



MINISTRY
TOURISM
REPUBLIC OF SOUTH AFRICA

Private Bag X424, Pretoria, 0001, South Africa. Tel. (+27 12) 444 6780, Fax (+27 12) 444 7027
Private Bag X9154, Cape Town, 8000, South Africa. Tel. (+27 21) 469 5800, Fax: (+27 21) 465 3216

MEDIA STATEMENT

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Minister of Tourism, Patricia de Lille provides update on Tourism Equity Fund applications

Following the opening of applications to the Tourism Equity Fund (TEF) in November 2023, Minister of Tourism, Patricia de Lille wishes to provide an update on progress with applications.

The Tourism Equity Fund (TEF) is an initiative by the Department of Tourism to provide financial support to tourism enterprises and to transform the sector.

The relaunch of the R1.2billion TEF in 2023 and the subsequent application process opening in November 2023, saw a high level of interest from businesses applying to the TEF for funding. The revised TEF is being implemented in line with existing legislation.

The R1.2 billion fund is managed by the Small Enterprise Finance Agency (sefa) on behalf of the Department of Tourism and follows a blended finance approach to provide a combination of debt and grant financing to facilitate equity acquisition and new project development in the tourism sector by black entrepreneurs.

Under the Fund Management Agreement between the Department of Tourism and Sefa, the TEF aims to:

- Increase growth, transformation and stimulate more inclusive participation in the tourism sector in line with the targets for the Tourism B-BEE Sector Codes and
- Address funding obstacles faced by enterprises in the tourism sector.

“The first year of the application adjudication process was painfully slow and a number of interventions were made to enhance the administration of the TEF by sefa,” Minister de Lille said.

Progress on TEF applications:

So far, only 20 applications from businesses have been approved under the TEF. These approved applications amount to R301million.

KwaZulu-Natal leads in both submissions and approvals, recording 5 approvals, followed by approvals for businesses in Gauteng, the Eastern Cape, Limpopo, the Western Cape and the Free State. Two of the approved applications are for new businesses and 18 are for expansion of existing businesses.

“The administration of this fund and application processing has been too slow and despite all sefa has done to improve on the management of the TEF, efforts which I had impressed on sefa to work hard on, I remain seriously concerned about the speed at which decisions are taken on TEF applications and the rate at which sefa disburses funds to the approved applicants. The more delays tourism businesses face in accessing finance, the more we are not achieving transformation and the creation of the much-needed jobs in the tourism sector,” Minister de Lille said.

Sefa has reported that they are expanding on outreach activities hosting webinars to provide step-by-step guidance to help applicants navigate the TEF application process to improve their chances of success.

“I am appealing to sefa to continue putting more meaningful work and effort into ensuring that applicants access the TEF urgently, and as agreed with them, to be diligent in discharging their responsibilities in managing the TEF. The Department of Tourism will not be renewing its contract with sefa for the next phase of the Tourism Equity Fund and I want to apologise to the tourism sector for the poor performance of the application adjudication process,” Minister de Lille concluded.

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Media Queries Contact:

Zara Nicholson
Mobile: +27 79 416 5996
Email: znicholson@tourism.gov.za