



SA Wine Industry Transformation Unit NPC

FUNDING RULES

BLACK OWNED FARMS

2023

SOUTH AFRICAN WINE INDUSTRY TRANSFORMATION UNIT NPC

Funding Rules- 2023

1. Introduction

The Transformation Levy provides for grant-funding or paid technical assistance 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 SAWITU 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. 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 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

4. Application of the Funding Rules

- 4.1 The Funding Rules set out in this document are binding to all applicants. 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.

<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
<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 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

5. Definitions

DEFINITIONS	
Active Project	An applicant that is receiving or has received funding according to the terms approved by SAWITU, or an authorised deviation from the project's end date.
Applicant	An eligible organisation which submits a recognised application form (referred to hereinafter as a business plan) for grant funding or technical support 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 descent; 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 SAWITU 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 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 involve in Fronting as defined in Section 130 of B-BBEE 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	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 AgriBEE 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; 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 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	
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 and assist applicants with advice and or services require to improve the applicant's business plan for funding.	
NAMC Priorities highlighted in 2018 NAMC Transformation Guidelines	Pillar highlighted in 2018 NAMC Guidelines	Allocated proportion of total SAWITU budget
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 of farmers and other production chain actors such as propagators, herders, processing staff and marketers, machine and equipment users, 	18%

	<p>mechanics and supervisors to develop capabilities to better manage their farm and agribusinesses.</p> <ul style="list-style-type: none"> ▪ Training shall be provided by SETA- Accredited skills developers in terms of the revised AgriBEE Codes (2017) ▪ 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	<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%
Ownership	<p>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.</p>	
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%

6. Objectives

The objectives of the NAMC Transformation Levy grant-fund 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 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 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 be at sustainable level and in order to foster its potential to reach this level.
- 7.4 Applicants that produce, sell or distribute liquor products must have a current, valid liquor licence or customs export licence in their own name before their applications can be considered.
- 7.5 SAWITU shall undertake periodic evaluations of the performance and administration of the active projects. Applicants are to afford SAWITU staff and its delegated contractor's 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 reasonable 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.

8. Eligible Organisations

- 8.1 SAWITU shall only receive and consider proposals submitted by an eligible organisation.
- 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 (referred to interchangeably in this document to the business plan), with accompanying supporting documents.
- 8.3.1.2 SAWITU will, from time to time communicate a request for applications to all known businesses in business that can be described as black owned grape farms. 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.
- 8.3.1.3 The SAWITU Executive Manager shall communicate the outcome of said application within 10 days of the relevant SAWITU board sitting
- 8.3.1.4 Applications may be subjected to the guidance and deliberations of an appraisal committee before the said applications are considered by SAWITU.

8.3.2 **Applicants must be black people** and shall submit the following supporting documentation together with the business plan:

All of the below documents must be supplied with applications. **No late submissions will be accepted.**

- ✓ 2023 SAWITU Application Checklist
- ✓ Latest Business Plan
- ✓ Certificate of Incorporation (or equivalent)
- ✓ Share certificates and register (if applicable)
- ✓ Shareholders agreement (or equivalent revised company requirements)
- ✓ Sale of Shares Agreement (if applicable)
- ✓ Memorandum of Incorporation (or equivalent)
- ✓ Certified Identity Documents of Directors (Individuals)
- ✓ Valid BEE certificate or DTI approved Affidavit
- ✓ Evidence of registration with SAWIS
- ✓ Evidence of registration with Vinpro membership
- ✓ Valid Tax Clearance Certificate / Tax online number
- ✓ Signed 2023 Annual Financial statements
- ✓ Water usage rights/ Proof of water source (whether for dams, boreholes abstraction, stream or river abstraction or water user association allocations), unless SAWITU is being asked by way of the Business Plan to assist in obtaining such a licences.
- ✓ Long term lease agreement or Title Deed (in cases where land is owned by the applicant)
- ✓ A schedule of all grants and loans awarded to the business since its inception.
- ✓ In cases where the request is to establish new vineyards on virgin land, the requisite Department of Environmental Affairs permit needs to be provided to SAWITU. If SAWITU is being requested (as part of the Business Plan) to assist in acquiring permission from the said department to plant new vineyards, then SAWITU may consider assisting with the application process.

Applicants shall be required to disclose all details of previous grant or debt funding applications made to third parties and to afford SAWITU access to all funding application forms and attachments provided to the said third parties. Failure to provide this information may jeopardise an applicant's chances of being approved for Levy grant funding or technical assistance.

8.3.5 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.

8.3.6 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 SAWITU shall pay vendors of approved farm inputs, overheads and capital items directly, unless otherwise arranged with the applicant and vendor of goods or services.
- 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.
- 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.
- 8.4.5 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.

- 8.4.6 Tranche payments will be approved as soon as progress and performance reports are received.
- 8.4.7. No price gouging, extra profit margins, hidden kick-backs or finder's fees are allowed by any party during any stage of the procurement of goods approved under a SAWITU grant. Should such occurrences be discovered, point 8.4.5 of these Funding rules shall apply.

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 or technical assistance on an 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 or technical support.

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 Transformation Levy funds

13. Business plans

13.1 All details in the business plan must be current at the time of submission.

13.2A 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. Third Party Funders

Funding given can be used to provide the applicants equity contribution to third party loans or grants.

15. Amendments to business plans

15.1 Any amendments to business plans must be submitted to the relevant functionary of the 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 board shall approve or not approve proposals to be funded;

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- 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 the approval of the applicant.
 - 17.4 The applicant shall manage the funded items according to the requirement of their business plan and mentorship.
 - 17.5 The appraisal committee shall advise the applicant on how to improve their application should they be unsuccessful.
 - 17.6 The 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 for funding 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.

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 Transformation Levy sponsorship to SAWITU;
- ❖ disclosed by SAWITU to the Minister of Department of Agriculture, Land Reform and Rural Development 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

Wendy Petersen

Executive Manager

Landline number: +27 21 276 3210

www.witu.co.za