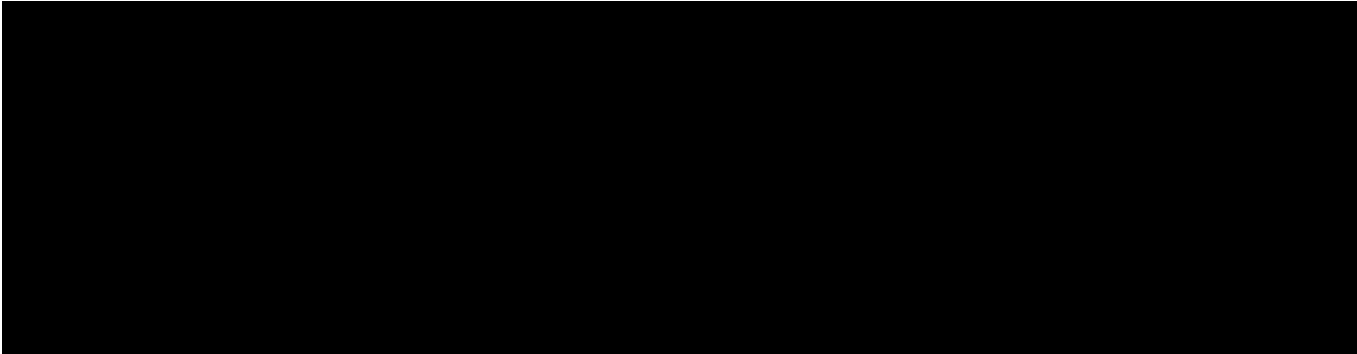
- 2. Ad para 2 – Describe Nedbank’s funding approach for emerging farmers in fresh produce farming operations and the difference in the approach, if any, when considering funding for established farmers for purposes of expanding their operations?***



