

Transforming Roles but not Reality?  
Private Sector and Community Involvement in Tourism and  
Forestry Development on the Wild Coast, South Africa

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RESEARCH PAPER 6

March 2003

## RESEARCH PAPER SERIES

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### ***Sustainable Livelihoods in Southern Africa: Institutions, Governance and Policy Processes***

Through work in southern Africa this research programme has explored the challenges of institutional, organisational and policy reform around land, water and wild resources. The case study sites have been in Zambezia Province, Mozambique, the Eastern Cape Wild Coast in South Africa and the lowveld area of southeastern Zimbabwe. Three broad themes have been explored:

- How do poor people gain access to and control over land, water and wild resources and through what institutional mechanisms?
- How do emerging institutional arrangements in the context of decentralisation affect poor people's access to land, water and wild resources? What institutional overlaps, complementarities and conflicts enable or limit access? What new governance arrangements are required to encourage a livelihoods approach?
- How do the livelihood concerns and contexts of poor people get represented in policy processes concerning land, water and wild resources in local, national and international arenas? What are the challenges for participation in the policy process?

The Research Paper series is published by the Sustainable Livelihoods in Southern Africa Programme, Environment Group, Institute of Development Studies, University of Sussex, Brighton BN1 9RE, United Kingdom.

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The research is funded by the UK Department for International Development's Rural Livelihoods Department Policy Research Programme. The views expressed in this publication are the responsibility of the authors and do not necessarily reflect those of the funder or collaborating partners (Institute of Development Studies at the University of Sussex (UK), Overseas Development Institute (UK), Programme for Land and Agrarian Studies at the University of the Western Cape (South Africa), The World Conservation Union (UICN, Mozambique), and the University of Zimbabwe).

Cited as: Ashley, C. and Ntshona, Z. (2003) 'Transforming roles but not reality? Private sector and community involvement in tourism and forestry development on the Wild Coast, South Africa'. *Sustainable Livelihoods in Southern Africa Research Paper 6*, Institute of Development Studies, Brighton.

ISBN: 1 85864 442 9

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## Summary

This paper reviews the changing roles of private sector and local residents in tourism and forestry development, looking both at what is envisaged in policies and plans, and what is emerging. It seeks to unpack the driving forces behind both policies and practice, and to outline what the investment-led approach means in the Wild Coast. It questions where the livelihood interests of the poor lie in these processes, and what factors strengthen or weaken their role. Currently, policy attention is focusing on wildlife, wilderness, tourism and forestry assets as opportunities for investment-led economic growth, in contrast to community based management of common property resources for household-level use. This focus also contrasts with policy orientation in other countries in which wildlife and forestry issues tend to get left out of poverty and growth strategies, and are left to conservation departments. There are many, differing initiatives promoting different forms of commercial and pro-poor investment in tourism, wilderness and forestry. The proposed approaches improve upon the past but have limitations: they are small-scale, poor implementation, capture, dependence on internal community dynamics, or reliance on an unchanged balance of power. None are a panacea, thus requiring a combination of approaches. Commercial development based on some form of land reform is most likely to shift the locus of power towards the community, though is not without its own implementation problems. While investment in the agricultural economy and subsistence economy is important, it is hard to see an alternative approach to development of the non-farm economy at present. Tourism and forestry are critical to the non-agricultural economy, and will depend on private sector investment to drive growth. It is not clear whether a viable private sector will emerge, nor, if it does, whether planned benefits to the poor will be as great as predicted.



### Acronyms

ACCODA	Amadiba Coastal Community Development Association
ANC	African National Congress
BEE	Black Economic Empowerment
CBNRM	Community Based Natural Resources Management
CBO	Community Based Organisation
CEPPWAWU	Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union
CIMEC	Centre for Investment and Marketing in the Eastern Cape
CPPP	Community Public Private Partnership Programme
DEAET	Department of Economic Affairs, Environment and Tourism
DEAT	Department of Environmental Affairs and Tourism
DFID	Department for International Development
DLA	Department of Land Affairs
DOT	Department of Transport
DPE	Department of Public Enterprises
DTI	Department of Trade and Industry
DWAF	Department of Water Affairs and Forestry
EC	Eastern Cape
ECDC	Eastern Cape Development Corporation
EIA	Environment Impact Assessment
EU	European Union
HDI	Historically Disadvantaged Individuals
HIPC	Highly Indebted Poor Countries
IDC	Industrial Development Corporation
IDS	Institute of Development Studies
IMF	International Monetary Fund
IRDNC	Integrated Rural Development and Nature Conservation
ISRDS	Integrated Sustainable Rural Development Strategy
IUCN	The World Conservation Union
KNP	Kruger National Park
KZN	KwaZulu- Natal
LADDER	Livelihoods and Diversification Direction Explored by Research
LED	Local Economic Development
MCM	Marine and Coastal Management
MEC	Member of Executive Committee
NGO	Non Governmental Organisation
NR	Natural Resources
ODI	Overseas Development Institute
PG	Provincial Government
Pondocrop	Pondoland Community Resource Optimisation Programme
PLAAS	Programme for Land and Agrarian Studies
PMU	Project Management Unit



PPF	PondoPark Forum
PPG	Pro Poor Growth
PPT	Pro Poor Tourism
RDP	Reconstruction and Development Programme
SAFOA	South African Forest Owners Association
SANCO	South African National Civic Organisation
SANP	South African National Parks
SDI	Spatial Development Initiative
SLSA	Sustainable Livelihoods in Southern Africa
SMME	Small Medium and Micro Enterprises
UDM	United Democratic Movement
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
WC	Wild Coast
WTO	World Tourism Organisation
WWF	World Wildlife Fund



## Introduction

**T**his paper reviews the changing roles of the private sector and local residents in tourism and forestry development in South Africa's Eastern Cape, particularly the Wild Coast. It looks at what is envisaged in policies and plans, and what is emerging in practice. It seeks to unpack the driving forces behind both policies and practice, and to outline what the investment-led approach means in the Wild Coast. It questions where the livelihood interests of the poor lie in these processes, and what factors strengthen or weaken their role.

The Wild Coast (WC) is the coastal area of the former Transkei and now part of Eastern Cape (EC) Province. It is an underdeveloped area, and one of the poorest regions of South Africa. Residents have seen major political upheaval, but relatively little economic progress since 1994. Employment and migrant remittances have slumped, while agriculture faces several constraints. Forestry and tourism are among the few local off-farm economic sectors. Tourism is seen as a sector for expansion, but tourism activity is still well below the levels enjoyed in the eighties, when the Transkei was a popular destination. Since 1994, there have been many tourism plans and initiatives, but few have materialised. Today a host of new investments and policies are on the horizon – taking place in a context of changing roles and expectations concerning communities and private investors. In forestry, privatisation of plantations is already radically altering the roles of government, companies and communities.



The Eastern Cape is home to one of the first four plantation packages to be privatised. Thus the practicalities of the promised new approaches to market-led growth with community involvement are now unfolding.

Internationally, the market-led model of development is now common. It certainly applies in South Africa, where economic policies since late 1994 have aimed to mobilise investment to boost growth, and trim government operating costs (Adelzadeh 1996; Republic of South Africa 1994). It pervades policy thinking in tourism and forestry, which are now seen as private sector-led, commercial sectors (Republic of South Africa 1996a; DEAT 1996; Bethlehem 2001). Thus, the wild resources of the WC (coastal, forest, and other 'wilderness' areas) are increasingly being commercialised as tourism assets, while forestry assets (particularly plantations) are being privatised.

In international development thinking, however, there is a growing emphasis on 'making markets work for the poor' or 'pro poor growth' (DFID 2000; World Bank 2002). In South Africa, the emphasis is more on 'black economic empowerment' and sometimes community participation (Jourdan 1998; Koch et al. 1998). Given that the apartheid economic and political system was designed to entrench inequality and supply cheap exploited labour to white industry, it is clear that achievement of political democracy must also require economic restructuring. The post-1994 political transition means that a new way of doing business is needed. Business must 'play its part' in contributing to local development and the reversal of historic inequalities. Thus a host of policies and programmes aim to leverage in private investment and simultaneously strengthen its social or pro-poor component.

