



PROGRAMME GUIDELINES TOURISM TRANSFORMATION FUND



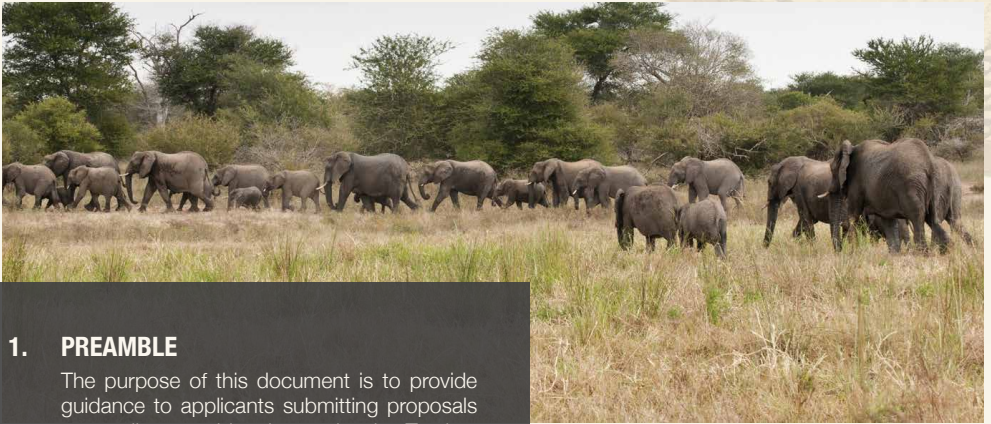
tourism

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 approvals on TTF projects will be aligned to the strategic objectives of the fund.

The fund will focus specifically on:

- Majority black-owned tourism entities and transactions that are commercially viable and sustainable, as per the results of the due diligence processes of the NEF;
- Unlocking investment support in the tourism sector for new and established small and micro black-owned tourism enterprises that provide services to tourists as its direct clients.

2. BACKGROUND

The TTF is a capital investment funding mechanism established by the Department of Tourism in collaboration with the National Empowerment Fund (NEF) to provide financial support for black entrepreneurs investing in projects within the tourism sector. The main aim of the fund is to drive transformation in the tourism sector and catalyse the rise of a new generation of black-owned tourism enterprises.

Through the partnership, the NEF is responsible for administering the TTF and processing all TTF applications.

The TTF provides a combination of grant funding, debt financing and equity contributions to facilitate capital investment in the tourism sector by prospective black investors. Support for eligible black investors under the TTF includes debt financing and equity contributions by the NEF and grant funding from the Department to augment the financing support approved by the NEF.

The TTF grant funding will be provided to applicants qualifying for financial support from the NEF where commercial viability of the project has been proven.

3. STRATEGIC OBJECTIVES OF THE TOURISM TRANSFORMATION FUND

The strategic objectives of the TTF are to:

- Facilitate transformation within the tourism sector by providing access to funding support through a combination of debt, equity and grant funding to eligible black investors in the tourism sector;
- Develop the tourism sector by providing financial support to eligible projects with preference to projects that stimulate empowerment, destination development, job creation and tourism skills development;
- Reduce the debt burden of the prospective investor to finance their business; and
- Encourage the development of innovative, commercially viable and sustainable tourism projects.



4. ELIGIBILITY CRITERIA

In order to be eligible for funding support under the TTF, applications must satisfy the following requirements:

- Submission of a duly completed and signed NEF application form and TTF checklist together with related supporting documents as per NEF requirements.
- The grant funding is applicable to new and existing black-owned enterprises in the tourism sector.
- The enterprise must provide services to tourists as its direct clients.
- The project has proven commercial viability and sustainability as per the NEF funding criteria and due diligence.
- The enterprise must be majority (51%) black-owned.
- The enterprise must be black management controlled.
- Shareholders must be operationally involved in the business.
- The enterprise must be registered as a legal entity in South Africa in terms of South African law.
- 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 (obtainable at www.tourism.gov.za) as follows:

Enterprise size category	Annual turnover
Exempt Micro Enterprises (EMEs)	Total annual revenue below R5 million
Qualifying Small Enterprises (QSEs)	Total annual revenue between R5 million and R45 million

- Submission of a valid Tourism B-BBEE certificate or sworn affidavit (if exempted micro enterprises)
- Applicants must qualify for a NEF loan in order to be eligible for the grant funding portion of the TTF.
- Applicants may be required to contribute a reasonable percentage of the total funding applied for, as own contribution.
- Applicants must declare any funding received from any other organs of state.

5. OTHER CONDITIONS

The TTF grant contribution for approved applications, will be limited to 50% of the total funding required and is capped at a maximum of R5 000 000 (Five Million Rand) per beneficiary.

Co-financing tourism transactions between the NEF and/or other accredited Development Finance Institutions (DFI's) is allowed under the Fund. This arrangement needs to be agreed to by the NEF.

The funding amount required will be financed from the NEF's and/or other accredited DFI's resources as agreed to by the NEF.

In assessing applications for support, the debt/equity portion of funding will be in line with NEF and/or other accredited DFI's limits.

In the case of mergers and/or acquisition transactions, the grant portion of the funding will be limited to financing working capital, costs of upgrading and expanding the business, and will not be used towards the purchase of the business and/or its assets.





6. ADJUDICATION PROCESS

During the adjudication of applications that have complied with the viability assessments, preference will be given to:

- Projects that have significant ownership and participation by black women, youth, communities and people with disabilities;
- Projects with a high job creation potential.

7. APPLICATION PROCEDURE

The following documents must be submitted as part of each TTF application:

- A completed and signed NEF application form together with a business plan, financial projections and related supporting documents.
- A completed and signed TTF application checklist.

Applications must be submitted to the NEF:

- Physical applications may be delivered to; West Block, 187 Rivonia Road, Morningside, 2057
- Electronic submissions and enquiries may be sent to tourism@nefcorp.co.za

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

Note: Incomplete submissions will not be considered for funding.

8. POST INVESTMENT MONITORING AND SUPPORT

All post investment monitoring and support services will be provided by the Post Investment Unit of the NEF in conjunction with the Department of Tourism.

9. DISCLAIMER

Tourism establishments and prospective applicants of the Tourism Transformation Fund are advised to be wary of people purporting to be representatives or agents of the Programme. Please note that the NEF and the Department of Tourism have not appointed agents or consultants to assist enterprises with the preparation of applications. The use of, and payment of any fees to consultants to assist with an application is at the discretion of the applicants.

10. CONTACT DETAILS

The National Empowerment Fund

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The National Empowerment Fund

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