



**Department of Environmental Affairs & Tourism
Department of Trade and Industry**

FUNDING PROGRAMMES FOR TOURISM BUSINESSES HANDBOOK



in partnership with





NEF VENTURES
EMPOWERMENT By
THE NATION



This handbook will provide you with information on tourism funding programmes from the Department of Environmental Affairs and Tourism, Department of Trade and Industry, DBSA, IDC, TEP and Khula Enterprise, ECDC, NLDTF, CPPP, NEF, ITHALA, Business Partners and other provincial department

The handbook is aimed at providing you with information regarding the different types of programmes aimed at assisting SMMEs within the tourism industry; the criteria for funding; the process for applications and the contact details of the relevant institutions.

This is the second edition of the handbook. Please contact us if you would like to include your organisation's information in this handbook.

We hope that you will find this handbook useful in accessing funding for tourism from the various organisations.

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DEPARTMENT OF TRADE AND INDUSTRY

SMEDP

WHAT IS SMALL MEDIUM ENTERPRISE DEVELOPMENT PROGRAMME?

Small Medium Enterprise Development Programme is a cash grant incentive scheme, which offers assistance to tourism related enterprises within South Africa. Assistance is provided to either new or expansion projects

OBJECTIVES OF THE INCENTIVE SCHEME

To create wealth, generate employment
Develop entrepreneurship; empowerment, Utilize local raw material
Promote sustainability of projects receiving incentives
Reduce investment cost for small and medium investors
Promote foreign investment

WHICH PROJETS ARE FUNDED?

Enterprises that are located in South Africa
New projects and expansion of existing projects
Businesses with a capacity expansion of at least 25% in accommodation and / or in tourism vehicles must be demonstrated within the first financial year of the expansion
Businesses classified as providers of short term accommodation e.g. hotels, bed and breakfast, lodges and chalets
Tour operators that are solely serving tourists
Business that have funicular or private railways, aerial cableways, water transportation vehicles on dams, lakes and others

BENEFITS OF THE INCENTIVE SCHEME

A tax free cash grant for two years based on the cost of the investment in buildings, furniture, equipment and vehicles
Additional cash grant for the third year to enterprises provided that the ratio of the Human Resource Remuneration, expressed in terms of operational cost, be a minimum of 30%

A maximum incentive of R3 050 000 million per annum, for enterprises with an investment in buildings, furniture, equipment and vehicles

INVESTMENT GRANT CALCULATION

LEVEL OF INVESTMENT	CUMULATIVE RECEIVABLE (As a % of investment)
First R0 - R5 million	10% p.a.
Above R5 - R15 million	6% p.a.
Above R15 - R30 million	4% p.a.
Above R30 - R50 million	3% p.a.
Above R50 - R75 million	2% p.a.
Above R75 - R100 million	1% p.a.

APPLICATIONS

- Obtain an information brochure and application form from the DTI, TEO
- Submit application form to DTI, TEO for evaluation

For further details please contact:

Tel: (012) 310 1288 / 1279

Fax: (012) 322 0115 / 0011

Email: enterprise@dti.pwv.gov.za

Website: www.dti.gov.za

THE ROLE OF THE DEVELOPMENT BANK OF SOUTHERN AFRICA (DBSA) IN TOURISM

Mission and principles

The Development Bank of Southern Africa Limited (DBSA) contributes to development by providing finance and expertise to improve the quality of life of the people of southern Africa, mainly through the provision of infrastructure. The Bank aims to maximise its development impact, to be additional to other funding sources and to maintain good banking principles.

A package of support to clients

In line with DBSA's vision of being a leading change agent for socio-economic development, the DBSA strives to promote sustainable tourism development. It focuses on priority tourism needs as negotiated with tourism role players from the public, private and civil society sectors.

The DBSA aims to become a centre of excellence in Africa that can provide knowledge and expertise to its beneficiaries, while always remaining open to learning from them. As part of its triple role of lender, advisor and partner, the DBSA combines finance and knowledge to resolve development challenges.

DBSA services are grouped into five categories:

- **Finance:** The DBSA provides finance for tourism investments through various financial instruments. Project preparation assistance can be provided as part of such finance. To meet the financing requirements of private sector infrastructure projects (including tourism), the DBSA created the Private Sector Investment Unit.
- **Agency:** The DBSA may act on behalf of other stakeholders in delivering tourism development. Clients include international

development agencies, various government departments and committees. The NEPAD Secretariat, for example, was established in the Bank at the request of the South African Presidency.

- **Consultancy:** The DBSA provides consultancy services that facilitate the implementation of tourism development. This may for example include preparing and delivering discussion papers on critical tourism issues.
- **Technical assistance:** The DBSA facilitates and provides finance for initiatives in support of tourism development. This may include policy processes, strategy formulation, development planning, programme development, human resource development and institutional capacity building.
- **Information and knowledge** about development: To illustrate, the DBSA publishes a Journal called 'Development Southern Africa', which offers a platform for expressing views and encourages debate on development issues, including tourism. The DBSA also shares expertise and lessons of experience gained through supporting tourism initiatives.