Tourism initiatives, forest restructuring, land reform, and governmental reform together embody a set of assumptions about fundamental changes: firstly, in the roles of private sector, communities and government, and secondly, in the role of wilderness and natural resources in development. The re-thinking is considerable, and practice on the ground lags behind. This paper analyses changes in thinking and practice through a series of case studies. These are initiatives or strategies that seek to develop tourism or forestry, and to apply (in very different ways) new thinking on economic empowerment and investment-led natural resource-based growth. Each initiative's policy approach, driving forces, progress, and implementation constraints are outlined.

This paper draws on work by the Programme for Land and Agrarian Studies (PLAAS), University of the Western Cape, over 2000 and 2001, which involved substantial time in different parts of the Wild Coast, and included case studies on the Amadiba Hiking Trail and land reform processes. In addition, this paper is particularly based on an intensive week of interviews by Overseas Development Institute and PLAAS researchers, concerning tourism developments in December 2001, complemented by interviews in Johannesburg and Pretoria in October

and December (see Appendix 1). Most of the case study material comes from those discussions. In some cases, interviewees were speaking in their professional capacity, and their comments are directly attributed to them. But often interviewees were speaking extremely frankly, indeed critically. Our aim is to learn from Wild Coast experience rather than to exacerbate a tricky set of institutional relationships. Thus there are several points where a point of view is attributed to a type of person (for example, a Provincial Government official, a private sector operator) without specifying the person by name.

## Background

### The Wild Coast

The Wild Coast refers to the coastline of the former Transkei, particularly the part that was Pondoland (a former district) (see Figure 1 on p. 6). It lies between the Mtamvuna River in the north and the Great Kei River in the south. Inland, to the west, lie the Stormberg and Drakensberg mountain ranges. Its land area is 42,240 square kilometres (km<sup>2</sup>), the population is estimated at 1.4 million people, and population density at 96 people per km<sup>2</sup> (Pondocrop no date). The coastline between the two rivers is 280 km long, and the climate along the coast is nearly always warm to hot.

Pondoland is well-known for the 'Pondoland revolts' of 1958-1960, when there were widespread protests against the introduction of Bantu (Tribal) Authorities, Bantu education, and the so-called 'betterment' policy of forced removal and zonation (Mbeki 1984). From 1995 to 2000, the District Council that covered most of Pondoland was called the Wild Coast District Council. Since the latest municipal boundary changes, the Wild Coast no longer exists as an administrative area, but the term is still used widely, particularly in tourism marketing.<sup>1</sup>

This section describes rural livelihoods, politics, and provincial government priorities, and then briefly discusses central issues in tourism, forestry and land reform.

### Rural livelihood activities, poverty levels, economic sectors

The Eastern Cape Province is predominantly rural, and is characterised by a wide disparity in social and economic well-being between the crowded densely settled areas in the East, and the less densely populated areas in the West, including the Wild Coast (Office of the Premier 2001). For the Province as a whole, monthly household income was reported to be 'alarmingly low' at less than 1,500 Rand per month for 73.5% of

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<sup>1</sup> The forestry case study covered here is inland from the coast, thus is best described as part of the 'Eastern Cape' but not the Wild Coast.



households (ibid.).<sup>2</sup> The human development index for the Eastern Cape in 1993 of 0.48 was 30% lower than the national average of 0.69 (ibid.). Provincial Government's Spatial Development Plan explains that the Province is one of the poorest parts of the country largely due to its geography and form of development in the apartheid era:

*Because of its relatively poor resource endowment and its distance from the main centres of production, as well as the fact that it represented one of the main areas of focus for the apartheid social engineering effort (i.e. separate development with all its attendant social, spatial and political consequences), the Eastern Cape has lagged behind in economic and human development terms. The province is one of the poorest, least developed regions within the National space economy, with the highest unemployment rate of all the Provinces (48.5%) [based on 1996 Census Results]. (Office of the Premier 2001)*

Livelihoods are highly varied. Out-migration to Gauteng, Western Cape and Kwa-Zulu Natal is well established (ibid.). Within the Province, the major employment sector is community/social services (including Government), accounting for 20% of jobs. Other key sectors are manufacturing, trade, and agriculture (the latter accounting for 9%). The decline in the national mining industry and restructuring of the civil service have led to a profound decline in employment and earnings (ibid.).

Key features of rural livelihoods are dependence on pensions and migrant remittances, widespread engagement in subsistence but not commercial agriculture, scarcity of local off-farm opportunities, diversity of livelihood systems, increased mobility and urbanisation in terms of both lifestyle and location. (Perret 2001; Office of the Premier 2001). Only 4% of household cash income comes from farming, with 84% of crops and 76% of livestock being used for subsistence rather than sale (Perret 2001).

The former Transkei is even less developed than the rest of the Province. There are fewer businesses, fewer urban linkages, few government offices, and the geographical contours of the economy largely bypass the Transkei. Access to services is particularly low in those districts that were formerly in Transkei and Ciskei. For example, in Alfred Nzo and OR Tambo Districts, over 70% of households are reported to have access only to natural sources of water such as rivers and streams (Office of the Premier 2001).

Perret (2001) sums up the livelihood trends as 'diversification of livelihoods at household level, de-agrarianisation and depeasantisation at

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<sup>2</sup> Just over £100 or US\$160 in mid 2002. The Rand exchange rate fluctuated enormously during this research, going below R10 per US\$1 and R17 per £1 in late 2001. But in general it was in the region of 12-14 rand to the pound, and 8-9 to the US dollar.

community level'. He notes that the 'weakness of local job opportunities and businesses in Transkei is striking' and concludes that 'facilitating local job opportunities, and alleviating constraints to small business is likely to really positively impact on local livelihoods, and consequently farming activities' (pp. 13-14). In a different though related vein, the Office of the Premier (2001: 33) states that 'unemployment and under-employment are the most significant problems facing the majority of inhabitants'. Overcoming inadequate access to services is also identified as a priority.

### **Politics, government and authority**

In the past, power at village level was concentrated in the office of the traditional authority and, later, tribal authorities which were established during the apartheid era (Ntsebeza 1999). These institutions enjoyed the backing of the state. During the years of anti-apartheid struggle, civic organisations, such as the United Democratic Front (in the late eighties) and the South African National Civic Organisation (SANCO) (after 1992) challenged the role of traditional and tribal authorities. Several of today's politicians in the area were among those who challenged tribal authority, and questions over the power and accountability of traditional authority remain.

The Transkei, a nominally self-governing homeland from 1963 that became 'independent' in 1976, was run by the Transkei National Independence Party. In 1987, Bantubonke Holomisa launched a bloodless coup, and took over as Head of the Transkei. Then an ANC supporter, this led to democratisation of the institution of tribal authority and considerably freer political activity than elsewhere. Holomisa became Deputy Minister for the Department of Environment and Tourism after the 1994 elections, but in 1997 co-founded (with Roelf Meyer) the United Democratic Movement (UDM). While the ANC is the majority party in the Eastern Cape, both at Provincial and District levels, UDM is the second party and provides a constant challenge to the ANC. Incompetence, and often crisis, in health and education, both of which are Provincial Government responsibilities, are highlighted. The ANC's need to protect its support base in the Eastern Cape in the face of UDM opposition is perhaps a reason for political decisions to invest resources in the area through schemes such as those described below.

Beneath Provincial Government, there are six district municipalities, each with a number of local municipalities. The former Wild Coast District Council was abolished and the area now falls under O.R Tambo and Alfred Nzo district municipalities. Elected local government now co-exists with traditional authorities. Roles, particularly of the latter, are not clearly defined, and tension between the two is evident.

