



SOUTH AFRICAN WINE INDUSTRY TRANSFORMATION UNIT NPC

Funding Rules- 2018

1. Introduction

The Transformation Levy is grant-funding that aims to deliver benefits to the South African wine industry, by building the capacity of Level 1 and 2 Broad Based Black Economic Empowerment Contributor participants in the industry. The South African Wine Industry Transformation (TU) aims to do this by meeting and exceeding performance on the 12 objectives stated in the TU Memorandum of Incorporation whilst adhering in all its funding activities to the designated purpose and conditions spelt out in the Transformation Guidelines of the major sponsor, the National Agricultural Marketing Council (NAMC) and the principles of the Amended Agri-BEE Codes of 2017. These funding rules shall guide the application process for funding to be followed by applicants and the TU.

2. Purpose

The Funding Rules are policies and procedures whose purpose is to guide the TU and Applicants, inform wine industry stakeholders and to ensure that all Applicants are processed fairly, transparently and consistently. They are designed to decrease the need for an elaborate management structure for the TU and frequency of meetings by the board.

3. Legal Framework

These Funding Rules and their implementation are subject to the law as enshrined in the following legislation:

- 3.1 Marketing of Agricultural Products Act No. 47 of 1996
- 3.2 Broad based Black Economic Empowerment Act No. 75 of 2003, amended in 2012)
- 3.3 Amended Agri-BEE Sector Code of 2017
- 3.4 Employment Equity Act (Act No.55 of 1998, amended 2012
- 3.5 Public Finance Management Act (Please consider removing as the act does not apply to private sector funding initiatives, but to government funding)
- 3.6 Skills Development Act (Act No. 97 of 1998, amended 2012)
- 3.7 Western Cape Liquor Act No. 4 of 2008

4. Application of the Funding Rules

- 4.1 The Funding Rules set out in this document are binding on all Applicants. The Board must ensure that all who act on behalf of the TU adhere to these Funding Rules.
- 4.2. These Funding Rules have been prepared in accordance with the NAMC Transformation Guidelines and are aligned to the MOI of the TU.
- 4.3 These Funding Rules apply to organisations and programmes funded through the Transformation Levy administered by the TU.

5. Definitions

	DEFINITIONS
Active Project	An Applicant that is receiving or has received funding according to the terms approved by the TU, or an approved variation to the Project's end date.
Applicant	An Eligible Organisation which submits a Business plan for funding and which will be responsible for the administration of the funding if the Business plan is approved for funding.
Black people	Is a generic term which means African, Coloureds, SA Chinese and Indians (a) who are citizens of the Republic of South Africa by birth or decent; or (b) who became citizens of the Republic of South Africa by naturalisation – (i) before 27 April 1994; (ii) on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date.
Business plan	A request to the TU for the provision of funding which is submitted in accordance with these Funding Rules.
Conflict of Interest	Any conflict of interest, any risk of a conflict of interest and any apparent conflict of interest arising through a party engaging in any activity, participating in any association, holding any membership or obtaining any interest that is likely to unduly benefit that party directly or indirectly.
Consultant	The provider of specialist advice, analysis, assistance, services or products to the TU, that is a B-BBEE Contributor level 1 or 2. If a provider of that level cannot be found other service providers with a Contributor level of no lower than level 4 may be used.
Eligible Organisation	A Black-owned South African registered business entity as specified in the Transformation Guidelines that is active in the wine industry, is not involved in Fronting as defined in Section 130 of BBBEE Act 2013 and Statement 000, and has been active for at least two consecutive years, whose members or beneficiaries are South African Citizens.
Funding Agreement	The agreement entered into by the TU and an Applicant when a Business plan from that organisation is approved for funding.