Special mechanisms are often created to provide the above services. For example, the DBSA established a Development Fund with the vision of becoming a leading catalyst of capacity building in South Africa.

Support to tourism enterprise development

Small Business Development is not regarded as a core function of the DBSA. Nevertheless,

tourism enterprise can be considered for support within the following criteria:

- a significant impact to socio-economic development
- alignment with national, provincial or local priorities
- financial and economic feasibility and sustainability
- substantial resources by proponents to invest in the project
- a significant contribution to the transformation of the tourism industry.

The DBSA negotiates terms and conditions appropriate to the specific client and project requirements.

Indirectly, the DBSA supports tourism business development by supporting the public sector and other role-players to create an environment conducive to enterprise development. This may include the capitalisation of enterprise development funds.

Type of tourism investments

The type of tourism investment supported by the DBSA includes the following categories:

- attractions (natural, cultural or man-made)
- facilities and services (e.g. accommodation)
- transport (air, road, water, rail)
- supportive services (e.g. safety, information)
- enabling infrastructure (e.g. transportation, telecommunication, water)
- institutional infrastructure (e.g. education and training, capacity building).

Application process

A letter of application stating the type of assistance required and accompanied by a business plan and supporting documentation is required to activate the DBSA project cycle.

For further details contact:

Mr Danie Swart
Tel 011 313 3269
E-mail: danies@dbsa.org

Or

Ms Karin Mahony
Tel 011 313 3514
E-mail: karinm@dbsa.org

INDUSTRIAL DEVELOPMENT COOPERATION (IDC)

The IDC's Tourism Business Unit finances capital expenditure in tourism businesses. This finance is focused towards businesses offering accommodation to bona fide tourist but also extends to other capital-intensive tourism projects with the potential to significantly impact on the growth of the tourism industry.

The main criteria for selection are:

- Projects must be economically viable
- The IDC loan amount must be **larger than R1 million**
- An owner's contribution of at least 40% of the total project value is needed. This can be reduced to 20% for empowerment projects.

The type of projects that would qualify for funding include:

- Accommodation facilities
- Buildings
- Furniture, fittings & equipment
- Renovations
- Refurbishments

- Expansions
- Immediate infrastructure
- Other capital intensive projects
- Developments in conservation areas and game reserves, including concession areas

The type of finance facilities available include:

- Mainly loans of between 5 to 15 years
- Repayments to suit cash flow
- A possible capital moratorium of up to 2 years
- Capitalisation of interest of up to 2 years

You can apply for finance by submitting a business plan outlining the intended project and its finance requirements. The business plan should contain adequate information about the applicant, the project, costing, marketing plans, employment and at least 5 years' budgets, to enable IDC to assess the merits of the business case. Closer guidelines are available from the Tourism SBU - please do not hesitate to call us before submitting a formal application.

For further details contact Katinka Schumann- Bester
Tel: 011 269 3509
Fax: 011 269 3709
E-mail: benn@idc.co.za
Website: www.idc.co.za

KHULA ENTERPRISE FINANCE

Role of Khula in tourism growth

Khula Enterprise Finance is an initiative by the Department of Trade and Industry. It was established to facilitate access to finance by people who have not had the opportunity to accumulate sufficient wealth (such as fixed property or insurance policies) to provide as collateral security to the banks to obtain a loan for starting a new business.

Thuso provides the following services to people who qualify for the Khula Credit Guarantee scheme:

1. Assistance with the drawing up of a business plan
2. Once the business is established, provide mentorship aftercare to improve the success rate of businesses so established.

What is the Khula Credit Guarantee Scheme?

The Khula Credit Guarantee Scheme was established to facilitate access to finance for people wishing to start a small to medium sized business, but have not had the opportunity to accumulate wealth or other assets to present as collateral to a bank in order to secure a business loan. In these cases, **the banks can apply to Khula** for a guarantee which then acts as collateral for 80% of the total loan amount, (with a loan maximum of R1 million).

Criteria for selection

The Credit Guarantee and Support Services are available to the following individuals:

1. People who want to borrow between R50 000 and R1 million
2. Who are South African citizens

3. Who will be involved in the day to day running of the business on a full-time basis
4. Who can provide an own cash contribution of at least 10% towards the start-up or expansion of the business
5. Who have a clean financial track record

The Credit Guarantee is available both for new business ventures or existing businesses wishing to expand. The same conditions apply to both cases. Please note that the Credit Guarantee Scheme cannot be utilised for the financing of speculative deals (e.g. when an entrepreneur wants to open a second business and put a manager in charge).

Products by Khula

Business Plan Development (pre-loan):

Loans from a bank between R50 000 and R300 000 - Thuso pays 75% of cost of Business Plan

Loans from a bank greater than R300 000 - Thuso pays 50% of cost of Business Plan

Mentorship (Post-loan):

From the granting of the loan for a period of 3 months, Thuso will bear all the cost of mentorship, subject to a contract being drawn up between Thuso and the Mentor, stipulating the objectives of mentorship with a time scale for delivery. Thereafter, at the request of the CLIENT, Thuso may, at its own discretion, extend the period of mentorship on a subsidized basis similar to the payment of a business plan i.e 75% for loans <R300 000 and 50% for loans >R300 000.

