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This action is funded by the European Union

ANNEX 2

of the Commission Implementing Decision on the Annual Action Programme 2018 in favour of the Republic of South Africa to be financed from the general budget of the Union

Action Document for the Support Programme to the transformation of the Wines and Spirits Sector in South Africa

<table>
<tr><td>1. Title/basic act/ CRIS number</td><td colspan="4">Support Programme to the transformation of the Wines and Spirits Sector in South Africa CRIS number: DCI-AFS/040-854
financed under the Development Cooperation Instrument (DCI)</td></tr>
<tr><td>2. Zone benefiting from the action/location</td><td colspan="4">Zone: Africa
The action shall be carried out at the following location: Republic of South Africa.</td></tr>
<tr><td>3. Programming document</td><td colspan="4">Multi-Annual Indicative Programme (MIP) between the Republic of South Africa and the European Union for the period 2014-2020</td></tr>
<tr><td>4. Sector of concentration/ thematic area</td><td colspan="2">Wine and spirits - development of new entrants to market and transformation of the industry</td><td colspan="2">DEV. Aid: YES[1]</td></tr>
<tr><td>5. Amounts concerned</td><td colspan="4">Total estimated cost: EUR 10 000 000
Total amount of EU budget contribution EUR 10 000 000
of which EUR 10 000 000 for budget support</td></tr>
<tr><td>6. Aid modality and implementation modality</td><td colspan="4">Budget Support
Direct management - Budget Support: Sector Reform Contract</td></tr>
<tr><td>7 a) DAC codes</td><td colspan="4">32130– SME development – 60%
32161 – Agro-industries – 100%</td></tr>
<tr><td>b) Main Delivery Channel</td><td colspan="4">10000 Public Sector Institution</td></tr>
<tr><td rowspan="13">8. Markers (from CRIS DAC form)</td><td>General policy objective</td><td>Not targeted</td><td>Significant objective</td><td>Main objective</td></tr>
<tr><td>Participation development/good governance</td><td>☐</td><td>✓</td><td>☐</td></tr>
<tr><td>Aid to environment</td><td>☐</td><td>✓</td><td>☐</td></tr>
<tr><td>Gender equality (including Women In Development)</td><td>☐</td><td>✓</td><td>☐</td></tr>
<tr><td>Trade Development</td><td>☐</td><td>☐</td><td>✓</td></tr>
<tr><td>Reproductive, Maternal, New born and child health</td><td>✓</td><td>☐</td><td>☐</td></tr>
<tr><td>RIO Convention markers</td><td>Not targeted</td><td>Significant objective</td><td>Main objective</td></tr>
<tr><td>Biological diversity</td><td>✓</td><td>☐</td><td>☐</td></tr>
<tr><td>Combat desertification</td><td>✓</td><td>☐</td><td>☐</td></tr>
<tr><td>Climate change mitigation</td><td>✓</td><td>☐</td><td>☐</td></tr>
<tr><td>Climate change adaptation</td><td>✓</td><td>☐</td><td>☐</td></tr>
<tr><td>9. Global Public Goods and Challenges (GPGC) thematic flagships</td><td colspan="4">Not relevant</td></tr>
</table>

[1] Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

10. Sustainable Development Goals (SDGs)	**Primary:** Goal 1 - End poverty in all its forms everywhere, and Goal 10 - Reduce inequality within and among the countries. **Secondary:** Goal 2 - End hunger, achieve food security and improved nutrition and promote sustainable agriculture, Goal 6 - Ensure availability and sustainable management of water and sanitation for all, and Goal 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

SUMMARY

The main objective of the "Support Programme to the transformation of the Wine and Spirits Sector in South Africa" is to address the transformation of the wines and spirits industry where the direct beneficiaries are farm workers, black farm owners and black-owned brands. The issues in the industry revolve around the lack of a shared vision by stakeholders and role players. The industry is racially skewed and primarily benefits a specific population group as a legacy, remnant of the colonial and apartheid era. Among farm workers, social pathologies remain, such as poor health, alcohol abuse, poor housing and living conditions, unemployment, illiteracy and lack of specialised skills.

The priority areas for support under this action to ensure a sustainable transformation strategy include: (i) more equitable access to land; (ii) education, training and development; and (iii) socio-economic development. A set of broad actions that will contribute to overall transformation include: increasing the percentage of land used for wines and spirits related farming that is black owned; a more efficient utilisation of training resources through industry centralisation and management in order to prevent duplication and ensure better coordination of efforts; designing a needs analysis outcome identifying the correct training needs of beneficiaries that allows the progression of workers; and resulting from the aforementioned actions - because applicants for funding will be required to indicate how their project will contribute to address farm workers' socio-economic development issues - positive reform in society, for instance, farms and cellars participating in alcohol abuse programmes; as well as increasing the number of registered crèches on wine farms.

This programme will be implemented through budget support. The choice of budget support takes into account the fact that the fundamental values, macroeconomic policy, Public Finance Management and budget transparency and oversight have been assessed and found to be satisfactory. In addition, appropriate government institutions and policies are in place to allow for positive uptake of the programme. The Department of Agriculture, Forestry and Fisheries aims to advance food security and agrarian transformation in the agricultural sector through innovative, inclusive and sustainable policies and programmes. Working to transform the agricultural sector in South Africa by providing sustainable financing to emerging farmers, the implementing agent, Land Bank, is involved in the adjudication and approvals of applications for funding.

A Programme Steering Committee will be established comprising of government, the private sector, the EU and cooperating partners to provide strategic guidance and oversight of the programme's implementation.

1. CONTEXT

1.1. Sector/Country/Regional context/Thematic area

1.1.1. Public Policy Assessment and EU Policy Framework

The proposed intervention is consistent with a number of government policies including the National Development Plan (NDP), the Broad-Based Black Economic Empowerment (B-BBEE)

Act and its Codes of Good Practice, the New Growth Path (NGP), the Delivery Agreements under the government's Outcomes-Based Approach, the Medium Term Strategic Framework (MTSF), Integrated Growth and Development Plan (IGDP) and the Agricultural Policy Action Plan (APAP). The relevant objectives of some of these policy documents are set out below.