DEFINITIONS	
Funding Offer	The terms and conditions attached to the funding approval for a Business plan.
Funding Priorities	Priority funding areas identified by the AgriBEE Charter and the Transformation Guidelines of the NAMC.
Funding Rules	These rules, approved by the TU for disbursement of Levy funds.
Industry Operational Band	The point in the value chain where the Eligible Organisation operates; 1. Grape Production 2. Wine Production / Sales 3. Quality Assurance & Packaging 4. Distribution 5. Marketing 6. Consumer experience 7. Wine Tourism 8. Recycling, input suppliers e.g. dry goods merchants 9. Services or training for black people in order to enhance the TU's objectives
Liquor Act	Western Cape Liquor Act No. 4 of 2008
MAP Act	The Marketing of Agricultural Products Act (Act No. 47 of 1996 as amended Act No. 59 of 1997).
Minister	The Minister of Department of Agriculture Forestry and Fisheries who is responsible for the administration of the MAP Act.
NAMC	National Agricultural Marketing Council established by section 3 of the Marketing of Agricultural Products Act (Act No. 47 of 1996 as amended Act No. 59 of 1997).

DEFINITIONS													
NAMC Priorities	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;">Pillar</th> <th style="width: 20%;">Allocation</th> </tr> </thead> <tbody> <tr> <td> Enterprise Development <ul style="list-style-type: none"> • Fund agribusinesses of black-owned farms with the procurement of production infrastructure, material and inputs. • For field crops and horticultural products, the industry shall fund with soil preparation services. • For livestock, the industry shall fund the purchase of vaccination, dosage programmes and veterinary services • Fund the cost of accreditation, various legal and professional services (such as Siza or HACCP). • The industry shall assist farmers to access the market including the facilitation of supply agreements or purchase contracts. • The industry shall fund the development of business plans. • The industry shall explore other funding alternatives to increase the transformation budget (such as CASP, Jobs Fund and others). • Assist in ensuring that appropriate agricultural infrastructure, machinery and equipment are in place and good condition (e.g. electricity and water, bio-security measures, etc.). • The industry shall procure materials, inputs and services from black-owned enterprises and agribusinesses </td> <td style="text-align: center;">60%</td> </tr> <tr> <td> Skills Development <ul style="list-style-type: none"> • The industry shall fund training and mentoring farmers and other production chain actors such as propagators, herders, processing staff and marketers, machine and equipment users, mechanics and supervisors to develop capabilities to better manage their farm and agribusinesses. • Training shall be provided by SETA- Accredited skills developers in terms of the AgriBEE Charter • To ensure these capabilities in future to manage farm and agribusinesses the industry shall fund bursaries for black people to develop such capabilities </td> <td style="text-align: center;">18%</td> </tr> <tr> <td> Management Control <p>The industry shall fund the position of transformation manager. Only appointments in this capacity of members of Black Designated Groups that promote equity shall be funded.</p> </td> <td style="text-align: center;">17%</td> </tr> <tr> <td> Socio Economic Development <p>Industries are encouraged to do activities that contribute positively to the quality of life of workers and their communities.</p> </td> <td style="text-align: center;">5%</td> </tr> <tr> <td> Ownership <p>The industry themselves or using funding alternatives shall or can purchase equity in existing enterprises for Black Designated Groups.</p> </td> <td></td> </tr> </tbody> </table>	Pillar	Allocation	Enterprise Development <ul style="list-style-type: none"> • Fund agribusinesses of black-owned farms with the procurement of production infrastructure, material and inputs. • For field crops and horticultural products, the industry shall fund with soil preparation services. • For livestock, the industry shall fund the purchase of vaccination, dosage programmes and veterinary services • Fund the cost of accreditation, various legal and professional services (such as Siza or HACCP). • The industry shall assist farmers to access the market including the facilitation of supply agreements or purchase contracts. • The industry shall fund the development of business plans. • The industry shall explore other funding alternatives to increase the transformation budget (such as CASP, Jobs Fund and others). • Assist in ensuring that appropriate agricultural infrastructure, machinery and equipment are in place and good condition (e.g. electricity and water, bio-security measures, etc.). • The industry shall procure materials, inputs and services from black-owned enterprises and agribusinesses 	60%	Skills Development <ul style="list-style-type: none"> • The industry shall fund training and mentoring farmers and other production chain actors such as propagators, herders, processing staff and marketers, machine and equipment users, mechanics and supervisors to develop capabilities to better manage their farm and agribusinesses. • Training shall be provided by SETA- Accredited skills developers in terms of the AgriBEE Charter • To ensure these capabilities in future to manage farm and agribusinesses the industry shall fund bursaries for black people to develop such capabilities 	18%	Management Control <p>The industry shall fund the position of transformation manager. Only appointments in this capacity of members of Black Designated Groups that promote equity shall be funded.</p>	17%	Socio Economic Development <p>Industries are encouraged to do activities that contribute positively to the quality of life of workers and their communities.</p>	5%	Ownership <p>The industry themselves or using funding alternatives shall or can purchase equity in existing enterprises for Black Designated Groups.</p>	
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	Participant	Any member or manager of an Eligible Organisation											
Project	A Business plan approved to receive funding from the TU.												
Project Leader	The participant in or of the Applicant who is the first-named on a Business plan represents the Applicant and presents the funding application to the TU.												