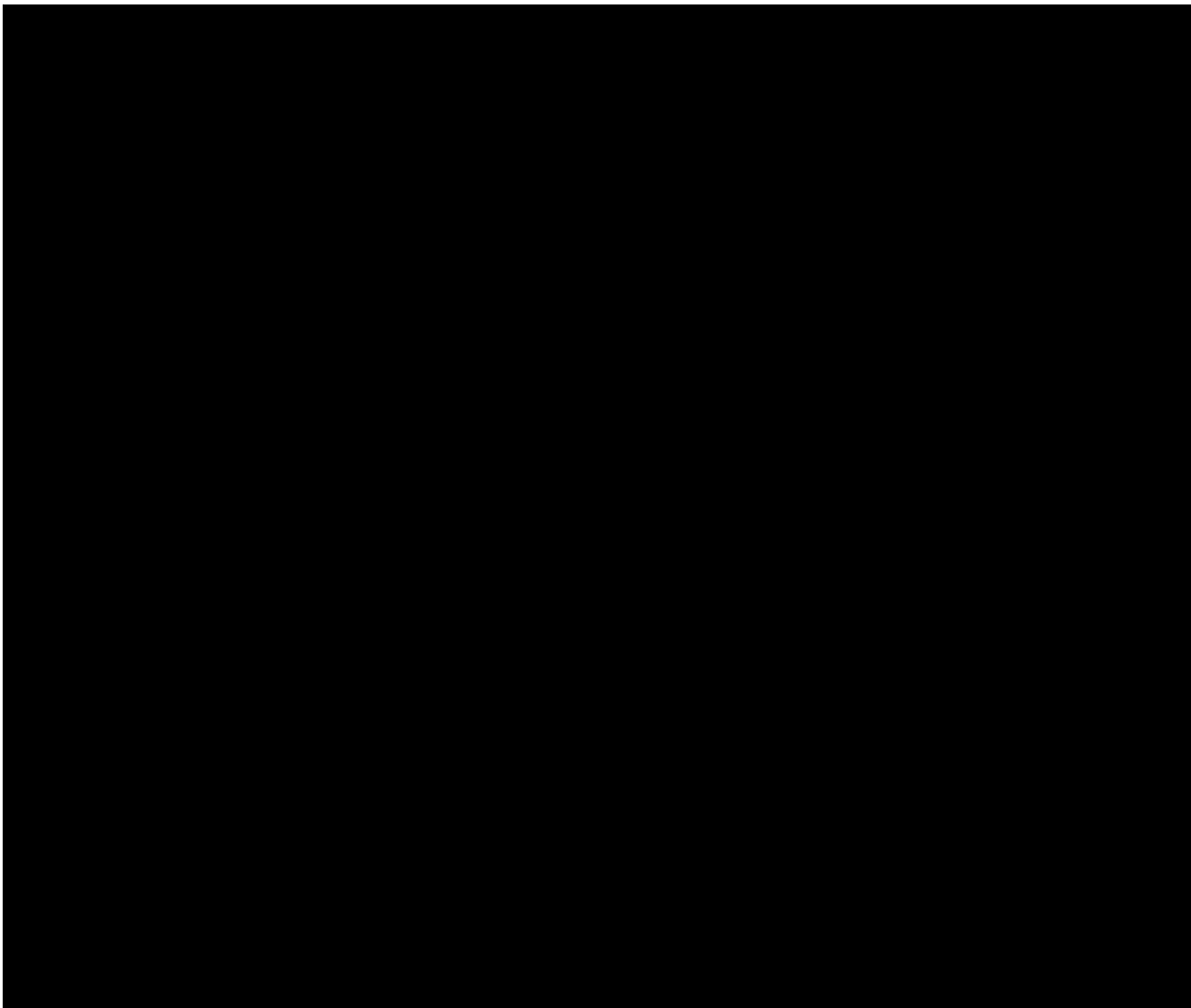


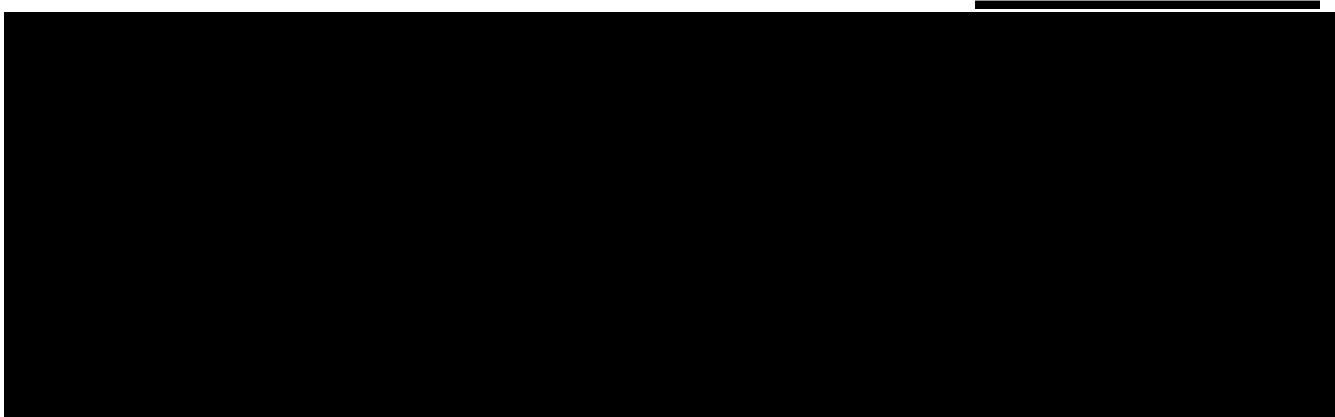
3. *Ad para 3 – Explain in detail the criterion used for evaluating funding applications, in your answer indicate the type of security which farmers should have prior to being granted funding by Nedbank.*



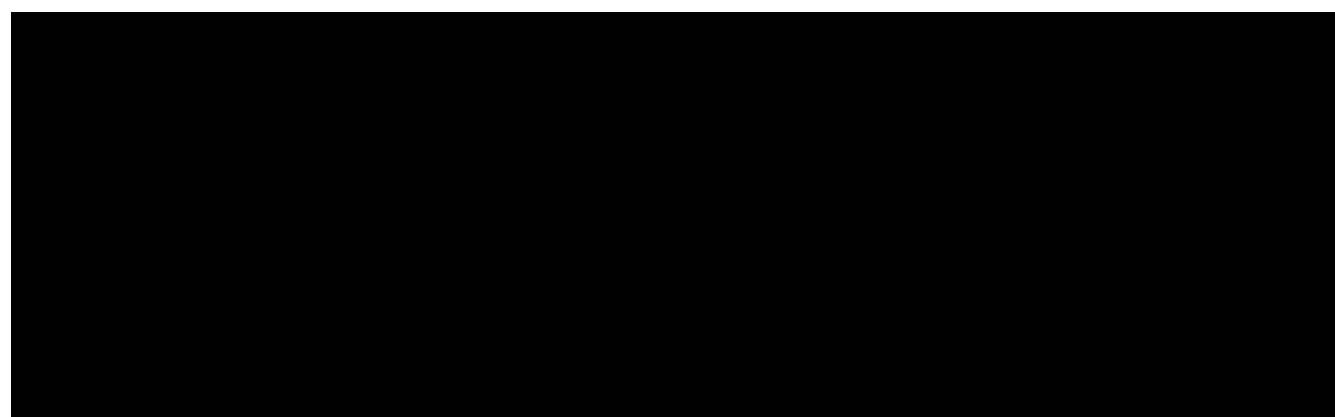


4. *Ad para 4 - From Nedbank's viewpoint what are the contributing factors to low level of access to finance by small-scale farmers/emerging farmers? In your answer, indicate what measures you think small-scale farmers/ emerging farmers can take to ensure that they attract the interest of commercial banks to fund their operations?*



