



UN Tourism

TOURISM DOING BUSINESS
INVESTING IN



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA



SOUTH AFRICAN TOURISM





TOURISM DOING BUSINESS INVESTING IN



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Patricia de Lille

MINISTER OF TOURISM
REPUBLIC OF SOUTH AFRICA

South Africa offers a robust and attractive environment for tourism investment, underpinned by good governance. The country's structural strengths include a resilient macroeconomic foundation, a sophisticated financial system and targeted incentive programs designed to stimulate investment. The country's economy is highly diversified, with tourism playing a pivotal role - supported by world-class infrastructure and a business-friendly regulatory environment.

South Africa's investment climate is buoyant, but further enhanced by a comprehensive suite of incentives and grants, including a progressive tax system and targeted support programs for skills development and entrepreneurship.

Despite existing challenges, ongoing structural reforms and active public-private sector engagement are fostering a more resilient economy, strengthening investor confidence and paving the way for sustainable development.

In 2024, the trade, catering, and accommodation sector contributed approximately 12.5% to South Africa's GDP, ranking 3rd among all economic sectors, surpassing manufacturing, agriculture and construction, with the finance, real estate, and business services sector, in 2nd position, accounting for 27.1% and personal services with 17.8% in 3rd position. These figures underscore the steadily growing significance of the tourism industry within South Africa's economic framework, highlighting its central role in driving recovery and supporting sustained growth.

Between 2019 and 2024, South Africa's international tourism sector exhibited a notable divergence in visitor arrivals and tourism revenue trends. In 2024, international arrivals were 8.9 million, still below the pre-pandemic peak of 10.2 million in 2019 – these numbers reflect an ongoing recovery in travel volumes. Meanwhile, international tourism receipts reached USD 6.4 billion in 2024, also trailing the 2019 high of USD 8.4 billion, but showing a solid 18.6% increase from the 2021 level. These dynamics highlight the resilience of the sector.

Between 2014 and April 2025, South Africa emerged as one of the top three African destinations for greenfield foreign direct investment (FDI) in tourism, ranking only behind Morocco and Egypt in terms of project volume. During this period, the country attracted 28 tourism-related initiatives, supported by a cumulative capital expenditure of USD 347.8 million. South Africa's performance underscores a steady influx of medium-scale projects, particularly concentrated in urban centres and service-driven segments of the tourism economy.

To strengthen its position as a leading tourism investment destination, South Africa has embraced a strategic and coordinated approach to boosting investor appeal. The Department of Tourism has a pipeline of bankable infrastructure projects that extend beyond core tourism assets to encompass critical enablers, such as transport infrastructure, green mobility, digital innovation, and human capital development. This comprehensive portfolio includes initiatives from both the public and private sectors across the country. The projects offer a range of focused implementation models, including public-private partnerships, which the government actively supports to advance its strategic objectives.

These strengths position South Africa as one of the leading tourism investment destinations on the African continent. The country's solid sectoral diversity, commitment to innovation, sustainability and proactive investment facilitation frameworks create an attractive environment for investors seeking stable, scalable and impact-oriented opportunities.

South Africa remains open for business and warmly welcomes your investment in a country with a rich tapestry of culture, heritage and people with a vibrant spirit.

Patricia de Lille
Minister of Tourism
Republic of South Africa



Zurab Pololikashvili

UN TOURISM
SECRETARY-GENERAL

Tourism is a strategic sector for sustainable development, capable of generating employment, stimulating innovation and advancing regional integration. When supported by sound governance and targeted investment, tourism becomes a powerful enabler of inclusive economic growth and territorial cohesion.

South Africa offers a compelling proposition for investors. With over 8.9 million international arrivals and 46.8 million domestic trips recorded in 2024, the country demonstrates a strong dual demand base that sustains year-round activity. Its tourism offering is equally diverse, combining iconic attractions such as safaris and heritage sites with high-potential segments like wine tourism, cruise travel, nature tourism, sports events, and meetings and conferences. This range of products allows for investment opportunities across different regions, market profiles and scales.

This publication presents South Africa as a tourism investment destination of exceptional potential, supported by world-class

infrastructure, a clear legal and fiscal framework, and public instruments that actively promote tourism development. These include the Tourism Incentive Programme, the Tourism Transformation Fund, and dedicated mechanisms for small and medium-sized enterprises, in addition to broader schemes such as the Green Tourism Incentive Programme and Special Economic Zones. The document also highlights the country's firm commitment to sustainability, reflected in clean energy investments, circular economy practices, digital innovation and community-based tourism models.

Let this guide serve as an invitation, to invest not only in assets, but in impact. As South Africa leads the G20 Presidency, tourism takes on renewed importance as a sector capable of advancing inclusive growth, regional integration and sustainable development. In this context, investing in tourism is not only a strategic opportunity—it is a way to build a better future for people, planet and prosperity, aligned with the values of cooperation, innovation and multilateralism promoted by the United Nations.

Zurab Pololikashvili
Secretary-General
UN Tourism



Natalia Bayona

EXECUTIVE DIRECTOR
UN TOURISM

Tourism investment is a powerful tool to foster sustainable development, generate decent jobs, and strengthen innovation ecosystems.

South Africa offers a strong case in this regard. With over USD 3.1 billion in venture capital mobilized between 2019 and 2024—and 57% of all tourism tech VC investment in Africa—South Africa is emerging as a continental leader in innovation-driven tourism. National initiatives such as the Tourism Tech Incubator and the Innovation and Partnership Programme reflect a growing commitment to youth entrepreneurship, digitalisation and local value creation.

The country's investment portfolio also includes more traditional capital flows. Between 2014 and April 2025, South Africa ranked among the top three African destinations for greenfield tourism projects, with 28 initiatives valued at nearly USD 348 million. These ventures, while moderate in scale, show steady engagement from both regional and global investors, particularly in urban and service-oriented segments of the tourism economy.

At the centre of this progress lies a young, dynamic population. With 56% of its citizens under 30 and a 95% literacy rate, South Africa is positioning its people—particularly women and youth—as the drivers of the sector's future. Skills development, innovation funding and targeted entrepreneurship programmes are helping to foster a new generation of tourism leaders.

From another perspective, infrastructure remains a critical enabler. South Africa's advanced connectivity—airports, ports, road networks and digital infrastructure—provides a solid foundation for tourism investment, enhancing access, competitiveness and long-term sustainability.

At UN Tourism, we are proud to support countries that align innovation, infrastructure and education to advance shared prosperity. This guide is an invitation to look deeper at a country where tourism investment goes hand in hand with innovation, entrepreneurship and opportunity for all. South Africa shows that when infrastructure meets talent, and capital meets purpose, tourism becomes a genuine engine for inclusive and forward-looking development.

Natalia Bayona
Executive Director
UN Tourism



Elcia **Grandcourt**

DIRECTOR OF THE
REGIONAL DEPARTMENT FOR AFRICA
UN TOURISM

South Africa is a top tier tourism destination blessed with a vast array of competitive attributes and attractions spanning wildlife, gastronomy, cultural heritage, mesmerizing beaches, world-class hospitality infrastructures.

From the iconic Table Mountain and the scenic Green Point Stadium in Cape Town, to the Kruger National Park, the home of the “Big Five”, and the breathtaking viewpoints of the Blyde River Canyon, South Africa offers visitors a wide range of opportunities to explore different facets of the country, which is solidly positioned as an attractive tourism destination across the African continent and beyond.

Tourism is a key economic pillar mainstreamed in the national agenda of South Africa that strongly relies on the power of the sector to foster the creation of jobs and achieve inclusive and sustainable development through empowering youth, women and local communities.

The adoption of an innovative approach and the implementation of strategic marketing and communication solutions have significantly contributed to the modernize the tourism sector of South Africa. The country has been able to effectively harness the potential of digital platforms to strengthen its global brand image, enlarge its tourism offerings and explore new market's segments by attracting a growing number of international tourists which peaked almost 9 millions in 2024, with subsequent gains in earnings and receipts.

Furthermore, sustainability is prioritized through initiatives such as the Green Tourism Incentive Programme (GTIP), and supported by tax incentives, regulatory frameworks, and funding mechanisms to attract responsible investment and ensure tourism's long-term resilience.

Against this backdrop, the UN Tourism Doing Business Guidebook provides a comprehensive overview of the multiple avenues for investment that South Africa opens up to foreign investors by showcasing the country's value proposition and tourism assets.

UN tourism has combined collaborative efforts with the Ministry of Tourism of the Republic of South Africa and South African Tourism to produce this strategic publication which will serve as a technical marketing tool aimed at unleashing synergies among key public-private sectors' stakeholders within South Africa's tourism ecosystem.

In alignment with the priorities of the UN Tourism Agenda for Africa – Tourism for Inclusive Growth, this guide aspires to convey evidence-based data and insights to steer investment decisions, supporting the South Africa's national economic development strategy and the objectives of the 2025 G20 Tourism Agenda identified under the leadership of South Africa that has assumed this year's Presidency marking a historic moment as the first African country to hold this position.

Elcia Grandcourt
Director of the Regional
Department for Africa
UN Tourism

Introduction

South Africa stands as a strategic entry point into the African tourism market, combining the scale and diversity of a dynamic regional economy with the stability, infrastructure and governance standards expected by global investors. With a population of over 60 million, a mature institutional landscape, and proximity to key markets in the Southern African region, the country offers a rare alignment of opportunity and readiness. Tourism has emerged as a clear priority within South Africa's development agenda, reflected in coordinated public efforts to strengthen competitiveness, attract investment, and enhance the sector's contribution to inclusive economic growth.

This document provides a consolidated overview of South Africa's tourism investment environment, drawing from national statistics, policy frameworks and international benchmarks. It highlights the structural conditions that support investment—ranging from a resilient macroeconomic base and a well-developed financial system to targeted incentive mechanisms and an expanding skills pipeline. In doing so, it underscores South Africa's commitment to becoming not only a regional hub for tourism activity, but also a reference point for quality, innovation and sustainability in the sector. By offering a clear and evidence-based perspective, this publication seeks to inform and inspire investment decisions aligned with the country's long-term vision.

Nelson Mandela bridge, Johannesburg

Executive Summary



Overview of South Africa

The Republic of South Africa (hereafter South Africa) is the southernmost country on the African continent, covering a land area of approximately 1.2 million m². **With a population of around 62 million, it is one of Africa's largest economies and a key gateway for trade and investment in the region.** Strategically positioned at the crossroads of major global shipping routes, South Africa serves as a crucial economic and tourism hub for Africa and beyond.

South Africa has a highly diversified economy, with a well-established tourism sector supported by world-class infrastructure, a pro-business regulatory environment, and a growing middle class that drives both domestic and international tourism.

Strong and growing tourism potential

South Africa has established itself as one of the most prominent tourism destinations in Africa, bolstered by government-driven initiatives to enhance infrastructure, connectivity, and investment opportunities. In 2024, the country recorded over 8.9 million international arrivals, marking a strong recovery towards pre-pandemic levels, alongside 46.8 million domestic trips. Both segments show strong growth projections for 2025 and beyond¹.

Key drivers for South Africa's tourism sector growth:

- **Exceptional Natural Diversity**

South Africa stands out as a global leader in biodiversity-based tourism, offering iconic wildlife experiences, from Big Five safaris to twenty national parks.

- **Unique Cultural and Heritage Assets**

From Robben Island and the Cradle of Humankind to vibrant township experiences and indigenous crafts, South Africa offers immersive cultural products that attract a wide spectrum of travellers. With twelve UNESCO World Heritage Sites, spanning cultural, natural, and mixed categories.

- **Strong Regional and International Demand**

With 76% of international arrivals from the African continent and growing long-haul interest from markets like the United States of America, United Kingdom and Germany, the country has a dual demand base that ensures year-round tourism activity.



Vilakazi Street Precinct, Soweto

- **Competitive Coastal and Marine Tourism**

A 2,850 km coastline supports beach, cruise and marine activities, including whale watching, surf tourism and luxury coastal stays in the Kwazulu Natal, the Western, and Eastern and Northern Cape. .

- **Adventure and Niche Experiences**

South Africa stands out for adventure travel with activities such as shark cage diving, paragliding, and hiking, while emerging segments such as wine tourism and sports tourism are gaining momentum.

- **World-Class Infrastructure and Connectivity**

Three major international airports and Africa's best-connected air network, extensive road and maritime infrastructure, and leading cruise terminals provide unmatched accessibility for tourists and investors.

- **Supportive Investment Environment**

A robust macroeconomic framework, active promotion by the South Africa Investment Authority (InvestSA), and targeted incentives (e.g. Special Economic Zones (SEZs), Green Tourism Incentive) reinforce the country's investor readiness.

- **Innovation and Sustainability Leadership**

South Africa leads Africa in tourism-tech VC (Venture Capital) investments and is expanding green mobility, renewable energy integration in tourism, and circular economy practices at destination level.

Key economic and investment indicators

- Average GDP growth (2015 – 2024): **0.7%**²
- Expected GDP growth 2025: **1.5%**³
- Average inflation (2015 – 2024): **5%**⁴
- Expected inflation 2025: **4.5%**⁵
- Currency: The South African Rand (ZAR), issued by the South African Reserve Bank⁶.
- International tourism arrivals 2024: 8.9 million (+5% vs 2023)
- Domestic tourism trips 2024: 46.8 million (+19.5% vs 2023)

South Africa's stable economic framework, commitment to responsible tourism growth, and investor-friendly policies position it as one of the most attractive destinations for tourism investment on the African continent.



Vilakazi Street Precinct, Soweto



Waterfront, Cape Town

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5 REASONS TO INVEST IN SOUTH AFRICA'S TOURISM SECTOR



1



Diversified tourism market with local scalability

South Africa's tourism sector is anchored in a strong intraregional market, with Africa accounting for 76% of all international tourist arrivals. This provides a stable and scalable visitor base, complemented by increasing demand from long-haul markets such as the United States of America, the United Kingdom and Germany. The presence of demand across luxury, mid-range and budget segments allows investors to mitigate risk while catering to diverse and evolving traveller preferences through a wide range of product offerings.

2



World-class infrastructure and connectivity

South Africa presents a highly attractive environment for tourism investment, supported by its advanced infrastructure, strategic connectivity, and forward-looking reforms. It hosts Africa's most connected air network, the continent's largest port, and over 750,000 km of roads, offering unmatched accessibility for both tourists and investors.

3



Supportive investment environment and entrepreneurship ecosystem

South Africa offers a robust package of incentives, co-investment mechanisms and a growing innovation ecosystem. Between 2019 and 2024, it attracted over USD 3.1 billion in VC, supported by 202 active funds. The tourism sector benefits from targeted incubators, funding schemes, and the country's strong legal and institutional frameworks, including support from the South African Investment Authority and the Department of Trade, Industry and Competition (DTIC).

4



Innovation and sustainability leadership

South Africa is driving a green transition across its tourism sector through clean energy integration, sustainable transport, and circular economy practices. Programmes such as the Green Tourism Incentive Programme (GTIP) and the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) support investments in energy efficiency, low-impact mobility, and waste innovation, aligning with global sustainability trends.

5



A young, urban and skilled talent pool

South Africa's human capital is one of its strongest assets. With 56% of the population under 30 and an adult literacy rate of 95%, the country provides a broad and adaptable labour base. Supported by advanced universities and national skills development efforts such as those led by the Culture, Art, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA), the tourism workforce is prepared for inclusive, service-oriented growth.

Acronyms, abbreviations and special notes

ACSA	Airports Company South Africa	FDI	Foreign Direct Investment
AHK	German Chamber of Commerce	GDP	Gross Domestic Product
AVCA	African Private Capital Association	IMESP	Informal and Micro Enterprise Support Programme
AfCFTA	African Continental Free Trade Area	IMF	International Monetary Fund
BBSDP	Black Business Supplier Development Programme	IPP	Innovation and Partnership Programme
CATHSSETA	Culture, Art, Tourism, Hospitality and Sport Sector Education and Training Authority	ITA	Income Tax Act
CEDRO	Centro Español de Derechos Reprográficos	MDDA	Media Development and Diversity Agency
CFC	Controlled Foreign Company	MENA	Middle East and North Africa
CIP	Critical Infrastructure Programme	MICE	Meetings, Incentives, Conferences and Exhibitions
CIS	Co-operative Incentive Scheme	NMU	Nelson Mandela University
CPFP	Capital Projects Feasibility Programme	NWU	North West University
CPUT	Cape Peninsula University of Technology	OECD	Organisation for Economic Co-operation and Development
CUT	Central University of Technology	PwC	PricewaterhouseCoopers
DTA	Double Taxation Agreement	QCTO	Quality Council for Trades and Occupations
DUT	Durban University of Technology	R&D	Research and Development
EIP	Enterprise Incubation Programme	RPL	Recognition of Prior Learning

SARS	South African Revenue Service	UP	University of Pretoria
SEDA	Small Enterprise Development Agency	UJ	University of Johannesburg
SEZ	Special Economic Zone	VC	Venture Capital
SMME	Small, Medium and Micro-sized Enterprises	VUT	Vaal University of Technology
SPP	Strategic Partnership Programme	VAT	Value Added Tax
SANS	South African National Standards	WHT	Withholding Tax
TIA	Technology Innovation Agency	SEDP	Start-up Enterprise Development Programme
TUT	Tshwane University of Technology		
UCT	University of Cape Town		
UDZ	Urban Development Zone		
UFS	University of the Free State		
UKZN	University of KwaZulu-Natal		
UMP	University of Mpumalanga		
UN	United Nations		
UN Tourism	World Tourism Organization		
Unisa	University of South Africa		
UWC	University of the Western Cape		

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1

Economic Outlook

1.1. Global economic outlook

According to the International Monetary Fund (IMF), the global economy is projected to grow by 3.1% in 2025 and 2026, following an estimated growth of 3.2% in 2024⁷. This relative stabilisation of growth reflects several factors, including the normalisation of supply chain disruptions, faster-than-anticipated inflation control, and continued resilient demand. Nevertheless, the international context remains complex and uncertain⁸. Countries are increasingly exposed to conflict, geopolitical risks, policy-related disruptions, and the growing adoption of protective trade measures. At the same time, the urgent need to

advance sustainable development through digital transformation and energy transition represents a major challenge, particularly in a context of fiscal constraints across many economies.

Growth in advanced economies is expected to reach 1.5% in 2025 and 1.6% in 2026, from 1.7% in 2024. Meanwhile, emerging market and developing economies are forecast to grow by 4.1% in 2025 and 4% in 2026, maintaining the same growth rate of 4.2% estimated for 2024⁹.



In Sub-Saharan Africa, economic prospects are influenced by a combination of demographic expansion, rising urbanisation, and increased regional integration. Following estimated growth of 3.8% in 2024, the region is projected to expand 4.3% in 2026¹⁰. Despite ongoing challenges, including climate vulnerability and limited fiscal space, the region plays an increasingly strategic role in global supply chains, particularly in critical minerals, agricultural exports and renewable energy. The strengthening of intra-African trade through the African Continental Free Trade Area (AfCFTA) and growing digital connectivity are also reshaping regional dynamics and enhancing global interdependence¹¹.

This scenario presents both significant challenges and unique opportunities for a region that is progressively asserting itself as a key player in the world economy. Sustainability and digitalisation will undoubtedly shape the future of global economies, and Sub-Saharan Africa is called upon to play a meaningful role in the transition towards clean energy and sustainable growth models. In this process, the transformation of production and consumption patterns will be essential.

Tourism must be prioritised as part of this transition. In many countries, tourism is a leading economic sector, and in others it holds significant untapped potential. As an integrative industry, tourism generates strong positive externalities that contribute to the economic, social and cultural development of national, subnational and local territories.



