



Tourism Enterprise Programme

MAKING INTERNATIONAL TOURISM MARKETS WORK FOR THE POOR IN SOUTH AFRICA

13 MARCH 2007



BUSINESS TRUST
Together, we make a difference.

TEP is a public-private partnership between the Department of Environmental Affairs and Tourism and the Business Trust and implemented by Imbumba Tourism Services (Pty) Ltd

INTRODUCTION



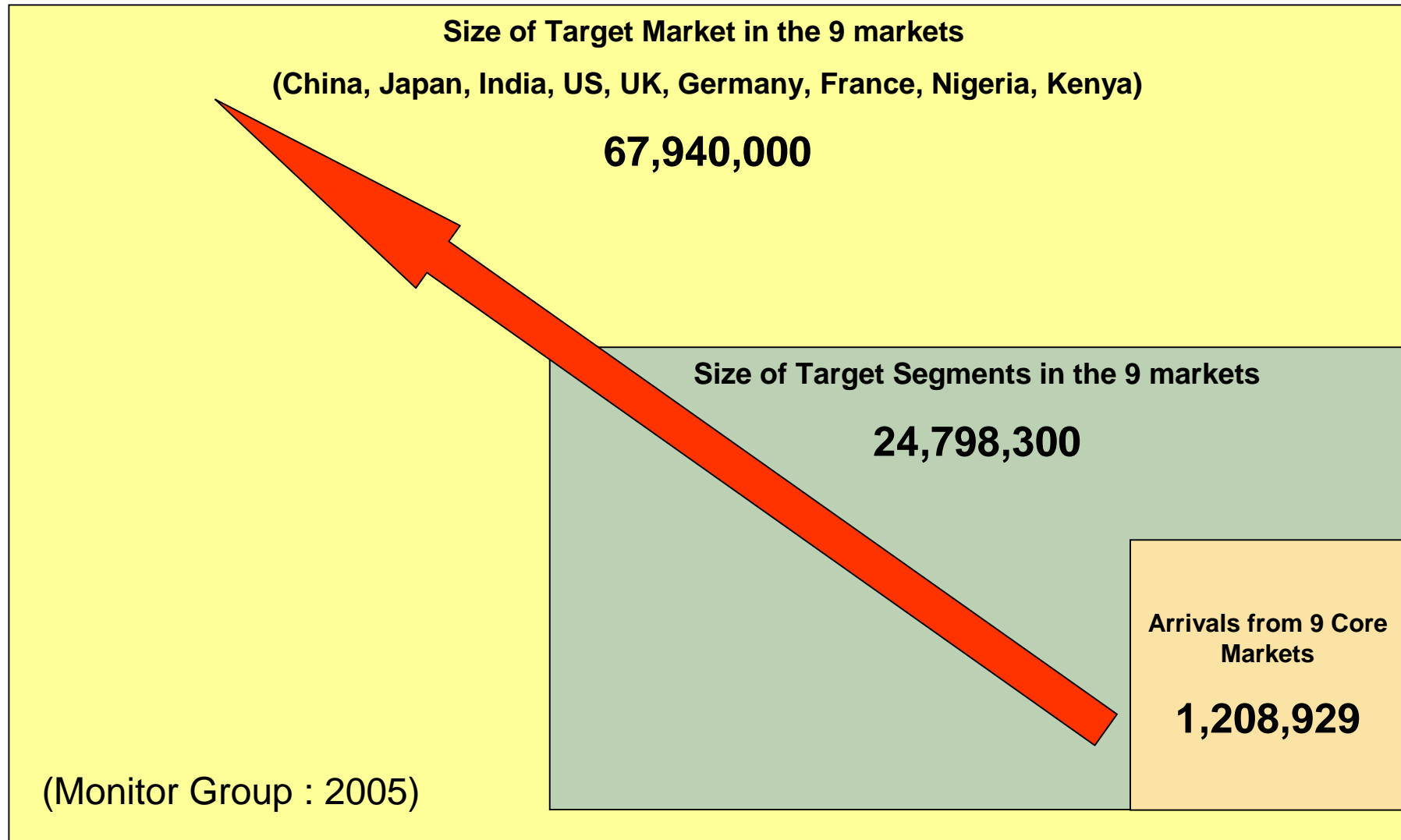
Tourism Enterprise Programme

1. It is a national priority to grow GDP, spread wealth and create jobs (ASGISA)
2. Tourism can contribute to this:
 - It is big and has potential for growth
 - It has many features that can benefit the poor

TOURISM'S POTENTIAL

TEP

Tourism Enterprise Programme



1. Diverse industry:

- Direct : accommodation, tours, activities, crafts
- Indirect : supply of goods and services to the industry
- Revenue multiplier $\pm 1:4$; jobs multiplier $1:0,7$ (GT)
- Many points of access