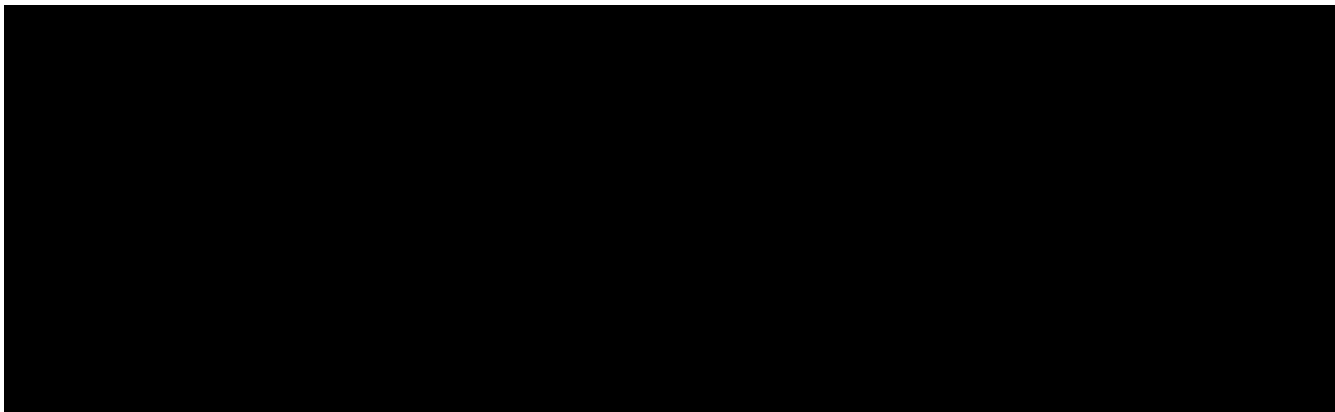
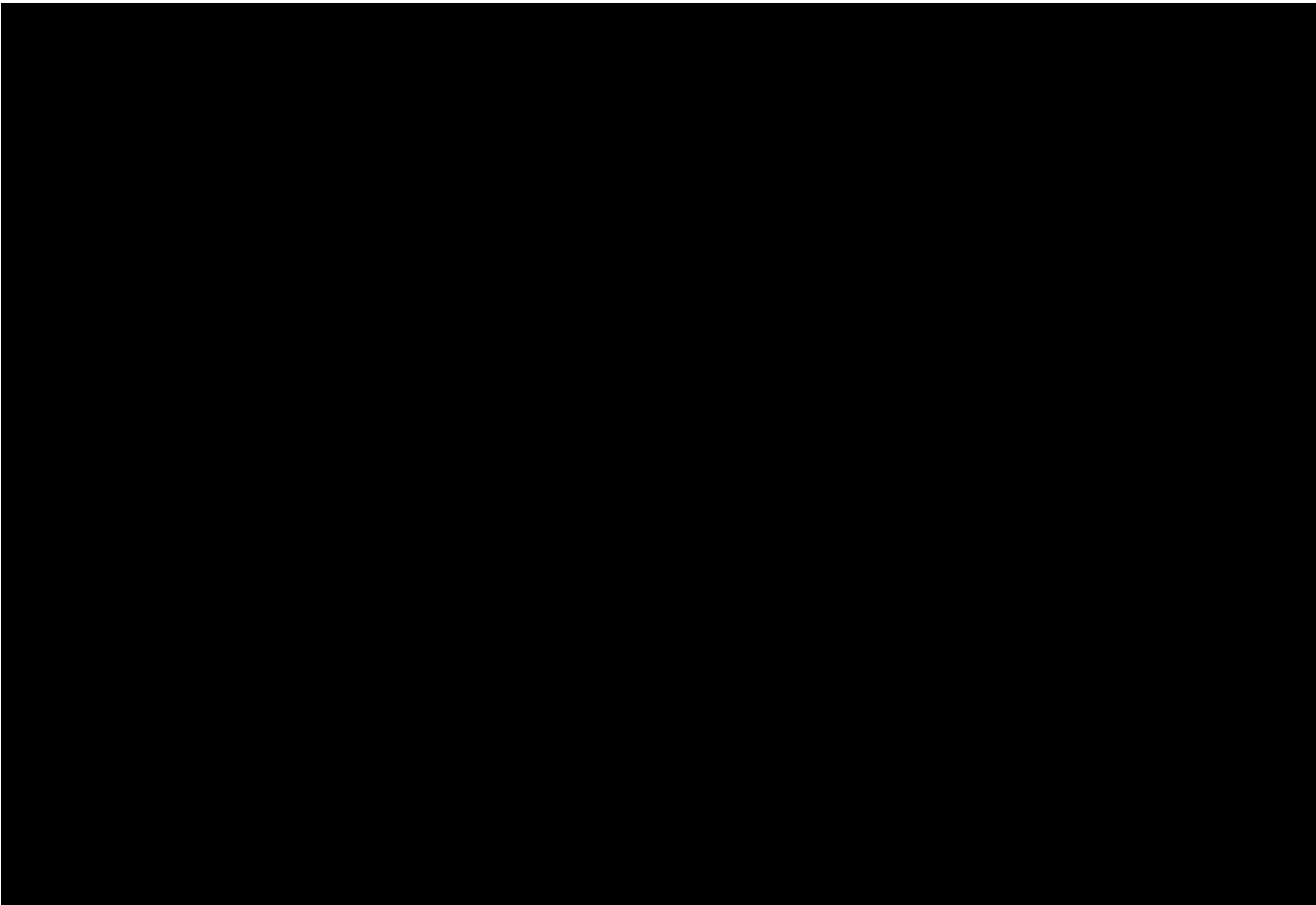


5. ***Ad para 5 – What are the elements of the funding evaluation procedure used by Nedbank that mostly results in the rejection of emerging farmers applications? In your response, provide a list of at least 10 entities, whose applications were rejected due to the identified elements in the past five years.***

