



Driving Inclusive Growth in Tourism



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA



 **NATIONAL
EMPOWERMENT
FUND**
Growing Black Economic Participation

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The TTF is a dedicated capital investment funding mechanism established to drive transformation in the tourism sector in a more direct and impactful manner that not only assists small black-owned tourism enterprises to expand and grow, but to catalyse the rise of a new generation of black-owned, youth and women tourism enterprises to take the sector to new heights.

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Tourism Transformation Fund

Driving inclusive growth across the tourism sector

Transformation of the South African economy through broad-based black economic empowerment (B-BBEE) is a fundamental principle addressed in key government policy documents such as the National Development Plan (NDP), the Industrial Policy Action Plan (IPAP) of the country as well as the Economic Reconstruction and Recovery Plan.

Economic transformation through B-BBEE as a priority in the tourism sector is reflected in the Tourism Act (Act no 3 of 2014), the National Tourism Sector Strategy and the Tourism B-BBEE Sector Code amended in 2015.

However, while there has been some growth in the number of new black-owned small and micro enterprises entering the sector and also some progress made by existing large tourism players to transform, the overall pace and extent of transformation in the tourism sector has been slow. Transformation efforts had not sufficiently

changed the structure of the sector to facilitate equitable growth with sustained positive socio-economic impacts for the people of South Africa.

There was thus a need to strengthen the focus of the Department of Tourism's sector transformation programmes beyond policy interventions and to consolidate state-resources through partnerships to create targeted interventions to facilitate more inclusive growth and economic transformation.

In light of the above, the Department approached the National Empowerment Fund (NEF) in 2017 as a strategic partner to create a dedicated capital investment funding mechanism to drive transformation in the tourism sector in a more direct and impactful manner that will not only assist small black-owned tourism enterprises to expand and grow, but to catalyse the rise of a new generation of black owned youth, women and community based tourism entrepreneurs to take the sector to new heights.



Tourism Transformation Fund



The Department signed a Memorandum of Agreement (MoA) with the NEF at the end of March 2017 to establish and administer the Tourism Transformation Fund (TTF) on behalf of the Department. Applications for the pilot phase of the TTF opened on the 17 May 2018.

The TTF provides a combination of grant funding, debt financing and equity contributions to facilitate capital investment in the tourism sector by prospective black entrepreneurs. The TTF is housed, managed and administered by the NEF. While the TTF will only focus on tourism-specific investment, it is linked to all existing debt financing products of the NEF.

The TTF is capitalised to the tune of R120 million in grant funding from the department, with the balance of project funding to be made up of debt finance and equity contributions by the NEF or any other Development Finance Institutions (DFIs) as well as owner's contribution.

The grant-funding component is capped at 50% of the total funding required up to a maximum of R5 million per successful applicant. The balance is made up of debt finance and equity contributions by the NEF or any other DFIs as well as owner's contribution.

The focus of the TTF is on companies that are majority black owned, an Exempted Micro Enterprise (EME) or a Qualifying Small Enterprise (QSE) in terms of the Amended Tourism B-BBEE Sector Code. Any support will be dependent on the outcome of an assessment of the commercial viability of the proposed project. The intention would then be to not only close any gaps that prevent the project from accessing funding support, but once viability is proven, to also reduce financial gaps through grant funding with the view to unlock full investment in the project.

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 black investors in the tourism sector;
- Develop the tourism sector by providing financial support to eligible projects with preference for 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.

Programme performance to date

The TTF has approved a total of 23 transactions valued at R272.58 million. Six of the projects are operational, while a further six are under construction. Ten of the approved transactions are at various stages of development and are scheduled to commence construction in due course. Due to difficult trading conditions, one of the TTF transactions was liquidated

Conclusion

The NEF continues to monitor the performance of the various TTF transactions approved for funding to date, to strive for sustainable growth as well as the preservation and increase in the number of jobs supported.

To date, applications patterns have demonstrated a significant demand for funding among black entrepreneurs nationwide for tourism related projects.

With travel and tourism contributing 6.3% to South Africa's national economy and providing 8.4% of total employment across the country indicates that there are many untapped opportunities for funding and the continued need for transformation in the tourism sector. The TTF will continue in its pursuit of the quest for economic recovery, inclusive growth, job creation as well as women and youth empowerment.