Process for Applications

- Client approaches Khula regional Mentorship office for either a

Business Plan or mentorship assistance.

- A regional co-ordinator recommends a mentor after assessment for either a Business Plan or mentoring request. Khula Institutional Support Service will appoint a mentor.
- The client, complete with Business Plan, will then approach a commercial bank for a loan.
- Bank assesses the Business Plan and an application in terms of its lending criteria.
- If satisfied the bank will approve the loan.
- If the risk is not adequately covered, the bank may require a guarantee from Khula Credit Guarantee Limited.
- Once the loan has been approved, a requirement may be that a mentor be appointed to help the client with implementation of a Business Plan and loan management.
- If the business experiences problems, business advice or remedial mentoring may be required to assist the business in providing specific solutions to help it achieve its goals or turn it around.

A mentor will be engaged by Khula Institutional Support Service for this particular assignment.

For further details contact

Midrand

Tel: 011 315 0036/7

011 315 0450

Fax: 011 315 7436

PO Box 6851

Halfway House

1685

Cape Town

Tel: 021 686 3130

Fax: 021 686 3137

E-mail: thusocpt@iafrica.com

Durban

Tel: 031 301 1916/7

Fax: 031 301 1922

E-mail: khula@mweb.co.za

East London

Tel: 043 721 0437

Fax: 043 721 0445

E-mail: zibid@iafrica.com

Port Elizabeth

Tel: 041 363 2570

Fax: 041 363 2571

E-mail: khula_PE@epweb.co.za

***COMMUNITY PUBLIC PRIVATE
PARTNERSHIPS PROGRAMME
(CPPP)***

The CPPP Programme is a national programme that was launched in November 1999 by Deputy President Zuma, to facilitate commercial linkages between resource-rich rural communities and private sector investors. The programme is committed to unlocking the economic value of state or community-owned land and, in so doing, revitalising rural economies, reducing poverty, increasing community empowerment and promoting sustainable resource use in some of the country's poorest regions. The programme is funded by the Department of Trade and Industry.

While much of the Programme's work focuses on the sourcing of viable commercial partnerships, it has also been tasked with promoting an enabling environment for the development of joint ventures through the formulation of guidelines, frameworks and other support material relevant to the Southern African region.

The Programme is funded by the Department of Trade and Industry and is housed at the DBSA, with Zandile Ndaba as Programme Co-ordinator.

In the past little has been done to boost the country's multi-faceted tapestry of South Africa's rich and varied culture and heritage.

There are areas bursting with unexplored archeological and anthropological mysteries waiting to be unearthed, and it is at this aspect of the tourism industry that the CPPP is looking at.

As the CPPP mandate is to involve rural communities in economic activity,

tourism is often a good avenue to use to ensure that communities can become involved in the mainstream economy.

For more information:

Tel: 011 313 3065
Fax: 011 313 3670
E-mail: cppp@dbsa.org
Website: www.cppp.org.za

NATIONAL EMPOWERMENT FUND (NEF)

The National Empowerment Fund was established by the National Empowerment Fund Act 105 of 1998 to empower historically disadvantaged persons through financing and investment activities. Its operating agency, the NEF Corporation, came into being on the appointment of the CEO in April 2001. NEF Ventures is the first division to be operational in April 2002. It manages a venture capital fund of R200 million, the founders being the IDC and the NEF Corporation.

A few clarification points on the broad investment criteria below regarding Tourism specific investments are as follows:

- The Fund does not have any specific industry exclusions at this stage (in other words applications from all industries are considered).
- The Fund is limited to 20% of capital investment exposure to one single industry.

NEF VENTURES

INVESTMENT CRITERIA

Introduction

The Fund will provide equity and quasi-equity finance for economic empowerment transactions involving Historically Disadvantaged Persons (HDP's). HDP's are defined as those persons or categories of persons who, prior to the new democratic dispensation marked by the adoption and coming into force of the Constitution of the Republic of South Africa Act, 1996 (Act no 108 of 1996), were disadvantaged by unfair discrimination on the basis of their race and includes juristic persons or associations owned and controlled by such persons.

The overall aim of the Fund is to promote the involvement of individuals and/or groups from historically disadvantaged backgrounds in business. The Fund will therefore favour those investments in which attractive combinations of the following elements are involved:

- Involvement of managers from HDP's, especially women, at senior operational level;
- Active presence of the HDP investors, including women, at board level;

- Broader empowerment participation such as Employee Share Ownership Plans (ESOP's) are promoted;
- Joint ventures between HDP's and non-HDP's with the objective of skills and technology transfer.