Beach Front, Durban

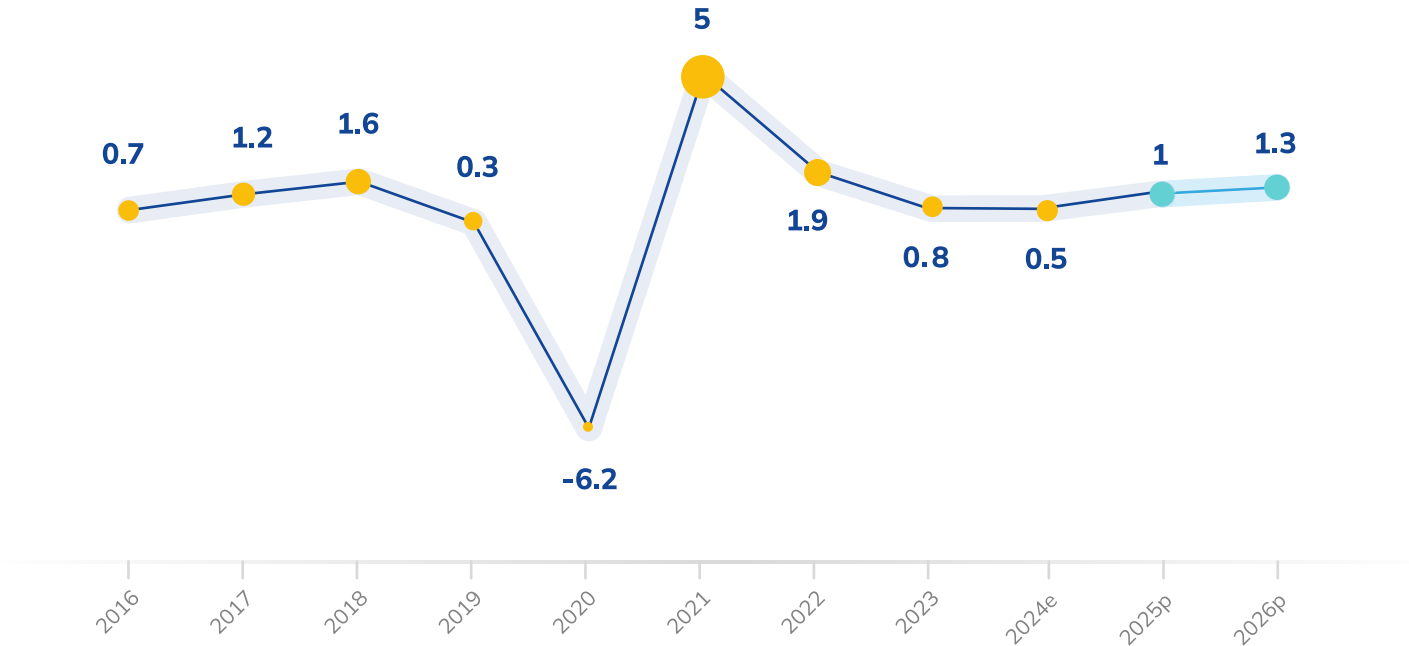


1.2. South Africa's macroeconomic overview

South Africa's macroeconomic landscape reflects strong resilience, underpinned by a stable financial sector, improving fiscal management, and ambitious structural reforms. **The country continues to attract investment through well-capitalised banking institutions, a growing services sector, and key infrastructure projects that support long-term economic expansion.** While challenges remain, ongoing reforms and private sector participation are laying the foundation for sustainable growth and increased investor confidence¹².

The economy has recorded moderate growth, with GDP projected to expand by 1% in 2025 and 1.3% in 2026, following a growth rate of 0.5% in 2024¹³. This subdued performance in 2023 reflects a slowdown in key sectors, notably agriculture and mining. Fiscal consolidation efforts are beginning to yield positive outcomes. The budget deficit is expected to narrow, driven by stronger tax revenue collection and more prudent expenditure management¹⁴.

Figure 1.1: Gross domestic product (GDP) growth, 2015 – 2026p



e: estimate

p: projection

Figures up to 2023 are based on data from the World Economic Outlook Database, while projections from 2024 onward are drawn from the World Economic Outlook Update, August 2025.

Source: International Monetary Fund (2024), World Economic Outlook Database, August 2025 Edition, IMF, Washington, D.C., available online: <https://www.imf.org/en/Publications/WEO/weo-database/2024/October> [06-04-2025].

While household consumption faced pressure in 2023, improvements in consumer confidence, employment, and real incomes are expected to support gradual recovery. Interest rates were cut twice in 2024 and again in mid-2025, helping to boost purchasing power. Household credit growth is stabilising, reflecting a more favourable financial environment.

The country's foreign exchange reserves, standing at USD 61.7 billion, provide a substantial buffer against external shocks, reinforcing investor confidence¹⁵.

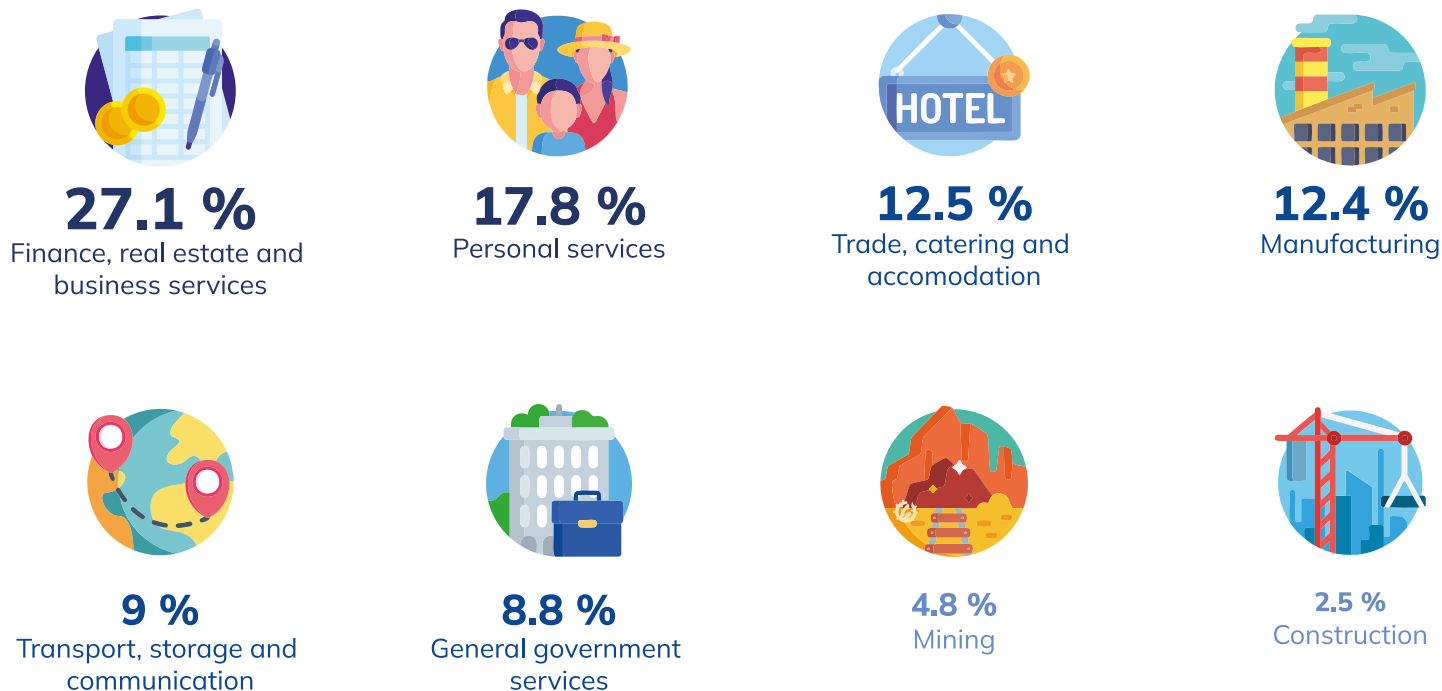
South Africa has demonstrated resilience in its financial sector and shows moderate prospects for economic recovery despite persistent structural challenges. The banking system remains well-capitalised, with a capital adequacy ratio of 17.3% in 2023, ensuring financial stability¹⁶. Inflation has eased from 6.9% in 2022 to 5.9% in 2023 and further declined to 4.4% in 2024, helping reduce cost pressures on households and businesses and consequently increasing consumption¹⁷.

In 2024, South Africa's economy continued to reflect a diversified structure, with notable contributions across both service and productive sectors. The finance, real estate and business services sector was the largest contributor, accounting for 27.1% of total value added at basic prices, followed by personal services (17.8%), and trade, catering and accommodation (12.5%). Manufacturing also played a significant role (12.4%), underscoring its continued relevance to the national economy. Transport, storage and communication (9.0%) and general government services (8.8%) also represented considerable shares.

Meanwhile, primary and infrastructure-related sectors registered lower contributions: mining (4.8%), agriculture, forestry and fishing (2.8%), construction (2.5%), and electricity, gas and water (2.4%)¹⁸.

At the provincial level, Gauteng was responsible for 34% of national GDP, KwaZulu-Natal 16%, and the Western Cape 14%. These three provinces stand out as the three largest regional economies driving national output. All provinces benefit from diversified economic structures, with no single industry dominating. Gauteng and the Western Cape host well-established financial, real estate, and business services sectors, while Gauteng and KwaZulu-Natal maintain robust manufacturing bases, including sub-sectors such as metal products, food and beverages, chemicals, and automotive production. KwaZulu-Natal further contributes through key industries such as pulp and paper, rubber, plastics, petrochemicals, textiles, and clothing. In the more resource-rich provinces—Northwest, Northern Cape, Mpumalanga, and Limpopo—mining remains a central economic pillar¹⁹.

Figure 1.2: Contribution to gross domestic product (GDP) by sectors, 2024 (%)



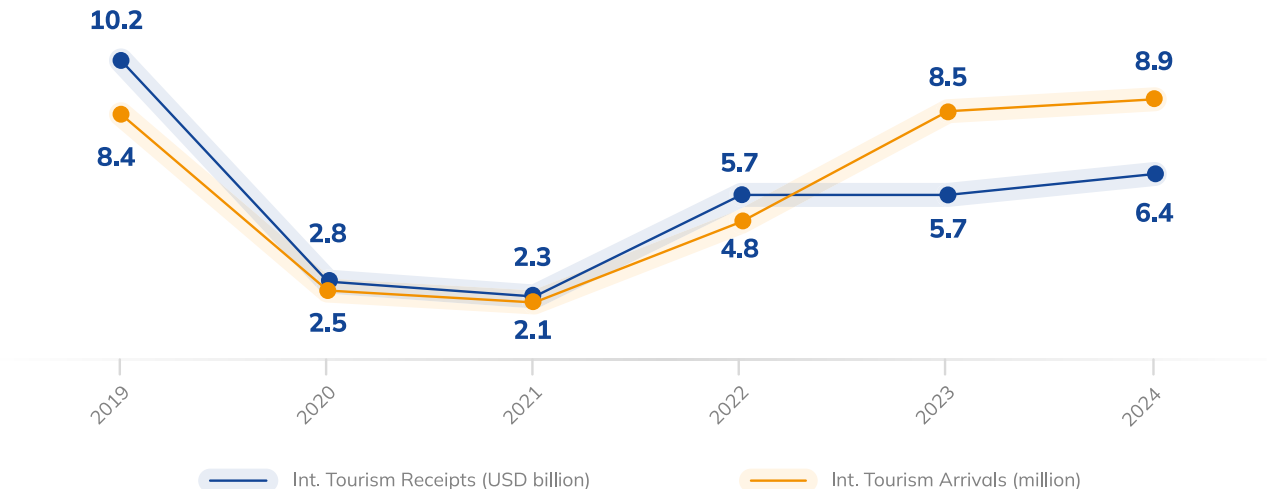
Source: Statistics South Africa (2024), Gross Domestic Product, Fourth Quarter 2024, Report No. P0441, Stats SA, Pretoria, available online: <https://www.statssa.gov.za/publications/P0441/P044114thQuarter2024.pdf> [06-04-2025].

South Africa's diversified economy, both sectoral and geographically, provides a solid foundation for growth, including tourism, which has emerged as a consistent contributor to national development. Between 2019 and 2024, the country's international tourism sector revealed a notable divergence between trends in arrivals and tourism receipts. In 2024, international arrivals are estimated to have reached 8.9 million, still below the 2019 level of 10.2 million, indicating an incomplete recovery from pre-pandemic levels in terms of visitor numbers. However, this represents a substantial increase of 61% compared to

the 2021 low of 2.1 million. In contrast, international tourism receipts reached USD 6.4 billion in 2024, also below the 2019 peak of USD 8.4 billion, yet marking an 18.6% increase from their 2021 low point.

This faster recovery in arrivals compared to receipts may reflect a shift toward price-sensitive travel, a higher share of short-haul regional visitors, or slower recovery in high-spending segments and premium offerings.

Figure 1.3: International Tourism Arrivals and Receipts in South Africa, 2019–2024



Source: Statistics South Africa (2024), Tourism and Migration, March 2024, Report No. 03-51-02, Pretoria, available online: <https://www.statssa.gov.za/publications/Report-03-51-02/Report-03-51-02-2024.pdf> [06-04-2025].

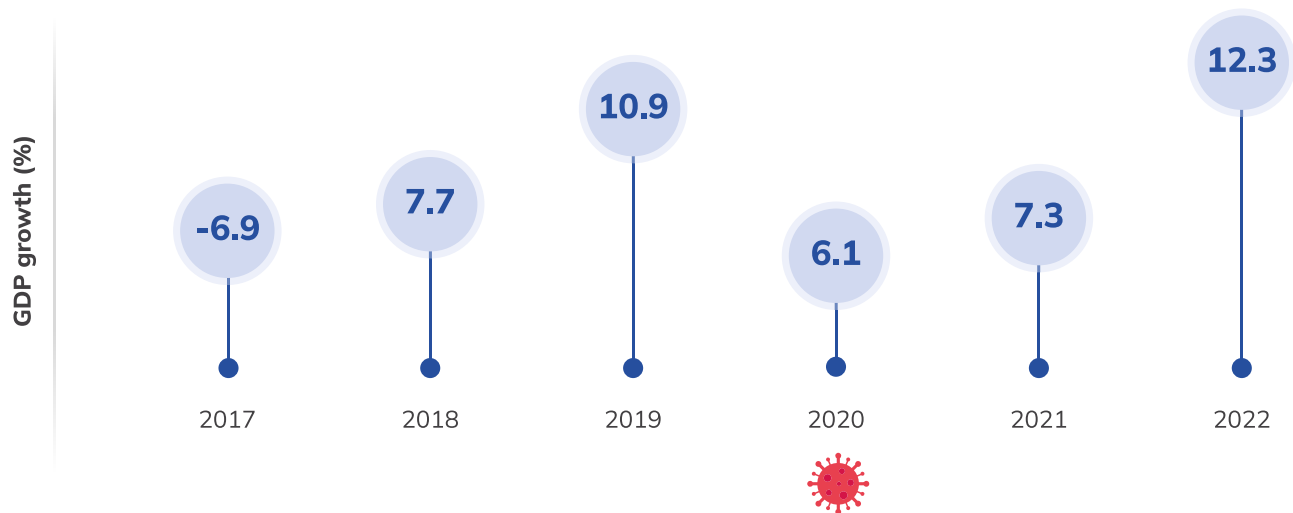
Complementary Source:

UN Tourism (2024), UN Tourism Data Dashboard – International Tourism Receipts, available online: <https://www.unwto.org/un-tourism-dashboard> [06-04-2025].

Looking beyond international receipts, the direct contribution of tourism to South Africa's GDP between 2017 and 2022 ranged from 2.6 to 3.5%, confirming its role as a stable economic driver. In monetary terms, this contribution increased from approximately USD

6.9 billion in 2017 to USD 10.9 billion in 2019. Despite a temporary setback during the pandemic, the sector resumed its growth trajectory, reaching USD 7.3 billion in 2021 and surpassing pre-2020 levels in 2022 with a record USD 12.3 billion.

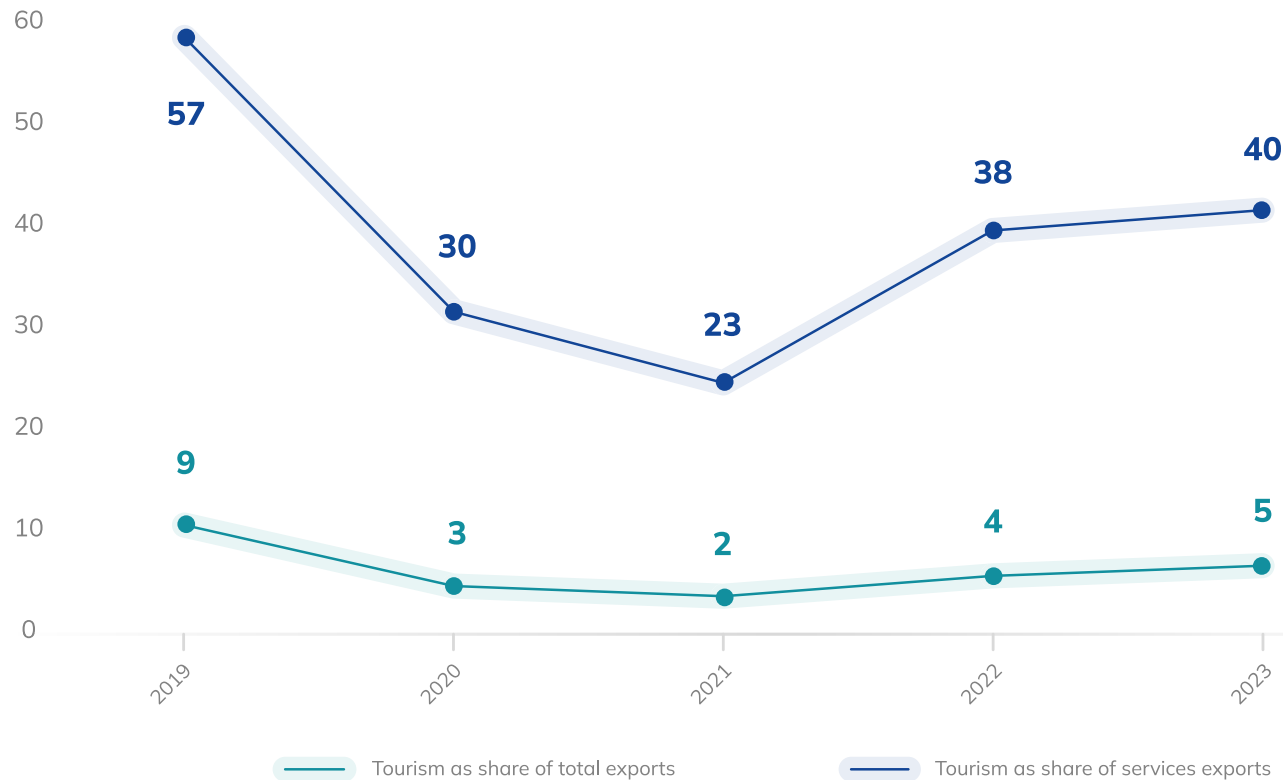
Figure 1.4: Direct tourism contribution to GDP, 2014 – 2022 (USD billion)



Source: Department of Tourism, Republic of South Africa (2024), White Paper on the Development and Promotion of Tourism in South Africa 2024, Government Gazette No. 51354, Vol. 712, 4 October 2024, Pretoria.

Note: All values are presented in USD using a fixed exchange rate of ZAR 19.09 per USD across all years, to ensure comparability and avoid currency fluctuation distortions.

Figure 1.5. Tourism's Relative Contribution to South Africa's Export Performance, 2019–2023 (%)



Source: UN Tourism (2024), Global and Regional Tourism Performance, United Nations Tourism Organization, available online: <https://www.unwto.org/tourism-data/global-and-regional-tourism-performance> [08-04-2025].

Tourism has traditionally held a prominent position within South Africa's services sector, accounting for over half of service sectors exports in 2019. While it represents a relatively modest share of total exports, its prominence within services exports underscores its strategic importance in supporting economic diversification. Since 2022, the tourism sector has shown encouraging signs of recovery, with consistent annual growth indicating a gradual restoration of international demand.

Figure 1.6: South Africa's macroeconomic context, 2024







2

Investment outlook

2.1. Foreign direct investment (FDI) flows and stock

Initial estimates suggest that the global FDI grew by 11%, reaching USD 1.4 trillion in 2024, but dropped 8% when excluding flows through European conduit economies (conduit economies are jurisdictions that facilitate capital flows by serving as intermediaries for investments, often benefiting from favourable tax regimes and regulatory frameworks, mainly due to rising geopolitical and trade tensions amid a slowing global economy²⁰). Nevertheless, FDI is expected to see moderate growth in 2025, driven by improved financing conditions and anticipated surge of mergers and acquisitions. However, uncertainty remains high. All this shows that even in a complicated international landscape, investors continue to find opportunities with a long-term perspective²¹.

Africa experienced a sharp rise in 2024, growing by 84% to an estimated USD 94 billion—the highest level ever recorded. This surge was primarily attributed to a single large-scale international project finance agreement in Egypt, led by ADQ, a sovereign investment fund based in the United Arab Emirates, for the development of the Ras El-Hekma peninsula. Excluding this exceptional case, FDI to Africa still increased by 23%, reaching approximately USD 50 billion, though overall levels remained moderate²².