Status of Approved TTF Projects as at 10 May 2024

Projects Completed and Operational

No	Company Name – Trading As	Project Type	Province	Location	Women Ownership (%)	Youth Ownership (%)
1	Graskop Gorge Lift Co (Pty) Ltd	Adventure Tourist Attraction	Mpumalanga	Graskop	10%	5%
2	Nare Leisure Investment	Boutique Hotel	Northern Cape	Kimberly	100%	0%
3	ZAD HIRING PTY(LTD)	Venue Hire	Eastern Cape	Gonubie	100%	0%
4	South Hill Trading (Pty) Ltd	Boutique Hotel	Northern Cape	Kimberly	100%	0%
5	Royal Thonga Safari Lodge	Lodge located in Elephant Park	KwaZulu-Natal	Maputaland, Tembe	0%	0%
6	Gradscope (Pty) Ltd t/a Tala Game Reserve	Game Reserve with Lodge	KwaZulu-Natal	Pietermaritzburg	50%	10%

Projects under construction

No	Company Name – Trading As	Project Type	Province	Location	Women Ownership (%)	Youth Ownership (%)
7	Rensia Lodge	Lodge	Limpopo	Venda -Thohoyandou	100%	0%
8	The Hill Boutique Hotel (Pty) Ltd	Boutique Hotel	Eastern Cape	Tsolo	100%	0%
9	St Eve (Pty) Ltd Lodge	Lodge	Free State	Bloemfontein	100%	0%
10	Golden Valley Lodge	Lodge	Gauteng	Magaliesburg	60%	60%
11	De Ponte Boutique Hotel (Pty) Ltd	Hotel	Free State	Welkom	80%	0%
12	Limakatso Entertainment Centre CC	Accommodation Chalets	Eastern Cape	Aliwal North	50%	0%

TTF at a glance



Transactions
approved

23



Value approved
(NEF + TTF)

R272.58
million



Jobs
Supported

1 047



Women
Supported

76%



Youth
Supported

27%

TTF PROJECTS SHOWCASE



Graskop Gorge Lift Company



This jewel of Mpumalanga's Panorama Route is located in the breath-taking Afromontane forest and may be accessed via a viewing elevator that travels 51-metres down into the gorge. The centre also offers a restaurant perched on the edge of the gorge, an art gallery, African fashion, curios, crafts and much more.

The Graskop Gorge Lift Company is a majority black-owned enterprise that has been awarded an opportunity worth approximately R150 million by THALEDA, the economic development agency of the Thaba Chweu Local Municipality. The first phase of the rollout has received funding from the NEF to the value of R38.4 million and a TTF grant of R5 million. The total value of the project is R43.4 million at present, and is expected to grow to R150 million upon completion of the second phase.

The journey begins as the visitor drops off the grassy cliff top plateau in a custom-designed 26-passenger outdoor elevator. It travels down the cliff face into the cool mountain forest below. The forest trail is a sensory delight and environmental splendour, full of natural sounds, texture and unforgettable sights. Water drips down rock faces, moss grows in abundance, the river dances across boulders and the waterfall cascades. A rich, earthy aroma lingers, and little flowers vie for attention next to towering trees as exotic birds glide gracefully in their pristine habitat.

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Nare Hotel



Nare Leisure Investment (Pty) Ltd (“Nare” or the “Company”) is a 100% Black Woman-owned and managed company which is engaged in the development, ownership and management of boutique hotels primarily in Northern Cape.

The company currently owns and operates a boutique hotel in Kimberly that was funded by the NEF in 2019 to the tune of R11.7 million, which includes a TTF grant of R5 million.

The intention is to expand the current operations, through the development of a 4-star boutique hotel, 29 room, conferencing and spa facility in Upington which will serve both business and leisure travelers. The vision is to ultimately create a successful Black women owned hotel group that can compete the untransformed Upington tourism market.

The Proposed development requires R32.8 million in funding, which will be utilized for:

- The acquisition of land and property;

- The renovation of the existing additional structures; and
- Working capital.

This transformative project will spur business activity through local spend, as well as the creation of 29 permanent jobs and at least 60 temporary jobs.

