



WINE AND SPIRITS FUND



agriculture

Department:
Agriculture
REPUBLIC OF SOUTH AFRICA



Funded by
the European Union



WINE AND SPIRITS FUND

ABOUT THE PROGRAMME:

The Wine and Spirits Fund has been established in partnership with the Department of Agriculture, and the European Union (EU) for the implementation of the Support Programme for Transformation of the Wine and Spirits sector in South Africa. For effective implementation, the programme has been divided into two components: transformation (valued at MEUR 10) as well as marketing/distribution (valued at MEUR 5).

The Fund is meant to facilitate the transformation of the sector for inclusion and meaningful participation of Black producers across the value chain, and seeks to foster equitable access to land, socio-economic development, education, training and development. The Land and Agricultural Development Bank of South Africa (“Land Bank”) has been appointed as the implementing agent for the transformation component of the programme. National Agricultural Marketing Council will implement the marketing and distribution component of the programme.

ABOUT LAND BANK

Land Bank is a specialist agricultural bank that offers tailor made financial solutions for our valued clients to enable farmers to finance land, equipment, asset acquisition and improvements including short term and production credit facilities. Our value added services include insurance, business development and support services. As a development finance institution, we leverage funding from public and private sector partnerships to offer enabling funding solutions geared towards ensuring inclusivity, sustainability and growth in the agricultural sector. In this regard, Land Bank is committed to sustainable finance and development and is a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) which fosters the implementation of the Principles of Responsible Banking.

TARGETED BENEFICIARIES:

Targeted beneficiaries are entities and players within the wine and spirits value chain such as:

- Farm workers
- Black farm owners
- Black-owned brands

The Fund seeks to support black-owned and transformed enterprises engaged in the value chain in achieving sustainability and growth, with priority given to projects with high developmental impact.



QUALIFYING AND SELECTION CRITERIA

- South African citizens with a valid ID and registered business entity.
- Black-owned and managed enterprises operating within the wine and spirits sector.
- Minimum 51% Black-owned enterprises; alternatively, ability to demonstrate that funding will result in a Black share holding of no less than 51%. [delete: Majority black-owned or shareholding of at least 51 percent black owned – if not already, demonstration that funding will assist shareholders in achieving the ownership threshold] (transactions related to new acquisitions will be capped at 49%).
- Ability to prove funding will benefit women-owned and youth-owned enterprises and enterprises owned by other marginalised and previously disadvantaged groups or individuals.
- Ability to demonstrate that the transaction will expedite economic development and transformation in the sector; contributing to inclusive sectoral growth.
- Consent to co-opting management capacity should Land Bank's technical advisory services deem this a condition of funding.
- Consent to further skills development and training where applicable.
- Consent to the implementation of funder-approved financial and administrative systems for reporting and/or business management systems, as well as application of funder-approved monitoring and evaluation processes where applicable.
- Consent to regular monitoring and evaluation audits by Land Bank and/ or its appointed external parties.
- Social compliance as well as, Wine and Agricultural Ethical Trading Association.
- Social compliance as well as, Wine and Agricultural Ethical Trading Association ethical certification for existing businesses; where this is not in place, funding provision must be made for this to be put in place.
- Where applicable, a Social Development Plan that addresses the development needs of farm workers must be provided

SECTOR FOCUS

The Fund is intended to support projects operating in the Wine and Spirits sector value chain in South Africa.

EXCLUSIONS

- Politicians in public office.
- Employees of Government, Land Bank and other state-owned Enterprises, including politicians, will not be eligible to receive grant funding and/or support from the Fund.
- Employees of all organisations serving as administrators of the programme within credit providers.
- Special advisors for agricultural programmes (local, provincial and national).
- Foreign nationals, dual citizenship and illegal immigrants.
- Where 100% acquisition of a business is required at initial investment by applicant(s). Politically exposed persons posing reputational risk as identified through the credit provider's lending policies, including but not limited to anti-money laundering risk management and compliance policies. Investment in farms under land claims and/or debt distress).
- Applicant(s) who are passive investors and not in any way directly involved in the business.
- Non previously disadvantaged individuals (PDIs).



- Applicant(s) found to have mismanaged previous government support.
- Applicant(s) with pending litigation or liquidation proceedings or court judgement or court order or commencement of business rescue proceedings.
- Applicant(s) who are passive investors and not in any way directly involved in the business.

FUNDING INSTRUMENTS

TYPE	PURPOSE	AMOUNT
Grant	Assist with funding business requirements	R500 000 to R3.5mil
Equity contributor	Leverage funding from Land Bank and other financial institutions	R3.5mil to R10mil

NB:

- The above two grant possibilities are mutually exclusive.
- Land Bank will make discretionary decisions on a case-by-case basis to determine the split of the funding to the different categories to support the objectives of the programme.

SELECTION CRITERIA AND CONDITIONS FOR FUNDING

A. General Consideration:

- The funds must only be utilised for the purpose for which they were advanced and the applicant(s) will provide the Land Bank access to information required to verify the use of the advances made.
- For value adding and agro-processing infrastructure, applicants must demonstrate the ability to sustain the operations of the marketing/operating facility running at full capacity.

Successful applicants will be required to enter into a legally binding contract with Land Bank that sets out, amongst other things the rights, roles and responsibilities of each party to the contract.

B. Equity Acquisitions

For equity and interest acquisition across the wine and spirits sector value chain, allocated funds will be utilised as follows:



New Equity deals:

- Meant to empower designated groups who wish to acquire equity and shares which would result in their equity ownership and/or acquiring other interests in a viable and suitable business enterprise.
- For equity deals, applicants may only be assisted to acquire at most up to 49% in the initial investment. This is to ensure a skills transfer over time and that the business continues to be viable and sustainable.
- Applicants will be required to comply fully with the eligibility criteria and all other funding requirements.

Increasing Equity Ownership and Interest Acquisition

- Meant to support acquisition of increased equity share and/or other interests in a viable and sustainable agricultural business enterprise. In essence, the funds will be available to transform narrow-based empowerment into broad-based empowerment through increased shareholding and interest acquisition by Black-owned entities.

FUNDING SCOPE

- Acquisitions of viable primary and other secondary entities operating within the wine and spirits sector value chain.
- Support to existing operations for expansion in production on privately owned or land reform farms (Brownfield and Greenfield operations).
- The purchasing of capital equipment and infrastructure development (“CAPEX”).
- Working capital and/or production capital (“Production Facility”).
- Finance WIETA certification requirements where applicable.
- Equity acquisitions or expansions.

CONTACT DETAILS

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HOW TO APPLY TO THE LAND BANK

Visit our local branches;

Log an enquiry via our website at www.landbank.co.za

and contact provincial offices via our website at

<https://landbank.co.za/Pages/Contact-Us.aspx>