The former Transkei is seen as an area with tight-knit social structures and strong traditional bonds, which are difficult for outsiders to

penetrate. No government departments are based there, furthering the sense of isolation.

**Figure 1: Map of the Wild Coast**



### Provincial Government priorities

The Executive Committee (ExCo) of the Eastern Cape Province has set six priorities: rural development, transformation of the public sector, HIV/aids, transformation of the procurement system, Small Medium and Micro Enterprises (SMME) development, and creation of social safety nets.<sup>3</sup> Tourism and forestry relate directly to the rural development and SMMEs.

<sup>3</sup> Information on provincial priorities comes from the Chief Director of Policy Research Planning and Strategy Development, in the Office of the Premier.



The strategy for rural development is encapsulated in the 'Integrated Sustainable Rural Development Strategy' (ISRDS) (Republic of South Africa 2000), now turned into a 'Plan.'<sup>4</sup> This plan initially focusing on four District Municipalities, including O.R. Tambo and Alfred Nzo municipalities in the Wild Coast. One core objective is the creation of sustainable economies. Tourism and forestry are the main non-farm sectors. The plan is also looking to revitalise agriculture, particularly given that 35 years ago the Wild Coast used to supply fruit and vegetables to the rest of the Cape, via trucks from Port St John. Since then, the agro-economy has stagnated. The 'Promotion of Rural Livelihoods Programme' is piloting the ISRDS, emphasising both subsistence and commercial agricultural production, promoting small and micro local enterprises, and strengthening institutional capacity (Office of the Premier 2001).

Provincial Government has developed a spatial approach to development, which seeks to reconcile the competing demands on public resources between facilitating growth and providing services, and between highly differentiated parts of the Province. It posits two extremes for prioritising investment: the 'do it everywhere' option, which is simply not feasible, and the 'urban bias' option for focusing on areas of highest returns, which is not equitable. The proposed solution is to invest in (1) access to a minimum level of basic services for all, (2) institutional capacity, particularly in areas of growth and opportunity, and (3) strategically targeted development zones (these are 'areas, nodes, or areas of opportunity where a special focus of effort and investment will attract interest from the private sector to invest'). Within this third approach, five major tourism areas are proposed, of which the Wild Coast is one, with several nodes. The rationale for a spatial approach is strongly argued: 'criteria will result in focussed investment where development should go, rather than pursuing wasteful investment where unsustainable development is taking place.' The thinking reflects underlying assumptions on the key role of private investment and the responsibility of government to encourage and shape it. It should be noted what a contrast this is to the apartheid era when, as in other bantustans, development was entirely through government projects.

Most economic development initiatives are 'housed' within the Department of Provincial Treasury, Economic Affairs, Environment and Tourism (DEAET)<sup>5</sup>. Within this department falls the Eastern Cape Development Corporation (ECDC), which is the official economic development agency of the Eastern Cape. ECDC was formed out of various bantustan organisations – the Transkei Development Corporation, the Ciskei Peoples Development Bank, Ciskei

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<sup>4</sup> Professor Mazibuko, personal communication.

<sup>5</sup> Often known as 'Provincial DEAET' in distinction to 'National DEAT' – the Department of Environmental Affairs and Tourism.

Development Trust and the Transkei Small Industries Development Organisation. However, apparently the different components continued to work separately after the merger. ECDC's role is loan finance. Current staff (December 2001) report that it ran high deficits in the nineties and was on the brink of collapse. The role of Centre for Investment and Marketing in the Eastern Cape (CIMEC) is investment promotion. It seeks to create a role for investment through policy change, advocacy, and creating economic activity at the local level. In early 2001, CIMEC and ECDC were merged. The CIMEC chairman took over the new entity, while the title ECDC was retained. Restructuring was being finalised the week after field interviews, and 127 of 257 staff were to be retrenched. ECDC is now the official development agency of the EC Provincial Government for development finance and investment promotion. Within its Business Unit there is a sector manager for tourism. ECDC is playing a key role in the reshaped Wild Coast Spatial Development Initiative (see below).

Nationally, tourism is the responsibility of the Department of Environment and Tourism. But Provincial Government also has tourism responsibilities under the DEAET and the Eastern Cape Tourism Board, in addition to ECDC's involvement. In forestry, responsibility remains with the national Directorate of Water Affairs and Forestry, which has provincial offices at King William's Town.

### **Tourism and wilderness**

Tourism in the Wild Coast has a long history.<sup>6</sup> In the early twentieth century, the Transkei coast was divided into communal areas and resort areas. The latter were reserved for white residents, who could apply for seaside resort sites to build cottages. In 1944, the Department of Bantu Administration and Development established a Seaside Resorts Board which allocated and protected sites. During Transkei self-government and independence, traditional leaders played a greater role in allocating resort sites. In 1982, the Coastal Development Control Committee produced a Coastal Development Control Plan, pointing to the strong demands of South African and overseas holidaymakers for increased holiday facilities. Tourism came to be seen as a source of income, and planning was based on identification of key nodes, leaving the rest of the coastline in its natural state. Under Holomisa's rule, land administration became more chaotic, and traditional authorities were implicated in corruption, but the Transkei (Environmental) Conservation Decree No 2 of 1992 was passed, seeking to control development strictly within one kilometre of the coast.

Since 1994, several government initiatives have continued the nodal approach to tourism development. Resort areas remain mainly state land,

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<sup>6</sup> This historical description is drawn from Ntsebeza (1999).

and the one kilometre decree – and many abrogations – still stand. Wild Coast tourism is mainly family tourism, for the domestic and budget market. Tourism is still relatively under-developed, and only 14% of all domestic and international tourists in South Africa visit the Eastern Cape. According to a 1998 SATOUR survey, tourists are motivated to visit the Eastern Cape by nature-based cultural tourism as well as scenery, climate and witnessing political transformation (Palmer et al. 2002). In addition to the dramatic coastline, popular with families and fishermen, the Wild Coast is also known for the casino at Wild Coast Sun. There are several nature reserves with high-value biodiversity assets, and relatively little tourism infrastructure. Tourism facilities include hotels, cottages, and activities such as hiking, riding, and fishing. Wild Coast Sun casino is the major private sector player in the northern part of the WC. It owns a huge property, established during apartheid when black residents were moved out. It has a social development officer and its property is subject to a land claim. It did not otherwise feature in discussions about new approaches to tourism. There are a few coastal hotels, such as Trennery's and Seagulls, which are 80 to 100 bed units off the main routes, plus a growing number of smaller niche ventures focusing on hiking, horse riding and fishing.

### **Forestry privatisation in Eastern Cape**

Since 1994, there have been a number of national government initiatives to restructure the forest industry, including privatisation of plantations, development of certification for sustainable forest management, community management of woodlots and promotion of small enterprise. They relate to different kinds of forest, all of which can be found in the Eastern Cape: commercial pine plantations serving the pulp and paper industries (large and small); patches of indigenous forest (often inside reserves or plantations); and large areas of woodland (generally unprotected). There are 169,484 hectares of plantation forestry in the Eastern Cape (11.4% of the land area) (SAFOA no date).

