

# Over 900 Tourism Equity Fund applications initiated

A total of 985 applications for the Tourism Equity Fund (TEF) have been initiated by prospective applicants with 131 completed applications submitted that meet all application requirements.



Source: stevepb via [Pixabay](#)

This follows the opening of the TEF application process for businesses on 6 November 2023.

The Department of Tourism, together with the Small Enterprise Finance Agency (Sefa), an agency within the Department of Small Business Development, announced the opening of the application process for TEF on 2 November 2023, after Cabinet's approval in September 2023 for the revised TEF implementation in September 2023.

The R1.2bn fund aims to increase growth, transformation and stimulate more inclusive participation in the tourism sector in line with the targets of the Tourism Broad-Based Black Economic Empowerment (B-BBEE) Sector Codes.

The TEF is intended to address the funding challenges faced by Qualifying Small Enterprises and Emerging Micro Enterprises in the tourism sector.

According to a Sefa report, the 131 submitted applications represent a combined investment value of just over R2bn.

Sefa reported that some of the 131 applications formally submitted have already been pre-screened while pre-screening for

the remaining applications will be completed by the end of the year.



## Request for proposals for Tourism Equity Fund opens

2 Nov 2023



Although no specific information is available yet on the type of enterprises or the nature of projects for which TEF support has been applied, Sefa's preliminary report that 45 of the registered applications originated from Gauteng, 21 from KwaZulu-Natal, while between 10 and 14 applications were submitted between Limpopo, North West, Western Cape and Eastern Cape and with only one from the Free State.

Subsequent to basic or pre-screening, Sefa explained that the applications are subjected to a due diligence process, which includes a more detailed assessment of financial viability, Financial Intelligence Centre Act (FICA) compliance and reporting, credit and legal checks before preparation for presentation to the relevant investment committee for final adjudication.

"Depending on the readiness of projects, the applications may potentially be presented at upcoming committee meetings that Sefa has provisionally scheduled in Quarter 4 between January and March 2024," the agency explained.

Tourism Minister, Patricia de Lille, said the department is encouraged by the level of interest and applications to the Tourism Equity Fund, which is aimed at driving empowerment and transformation to support the growth of new and emerging enterprises in the tourism sector. "This is in line with our aims as government to support investment by the private sector to grow an inclusive tourism sector that can continue to contribute to the country's economy and job creation. We will keep businesses and the public updated on this important project in the coming weeks and months," de Lille said.

### **The TEF will be implemented by:**

- Assessing and scoring applications against jobs to be sustained and/or jobs to be created, location and geographic spread, and targeted groups (youth, women, and people with disabilities).
- Department of Tourism and Sefa in partnership with banking and financial institutions in the Republic of South Africa, which includes, amongst others, banks and developmental finance institutions that will offer affordable and tailor-made financial solutions, in an attempt to close funding gaps in the market, through the provision of a blended finance solution.
- Disbursing a total of 80% of the TEF funds to existing Small Medium and Micro Enterprises in the market to enable these businesses to grow. The remaining allocation of 20% of the funds will be disbursed to new businesses.

The Minister said Sefa will implement, execute, and manage the fund through a fund management agreement signed with the Department of Tourism. The department will support and monitor the implementation of the TEF every month.

"The funding structure comprises grant funding, and debt financing, to meet the distinct needs of tourism enterprises that are either seeking equity acquisition, investment in new developments, or expansion of their existing businesses.

"The fund will focus on tourism enterprises in the accommodation, hospitality and related sectors-, and travel and related services-subsectors. The TEF will consider applications for start-ups, acquisitions, expansion and development projects in line with the Tourism B-BBEE sector codes," de Lille said.

With consideration of Regulation Gazette No 11067, Volume 697, No 49018 published on 25 July 2023, withdrawing Regulation Gazette No 11241, Volume 668 of 19 February 2021. No 44172, all applicants (including previous applicants) are encouraged to submit new applications that will align with the new qualifying criteria of TEF.

For more information on the [Tourism Equity Fund and the application process](#).

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