Location	Kimberley, Northern Cape
Project Stage	Expansion
Approval to date	R11.7 million (NEF loan of R6.7 million, TTF grant of R5 million)
Jobs	89 jobs

Transformation: Woman Empowerment
Expansion
Tourism



ZAD Hiring



DECOR RENTALS

ZAD was established in 2014 with the purpose of hiring out décor items, furniture (tables & chairs), crockery and cutlery and flower arrangement to customers in and around East London, Eastern Cape.

ZAD is 100% black female owned and managed by Mrs Catherine Gladys Dunjwa.

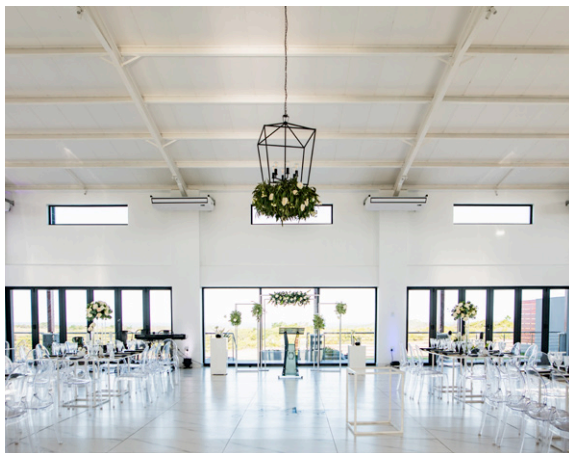
The NEF approved R11.4 million funding for Ms. Dunjwa to build a function venue.

This comprising of R1 298 524 sourced from the NEF, R5 194 098 from WEF and R5 000 000 TTF grant.

The new building consists of the main hall with the capacity of 300 people, and a chapel.

The function venue enables ZAD to offer a One Stop Shop for all kinds of functions in East London. The venue is a sea-facing 28-hectare farm located in an area known as Kidd's Beach.

Location	Kidds Beach, East London, Eastern Cape
Project Stage	Expansion – acquisition and build function venue
Investment to date	R11.4 million (NEF loan of R6.4 million, TTF grant of R5 million)
Project Promoter	Mrs Catherine Gladys Dunjwa



South Hill Hotel



South Hill Trading (Pty) Ltd was established with the purpose of acquiring, renovating, and operating a 4-star top-end Boutique Hotel based in Upington, Northern Cape. A 100% Black Woman-owned and managed company which is offering 12 bedrooms which will constitute of 10 queen bed bedrooms, 3 twin single bed bedrooms, a dining room area, and a Conference facility.

The intention was to transform the tourism industry in Upington, through total funding of R18.5 million towards the project. The approved amount was split between the NEF, TTF grant and a Grant portion from the NC DEDaT blended fund.

South Hill is currently offering:

- A dining room area, and a 80 capacity Conference facility.
- 10 queen bed bedrooms,
- 3 twin single bed bedroom

This transformative project supported local business activity through local spend, as well as created 9 permanent jobs and at least 37 temporary jobs.

Transformation: Woman Empowerment

Expansion

Tourism

Location Upington, Northern Cape

Project Stage Expansion

Approval to date R18.5 million
(NEF loan of R13.5 million,
TTF grant of R5 million)

Jobs 46 jobs



ROYAL THONGA
SAFARI LODGE
TEMBE ELEPHANT PARK

Royal Thonga Safari Lodge

Royal Thonga Safari Lodge, is the culmination of a dream of the local community, private investors and the Royal Tembe Development Foundation to create a natural paradise for visitors to this unique reserve. The lodge is architecturally designed to emulate the local Tonga building style, and each of the fourteen chalets are uniquely positioned to offer guests total privacy and luxurious comfort within a sand forest in Tembe Elephant Park.

Natural materials and timber give a warm organic ambience and invite the outdoors. All the rooms are appointed with quality furnishings and bathrooms come complete with an indoor and private outdoor shower for those who enjoy immersing themselves

in their surroundings in rare solitude and perfect tranquillity.

The NEF has invested R7.7 million and the TTF has contributed R5 million in grant funding for Royal Thonga Lodge supporting 20 new permanent jobs. Approximately 70% of the jobs are occupied by women. It is important to further note that these jobs are all occupied by the people from the local community of Masizwane.