2. Tourism is a service industry - employees or enterprises

3. Much of tourism naturally rural & pro-poor/women

4. Low barriers to entry (caution!)

5. Low cost to create a job

CONSTRAINTS & ISSUES



Tourism Enterprise Programme

1. Perception: “employer of last resort” – danger of flooding and drop in quality
2. Lack of information, especially on markets/needs
3. Seasonal – lender risk. Largely self funding
4. Dominated by a few and consolidating. SMMEs must form linkages to grow. Difficult to “go it alone”
5. Red tape & regulations – eg land tenure in rural areas
6. Poorly developed skills in SMME sector
7. Inadequate institutional support for tourism SMMEs

HIGH LEVEL ACTIONS



Tourism Enterprise Programme

1. Recognise that SMME growth is dependent on industry growth. Difficult to grow SMMEs independently
2. Strengthen LTOs to market SMMEs collectively
3. Effective local support institutions (help desks)
4. Address Red Tape (eg access to land) to encourage investment
5. Government focus on infrastructure, crime, disease
6. Airlift (access and pricing), visas

BACKGROUND TO TEP



Tourism Enterprise Programme

TEP facilitates the growth and development of SMMEs in the tourism industry, resulting in revenue generating opportunities and job creation

Key features of TEP

1. Grow SMMEs in markets & value chains. No handouts
2. Integrated package of support for SMMEs. Single goal
3. Selective : SMMEs with ideas and potential
4. Based on partnerships – TEP facilitates
5. Build institutional capacity for sustainability
6. Build on grassroots experience to address market issues

PARTNERSHIPS



Tourism Enterprise Programme

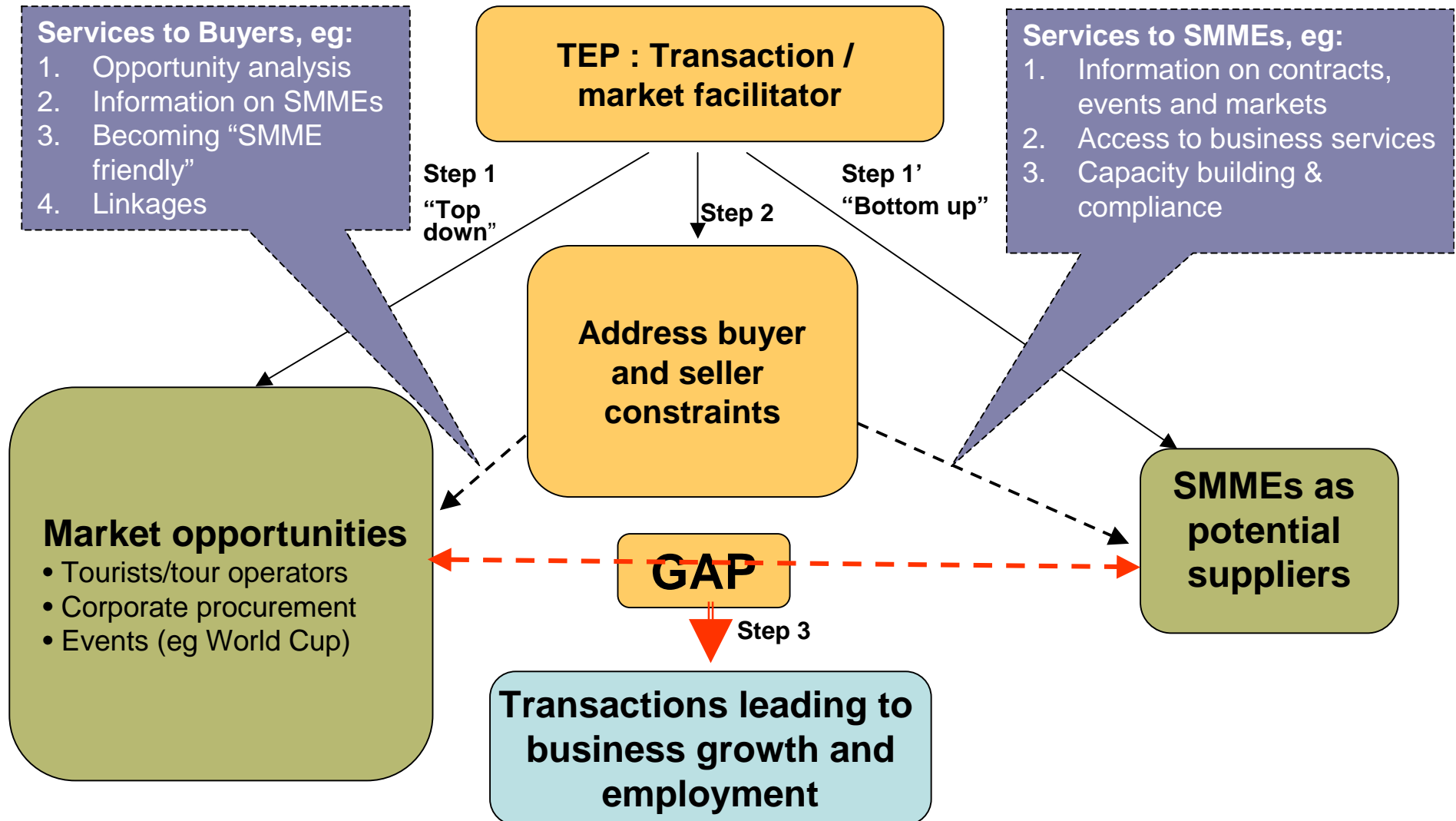
1. Sustainable SMME growth requires effective partnerships