The discussion here focuses on privatisation of commercial plantations, since this subsector in the Eastern Cape is changing, private investment is involved, and the roles of related companies, communities, and government are being restructured. Privatisation has focused first on Category A forests;<sup>7</sup> these are the most commercially viable, generally plantations of 100% pine covering thousands of hectares. The

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<sup>7</sup> Category B forests are 100s of hectares (ha), 90% pine and 10% gum, logged on short-term contract, and Category C forests are woodlots – 10s of ha, 100% gum and no contract. Most Category A forests combine forest land that was previously under the former Republic of South Africa and then corporatised into the government parastatal, South African Forest Company Limited (SAFCOL), with some forest from former homelands. With the abolition of the homelands, Category A forests fell under the Department for Water Affairs and Forestry (DWAF), and thus had to be corporatised into SAFCOL as the first stage in the privatisation of the whole.

plantations in the Eastern Cape have been divided into Eastern Cape North Package and Eastern Cape South Package. The preferred bidder for the Eastern Cape North Package was a consortium led by Hans Merensky company, and privatisation went through in mid 2001. There is only one bidder for the Eastern Cape South Package – Amatola Timber – but the process has not yet been finalised. The Merensky bid is not necessarily ‘typical’ – given that only four packages have been fully privatised so far, there is no generic model. But it is an instructive example, lying perhaps at one positive end of the spectrum of new community-company-government roles. Nationally, privatisation has balanced a number of competing policy objectives. It is instructive to assess how community interests have been dealt with within this process.

## The land situation

Both forestry and tourism development are strongly influenced by the evolving land situation. Land tenure and land administration remain complex, with unresolved problems creating bottlenecks to development. There are numerous land claims – a 1997 study revealed no less than 65 claims in the area between Port St John and Port Edward alone (Natal Witness 1997, cited in Kepe et al. 2000). In the whole of the Eastern Cape, 9,292 claims have been lodged, of which 31% had been settled as of June 2001 (Lahiff 2001). The claims on nature reserves and tourism sites are very significant to WC tourism development, as they shape ownership of the core tourism assets (as outlined in the case studies below). In the densely populated communal areas, the problem is not outstanding land claims but uncertainty of land tenure.

The backlog of land claims and lack of resolution of land tenure are critical issues, generating two slightly different problems:

- For resident communities, lack of formal rights prevents them using land as collateral for investing in their own development.
- To encourage any land-based investment by outsiders, it is essential to offer contractual security, whatever the form of tenure.

The first of these is a massive problem for poor livelihoods (Lahiff 2003) and a major obstacle to attempts to engage communities as partners in market-oriented developments, as described below. The second problem, market uncertainty, is a massive stumbling block to encouraging private investment through the type of investment-led approaches covered here.

Where land claims exist, there is at least a defined community with a defined piece of land under claim, although there may be competing or overlapping claims. Resolution of the claim provides a degree of legal certainty about the area, nature of the owner, and status of ownership, thus making it possible to enter contractual negotiations. Outside the land claim areas and processes, land is often also contested by different people or groups. Where there is dispute over whom is the potential

land-rights holder (even in the absence of new legislation to clarify those rights), entering contractual negotiations is even more difficult. This poses another obstacle to promoting ‘pro-poor,’ and black economic empowerment (BEE), land-based investment deals. Another notable feature of the land situation on the Wild Coast is the large number of government institutions with land and coastal responsibilities (Box 1).

**Box 1: Overlapping institutional mandates**

Government departments with responsibility for land along the coast include:

- Department of Land Affairs (DLA): overall land custodian.
- Regional Land Claims Commission: adjudicating land claims.
- Department of Water Affairs and Forestry (DWAF): responsible for forest reserves.
- National Department of Environmental Affairs and Tourism (DEAT): responsible for national reserves and tourism-based SDIs.
- Marine and Coastal Management (MCM), a Directorate within the national DEAT: responsible not only for marine resources but the coastline and 1km inland.
- Provincial Department of Economic Affairs, Environment and Tourism (DEAET): responsible for provincial nature reserves, and tourism policy.
- Eastern Cape Development Corporation (ECDC): responsible for investment promotion, owns coastal hotels.
- Department of Public Works.

*Sources:* personal communication, Pondocrop Staff, consultants, ECDC staff.

## Context: influential narratives and political imperatives

**Democratisation:** The transition to democracy in 1994 created a political imperative at a national level to address inequalities, and to implement land reform. Given economic structures based on exploitation, the government clearly could not conduct business as usual. Economic injustice had to be addressed. However, democratisation led to an equally strong imperative to generate economic growth in order to meet any proportion of the pent-up demands. The tension between these two priorities – growth and social justice – and the search to combine them, pervades all policy issues.

**Economic pressures:** the Government found itself faced with massive public expenditure commitments – exacerbated by high staff costs and the burden of loss-making enterprises. It was faced with a dire need for investment resources. Yet options to raise public revenue were minimal given the poverty of the black majority and the need to encourage rather



than suppress new economic investments by those with capital. Thus a variety of government strategies have aimed to mobilise private sector resources in new investments. The current economic narrative is that there is no choice but to rely on the private sector for resources.

The core problem is lack of resources, as described by Professor Mazibuko, Chief Director of Policy, Research, Planning and Strategic Development in the Office of the Premier of the Eastern Cape:

*The Government came in with a backlog to do good: pressure for historical re-engineering. There is no area, apart from land, where we still face great policy challenges. The pressure is to raise resources from everywhere. It is not for the love of the private sector, but for mobilising whatever resources exist for specific development projects.*

The poor performance of the South African economy since 1994 has increased economic pressure. Jobs have been shed across the major industries and unemployment has soared, while the public sector commitment to no retrenchments continues to place pressure on the government wage bill. Thus the need to encourage growth and industrial investment has become more pressing.

**Neo-liberal orthodoxy:** The ANC had already shed much of its radical economic agenda when it came to power promising strategies for growth to business and international community. Market-based economic processes were already underway – such as forest privatisation. The ambitious Reconstruction and Development Plan (Republic of South Africa 1994a and 1994b), outlined substantial new investments and a Keynesian approach. However, the macro-economic strategy revealed in Growth Employment and Redistribution (GEAR) (Republic of South Africa 1996a) emphasises fiscal restraint and an enabling macro-economic framework. It is seen as a categorical buy-in to an economic orthodoxy which encourages investment, promotes market-led development, trims government spending, and prioritises budget balance. Debates about this strategy have grown (Adelzadeh 1996; Kepe et al. 2001).

In so much as it is not entwined in donor-approved poverty reduction strategies and approval processes for HIPC debt relief, South Africa is different from many other sub Saharan countries and has clearly developed its own version of neo-liberal economics. Nevertheless, the influence of World Bank and IMF thinking does appear. Like most countries in sub-Saharan Africa (except Zimbabwe) South Africa has bought into the international ideal of ‘having the macro-economic fundamentals right’. While it gains respect for its monetary policies, fiscal policies are more problematic. Apparently, when the fiscal situation gets worse, there are calls from Washington, or indeed summons to

Washington.<sup>8</sup> Thus, the international consensus is seen as an added constraint on increased public expenditure.

**Black economic empowerment (BEE)** is the catchall phrase for economic growth that involves ‘historically disadvantaged individuals’. It is taken as a given to be incorporated into every sector. BEE incorporates a host of different elements. It combines with the economic ‘orthodoxy’ in diverse ways, and it is the form of this combination that is so fluid and important to study. BEE is different to international thinking on pro-poor growth (PPG), in that it is generally based on colour not social class. Thus BEE ranges from involving black Chief Executives and shareholders in companies listed on the Johannesburg Stock Exchange, while also involving pro poor growth elements such as community benefits, labour standards and small enterprises.

**Land reform** as a political and economic reform process. Land is seen as the key resource that was expropriated from blacks under apartheid and from which inequality in other assets and income derives (Cousins 2000). But redress is not a simple issue. There are three tenets to land reform: restitution based on claims over land from which people were removed after 1913; redistribution, to increase access to land for the landless poor, labour tenants, farm workers and emerging farmers; and tenure reform, to give protect and strengthen rights of those living on private farms, state land and in former homelands. Though implementation is very patchy (Lahiff 2001, 2003), the assumption is that as the black majority gain access and rights to land, they also gain access to the benefits of economic activity that occurs upon or around that land – including, of course, tourism.