The NDP articulates a vision of an economy that is inclusive, equitable and fast growing. Vision 2030 of the NDP calls for an inclusive rural economy and speaks of the inclusivity and integration of rural areas, through successful land reform, job creation and poverty alleviation, and places agriculture as the driving force behind this vision.

The B-BBEE Act intends, among other things, to increase the number of black people that manage, own and control enterprises and productive assets, facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises; human resources and skills development; promoting preferential procurement, which involves the purchase of goods and services from enterprises that are owned or managed by black people. The B-BBEE Codes of Good Practice provide a framework within which private companies are assisted to comply with B-BBEE throughout the chain of supply, from first-tier suppliers to government downwards.

The APAP aligns itself to the NGP, the NDP, and the MTSF in respect of Outcomes 4, 7 and 10 (to protect and enhance our environmental assets and natural resources) and is also aligned to the Industrial Policy Action Plan. It seeks to assist in the achievement of Outcome 4, Decent Employment through Inclusive Growth, and that of Outcome 7, Comprehensive Rural Development and Food Security. According to the APAP's broad context, the wine industry in South Africa is an important export industry and wine exports, in particular, have skyrocketed since the deregulation of South African markets.

The NGP seeks to shift the economy towards strong, sustained, and inclusive economic growth with an emphasis on the rebuilding of the productive sectors of the economy. Infrastructure development and agriculture, in particular, have been identified as a foundation for more jobs and addressing rural underdevelopment. Restructuring of land reform to support smallholder schemes with comprehensive support around issues such as infrastructure, marketing, finance, extension services, is one of the broad policy guidelines for agriculture by the NGP.

The wine industry transformation and development falls within the first cycle (i.e. 2014-2019) of the MTSF for the rural sector which focuses primarily on these imperatives that are a core foundation for an inclusive and integrated rural economy: (a) improved land administration and spatial planning for integrated development with a bias towards rural areas, (b) improved and sustainable agrarian reform and food security, (c) smallholder farmer development and support (technical, financial, infrastructure), and (d) sustainable rural enterprises and industries characterised by strong rural-urban linkages, increased investment in agro-processing, trade development and access to markets and financial services.
South Africa currently is the 12^{th} largest wine producer in the world. The wine industry contributes approximately R36 billion (about EUR 2.5 billion) to the South African economy and contributes 3% of the total world wine production through 3 300 wine grape producers and 560 wine cellars. The wine value chain contributes roughly 2.2% to the annual total gross domestic product (GDP) of South Africa. It is significant to note that the initial value of raw materials only makes up 16% of the eventual contribution to GDP after beneficiation. This illustrates the exceptional ability of the wine value chain to contribute to the economy through not only primary agriculture but also down-stream activities. 54% of the GDP created by the wine value chain stays in the Western Cape Province. The industry is further responsible for roughly 8.8% of total employment in the Western Cape and 2.2% for the country and creates 275 000 employment opportunities in the value chain.

The wines and spirits sector has set out a number of broad objectives for the overall transformation of the industry.

In recent years, the wine and spirits industry has taken the initiative to chart a comprehensive strategy to effect sustainable growth, while ensuring that all relative stakeholders are engaged in the process. The Wine Industry Strategic Exercise (WISE) is a recently crafted, thorough, market-focused industry situation analysis, aimed at building a sustainable growth strategy for the wine and spirits industry of South Africa. Identified Wine Industry Strategic Exercise focus areas and actions, in turn, feed into the Wine Industry Value Chain Round Table (WIVCRT), a multi-stakeholder advisory committee, comprising of government, wine industry and labour and civil society groups, which seeks to meet the same end.

The Southern African Development Community - EU Economic Partnership Agreement (Protocol 3) refers to the EU commitment to provide assistance of EUR 15 million for the restructuring of the South African wines and spirits industry and for the marketing and distribution of the country's wines and spirits products. This commitment originates in the SA-EU Trade, Development and Cooperation Agreement (TDCA) - more specifically under the Agreement on Trade in Wines and Spirits under geographical indications negotiations - and is captured in its Annex X. To date, the South African wines and spirits industry has phased out the use of geographical and non-geographical denominations originating in the EU in both the local and international markets as per the Agreement.

1.1.2. Stakeholder analysis

The final beneficiaries of the programme will be the people of South Africa who will benefit from a reduction in poverty and improved standards of living, through economic growth and a more equitable distribution of wealth. The direct beneficiaries of the programme will be farm workers, black farm owners and black-owned brands in the wines and spirits industry. The wine industry will benefit from capacity building and enhanced access to markets, appropriate financing and an improved administrative and regulatory environment, while the relevant government departments and local authorities will be able to access resources necessary to assist with the implementation of their policies in this area.

Meeting on a quarterly basis, the WIVCRT is tasked by government to effect government policies, infrastructure development, patterns of black business ownership, market access, mobilisation of resources and employee wellness. The overall objective of the body is to transform the industry to better reflect the ideals of a liberated South Africa where black people realise the opportunity of shared ownership and improved livelihoods while fostering an inclusive growth strategy researched in the Wine Industry Strategic Exercise process.
Under the coordination of the National Treasury (NT), the main relevant government departments which are expected to be key partners in implementation were identified and consulted during formulation i.e. Agriculture, Fisheries and Forestry, and Trade and Industry. Land Bank, a government-owned finance institution, was also identified and consulted as one of the key implementing partners. During formulation, consultations with a number of private sector actors (e.g. wine industry role players and WIVCRT participants and representatives) were carried out to solicit their views and inputs to the programme.

1.1.3. Priority areas for support/problem analysis

The specific problem statement on transformation from the perspective of the WIVCRT Transformation Work stream is that there is a lack of a shared vision by stakeholders and role players in the wine industry. The economy of the wine industry is racially skewed and primarily benefits a specific population group as a legacy, remnant of the colonial and apartheid era. At the same time, among farm workers, the social pathologies such as poor health and alcohol abuse remain, as well as poor housing and living conditions, unemployment, illiteracy and lack of specialised skills.

