

BRIEFING TO THE PORTFOLIO COMMITTEE

Progress report on Tourism Incentive Programmes

19 May 2026

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Tourism
REPUBLIC OF SOUTH AFRICA



Tourism Incentive Programme (TIP)

- The Tourism Incentive Programme (TIP) serves as a tool to stimulate the growth, development and transformation of the South African tourism sector through offering financial support to small tourism enterprises through different sub-programmes including:
 - Tourism Equity Fund (TEF);
 - Tourism Transformation Fund (TTF);
 - Green Tourism Incentive Programme (GTIP); and
 - Market Access Support Programme (MASP).
- The above programmes are implemented in collaboration with other government entities [i.e. Small Enterprise Development and Finance Agency (SEDFA), National Empowerment Fund (NEF), Industrial Development Corporation (IDC), SA Tourism (SAT)] and are currently being reviewed to ensure alignment with the objectives of the Tourism Growth Partnership Plan (TGPP) and the Government of National Unity (GNU) priority to drive inclusive growth and job creation.



Tourism Equity Fund (TEF)

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TEF DESCRIPTION

The Tourism Equity Fund (TEF) was established to promote growth and transformation in line with the Tourism B-BBEE sector codes, address the funding challenges faced by enterprises in the tourism sector, and to stimulate job creation in the sector.

The Fund is implemented under a Fund Management Agreement (FMA) by the Small Enterprise Development and Finance Agency (SEDFA) on behalf of the Department of Tourism. The TEF offers support through a blended finance approach which includes a combination of grant funding, debt at concessionary rates and senior debt through SEDFA and other recognised development and commercial financial institutions.

Applicants must have a minimum of 30% black-ownership or achieve a minimum of 30% black-ownership through the transaction prior to funding being disbursed. The maximum grant receivable is limited to 35% of the required funding capped at R20 million per transaction to accommodate larger investment and acquisition transactions.



TEF CRITERIA

Prospective TEF applicants must:

- be 100% owned by South African citizens;
- the targeted entity must have a minimum of 30% black-ownership or if black-ownership is less, the TEF funding should result in a minimum of 30% black-ownership;
- be a registered legal entity in South Africa in terms of the (Companies Act, Co-operative Act);
- be fully compliant with applicable laws of the country;
- be compliant with the loan requirements of applicable debt provider; and
- the entity must be operating in the qualifying sectors.



TEF STATUS

- Processing of TEF applications and all operational activities was suspended in Q4 of the 2024/25 financial year following an instruction by the Minister of Tourism
- As at 31 January 2025 the TEF application status was as follows:
 - **442** applications were at basic assessment stage and awaiting further information from applicants.
 - **58** applications with an estimated value of R951 million were at different stages of the Due Diligence review process.
 - **23 projects** were approved to the value of **R466 million**, of which **R239 million** was committed from the Department funds for both grants (R121 million) and concessionary loans (R118 million), **R127 million** in **SEDFA** debt funding and **R100 million** in debt funding from other financial institutions.
 - The approved TEF applications included expansion projects for existing enterprises (10), acquisition projects (8), relaunch projects (2); and new enterprise start-up projects (3).



TEF STATUS

- 19 February 2026: The Department requests SEDFA to submit an updated TEF implementation plan before the end of February 2026.
- 28 February 2026: Department receives SEDFA's Updated Implementation plan to process advanced stage applications (21 at the time) to commit remaining funds by the end of Q1 of 2026/27.
- March 2026: The Department agrees with SEDFA on the Updated Implementation Plan to be completed by end May 2026.



Tourism Transformation Fund (TTF)

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TTF DESCRIPTION

- The Tourism Transformation Fund (TTF) aims to stimulate and unlock capital investment in small and medium sized tourism projects by black entrepreneurs. Although the TTF is not sufficiently capitalised to accommodate acquisition transactions, it supports investment in new development and expansion projects in the tourism sector.
- The TTF is administered by the National Empowerment Fund (NEF) on behalf of the Department under a Memorandum of Agreement (MoA) and offers a combination of debt finance, grant funding (50% of approved loan amount up to R5 million) and equity contributions for eligible tourism projects where commercial viability has been established.).
- Since grant funding support is dependent on qualifying for a loan from the NEF, all applications need to be submitted to the NEF.



TTF CRITERIA

Prospective TTF applicants must:

- be an Exempt Micro Enterprise (EME) or Qualifying Small Enterprise (QSE) with an annual turnover below R45m;
- have at least majority (51%) black ownership and black management control;
- be compliant with the loan requirements of the NEF;
- prove commercial viability and sustainability as per the NEF due diligence;
- where required, contribute a reasonable percentage of the total funding applied for as own contribution; and
- provide business registration, tax compliance, and FICA documentation.



TTF IMPLEMENTATION PROGRESS

As at 31 December 2025 the TTF implementation status was as follows:

- A total of 794 TTF applications have been received by the NEF of which:
 - 677 applications were unfortunately declined, as they did not meet the NEF funding and TTF eligibility criteria;
 - 49 applications were at the screening stage;
 - 14 applications were at due diligence stage; and
 - 54 applications were adjudicated by the NEF Investment Committee.
- From the 54 application adjudicated, by 31 December 2025, Five (5) applications were declined by the NEF Investment Committee, while 13 were withdrawn post approval by either the applicant or the NEF.
- From the remaining 36 TTF applications that were approved:
 - 22 applicants have signed agreements in place and have had their funds fully disbursed;
 - 6 applicants have concluded and signed their agreements and are awaiting disbursement of their funding; and
 - 8 applicants are currently in negotiations with the NEF on their agreement.



