



SA Wine Industry Transformation Unit NPC

FUNDING RULES

BLACK OWNED ENTERPRISES

2021

SOUTH AFRICAN WINE INDUSTRY TRANSFORMATION UNIT NPC

Funding Rules - 2021

1. Introduction

The Transformation Levy provides for 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 (SAWITU) aims to do this by meeting and exceeding performance on the 12 objectives stated in the SAWITU Memorandum of Incorporation while adhering in all its funding activities to the designated purpose and conditions spelt out in the Transformation Guidelines of the National Agricultural Marketing Council (NAMC) and to 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 SAWITU.

2. Purpose

The Funding Rules are policies and procedures whose purpose is to guide SAWITU and applicants, inform wine industry stakeholders and to ensure that all applicants are processed **fairly, transparently and consistently**. They are designed to make SAWITU's processes efficient and cost-effective.

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. 53 of 2003, amended in Act 46 of 2013)
- 3.3 Amended Agri-BEE Sector Code of 2017
- 3.4 Employment Equity Act (Act No.55 of 1998, amended 2012)
- 3.5 Skills Development Act (Act No. 97 of 1998, amended 2012)
- 3.6 Western Cape Liquor Act No. 4 of 2008
- 3.7 Income Tax Act No.58 of 1962
- 3.8 Companies Act, No 71 of 2008
- 3.9 Trademarks Act, no 194 of 1993

4. Application of the Funding Rules

Please note that the funding available and approval are dependent on SAWITU Statutory levy application approval.

- 4.1 The Funding Rules set out in this document are binding on all applicants and to the appraisal committee.
The board must ensure that all who act on behalf of SAWITU 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 SAWITU.
- 4.3 These Funding Rules apply to organisations and programmes funded through the Transformation Levy administered by SAWITU.

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| <p>SAWITU Considerations (Other)</p> | <p>Other factors to be considered by SAWITU when evaluating applications:</p> <ol style="list-style-type: none"> 1. Adherence to the funding rules and NAMC guidelines; 2. Alignment to SAWITU MOI; 3. Scalability e.g. potential of an enterprise to enlarge due to the investment; 4. Job Creation. 5. Increase business opportunities for black people 6. Economic realities of the wine industry |
| <p>SAWITU Objectives as per MOI (12)</p> | <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 with 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 |

5. Definitions

| DEFINITIONS | |
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| Active Project | An applicant that is receiving or has received funding according to the terms approved by SAWITU, or an approved variation to the project's end date. |
| Applicant | An eligible organisation which submits a business plan for grant funding or loan and which will be accountable to SAWITU for the use of approved cash or funded capital items purchased by SAWITU as requested in the business plan. |
| 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 detailed plan for the development of an enterprise SAWITU for the provision of funding or loan 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 SAWITU 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 >51% Black-owned South African registered business entity as specified in the Transformation Guidelines. The said business must be active in the wine industry, must not be involved in Fronting as defined in Section 130 of BBBEE Act 2013 and Statement 000. Members or beneficiaries must be South African Citizens. |
| Funding Agreement | The agreement entered into by SAWITU and an applicant when a business plan from that organisation is approved for funding. |
| Funding Offer/ Letter | The terms and conditions attached to the funding approval for a business plan, as specified in writing by an authorised SAWITU official. |
| Funding Priorities | Priority funding areas identified by the revised Agri-BEE Codes of 2017 and the Transformation Guidelines of the NAMC. |
| Funding Rules | These rules, approved by SAWITU for disbursement of Levy funds. |
| Industry Operational Band | The point in the value chain where the Eligible Organisation operates; <ol style="list-style-type: none"> 1. Wine 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 SAWITU's objectives |
| Liquor Act | Western Cape Liquor Act No. 4 of 2008 and National Liquor Act 59 of 2003 |
| MAP Act | The Marketing of Agricultural Products Act (Act No. 47 of 1996 as amended Act No. 59 of 1997). |
| Minister | The Minister of the Department of Agriculture Land Reform and Rural Development and Land Reform (DARDLR) 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). |
| Participant | Any member or manager of an eligible organisation. |