		DEFINITIONS
Vetting Committee	sub	An ad hoc committee consisting of credible persons independent of the TU, appointed from industry & externally by the TU in consultation with relevant stakeholders to assess applications and assist Applicants with advice and or services require to improve the Applicants business plan for funding.
TU Considerations (Other)		Other factors to be considered by the TU when evaluating applications: 1. Adherence to the funding rules and NAMC guidelines 2. Alignment to the TU MOI 3. Scalability e.g. potential of an enterprise to enlarge due to the investment 4. Job Creation
TU Objectives as per MOI (12)		<ol style="list-style-type: none"> 1. Generate and promote equitable access and participation within the wine value chain in and for the Wine Industry; 2. Strengthen and accelerate the development of the operational and financial capacity of wine farms and businesses owned by Black People throughout the value chain in and for the Wine Industry; 3. Assist Black People having wine brands to acquire land for agricultural and marketing purposes; 4. Increase representation of Black People, with a specific focus on black women, at management levels in wine cellars, wine businesses and industry organisations through industry programmes for human development in and for the Wine Industry 5. Promote wine companies owned by Black People and lobby support for the growth of these companies with Government Departments like the Department of Trade and Industry, Department of Women, Youth & People with Disabilities etc. 6. Promote and market wine companies owned by Black People in selected international markets directly and in collaboration with strategic partners 7. Promote ethical practices within its community of stakeholders (including workers) through the implementation of well integrated ethical trade programmes throughout the Wine Industry; 8. Become proactively involved in the empowerment and upliftment of workers and communities comprising of Black People within the Wine Industry; 9. Promote socially responsible consumption of the produce of the vine; 10. Assist in the facilitation of an all-inclusive compact for the Wine Industry; 11. Implement and receive Levies as principal and or agent payable for purposes of the above mentioned objectives 12. To carry out general administrative tasks and functions in the furtherance of its objectives

6. Objectives

The objectives of the NAMC Transformation Levy grant-fund are to:

- 6.1 To deliver benefits to the South African Wine Industry by meeting and exceeding performance on the 12 Objectives stated in the TU MOI whilst aligning all activities to the National Agricultural Marketing Council Transformation Guidelines.

- 6.2 To fund the wine enterprises owned by Black people and Black women to remove racial and gender barriers to their participation in the South African wine industry as owners and managers of their own production resources.
- 6.3 To fund the wine enterprises owned by Black people and Black women for appropriate training in wine marketing, export, technical documentation and other for these entrepreneurs and their workers.
- 6.4 To support the inclusion of Black professionals in the wine industry at decision-making levels to enhance the inclusiveness of this industry.

