



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

ISSUE DATE: 28 APRIL 2024

TOURISM EQUITY FUND APPLICATIONS DEMONSTRATE A WIDESPREAD NEED FOR FUNDING TO TRANSFORM AND GROW TOURISM SECTOR

In September last year, Cabinet provided concurrence for the implementation of the Tourism Equity Fund (TEF), an initiative by the Department of Tourism provide financial support to tourism enterprises and to transform the sector.

The relaunch of the R1.2 billion TEF last year and the subsequent applications 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 and follows a blended financial approach to provide a combination of debt finance and grant to facilitate equity acquisition and new project development in the tourism sector by black entrepreneurs.

Under the Fund Management Agreement between the Department of 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
- To address, to a reasonable extent, funding obstacles faced by enterprises in the tourism sector.

As of the beginning of April 2024, Sefa reported to the Department that a total of 2 355 enquiries from prospective TEF applications were received.

Of the 2 355 applications, 327 applications which are fully compliant with all the requirements, were submitted to the TEF between November 2023 and April 2024. This demonstrates the need for this support by government to tourism enterprises.

The 327 compliant applications represent a total investment value of over R4.5billion in loan requests.

The volume and value of funding requests indicates the tourism sector's latent potential for transformative projects. The funding gap offers an opportunity to leverage more third-party funding and partnerships.

Status of applications processes:

Of the 327 compliant applications to the TEF so far:

- 69 are at pre-screening stage
- 258 have been successfully pre-screened
- Of the 258 pre-screened applications, 138 feedback letters have been sent to applicants
- And 120 letters were sent to request further information from applicants
- Sefa is in the process of scheduling further meetings to finalise the applications

In terms of the provincial spread of the applications, Sefa's report to the Department indicate that:

- 117 applications from Gauteng businesses
- 46 applications from KwaZulu Natal businesses
- 40 applications from Eastern Cape businesses
- 32 applications from Western Cape businesses
- 30 from Limpopo businesses
- 20 from Mpumalanga businesses
- 19 from North West businesses
- 16 from Northern Cape businesses
- 7 from Free State businesses

“We are pleased with the widespread interest in the TEF and the amount of applications. The applications received so far represent a diverse nature of projects. While all due processes have to be followed in screening and approving applications, I am monitoring the process closely and will be meeting with Sefa to impress upon them the need to finalise the applications urgently,” Minister de Lille said.

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For Media Enquiries:

Zara Nicholson

Media Liaison Officer

Cell: +27 (0) 79 416 5996

Email: znicholson@tourism.gov.za