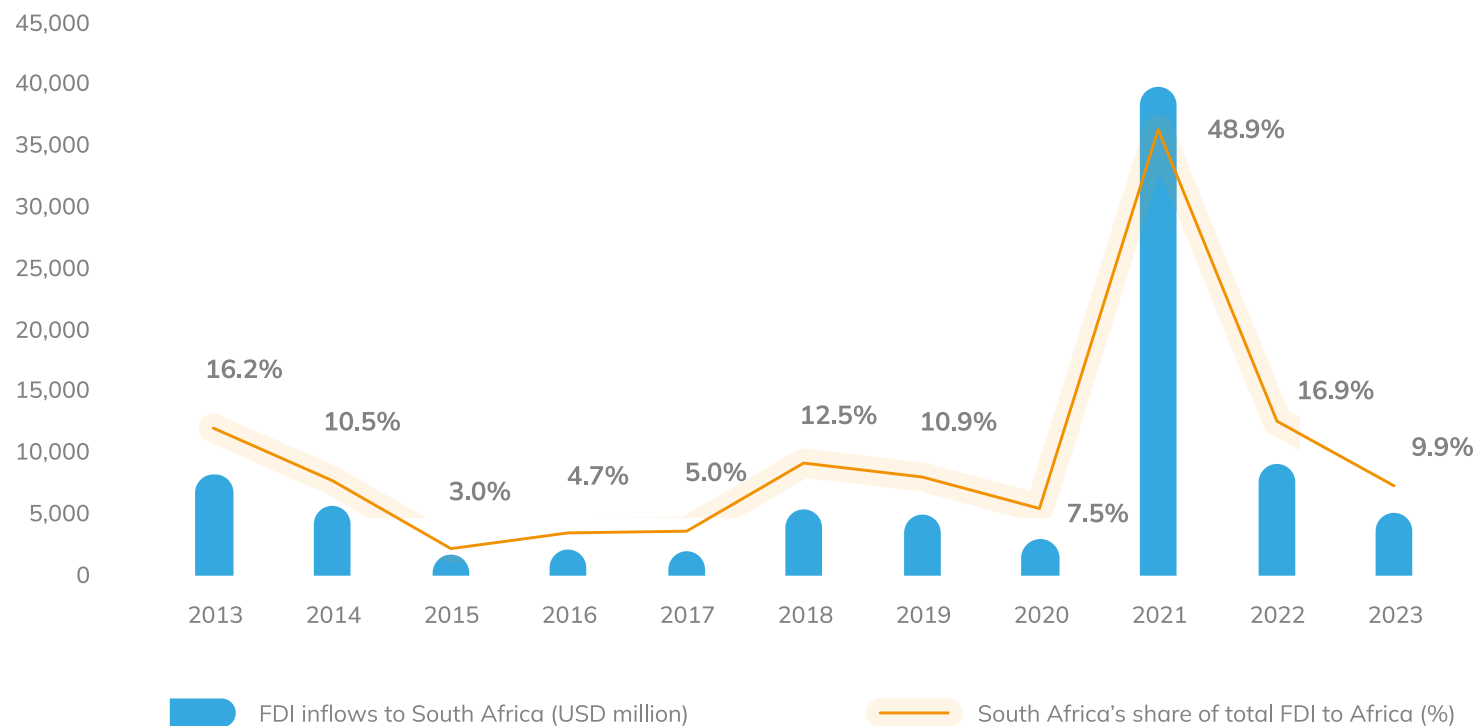


Yacht in Durban

In the case of South Africa, foreign direct investment (FDI) flows have shown significant volatility over the past decade. After reaching a record USD 40.2 billion in 2021—driven by major corporate restructuring deals—FDI levels adjusted to USD 9.2 billion in 2022 and an estimated USD 5.2 billion in 2023. These shifts reflect the natural volatility of large-scale transactions and a recalibration of investment cycles. Despite short-term fluctuations, South Africa continues to stand out as one of the leading FDI destinations on the continent, maintaining its strategic relevance for global investors.

When viewed as a share of Africa's total FDI, South Africa's performance reveals additional insights. **In 2021, the country accounted for nearly half (48.9%) of all FDI flows to the continent, reflecting the exceptional scale of that year's transactions. However, this proportion declined to 16.9% in 2022 and further to 9.9% in 2023, a level more aligned with pre-pandemic trends.**

Figure 2.1: Evolution of FDI inflows to South Africa and share in total African FDI, 2013–2023



Source: United Nations Conference on Trade and Development (2025), UNCTADstat Data Centre, UNCTAD, Geneva, available online: <https://unctadstat.unctad.org/datacentre/> [09-04-2025].



Sandton City, Johannesburg

This broader volatility in FDI flows also highlights the strategic importance of understanding sectoral investment trends. Available data in 2023 show that investment remains concentrated in high-value sectors such as finance, insurance, real estate and business services (32.4%), manufacturing (27.4%) and mining and quarrying (22.6%). These industries continue to attract the bulk of investor interest due to their structural relevance and potential for long-term returns.

Transport, storage and communication capture a meaningful share (10.5%), reflecting the growing recognition of infrastructure and logistics as critical enablers of trade and economic integration. Notably, sectors related to tourism—such as wholesale and retail trade, catering and accommodation—account for 5.4% of total investment. This figure signals an emerging opportunity to enhance investment in services with strong employment and community development potential.

Although investment in sectors directly linked to sustainability—such as agriculture, forestry and fishing (0.2%), and electricity, gas and water (0.2%)—remains limited, this gap presents a clear opening for innovation in green finance and blended investment models. Targeted strategies to de-risk sustainable projects, strengthen regulatory frameworks, and build investor confidence can help channel more capital toward inclusive and resilient growth sectors.

Figure 2.2: Foreign direct investment (FDI) by sector, 2015–2024



* Total Direct Investment (USD Thousands)

Source: South African Reserve Bank (n.d.), Quarterly Bulletins, SARB, Pretoria, available online: <https://www.resbank.co.za/en/home/what-we-do/statistics/QuarterlyBulletins> [12 06 2025]



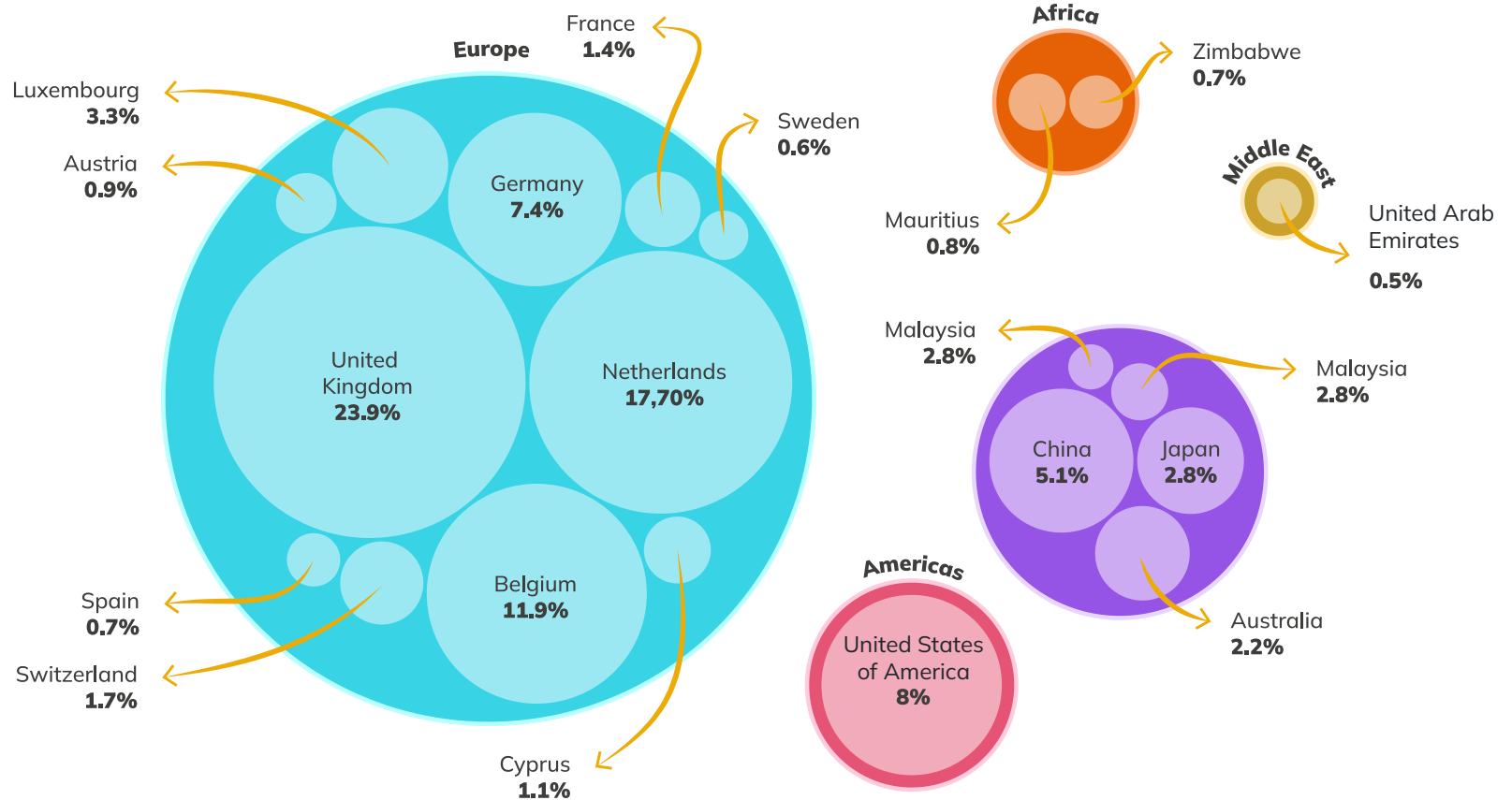
In terms of origin, South Africa's inward FDI stock is primarily sourced from a concentrated group of high-income economies. **The United Kingdom holds the largest share at 23.9 percent, followed by the Netherlands at 17.7 percent, reflecting its strategic role as a hub for holding companies and conduit investment, often associated with favourable tax arrangements. Other major European investors include Belgium (11.9 percent), Germany (7.4 percent), Luxembourg (3.3 percent), and France (1.4 percent), evidencing Europe's enduring corporate presence and long-standing investment ties with the country.**

Outside Europe, the United States accounts for 8 percent of FDI stock, rooted in robust bilateral business relations, particularly in manufacturing and services. China, while increasingly active in the African investment landscape, represents a smaller share at 5.1 percent. Japan and Australia follow with 2.8 and 2.2 percent, respectively, indicating a more selective presence from Asia-Pacific economies.

The remainder of the top 20 includes a blend of advanced and offshore financial centres such as Switzerland, Cyprus, Austria, Sweden, Malaysia, Spain, and Mauritius, as well as jurisdictions commonly used for financial structuring, including the United Arab Emirates and Hong Kong. While some shares reflect operational assets, others are likely linked to intermediary vehicles and tax-efficient channels.

The geographic distribution of FDI stock in South Africa illustrates a prevailing reliance on mature economies and structured capital flows rather than a broadened or diversified investor landscape. This pattern underscores the dual nature of opportunity and exposure. To foster greater resilience and strategic alignment with national development goals, it is essential to diversify the investor base. Expanding inter-regional investment, particularly from Latin America and the Middle East, could not only reduce concentration risks but also contribute to sectors with high transformative potential, such as sustainable tourism, digital infrastructure, and regional value chains.

Figure 2.3: Origin of FDI Inflows, 2023



Source: South African Reserve Bank (n.d.), Quarterly Bulletins, SARB, Pretoria, available online: <https://www.resbank.co.za/en/home/what-we-do/statistics/QuarterlyBulletins> [12 06 2025]



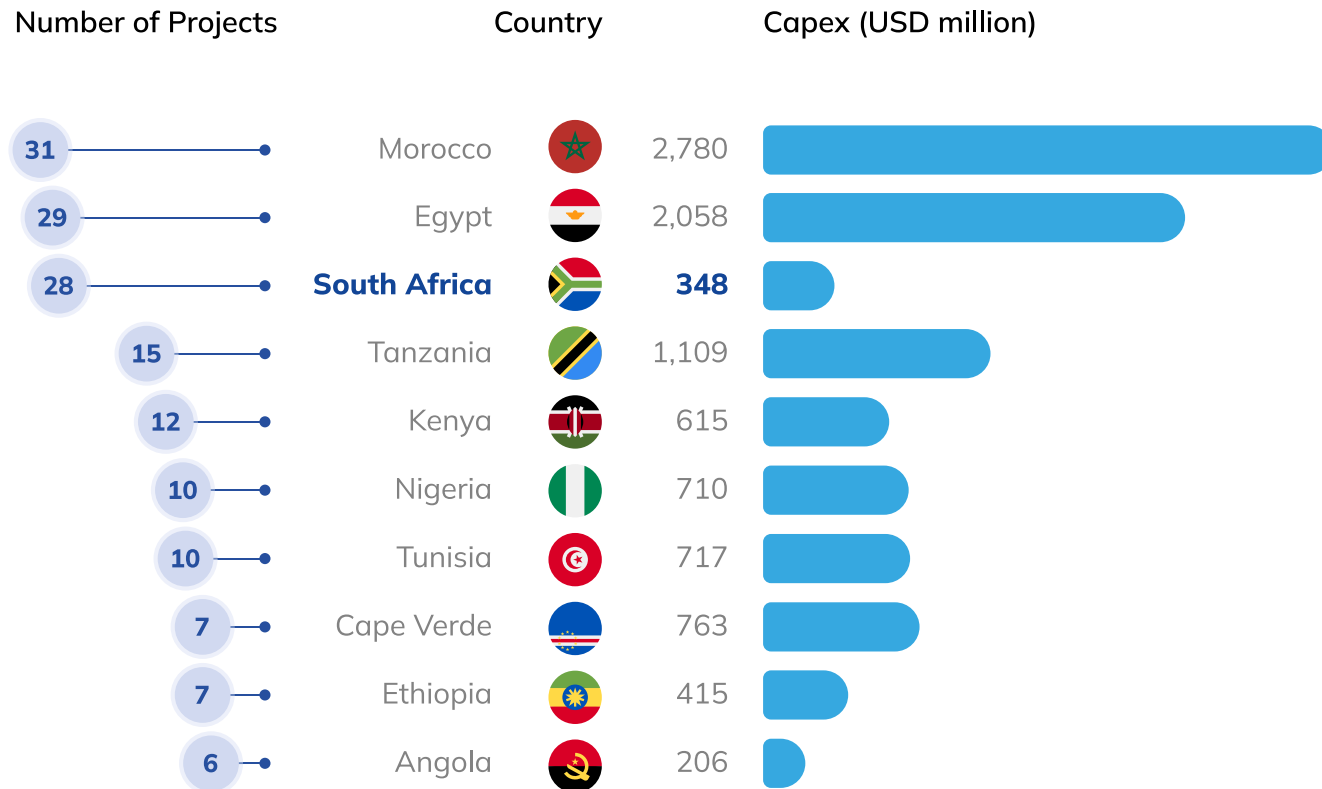
Basotho Village, Free State

Tourism investment

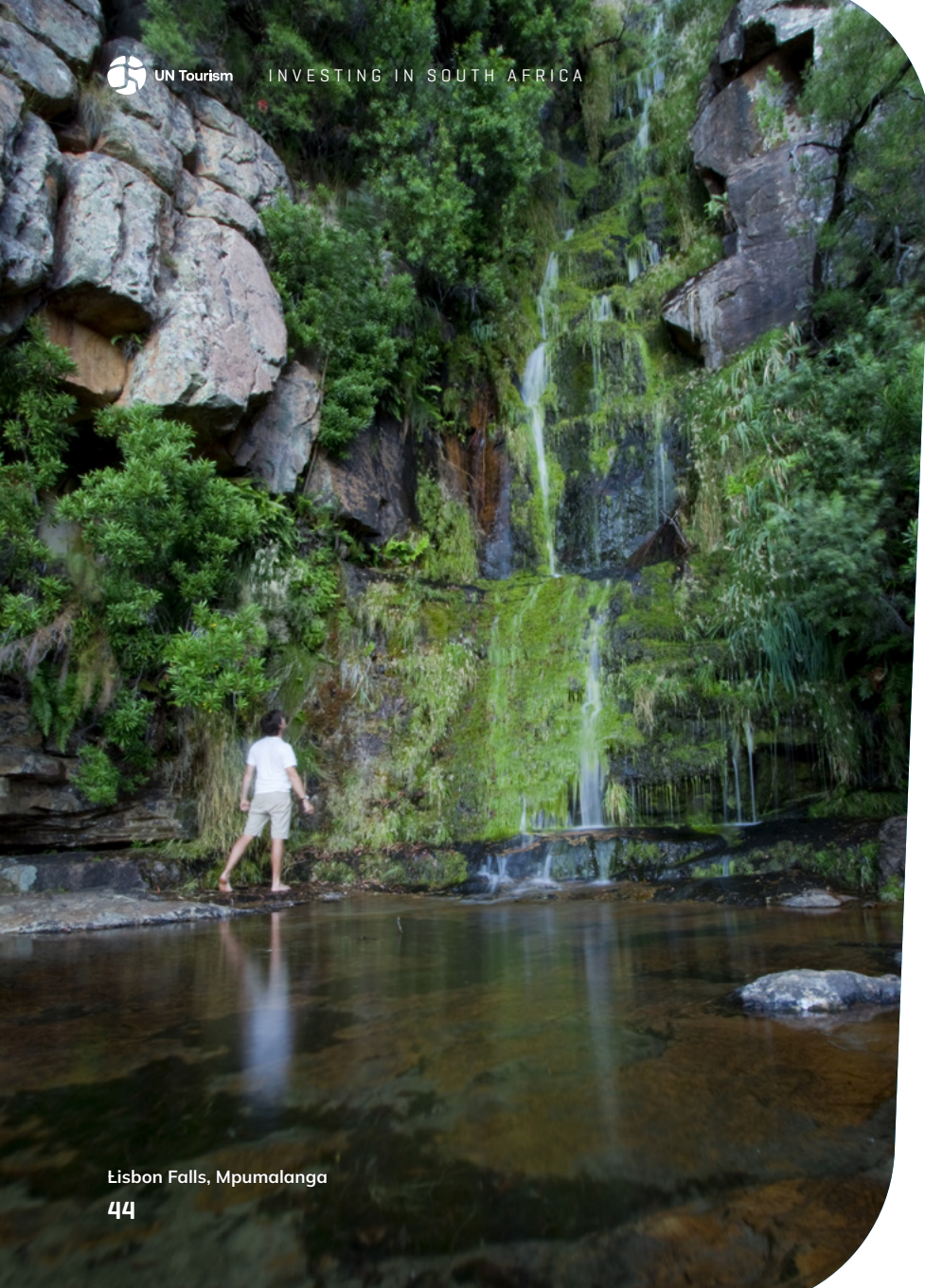
Between 2014 and April 2025, South Africa positioned itself as one of the top three African destinations for greenfield foreign direct investment (FDI) in tourism, ranking just behind Morocco and Egypt in the number of projects attracted. Over this period, the country recorded 28 initiatives in the sector, supported by a total

capital expenditure of USD 347.8 million. South Africa's performance reflects a consistent flow of medium-scale ventures, particularly in urban and service-oriented segments of the tourism economy.

Figure 2.4: Top 10 greenfield investment destinations in Africa by announced projects in the tourism cluster, 2014 – 2025 (April)



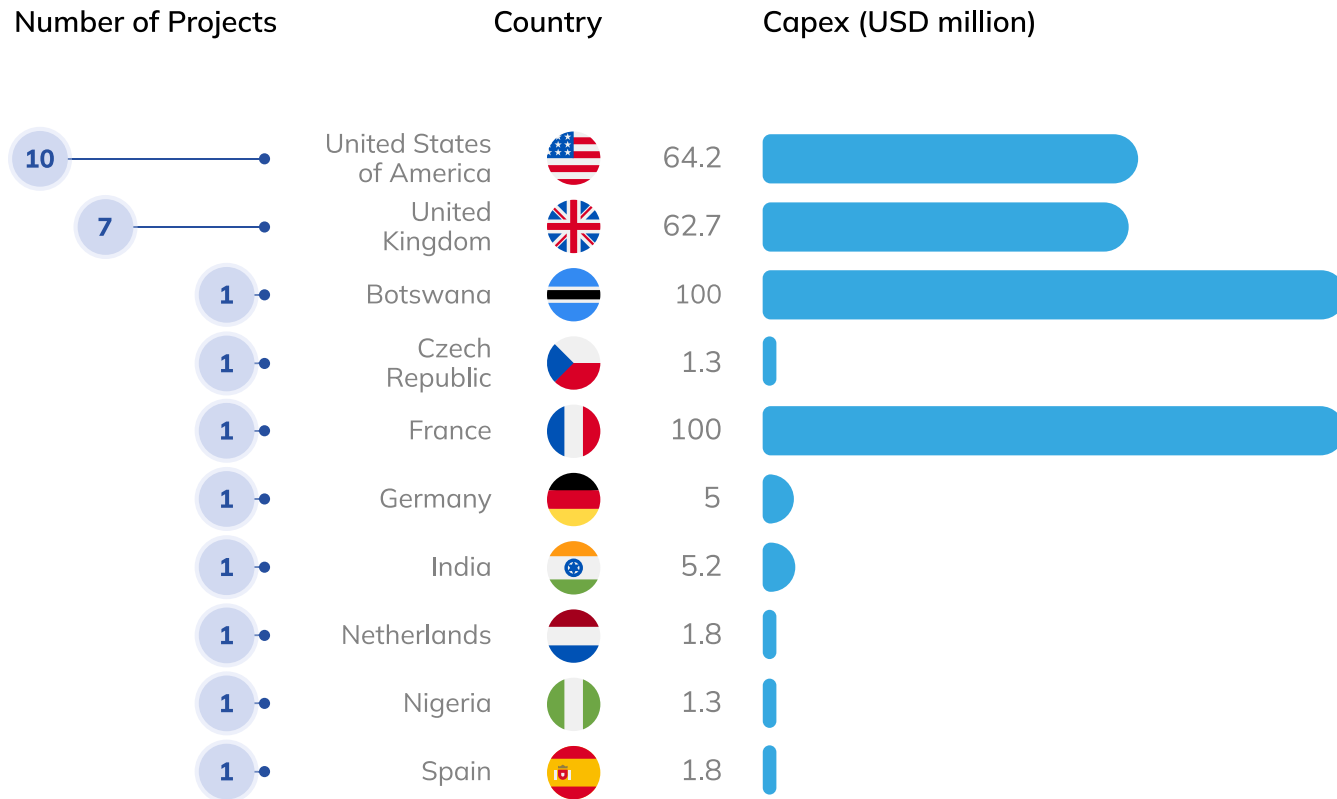
Source: fDi Intelligence, Financial Times (2025), fDi Markets [09-04-2025]



South Africa's tourism investment profile is characterised by a diverse range of source markets. The United States of America led in number of projects (10), followed by the United Kingdom (7). Botswana and France, despite each contributing only one project, accounted for the highest individual capital allocations, with USD 100 million respectively.