There are resources available to assist in addressing the problems identified above but they are currently not sufficient. Funding for transformation is available from the levies collected by industry and overseen by the National Agricultural Marketing Council. Of the total levies, 20% is earmarked for transformation. At present, this amounts to approximately ZAR 20 million (about EUR 1.4 million) per year. The Wine and Brandy Industry Transformation Unit[2] has the responsibility to ensure that the levies are used in line with the guidance from the National Agricultural Marketing Council. There is also funding available for transformation activities in the agriculture sector as a whole under the Agriculture Broad-Based Black Economic Empowerment Fund.

The priority areas for support under this action to ensure a sustainable transformation strategy are as follows:

1. <u>More equitable access to land</u>: This can involve the leveraging of funding from other sources that provide financing for the purchase of land, acting as a catalyst for private sector and government participation in terms of additional funding. Access to land can involve creative or more progressive ownership options, which will be encouraged such as shareholder schemes, cooperatives, leasing arrangements and partnerships or worker-owned farms with commercial entities in the industry. This will allow for the establishment of black-owned vineyards and cellars, the building of production facilities and warehouses and industrial development throughout the supply chain, which involves access to technology and equipment. Increasing the adoption of environmental sustainability practices will be encouraged in particular regarding sustainable production methods, climate-smart irrigation and planting.

2. <u>Education, training and development</u>: The wines and spirits industry has a strategy to coordinate training within the WIVCRT Transformation and Research and Development Initiative work streams. This expands to programmes by the Department of Higher Education and Training including an accredited training programme, already available in some areas. Support in this area will ensure development of learner management systems by industry, transformation related education, training and development in line with Farm Workers Rights Charter[3] and requirements for ethical trade accreditation of enterprises. This refers to training on ethical codes for workers in cellars and on farms, as well as capacity-building in applying Good Agricultural Practices and environmental compliance[4].

3. <u>Socio-economic development</u>: This will be a result of the aforementioned priority areas in that applicants for funding will be required to indicate how their project will contribute to the socio-economic improvement of employees, farm workers and related beneficiaries in the industry. Socio-economic development refers to worker wellness, housing, gender objectives and ensuring that social sustainability standards are met that will lead to continued transformation if the practices implemented are sustainable. Social sustainability issues affecting workers such as access to healthcare and facilities that address alcohol and substance abuse should be supported to see transformative change. This also includes having life skills programmes and awareness campaigns on legislative requirements such as Extension of Security Tenure dealing with human rights regarding land tenure and Know your Rights. Also, implementation of an Action Plan for Employee Worker Wellness is necessary.

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[2] A registered company which was set up at the request of the national minister of agriculture; responsible for conceiving, developing, funding and implementing economic development programmes funded by the wine industry by way of statutory levies; administers a budget of around ZAR 20 million (EUR 1.4 million) per annum.

[3] This includes capacity building programmes for trade union leadership and worker development.

[4] In line with SDGs 2 (target 2.4), 6 (target 6.3) and 8 (target 8.4).

1.2. Other areas of assessment

1.2.1 Fundamental values

South Africa has a strong framework for adherence to the fundamental values of democracy, human rights, and the rule of law. It has also ratified all the main international human rights conventions. With respect to democracy, peaceful periodic democratic elections are held in respect of national laws and international standards. Constitutional/democratic institutions function well and checks and balances are in place. A strong civil society and media significantly contribute to pluralism, oversight and accountability.

With respect to the rule of law, the Constitution provides for the separation of powers, the Judiciary is independent and impartial, and the Bill of Rights (Chapter 2 of the Constitution) is widely regarded as one of the most progressive in the world and includes all civil and political rights as well as justiciable socio-economic rights.

The European Commission's overall assessment of the fundamental values is positive despite some inherent problems linked to young democracies. The political debate at all levels and amongst all strata of the society on the underlying principles, while at times chaotic, remains open and free.

1.2.2. Macroeconomic policy

South Africa's macroeconomic policies are framed in the New Growth Plan[5] and the National Development Plan 2030[6]. As a matter of fact, the 2018 budget[7] prioritises actions to address inequalities and boost economic growth. Funding priorities will be given to programmes that create jobs, eliminate poverty and narrow the inequality gap. Efforts will be made to mobilise private and public investment in social and economic infrastructure, new technologies and activities that help build a diversified economy. New opportunities for access to market will be promoted and cartels and oligopolies will be confronted. Improved connectivity and corridors between rural and urban areas will be promoted.

The SA economy is forecast to grow by 1.5% in 2018 and by 1.8% in 2019 albeit significantly lower than the 5% anticipated in the NDP.

The resignation of former President Jacob Zuma in February 2018, the nomination of Cyril Ramaphosa as President as well as the appointment of a new economic team have substantially contributed to create a renewed sense of optimism and confidence amongst the population, civil society, economic actors and likely investors. The inaugural speech of President Ramaphosa emphasised on completing policy and structural reforms, acting decisively against corruption, and improving corporate governance and operational failures of state-owned companies (SOCs). Meanwhile, political uncertainties will remain challenging in the run up to the Presidential election in 2019. Likewise, further deterioration in the finances of SOCs will continue to pose a risk for the fiscus and the short term economic outlook.

The 2018 budget strikes a balance between spending commitments and long-term stability of public finances. Although it has no intention to support "austerity" measures that would harm service delivery, delay economic recovery and compromise tax revenue collection, expenditure ceilings will remain the rule of thumb. Rating agencies will continue to scrutinise macro and fiscal indicators and will not hesitate to further downgrade South Africa's credit rating (long-term local and foreign currency debt).