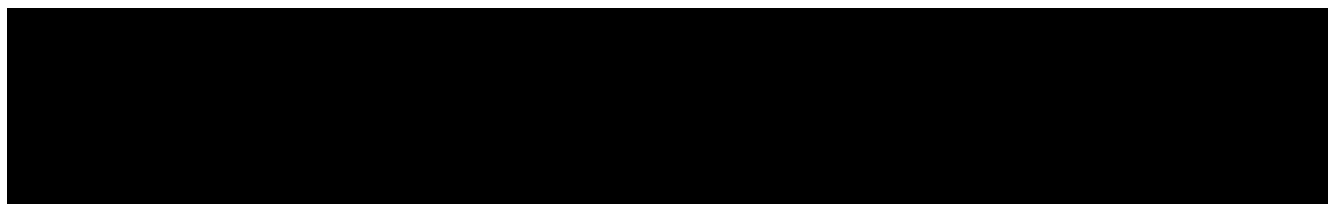


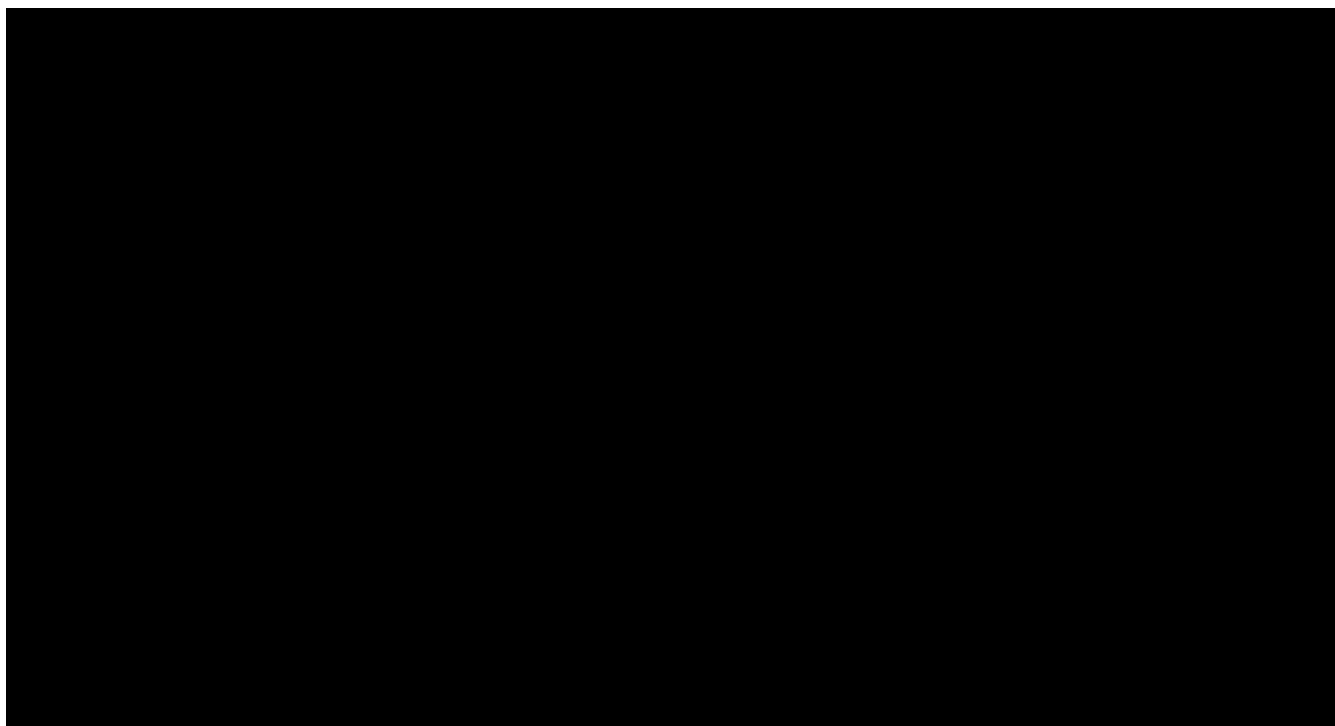
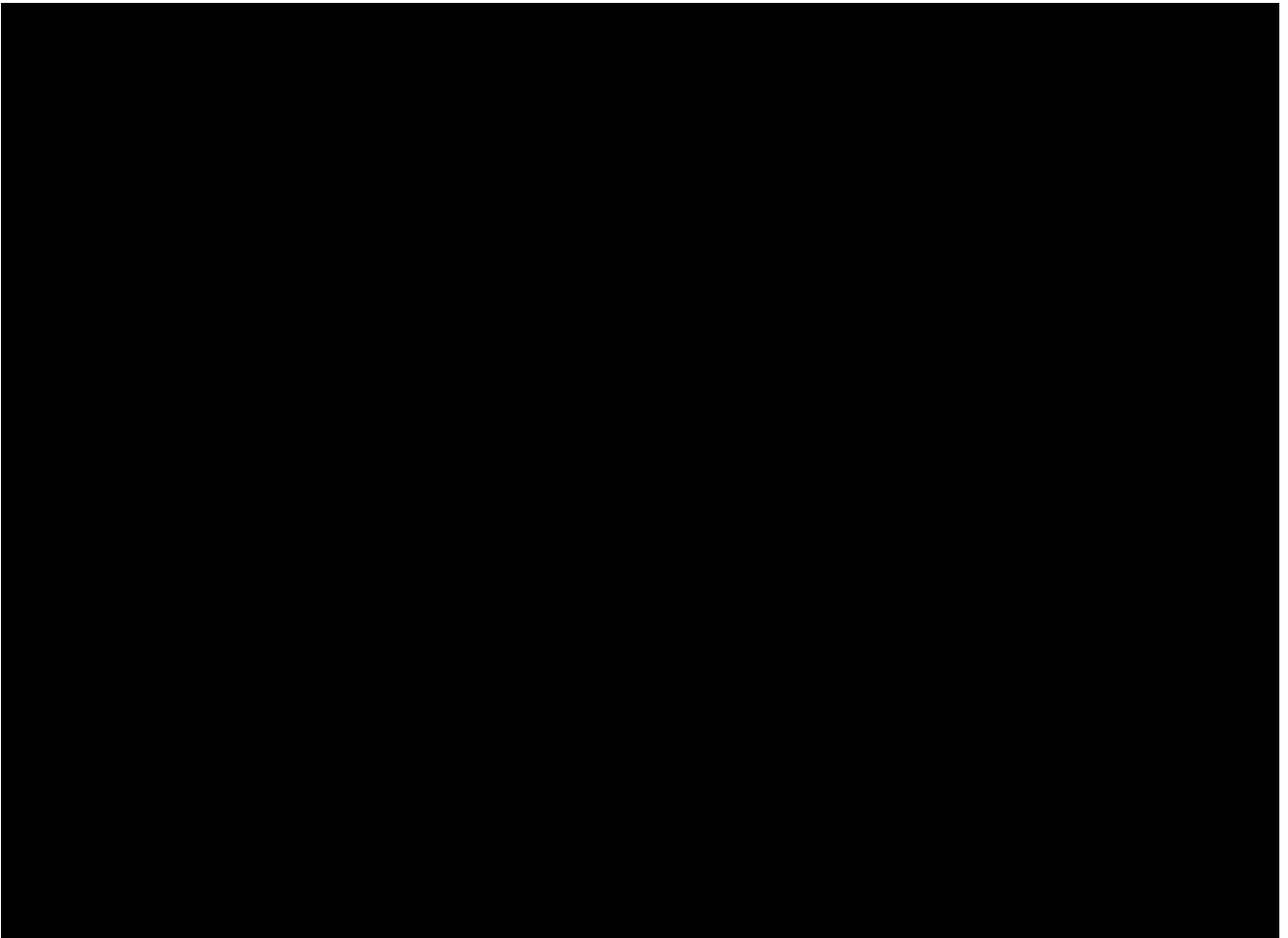
6. ***Ad para 6 – Explain in detail Nedbank’s viewpoint on the blended finance model recently launched by the Land Bank wherein a portion is grant and the other is interest bearing finance? In your answer, indicate whether this blended finance may facilitate access to finance by farmers, especially small-scale/ emerging farmers?***