Terms of the Fund's investments

- The Fund will only fund transactions where HDP's have an equity interest and are operationally involved, at senior management level, post the Fund's investment.
- The Fund's investment in individual enterprises will be between R3 million and R10 million.
- The Fund will only invest in unlisted companies.
- The Fund will seek minority stakes in businesses (up to 49%). The Fund may take majority stakes in certain instances where there is a clear mechanism for reducing the stake to below 49% in the short term.
- The Fund will invest only where the HDP's are making a significant commitment of their own resources (financial, skills, etc).
- The Fund will invest directly into the underlying operating business rather than in an investment holding company.
- The Fund's investment horizon will be for a period of three to seven years.
- The Fund will prefer exits that promote HDP ownership in investee companies.
- The Fund will not invest in companies whose employment, health and safety or environmental records and/or policies fall short of South African government or internationally acceptable standards.
- The Fund shall invest in South African companies conducting business predominantly within South Africa.
- Investee companies will be required to adopt progressive, though commercial, policies with regard to recruitment, training, etc.
- The Fund will not provide 100% debt financing.
- The Fund will not purchase shares from existing

shareholders, where the business is not beyond cash flow break even.

- The Fund will not purchase shares on behalf of third parties (warehousing).
- The Fund will reserve the right to nominate at least one person to the board of directors of the investee company.

For further details contact:

Ms Dineo Skwambane

NEF Venture

Tel: 011 772 8000

Fax: 011 772 8067

E-mail: skwambane@nefcorp.co.za

Business Partners Ltd

INVESTMENT AND ADDED-VALUE FOCUS

Business Partners is an unlisted public company with an asset base of more than R1,4 billion. Established in 1981, the group has invested close on R5 billion in businesses owned and run by entrepreneurs and, as such, is one of the most significant drivers of entrepreneurial growth and development in South Africa. Business Partners tailors investment and added-value solutions to meet the specific needs of independent entrepreneurs, from single-owner businesses to multi-owner management buy-outs and buy-ins.

Business Partners recently announced its investment budget for the 2003/2004 financial year with the tourism industry earmarked with a R91 million allocation.

As South Africa's status as a tourism destination grows every day, Business Partners' ability to offer both local and foreign visitors everything from game viewing to pristine beaches, shopping of huge variety and excellent quality, as well as all the entertainment attractions of city life, makes this country one of the world's most exciting tourist destinations.

Business Partners' investment track record in the tourism industry is testimony to the group's belief in the sector's economic muscle and potential. Travel and tourism-related businesses account for 10% of the overall investment portfolio, showing real financial commitment to an industry at the forefront of building South Africa's profile in the international arena. The group invests in a wide variety of entrepreneurial enterprises operating in the sector, including guest houses, hotels, caravan parks, restaurants and local tour operators.

INVESTMENT CRITERIA

Business Partners is a viability-based investment group and does not have the same security requirements that commercial banks do. Potential investments are assessed on the viability of a sound business plan and on levels of contribution that the entrepreneur may be able to offer.

When considering an investment proposal, Business Partners looks principally for an entrepreneur with integrity, drive, vision and appropriate experience, as well as for a viable business plan and a marketable product or service.

THE BUSINESS PARTNERS DIFFERENCE

Business Partners has been investing in entrepreneurs for over twenty years and is the only specialised investment group for small and medium enterprises in the country. It offers both investment and added-value solutions, catering for the entrepreneur every step of the way.

The group's risk financing model is regarded as one of the most innovative in the world and has even been presented at World Bank conferences as a potential model for use in other developing countries. Similarly, the Business Partners due diligence process is thorough, tried and tested, often exposing the extent of inherent risk in a deal.

Some of the many services the group offers to assist and enable entrepreneurs are:

- a free business planning model, which is accessible on the Business Partners web site at www.businesspartners.co.za
- a range of information leaflets, available free at all Business Partners offices
- easy accessibility through a nation-wide network of 23 offices a free initial consultation for entrepreneurs with a viable business plan at any of these offices
- the best expertise and experience in the small and medium enterprise sector that the country has to offer
- personal service from a team of dedicated Portfolio Managers
- a database of over 200 mentors and sector specialists that are available to clients at highly competitive rates specially negotiated on their behalf by Business Partners
- a property broking service to assist entrepreneurs in finding rental premises or

suitable properties to purchase for their businesses

- a property management service both for entrepreneurs with their own large premises to manage or with investment premises that require intensive management

Investing in Entrepreneurs

Business Partners believes that its real business is people and is committed to investing in entrepreneurs in every sense of the word.

Should you have any questions or would like additional information, we invite you to call the Business Partners office closest to you:

Johannesburg	(011) 470-3711
Durban	(031) 266-7130
Port Elizabeth	(041) 582-1601
Cape Town	(021) 464-3600

Company Registration Number: 1981/000918/06

E-mail: enquiries@businesspartners.co.za

Web Site: www.businesspartners.co.za

EASTERN CAPE DEVELOPMENT CORPORATION (ECDC)

Tourism has long been identified as one of the key growth sectors for the development of the Eastern Cape. The potential for tourism is enormous, based upon the beauty and great diversity of its terrain and the warm, malaria-free climate. The Eastern Cape Tourism Board markets the province under the slogan 'Eastern Cape - Naturally, South Africa's Best'; capturing both the natural beauty of the province and the theme that the best South Africa has to offer can be found in the Eastern Cape.