REVIEW OF THE TTF

Key focus areas identified and being addressed in the current review of the TTF include:

- ensuring a dedicated TTF resource and single-entry point for TTF applications;
- reducing turnaround times for processing TTF applications;
- ensuring cleared approval timelines and performance deliverables;
- improving communication with TTF applicants throughout the process;
- improving the rate of commitment and disbursement of TTF funds;
- addressing delays in construction and providing support to overcome compliance barriers (e.g. Zoning, EIAs, Licences, and Technical Studies, etc.);
- improve application levels from rural areas, townships and non-accommodation sectors;
- improve pre-investment support to reduce decline rates; and
- reduce risk of double dipping across government funding support.



Green Tourism Incentive Programme (GTIP)

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GTIP DESCRIPTION

- The Green Tourism Incentive Programme (GTIP) was introduced to encourage tourism enterprises to move towards more efficient utilisation of energy and water resources.
- The programme offers partial grant funding on the cost of retrofitting tourism facilities with energy and water efficiency equipment/systems based on the outcome of a resource efficiency audit. The cost of the resource efficiency audit (Stage 1), is fully covered, after which an application for funding support (50% to 90% up to R1million) on the cost of installing recommended equipment (Stage 2) can be submitted.
- The GTIP is administered by the Industrial Development Corporation (IDC) on behalf of the Department.



GTIP CRITERIA

Prospective GTIP applicants must:

- be an EME or QSE with an annual turnover below R45m;
- have official star grading by the TGCSA where applicable;
- able to fund the balance of the investment not covered by the grant;
- undergo a resource efficiency audit to confirm that the proposed energy and water efficient solution has a clear cost benefit; and
- provide business registration, tax compliance, and FICA documentation.



GTIP IMPLEMENTATION PROGRESS

As at 31 December 2025 the GTIP implementation status was as follows:

- A total of 1390 GTIP applications have been received by the IDC over 10 defined application windows received. Of the applications received:
 - 739 were unfortunately withdrawn or rejected (primarily due to non-compliance with GTIP eligibility criteria);
 - 156 applications have completed phase 1 and have not yet applied for phase 2;
 - 125 applications are currently at various assessment stages in the GTIP pipeline; and
 - 370 applications were approved by the GTIP Adjudication Panel.
- From the 370 approved GTIP applications:
 - 44 applications were cancelled for various reasons by either the applicant or the IDC;
 - 27 applicants have completed their installations and have had their resource efficiency savings verified;
 - 129 applicants have completed their installations and are yet to have their resource efficiency savings verified;
 - 38 GTIP installations are currently underway;
 - 63 applicants have signed their agreements and are yet to begin their installations; and
 - 69 of the approved applicants are still to sign their agreements



REVIEW OF THE GTIP

Key focus areas identified and being addressed in the current review of the GTIP include:

- improving operational processes to reduce turnaround times for processing and approval;
- revising the grant funding benefit structure to prioritise sector transformation;
- prioritising implementation of energy efficiency measures over energy generation measures;
- improving data capture and reporting on job creation and growth impact;
- increase the reach of the GTIP by improving access to attractive/ interest free financing support;
- reducing the required implementation period from 2 years to 6 months to improve rate of disbursement; and
- reviewing the GTIP management fee and amending the scope of work of GTIP assessors.



Market Access Support Programme (MASP)

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MASP DESCRIPTION

- The Market Access Support Programme (MASP) was introduced to assist small tourism enterprises with funding support to participate and exhibit at relevant international and domestic tourism trade platforms, which would otherwise have been difficult due to the high cost associated with such participation.
- In this way, the MASP aims to improve access to new and growth markets for small tourism enterprises allowing them to compete more effectively with their larger counterparts.
- The programme offers partial financial support (e.g. contribution towards the cost of exhibition space, return airfare and hotel accommodation) when exhibiting at selected international and domestic tourism trade platforms.



DOMESTIC MASP CRITERIA

Prospective DMAPS applicants for Domestic platforms must:

- be in operation for at least one year and not participated at international trade platforms before;
- have an annual turnover below R5m and provide a company profile with details on integrated and packaged tourism experiences offered;
- be majority South African, and privately owned and registered (Companies Act, Co-operative Act);
- be tax compliant in accordance to the regulations of the SARS; and
- have public liability insurance cover for clients; and
- be an EME compliant with the Tourism B-BBEE codes.

Supporting documents to accompany the completed application form:

- Central Supplier Database (CSD) Registration Report;
- proof of insurance cover applicable to relevant tourism sub-sector;
- proof of turnover/ six months bank statements;
- proof of compliance with the Amended Tourism B-BBEE sector code; and
- a comprehensive company profile.

MASP IMPLEMENTATION PROGRESS AND REVIEW

- Despite the MASP being temporarily suspended from March 2025 on instruction of the Minister to focus on the review of the programme, the Department still managed to support 175 small tourism enterprises in the past year (2025/26) to exhibit at the following trade platforms:
 - WTM Africa 2025 (50);
 - Africa Travel Indaba 2025 (85);
 - Meetings Africa 2026 (20); and
 - ITB Berlin 2026 (20).
- The current review of the MASP is informed by beneficiary feedback (post-event reports, site visits, etc.), stakeholder consultation sessions and various lessons learnt during implementation.
- The primary emphasis of the MASP review is to significantly streamline the application and administration process through the introduction of an online system during the 2026/27 financial year. In addition, the review will focus on increasing awareness and wider reach of the MASP, improved benefits and alignment with the objectives of the TGPP and the GNU priority to drive inclusive growth and job creation.



Thank you