As mentioned in the Budget Speech 2018, the government will be required to raise an additional ZAR 28 billion (about EUR 2 billion) in tax revenue and reduce spending by ZAR 26 billion (about

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[5] https://www.brandsouthafrica.com/investments-immigration/business/trends/global/newgrowthpath

[6] https://www.brandsouthafrica.com/governance/ndp/the-national-development-plan-a-vision-for-2030

[7] 2018 budget speech –www.treasury.gov.za/documents/national%20budget/2018/speech/speech.pdf

EUR 1.8 billion) over the next two years. For the fiscal year 2017/2018, the fiscal deficit stands at ZAR 149 billion (about EUR 10 billion) (3.1% of GDP), while government debt now stands at ZAR 2.2 trillion (about EUR 150 billion) (50.7% of GDP) and the debt service amounts to ZAR 169 billion (about EUR 12 billion) (the fastest growing expenditure).

The service sector was the main contributor to growth in 2016, providing an additional 120 000 job opportunities. The performance of the mining industry continued to be subdued (mining and manufacturing employment declined by 80 000 jobs in 2016), whereas the petrochemicals, the beverage and food industry and the automotive industry were the main positive contributors to manufacturing output. Annual consumer price inflation was 4.4% in January 2018, down from 4.7% in December 2017. The consumer price index increased by 0.3% month-on-month in January 2018, the lowest rate since December 2015. Considering the full year 2016, the trade deficit shrank to ZAR 3 billion (about EUR 200 million) compared to ZAR 52 billion (about EUR 3.5 billion) in 2015, as exports went up 5.8% and imports grew at a much slower 1%. Weak business confidence and low levels of profitability have weighted on investment across all sectors of the economy.

In 2017, the National Treasury was betting on higher growth based on a number of positive trends: higher international commodity prices; appreciation of the exchange rate that bodes well for capital inflows, inflation, business and consumer confidence; drought conditions that had abated in most of the country; less tense industrial and labour relations and more stable energy supplies.

To promote investment in the short term, government needs to urgently undertake a series of measures such as finalising land reform and mining development legislation; transitioning from analogue to digital communication channels and release of broadband services; continuing the Independent Power Producer Programme both in renewable and gas technologies; streamlining investment approval processes; production-friendly industrial relations and rapid resolution of disputes; creating an enabling environment for small, medium and micro-sized enterprises and public-private partnerships; focusing on labour intensive sectors (agriculture, agro processing, tourism); and expanding regional and trade links.

The unemployment rate remains critically high at 26.7% (with a marginal improvement of 0.2% year on year). In the fourth quarter of 2017, the "not economically active population" increased by 503 000 (total 154 740) of which 103 000 were discouraged work-seekers.

Despite certain risks for this eligibility condition[8], the country is expected to remain within acceptable macroeconomic and fiscal boundaries and therefore be eligible for budget support.

1.2.3. Public Financial Management (PFM)

The National Treasury is responsible for managing South Africa's national government finances. Supporting efficient and sustainable public financial management is fundamental to the promotion of economic development, good governance, social progress and a rising standard of living for all South Africans. The Constitution of the Republic (Chapter 13) mandates the NT to ensure transparency, accountability and sound financial controls in the management of public finances.

The NT's legislative mandate is also described in the PFM Act (Chapter 2). The NT is mandated to promote the government's fiscal policy framework; to coordinate macroeconomic policy and intergovernmental financial relations; to manage the budget preparation process; to facilitate the Division of Revenue Act, which provides for an equitable distribution of nationally raised revenue between national, provincial and local government; and to monitor the implementation of provincial budgets.

Over the next 10 years, NT priorities include increasing investment in infrastructure and industrial capital; improving education and skills development to raise productivity; improving the regulation

[8] Risk Management Framework 2017

of markets and public entities; and fighting poverty and inequality through efficient public service delivery, expanded employment levels, income support and empowerment.

With the appointment of a new Minister and Deputy Minister in February 2018, the NT will continue pursuing critical reforms such as the Public Procurement and Supply Chain Management, the implementation of the municipal standard chart of accounts (mSCOA), the Integrated Financial Management and Information System (IFMIS), and the change in the accounting system (from cash based to accrual accounting at national level). Capacity building will remain crucial to enable the sustainability of the reform process. The NT, in close cooperation with the Department of Public Enterprises led by Minister Pravin Gordhan (ex-Minister of Finance), will coordinate efforts to improve the balance sheets of State-owned Companies and reduce the risks for the fiscus caused by the ever increasing contingent liabilities.

The latest PFM assessments include:

***The National Public Expenditure and Financial Accountability Assessment (PEFA) 2014*:** Overall, PEFA 2014 scored slightly better than PEFA 2008 with some slippages related to budget credibility (Performance indicator PI-4) and to predictability and control in budget execution (PI-2110). On the positive side, comprehensiveness and transparency and policy based budgeting have both improved with better scores for PI-9: Oversight of aggregate fiscal risk from other public sector entities and PI-11: Orderliness and participation in the annual budget process. Discussions are on-going with the NT and development partners to carry out a PEFA in 2019 based on the new framework.

The Provincial PEFAs 2015: Overall, the nine provincial PEFAs indicate that provincial governments perform reasonably well, generally mirroring the strengths and weaknesses in PFM systems and processes at national level. Within the "Public Financial Management Capacity Programme for Improved Service Delivery" that will be implemented as from 2018, a provision has been made for an update of the 2015 Provincial PEFAs.

Auditor-General (AG) South Africa: PFMA audit outcomes (2016-2017*).* For the 2016/2017 financial year, 422 departments and public entities with a total budget of ZAR 1.2 trillion were audited. National and provincial governments have recorded much-improved audit results, although the AG highlighted the slowness of the auditees in addressing audit recommendations aimed at improving internal control systems, eliminating governance risks and other concerns[9].

In conclusion, the current PFM system in the country and approach to further improvements is not only relevant but coherent with the identified weaknesses. A major challenge remains capacity building in the public service, support for which is included in the AAP 2017 with a new PFM project focussing on Financial Management at local level with a focus on improved service delivery.