**Tourism as a sector of opportunity:** Tourism was one of the economic sectors that particularly stood to benefit from the reversal of South Africa’s international fortunes, from pariah to favoured destination. Though the opportunity was not fully capitalised on, and the growing crime rate and Zimbabwean events have constrained growth, a strong narrative has emerged that tourism offers a route to economic growth that is particularly suited to South Africa’s natural assets and international comparative advantage. The Tourism White Paper notes,

*Tourism development in South Africa has largely been a missed opportunity. It’s potential to spawn entrepreneurship, to create new services, (e.g. local entertainment, handicrafts etc), to ‘drive’ other sectors of the economy, to strengthen rural communities, to generate foreign exchange and to create employment, has not been realised.<sup>9</sup>*

This is particularly strong in DEAT and the debate over transfrontier initiatives. But at the same time, tourism is widely recognised and talked about as a ‘white man’s industry’ – in which a white elite caters to

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<sup>8</sup> Professor Mazibuko, personal communication.

<sup>9</sup> Republic of South Africa (1996b).

(‘pampers’) the leisure interests of the rest of the elite. Thus it can be perceived as a less important industry for national development than, for example, industrial production or agricultural processing.

**Multiple and changing level of government administration:** there are national, provincial, municipal and traditional governance structures, and often-contested relationships between them. The political settlement embraced the establishment of Regional Government, and of new council structures which have to share authority with traditional government. Provincial and council boundaries have purposely supplanted and cut across former apartheid boundaries. But with municipal boundaries introduced in 1995 and re-organised in 2000, the new areas are yet to develop identities. Two governance tensions are particularly evident: one is over the division of responsibilities and resources between national and provincial government departments, the other is between traditional local leaders and the new generation of leaders elected to councils.

**The need to ‘restructure’ forestry** has underpinned government action since 1994. Socio-economic concerns have not been boxed into one issue, such as community forestry, but have permeated other forestry policies. Plans for privatisation of forestry were already underway in the eighties, reflecting the international climate of privatisation. Some motivations were common to the worldwide debate on forest privatisation (Foy 2001): to shift productive roles from state to private actors; attract new private investment; reduce the fiscal burden of loss-making operations; and to focus the state’s role on regulation. But an additional and strong motivation was the recognition ‘that privatisation offers a unique opportunity to radically change the role which a large part of South Africa’s commercial forests can play in national development’ (Foy 2001).<sup>10</sup> Radical change relates to greater efficiency, wider ownership, consolidation of former homeland and RSA forest resources, development of private-community partnerships, and formal recognition of land rights and use rights of communities over forests. The privatisation process was influenced by other competing objectives, such as that of earning revenue from the sale, protecting workers’ rights, and setting up systems for sustainability in forest management.

**The pressure to deliver** has been mounting in the Wild Coast, as a series of programmes have failed to deliver projects and social services, and retrenchments in government and commercial industries have hit home. Liquidation of government agricultural production schemes has cost thousands of jobs. At the same time, migrant-labour industries, such as mining, have retrenched thousands of workers. ‘The Government is

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<sup>10</sup> Thus the fact that the process is called forestry ‘restructuring’ rather than privatisation. It is also called ‘commercialisation’ rather than ‘privatisation’ because the land is leased not sold.

desperate to show it is doing something' was a recurring theme during fieldwork. The presence of the UDM in the Wild Coast makes it all the more important to deliver results there.

All the above have strongly influenced thinking around the re-shaping of tourism and forestry in the Wild Coast and the new roles of the private sector, as the sections below illustrate.

## **Tourism initiatives relating to private sector and community participation**

The many initiatives relating to Wild Coast tourism development are summarised in Table 1 (next page). All involve some element of private sector development and either community involvement or BEE, but in different ways. This section of the paper reviews each initiative, describing its background, implementation to date, and the driving forces behind it, and then explores the underlying thinking and key features concerning the respective roles of private sector, government and communities.

Table 1 shows that there are a wide variety of arrangements through which the rural poor and the private sector are interacting, or are intended to interact in Wild Coast forestry and tourism. It outlines the case studies covered here and their overall approach.

Table 2 (on page 17) provides some classification of each initiative's approach. In Southern Africa, there have traditionally been clear distinctions between private, communal, and conservation land, and separate roles for companies, communities and government, each focusing within their geographic area.

There have been two 'classic' models by which private operators and local residents interact with each other to manage natural resources. The first model can be conceived as 'philanthropy of private operators', on private land, when they extend some form of 'good neighbourliness' to nearby communities – this is not covered in this paper, given the absence of private land in our case studies. The other model is when private operators come on to communal land. This approach is represented here, both in the 'traditional' form, where illegal cottage owners have established themselves where they want on communal land, and the new form whereby UFUDU (a fly-fishing operation) has entered a contractual relationship with Amadiba (through a community association) to use their camp site.

**Table 1: Initiatives to develop tourism in the Wild Coast**

Strategy/initiative	Overall approach
Wild Coast Spatial Development Initiative (SDI) – initial plan	An initiative to spur tourism development through nodal development and a coastal highway. Includes limited public investment to leverage in massive private investment in up-market tourism.
Wild Coast SDI – latest version	An aim to support smaller scale tourism development at several nodes. Public investment in infrastructure and a coastal highway.
Pondoland National Park (Pondopark)	A new type of national park with residential areas, few fences. Centres on a biodiversity hotspot but includes tourism development.
ECDC commercialisation of hotels	ECDC hotels along the Wild Coast will be sold off to investors with sound commercial and social capacity. Arrangements with land rights holders to be negotiated.
Illegal cottages	An assessment by a government task force to decide how to regularise or remove cottages on coastal sites established during apartheid era and beyond.
Land claims in conservation/ tourism areas	An emerging pattern within land restitution or redistribution where, in order to get land claims in conservation areas and tourism sites processed, compromise is reached whereby the land is kept under conservation management, while developed for tourism by the claimants through private investment.
Amadiba Hiking Trail	A community trail run by Amadiba community supported by an NGO (Pondocrop).
UFUDU fishing camp partnership with Amadiba	A seasonal fishing camp using a site of the hiking trail, with a contractual partnership with Amadiba. Also done as a pilot demonstration.
European Union support to SDI	Development of community tourism enterprises (e.g. hiking trail) through local non-governmental organisation (NGO) support, marketing and other activities.

However, Table 2 also presents many other institutional arrangements, which are indicative of the more fluid geographical and functional boundaries. The case study examples are arranged in five categories, and then the key elements of their approach to investment and approach to BEE or community involvement are marked. More specifically, the five different categories of arrangements that we identified are:

1. Private investors operating on communal land.

2. State land being converted to a community land asset (through land claims) then laying the basis for a community-private investment.
3. The state bringing the private sector into operations on state land (forest lease, hotel commercialisation), with an emphasis on linkages with neighbours.
4. An amalgam approach to commercial tourism development, which rests on combining protected areas and communal areas to develop commercially viable investments.
5. Local residents or community groups becoming entrepreneurs and hence part of the private sector.

**Table 2: Approaches to investment, BEE, and community involvement**

	Investment approach		BEE/community approach						
	Attract external	Build local	Equity stake	Secure land rights	Local revenue flow	Private – local partnership	SMME develop-ment	Local employment	Local consultation
<b>1. Private investor in communal land</b>									
UFUDU					X	X		X	X
Illegal cottages									
<b>2. Transfer of land from state to community</b>									
Land claims for conservation or tourism	X	X	X	X	X	X	X	X	
<b>3. Private investment on state land with socio-economic conditions</b>									
ECDC hotel commercialisation	X		X	X	?	X		X	
Forestry privatisation	X		X		X		X	X	
<b>4. Amalgams</b>									
WC SDI	X		X				X	X	
Pondopark	X							X	X
<b>5. Local entrepreneurs</b>									
Amadiba		X				?	X	X	X
EU programme		X	?		?	X	X		

Note: 'x' indicates that this is a feature of the initiative whilst '?' indicates that it is in some descriptions or might be in future. These are necessarily somewhat arbitrary: for example, no doubt those involved in any initiative would say it involved consultation if asked, but UFUDU, Amadiba and Pondopark are the only three that have formal arrangements for consultation.