ECDC's Business Finance Unit offers new and existing businesses the opportunity to be a part of the burgeoning tourism sector in the Eastern Cape.

What do you need to qualify?

- Comprehensive business plan for a formal business
- Viable business operation (existing or planned)
- Proof of management capability in tourism or tourism related field
- Eastern Cape resident
- Dedication to the success of your business and of the province

Type of finance available -

- Loan or structured finance from R100 000 to R3 million
- Contract based revolving credit facility
- Flexible repayment terms
- Market related interest rates
- Nominal investigation fee

The Eastern Cape has a major opportunity to market and develop itself as a prime domestic and international tourism destination based upon:

- Its wide range of beautiful eco-systems - 'South Africa in one province'
- Its rich culture and history - 'Conflict, Struggle and Reconciliation'
- Its opportunities for outdoor and adventure tourism - 'Choose your adventure'

With an increase already noticeable in the number and diversity of domestic tourism facilities, the time is ripe to make major investments in the tourism development and infrastructure of the Eastern Cape. ECDC will assist well-planned and supported opportunities today in order that the Eastern Cape will reap major returns in tourism growth in the future.

Contact a business advisor near you today.

Contact Details

Head Office

Ocean Terrace Park
Moore Street, Quigney
East London
PO Box 11197, Southernwood 5213
Tel: (043) 704-5600
Fax: (043) 743-8429

King Williams Town

7 Taylor St, Arches Buildings
PO Box 498, King William's Town 5605
Tel: (043) 642-4202
Fax: (043) 642-4199

Butterworth

24 High St
PO Box 117, Butterworth 4960
Tel: (047) 491-4151
Fax: (047) 491-0443

Queenstown

22 Cathcart Rd
Private Bag X7180, Queenstown 5320

Tel: (045) 838-1910
Fax: (045) 838-2176

Umtata

Development House
Cnr York & Elliot Rd's
Private Bag X5028, Umtata 5099
Tel: (047) 501-2200
Fax: (047) 532-3548

Port Elizabeth

152 Cape Rd, Mill Park
PO Box 1331, Port Elizabeth 6000
Tel: (041) 373-8260
Fax: (041) 374-4447

Website - www.ecdc.co.za

E-mail - info@ecdc.co.za

**NATIONAL LOTTERY
DISTRIBUTION TRUST FUND**

Arts, Culture & National Heritage

The Distributing Agency for Arts, Culture and National Heritage, established in terms of the Lotteries Act (No. 57 of 1997), is ready to consider applications for funding from the proceeds of the National Lottery. To facilitate the adjudicating process, specific qualifying criteria is being advertised for each of the following sub-sectors:

- **Arts**
- **Heritage (Cultural and Natural)**
- **Environment**

The vision of this Distributing Agency is:

"...to make a contribution to building a Nation that values, preserves and conserves its natural, cultural and artistic heritage, the traditional and the contemporary, for present and future generations."

All applications must include the following:

1. **Form O1/1, completed in full;**
2. **A description of the project, together with all supporting documentation;**
3. **Constitution, Articles of Association, Trust Deed or Founding Document;**
4. **Audited Financial Statements for the past three years; and**
5. **Registration Certificate.**

It is regretted that no electronic applications, faxed applications or incomplete applications will be processed at this stage.

The Agency will consider applications in each of the above sub-sectors from organisations engaged in specific activities, as detailed below:

Major Projects

Funding will be made available for major projects of national significance in the areas of Arts, Heritage (Cultural and Natural) and Environment including, but not limited to, tours, exhibitions, infrastructure development, capacity development, restoration and also for the acquisition of South African works for the long-term benefit of all South Africans.

Rural Grants

Projects are sought from rural areas, with priority given to Eastern Cape, Free State, KwaZulu Natal, Limpopo, Mpumalanga, Northern Cape and North West. These projects should be designed to serve the community by developing activities in the areas of Arts, Heritage (Cultural and Natural) and Environment in under served communities.

Arts

Creative Development Grants

Focus will be on artists across all genres in order to encourage the development and production of new, original work with a strong South African flavour, including but not limited to composers, choreographers, poets, writers, etc.

Festivals

Applications are invited from the festival organisers who can demonstrate existing support and partnership within their community (local government, corporate sector, artistic community and public).

Film Production and Distribution

Funding will be made available to organisations involved in:

- The production of Feature Films, Short Films and Documentaries with a strong South African element, to ensure quality and to strengthen the talent base in South Africa; and
- Capacity development for Training and Script Development.

Public Art

Priority will be given to projects linked to urban renewal.

Heritage

Priority will be given to organisations that submit business plans/project proposals focusing on the following areas:

- Architectural, archaeological and living heritage conservation and preservation;
- Indigenous knowledge systems;
- Historical and cultural research, surveys and mapping; and
- Development of Heritage sites.