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| Project | A business plan approved to receive funding from SAWITU. | |
| 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 SAWITU. | |
| Appraisal Committee | An ad hoc committee consisting of credible persons independent of SAWITU, appointed from industry & externally by SAWITU in consultation with relevant stakeholders to assess applications for funding or loan. | |
| Women-Owned Enterprise | A business that is at least 51% owned by one or more women or in the case of any publicly-owned business, at least 51% of the stock of which is owned by one or more women and the management and daily business operations of which are controlled by more women. | |
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| NAMC Priorities highlighted in 2018 NAMC Guidelines | Pillar highlighted in 2018 NAMC Guidelines | Allocated proportion of total SAWITU budget |
| Enterprise Development | <p>Fund agribusinesses of black-owned farms with the procurement of production infrastructure, material and inputs.</p> <ul style="list-style-type: none"> • 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 revised AgriBEE Codes 2017 | 18% |

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| | To ensure these capabilities in future to manage farm and agribusinesses the industry shall fund bursaries for black people to develop such capabilities. | |
| Management Control | 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. | 17% |
| Ownership | The SAWITU board may on a yearly basis and if budget allow to allocate funds for ownership support that could be utilised as an aid/ leverage funds in acquiring land or infrastructure. | |
| Socio Economic Development | Industries are encouraged to do activities that contribute positively to the quality of life of workers and their communities. | 5% |

6. Objectives

The objectives of the NAMC Transformation Levy grant-funds are:

- 6.1 To deliver benefits to the South African Wine Industry by meeting and exceeding performance on the 12 Objectives stated in SAWITU MOI whilst aligning all activities to the National Agricultural Marketing Council Transformation Guidelines (2018).
- 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 land and production infrastructures.
- 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 SAWITU. 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 a sustainable level and in order to foster its potential to reach this level.
- 7.4 Applicants that produce, sell or distribute products of the vine and liquor shall have a current, valid liquor licence or a customs export licence in their own name before their applications can be considered.
- 7.5 SAWITU shall undertake periodic evaluations of the performance against and set out conditions of the active projects. Applicants are to afford SAWITU staff and its delegated contractors access to production and financial records for monitoring and impact assessments to be carried out regularly.
- 7.6 Applicants are required to provide said staff and contractor's access to vineyards and other project-related sites such as vineyards and water abstraction points.
- 7.7 Furthermore, access should be provided to third parties who might impact upon the sustainability of their businesses. The said third parties might be owners of adjacent land where servitudes are registered, water abstraction points, water users associations, grape purchasers, input suppliers,

banking staff and providers of funding such as government agencies. SAWITU staff or consultants should be provided access to property.

7.8 Funding would be subject to approval process.

8. Eligible Organisations

8.1 SAWITU 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 SAWITU alone.

8.3 Rules of application documentation;

8.3.1 **SAWITU shall provide a standard application form template** 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 template with accompanying supporting documents.

8.3.1.2 SAWITU will, from time to time communicate a request for applications.

8.3.1.3 Deadlines and special requirements may be provided to applicants in such an event, and will require adherence to guidelines to render a fair process for all.

8.3.1.4 The SAWITU Operations Manager shall communicate the outcome of said application within 10 days of the relevant SAWITU board sitting.

8.3.1.5 Applications will be subjected to the guidance and deliberations of an adhoc appraisal committee before the said applications are considered by SAWITU.

8.3.2 **Applicants must be** level 1 or 2 or members of the designated groups and shall submit the following supporting documentation together with their business plan:

For private companies, all of the below documents must be supplied with applications. **No late submissions will be accepted.**

Black Owned Enterprises (Wine and-Brandy)

- I. Latest Business plan
- II. SAWITU Application Checklist
- III. Certificate of Incorporation (or equivalent)
- IV. Share certificates and register (if applicable)
- V. Shareholders agreement (or equivalent revised company requirements)
- VI. Memorandum of Incorporation (or equivalent)
- VII. Certified Identity Documents of Directors (Individuals)
- VIII. Valid B-BBEE certificate or DTI approved Affidavit
- IX. Evidence of registration with SAWIS
- X. Evidence of registration with WOSA
- XI. Evidence of registration with Vinpro membership
- XII. Valid Liquor Licence/ Proof of renewal or Customs Export Licence
- XIII. Valid Tax Clearance Certificate / Tax online number
- XIV. Signed 2021 Annual Financial Statements

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

- Latest business plan
- SAWITU Application Checklist
- Certificate of Incorporation
- Share certificates
- Shareholders agreements (or equivalent revised company requirements)
- Memorandum of Incorporation (or equivalent)
- Certified Identity Documents of trustees/ directors (Individuals)
- Valid B-BBEE certificate or DTI approved Affidavit
- 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' or partner (arm's length relationship) or evidence of skills development and training for the entity to operate independently.
- Evidence of registration with SAWIS
- Evidence of registration with WOSA
- Evidence of registration with Vinpro membership
- Valid Liquor Licence/ Proof of renewal or Customs Export Licence
- Valid Tax Clearance Certificate/ Tax online number
- Signed 2021 Annual Financial Statements

8.3.4 If SAWITU considers that a proposal is incomplete, inaccurate or contains false or misleading information, SAWITU may at its absolute discretion decide not to consider it for funding.