1.2.4. Transparency and oversight of the budget

In the very latest survey (2017), South Africa has been ranked first, alongside New Zealand, with a score of 89 out of 100 for "Transparency"; an improvement of 3 points compared to the 2015 survey. In general terms, South Africa provides the public with "extensive" budget information. Meanwhile Open Budget Index (OBI) made two recommendations to further improve transparency: (1) increase the information provided in the Executive’s Budget Proposal by including more data on the financial position of the government and (2) increase the information provided in the Year-End Report by including more information on the comparisons between planned revenues and actual outcomes and comparisons between the original macroeconomic forecast and the actual outcome.

[9] Overall, the Auditor General required Auditees to perform the following basics properly and consistently: (i) implementing plans to address deficiencies in financial control, (ii) providing effective leadership and monitoring achievement of performance targets and (iii) reviewing and monitoring compliance with key laws and legislation over financial matters.

"Public Participation" in the budget process remains as in many other countries the most problematic issue. OBI considers that South Africa provides few opportunities for the public to engage in the budget process with a score of 24/100 (New Zealand scored 59/100). While this score appears to be low, it is two times higher than the global average and the highest in the region.

OBI recommends to pilot mechanisms for members of the public and executive branch officials to exchange views on national budget matters during the monitoring of the national budget's implementation but also to hold legislative hearings on the formulation of the annual budget, during which any members of the public or civil society organisations can testify and to establish formal mechanisms for the public to assist the supreme audit institution in formulating its audit programme and to participate in relevant audit investigations.

The budget oversight (Legislature and Auditor General South Africa) provides adequate oversight of the budget during the budget cycle (formulation and implementation) with a global score of 85/100. Nonetheless with this high score, OBI recommends to ensure the Executive's Budget Proposal is provided to legislators at least two months before the start of the budget year and to ensure a legislative committee publishes a report on the Audit Report on their website.

In conclusion, the budget transparency and oversight of the budget eligibility condition for the budget support programme is met.

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Lack of coordination with other transformation funds.	Low	The Programme Steering Committee will include representatives of the Transformation Unit and Comprehensive Agriculture Support Programme (Commodity Project Allocation Committee[10]) to provide oversight. The objectives of the project will be clearly specified to avoid any unnecessary overlap of mandate.
Lack of cooperation between government departments on implementation of projects.	Medium	The application process to be used by the Land Bank for the disbursement of funds to the industry will be designed to provide early warning of potential requirements from other government agencies and oversight of implementation of projects.
Lack of participation and buy-in from certain stakeholders.	Low	Extensive consultations with industry, labour, black-owned brands, sector organisations and government were undertaken in the development of the Action Document. The PSC will include a broad representation of stakeholders.
Projects that are implemented are not sustainable, including due to credit risks.	Medium	Ensuring that resources are applied adequately to the projects. Sound adjudication of applications, provision of mentoring to successful applicants. Leveraging of additional finances is envisaged from other long-term sources.
Onerous and time consuming process to access funding.	Medium	Streamlining of application forms and processes to ensure efficient access by beneficiaries.
Lack of skills among some beneficiaries to prepare applications, including required	Low	Support available to provide training in this area.

[10] Funds from the Comprehensive Agriculture Support Programme are allocated through Commodity Project Allocation Committees

business plans.		
Assumptions		
• The Land Bank has the capacity and commitment to manage the funding on behalf of the Department of Agriculture, Forestry and Fisheries (DAFF). • Information about the fund will be communicated effectively to the beneficiaries. • There is a strong commitment by the wines and spirits industry to transformation objectives. • The necessary legislative and policy frameworks are in place.		

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1. Lessons learnt

Some of the important lessons learnt from previous cooperation programmes such as the "Risk Capital Facility", "Innovation for Poverty Alleviation Programme", "Employment Creation Programme", the "Local Economic Development Programmes", the "National Development Policy Support Programme" and other grant funded projects are: (i) to enhance sustainability of the project, developing links with various relevant government departments is strongly encouraged; however, the programme structure and governance has proven to be crucial for implementation purposes with, for instance, the Risk Capital Facility structure having proven to be very effective with implementation through a specialised entity but linked to the South African government; (ii) job creation can be enhanced through innovation, utilisation of research results and better access to technology; (iii) having a partnership with private sector actors in the project usually increases a project's chances to be successful and sustainable; and (iv) the relevance of targeting quality indicators in addition to quantitative ones.

It is important going forward to work with strong, credible partners. There is strong competency within the wines and spirits industry to manage the delivery of such projects. There are also lessons identified from other transformation initiatives in the agriculture space. These include lessons taken from the South African Wine Industry Trust, Commodity Project Allocation Committees[11], Commodity Project Allocation Committee, Agricultural Workers' Empowerment Trade Union Council (AWETUC) and Transformation Unit.

The consensus of all role-players and stakeholders consulted was that: (1) An open competitive application process needs to be implemented for all funding opportunities. (2) There is an important role for industry experts to play in project adjudication. (3) Clearly communicated selection criteria are essential and need to be transparent. (4) A project oversight provision needs to be made in order to mitigate risks of fronting, corruption and mismanagement both of implementation and at beneficiary level. The "Comprehensive Agriculture Support Programme"[12] ensures the involvement of industry organisations, black farmer associations, government and their implementing agents. (5) Government entities responsible for various aspects (such as water licensing and liquor licensing) need to be well coordinated. (6) The ability to mobilise the support of communities can assist in ensuring the sustainability of projects but is particularly effort intensive.

3.2. Complementarity, synergy and donor coordination

There are no donors providing direct support to the wines and spirits industry in South Africa. However, there is synergy with the *Employment Promotion through Small, Medium and Micro-sized Enterprises Support Programme* as foreseen activities include: (i) increasing access to finance

[11] Established in 2004 by the Western Cape Government Department of Agriculture to adjudicate over applications for government seed capital for black farmers and farm worker shareholders.

[12] Came into effect in 2004. Provides funding targeted at supporting emerging farmers. Decisions are taken on an annual disbursement basis, in line with government sanctioned terms of reference. To date R53 million (about 3.6 million) has been disbursed through nearly 100 applications for granted items such as irrigation systems, wine cellars, farming inputs, movable assets and technical consultants.

for SMMEs; (ii) provision of Business Development Services support to SMMEs in targeted value chains; and (iii) analysis and development of agri-business value chains.

