



PROGRAMME GUIDELINES TOURISM TRANSFORMATION FUND



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA



**NATIONAL
EMPOWERMENT
FUND**

Growing Black Economic Participation



1. PREAMBLE

The purpose of this document is to provide guidance to applicants submitting proposals for funding consideration under the Tourism Transformation Fund (TTF). Funding approval will be granted for projects in line with the strategic objectives of the TTF.

2. BACKGROUND

The TTF is an incentive scheme that focuses specifically on financial support for black investors and communities investing in capital projects in the tourism sector. The Department of Tourism signed a Memorandum of Agreement with the National Empowerment Fund (NEF) to create and manage a dedicated capital investment funding mechanism to drive transformation in the tourism sector directly, resulting in meaningful impact.

The TTF will not only assist small and micro black-owned tourism enterprises to expand but also catalyse the rise of a new generation of youth, women and black-owned tourism enterprises. The TTF will provide financial and non-financial support to black investors and communities investing in capital projects that will transform the tourism sector.

The TTF will be capitalised to the tune of R120 million annually, over a period of three financial years (FY 2017/2018 to FY 2019/2020), through annual grant funding of R40 million by the Department of Tourism and R80 million loan and/or equity funding by the NEF. The TTF will offer grant funding of up to R5 million to qualifying small and micro tourism enterprises to unlock investment by black investors in the tourism sector.



3. STRATEGIC OBJECTIVES OF THE TOURISM TRANSFORMATION FUND

- 3.1** To facilitate transformation within the tourism sector by providing access to capital in the form of grant funding to black investors across the accommodation, hospitality, travel and related services sub-sectors;
- 3.2** Develop the tourism sector by providing financial and non-financial support to black entrepreneurs, enterprises and communities to encourage tourism-related commercial activity in tourism nodes in order to create jobs and to facilitate skills development; and
- 3.3** To encourage the development of viable and sustainable innovative tourism-related projects.





4. ELIGIBILITY CRITERIA

TTF funding applications must adhere to the following:

- 4.1 Submission of a duly completed and signed NEF application form;
- 4.2 The NEF TTF transaction checklist;
- 4.3 Commercial viability and sustainability as per the NEF due diligence;
- 4.4 The enterprise must be at least majority (51%) black-owned;
- 4.5 The enterprise must be controlled by black management;
- 4.6 Be a legal entity registered in South Africa in terms of South African law;
- 4.7 The enterprise must either be a black-owned Exempted Micro Enterprise (EME) or black-owned Qualifying Small Enterprise (QSE) in terms of the Amended Tourism Broad-Based Black Economic Empowerment (B-BBEE) Sector Code.
- 4.8 The transaction must fall within the following tourism sub-sectors:
 - > Accommodation;
 - > Hospitality and related services; and
 - > Travel and related services.
- 4.9 The grant portion of the funding application is capped at a maximum of R5 million;
- 4.10 The grant funding is applicable to greenfield and brownfield transactions;
- 4.11 In the case of merger and/or acquisition transactions, the grant portion of the funding applied for will be limited to financing working capital and will not be used towards the purchase price of the assets and/or business;
- 4.12 In the case of community-owned projects that fall under the Expanded Public Works Programme (EPWP) administered by the Department of Tourism and for which operational viability and long-term sustainability have been proven, the grant portion of the funding applied for will be limited to financing working capital; and
- 4.13 The applicant will be required to contribute 10% of the total funding application.



5. EVALUATION CRITERIA

The following elements will also be considered in evaluating an application:

- > Black women ownership;
- > Youth ownership;
- > Community ownership;
- > Ownership by people living with disabilities;
- > Black management control;
- > Number of jobs sustained and/or created;
- > Tourism priority sub-sectors; and
- > Geographic location.



6. APPLICATION PROCEDURE

The following documents must be submitted for each TTF application:

- 6.1 A completed and signed NEF application form; and
- 6.2 A completed and signed TTF application checklist.
- 6.3 Applications must be submitted to the NEF:
 - a) Physical applications may be delivered to; West Block, 187 Rivonia Road, Morningside, 2057, Johannesburg; and
 - b) Electronic submissions and enquiries may be sent to tourism@nefcorp.co.za.

The application form and checklist may be obtained on the NEF website at www.nefcorp.co.za.

Note: Incomplete submissions will not be considered for funding.

7. POST INVESTMENT MONITORING AND SUPPORT

All post investment monitoring and support services will be provided by the Post Investment Unit of the NEF.



8. CONTACT DETAILS

The National Empowerment Fund
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Morningside
2057
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