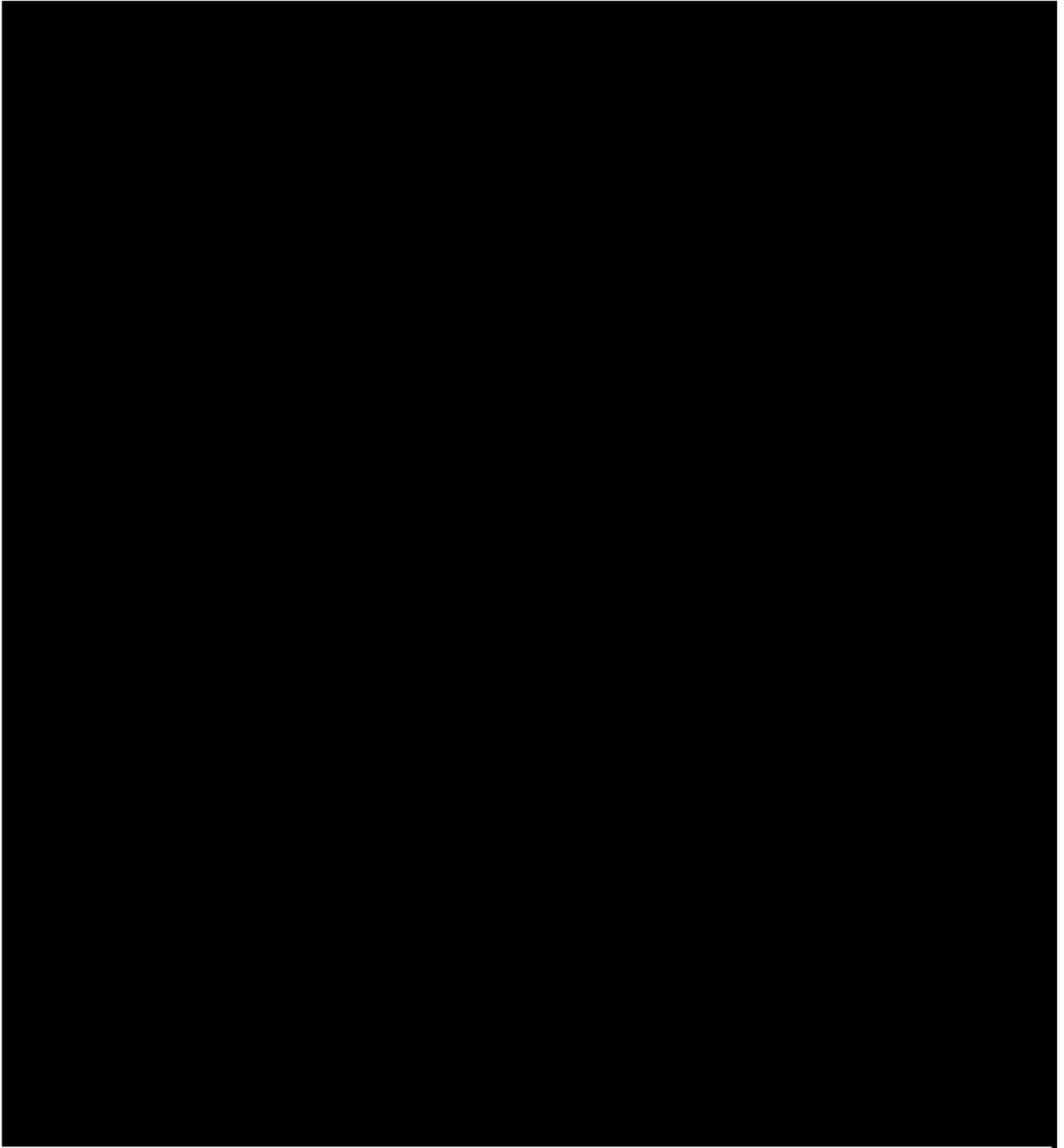
7. *Ad para 7 – From Nedbank’s viewpoint, what are the challenges that are facing emerging farmers in South Africa and how do you think Nedbank can assist in ensuring that these challenges can be removed?*