While traditional partners such as the United States of America and the United Kingdom show sustained engagement through multiple medium-scale ventures, regional and European actors appear more inclined to commit to fewer, but more capital-intensive projects—likely in infrastructure-heavy segments such as accommodation or integrated resort developments. The presence of emerging players such as India, Nigeria and the Czech Republic, albeit on a smaller scale, also suggests a gradual diversification of the investor base, which could be nurtured through targeted promotion and facilitation mechanisms. Moreover, the inclusion of Botswana highlights the potential of intra-African investment, reinforcing the strategic importance of regional cooperation frameworks such as the African Continental Free Trade Area (AfCFTA) in unlocking new capital sources.

Figure 2.5: Main origins of announced greenfield tourism investment projects in South Africa, 2014–April 2025



Source: fDi Intelligence, Financial Times (2025), fDi Markets [09-04-2025]



Investment in tourism was concentrated in three major cities. Johannesburg accounted for the highest capital inflow at USD 114 million, followed by Cape Town with USD 80.3 million; both cities hosted eight projects each. Durban, while less prominent, registered two projects with a total investment of USD 2.6 million. These locations benefit from their established infrastructure, air access and global brand visibility, reinforcing their role as primary destinations for tourism investment.

In terms of subsectors, investment activity was distributed as follows:

- **Travel arrangement and reservation services** attracted the largest number of projects (8), though with relatively modest capital needs (**USD 10.4 million**);
- The **accommodation sector** recorded fewer projects (5) but represented the most significant capital allocation (**USD 205 million**), indicating strong investor confidence in hospitality infrastructure.
- **Digital tourism services**, including internet publishing, broadcasting and web search, also saw growing interest, with **USD 21.4 million** invested across five projects.

While South Africa maintains a competitive position within the continent, the data suggest an opportunity to scale up investment size, enhance diversification beyond urban centres, and further align with trends in tourism innovation and sustainability.

To further strengthen this position, South Africa has adopted a strategic and coordinated approach to enhancing its appeal to investors. Institutions such as the South Africa Investment Promotion Centre²³, South Africa Investments²⁴, and Invest South Africa²⁵ work in close collaboration with the Ministry of Tourism, Ministry of Sport, Arts and Culture and the Ministry of Trade, Investment and Competition. Together, they are developing a robust pipeline of tourism projects that not only target the sector directly, but also address enabling factors such as infrastructure, green mobility, digital services and human capital.

This commitment is further reflected in the role of the South African Investment Authority, supported by the country's sovereign wealth mechanisms. Through a co-investment model that mobilises both international and domestic capital, the Authority has prioritised tourism as a strategic sector, taking direct stakes in selected ventures. This approach aims to preserve and enhance South Africa's natural and cultural assets while positioning tourism as a key pillar of sustainable and inclusive economic growth²⁶.



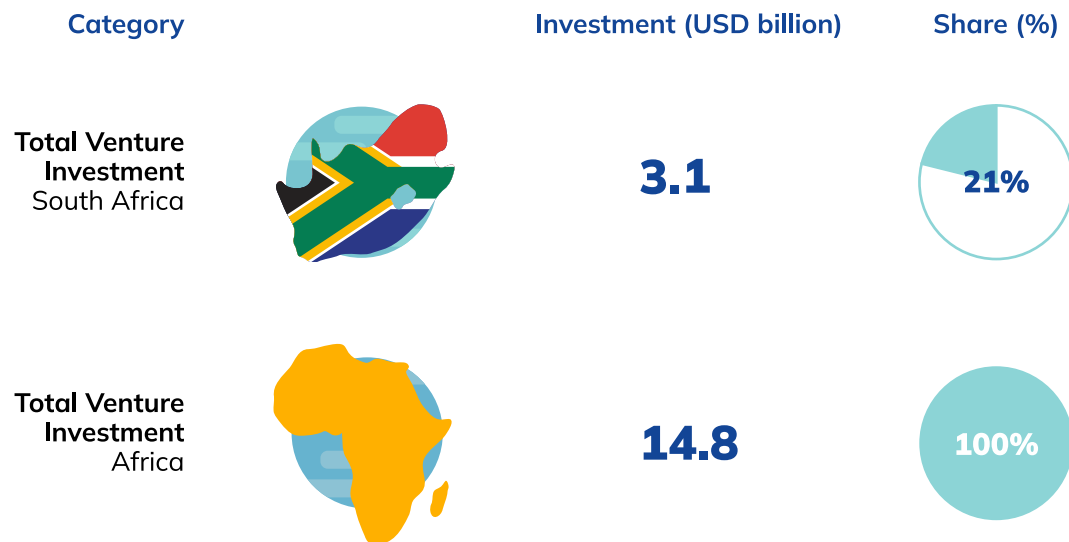
Nguni Cattle, KwaZulu-Natal

2.2. Investment in innovation and startups ecosystem

Between 2019 and 2024, Africa recorded USD 14.8 billion in venture capital (VC) and venture debt investment, reaching a peak of USD 4.5 billion in 2023. That year alone, USD 2.3 billion were channelled into 603 deals, despite global economic uncertainty²⁷. **During this five-year period, South Africa attracted USD 3.1 billion—equivalent to 21% of the continent's total, highlighting its consistent leadership in Africa's innovation ecosystem²⁸.** This strong performance is

supported by robust infrastructure, a sound legal framework, and a well-connected investor network. The country is home to approximately 202 active VC funds, including global firms such as Naspers and regional players like Knife Capital and 4Di Capital, positioning South Africa as both a stable domestic market and a strategic entry point into the broader African ecosystem.

Figure 2.6: Venture Capital Deals in Africa and South Africa, 2019-2024



Source: African Private Capital Association (2023), Venture Capital in Africa Report 2023, AVCA, London, available online: https://www.avca.africa/media/o5makqy5/avca234-19-vc-report_4.pdf [08-04-2025].

Tourism-focused innovation has gained significant momentum. **Between 2019 and 2024, South African startups attracted over USD 39 million in VC funding for tourism-related solutions, accounting for 57% of such investments across the continent²⁹.** Investment volumes were highest in 2019 (USD 23.1 million) and 2023 (USD 11.5 million), driven by favourable market conditions, renewed investor confidence, and selected high-value deals that boosted annual totals. Notable examples include One Africa Media, which raised USD 20 million; GoMetro, securing over USD 11.4 million for mobility-as-a-service platforms; Qualica, which received USD 2.5 million in pre-seed capital for digital tourism tools; and HouseME, which raised USD 3 million in Series A funding. Established platforms such as Travelstart and SafariNow, which attracted significant investment in earlier funding cycles, remain equally relevant in demonstrating the depth and maturity of South Africa's tourism-tech landscape³⁰.



Melrose Arch, Johannesburg



Walking Safari, Kruger National Park



Singita Lodge, Mpumalanga

South Africa's leadership extends to adjacent sectors that increasingly intersect with tourism. These industries provide essential infrastructure for tourism innovations, including smart booking systems, digital payments and AI-enhanced services. In 2024, 70% of venture capital deals were concentrated in fintech³¹. Tourism investors benefit from these technological spillovers, gaining access to proven tools and scalable platforms.

The South African government has progressively developed the national innovation ecosystem through co-investment mechanisms, competitive grants, and dedicated incubation programmes. Prominent initiatives include the Innovation and Partnership Programme (IPP), which offers grants of up to ZAR 15 million (USD 785,600), and the

National Gazelles Programme, which integrates mentorship and funding to reduce early-stage investment risk. These policy tools promote regional inclusivity and support diverse ventures—from township entrepreneurs to technology-driven SMEs—thus fostering a pipeline of projects aligned with the future of tourism.

The Tourism Tech Incubator, led by the South African government and supporting 20 innovators, is a flagship initiative that facilitates the deployment of tech-driven tourism solutions. Additional niche programmes in food services and tour operations provide structured support for startups across the tourism value chain, reinforcing national capacity to deliver high-impact, scalable innovations³².

Figure 2.7: Key Venture Capital and Business Growth Programmes

Black Business Supplier Development Programme (BBSDP)



Target: Black-owned SMEs with at least 51% black ownership and annual turnover of ZAR 250,000 to ZAR 35 million (approximately USD 13,100 to USD 1.83 million).

Support:

- Grants of up to ZAR 1 million (USD 54,400) for machinery, equipment, and working capital.
- R200,000 (USD 10,480) for training and development.
- 80:20 cost-sharing model (government covers 80%).

Enterprise Incubation Programme (EIP)



Target: Incubation of small businesses, partnerships with established companies.

Support: ZAR 1.5 million to ZAR 10 million (approximately USD 78,600 to USD 523,800) grants covering 90% of costs.

Informal and Micro Enterprise Support Programme (IMESP)



Target: Small businesses in townships and rural areas.

Support: Cost-sharing grants for infrastructure, training, and business development.

Co-operative Incentive Scheme (CIS)



Target: Emerging co-operatives, majority black-owned.

Support: 100% grants for registered primary co-operatives.

Innovation and Partnership Programme (IPP)



Target: Small businesses with high-growth potential.

Support:

- ZAR 15 million (approximately USD 785,600) feasibility grants.
- 50:50 co-investment for strategic partnerships.

Start-up Enterprise Development Programme (SEDP)



Target: Small businesses in townships and rural areas.

Support:

- 100% funding up to ZAR 200,000 (USD 10,480) per beneficiary.
- Minimum application amount: ZAR 50,000 (USD 2,620).

National Gazelles Programme



Target: SMEs with a minimum ZAR 1 million (USD 52,400) turnover and at least two employees.

Support:

- Business mentorship and trade facilitation.
- Funding access to scale high-growth businesses.

Strategic Partnership Programme (SPP)



Target: Entities with ZAR 100m (USD 5.2 million) + turnover supporting local SMEs.

Support:

- Grants up to ZAR 15 million (USD 785,700) for small business development in manufacturing, agro-processing, and mineral beneficiation.
- At least 51% black-owned SMEs.

Source: Department of Trade and Industry (2020), Investing in South Africa Roadmap 2020, InvestSA, Pretoria. Available at: <https://www.investsa.gov.za/wp-content/uploads/2021/03/Investor-Roadmap-2020-Online-version.pdf> [12-03-2025].



Horses grazing in Western Cape

2.3. Green investments

South Africa's transition to a green economy is reshaping its tourism sector by promoting efficient operations, resilient destinations, and environmentally conscious experiences. Anchored in the national climate strategy, energy reforms, and waste management efforts, the green transition offers concrete investment opportunities aligned with global sustainability trends and traveller preferences.

2.3.1. Clean Energy and Energy Efficiency in Tourism Infrastructure

South Africa has one of the world's highest potentials for solar and wind energy. The national agenda prioritises the reduction of fossil fuel dependence and improvement of energy security through large-scale and decentralised renewable solutions.

The **Renewable Energy Independent Power Production Procurement Programme (REIPPPP)** has attracted over ZAR 202 billion (USD 10.6 billion) in investments since 2011, driving utility-scale renewable projects³³. Complementing this, rooftop solar PV systems and energy efficiency technologies are particularly suitable for tourism establishments aiming to cut operating costs and improve reliability, especially in remote areas.

Investment opportunities:

- Rooftop solar PV installations for hotels, lodges and attractions
- Energy efficiency retrofits (lighting, heating, cooling)
- Battery storage for eco-resorts and off-grid operations
- Green building certifications and retrofitting of heritage properties
- Local manufacturing of solar panels and wind turbine components

2.3.2. Sustainable Mobility and Green Transport for Visitors

The decarbonisation of the transport sector is a national priority, supported by South Africa's **Green Transport Strategy**³⁴. Key measures include the development of electric vehicle (EV) infrastructure, promotion of new energy vehicles (NEVs), and modernisation of public and tourism-related transport systems.

Tourism investors are encouraged to contribute to this transformation by integrating clean mobility options that enhance the visitor experience while reducing environmental impact.

Investment opportunities:

- Installation of EV charging stations at tourism hubs
- Fleet conversion to electric or hybrid vehicles (shuttles, safari trucks, etc.)
- Partnerships with transport providers to green tourism circuits
- Development of low-impact mobility solutions within nature reserves and cities

2.3.3. Circular Economy and Waste Innovation in Tourism Destinations

Tourism generates significant volumes of waste, particularly in popular destinations. South Africa is responding through regulatory reforms and infrastructure expansion, fostering innovation in recycling and waste-to-energy systems. New business models that integrate circular economy principles into tourism operations—such as composting, waste separation, and plastic recovery—align with rising demand for responsible tourism³⁵. For example, several private reserves and eco-lodges have adopted zero-waste practices and on-site waste treatment systems³⁶.

Investment opportunities:

- On-site waste sorting, composting and greywater systems in hotels and lodges
- Local partnerships for recycling in coastal and rural destinations
- Zero-waste tourism models, especially in protected areas
- Innovation in sustainable packaging for food and beverage services
- Processing of green waste, organic waste, e-waste and abattoir waste
- Thermal treatment for plastics and refuse-derived fuels

2.3.4. Green Hydrogen and Eco-Industrial Tourism Zones

South Africa is positioning itself as a leader in green hydrogen (GH2), with investments exceeding ZAR 300 billion (USD 15.7 billion). While direct tourism applications are still emerging, GH2 development—particularly within Special Economic Zones (SEZs)—presents opportunities for integrated low-carbon tourism and industrial ecosystems³⁷.

These zones may host educational tourism, industrial visits, and the branding of destinations around clean energy narratives. Educational tourism and destination branding centred around clean energy narratives are gaining traction, especially as part of multi-stakeholder initiatives and international cooperation strategies, as illustrated by Iceland's geothermal visitor centres and greenhouse experiences, Germany's wind energy trails, and similar renewable energy tourism models in Europe that combine sustainability education with destination promotion.

Emerging synergies:

- Tourism integration within GH2 hubs and eco-industrial clusters
- Educational and industrial tourism linked to hydrogen innovation
- Branding and promotion of green destinations with clean energy identity



Loerie & Blue Duiker trails, Eastern Cape



Nelson Mandela Bridge, Johannesburg

3

Value Proposition

3.1. Why invest in South Africa's tourism sector?



01

Diversified Tourism Market with a local scalability



Sky Diving, Gauteng

As outlined in the Tourism Cluster Overview, South Africa's tourism sector is anchored in a strong intraregional market, with **Africa accounting for 76% of all international tourist arrivals in 2024³⁸**. A substantial share of this demand originates from neighbouring SADC countries, offering a stable and scalable visitor base that supports year-round travel and frequent cross-border mobility. This local foundation provides resilience and creates favourable conditions for incremental investment and growth.

Concurrently, South Africa has demonstrated its capacity to attract international tourists from key long-haul markets such as the United States of America, the United Kingdom and Germany³⁹, supported by strategic marketing, improved airlift, and digital innovation. The country's competitiveness is further enhanced by its wide spectrum of tourism offerings, ranging from established corridors such as Cape Town and Kruger Park to emerging high-potential niches. Cruise tourism, for instance, is growing at 7.6% annually, while wine tourism, adventure travel, and cultural experiences continue to expand their market share⁴⁰.

The presence of demand across luxury, mid-range, and budget segments allows investors to diversify risk and adapt to evolving preferences. **This combination of a strong regional core, growing international visibility, and multi-tiered product diversity positions South Africa as a destination with both local scalability and global appeal—ideal for sustained and inclusive tourism investment.**

*The tourism niches and segments presented in this publication do not correspond to official UN Tourism concepts or definitions. They have been included based on the terminology used by the Government of South Africa and its National Department of Tourism. Any reference to these segments is made solely for the purpose of accurately reflecting national frameworks and priorities.

Wine Tourism



Wine tourism is one of South Africa's fastest-growing and highest-value niche segments, offering strong returns and diversified visitor experiences. In 2022, the sector contributed ZAR 3 billion (approximately USD 157.1 million) in direct value to GDP and generated a total economic impact of ZAR 9.3 billion (USD 487.3 million). It supported over 40,000 jobs, including 6,304 permanent positions and nearly 8,000 seasonal workers, underscoring its socio-economic importance, particularly in rural areas⁴¹.

The industry is anchored in 23 wine routes and 504 registered wine route members, spanning all major wine-producing regions in the Western Cape. These include iconic destinations such as Stellenbosch, Franschhoek, Constantia and Paarl, as well as emerging areas like Breedekloof, Elgin, Bot River, and the Cape South Coast. Each route offers a distinctive mix of terroir, winemaking traditions, and visitor experiences—from historic estates and boutique cellars to farm-to-table dining, cultural festivals, art galleries and nature trails—catering to a wide range of market segments.

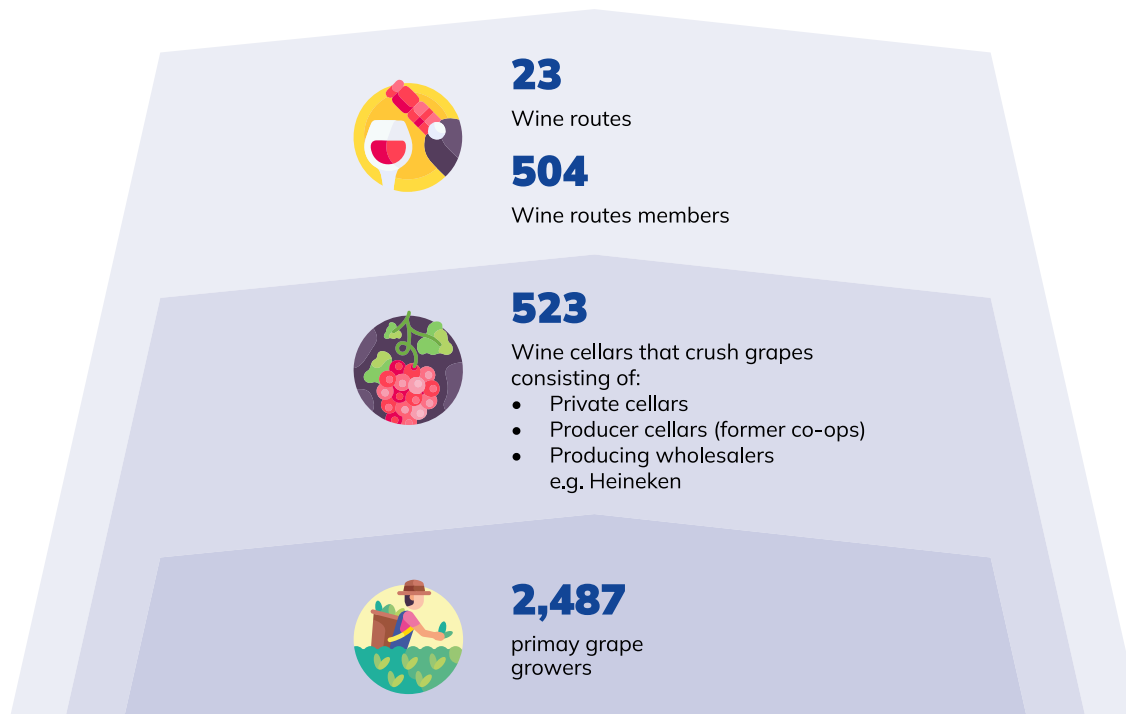
South Africa's leadership in wine tourism has also received international recognition. The country is prominently featured in the UN Tourism publication *The Wine Routes of the World* (2021), which presents best practices from leading wine-producing countries across the globe. The chapter dedicated to South Africa highlights the richness of its wine routes, the diversity of visitor experiences, and the sector's contribution to rural development and local economies. This international acknowledgment reinforces South Africa's position as a global benchmark for integrated, experience-based tourism development.

Destinations such as Stellenbosch, Franschhoek, Durbanville, Elgin, and Constantia show the highest dependence on wine tourism turnover. **Activities range from cellar-door tastings and vineyard tours to wine and food pairings, boutique accommodation, and conference hosting.** In Franschhoek, the share of tourism-related turnover grew from 24.4% in 2019 to 56.8% in 2022, while in some regions wine tourism now represents up to 41.6% of total business turnover—highlighting its strategic importance to local economies.



Cape Winelands, Western Cape

Figure 3.1: Structure of the South African Wine Industry



Source: I and M Futureener Advisors Pty Ltd (2023), The Economic Value of the Wine Tourism Industry, report presented to SAWIS and South Africa Wine, Cape Town, disponible en línea: <https://www.sawis.co.za> [10-04-2025].