7. Funding Rules

- 7.1 Every application for funding and all disbursements of funds shall be approved by resolution of the Board of the TU. The Board shall not delegate this function.
- 7.2 The Transformation Levy provides grant funding only to Eligible Organisations.
- 7.3 Funding will be awarded to each Applicant on the basis of what it needs to develop to commercial level and in order to foster its potential to reach this level.
- 7.4 Applicants that produce, sell or distribute liquor products shall have a current, valid liquor license in their own name before their applications can be considered.
- 7.5 The TU shall undertake periodic evaluations of the performance and administration of the Active Projects

8. Eligible Organisations

- 8.1 The TU shall only receive and consider Proposals submitted by an Eligible Organization.
- 8.2 Every application for funding and all disbursement of funds shall be approved by the Board of the TU alone.
- 8.3 Rules of application documentation;
 - 8.3.1 The TU shall provide a standard application form as approved by its directors to any applicant who may request such a form.
 - 8.3.1.1 No applicant shall be considered unless they complete the application form, with accompanying supporting documents.
 - 8.3.1.2 The TU will, from time to time communicate a request for applications to all known businesses in business bands described in section 5. Deadlines and special requirements may be provided to applicants in such an event, and will require adherence to guidelines in order to render a fair process for all.
 - 8.3.1.3 The TU Chairperson shall communicate the outcome of said application within 7 days of the relevant TU sitting
 - 8.3.1.4 Applications may be subjected to the guidance and deliberations of an Ad hoc Vetting Sub Committee before said applications are considered by the TU.
 - 8.3.2 Applicants must be owned by black people and shall submit together with the Proposal:
 - For private companies, the following;
 - Certificate of Incorporation
 - Share certificates and register if applicable
 - Shareholders agreement (or equivalent revised company requirements)
 - Sale of Shares Agreement

- Memorandum of Incorporation
- Certified Identity Documents of shareholders (Individuals)
- BEE certificate or Affidavit
- Evidence of registration with SAWIS
- Evidence of registration with WOSA
- Evidence of registration with Vinpro
- Evidence of registration with DAFF for A code
- Valid Liquor License
- Tax Clearance Certificate

8.3.3 For Trusts, Broad based ownership Schemes (BBOS) and Employee Ownership Schemes (ESOP) the following:

- Trust Deed/ or Scheme rules and names of Trustees
- List of beneficiaries of the trusts
- Evidence that the Scheme can do business with any other entity and not only with the 'donor' (arm's length relationship) or evidence of skills development and training for the entity to operate independently.
- BEE certificate or Affidavit
- Evidence of registration with SAWIS
- Evidence of registration with WOSA
- Evidence of registration with Vinpro
- Evidence of registration with DAFF for A code
- Valid Liquor License
- Tax Clearance Certificate

8.3.4 For Service Providers, Trade Unions, NGO's and NPC's

- Proof of Registration
- Three Years Audited Financial Statements
- Certified identity documents of shareholders and beneficiaries (Individuals)
- B-BBEE certificate or affidavit reflecting BEE contribution;
- Transparent Annual Programme Reporting Processes;
- Evidence of prior impact in the given field
- Clean Audit Track Record
- Tax Clearance Certificate
- Subjection to due diligence process for directors and service providers

8.3.5 If the TU considers that a Proposal is incomplete, inaccurate or contains false or misleading information, TU may at its absolute discretion decide not to consider it for funding.

8.3.6 Examples of misleading information;

- making false claims in relation to the authorship of the Proposal;
- making false claims in relation to ownership of the Applicant;
- submitting false certifications;
- making false claims about the eligibility of the Applicant
- failing to disclose to the TU the existence, and nature, of actual or potential
- Conflicts of Interest of any of the parties involved in the Proposal.

8.4 Payments and disbursements

8.4.1 Should an application be successful, the following payment and disbursement rules will apply;

8.4.1.1 Only invoices made out to the TU's legal address will be acceptable;

8.4.1.2 Reimbursements to applicants for the incurred costs of pre-approved projects are allowed, provided said reimbursements are supported by invoices;

8.4.1.3 Should it be discovered that an applicant has committed fraud or has represented information falsely, the TU reserves the right to take punitive legal action, to cancel any further funding, to request reimbursement for any funding paid to the applicant to date and never to accept another application from said applicant and or refuse to accept applications for a period of up to 10 years.

9. Submission time

The TU shall not consider applications that are not submitted within stated timeframes provided by the TU.