There is also synergy with the *SWITCH Africa Green Programme* and its *Green Business Development Programme;* particularly the *Waste to Wing - Greening African Aviation Project*, which promotes the use of agricultural residuals to convert biomass to aviation fuel, as this could provide an environmentally safe way to manage the highly polluting vinasse[13]. Moreover, the programme is targeting sustainable supply chain management in the agricultural sector. Lessons learnt from promotion and training in Good Agricultural Practices, and Sustainable Consumption and Production in primary food and beverages production, food processing, etc, could be relevant to this action.

There is complementarity between this action and the *Right Fora for a Right Change* under the *Socio-Economic Justice for All Programme* which targets vulnerable children from townships and rural areas of Cape Winelands. The *Community Systems Strengthening for Health* project, the objective of which is to contribute to the improved access to health and social services for the poor and marginalised including for communities in Western Cape including regions with wineries.

3.3. Cross-cutting issues

The following cross-cutting issues will be brought into the mainstream of this programme:

- *Gender equality and women's empowerment*. The action will focus on supporting women-owned enterprises to promote their access to employment, and skills development, as appropriate. The wines and spirits industry has mainstreamed gender throughout its transformation agenda. It is planning an audit of the number of women in managerial positions within the sector. There will be specific activities under this action targeted at women workers and black women-owned brands. The application process for the funding will include criteria that provide preferential consideration for projects with female beneficiaries indicated.
- *Environment/climate change.* Special attention will be paid to mainstreaming environment and climate change related issues through encouraging growth and job creation in the wine industry's activities in the green economy and by ensuring that wine industry production activities do not negatively affect the environment and apply Good Agricultural Practices as well as low-carbon choices.
- *Youth development and participation.* The industry has adopted capacity building initiatives that target unemployed youth, such as the South African Wine Industry Trust learnerships for small business development. Preferential criteria can be established for beneficiaries that target training for this group under this action.

4. DESCRIPTION OF THE ACTION

4.1. Objectives/results

The programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDGs 1 and 10 but also promotes progress towards Goals 2, 6 and 8 secondarily. This does not imply a commitment by South Africa benefiting from this programme.

The **Overall Objective** of the action is to assist the government of South Africa to ensure a sustainable transformation of the wines and spirits industry of South Africa. The wines and spirits

[13] Wastewater from distilleries.

sector has set out a number of broad objectives for the overall transformation of the industry. Specific objectives are as follows:

More equitable access to land Objectives:

- Facilitate access to land for farm workers, black farmers and black-owned brands.
- Foster a strong, core, women empowerment grouping of entrepreneurs in the wines and spirits industry, including through support to at least 20 black female-owned brands.
- Contribute to the development of black-owned farms including fitting out the land, for storage, bottling and training facilities.

Education, Training and Development Objectives:

- Support 100 percent of black brands, participating black farmers and related beneficiaries to comply with the minimum legal requirements to do business.
- Fast track youth that live on farms into the work place through promotion activates and training across the industry value chain. Training can involve various programmes that capacitate them to learn about "Know Your Rights", "Health and Safety" and other basic trade union and leadership development modules.
- Increase productivity of farming, black farmers and farm workers through training.
- Train and build decent career paths for workers within the farming sector and in their communities.
- Build the capacity of beneficiaries in applying Good Agricultural Practices and environmental compliance.

Socio-economic Objectives:

- Applicants will be required to indicate how their project will contribute to the socio-economic improvement of employees, farm workers and related beneficiaries in the industry, for instance, through participation in alcohol abuse programmes and increasing the number of registered crèches on wine farms.
- Encourage black-owned farms and cellars to get Wine and Agricultural Ethical Trading Association (WIETA) accreditation through the application and selection process (applicants provide commitment to effect such accreditation). Encourage black-owned farms to adhere to Freedom of Association.

4.2. Main activities

4.2.1. Budget support

Priority areas of indicative type of activities expected to be supported:

More equitable access to land:

- Support the development and implementation of new ideas on ownership, access to land, creative models for shareholding and access to infrastructure to allow sustainable structural and transformative change especially for farm workers, black farmers and black-owned brand owners. Support engagement between private sector and key government entities to forge market solutions and opportunities to leverage funding.
- Promote and support environmental sustainability to ensure sustainable land practices, which can be incentivised with favourable financial support available due to complying to environmental sustainable practices.

Education, training and development:

- Design a needs analysis of education, training and development requirements to be used as part of the assessment of projects. The aim is to ensure that training empowers workers to become managers, farmers and owners and co-owners with stipulated career progression paths.

- Foster the mentoring of black-owned brands and other black owned businesses in the wine industry.
- Increase skills development, employment of and ownership by women, along with improved access to upliftment opportunities for women and youth in the industry.
- Continue strengthening of existing industry training projects and of mentoring provided to black-owned enterprises.
- Inculcate the application of Good Agricultural Practices and environmental compliance by beneficiaries by providing them with relevant training from inception.

Socio-economic development:
(Applicants will be required to indicate how their project will contribute to the socio-economic improvement of employees, farm workers and related beneficiaries in the industry).

- Review beneficiaries' compliance to the ethical code of the Wine and Agricultural Industry Ethical Trade Association (WIETA) to ensure auditing requirements are met, which ensure social sustainably measures are in place.
- Place a specific focus on alcohol abuse prevention and foetal alcohol syndrome in order to prioritise "harm reduction" in initiatives in the wine industry, which includes responsible use of alcohol and interventions that get to the root causes of alcohol abuse.
- Support and assess worker wellness programmes that focus on access to healthcare, creating an Action Plan for employees in this regard.

4.2.2. Complementary support

No specific EU complementary support is envisaged

4.3. Intervention logic

The wine industry is racially predisposed, limiting any advances of previously disadvantaged individuals, a remnant of the colonial and apartheid era. The social pathologies, such as poor health and alcohol abuse, poor housing, unemployment, and substandard worker living conditions, illiteracy and lack of specialised skills, are still common. In agriculture, redressing and deracialising the sector while at the same time redressing social justice are the biggest challenges. The activities mentioned above will aid in addressing these imbalances and lead to the stipulated objectives and more.