The next section of the paper explores each case study example in depth, describing its background, implementation, drivers, new roles involved for various actors, and criticisms.

## Wild Coast Spatial Development Initiative - initial plan

### Background

Spatial Development Initiatives are a national strategy, conceived around 1995-6, as a key instrument of GEAR. They aim to unlock under-utilised economic potential by targeting government investment on key blockages (e.g. infrastructure) and packaging commercial opportunities to attract in private investment. The first set focused on urban and industrial areas, such as the Maputo Corridor, under the Department of Trade and Industry. A second set were developed as 'agri-tourism' SDIs and were put under DEAT, including the Wild Coast and Lubombo SDIs.<sup>11</sup>

### Implementation

The Wild Coast SDI was initially with the Department of Transport, as its anchor project was a coastal road from KwaZulu Natal to East London. The plan generated strong environmental opposition and community concerns. The project faltered largely because of the high cost involved and its inability to attract private investment to pay those costs. Other elements of the SDI hinged on the road, and so they were also stalled. As one consultant explained, 'Everything else in the Wild Coast SDI was hanging on the toll road. When that was gone, the whole programme had to be reconceptualised.'<sup>12</sup>

In early 1998, responsibility was shifted to the Department of Trade and Industry (DTI). Investment packages were developed in four core areas, each of which has a nature or forest reserve: Mkambati (and Mkambati Nature Reserve), Port St Johns (Silaka Nature Reserve), Coffee Bay (not far from Hluleka Nature Reserve), and Dwesa Cwebe (Dwesa Cwebe Nature Reserve). Very large investments were planned, such as a 110 million Rand development at Dwesa Cwebe, but none materialised. DEAT took over in 2000 but the high turnover in managers prevented sustained leadership. In There was no manager at all from February to April 2000, so Malibongwe Yokwe (Special Programme Manager) of ECDC acted as caretaker. From April to June, a new nationally-appointed manager was there, Mohammed Motala. Upon his departure three months later, Malibongwe Yokwe again acted as caretaker. Finally in November 2001, the new manager, Julius Nobanda took his place at ECDC.<sup>13</sup>

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<sup>11</sup> For an overview of the emergence, and perhaps waning, of the discourse of SDIs, including the role of tourism within them, see the theme issue of the *South African Geographical Journal* (2001) vol. 83, particularly Crush and Rogerson (2001) and Rogerson (2001a).

<sup>12</sup> Interview with development consultant, December 2001.

<sup>13</sup> Malibongwe Yokwe, personal communication.

## Drivers

Nationally, agro-tourism SDIs are now being driven by the Department of Environmental Affairs and Tourism. They have recruited an energetic consultant, Julian Sturgeon, to co-ordinate SDI's nationally. Each SDI has a team leader and there is collaboration with teams at the Development Bank of Southern Africa, particularly on the financing side. However, at a national level, SDIs were downgraded in importance and subject to budget cuts and 'handover strategies' in late 2000 (Crush and Rogerson 2001). Within the Wild Coast, the high turnover of managers and lead illustrates the lack of a sustained driver.

## SDI thinking on private sector roles

The philosophy underlying the SDI approach encapsulates much of the post-1994 mainstream thinking on the roles of the private sector, government and community. In summary:

- The role of government is to (1) take a spatial approach, identifying key sectors and synergies to be exploited, (2) make basic investments (for example, in infrastructure), (3) prepare investment packages that provide investors with information and ready-made commercial opportunities, (4) help finance investments (for example, through the Development Bank of South Africa), (5) use social or BEE criteria in allocating investment rights, and provide financial and technical support to communities to increase their economic participation, and particularly to facilitate community-private partnerships.
- The private sector is seen as the main source of resources. Private investments were expected to exceed public investments several times over. Investors were encouraged to develop their own proposals for BEE rather than follow prescribed rules.
- Communities and local residents are expected to benefit through economic 'empowerment', and specifically through jobs, small enterprise opportunities and equity shares in new ventures and other forms of community-private partnerships.

While none of this sounds surprising today, it should be noted what a contrast it was to the previous era when, for example, the state owned and built hotels along the Wild Coast, all homeland development was dependent on the state and there was no talk of empowerment. It is also worth noting that the term 'empowerment' is defined strictly economically, so differs from normal definitions of empowerment relating to taking control of decisions.

This SDI approach stems directly from the post-1994 situation, and from the combination several other factors: a need to kick-start growth; political concerns to include poor non-industrial areas in SDI initiatives; a dependence on private investment arising from both necessity and neo-liberal philosophy; a desire to reduce government roles in production; a belief that the potential for growth existed but had been distorted and



suppressed by the apartheid economy; and the political need to democratise economic growth by incorporating BEE.

### Criticisms

The SDI approach has been widely criticised and many explanations given for its failure to deliver. The most common explanations, detailed by provincial government staff, well argued in Kepe (2001) and Kepe et al (2001), and stated during several interviews, particularly in relation to the early phases, are:

- It sought to transplant a model for an urban industrial zone to an underdeveloped rural area. For example, the N2 highway was not commercially or physically appropriate in the geography of the Wild Coast.
- It pursued a top-down technocratic plan without adapting to local conditions, or garnering support from local institutions, such as Provincial Government. ‘Thinking was removed from reality’, a consultant remarked.<sup>14</sup>
- Specifically, it sought a fast-track large-scale approach to investment that was not suitable or commercially viable for the Wild Coast. For example, Provincial Government staff criticise the Port St. Johns proposal – a high-tech computerised development with a golf course, and a planned R110 million investment at Dwesa Cwebe – as a ‘big bang’ high profile approach that risked giving away concessions for something that can not be done. Even if the money could have been raised, it would have been inappropriate for the Wild Coast.
- It tried to by-pass land questions, thus ignoring a key issue for communities and failing to resolve a key source of uncertainty and risk for investors. As one official described it,

*the question of land ownership was a major stumbling block ... various people [investors] have turned back at the eleventh hour because the land situation wasn't clear. Enquiries with the land Claims Commission were done at a late stage.*<sup>15</sup>

The prospect of SDI investment exacerbated conflict over land claims in some cases (Kepe 2001).

- It made massive assumptions about ‘beneficiary communities’ and did not take time to understand local realities and competing agendas (ibid.).
- The underlying assumptions were wrong: that a small public investment would leverage in a large private one, and that the private sector would fund infrastructural development. It was argued that expecting the private sector to build infrastructure ‘is only possible under special conditions – when the sums add up’ (that is, not in the

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<sup>14</sup> Interview with development consultant, December 2001.

<sup>15</sup> Interview with Provincial Government official, December 2001.

Wild Coast).<sup>16</sup> The failure of the N2 highway proposal, which had reached an advanced stage of planning, is the key example – though this is now back on the drawing board.

- It was incapacitated by institutional failings, management weakness, and competition within and between parts of government. During the Department of Trade and Industry era, observers report there was ‘gross incompetence – things happened that shouldn’t have.’<sup>17</sup> When DEAT took over, it reportedly did not have the capacity to deliver, ignored provincial government, and lacked cross-departmental co-ordination.
- Furthermore, the SDI process brought about considerable disruption for people, rich and poor, who speculated about the future developments. Kepe (2001), for example, documents how the process severely disrupted the livelihoods of those that invested in hanging on to land or other assets that they expected to be involved in developments that never materialised.