10. Ad hoc funding

10.1 The TU shall disburse funds ad hoc to Applicants outside of the request submitted in the Business plan for funding.

10.2 The TU shall make a budget allocation for the ad hoc funding of such items or exigencies

10.3 Ad hoc funding shall be subject to the same funding rules as those prescribed for other forms of fund application.

11. Eligibility Process

11.1 The TU can determine whether a Business plan or funding application meets the eligibility requirements in these Funding Rules at any stage during assessment of the Business plan or application.

11.2 If a Business plan or application is ineligible, the TU shall not approve the Business plan or application for funding.

12. Activities Supported

Only activities prescribed by the directives of the NAMC Transformation Guidelines that contribute to the achievement of the TU Objectives will be supported from Transformation Levy funds

13. Business plans

13.1 All details in the Business plan or application must be current at the time of submission.

13.2 A Comprehensive Business plan may only be submitted once during the course of the same funding year.

13.3 The TU shall seek at all times to approve and disburse funds in a manner that will avoid distress to the applicant.

14. Export Councils

Funding given can be used to provide the applicants contribution to export exhibitions organised by the industry Export Council (WOSA), WESGRO, the Department of Trade and Industry (DTI) or the applicant, if so stated in the business plan.

15. Amendments to Proposals

- 15.1 Any amendments to funding proposals must be submitted to the relevant functionary of the TU by the closing date and time communicated to applicants.
- 15.2 Additions, deletions and modifications will not be accepted after submission, unless invited by the TU.

16. Assessment and Approval Process

- 16.1 Proposals shall be assessed on the basis of their potential to contribute to achieving the objectives of the Transformation Guidelines
- 16.3 Personal presentations of business plans may be permitted for questions & answers where clarity is needed by the Ad hoc Vetting Sub Committee.

17. Recommendations and Offer of Funding

- 17.1 On receiving recommendations from the Ad hoc Vetting Sub Committee the TU shall approve Proposals to be funded;
- 17.2 All Applicants will be notified of the outcomes of their Proposals, including Proposals not recommended for funding.
- 17.3 Application outcomes, funding allocations and other relevant information about the successful Proposals will be available on request by any Directly Affected Group.
- 17.4 All funding requested by the applicant and approved according to these rules shall be disbursed at once.
- 17.5 The applicant shall manage the funds according to the requirement of their business plan.
- 17.6 The Ad hoc Vetting Sub Committee shall advise the applicant on how to improve their application should they be unsuccessful.
- 17.7 The Ad hoc Vetting Sub Committee shall advise the TU on which services, skills or support are required by the applicant to ensure that their proposal can be supported unless it cannot be supported for other reasons which are spelled out herein or in the Transformation Guidelines.

18. Appeal

- 18.1 Applicants for funding are able to submit an appeal to the Board against an incorrect administrative process used to assess a Proposal or its outcome.
- 18.2 Appellants must identify the specific policy, legislation, Funding Rule, or procedure which they believe has been incorrectly applied.

19. Final Report



- 19.1 Final Report must be submitted for the Project, 12 months from the final TU approved Project end date.
- 19.2 The Final Report must address compliance with the conditions on which funding was granted.
- 19.3 If any reports are not submitted or are not satisfactory to the TU this will be noted against future Proposals submitted by the Applicant and all Participants in the Applicant.

20. Confidentiality

20.1 The TU will treat information contained in a Proposal as confidential. However, the TU may disclose information contained in a Proposal, or otherwise provided to the TU, to the extent that the information is:

- disclosed by the TU to its officers, employees or other third parties in order to assess, evaluate or verify the quality, accuracy or completeness of a Proposal;
- disclosed by the TU to its officers, employees or other third parties solely to comply with its obligations or exercise its rights;
- disclosed by TU personnel to third parties to enable effective tracking, monitoring, evaluation or auditing of Transformation Levy sponsorship to the TU;
- disclosed by the TU to the Minister of DAFF and its staff;
- authorised or required by law to be disclosed;
- available in the public domain.

21. Commencement

These Funding Rules take effect immediately.

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