



## **Remarks by President Cyril Ramaphosa on the virtual launch of the Tourism Equity Fund**

**26 January 2021**

Programme Director, Mr Martin Mahosi,  
Minister of Tourism, Ms Mmamoloko Kubayi-Ngubane,  
Minister of Small Business Development, Ms Khumbudzo Ntshavheni,  
Deputy Minister of Tourism, Mr Fish Mahlalela,  
Chair of the Board of SA Tourism, Mr Siyabonga Dube,  
CEO of South African Tourism, Mr Sisa Ntshona,  
CEO of the Small Enterprise Finance Agency, Mr Mxolisi Matshamba,  
Directors of SEFA,  
President of the Black Business Council, Mr Sandile Zungu,  
Business and industry representatives,  
Representatives of provincial tourism associations,  
Ladies and Gentlemen,

It is my distinct honour and privilege to address the virtual launch of this ground-breaking venture: a Tourism Equity Fund that will speed up transformation in one of the most crucial sectors of our economy.

This is transformation in action.

This launch is taking place when the tourism industry is admittedly facing severe challenges.

The COVID-19 pandemic has disrupted activity across the economy.

But the nature of the pandemic, together with restrictions to protect public health, has dramatically impacted the tourism industry negatively: from the smallest B&B to major hotel chains, from local tour companies to airlines.

Many establishments have had to contend with cancellations of bookings or deferred travel.

It is important to remember that in all of this we are not alone.

The pandemic has had a profound impact on the tourism sector globally.

Nearly every country in the world has been affected.

The World Travel and Tourism Council 2020 recovery scenarios project that global travel and tourism will have experienced losses of over \$2 billion in the best case scenario, and as much as \$5.5 billion in a worst case scenario.

Many jobs in the tourism and associated sectors in the value chain have been lost.

Countries like ours, which rely heavily on the income generated by tourism and other associated activities, have suffered immensely.

As damaging as this pandemic has been – and continues to be – we can be certain that as infections are brought under control and more areas of economic activity resume, there will be a gradual recovery.

That is bound to happen as it has happened throughout history.

The task before us now is to ensure that we do not simply return to business as usual, but that we focus on accelerating the pace towards achieving our transformation goals.

Tourism directly accounts for 2.9% of South Africa's GDP and 8.6% indirectly.

This industry supports about one-and-a-half million direct and indirect jobs.

But this is not nearly enough.

South Africa's tourism base is significant, and we are one of the world's most popular long-haul destinations.

Given South Africa's many drawcards, not least of all our spectacular natural attractions, our beautiful landscape, these figures should be and must be far higher than is currently the case.

This is a sector that is labour-intensive and therefore has immense job creation potential.

It supports a vibrant and complex value chain.

It generates foreign direct investment and significant export earnings for our country.

It stimulates and supports the development of small businesses.

Overall the tourism sector is among those with the greatest potential for long-term sustainable economic growth.

It is also one of the economic segments that can play a pivotal role in transforming the economy and contributing to changing patterns of ownership, management and control.

If the tourism sector is to play its role in aiding the economic recovery in the wake of COVID-19, it must grow and transform.

This effort is going to contribute to this sector growing, but at the same time it must transform.

The industry has responded to COVID-19 with a Tourism Recovery Plan.

It entails three strategic themes.

Firstly, re-igniting demand. Secondly, rejuvenating supply. Thirdly, strengthening enabling capability.

The tourism sector is resilient and can rebound from periods of crisis.

This industry is dynamic and robust.

That is why growing, developing and transforming tourism is one of the priorities of the Economic Reconstruction and Recovery Plan that I announced late last year.

One of the immediate measures identified in the plan to protect the supply side capacity of the tourism

sector is transformation via a Tourism Equity Fund.

This Fund facilitates the participation of black entrants, but also, more importantly, businesses owned by women and persons with disabilities.

This Fund is aligned with the National Tourism Sector Strategy 2016-2026, which places significant emphasis on a transformative and inclusive tourism economy.

One of the five pillars of this Strategy addresses the issue of broad-based benefits in the tourism sector.

It specifically focuses on transformation, rural and township tourism development.

These are areas that have always been ignored, neglected and pushed to the periphery.

Now their time has come.

The Tourism Equity Fund is informed by the recognition that the capital-intensive nature of the industry prevents many black-owned tourism enterprises from growing and developing.

By providing access to finance for black-owned commercially viable tourism projects, the Tourism Equity Fund intends to address this challenge.

As a combination of grant funding, concessionary loans and debt finance, the Fund will cater to the specific needs of black-owned businesses to acquire equity, invest in new developments or expand existing developments.

A vital element of the operation of the Tourism Equity Fund is the involvement of commercial banks, which will ensure that participants are able to access further loan financing.

This will significantly increase the impact and reach of this initiative – and increase the level of private investment in the industry.

This partnership between government, public entities and commercial banks is a great example of the kind of collaboration that is required as we forge a path towards a sustainable economic recovery.

We are committed to ensuring that this Fund enables black business to substantially benefit from the tourism economy, not to be roped in by fronting companies, or to be marginal bystanders and small-scale suppliers to larger tourism enterprises.

Whether it is in a coastal town in the Eastern Cape or a wildlife-rich area in the North West or Limpopo, it is our aim through this Fund to actively support black-owned businesses to run profitable and sustainable enterprises. It is also our aim to employ local people, to procure goods and services locally, and to make a real contribution to our economy.

This is an opportunity for us to build back differently and better.

I am confident that the Tourism Equity Fund will play a vital role.

I want to congratulate the Department of Tourism, the Department of Small Business Development and our industry partners for all the work they have been doing behind the scenes to make this day a reality.

Many of us have looked forward to this day, and we are delighted that this day is here now.

Let me conclude by making a call on all qualifying enterprises who want to be part of the recovery and transformation of this vital industry to apply to the Fund, starting from today.

Tourism is so important to our economy.

Tourism will come back and it will continue to contribute to our economy.

I thank you.