Environment

In order to access funding, organisations should preferably be involved in one or more of the following focus areas:

- Biodiversity conservation and eco-tourism development
- Anti-Pollution, anti-degradation, waste management and cleanup operations;
- Temporary relief from disasters and the prevention of erosion of the environment;
- Regeneration, rehabilitation and sustainable management of affected environments;
- Establishment of local recreational public spaces and greening projects;
- Planting of indigenous plants and trees;
- Youth environmental education and programmes; and
- Youth activities that encourage partnerships.

Application for National Lottery Funding

Applications for funding are invited from historical, natural, cultural and architectural heritage organisations, associations or juristic persons. Preference will be given to projects that will promote the following areas of transformation:

- Equity and redress of historic imbalances;
- Nation building;
- Job creation;
- Skills transfer; and
- Creation of partnerships and opportunities for disadvantaged communities.

Organisations that meet the criteria as set out above, are invited to request the prescribed application form (01/1) from:

NATIONAL LOTTERY
DISTRIBUTION TRUST FUND
(NLDTF)

Central Applications Office
Private Bag X101
Brooklyn Square
0075

Telephone: 012-362 2922

Fax: 012-362 3899

Email: arts@nlb.org.za

DEADLINE: 30 May 2003

WESTERN CAPE DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

The aims of this funding programme are the following

- Develop the necessary infrastructure to ensure the growth of the industry.
- To fund projects and programmes which lead to job creation.
- To act as a catalyst to ensure that the benefits of the industry are widely spread.
- To ensure that rural and marginalised communities benefit from the tourism product.
- To encourage sustainability, creativity, entrepreneurship and self - reliance on the part of beneficiaries.
- To create independent entrepreneurs in the economic mainstream.
- To develop linkages with secondary industries which affect tourism, such as, culture, environment, sport, public transport and roads.
- To provide the necessary training required for growth of the industry.

Who Qualifies: entities are eligible to apply for funding:

- Section 21 companies
- Community-based organisations (CBOs)
- Non-governmental organisations (NGO's)
- Local authorities including the Unicity district councils and local municipalities.
- Pty. Ltd. Companies, small and/or medium-sized entrepreneurial businesses involved in capacity building for community projects

- Individuals in the category of bursary funds.

TYPES OF FUNDING

1. PROVINCIAL PROJECT FUND

- Training (e.g. tour guides, customer care, small business development, product development, skills development)
- Infrastructure directly linked to tourism sites (e.g. buildings, roads, road signage, landscaping)
- Conferences aimed specifically at development issues in tourism.
- Development of tourist routes.
- Exhibitions aimed at exposing SMME's to the market.
- Craft development in association with the Cape Craft and Design Institute, the CSIR or other agencies recognised by the department.
- Tourist information centres
- Literature related to small business development.
- Signage
- Feasibility studies
- Development frameworks
- Administrative Infrastructure
- Mentorship

QUALIFYING CRITERIA

They must demonstrate a capacity to manage the funds effectively via the submission of the latest audited financial statements of their organisation.

- They need to be prepared to enter into contracted arrangements with the department

- They have to submit an annual report prepared by their board and/ or CEO.
- They must have to effectively use all previous funding payments received from the department.
- They must be prepared to submit a business plan, a cash flow and any feasibility studies concerning the project and/ or their business to the department.
- They must demonstrate a clear bias towards black economic empowerment, rural development and job creation.
- Their activities must be clearly within the priority areas as defined by the departments integrated tourism development framework.

They must agree to undertake training (if deemed necessary) before the projects is funded to boost capacity.

2. TOURISM HELP DESK (THD'S)

The department is setting up a number of tourism help desks in various areas of the province in partnership with local government.

The THD's will filter micro projects, which can be funded by the department. For enquiries please contact the following person:

Contact: Ms Yumnaa Firfirey

Tel: (021) 483 4165

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**NORTHERN CAPE DEPARTMENT OF
ECONOMIC AFFAIRS
AND TOURISM**

**CISP/DEAT
MICRO CREDIT
SCHEME**

*Training and Micro Credit
for Labour Creation in
South Africa*

**THE PROJECT IDEA AND ITS
BENEFICIARIES**

The project: *Support to the implementation of the Local Business Service Centres (LBSC) strategy in the Northern Cape Province.* The project is implemented in collaboration with the Department of Economic Affairs and Tourism.

In line with Government and regional efforts to promote SMME development, the project aims to reduce the existing gap between the need to develop the micro business sector, to reduce poverty and unemployment, and the lack of adequate services and training opportunities for micro and small entrepreneurs.

The LBSC structure is recognised as the most effective tool for assisting with the growth of the micro business. The project addresses SMME need indirectly via the support and strengthening of the Northern Cape LBSC

- * **Areas of implementation** : The project is implemented in the following regions: Francis Baard, Siyanda, Siyacuma, Namaqualand and Kgalagadi.

- * **Beneficiaries** : The main beneficiaries of the project are the unemployed and underemployed adult population of the Northern Cape. The programme is targeting established and new micro enterprises in need of credit and basic managerial training.