These criticisms are illustrated by comments from interviewees in the Wild Coast (including Provincial Government, NGO, and project staff):

*DTI promised communities all sorts of things. Communities divided according to which consortium they favoured, according to the benefits they were promised.*

*SDI is all politics and nothing on the ground.*

*SDI didn’t sort out processes. It did create massive expectations. Bringing them down is a big challenge.*

*The SDI is investor driven. But that’s not possible given investment problems, land problems.*

*The big bang approach wants something high profile. But maybe what rural people want is something that enhances their livelihoods.*

Most interviewees in the Eastern Cape focused criticism on implementation and delivery failures, rather than on the idea itself. For example, senior staff in provincial government endorsed the need for a spatial approach and to encourage private investment, but criticised the focus on massive investments, lack of public investment in infrastructure to make private investment possible, and management failings. Kepe (2001) goes further to question whether the approach in itself is at all appropriate, given that unequal distribution of assets in poor areas and the heavy reliance on leveraging private sector investment into poor areas are two challenges that cannot be resolved within the SDI time-frame.

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<sup>16</sup> Interview with leading Provincial Government analyst, October 2001.

<sup>17</sup> Interview with anonymous, December 2001.

Thus, he concludes, the ‘growth equals development’ paradigm implicit in the SDI is ‘without merit’. Lahiff points out that, as people recognise that government must invest much more to bring in private investment, the question of how far the ratio between leveraging private investment and distributing assets to the poor can stretch before the rationale for doing it at all breaks down.<sup>18</sup>

Ultimately, these variations on the initial SDI theme ran aground. The first set of plans stalled with the N2. Provincial Government, referring to prescribed technical procedures for such initiatives, dealt the final blow for the large packages. The SDI has now been reconfigured into three parts: a new version under ECDC, a Pondopark plan led by DEAT, and a revised highway proposal under the Department of Transport.

**This case study highlights:** change and confusion over which institution should lead such economic development initiatives; serious doubts about the capacity of any of them (DTI, DEAT, and PG) to deliver; a tension between delivering large scale investment and following processes that respond to local conditions; problems arising from pursuing quick results without addressing land issues; the need for public investment in infrastructure; failure to deliver results.

## Wild Coast SDI – latest version

### Background

The revised SDI emerges not only from these criticisms, but also from the gradual assertion by Provincial Government of a significant economic role. In 2001, a large chunk of the SDI developed into a provincial initiative with a revised approach.

Provincial Government staff explained how, by the late 1990s, Provincial Government had not defined or established its role in relation to National Government economic programmes, such as the SDI, Industrial Cluster programme or Industrial Development Zones. Up to that point, its role had been simply logistical support, such as housing and stationery. Accountability of staff was strictly upwards to the national level, and the only provincial policy input was at meetings of MinMec – the Ministerial Council, which involves members of the Executive Committees from all provinces. Then Provincial Government, and specifically ECDC/CIMEC started creating teams and defining roles. From 1998, Provincial Government was contributing funds to SDI and

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<sup>18</sup> E. Lahiff, personal communication. Estimates of the national SDI Co-ordinator are that SDIs normally work on a factor of six, for the ratio between public and private investment. In the Maputo corridor, it is more like 1:15, whereas in the Wild Coast SDI, public investment is more likely to leverage in two to three times as much in private investment (Julian Sturgeon, personal communication).

participating in strategy discussions and practical measures (brochures and missions) for investment promotion.

In 1999 and 2000, two changes occurred. Firstly, Provincial Government blocked the 'big bang' proposals of the former SDI on procedural grounds. Secondly, when SDI was moved from DTI to DEAT in 2000, Provincial Government proposed new institutional arrangements. Provincial staff explained that the new procedure for the large investments (such as at Dwesa Cwebe and Port St John) was now to issue a Request for Proposals, select a preferred bidder, secure a R200,000 guarantee, then draft a concession contract and ultimately award development rights. In 1999, when the preferred bidders had been selected, the acting SDI manager in ECDC stopped the process when he requested irrevocable guarantees and Environmental Impact Assessments. Neither were forthcoming. This was taken as proving the point that the investments were not viable and there was no chance of actually raising the money.

New institutional arrangements, agreed and adopted in 2001, put SDI under a tri-partite political leadership of DEAT, DWAF and the Eastern Cape MEC, reporting through a Steering Committee made up of officials from the key departments. Implementation was split, with the Pondoland Park proposal for the northern SDI area (see next section) hived off to DEAT and the remainder of the SDI to be implemented by a Programme Manager and Programme Management Unit located in ECDC and appointed by Provincial Government. This SDI area extends to the south and west of Port St Johns. As of late 2001, a new SDI Programme Manager, Julius Nobanda, had been employed by ECDC and was appointing nodal managers, doing the budget and work plan. Provincial budget contributions are set to increase, whereas national contributions for SDI were being invested in Pondopark (see next section) rather than in the provincial-led SDI component.

### **The revised approach**

During December 2001, the new SDI project manager employed by ECDC, described the main elements of a revised SDI approach:<sup>19</sup>

- Continued focus on investment promotion but with tighter guidelines and smaller projects.
- Focus on building local economic development and seeking domestic investors, not just large external investments.
- Diversifying the range of sectors involved. Current plans involve tourism, arts and crafts, an eel project, a perlaemon project and citrus exports – that is, not just conservation and tourism but agriculture and mariculture.

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<sup>19</sup> Julius Nobanda, personal communication.

- Working across the Eastern Cape, including in areas that fall outside the Transkei and Ciskei, which often get neglected.
- Working to form local organisations that are legal entities and can form vehicles for development.
- Developing community stakes in commercial ventures using ECDC's hotel commercialisation, and the national (SDI-related) funds and technical assistance of Community Public-Private Partnership Programme (CPPP) and Investment Project Preparation Fund.
- Focusing on land rights and tenure in order to make an investment-friendly climate by working out land issues.
- Public investment in infrastructure, such as working to improve tourism infrastructure and waste management in Port St Johns.

Specific plans for developing tourism are to use hotels as a pivotal point for a set of secondary enterprises and to use the fact that ECDC owns most hotels as a way to bring in communities in the long-term. The aim is to build tourism on the strength of the WC – unspoilt and wild – but also address the problems of poverty which could undermine tourism (crime, relocation to tourism sites) by investing in diverse rural sectors everywhere. The envisaged role for communities is two-fold:

1. As partners in hotels (see below).
2. As suppliers of agricultural, fish, forestry products, operators of horses or hiking trails. It is anticipated that the EU will provide training, particularly for the enterprises that communities can own themselves.

The new manager comes originally from DTI and clearly intends to draw on elements of the national SDI. For example, the national Government's Community Public Private Partnership Programme was devised by Vuyo Mahlali, one of the former Wild Coast SDI managers, and its approach to building partnerships will be used, along with funds from the related Investment Project Preparation Fund for feasibility studies of community plans. Mr Nobanda was at pains to explain that nationally SDIs have had a number of successes as well as failures, while also emphasising that re-shaping an SDI to the realities of the Wild Coast meant a big change from the generic approach.<sup>20</sup> While the core approach to investment-led growth remains the same, the design of the work emphasises locally-adapted initiatives.

### **Approach to community, private and public roles**

A key element is to involve communities as partners and deal up front with land issues. A consensus around an approach to land issues is emerging that underpins several tourism initiatives including SDI. The

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<sup>20</sup> He also pointed out the useful role that critical research had played in shaping the re-think.

approach that was explained by Provincial Government staff, aims to provide contractual security to investors and clarify land rights for communities, even without a land claim. The strategy involves:

1. Forming legal local entities as the bodies through which local residents can engage in developments.
2. Clarifying communities' land rights through formalisation with DLA.<sup>21</sup>
3. Communities contributing their land to a venture and thus gaining a stake in the development.

Given that 'capacitating'<sup>22</sup> communities and establishing legal bodies can take time, there will be cases where ECDC enters the partnership on behalf of the community (for example, in commercialised hotels).

In land claim areas, there is a comparable strategy (see below) of officials engaging to expedite compromise and resolution of the claim. Indeed, an example given of this approach was Dwesa Cwebe community, which recently succeeded in their land claim and established a trust. However, outside land claim areas, there is the additional and prior step needed of resolving the identity and boundaries of the community whose rights are to be recognised. This is no small task. Thus it is not yet clear how the two-pronged approach of confirming rights for communities and contractual security for investors will work in practice in other areas. The new SDI manager reported that negotiations had begun with DLA. Details are not yet formed, but the aim is a system that recognises community land rights and inputs.