8.3.5 Examples of misleading information;

- making false claims in relation to the authorship of the business plan;
- 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 SAWITU 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;
- 8.4.2 Only invoices made out in SAWITU's legal address will be acceptable;
- 8.4.3 Reimbursements to applicants for the incurred costs of pre-approved projects are allowed, provided said reimbursements are supported by invoices and are supported by the business plan.
- 8.4.4 SAWITU shall reserve the right to carry out its own procurement processes in consultation with the applicant.
- 8.4.5 Payments and disbursements of funds will commence as soon as the board approval is received as well as signed grant funding letters
- 8.4.6 Companies who have loans in arrears will not receive disbursements of funds until the loan is paid in full or paid up in terms of the agreement.
- 8.4.7 Should it be discovered that an applicant has committed fraud or has represented information falsely, SAWITU 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 the said applicant and or refuse to accept applications for a period of up to 10 years.

9. Submission time

SAWITU shall not consider applications that are not submitted within stated timeframes provided by SAWITU.

10. Ad hoc funding

- 10.1 Under certain circumstances SAWITU shall consider disbursing funds on ad hoc basis to applicants outside of the request submitted in the business plan for funding.
- 10.2 SAWITU 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 SAWITU fund application.
- 10.4 An applicant must show proof that the ad hoc funding was not budgeted for in the business plan and is unforeseen spending.

11. Eligibility Process

- 11.1 SAWITU 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, SAWITU 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 SAWITU Objectives will be supported from the 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 SAWITU 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 business plans

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

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 NAMC Transformation Guidelines (2018)
- 16.3 Personal presentations of business plans may be permitted for questions & answers where clarity is needed by the ad hoc appraisal committee.

17. Recommendations and Offer of Funding

- 17.1 On receiving recommendations from the ad hoc appraisal committee SAWITU shall approve or not 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, provided such a request carries approval of the applicant.
- 17.4 All funding requested by the applicant and approved according to these rules shall be disbursed as a single payment or in tranches at the discretionary of SAWITU.
- 17.5 The applicant shall manage the funds according to the requirement of their business plan and grant funding letters.
- 17.6 The ad hoc appraisal committee shall advise the applicant on how to improve their application should they be unsuccessful.
- 17.7 The ad hoc appraisal committee shall advise SAWITU 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 NAMC Transformation Guidelines (2018).

18. Appeal

- 18.1 Applicants are able to submit an appeal to the SAWITU board if they are not in agreement with the assessment of their business case.
- 18.2 In their written submission, appellants must identify the specific policy, legislation, funding rule, or procedure which they believe has been incorrectly applied.
- 18.3 In the event that no communication is available regarding an application, the applicant can request the SAWITU board to intervene, after which the applicant could escalate this to the NAMC.

19. Final Report

- 19.1 A final report must be submitted for the project, 12 months from the final SAWITU 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 SAWITU this will be noted against future proposals submitted by the applicant and all participants in the applicant's business plan.

20. Confidentiality

- 20.1 SAWITU will treat information contained in a proposal as confidential. However, SAWITU may disclose information contained in a proposal, or otherwise provided to SAWITU, to the extent that the information is:
 - ❖ disclosed by SAWITU 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 SAWITU to its officers, employees or other third parties solely to comply with its obligations or exercise its rights;
 - ❖ disclosed by SAWITU personnel to third parties to enable effective tracking, monitoring, evaluation or auditing of the Transformation Levy sponsorship to SAWITU;
 - ❖ disclosed by SAWITU to the Minister of DALRRD and its staff;
 - ❖ authorised or required by law to be disclosed;
 - ❖ available in the public domain

21. Commencement

These Funding Rules take effect immediately and shall only be amended at the end of the statutory measure. If there are any extraordinary circumstances then the Funding Rules might be amended.

Any related enquiries can be addressed in writing to Wendy Petersen at wendy@witu.co.za and applications@witu.co.za

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