THE CISP/DEAT CREDIT SCHEME

The credit scheme is one of the components of the aforementioned project.

The overall objectives of the credit scheme are:

- * Establish a functional mechanism of credit delivery as a model for reduplication.
- * Link training and credit to employment creation in local communities.
- * Establish linkages between the local financial institutions and businesses, income-generating projects.

**THE GOALS OF THE CISP/DEAT
CREDIT SCHEME**

The specific objective of the CISP/DEAT credit scheme is to provide a credit facility through a formal financial institution to previously disadvantaged individuals.

Capacity building, business management skills and technical training are also linked to the credit scheme. Those entrepreneurs who qualify for funding will have the opportunity to acquire skills in small enterprise development in

order to enhance their abilities to start and operate successful businesses.

Mentorship will be provided to the successful entrepreneurs through the services of the LBSCs.

THE CISP/DEAT CREDIT GUARANTEE SCHEME

The credit guarantee scheme is implemented in partnership with Standard Bank.

The pilot phase of the scheme will run in the Frances Baard region for a period of six months and if successful, will be extended to the other regions of the province.

The Kimberley LBSC will identify potential loan applicants and provide the successful entrepreneurs with non financial services

Selection Requirements

1. The owners must be 18 years of age and above.
2. 25% of the credit will be allocated to start-ups.
3. Business should be single managed.
4. The CISP/DEAT staff will evaluate the technical and managerial skills of the entrepreneurs.
5. The scheme will aim at giving credit to at least 60% of the ventures owned by women.
6. Viability of the business will be determined from the following:
 - a) Existing market (customers demand)
 - b) Financial viability (financial trend)
 - c) Supply of raw materials
 - d) Technical and managerial capabilities
 - e) Incentive, entrepreneurial spirit
 - f) Environmentally friendly
7. Loans will not be given to:

- a) Mining
- b) Agriculture
- c) Liquor stores
- d) Taxis

TERMS AND CONDITIONS OF CISP/DEAT CREDIT GUARANTEE SCHEME

1. **Amount of loan:**
 - First Loan -**
Minimum R1000.00 - Maximum R5,000.00
 - Second Loan -**
Minimum R5,001.00 - Maximum R20,000.00To access a second loan the monthly/yearly turnover of the business should demonstrate the capacity of the business to repay the loan.
2. **Use of the Loan:** Loans could be disbursed for working capital, stock or investment (machinery and equipment). In the case of stock and investments, the loan will be disbursed directly to the supplier/s in the form of bank guaranteed cheque/s.
3. **Interest rate:** A flexible interest rate of Prime plus a maximum of 6 % percent will be charged.
4. **Repayment period:**
 - 1st Loan:** Maximum of 18 months
 - 2nd Loan:** Minimum of 6 months
Maximum of 18 months
4. **Own contribution**
- 5.
6. **(Collaterals/Securities):** the first and main collateral of the business is its viability. However, to ensure the entrepreneurs commitment, the following must
7. be adhered to:
 - First Loan:** 10% of the requested loan, should represent a contribution from the business e.g. in the case of

a loan application for R5,000.00 - the business contribution is R500.00.
Second loan: Contribution from the business should be 15% of the loan value. E.g. In the case of a loan application for R10,000.00 - the business contribution is R1,500.00.

6. **Saving:** A savings account has to be opened with Standard Bank in which the client must deposit the 10% contribution. The repayment of the loan will be deducted from the savings account by debit order. The client must ensure that funds are available..
7. **Professional Fees:** Professional fees will be recorded in the Business Plan.

For further details contact:

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E-mail: cisp@met.ncape.gov.za

INNOVATION FUND

The Northern Cape's Innovation Fund which is located under the Department of Economic Affairs and provides annually R25 million to stimulate innovativeness and creativity in economic activities.

The Innovation Fund will therefore be used (in addition to other efforts)

- a) To create a climate of innovation and develop new sectors i.e. Manufacturing or new service sectors e.g. tourism etc.
- b) Support new innovative ideas and /or

- c) Facilitate entry into the economy of those previously disadvantaged

Non Qualifying

Proposals that would not qualify as innovative are:

- Retail trade (e.g. shops, bottle stores, restaurants, etc)
- Professional services (e.g. lawyers)
- Gambling
- Government Tenders (e.g. Tender granted for building houses)
- Property acquisition (unless incidental to a qualifying idea)

Administration

- a) The proposals will be looked at from their innovativeness, potential to create jobs, knowledge of proposer, own contribution, risk factors, etc.
- b) Approved projects must be dispersed throughout the province (though not at the expense of (a) above)
- c) Funding will be once off not repetitive

Ministry of Economic Affairs & Tourism

Contact:

Mr. Darius Babuseng

Tel: 053 839 4053

Fax: 053 832 9464

ITHALA DEVELOPMENT FINANCE CORPORATION

The Tourism Development Facilitator for KwaZulu-Natal

Ithala is active across the development spectrum within the province of KwaZulu-Natal and a key activity is the facilitation of tourism investment in our province.