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Gradoscope (Pty) Ltd/Tala Private Game Reserve



TALA COLLECTION
GAME RESERVE
BY DREAM RESORTS



Tala Collection Private Game Reserve is located in Camperdown in the hills of a peaceful farming community close to the bustling city of Durban in KwaZulu-Natal. The game reserve is home to more than 380 bird species, as well as big game like Rhino, Kudu, Hippo and Giraffe. Plant species found in this area include the Fiery Aloe, the imposing Euphorbia and fragrant Wild Sage.

Tala Collection Private Game Reserve is an excellent place to host a professional conference, a romantic wedding and numerous other celebratory occasions, or simply relax and enjoy some pampering. Guests can also explore the reserve on guided game drives and bush walks.

The NEF has invested R8.63 million alongside a TTF grant of R5 million into Gradoscope (Pty) Ltd on behalf of the Nkumbuleni Community Trust to acquire 60% shareholding into the company. Dream Hotels are also shareholders in the company and have invested a further R15 million into the company to acquire 40% shareholding.

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Rensia Boutique Hotel and Spa



Rensia Boutique Hotel and Spa operates in the tourism sector by providing accommodation, restaurant, bar and conference facility.

- The NEF funding support will assist the promoters to complete the establishment of the boutique hotel that offers 20 rooms, 30 seater restaurant, 10 seater boardroom, 10 seater bar and 30-seater conference facility.
- The NEF funding of R6.3 million, which includes R3.1 million TTF grant funding, will result in creation of 34 permanent jobs.
- Rensia Boutique Hotel is a 100% woman-owned business located in Thohoyandou, Vhembe District, Punda Maria Drive, Limpopo Province.

Start Up



The Hill Boutique Hotel (Pty) Ltd



The Hill Boutique Hotel (Pty) Ltd is a 100% South African black-female-owned and managed enterprise located in Tsolo, Eastern Cape.

The hotel is to be constructed on a piece of land which is owned by the promoter. The land is zoned as a commercial property accommodating 1 loading facility. The hotel is under the O.R Tambo District municipality of the Eastern Cape.

The Hill is positioned to be a 3-star hotel facility consisting of 17 rooms, with 8 rooms having queen size beds and 9 rooms with king size beds. There will be 2 conference centres with a total capacity of 63 seats each as well as food and beverage facilities.

The NEF and TTF approved R14.1 million which will go towards construction of the hotel and working capital. The Hill will create a total of 15 new permanent

jobs (including the promoter) with at least 70% of the staff being women. 50 temporary jobs will be created during the 12 months construction period.

Transformation: Woman Empowerment

Start-up

Tourism

Location	Tsolo, Eastern Cape
Project Stage	Start-Up
Approval to date	R14.1 million (NEF loan of R9,1 million, TTF grant of R5 million)
Jobs	65 jobs



St Eve (Pty) Ltd



St Eve was funded in October 2021 for the establishment of an upmarket guest house in Bloemfontein, located approximately 10 kilometres from the Bloemfontein CBD.

The guest house comprise of eight (8) en-suite guest rooms, a restaurant and two conference venues suitable to accommodate group functions (of about 50 people) and a smaller group function (of about 20 people). The property has 18 parking bays inside and more parking in the road outside the guest house.

In addition, the company offers an event management service which includes renting of equipment and catering service that includes full service off-site event hosting.

The business is 100% owned by Ms Yvonne Mlozana.

Location	21 York Road, Waverley, Bloemfontein
Project Stage	Start-up
Investment to date	R6 million (NEF loan of R3 million, TTF grant of R3 million)
Project Promoter	Ms Yvonne Mlozana
Total Project Size	R6 million
Jobs	9 Permanent and 1 temporary

Golden Valley Lodge

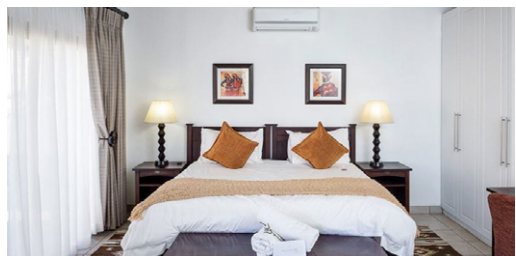
Golden Valley is a 20-room Game Lodge developed on 49.9 hectares stretch of land in Magaliesburg, Gauteng province. It is a majority black woman-owned facility fit for the perfect get-away.