Figure 3.2: South Africa's Wine Routes by Regions

COAST TO COAST

South Africa currently has 23 wine routes taking visitors into seven wine regions and districts across three provinces. Still, producers continue to pioneer new territories and experiment, both in the vineyard and winery.

1. COASTAL REGION

Occupying a broad, northerly sweep along the West Coast of the Western Cape province, the region incorporates Cape Town, as well as areas around Darling, Franschhoek, Paarl, Stellenbosch, Swartland, Tulbagh and Wellington, to the Lutzville Valley in the upper reaches.

2. CAPE SOUTH COAST REGION

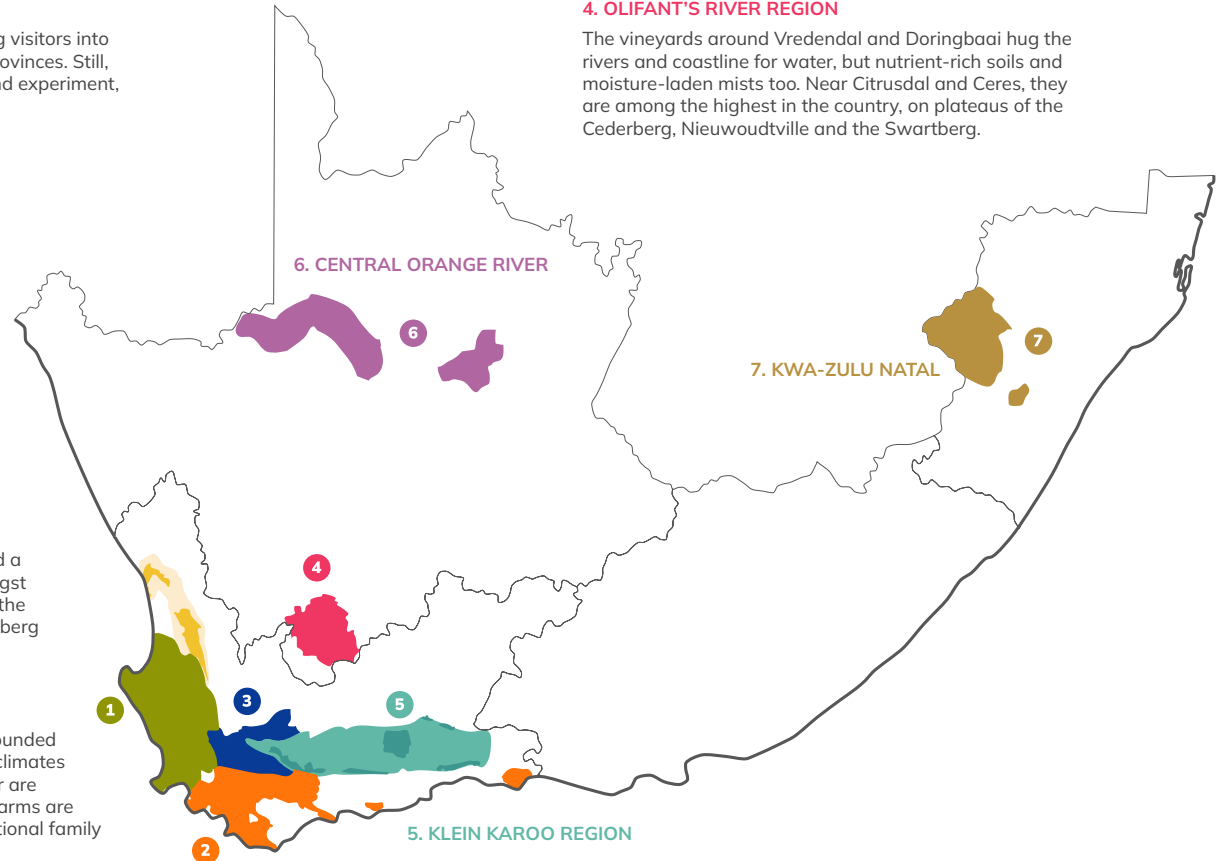
This is Africa's southernmost wine region, influenced by colliding major ocean currents and a vast array of landscapes. It encompasses amongst others Cape Agulhas, the elevated Elgin Valley, the Overberg, Swellendam, Walker Bay and Plettenberg Bay at its easterly border.

3. BREEDE RIVER VALLEY REGION

The territory is characterized by mountain-surrounded vineyards flourishing on alluvial soils and mesoclimates in and around river valleys. Among their number are Breedekloof, Robertson and Worcester, where farms are known as much for their wines as multi-generational family histories.

4. OLIFANT'S RIVER REGION

The vineyards around Vredendal and Doringbaai hug the rivers and coastline for water, but nutrient-rich soils and moisture-laden mists too. Near Citrusdal and Ceres, they are among the highest in the country, on plateaus of the Cederberg, Nieuwoudtville and the Swartberg.



Source: World Tourism Organization (2021), South Africa: Tourism Doing Business – Investment Guidelines, UNWTO and Fundación ARAEX Grands, with the support of South African Tourism, Madrid, available online: https://pre-webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2023-03/8-South%20Africa_FINAL.pdf [10-04-2025].



Adventure and Biodiversity-based Tourism

South Africa's diverse terrain supports a wide array of outdoor activities—rock climbing, rafting, bungee jumping, wildlife safaris, shark cage diving, hiking, and paragliding—making it a prime destination for adventure seekers. Key sites include the Drakensberg Mountains, Blyde River Canyon, uKhahlamba-Drakensberg Park, and iSimangaliso Wetland Park. The Garden Route, stretching from Mossel Bay to Storms River, is renowned for its biodiversity and coastal beauty. With 20 national parks and multiple trans-frontier conservation areas, the country presents untapped investment opportunities in eco-lodges, sustainable transport, nature-based recreation, and experience-driven tourism models⁴².

In this context, **biodiversity-based tourism has emerged as a high-potential niche within the broader tourism economy.** Defined as tourism linked to natural ecosystems and indigenous species—such as game parks, nature reserves, coastal reefs and botanical gardens—this segment contributes significantly to economic activity and job creation. In 2019, it accounted for 13.3% of the tourism sector's direct GDP, equivalent to approximately ZAR 27.7 billion (USD 1.45 billion), and contributed 0.5% to national GDP. These figures confirm not only strong domestic demand but also a resilient and growing market for nature-driven experiences⁴³.

South Africa's status as one of only 18 megadiverse countries globally, and home to the iconic Big Five, enhances its global leadership in nature-based tourism. In addition, the country boasts 46 Blue Flag beaches⁴⁴, a distinction that reflects international standards in environmental management, water quality, and safety. These natural assets, combined with South Africa's favourable positioning in terms of affordability, further elevate its attractiveness for sustainable tourism investment.

Employment trends reinforce the segment's stability and social value. In 2019, biodiversity-based tourism supported 11.8% of tourism jobs, with domestic visitors responsible for over 70% of related expenditure. This level of internal demand points to strong year-round revenue potential and reduced dependence on seasonal international flows⁴⁵.

As countries move toward greener growth and low-impact development, **South Africa's biodiversity-based tourism offers a compelling value proposition. With increasing policy alignment around sustainability, expanding domestic and regional markets, and a proven record of economic returns, the sector is well positioned to attract long-term investment. From eco-lodges and guided experiences to conservation-linked infrastructure, biodiversity-based tourism provides a platform for responsible, scalable and profitable ventures.**



Cultural and Heritage Tourism

The country's cultural tourism is rooted in its complex history and diversity. **Twelve UNESCO World Heritage Sites include Mapungubwe, Robben Island, the Cradle of Humankind, and the Richtersveld Cultural and Botanical Landscape.** Major urban centres host key attractions such as the Apartheid Museum in Johannesburg, the Castle of Good Hope in Cape Town, and the Gold of Africa Museum. The National Rural Strategy encourages community-based tourism and integration of cultural assets into tourism circuits, with projects that range from local crafts markets to heritage route development. Events such as the South African Cheese Festival and Afrikaans Language Monument Festival support regional tourism⁴⁶.



Domestic and Township Tourism

The Sho't Left campaign promotes domestic tourism among young and emerging travellers, boosting demand for short-stay packages and cultural circuits. **Township tourism—prominent in Soweto, Khayelitsha and Alexandra—highlights music, dance, gastronomy and history, contributing to economic inclusion. Investments in guided tours, small-scale hospitality, and creative hubs can further integrate these areas into the national tourism offer.** Soweto, with landmarks such as Vilakazi Street and the Hector Pieterse Memorial, remains a strong anchor for local tourism⁴⁷.



Business and Events Tourism (MICE)

South Africa remains a continental leader in meetings, incentives, conferences and exhibitions. The Cape Town International Convention Centre, Sandton Convention Centre, and Durban ICC host large-scale regional and global events. **Over 1,000 high-end venues are available, supported by a National Convention Bureau that assists in bidding and revenue origination.** Events like the Africa Travel Indaba, Africa Oil Week, and the Sports and Events Tourism Exchange contribute to sustained business travel. The sector benefits from international air access and hospitality infrastructure, particularly in Johannesburg, Cape Town, and Durban⁴⁸.



Sports Tourism

South Africa has a strong track record in hosting major international sporting events, including the Rugby World Cup in 1995, the Cricket World Cup in 2003, and the 2010 FIFA World Cup. It continues to attract global attention through annual events such as the Nedbank Golf Challenge—offering a purse of USD 7.5 million and ranking among the five European Tour-sanctioned golf tournaments in the country—the Comrades Marathon, and the Two Oceans Marathon. Flagship events like the Cape Epic Mountain bike race and the Midmar Mile further highlight the country's sports tourism appeal. Notably, more than 10% of international arrivals engage in sports-related activities⁴⁹. The provinces of KwaZulu-Natal and the Western Cape provide year-round training facilities, while the country's rich sports heritage and high spectator interest create opportunities for themed experiences and infrastructure development.



02

A Continental Gateway with Unmatched Infrastructure and Connectivity

Bloukrans Bridge, Eastern Cape

South Africa presents a highly attractive environment for tourism investment, underpinned by its advanced infrastructure, strategic connectivity, and forward-looking reforms. As one of the most diversified and industrialised economies on the continent, South Africa also holds the most affluent consumer base in Africa. Its location at the southern tip of the continent, combined with a well-integrated multimodal transport system, positions it as a natural entry point to the wider African region and a competitive global hub for tourism and trade.

Maritime infrastructure lies at the heart of this positioning. **The country is home to Africa's largest port—Durban—and operates eight major seaports, including two of the world's top container terminals and two of the largest dry bulk facilities. Durban and Saldanha Bay can accommodate Very Large Crude Carriers, and a new deep-water port is being developed to handle next-generation vessels.** These capabilities are central to Operation Phakisa – Oceans Economy, a national strategy that aims to raise the ocean economy's contribution to GDP to between ZAR 129 billion (USD 6.8 billion) and ZAR 177 billion (USD 9.3 billion) by 2033 and generate up to one million jobs. Moreover, South Africa is a continental leader in shipbuilding, producing vessels up to 140 metres in length for commercial and defence purposes, supported by a robust engineering base and local supply chains⁵⁰.

Complementing this maritime strength is the country's world-class air transport system. South Africa maintains the most connected and efficient air network in Africa. **Its three main international airports—OR Tambo (Johannesburg), Cape Town, and King Shaka (Durban)—collectively handle 95% of international air traffic and 85% of all passenger volumes. Managed by Airports Company South Africa (ACSA), the national network comprises nine airports linked to all six continents.** In 2023, international traffic reached 78% of pre-pandemic levels. OR Tambo remains the leading hub, serving 38 international airlines, while Cape Town International has recovered 80% of its traffic, supported by increased routes from Emirates, Qatar Airways, United Airlines, and Air Belgium⁵¹.

This connectivity is further reinforced by South Africa's extensive ground infrastructure. With 750,000 kilometres of roadways, the country boasts the longest road network in Africa and the tenth largest globally, valued at over ZAR 2.1 trillion (USD 110.05 billion). **The South African National Roads Agency Limited (SANRAL) manages over 22,000 km of paved roads, while the remaining network includes vital gravel routes linking rural and tourism-rich areas. At the same time, rail transport is undergoing structural reform under Operation Vulindlela.** Third-party access to the freight rail network began in May 2024, alongside the establishment of an independent infrastructure manager. The upgrade of Durban's Pier 2, under a public-private partnership, also began in 2024 to enhance port capacity and efficiency⁵².

South Africa's maritime and ground infrastructure also support the expansion of cruise tourism. With a 3,000 km coastline and well-positioned ports in Cape Town, Durban, Port Elizabeth, and Richards Bay, the country connects visitors to nature reserves, UNESCO World Heritage Sites, and cultural landmarks. While only Cape Town and Durban operate as homeports, other destinations serve as ports of call. **In 2023, and according to Tourism KwaZulu-Natal the cruise sector generated ZAR 650 million (USD 34.1 million) in revenue, with annual growth projected at 7.6%, reaching an estimated ZAR 870 million (USD 45.6 million) by 2027.**

Beyond transport, the enabling infrastructure for tourism continues to evolve through targeted reforms in energy, telecommunications, and water management. In the energy sector, the government is progressing with the unbundling of Eskom and the establishment of the National Transmission Company, whose board was appointed in January 2024. Load-shedding is declining, driven by both increased Eskom generation and independent producers. Over 6,000 MW in

renewable energy projects—worth more than ZAR 100 billion (USD 5.2 billion)—are registered and expected to come online in the medium term⁵³.

Equally important are ongoing reforms in water infrastructure, critical for both urban expansion and tourism development in rural and coastal areas. The 2023 National Water Resources Infrastructure Agency Bill paves the way for a dedicated national entity, expected to be operational by 2025⁵⁴. Complementary measures—including the revised Raw Water Pricing Strategy and Water Services Amendment Bill—aim to improve water security, governance, and service delivery in vulnerable municipalities⁵⁵.

Taken together, South Africa's transport infrastructure, digital capacity, and foundational service reforms not only confirm its status as a continental logistics and travel hub but also create a stable, future-ready platform for long-term tourism investment.



03

Africa's Prime Destination for Service-Oriented Investment

Sandton City, Johannesburg

South Africa is the most advanced gateway into Africa for tourism, trade and investment. Its geographical position at the southern tip of the continent places it at the crossroads of major global shipping and aviation routes. **Over 180 Fortune Global 500 companies operate in South Africa. The country ranks third in Africa for infrastructure quality and connectivity, offering investors access to integrated value chains and intra-African flows of goods, services and people⁵⁶.**

South Africa is emerging as the leading services-oriented economy in Africa, distinguished by a robust digital ecosystem and a solid foundation in next-generation service capabilities. With the continent's most advanced digital economy, the country is at the forefront of delivering high-quality, multichannel customer experiences, underpinned by deep analytics and a growing focus on digital services.

A key driver of South Africa's competitiveness is its cost-efficient operating environment. Operating costs are estimated to be 50–60% lower than in England and Australia, and with targeted government incentives, that support the arrival and creation of new companies⁵⁷. This cost advantage is complemented by a first-world operating environment, supported by strong government initiatives in skills development and high-quality business and infrastructure systems.

More than 600,000 students graduate annually, including over 100,000 in IT, engineering and commerce-related fields, creating a consistent and highly skilled talent supply. In fact, South Africa ranks first among offshore peers (India and Philippines) in staff training, reinforcing its reputation for workforce readiness⁵⁸.

Furthermore, the country has built a strong foundation in contact centre services, which has traditionally been a core strength. Today, this capability has expanded into niche segments such as financial services, legal process outsourcing and healthcare, capitalising on the availability of specialised skills in these sectors.



V and A Waterfront, Cape Town



04

Demand Led Skills

People fishing in de Kloof, Western Cape

South Africa offers strength of its human capital and the government's structured approach to skills development and inclusive growth. With close to 62 million inhabitants, South Africa is the fifth most populous country in Africa and home to a youthful and urban population—56% are under the age of 30, and two in three live in urban areas. **The adult literacy rate stands at 95%, and 70% of the workforce has attained at least a secondary education, providing a broad and adaptable labour base. The country's higher education system is among the most advanced on the continent, hosting four of Africa's top five universities and a network of 50 Technical and Vocational Education and Training (TVET) colleges, enrolling more than 700,000 students across 267 campuses⁵⁹.**

This robust educational ecosystem ensures a continuous pipeline of talent for the tourism industry, further supported by dedicated programmes led by the Department of Tourism. These include accredited skills development in areas such as food and beverage service, professional cookery, wine service, guiding, and tourism safety. The Recognition of Prior Learning (RPL) programme allows workers with informal experience to receive formal certification, promoting upward mobility within the sector. In 2022/23, targeted initiatives empowered over 2,500 unemployed youth through training and job placements, while community-based tourism projects were rolled out across seven provinces, supporting inclusive rural development.

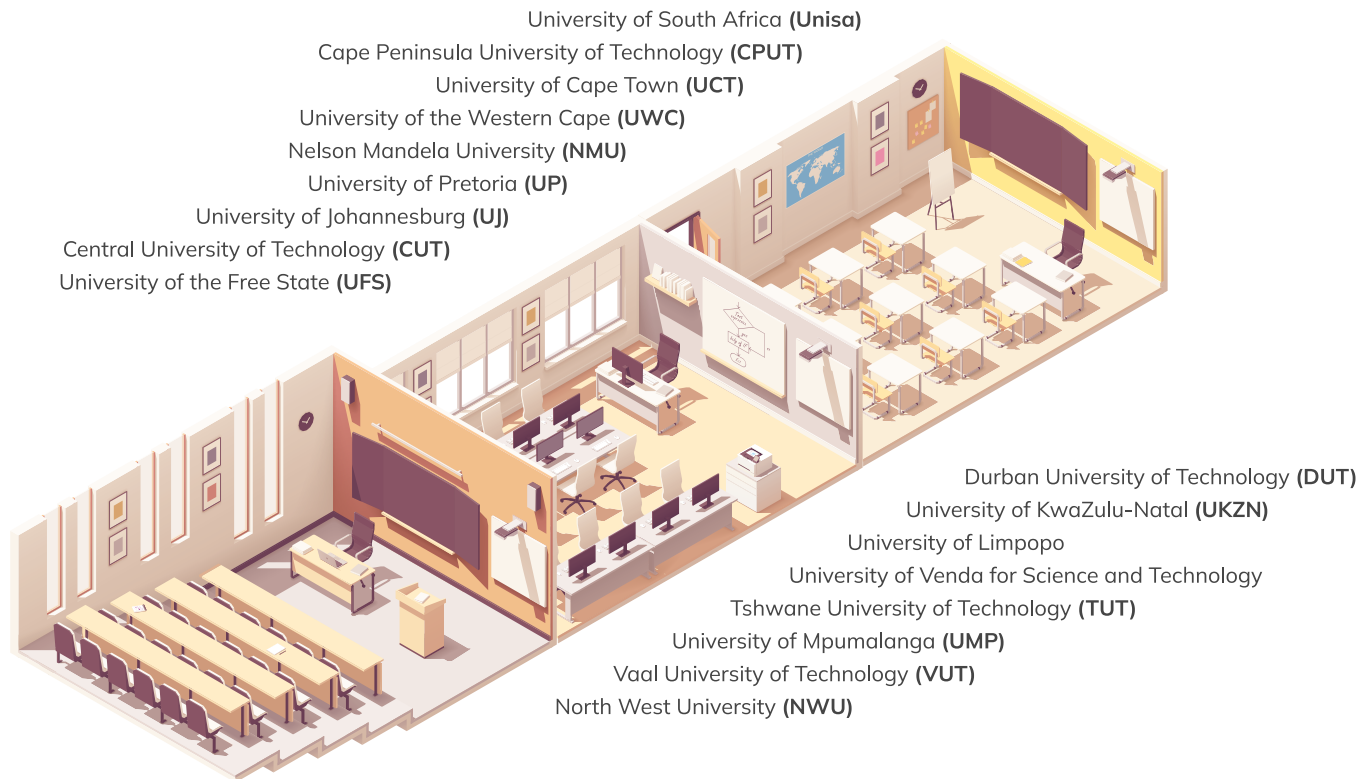
Entrepreneurship is also actively promoted through specialised incubators focusing on emerging tour operators, food services, community tourism, and tourism tech—many implemented in partnership with the Small Enterprise Development Agency (SEDA). In parallel, national service and safety standards—such as SANS 1197 and SANS 1162—ensure quality assurance across tourism products, particularly in underserved areas. These efforts are underpinned by strong institutional collaboration with the Culture, Art, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSETA), reinforcing alignment between industry needs and education supply.

In addition to its technical advantages, South Africa's multilingual and culturally diverse workforce offers a unique asset for investor-driven hospitality and experience-based tourism. The country's rich culinary heritage and reputation for service excellence are increasingly recognised in global markets. Moreover, the government's emphasis on digital transformation and responsible tourism is reflected in the design of new training modules and tech-driven incubators. **The country's extensive academic offering in tourism—spanning institutions such as the University of Cape Town, Durban University of Technology, and the University of Mpumalanga—further positions South Africa as a leading destination for tourism education and workforce development. Combined with strong linkages to the African continent and its diaspora, these elements create opportunities for regional knowledge exchange and skilled labour mobility, solidifying South Africa's role as a hub for tourism innovation and human capital leadership.**



Star Gazing, Northern Cape

Figure 3.3: Leading Higher Education Institutions Offering Tourism Programmes in South Africa



Source: TVET Colleges South Africa (2025), *Best University to Study Tourism in South Africa*, available online: <https://tvets.co.za/best-university-to-study-tourism-in-south-africa/> [10-04-2025].