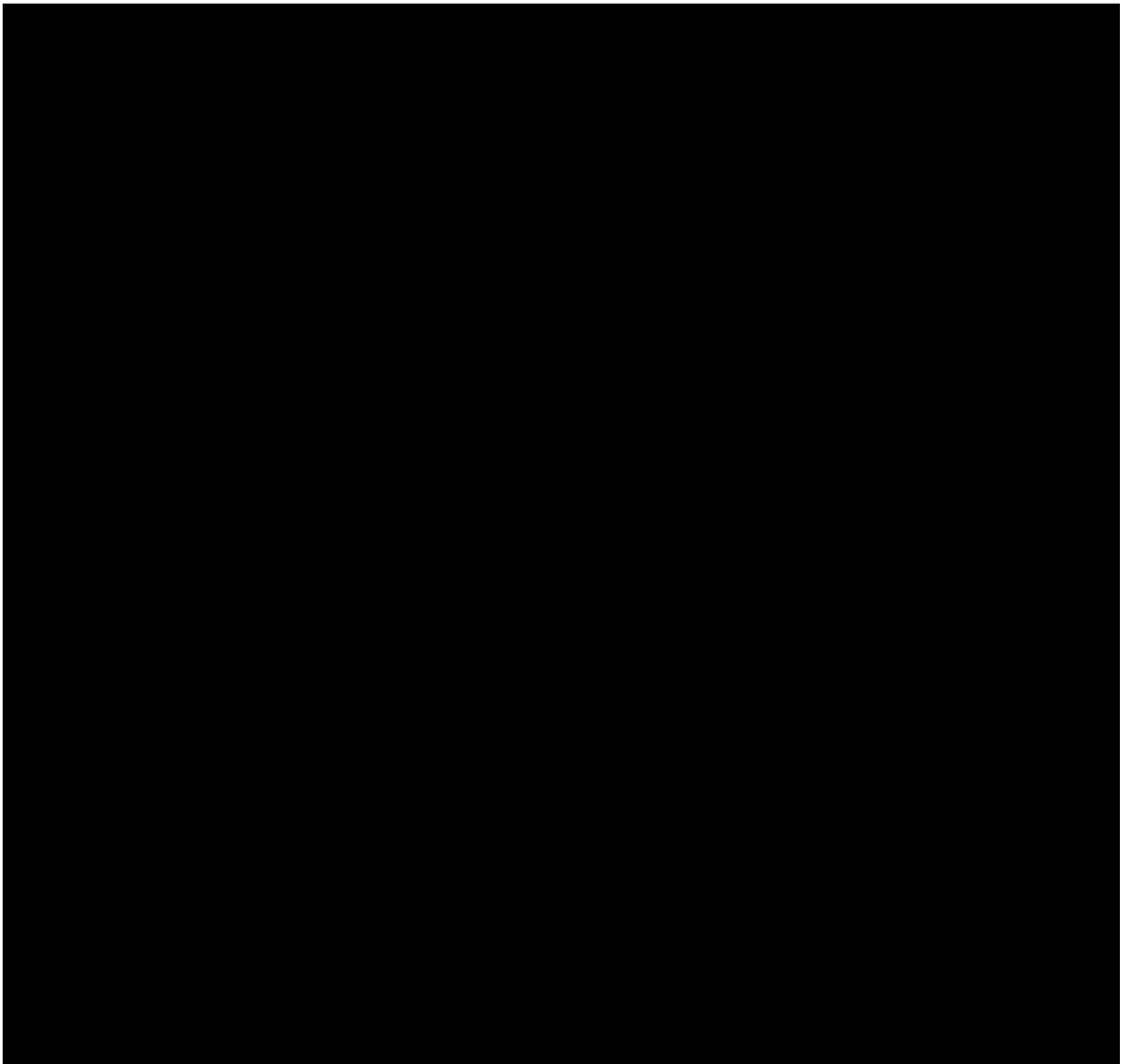


8. *Ad para 8 – Provide a full description of all funding instruments and financial support that Nedbank avails to the farmers operating in the fresh produce sector.*



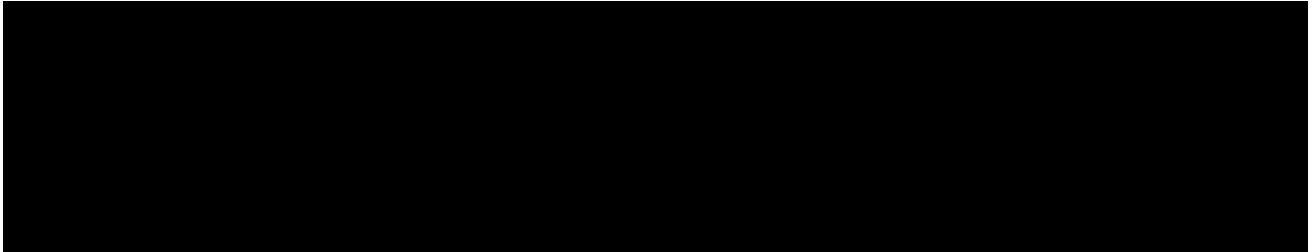


8.8. Nedbank Legacy Trust is a patient capital vehicle through which Nedbank supports the Nedbank BBP Legacy Programme. Nedbank Legacy Trust has two Agricultural Projects:

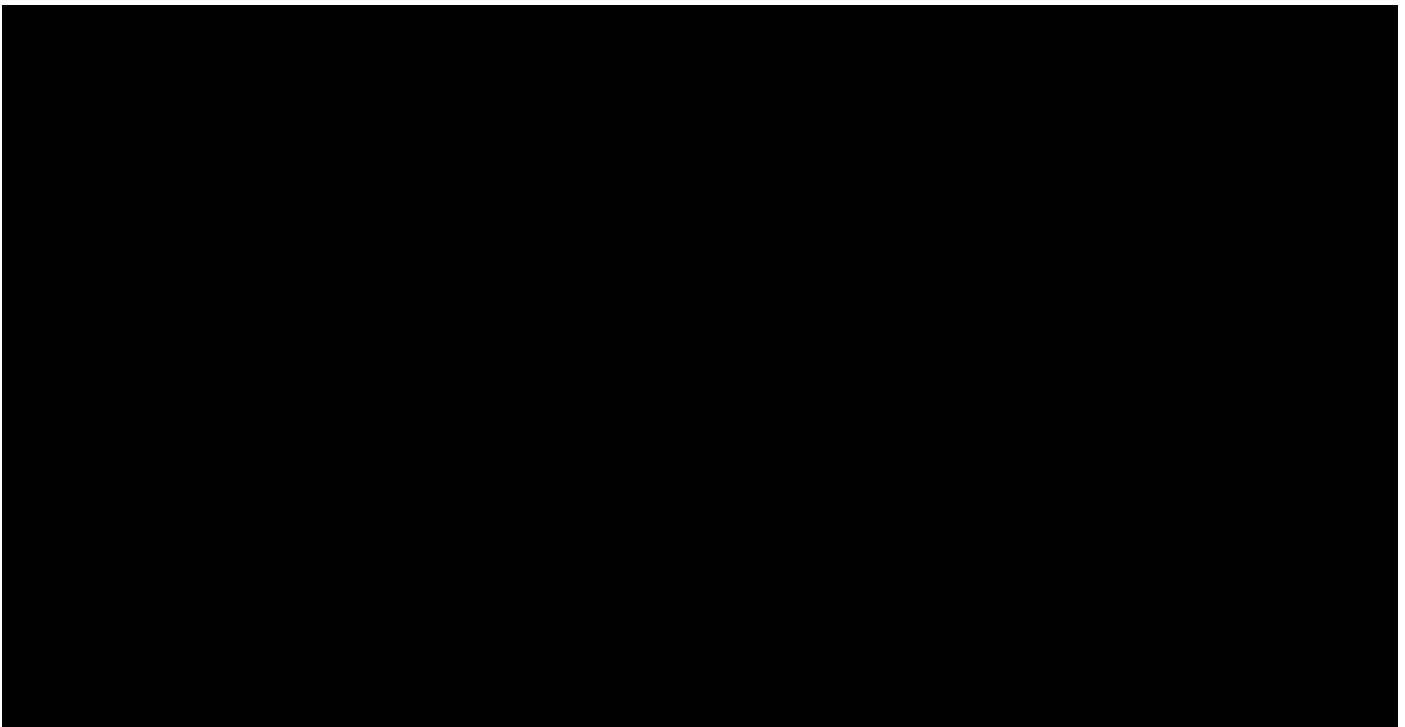




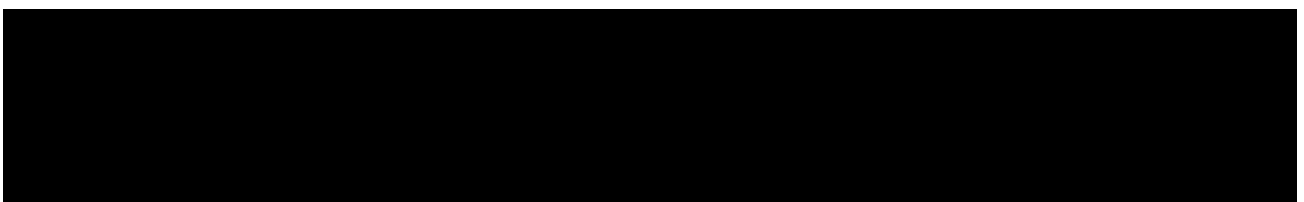
9. ***Ad para 9 – Does Nedbank have policies/support mechanisms to assist SMEs and/or firms owned and controlled by historically disadvantaged persons? If yes, provide documentation which details the support provided. If no such documentation exists, please describe the nature of the support provided.***



10. ***Ad para 10 – Has Nedbank undertaken, commissioned or is aware of any research that identifies the problems faced by SME/HDP farmers and provides policy recommendations on how to address these issues? If yes, kindly provide a list of the relevant research and copies of the reports.***



11. ***Ad para 11 - From Nedbank's viewpoint, does the current design of funding models (funding markets and financial support), promote entry and economic participation of small-scale farmers? Briefly explain and provide evidence where applicable.***





[Redacted]

12. ***Ad para 12 - There is information asymmetry which exists regarding the funding criteria used in some funding initiatives. The criteria are not clear and easily understood by emerging farmers. What are Nedbank's views on this statement?***

[Redacted]

13. ***Ad para 13 - What are the factors considered, and the rationale for considering these factors, when financial institutions design the funding criteria for fresh produce farming operations?***

[Redacted]

14. ***Ad para 14 - Are there barriers to entry created for small growers by unfair or discriminatory application requirements and selection criteria? Briefly discuss and provide evidence where applicable.***

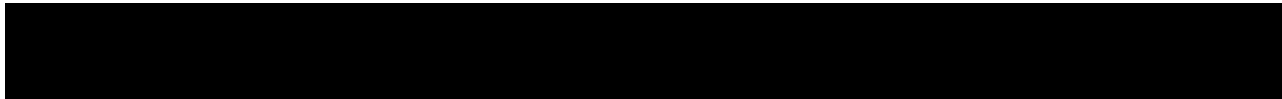
[Redacted]

15. ***Ad para 15 - What are the other key market features or financial institutions that increase barriers to entry or expansion of small-scale farmers in the fresh produce market?***

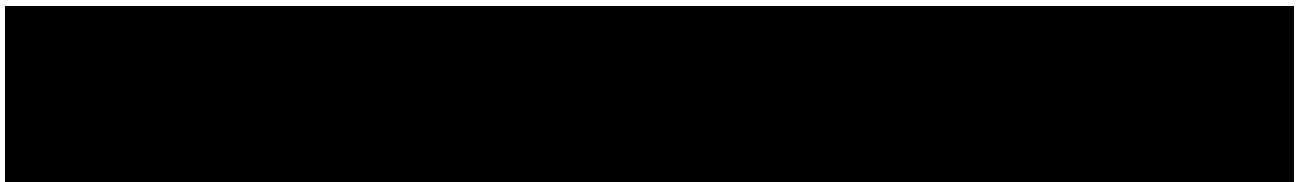
[Redacted]



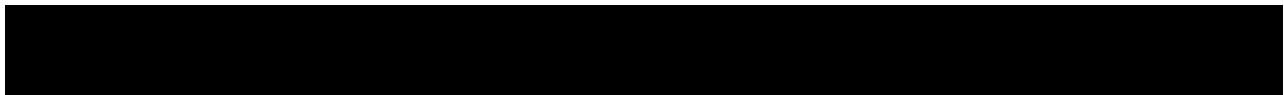
16. ***Ad para 16 - In terms of development funding/finance, what is the uptake rate of small-scale farmers? Provide evidence where applicable.***