More equitable access to land and the transformation of primary production, in general, are crucial and hence new ideas of access to land are imperative. Improving infrastructure that pertains to primary production, will allow beneficiaries to have more control of their value chain process and become more independent in their production capabilities. This would set the stage for transformation within the industry creating opportunities for black-owned brands to source from black-owned farms; business expansion of mostly women-owned black-owned brands; creation of a strong core group of empowered women entrepreneurs; as well as their contribution to immediate economies leading to the generation of employment and training opportunities. In addition, access to land would entail opportunities to leverage funding, including through other Land Bank facilities, and create possibilities for additional funding essentially contributing to the development of black-owned farms through sustainable land practices, fitting out the land, and building of storage, bottling and training facilities, etc.

Designing a needs analysis of the education, training and development requirements for the assessment of projects will ensure that training - along with ongoing mentoring and creating awareness of rights for beneficiaries - leads to the empowerment of direct beneficiaries, for them to advance in their specific roles and lead to possible career progression. This will lead to increased productivity that is respectful to the environment and natural resources, as well as increased employment opportunities, including among women and youth. It will also foster a continued effort to sustain support for existing industry training projects and mentoring of black owned enterprises.

For socio-economic transformation[14] to take effect, a review of compliance to the WIETA ethical code to ensure auditing requirements are met is vital. Creation of an action plan in this regard will emphasise support for wellness programmes that deal with issues and would encourage black-owned farms and cellars to get WIETA accreditation through the application and selection process. This will assist in solving a number of worker wellness issues linked to housing and alcoholism, and ultimately contribute to poverty reduction.

5. IMPLEMENTATION

Both in indirect and direct management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation.

5.1. Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2. Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3. Implementation of the budget support component

5.3.1. Rationale for the amounts allocated to budget support

The amount allocated for the budget support component is EUR 10 000 000. This amount is based on a broad qualitative assessment of the following elements:

- **Financing needs** based on the policy supported and the use of official development assistance funding for piloting new promising initiatives not otherwise feasible with voted budget due to lack of sufficient track record or perceived risk.
- **Management capacity**: The National Treasury issued a document[15] reflecting the commitment of the overall management capacity of the government to ensure proper application of Budget Support funds in South Africa.
- **Ownership**: Wine industry companies receiving support from this programme must reflect their allocations in their annual performance plan and budget overview.
- **Transparency**: The funds are released to the South African government, through the Reconstruction and Development Programme Account, when the agreed conditions set out in

[14] Applicants for funding will be required to indicate how their project will contribute to the socio-economic development in the sector.
[15] Supplement 9 to the Policy Framework and Procedural Guidelines for the Management of Official Development Assistance (2003).

the Financing Agreement have been met. The Auditor-General of South Africa audits the financial statements.

- **Monitoring and Evaluation**: South African systems of monitoring and evaluation are used to assess the performance of activities funded under the programme.

5.3.2. Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Department of Agriculture, Forestry and Fisheries (DAFF) Strategic Plan 2015-2019, Agricultural Policy Action Plan 2015-2019 and continued credibility and relevance thereof;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the programme to improve public finance management;
- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

b) The specific conditions for disbursement that may be used for variable tranches are the following: N/A (no variable tranches)

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, DAFF may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

5.3.3. Budget support details

Two fixed tranches only will be disbursed.

Budget support is provided as direct untargeted budget support to the National Treasury. The crediting of the euro transfers disbursed into Rands will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

5.4. Implementation modalities for complementary support of budget support

N/A

5.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6. Indicative budget

	EU contribution (in EUR)
5.3 Budget support	10 000 000
Total	**10 000 000**

5.7. Organisational set-up and responsibilities

The programme will be managed under a memorandum of understanding (MoU) between DAFF, Land Bank and possibly the National Treasury. This is to ensure accountability of the South African government for the funding. It will be based on others that exist between DAFF and the Land Bank as well as this Action Document.

The programme will be supported by a Programme Steering Committee (PSC) chaired by the DAFF (Sector Transformation, and Marketing), at the level of Director or above, and including, as members, the National Treasury (International Development Cooperation), Department of Trade and Industry, Land Bank (Project Facilitation) and mandated representatives of the Wine Industry Value Chain Round Table. The EU will sit as observer at the level of Head of Section or above. The role of the PSC will be, among others, to provide strategic guidance and direction for the programme. The PSC will have an oversight role but not an approval role, so as not to interfere with the Land Bank processes. It will meet three times per year. The terms of reference and membership will be developed following the agreement of the memorandum of understanding.

The Land Bank will develop the criteria for the use of the programme funding in line with the memorandum of understanding. The bank has provisions for management of funds due to its structured internal processes. This includes a pre-assessment phase to screen the applicant and evaluate that they meet the bank's mandate and financial support criteria, to cater for the stated beneficiaries. The pre-assessment, which is aligned to the bank's development impact strategy, will address issues relating to the support of women and youth. The pre-assessment is a swift process, leaving the Deal Forum Unit of the bank to advance the due diligence phase and assess the readiness of the project being applied for/business case. The Land Bank's Project Facilitation Unit can assist with ensuring a project is ready to receive the requested funding. This would entail engaging physically with beneficiaries or deploying technical experts to assist, especially with emerging beneficiaries. Therefore, the Land Bank has capacity to service beneficiaries in the wines and spirits industry by using technical experts, contracted via service level agreements. What follows is an internal approval process by the credit committees with mandates up to certain amounts. The Credit Risk and Management Committee[16] manages this role in a similar way to all other loan applications. The size of transaction is the differential point within the process as it treats both lending and grant financing identically, regarding credit checking. This ensures traceability and transparency of their processes, a motivating factor for their provision of services.