The Department of Tourism supports human capital development through targeted initiatives that enhance service quality and promote inclusive growth in the tourism sector⁶⁰:

Figure 3.4: National Programmes for Skills Development, Youth Empowerment, and Inclusive Tourism Growth in South Africa

Skills Development and Certification

Programmes focus on food and beverage, wine service, guiding, and tourism safety. The Recognition of Prior Learning (RPL) initiative enables workers with practical experience to obtain formal qualifications. In 2022/23, 30 learners in Limpopo completed a chef training programme, achieving a 100% graduation rate and Level 5 certification accredited by CATHSSETA and QCTO (budget: ZAR 780,000 -USD 40,900).

Youth Empowerment

A nationwide programme targeting 2,500 unemployed youth (aged 18–35) offers accredited training, job placements, and stipends. In 2022/23, 2,517 learners were enrolled; 810 graduated and 450 secured permanent employment. Training areas included food and beverage, professional cookery, food safety, wine service, and hospitality. The initiative was supported by an allocation of ZAR 69.6 million (USD 3.6 million).

Entrepreneurship and Incubation Support

The Tourism Incubation Programme supports four incubators:

- Emerging Tour Operators (44 participants)
 - Food Services (113 participants, including baristas, chefs, sommeliers)
 - Community-Based Tourism (8 projects)
 - Tourism Tech (20 innovators)
- The Food Services Incubator is implemented in partnership with the Small Enterprise Development Agency (SEDA).

Community-Based Tourism

Thirty projects across Limpopo, Free State, Northwest, Northern Cape, KwaZulu-Natal, Eastern Cape, and Mpumalanga receive support to enhance rural tourism and inclusive development.



Service Excellence and Tourism Safety

The implementation of South African National Standards (SANS 1197) promotes service excellence, particularly in small towns and emerging tourism products. These are complemented by the Responsible Tourism Standards (SANS 1162) and Norms and Standards for Safe Tourism Operations. Additionally, 500 SMMEs across all provinces have been trained in tourism safety norms and standards.

Presidential Youth Employment Intervention (PYEI)

Launched in 2020, the PYEI is South Africa's most comprehensive effort to tackle the youth unemployment crisis. Its primary goal is to facilitate the transition of young people from learning to earning by coordinating and enhancing existing programs across government and private sectors. The Presidential Employment Stimulus (PES) was launched as part of government's response to the pandemic, but its success in enabling employment creation continues to benefit many. More than 1.5 million work and livelihood support opportunities for unemployed South Africans have been created through the initiative since October 2020. Participants that have benefited from this programme, 83% are youth and 66% are women. The employment stimulus has enabled the most rapid expansion of public employment in South Africa's history, by supporting programmes that could scale up within a matter of months to provide work to those who need it.

Harambee Youth Employment Accelerator:

Harambee Youth Employment Accelerator is a South African non-profit social enterprise established in 2011 to address youth unemployment by connecting first-time job seekers with work opportunities. It operates through the SA Youth platform, a zero-rated, mobile-accessible network that links millions of young people to jobs, learning, and training opportunities. Harambee works closely with over 2,500 employers and provides work-readiness support to help youth transition into the labour market. To date, it has helped more than 4.1 million young work-seekers and facilitated over 1.2 million job opportunities, contributing significantly to youth income and economic inclusion.

The Jobs Fund

The Jobs Fund was announced during the State of the Nation Address in February, 2011. The Jobs Fund was successfully launched and an amount of R9billion was set aside, towards the realisation of the objectives of the Jobs Fund.

Objectives of the Jobs Fund

To co-finance projects by public, private and non-governmental organisations that will significantly contribute to job creation. This involves the use of public money to catalyse innovation and investment on behalf of a range of economic stakeholders in activities that contribute directly to enhanced employment creation in South Africa

To address the challenge of unemployment, South Africa requires high rates of sustained economic growth. South Africa's macro-economic policy environment, infrastructure asset base, schooling system and regulatory frameworks are all key to growth. However, improving and reforming these factors is a long-term process.

The Jobs Fund does not intend to tackle these long-term, structural causes of low growth and unemployment on its own. Numerous government initiatives are already tasked with parts of that challenge. Nor does the Jobs Fund aim to replicate or substitute these initiatives; rather it presents an opportunity to complement them.

These funding interventions will seek to overcome some of the barriers to job creation that have been identified. Some of these relate to demand for labour, some to the supply of labour and some to the broader institutional environment.

The Jobs Fund has been designed specifically to overcome these barriers by providing public funding through four “funding windows” i.e. Enterprise Development; Infrastructure Investment; Support for Work Seekers and Institutional Capacity Building.

Within the four identified broad windows, the Jobs Fund seeks to stimulate good ideas, risk-taking and investment to discover new ways of working, where the costs and risks may be unknown, and where the pro-poor impact, principally in the form of sustainable job creation, may be significantly larger than with conventional approaches.

At its core, the Jobs Fund seeks to operate as a catalyst for innovation and investment in activities which directly contribute to sustainable job creation initiatives, as well as long term employment creation.



05

Leveraging Cultural Diversity and Quality of Life for Tourism Investment

Metal Sculpture of Nelson Mandela (Capture Site), KwaZulu-Natal

South Africa stands out as a dynamic and appealing destination for both leisure and long-stay tourism, offering a unique mix of cultural richness, lifestyle quality, and competitive costs. With 11 official languages and a diverse population, the country provides an inclusive and immersive experience for visitors, supporting a wide range of tourism segments including heritage, arts, and community-based initiatives⁶¹.

The affordability of urban centres such as Johannesburg and Pretoria, combined with a favourable climate and modern infrastructure, enhances South Africa's attractiveness for long-term stays, digital nomads, and lifestyle-oriented investment. These conditions also support the development of residential tourism and integrated tourism-living models.

In parallel, the country's growing reputation for quality healthcare and private medical services positions it well for medical and wellness tourism, particularly in cities like Cape Town and Durban. Visitors increasingly combine treatments with leisure and recovery experiences in nature-based or coastal environments.

South Africa's network of UNESCO World Heritage Sites further reflects its natural and cultural wealth, offering investment opportunities in ecotourism and sustainability-aligned projects. Altogether, the country presents a well-rounded value proposition as an investment destination across diverse tourism-related sectors—from culture and wellness to education and quality of life.





UN Tourism

INVESTING IN SOUTH AFRICA



Muizenberg, Cape Town



4

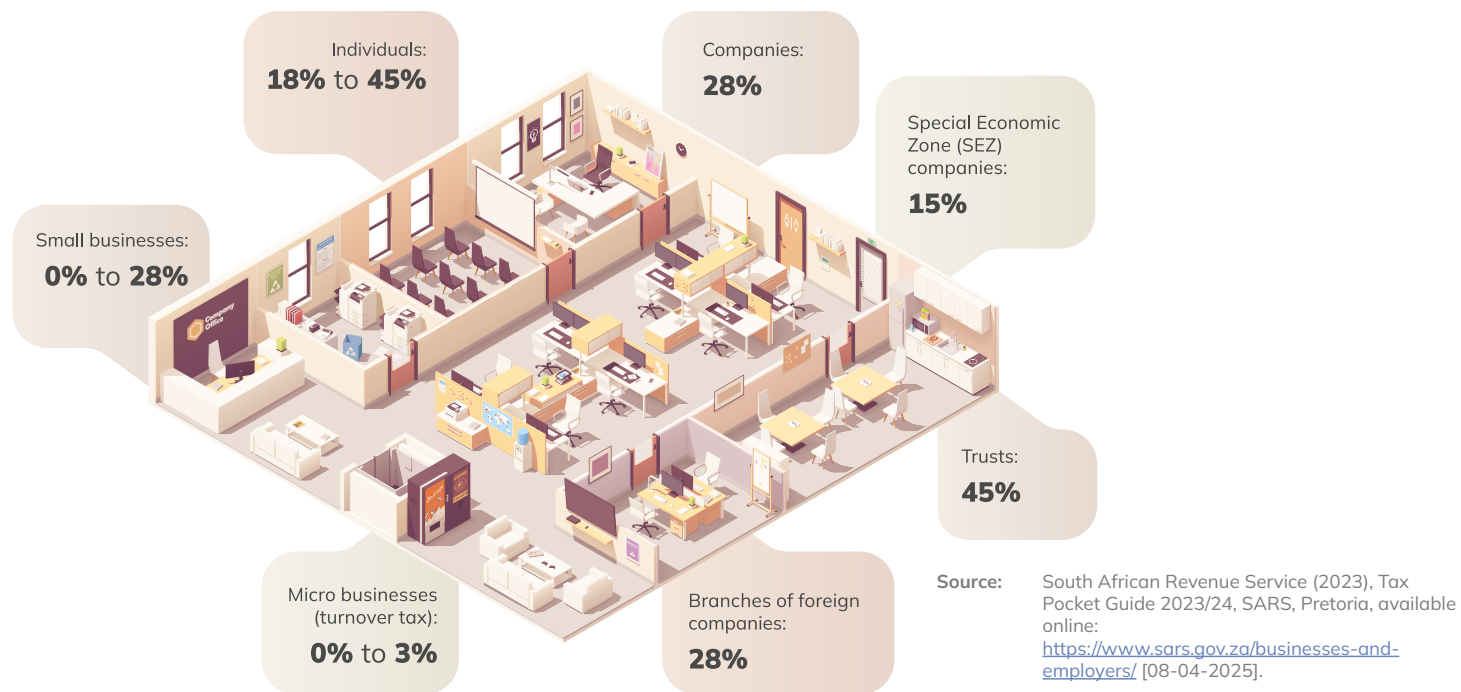
Tax and legal framework

South Africa offers a sound and transparent legal environment for investors, grounded in constitutional protections and reinforced through comprehensive legislation. The Protection of Investment Act, 2015 (Act No. 22 of 2015), is the cornerstone of this framework. It establishes legal certainty, assures equal treatment for domestic and foreign investors, and outlines procedures for dispute resolution⁶². In doing so, the Act aligns national legislation with global norms, reinforcing South Africa's credibility as a secure investment destination.

Overview of the Tax System

South Africa's tax regime is both structured and comprehensive, covering income, consumption, and trade-based taxes. Administered by the South African Revenue Service (SARS), the system is underpinned by key legislative instruments including the Income Tax Act, VAT Act, Customs and Excise Act, and the Tax Administration Act⁶³. Importantly, the system balances the objective of revenue generation with targeted incentives to foster investment and job creation.

Figure 4.1: Income Tax by taxpayer profile



The corporate tax regime is progressive and aligned with international standards, applying to a broad range of entities including public and private companies, state-owned enterprises, cooperatives and non-profit companies. The preferential 15% corporate income tax rate for qualifying companies within Special Economic Zones (SEZs) reflects a strategic policy to attract investment into designated areas, provided these companies meet specific criteria and do not engage in excluded activities, as elaborated further below.

Additionally, provisions exist for tax incentives such as enhanced deductions for renewable energy investments, learnership agreements, and Urban Development Zone (UDZ) investments. Companies must also comply with provisional tax obligations and annual return submissions (ITR14), and certain limitations apply—for instance, assets acquired via government grants are not eligible for depreciation⁶⁴.

Withholding Tax (WHT)

Withholding Tax (WHT) is a mechanism used by tax authorities to collect tax at the source of income, particularly from payments made to non-residents. In South Africa, WHT serves to ensure tax compliance on cross-border transactions and is levied on specific types of income such as dividends (20%), interest (15%), and royalties (15%)⁶⁵. These taxes are equally withheld by the payer and remitted directly to the South African Revenue Service (SARS).

South Africa's extensive network of Double Taxation Agreements (DTAs) allows for reduced rates or exemptions, thereby minimising the risk of double taxation and enhancing certainty for foreign investors. Additional WHT applies to non-resident entertainers and sportspersons (15%) for services rendered in the country.

Figure 4.2: Withholding Tax Rates by Payment Type and Residency Status in South Africa



Payment Type	Residents	Non-Residents
Dividends	20%	20%
Interest	0%	15%
Royalties	0%	15%
Entertainer/athlete payments	0%	15%
Proceeds from immovable property	0%	7.5%-15%
Management or consulting fees	0%	0%

Source: PricewaterhouseCoopers (2025), South Africa – Corporate – Withholding Taxes, PwC, disponible en línea: <https://taxsummaries.pwc.com/south-africa/corporate/withholding-taxes> [08-04-2025].



Transfer Pricing and Foreign Entities

South Africa adheres to **OECD-aligned transfer pricing regulations**, mandating that transactions between related parties be conducted at arm's length. Since 2016, companies are required to maintain comprehensive transfer pricing documentation to ensure compliance and facilitate audits SARS⁶⁶.

The **Controlled Foreign Companies (CFC) Regime** in South Africa targets resident taxpayers with significant shareholding (more than 50%) in foreign entities. Under this regime, a proportional share of the foreign company's income is included in the South African taxpayer's income, unless the CFC is subject to a sufficiently high level of foreign tax. This measure is designed to prevent profit shifting and protect the domestic tax base⁶⁷.

South Africa does not permit group taxation or consolidated tax returns. However, **specific provisions allow for tax relief in intra-group transactions to facilitate corporate reorganizations**. To qualify, companies must be part of the same group, defined as a controlling company holding at least 70% of the equity shares in another company. Foreign-incorporated companies are generally excluded from these provisions unless they are effectively managed in South Africa. The relief may cover various taxes, including capital gains tax, income tax on depreciable assets, and transfer duties⁶⁸.

Anti-Avoidance Provisions

South Africa has implemented robust anti-avoidance rules, covering hybrid equity and debt instruments, third-party backed shares, and thin capitalisation practices. These provisions aim to preserve the integrity of the tax base and align financial instruments with their true economic substance.

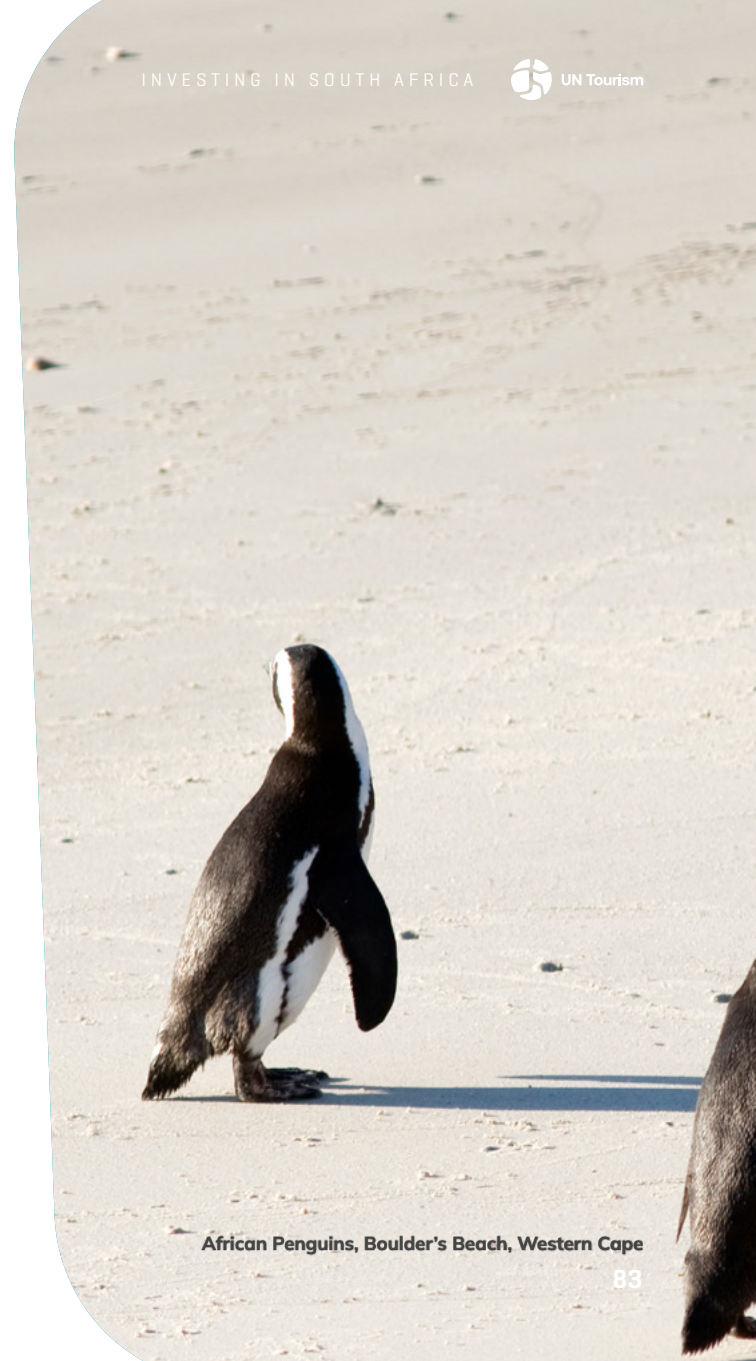
Indirect and Other Taxes

The VAT system, with a standard rate of 15%, plays a central role in revenue collection. South Africa also uses differentiated rates (zero-rated and exempt supplies) to address social equity and competitiveness. Additional levies such as carbon tax and sugar tax are aligned with sustainability objectives and public health priorities.

Other taxes include estate duties, donation tax, real estate transfer duties, and securities transfer tax. Royalties on mineral and petroleum resources, ranging from 0.5% to 7%, support the equitable sharing of natural resource rents.

Land Ownership and Acquisition

Property rights are constitutionally enshrined and foreign ownership is permitted without restriction. A well-developed land registration system and transparent acquisition procedures provide legal certainty. The five-step acquisition process ensures clarity for foreign and domestic investors alike.



African Penguins, Boulder's Beach, Western Cape

Figure 4.3: Five Key Steps for Acquiring Land



Investment Incentives Framework

South Africa provides a robust package of incentives designed to stimulate investment, foster innovation, and promote inclusive economic growth. These include:

- Cash grants for feasibility studies and enterprise development
- R&D tax deductions up to 150%
- Employment and energy efficiency tax credits
- Export support schemes

These instruments are structured to lower entry costs, support high-impact sectors, and promote localisation and technology development.

Figure 4.4: Incentives across all sectors

INFRASTRUCTURE INCENTIVES

Programme: **Agri-Parks Programme**

Criteria: Must be farmer-controlled

Benefit: Hubs in 44 districts for agro-production

Custodian: Dept. of Rural Development



Programme: **Social Housing Grant**

Criteria: Must be in a restructuring zone

Benefit: Zar 126,615 (USD 6,630) per unit grant

Custodian: Social Housing Regulator



Programme: **Critical Infrastructure Programme (CIP)**

Criteria: Fixed investment in infrastructure

Benefit: Cost-sharing 10%-30% grants

Custodian: Department of Trade, Industry and Competition (DTIC)



Programme: **Technology Innovation Agency (TIA)**

Criteria: SMEs & medium enterprises

Benefit: Engineering & technology development support

Custodian: TIA



Programme: **Special Economic Zones (SEZs)**

Criteria: Qualifying projects in SEZs

Benefit: 15% corporate tax, VAT exemptions, utility rebates

Custodian: DTIC



FEASIBILITY, RESEARCH & DEVELOPMENT INCENTIVES

Programme: Capital Feasibility Programme (CPFP)



Criteria: Local content of 50%+

Benefit: Feasibility study funding

Custodian: DTIC

Programme: Seed Fund



Criteria: SMEs & entrepreneurs

Benefit: Grants up to ZAR 860,000 (USD 45,050)

Custodian: TIA

Programme: R&D Tax Incentive



Criteria: Innovation in SA

Benefit: 150% tax deduction

Custodian: Dept. of Science & Tech

Programme: Product Innovation Programme



Criteria: Small, medium enterprises

Benefit: Maximum grant of ZAR 2 million (USD 104,800).

Custodian: DTIC

Programme: Media Fund (MDDA)



Criteria: Community media

Benefit: Funding support

Custodian: Media Dev. Agency

EMPLOYMENT & ENERGY INCENTIVES

EMPLOYMENT TAX INCENTIVE

- Reduces hiring costs for young workers.
- Employers can **claim** ZAR 1,000 (USD 52.40) **per employee** for 24 months.

ENERGY EFFICIENCY DEDUCTION

Tax allowance for companies that invest in **energy efficiency**.