Ithala's tourism section has extensive knowledge in this field as well as a proven track record with a number of established and successful projects. Our area of focus extends throughout the "Kingdom of the Zulu" incorporating any new or expanding project considered sustainable.

To successfully facilitate tourism projects, Ithala offers a range of financial products and professional services designed to meet the needs of the tourism investor or operator.

Premises:

Ithala is prepared to finance and construct tourism developments, designed to the specific requirements of the operator, and lease this infrastructure to the operator.

This is an opportunity for an entrepreneur to be involved in a tourism operation without having to make a substantial upfront investment in infrastructure.

Equity Participation:

Equity participation in the form of a Joint Venture in developing a project is available where the entrepreneur has a financially viable concept but lacks funding. Ithala and the entrepreneur combine as joint shareholders to successfully develop the project with the possibility for

Ithala's interests to be bought out at a later stage.

Building Finance:

Building finance is flexible and structured to suit the nature of the project. Finance will be provided at up to 60% of the value or cost of the buildings with repayments structured up to 20 years with competitive interest rates.

Equipment, Furniture and Vehicle Finance:

This includes all assets directly related to the project, other than the buildings. The redemption period is from 3 to 10 years depending on the life of the assets at competitive interest rates.

Working Capital Loans:

The aim of a working capital loan is to assist the entrepreneur in implementing future operating and development plans within the business, with confidence. The loan term should not exceed 5 years and adequate security is required.

Black Economic Empowerment Fund:

Ithala has a specific fund available for the enhancement of Black Economic Empowerment in the Tourism Sector within the province of KwaZulu-Natal.

Consulting Services:

In addition to the financial assistance outlined above, Ithala also offers investors professional services from pre-establishment, including the evaluation of initial viability studies and advice on legal formalities, to post-establishment services, such as maintenance management. Our Technical Services Department is also available for project management during the construction phase.

Contact:

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GAUTENG TOURISM AUTHORITY

TOURISM DEVELOPMENT FUND

1. Background

The Gauteng Provincial Government's commitment towards the transformation of tourism in the province has led to the establishment of a Tourism Development Fund - to be administered by the Gauteng Tourism Authority (GTA). This is in accordance with the provisions of the Gauteng Tourism Act, no. 10 of 2001 which states that:

"The fund must be used for the development or empowerment of previously disadvantaged persons or communities in the tourism industry." (Section 14(2))

2. Objectives

The objectives of the fund will be to:

- Provide critical infrastructure for tourism in order to promote investment and accelerate industry growth
- Enhance the level and quality of community participation in tourism
- Improve the quality of lives of beneficiaries
- Support the development of tourism gateways, routes, nodes and clusters
- Support training, skills development and capacity building initiatives in the travel and hospitality sectors
- Improve and enhance the overall visitor experience

3. Definitions and Interpretations

The following definitions will apply:

1. HDI shall mean Historically Disadvantaged Individuals, and shall

include individuals that were prior to the 1992 Constitution, discriminated against on racial grounds, women or disabled persons. Individuals, who obtained citizenship after April 1994, will not qualify as an HDI.

2. SMME's shall mean Small, Medium and Micro Enterprises as defined in the National Small Business Act, Act No 102 of 1996

3. Public Call for Proposals shall mean the formal calling for grant funding project proposals that fall within the scope of the Tourism Development Fund as outlined in the 'Gauteng Tourism Development Fund Application Guide' (Annexure A) and 'Project Proposal Form' (Annexure B).

In line with this provision, and as approved in the Business Plan, a discretionary fund will be made available to communities to assist and support new product development and transformation.

4. Eligibility

Projects must be based in Gauteng, and must ideally contribute towards the empowerment of Non-Governmental Organisations or Community Based Structures. Projects will need to clearly demonstrate how they meet the needs of Local Economic Development and Integrated Development Planning.

5. Qualifying criteria

Funding will be made available for community based tourism initiatives that are geared towards the provision of:

- Critical tourism infrastructure;
- Responsible tourism products and resources;

- Training, skills development and capacity building programmes;
- Business linkages, marketing and support programmes;

Projects that benefit Gauteng residents who are poor and unemployed will qualify for assistance. Proposals must clearly demonstrate how tourism will contribute towards the upliftment of a particular community in a sustainable manner.

Applicants must be able to prove that they have the support of their local authorities.

In addition to the above, projects will be assessed in line with the following micro criteria:

- Gender equality must be promoted.
- The employment of disabled persons and youth is desirable.
- The project must be able to demonstrate that it will clearly enhance tourism and improve the environment.
- The management costs of a project may not exceed 7 - 10% of the total costs.
- The project must promote the creation of SMME's and advantage previously disadvantaged persons.
- The implementing agent must be able to prove its ability to manage

the project to the satisfaction of the GTA.

- The owning agency (the entity that will become the owner of the assets created by the project) must ideally be either a community based trust or Section 21 companies.
- Projects must be viable and jobs sustainable.
- Projects must be creative and show innovation.

Contacts:

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Business Development: Mr Mpho Moeti

Infrastructural Development: Ms Hilda Muthimunye

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