Golden Valley Game Lodge's product range includes:

- Accommodation, Conferencing, Food and Beverages, Curio Shop, and a Spa.
- Supplementary activities on the Lodge include activities such as hiking, quad biking, bird watching, adventure cycling and fishing.
- The project will initially create 11 permanent jobs.



Golden Valley Game Lodge was funded through the NEF's Rural, Township and Community Development Fund to the value of R12.4 million for construction, game animals, stock, furniture, equipment and working capital. The furniture was sourced from a local black owned manufacturer. The loan funding includes a non-repayable grant of R5 million from the Tourism Transformation Fund (TTF) in partnership with the NEF and a loan from the Department of Sports, Arts and Culture's Economic development fund bringing the total investment in the game lodge to R17 442 058.



De Ponte Boutique Hotel



De Ponte Boutique Hotel is a 100% South African black, female co-owned and managed enterprise. De Ponte Boutique Hotel (PTY) Ltd (herein after referred to as De Ponte or the hotel or the business) is located in the city of Welkom in the Free State Province.

De Ponte Boutique Hotel has not yet commenced operations as it is still under construction. Upon full completion, the boutique hotel will have 21 luxurious rooms, 68-seater restaurant, and 45-seater bar as well as a 60-seater conference facility.

De Ponte was approved for R15 million, of which R5 million is TTF grant funding. This will go towards construction of the hotel and working capital. De Ponte will create a total of 17 new permanent jobs (including the promoter) with at least 80% of the staff being women. 40 temporary jobs will

be created during the 12 months construction period.

Transformation: Woman Empowerment

Start-up

Tourism

Location Welkom, Free State

Project Stage Start-Up

Approval to date R15 million
(NEF loan of R10 million,
TTF grant of R5 million)

Jobs 57 jobs

Limakatso Entertainment Centre



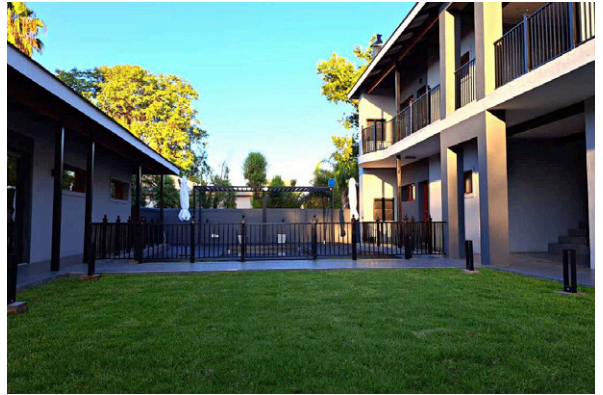
Limakatso is a four star graded accommodation, conferencing and events enterprise which offers 30 executive rooms, 200 seater conference facility, 300 seater events centre and 108 seater upmarket restaurant and dining hall. It also has 30 chalets, with each chalet having a lounge, kitchen, bedroom and bathroom. The facility has a total number of 60 rooms with capacity

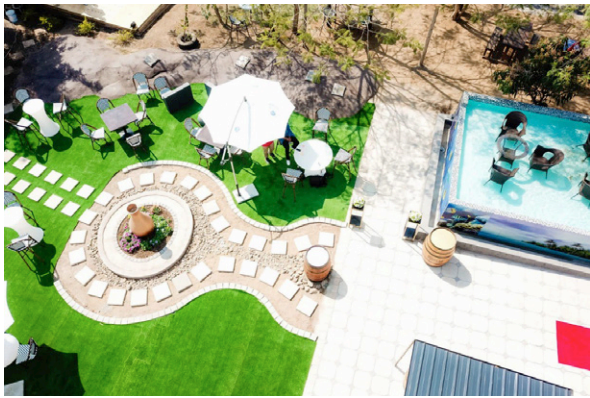
of accommodating 116 people. The company's clientele comprises of government departments, civil society and private sector. Total approved funding comprises a R5.4 million loan from the NEF and a TTF grant of R2.7 million.

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