EXPORT & INVESTMENT ASSISTANCE

Programme: **Export Marketing Scheme**

Criteria: South African exporters

Benefit: Trade exhibition cost support

Custodian: DTIC



Programme: **Business Services Incentive**

Criteria: Local & foreign investment

Benefit: Grants up to R290,000 per job

Custodian: DTIC



Programme: **Film & TV Production Incentive**

Criteria: Foreign productions in SA

Benefit: 20%-25% rebate

Custodian: DTIC



Programme: **Cleantech Innovation Programme**

Criteria: SMEs innovating in clean tech

Benefit: Funding & investment support

Custodian: TIA



Source: Department of Trade and Industry (2020), Investing in South Africa Roadmap 2020, InvestSA, Pretoria. Available at: <https://www.investsa.gov.za/wp-content/uploads/2021/03/Investor-Roadmap-2020-Online-version.pdf> [Accessed 12 March 2025]. [Invest South Africa](#)

Figure 4.5: Tourism and Skills Incentives

Programme: Green Tourism Incentive

Criteria: Tourism enterprises

Benefit: Covers 90% of energy audits

Custodian: Dept. of Tourism



Programme: Learnership Tax Deductions

Criteria: Employers registered for tax

Benefit: R40,000 (USD 2.095) deduction per learner

Custodian: SARS



Programme: Jobs Fund

Criteria: Public & private projects

Benefit: Co-financing for job creation

Custodian: The Jobs Fund



Programme: Film Industry Tax Exemption

Criteria: Film producers

Benefit: Exemption from normal tax

Custodian: SARS



Source: Department of Trade and Industry (2020), Investing in South Africa Roadmap 2020, InvestSA, Pretoria. Available at: <https://www.investsa.gov.za/wp-content/uploads/2021/03/Investor-Roadmap-2020-Online-version.pdf> [Accessed 12 March 2025]. Invest South Africa

Additionally, the government supports tourism development through the Tourism Incentive Programme (TIP), which provides financial assistance to privately owned enterprises. This includes support for international promotion through the Market Access Support Programme, incentives for quality standards via the Tourism Grading Support Programme, and funding for sustainable practices through the Green Tourism Incentive Programme (GTIP). Moreover, the Tourism Transformation Fund (TTF) and the Tourism Equity Fund (TEF) offer blended finance solutions to facilitate capital investments in black-owned and community-based tourism projects, promoting inclusivity and transformation in the sector⁶⁹.

Fund	Objective	Type of Financing	Target Beneficiaries	Max Grant per Project	Current Status (2025)
Tourism Transformation Fund (TTF)	Support small black-owned tourism enterprises, with a focus on women, youth, and community projects.	Blended finance (up to 50% grant + NEF loan/equity)	Majority black-owned tourism SMEs	ZAR 5 million (≈ USD 270,000)	Active. 23 projects funded (ZAR 272 million). Applications open year-round.
Tourism Equity Fund (TEF)	Facilitate black ownership in medium and large tourism ventures (acquisitions, expansions, startups).	Blended finance (up to 35% grant + concessional loans via sefa/others)	Black-owned tourism enterprises (larger-scale)	ZAR 20 million (≈ USD 1.08 million)	Relaunched in 2023. 20 projects approved (ZAR 301 million). In transition to a new fund manager in 2025.

Special Economic Zones (SEZs)

The SEZ framework is a key component of South Africa's industrial policy. Offering incentives such as a 15% corporate tax rate, VAT exemptions, and infrastructure support, SEZs are strategically located to support regional development and export-led growth. Zones such as Coega, Dube Trade Port, and Atlantis Greentech have emerged as hubs for manufacturing, logistics, and clean technologies.

Figure 4.6 Geographic Distribution and Incentives of Special Economic Zones in South Africa

Incentives offered by SEZs include:

- Provision of targeted investment incentives, support to exporters
- Preferential 15% corporate tax rate;
- Value-added tax and customs duty suspension in customs-controlled areas
- Employment incentives
- Building allowances
- Preferential land rental and utility rates.

11 designated SEZs in 7 provinces:

- Atlantis (Western Cape)
- Coega (Eastern Cape)
- Dube Trade Port (KwaZulu-Natal)
- East London (Eastern Cape)
- Maluti-A-Phofung (Free State)
- Musina-Makhado (Limpopo)
- Nkomazi (Mpumalanga)
- OR Tambo International Airport (Gauteng)
- Richards Bay (KwaZulu-Natal)
- Saldanha Bay (Western Cape)
- Tshwane Automotive (Gauteng)



Source: Government of South Africa (2023), South Africa: Replete with Opportunities for a Better World, South Africa Investment Conference 2023, Pretoria, available online: <https://www.sainvestmentconference.co.za> [08-04-2025].

Business Establishment and Investor Entry

South Africa offers a streamlined business registration process, often completed within 24 hours. Partnerships with local banks and the Companies and Intellectual Property Commission (CIPC) facilitate digital registration.

Various business structures are available, from private companies and non-profits to branches of foreign firms. Moreover, visa facilitation for investors—including corporate and business visas with minimum investment thresholds—demonstrates a policy commitment to attracting foreign capital and skills.



Camels in the Kgalagadi Transfrontier Park

Figure 4.7: Overview of Business Vehicle Options in South Africa

Business vehicles

There are a number of different business vehicles or entities that one can use to do business in South Africa, ranging from companies incorporated under the Companies Act 71 of 2008 to partnerships, trusts, sole proprietors and external companies or branches of foreign companies.

	Sole Proprietorship	Partnership	Profit Company	Non-Profit Companies	Business Trust	Branch of Foreign Company
Establishment / Formation Requirements	No registration required	No registration required	Notice of incorporation and Memorandum of Incorporation needs to be filed with the CIPC	Notice of incorporation and Memorandum of Incorporation needs to be filed with the CIPC	Trust deed to be lodged with Master of the High Court	Register as an external company with CIPC
Purpose	Small profit-making business owned and operated by individual	Joint venture structure for trade, business or profession	Aims to earn profit through its operations	Public benefit or other social or cultural objectives	Trustees carry out business for benefit of nominated beneficiaries	South African office or division of a foreign company
Naming Convention	Not specified	Not specified	Private companies end with "(Pty) Ltd" Public companies end with "Limited"	Must end with "NPC"	Not specified	Not specified
Legal Nature	No separate legal personality	No separate legal personality	Separate legal entity	Separate legal entity	Not separate legal entity	Not separate legal entity
Members	One	Two or more partners	One or more directors	Three or more directors	No limit on the number of trustees	Extension of foreign office
Liability	No limited liability or shelter from risk	Liability is jointly and severally shared between partnership	Limited liability	Limited liability	Limited liability	Foreign company liable
Advantages	Easy start-up and direct control	Limited external regulation	Bears its own liability or risk for its actions	Tax exempt status can be obtained	Better tax planning can be achieved	Easy start-up and no branch profit tax
Disadvantages	Unlimited exposure to liabilities and lawsuits	There is no perpetual succession	Subject to many legal requirements	Fund-raising can be a challenge	High headline tax rate of 45%	Foreign company liable for risks in South Africa

Source: Government of South Africa (2025), Types of Businesses, Doing Business in South Africa, available online: <https://www.doingbusiness.org.za/starting-a-business/types-of-businesses/> [08-04-2025].





5

Competitive outlook

5.1. Country benchmarking

Figure 5.1: Top 10 destinations in Sub-Saharan Africa and the Middle East and North Africa, according to the Travel & Tourism Development Index 2024

Region	Country	Ranking
	 United Arab Emirates	18
	 Saudi Arabia	41
	 Qatar	53
	 South Africa	55
	 Mauritius	57
	 Bahrain	58
	 Botswana	75
	 Kenya	77
	 Tanzania	81

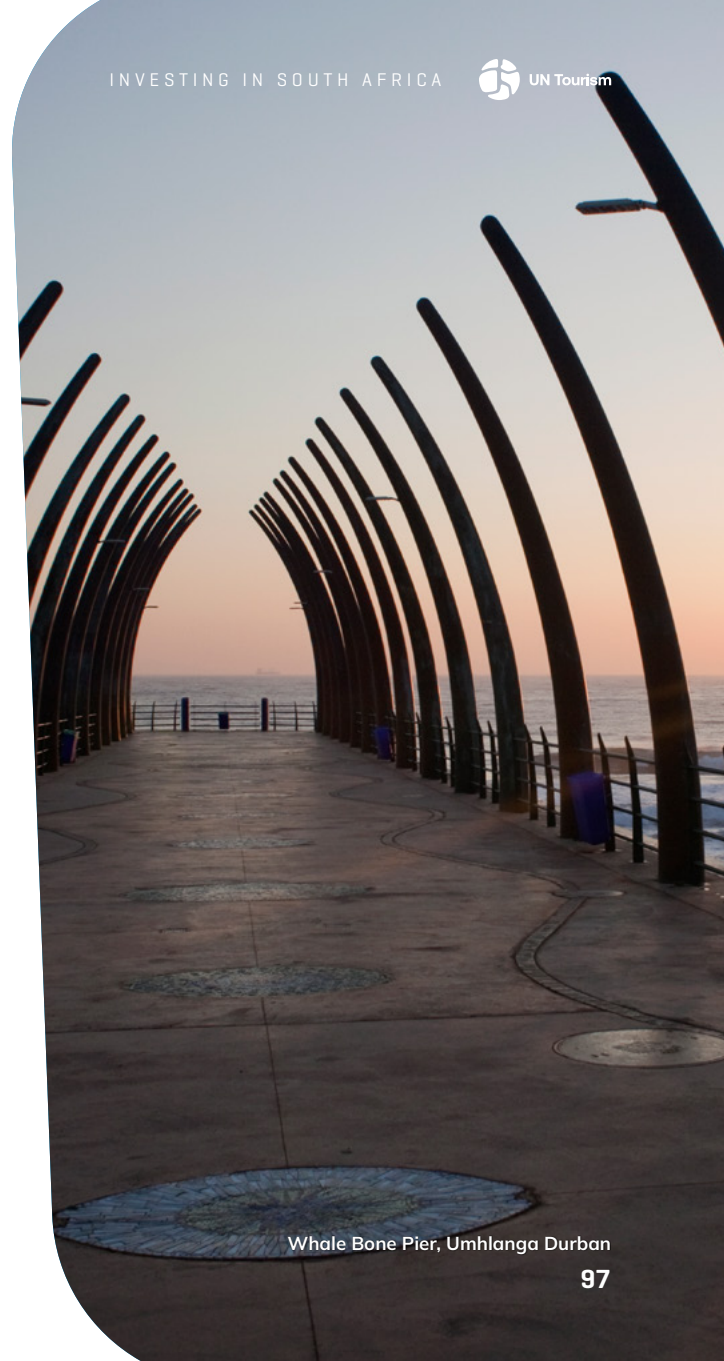
 Middle East and North Africa
  Sub-Saharan Africa

Source: World Economic Forum (2024), Travel & Tourism Development Index 2024, WEF, Geneva, available online: <https://www.weforum.org/publications/travel-tourism-development-index-2024/> [10-04-2025].

South Africa holds the 55th position globally in the Travel & Tourism Development Index 2024 published by the World Economic Forum, with a score of 3.99. This ranking places the country among the top ten economies in both Sub-Saharan Africa and the Middle East and North Africa (MENA), as classified by the report. **Within the African context and according to the index, South Africa stands out as the most competitive country, supported by its wealth of tourism assets, solid digital infrastructure, and relatively accessible travel costs.** However, certain structural weaknesses continue to limit its ability to fully capitalise on its potential. Its dual presence across regional groupings reflects a strong positioning and relevance in diverse tourism development frameworks.

The country's most prominent advantage lies in its natural and cultural appeal. Ranked 14th worldwide in natural resources, South Africa, as mentioned before, offers a wide range of ecosystems, protected areas and scenic landscapes that continue to attract visitors across segments. Its 18th position in non-leisure resources suggests an opportunity to grow business, conference and wellness tourism. Cultural offerings are also a strong component, supported by its 30th rank in cultural resources, which reflects the richness of its heritage and artistic expression.

In terms of digital connectivity, South Africa ranks 58th in ICT readiness. This supports the development of online platforms for information, bookings and digital services, making the country more responsive to new traveller expectations. Its scores in openness to travel and price competitiveness (both ranked 43rd) show that entry conditions are relatively favourable, and costs remain attractive for international travellers.



Whale Bone Pier, Umhlanga Durban



Air transport infrastructure is comparatively well established (49th), which contributes to international accessibility through its main airports. However, other aspects of infrastructure—such as ground transport (68th) and tourist-specific services (75th)—continue to face development gaps. This limits visitor movement beyond primary destinations and affects the quality of experience in emerging areas. Improving these systems is essential to diversify tourism flows and encourage more balanced territorial development.

Two areas remain particularly challenging: safety and health. South Africa ranks 113th in safety and 97th in health and hygiene, which affects perceptions of the country as a secure and reliable destination. These indicators are also taken into account by investors, especially in hospitality and travel services. Addressing them will require collaboration between public institutions and the private sector, particularly in building trust and ensuring readiness to meet international standards.

South Africa's remarkable ecological diversity provides a unique foundation for advancing environmental sustainability. Although it currently ranks 90th, this reflects both the vast scale of its natural assets and the significant opportunity to enhance governance and conservation initiatives. For investors, this positioning signals untapped potential to lead innovative projects that embed sustainability into tourism products, destination planning and investment models. With growing global demand for responsible and nature-positive tourism, South Africa is well placed to attract forward-looking investments that combine profitability with resilience and environmental stewardship, unlocking its full tourism potential.

5.2. Tourism cluster overview and profile of International Tourists

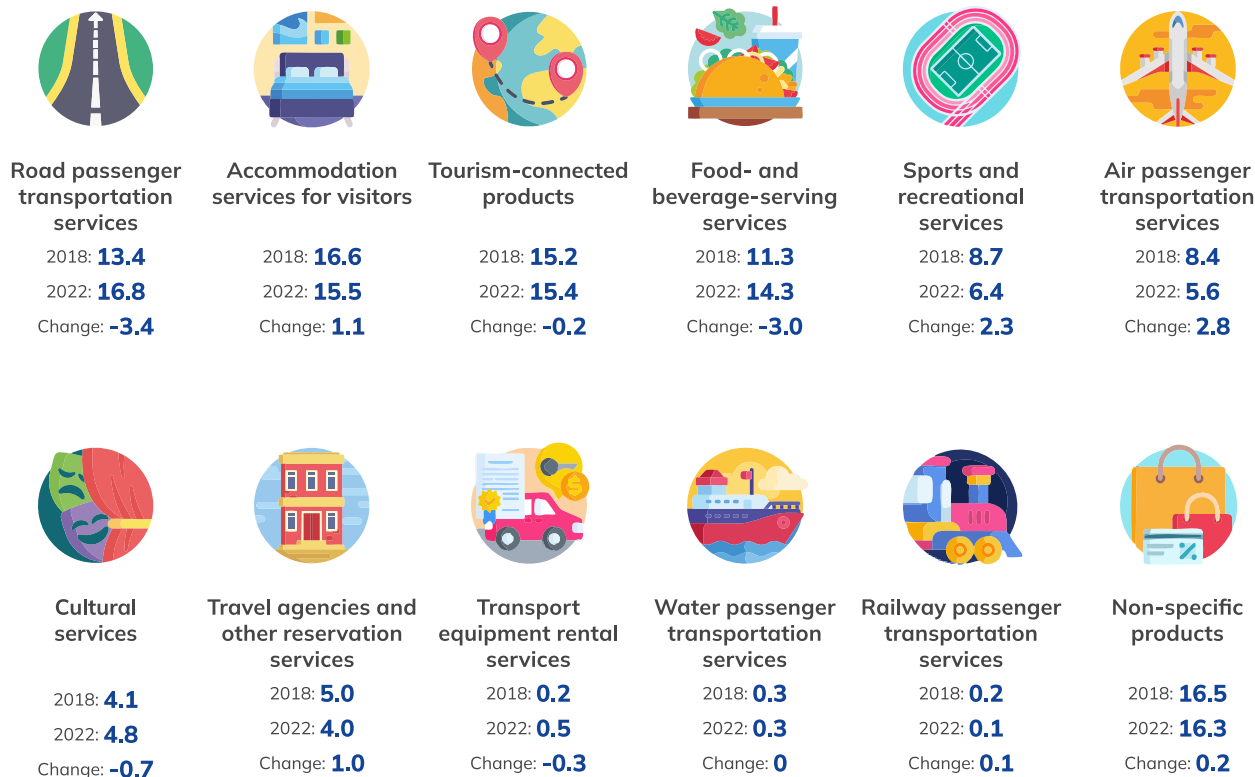
South Africa's tourism sector continues to demonstrate strong resilience and steady recovery. As previously noted, international tourist arrivals to South Africa totalled 8.92 million in 2024, reflecting a 5.1% increase over the previous year.⁷⁰ While the sector has not yet regained its pre-pandemic performance (2019), it currently sustains an estimated 733,385 direct jobs, accounting for 4.7% of total national employment⁷¹. Employment conditions in the sector are governed by Sectoral Determination 14, a regulation introduced by the Department of Labour to establish minimum wages and basic standards for workers in the hospitality industry.

This employment footprint can also be reflected in the composition of inbound tourism expenditure. In South Africa, the largest shares of tourism expenditure by product continue to be concentrated in road passenger transport services, accommodation services, tourism-connected products, food and beverage services, sports and recreational services, and air passenger transport. These categories collectively reflect the core structure of tourism consumption in the country.

Comparing data from 2022 to 2018, the most significant changes in expenditure shares include a decline of 3.4 percentage points in road passenger transport. This may be attributed to rising fuel costs, improved digital services reducing in-person trips, or changes in local mobility preferences post-COVID-19. Similarly, food and beverage services saw a reduction of 3.0 percentage points, possibly reflecting shorter trip durations, increased self-catering options, or a shift towards more budget-conscious consumption patterns.

Conversely, expenditure on air passenger transport increased by 2.8 percentage points, likely due to the recovery of international travel, a rise in domestic air connectivity, and greater demand for air travel among higher-spending tourist segments following the easing of travel restrictions.

Figure 5.2: Inbound Tourism Expenditure by Type of Product, 2022 (Share)



Source: Statistics South Africa (2024), Tourism Satellite Account for South Africa, provisional 2020, 2021 and 2022, Report No. 04-05-07, Pretoria, available online: <https://www.statssa.gov.za> [10-04-2025].

These expenditure patterns are aligned with the preferences observed in 2024. While road remains the most common mode of entry—accounting for 73.9% of foreign arrivals, primarily through borders with Mozambique (25.3%), Zimbabwe (24.7%) and Lesotho (20.3%)—the relative increase in air transport spending corresponds to the 25.5% of arrivals by air. Among these, OR Tambo International Airport received the majority (66.0%), followed by Cape Town International

Airport (32.7%) and King Shaka International Airport (1.1%). Although sea transport accounted for only 0.6% of total arrivals, it continues to play a role in cruise tourism and associated services, with Cape Town Harbour receiving 87.9% of maritime arrivals and Durban Harbour the remaining 12.1%.

Figure 5.3: Number of arrivals, departures and transits of foreign travellers by mode of travel and place of arrival or departure, 2024

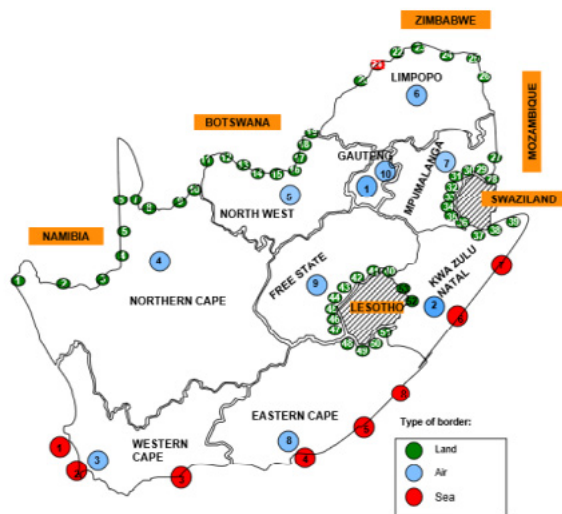
	Mode of travel	Number of Arrivals	Share
	Air	2,988,016	25.5%
	Road	8,668,832	73.9%
	Sea	72,376	0.6%
	Total	11,729,224	100%

Mode of travel and place of arrival	% Arrivals
Air	
Cape Town International Airport	32.7%
King Shaka International Airport	1.1%
OR Tambo International Airport	66%
Other Airports	0.2%
Road	
Botswana	11.6%
Eswatini	16.6%
Lesotho	20.3%
Mozambique	25.3%
Namibia	1.5%
Zimbabwe	24.7%
Sea	
Cape Town Harbour	87.9%
Durban Harbour	12.1%

Source Statistics South Africa (2024), Tourism and Migration Report, 2024, Report No. 03-51-02, Pretoria, available online: <https://www.statssa.gov.za/publications/Report-03-51-02/Report-03-51-022024.pdf> [10-04-2025].