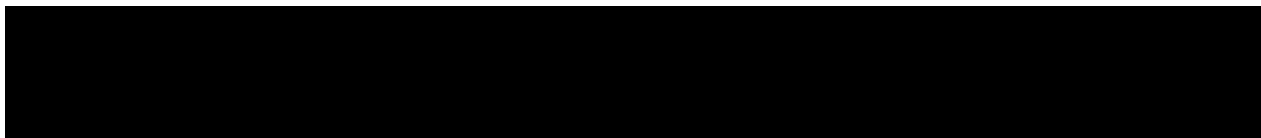
17. ***Ad para 17 - In Nedbank's view, is the cost of finance/funding prohibitive or discriminatory to small-scale farmers in any way? Briefly elaborate on your answer and provide evidence where applicable.***



18. ***Ad para 18 - What is Nedbank's view on small-scale farmer treatment by Funding and financing institutions? Kindly provide evidence, if any.***



19. ***Ad para 19 - Provide a list of all loans advanced to farmers operating in the fresh produce sector in the past 5 years. In your response, list the names of entities, loan amount, purpose and interest rate applicable. Kindly distinguish the loans advanced to small scale producers and commercial producers.***



INQUIRY SCOPE AND ISSUES

20. ***Ad para 20 - Are there any additional areas of inquiry into the market for fresh produce not contained in the Terms of Reference that you believe are important for the Inquiry to cover as part of its work. If so, identify the specific area of inquiry or issue and the reasons why the Inquiry should include it in the scope.***

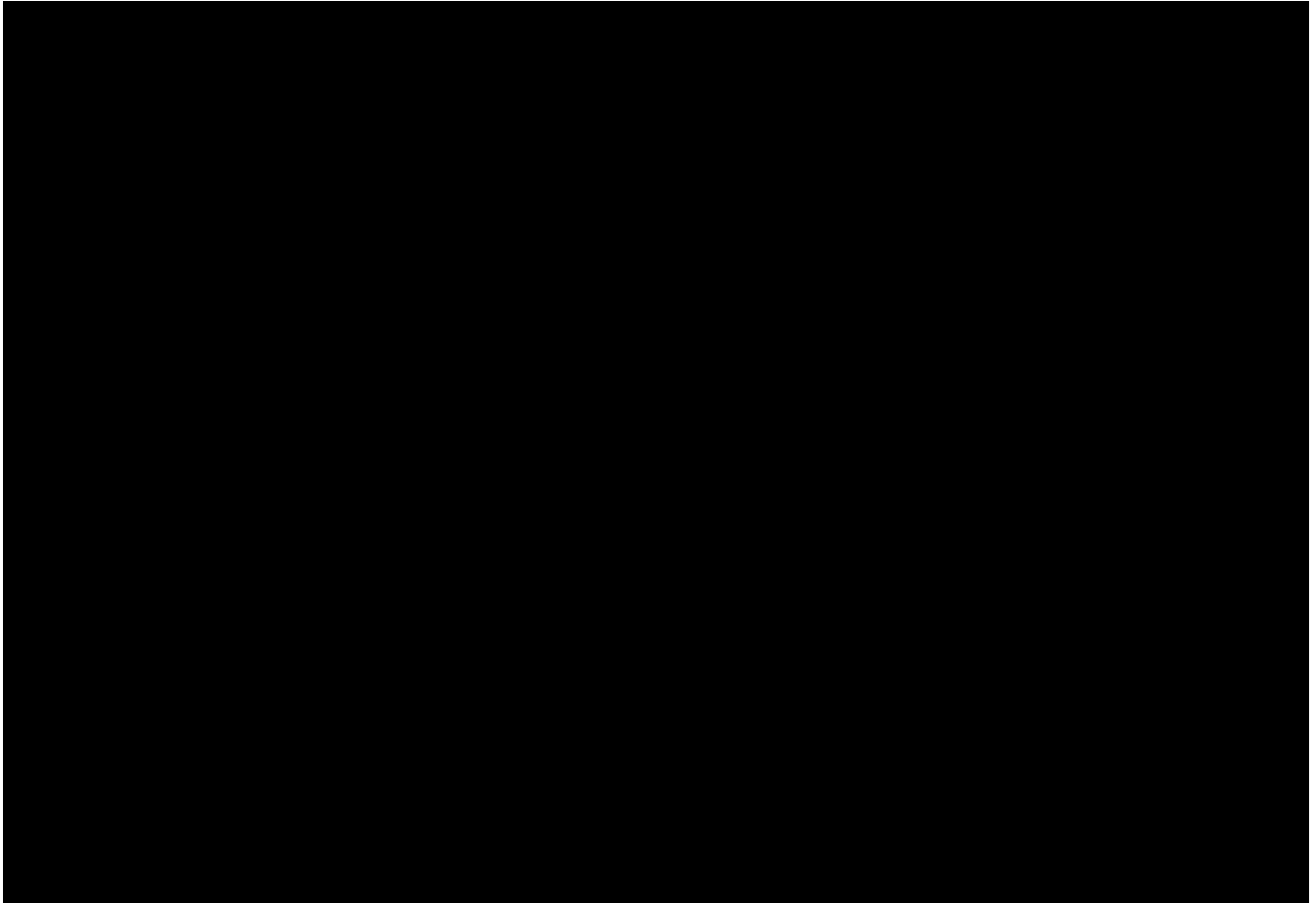


21. ***Ad para 21 - Are there any other features of the market for fresh produce and the participation therein in South Africa of relevance to the Inquiry and which has not been traversed in the questions above? If so, please provide details as to the feature and the relevance for the Inquiry.***





22. *Ad para 22 - Are there any other submissions that Nedbank would like to make of a general nature?*



Kind regards
Nedbank Limited
(Electronically submitted)