- Private sector: skills, markets, finance, on-the-ground operations, profit motive
- Government: policy, incentives, institutional funding
- Service providers: direct support to SMMEs
- SMMEs: where the wealth and the jobs are created

2. TEP facilitates collaboration

1. Help SMMEs overcome constraints to growth:
 - Limited access to markets
 - Inability to raise funds from the financial sector
 - Poorly developed skills
2. Help formal sector see value in dealing with SMMEs on a routine basis
3. Work throughout industry but also develop sub-sector specific strategies

THE TEP MODEL



RESULTS TO DATE



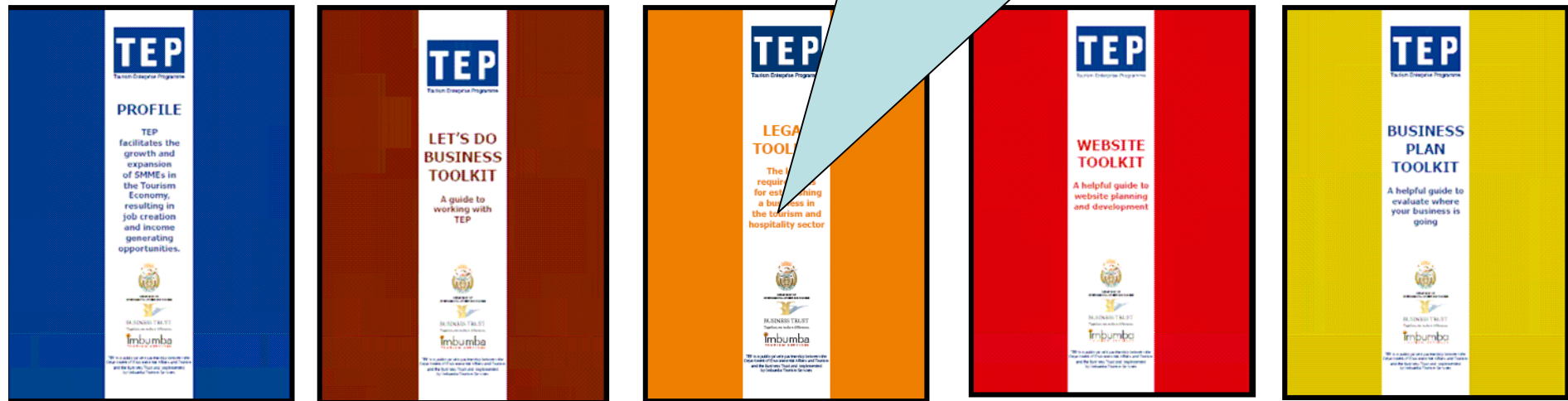
Tourism Enterprise Programme

1. Helped 3 000 SMMEs grow revenues by R2,5bn and create 35 000 jobs (audited)
2. Tailored assistance for different SMME segments
3. Tourism specific training programmes with industry
4. Mentorship scheme with industry
5. Series of information toolkits
6. Service provider strengthening
7. Strategy to integrate SMMEs into World Cup & beyond
8. Sub-sector strategies for crafts and business tourism

Example : Information Provision for SMMEs

1. SMMEs marginalised on information (markets, tenders, trends ...)
2. TEP publishes toolkits and newsletters for SMMEs
3. New titles: accessing tender information, growing through the Charter of Entrepreneurship

Example : The legal requirements for establishing and running a business in the tourism and hospitality sector



TOURISM PRODUCT OWNER



Tourism Enterprise Programme

- TEP assisted SMME with a business plan
- Raised R3,5m loan from IDC for expansions



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THANK YOU