Figure 5.4: Ports of Entry and Exit to South Africa by Type and Geographic Location

APPENDIX I - PORTS OF ENTRY/EXIT TO SOUTH AFRICA BY TYPE



Source: National Departmente of Home Affairs

LAND PoE:

1. Alexander bay
2. Vioolsdrift
3. Onseepkans
4. Nakop
5. Sendlings drift
6. Rietfontein
7. Twee rivieren
8. Gems bok
9. Middelputs
10. Mccarthy's rest
11. Makopong
12. Bray
13. Makgobistad
14. Ramatlabama
15. Skilpad's gate
16. Swartkopfontein
17. Kopfontein
18. Derdepoort
19. Stockport
20. Grobler's bridge
21. Zanzibar
22. Pafuri
23. Pontdrift
24. Beit bridge
25. Parufuri
26. Giriyyondo
27. Lebombo

AIR PoE:

1. O.r. Tambo International
2. King Shaka International
3. Cape Town International
4. Upington International
5. Pilanesberg International
6. 5Polokwane International
7. Kruger Mpumalanga International
8. Dawid Stuurman International
9. Bram Fischer International
10. Lanseria International

SEA PoE:

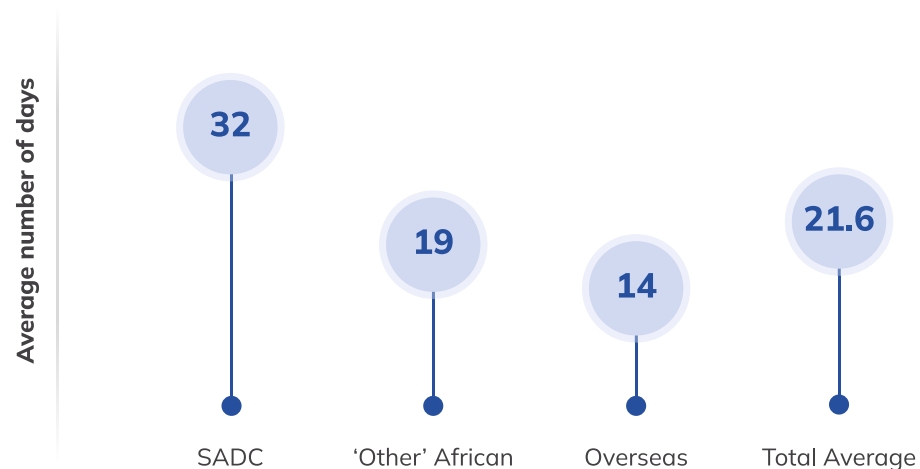
1. Saldanha bay
2. Cape town
3. Mossel bay
4. Gqeberha
5. East london
6. Durban
7. Richards bay
8. Nqura

Source: Statistics South Africa (2024), Tourism, Report No. 03-51-02 (2024), Stats SA, Pretoria, available online: <https://www.statssa.gov.za/publications/Report-03-51-02/Report-03-51-022024.pdf> [06-04-2025].

In 2023, visitors stayed an average of 13.6 nights (+18.8% vs. 2022)⁷², contributing to a total of 111.8 million bed nights. In 2024, the average length of stay increased significantly to 21.6 nights, representing a

growth of 58.8% compared to the previous year⁷³. Geographic spread declined slightly to 9.8%, indicating a continued concentration of activity in traditional destinations⁷⁴.

Figure 5.5. Average Length of Stay of Tourists in South Africa, 2024



Source: Statistics South Africa (2024), Tourism, Report No. 03-51-02 (2024), Stats SA, Pretoria, available online: <https://www.statssa.gov.za/publications/Report-03-51-02/Report-03-51-022024.pdf> [06-04-2025].



In line with these trends, in 2024 most foreign arrivals to South Africa were for holiday purposes, reaffirming the country's strong positioning as a leisure tourism destination. Business travel represented a smaller portion of arrivals, while work-related visits remained limited. Arrivals for study, medical treatment, or other purposes also contributed marginally, reflecting their relatively low weight in the overall tourism portfolio.

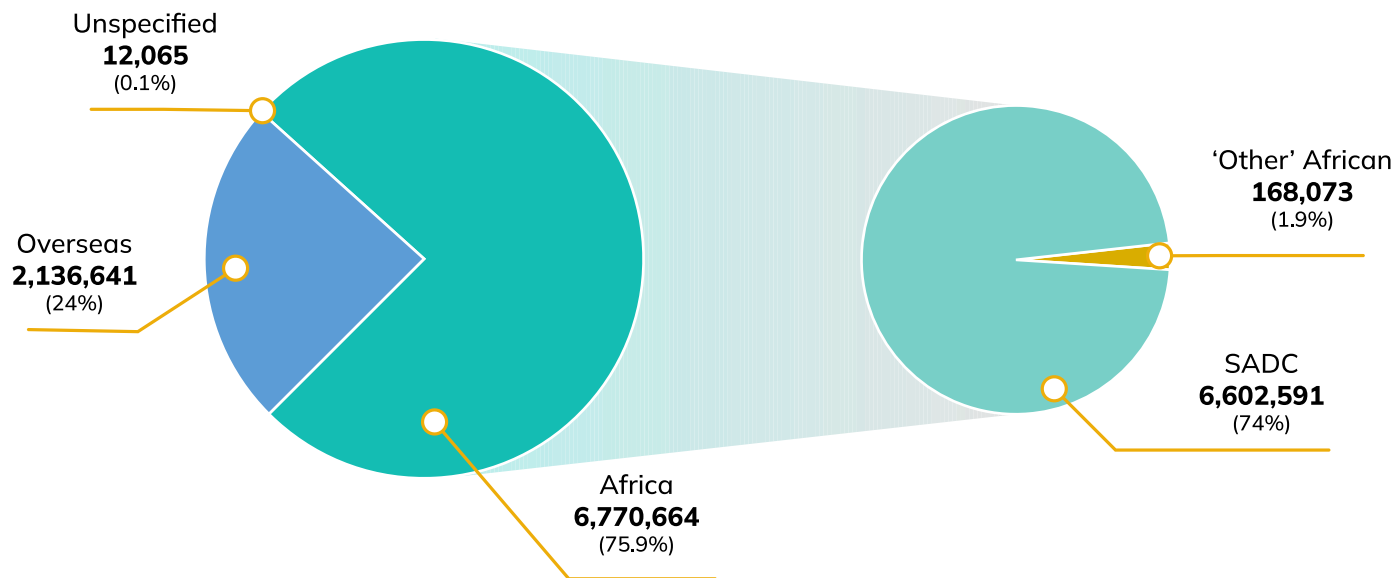
The overwhelming concentration of leisure-driven arrivals underscores the strategic importance of the holiday segment in the national tourism cluster. This dominance suggests that investments in nature-based experiences, cultural heritage, coastal resorts and hospitality infrastructure continue to align well with market demand. At the same time, the relatively low share of business and work-related visits may point to untapped potential in expanding MICE (meetings, incentives, conferences and exhibitions) tourism, especially in major urban centres such as Johannesburg and Cape Town. Strengthening this segment could help diversify source markets and improve year-round tourism flows. The data also signal the opportunity to enhance complementary services in education and medical tourism, although currently small in scale.

Figure 5.6: Percentage distribution of foreign arrivals by purpose of visit, 2024

	Purpose of visit	Share of arrivals
	Holiday	94.8
	Business	2.2
	Work	2.6
	Study	0.3
	Other	0.1

Source: Statistics South Africa (2024), Tourism, Report No. 03-51-02 (2024), Stats SA, Pretoria, available online: <https://www.statssa.gov.za/publications/Report-03-51-02/Report-03-51-022024.pdf> [06-04-2025].

Figure 5.7 Percentage distribution of tourists by region of residence, 2024



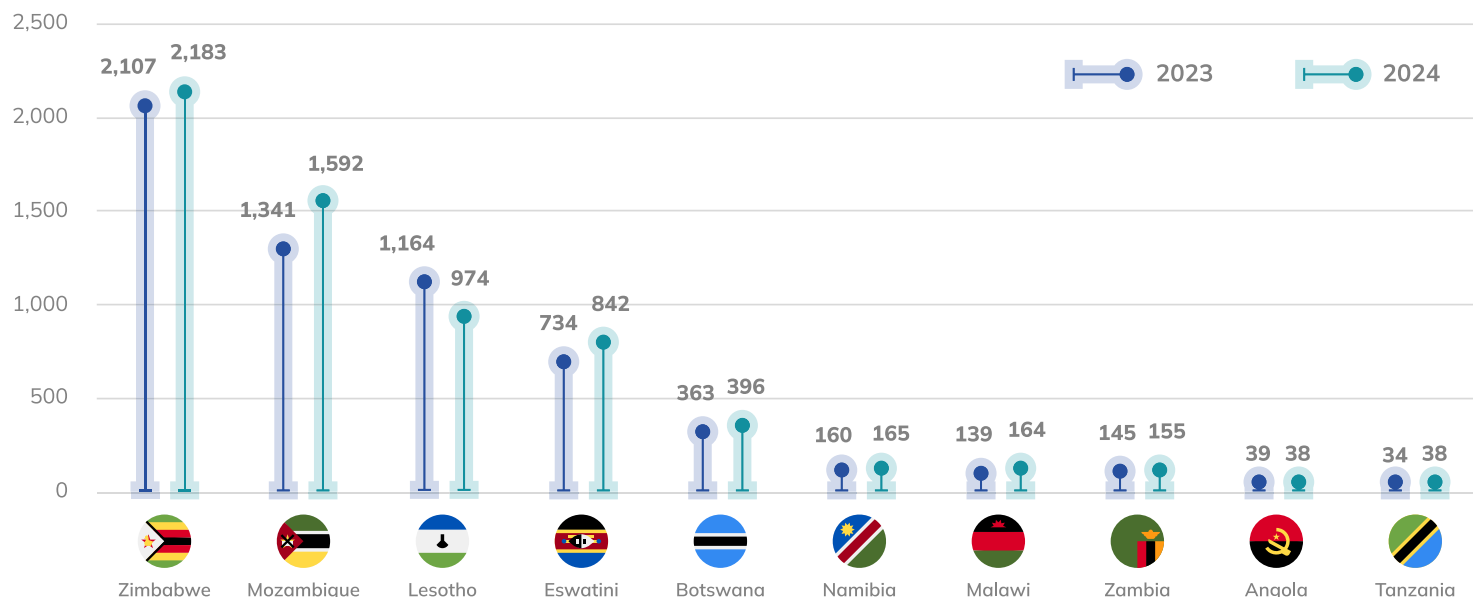
Source: Statistics South Africa (2024), Tourism, Report No. 03-51-02 (2024), Stats SA, Pretoria, available online: <https://www.statssa.gov.za/publications/Report-03-51-02/Report-03-51-022024.pdf> [06-04-2025].

One of the key strengths of South Africa's tourism market lies in its strong foundation of regional arrivals from African countries, which ensures a stable and resilient visitor base. Africa continues to be the primary source region of tourism, representing 76% of all international tourist arrivals in 2024.

Within the continent, notable growth has been observed, supported by enhanced air connectivity, targeted promotional initiatives, and

bilateral cooperation. In 2024, the top four source markets from SADC were Zimbabwe (2.2 million), Mozambique (1.6 million), Lesotho (974 thousand), and Eswatini (842 thousand), reflecting sustained demand from neighbouring countries. For example, Ghana demonstrated remarkable growth, with a 149% surge compared to 2023, attributable to expanded air access and the implementation of a visa waiver introduced in November 2023⁷⁵.

Figure 5.8 – Number of tourists from ten leading SADC countries in 2024 compared to 2023 (Thousand)



Source: Statistics South Africa (2024), Tourism and Migration Report, 2024, Report No. 03-51-02, Pretoria, available online: <https://www.statssa.gov.za/publications/Report-03-51-02/Report-03-51-022024.pdf> [10-04-2025].

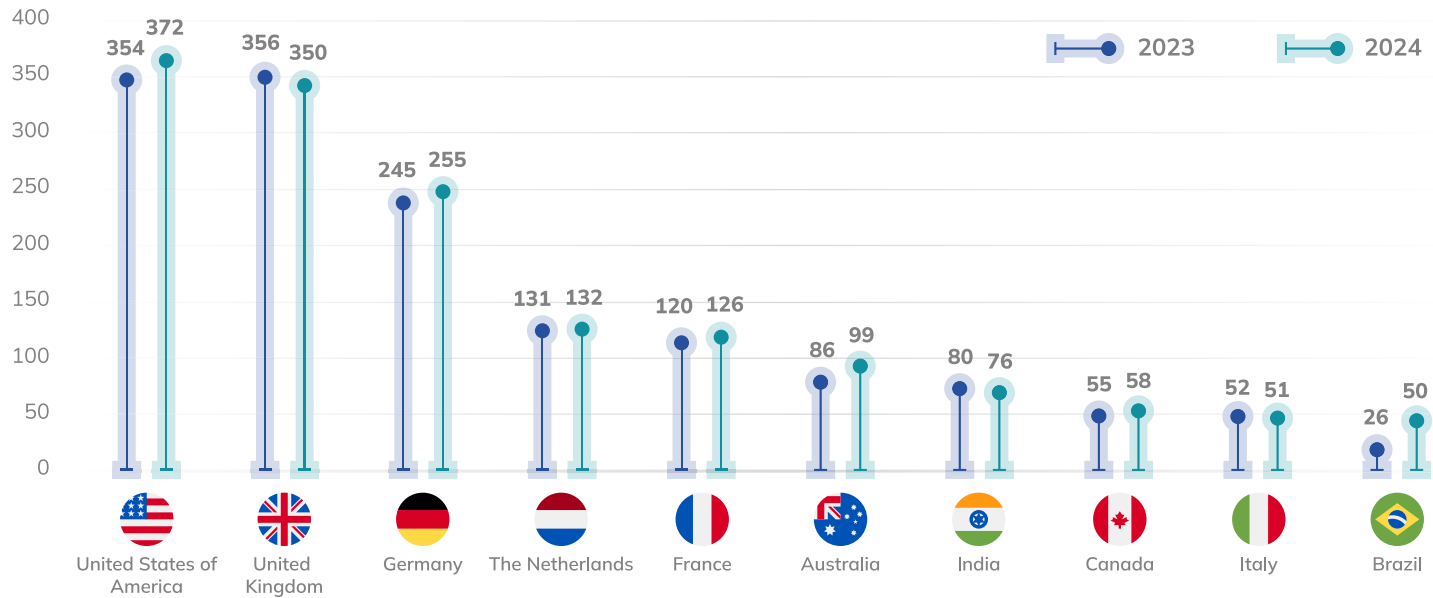


This robust regional demand is complemented by South Africa's proven ability to attract international visitors from a wide range of long-haul markets. Tourist arrivals from the Americas rose by 10.9%, supported by increased direct air routes and targeted marketing efforts.

Despite the United States being the top individual overseas source market in 2024, with 372 thousand visitors, Europe remained the main regional contributor to overseas tourism. The United Kingdom led among European countries with 350 thousand arrivals, followed by Germany with 255 thousand and the Netherlands with 132 thousand.

Arrivals from Asia and Australasia showed steady growth, while the Middle East presented a more mixed performance, with selected markets such as Saudi Arabia showing improvement. These evolving dynamics point to a sector in recovery, with diversified demand across regions. The country's ability to retain a strong regional base while maintaining global appeal underscores its competitiveness and highlights emerging opportunities for investment across the tourism value chain.

Figure 5.9 – Number of tourists from ten leading overseas countries in 2024 compared to 2023 (Thousand)



Source: Statistics South Africa (2024), Tourism and Migration Report, 2024, Report No. 03-51-02, Pretoria, available online: <https://www.statssa.gov.za/publications/Report-03-51-02/Report-03-51-02-2024.pdf> [10-04-2025].



INVESTMENT PROJECTS

Tourism Investment Projects in South Africa

South Africa offers a dynamic landscape for tourism investment, underpinned by both robust public-private partnership (PPP) mechanisms and strategic private-sector-led developments. This section outlines key investment modalities and showcases emblematic projects that illustrate the country's capacity to attract and manage large-scale tourism and infrastructure investments. The selected cases—ranging from formal PPPs to major private ventures—demonstrate how policy frameworks, regulatory innovation, and institutional support converge to unlock investment potential and advance national development goals.

1. **Public–Private Partnerships (PPPs): Unlocking Infrastructure Investment**

As of **1 June 2025**, significant amendments to **National Treasury Regulation 16** will come into effect, marking the first major revision of South Africa's public–private partnership (PPP) framework in nearly 15 years. Initiated under **Section 76 of the Public Finance Management Act (Act No. 1 of 1999)**, these reforms respond to the evolving needs of infrastructure finance and reflect the government's commitment to **streamlining project delivery, easing fiscal pressures, and enhancing the overall investment climate**.

Key features of the amended regulation include:

- **Streamlined approval processes:** Projects under ZAR 2 billion are exempt from the dual-stage Treasury approval (IIA and IIB), accelerating execution timelines.
- **Institutional strengthening:** A dedicated **PPP Advisory Unit** within the Government Technical Advisory Centre (GTAC) is formalized to support project development, while clear mandates are defined between advisory and regulatory bodies.

- **Sector-specific PPP capacity:** National departments may establish their own PPP units to manage strategic projects, fostering decentralised implementation under coordinated guidance.
- **Enhanced fiscal oversight:** Stronger requirements for reporting and managing contingent liabilities improve transparency and safeguard long-term public finances.
- **Governance and flexibility:** New provisions clarify procedures for contract amendments and establish governance criteria for exemptions.
- **Framework for unsolicited proposals (USPs):** The reform introduces a structured process for evaluating USPs, including mechanisms to encourage private sector innovation and initiative.

Their expected finalisation will mark a key step toward enabling coherent implementation across all spheres of government, opening new opportunities for local infrastructure investment and service delivery.



2. Successful PPP Case Studies in South Africa

South Africa has executed several high-impact PPP projects that highlight the potential of collaborative infrastructure development:

SANRAL N3 Highway Upgrade – Unlocking Strategic Freight Corridors

- **PPP Type:** Design, Build, Finance, Operate, and Maintain (DBFOM)
- **Overview:** Part of Strategic Infrastructure Project SIP2, this upgrade enhances the North-South corridor between Durban and Pietermaritzburg.
- **Key Outcomes:**
 - o Improved logistics efficiency, travel time, and road safety
 - o Thousands of jobs generated during construction
 - o Boosts national competitiveness by alleviating congestion
- **Success Factors:** Strong planning, transparent procurement, and effective project management by SANRAL.

Gautrain Rapid Rail Link – A Model for Urban Mobility

- **PPP Type:** Build, Operate, and Transfer (BOT)
- **Overview:** Operational since 2010, this 20-year concession connects Johannesburg, Pretoria, and OR Tambo International Airport.
- **Key Outcomes:**
 - o Over 120 million passenger trips to date
 - o Reduced CO₂ emissions and road congestion
 - o Stimulated commercial and property development near stations
- **Success Factors:** Sound risk allocation, targeted subsidies, and reliable operations.

These cases showcase the transformative role of PPPs in delivering sustainable, high-impact infrastructure while aligning commercial viability with public benefit. As South Africa strengthens its PPP environment, such projects serve as reference models for future investment partnerships.

3. Recent Private Sector-Led Tourism Investment

Club Med Tinley Resort (KwaZulu-Natal)

A landmark example of private investment facilitated by public sector support, the Club Med Tinley Resort illustrates the viability of tourism megaprojects in South Africa. The R2 billion (USD 114.3 million) project, a joint venture between Club Med and Collins Residential Consortium, integrates coastal and safari experiences on KwaZulu-Natal's North Coast. Backed by development finance institutions such as the Industrial Development Corporation (IDC), the resort is expected to generate over 800 direct and 1,500 indirect jobs, with operations commencing in July 2026.





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Boat ride, Cape Town



Drakensberg Mountains, KwaZulu-Natal

6

Conclusions

South Africa presents a highly competitive environment for tourism investment, supported by a diversified economy, a stable financial sector, and advanced infrastructure. The country recorded 8.9 million international tourist arrivals and 46.8 million domestic trips in 2024, reflecting a strong recovery trajectory. Tourism already contributes significantly to economic activity, with the sector accounting for approximately 40% of South Africa's services exports and sustaining growth through both regional and long-haul demand. Strategic advantages such as a 2,800 km coastline, ten UNESCO World Heritage Sites, and three major international airports position the country as a prime investment destination.

Tourism segments such as wine tourism, biodiversity-based tourism, and business and events tourism show considerable dynamism. Wine tourism alone generated a direct value of ZAR 3 billion (USD 157 million) in 2022, supporting over 40,000 jobs. South Africa also leads in tourism-related innovation within Africa, accounting for 57% of venture capital investments in tourism-tech solutions between 2019 and 2024. At the same time, green investments, including renewable energy integration in hotels and the promotion of sustainable mobility, reinforce the transition towards a more resilient and competitive tourism economy.

The investment environment is supported by a structured package of incentives, including a reduced corporate tax rate of 15% in Special Economic Zones, grants for green tourism initiatives covering up to 90% of energy audits, and various support schemes for skills development and entrepreneurship. Additionally, the country's well-established legal framework, aligned with international standards, ensures high levels of investor protection and transparency. Recent structural reforms in sectors such as energy, transport, and water management further strengthen South Africa's long-term investment prospects.

In light of these factors, South Africa consolidates its position as one of the most attractive tourism investment destinations on the African continent. Its strong macroeconomic fundamentals, sectoral diversification, commitment to innovation and sustainability, and active investment facilitation mechanisms create a favourable environment for investors seeking stable, scalable, and impact-driven opportunities.

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