Land Bank has a monitoring team that will undertake monthly monitoring of projects if required, which will be sent to DAFF for review including comprehensive quarterly reports. Land Bank will operate with a separate open bank account for this fund, where drawdowns and balances can be made available to specific parties and can be reflected under the MoU. This will ensure a transparent financial process throughout.

There are also opportunities for the Land Bank to further combine EU grant aid with non-grant resources, a methodology that is emphasised by DAFF and Land Bank. As grant funding increases the bankability of projects, blending provides an opportunity for leverage and may increase the developmental impact. These two may advance the success of projects.

[16] Approves all applications between ZAR 20 million (about EUR 1.2 million) and ZAR 250 million (about EUR 16 million).

Land Bank, in addition, has branches in the wine producing areas, which can assist with visibility of the programme and provide assistance/information to applicants. They use technical partners such as investors, off-take holders on many projects, who can be encouraged to assist in the preparation of applications; the bank also has recommended service providers. This highlights that the Land Bank's capacity extends beyond its internal processes and allows for a holistic offering which is necessary.

5.8. Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the list of result indicators (budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed, and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9. Evaluation

Having regard to the nature of the action, an evaluation will not be carried out for this action or its components.

In case an evaluation is not foreseen, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

5.10. Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

5.11. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation. Given the initial rationale for this programme, communication and visibility will be supported with the Technical Cooperation Facility budget.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for EU External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LIST OF RESULT INDICATORS (FOR BUDGET SUPPORT)

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators. Note also that indicators should be disaggregated by sex whenever relevant.

Comments:

1. The articulation of expected results needs some work. Alternatives for the OO and SO have been provided to better reflect the programme objectives.

   Concerning the two levels of outputs, we included some guidelines about the definitions of induced outputs and direct outputs in a BS programme, to be adapted to this programme.

2. Once the results chain has been revised, the list of indicators may be reviewed according to their relevance to each expected result.
3. For each indicator, a related baseline / target and a specific Source of verification should be provided.

Results chain	**Indicators**	**Baselines** **(incl. reference year)**	**Targets** **(incl. reference year)**	**Sources and means of verification**
The Overall Objective of the action is to assist the government of South Africa to ensure a sustainable transformation of the wines and spirits industry of South Africa.	• Number of projects where there is black ownership. • Hectares under vine where there is black ownership. • Tonnage produced where there is black ownership.	Actual number to be defined at inception stage at the latest.	Actual number to be defined at inception stage at the latest.	VinPro Statistics Reports

Specific objective(s): Outcome(s)	SO.1. To ensure a more equitable access to land, specifically for farm workers, black farmers and black-owned brands.	• Number of subsistence and smallholder producers supported per year (disaggregated by sex). • Number of hectares in underutilised areas cultivated in communal areas per year. • Number of land reform projects supported. • Number of joint ventures between commercial and emerging farmers. • Percentage of black owned land used for wine farming.	Actual number to be defined at inception stage at the latest. 2.5% of land used for wine farming is black-owned.	Actual number to be defined at inception stage at the latest. 20% of land used for wine farming is black-owned by 2025.	Department of Agriculture, Forestry and Fisheries • Annual Reports • Annual Performance Plans Land Bank • Annual Reports
Specific objective(s): Outcome(s)	SO.2. To improve and increase education, training and development opportunities for black farmers.	• Percentage of black brands, black farmers and related beneficiaries supported to comply with the minimum legal requirements to do business • Number of youth entering the workplace post training across the wine industry value chain. • Number of women trained as well as provided with upliftment opportunities in the wines and spirits sector. • Number of beneficiaries trained in the application of Good Agricultural Practices (GAP) and environmental compliance. • Number of beneficiaries applying GAP and environmental compliance. • Number of black industrialists entering the wines and spirits sector. • Black farmers' and farm workers' productivity.	Actual number to be defined at inception stage at the latest.	Actual number to be defined at inception stage at the latest.	Department of Agriculture, Forestry and Fisheries • Annual Reports • Annual Performance Plans Land Bank • Annual Reports VinPro • Reports

Specific objective(s): Outcome(s)	SO.3. 3. To promote a socio-economic development, especially improvement of employees, farm workers and related beneficiaries in the industry	• Number of farms and cellars participating in alcohol abuse programmes. • Number of registered crèches on wine farms as percentage of total crèches on wine farms. • Number of Wine and Agricultural Ethical Trading Association (WIETA) accredited black-owned farms and cellars. • Number of black-owned farms adhering to Freedom of Association.	• 101 farms were participating in alcohol abuse programmes in 2014. • 40.3% of crèches on wine farms were registered in 2014. • Zero • Zero	• 250 farms participating in alcohol abuse programmes by 2020. • 60% of crèches on wine farms registered by 2020. • 100% black-owned farms WIETA accredited. • 100% black-owned farms adhere to Freedom of Association	WIETA • Annual Report • Audit Report
Induced outputs	Increased capacity of agro-processing entrepreneurs of the wine industry in processing norms and standards Enhanced access to markets and appropriate financing Improved administrative and regulatory environment	• Number of agro-processing entrepreneurs trained in processing norms and standards per year. • Volume of wine sold by black farmers and black-owned brands. • Number of agro-processing projects financed through development finance institutions. • Number of projects assisted post government's red tape reduction programme.	Actual number to be defined at inception stage at the latest.	Actual number to be defined at inception stage at the latest.	Departments of Agriculture, Forestry and Fisheries, Trade and Industry, and possibly Small Business Development • Annual Reports • Annual Performance Plans

Direct output	Increased size and share of the government budget available for discretionary spending; Increased predictability of the disbursements of external funds; Improved policy dialogues and more effective (disbursement) conditions through better coordination, more consistency with the government priorities and stronger incentives for effective implementation of government strategies.	• Amount for government's discretionary spending. • Amount for disbursement of external funds. • Number of policy dialogues as well as number of government priorities implemented.	Actual number to be defined at inception stage at the latest.	Actual number to be defined at inception stage at the latest.	President's Budget Vote Speech. National Treasury and Reserve Bank • Annual Reports