At the same time, provincial and national government are putting more into infrastructural development. It is argued that this is essential to attract private investment. Up to the time of research, 85% of Provincial Government budget is spent on social services (pensions, teachers, transfers, etc.). From 2003, there will be an annual increase – aiming at a shift of 10% – in the budget share spent on productive sectors.<sup>23</sup> The national government is funding R200 million for infrastructure and rural development in the Wild Coast SDI this year, and has committed R900 million, R1 billion and R1.2 billion for the next three years.

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<sup>21</sup> This is likely to be a complicated procedure as it must meet the requirements of legislation on disposal of state land – which limits assigning assets to specific groups or individuals – and interim protection of informal land rights – which does assign some protected status to residents. A ministerial memo has just been produced on this process indicating that it is becoming more standard.

<sup>22</sup> A commonly used verb, which serves as convenient shorthand (perhaps too glibly convenient) for the process of capacity-building, training and empowerment needed at individual and institutional level.

<sup>23</sup> Professor Mazibuko, personal communication.

Transport is a particular investment priority, as the cost of transport has been identified as a primary obstacle to growth by a number of analysts. Economic analysis for the Office of the Premier shows that the main reason South African exports have little competitive advantage is the high transport costs.<sup>24</sup> By comparison, a boom is now expected in Gauteng because of the opening up of an industrial port at Maputo, as an alternative to Durban (*ibid.*).

## Criticisms

At the time of fieldwork in December 2001, few outsiders were aware of the new approach or manager. They had simply written off the SDI. One of the SDI staff acknowledges that it will be difficult to build momentum at first ‘due to the terrible reputation of the SDI: last time we went to introduce Mohammed [former manager], this time Julius’. Others, more distant from Provincial Government, comment just as bluntly on the reputation and implementation capacity of Provincial Government: ‘If it was left to the Province, we wouldn’t get a dustbin in place’.

Despite the amendments, several challenges and criticisms remain:

- Will the provincial-led SDI ‘fit’ or clash with Pondopark (see below)?
- Will ECDC deal with land issues in practice (in a way that genuinely benefits communities), with illegal cottages, and will it be able to implement commercialisation effectively (see below)? There are questions over funding and technical capacity in Provincial Government.
- Will private sector interest be forthcoming, and can sufficiently viable opportunities be created given government’s limited investment?
- What about the expectations of communities? On the one hand it has not been proven that talk of community participation translates into reality. Communities still have little power in current negotiations. On the other hand ‘a lot of things we are expecting communities to do in the near future are way out of their capability.’<sup>25</sup>

**This case study highlights:** massive tensions between provincial and national government influencing the nature of initiatives; debates about the scale and type of investment that should be encouraged; recognition that government needs to invest more in infrastructure; questions over the capacity of PG to deliver economic growth; the dismal legacy of previous failed approaches and how they tar current and future efforts; continuation of the general theme of encouraging private investment with pro poor elements, albeit in an adjusted way.

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<sup>24</sup> Professor Mazibuko, personal communication.

<sup>25</sup> Interview with development consultant, December 2001.

### **Pondoland National Park**

The proposed Pondoland National Park, or 'Pondopark', is potentially massive in many respects: potentially the biggest thing to happen in the Wild Coast, potentially another big plan that goes nowhere, and potentially a plan that sparks popular resistance that goes well beyond the apathy and jibes sparked by SDI.

### **Background**

The technical background provided by officials is that there are 'biodiversity hotspots', undeveloped wilderness, and distinctive tourism potential in areas around Mkambati and Port St Johns. Mkambati, a Provincial Nature Reserve, is the Pondoland centre of endemism. Some of the forests contain pristine biodiversity. As the inaccessible area has seen little development, it is one of the few remaining areas of wilderness. The political background is that national government is desperate to see something happen and is convinced that provincial government cannot deliver. Instead of continuing the tussle over SDI, separate areas and roles have been carved out. The national government plan is to create a new National Park, covering the area from and including Mkambati Nature Reserve to Port St Johns. As a National Park, it would automatically be under South African National Parks (SANP, or SanParks). The process of creating the park is being driven by DEAT, leaving Provincial Government to focus on the other areas within the SDI.

### **The plan**

The vision is of an area that combines high-level protection for core biodiversity assets, attractive tourism assets for private investors, and tourism. Tourists would be drawn by the packaging of the area as a whole and improved access to the area via the N2 highway. The result would be many new economic opportunities for residents.

It is clear that anywhere in South Africa, but particularly in Pondoland, converting land to a conventional National Park by simply extending the conservation estate is unacceptable. At a public meeting in December 2001, DEAT's SDI manager was at pains to explain this is a new type of national park ('completely new ground'), that includes mixed use areas, residential areas, and very few fences. Although boundaries are not yet determined, there will be core biodiversity zones, such as Mkambati and part of the forest. Outside the core areas or land claims, the approach was described variously as open areas under community management, though under the umbrella of SANP, or as a 'contractual park'. It thus appears there will be some form of co-management, but with a powerful role for SanParks. The new National Parks Act, due later in 2002, will enable National Parks to be established with the possibility of delegating management to another body – such as provincial government.



It was stated that there will be communities living inside the park and they will be able to remain with minimal disruption. There may be fencing around areas if rhino or buffalo are re-introduced, but in general there will be white stones and road booms, not fences. Inside the forests, DWAF already has some obligations to permit local access to forest products. When management of the land is transferred from DWAF to SanParks, so will the obligations also be transferred. However, a document attributed to the Wildlife and Environment Society of South Africa, dated April 2001,<sup>26</sup> lists many activities that would be *disallowed*, including:

- Further increase in number of homesteads
- Further increase in size of cultivated lands
- Further increase in domestic stock.

Given livelihood priorities and population trends, many would doubt that these represent ‘minimal disruption’.

## The process

As long ago as 1977, the Wildlife Society proposed a contiguous conservation area from Port St Johns to Umtavuna river (Briers et al. 1996). Recent debates about Pondoland Park or reserve started around 1996. In early 2000, a memo was sent to Cabinet about the SDI and Pondopark. When DEAT took over the SDI reins, it was re-configured as a conservation and tourism initiative, and the Pondopark element developed further. An announcement of the Pondopark plan was put into the President’s State of the Nation speech of 2 February 2001, from whence it gained impetus. A public meeting, termed the first meeting of the ‘Pondoland Forum’, was held on 10 June 10 2001, to inform a variety of Eastern Cape organisations about the plan. Some discussions were held with communities in late 2001. A second PondoPark Forum (PPF) meeting was held on 6 December at Umtata.

At the December Forum, Julian Sturgeon – SDI co-ordinator and driver of the Pondopark process – emphasised that although there was little action so far on the ground, a lot of behind the scenes work had been done, particularly making arrangements within government. The government had not yet consulted with communities in any significant way (that is, measured against assurances that a few consultations by one consultant in 2001 were not expected to be the sum total), but a government structure had been agreed and was on the way to being established. The structure (see Figure 2 on p. 31) allocates political leadership to the high-level ‘implementing authority’ of DEAT, DWAF, and Provincial Government. Implementation rests with a re-organised SDI steering committee; the previous committee comprised 15

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<sup>26</sup> ‘Proposal for the establishment, demarcation and administration of the Pondoland National Heritage Park’, April 2001.

organisations and its attendance and effectiveness had withered. The new one involves fewer organisations, but includes SanParks. DEAT appointed a manager for the Pondopark plan, Dave Arkwright, who began work in November 2001. The meeting was informed that the Minister and President are expecting to see a park and wish to announce its launch on 31 March 2002.

From December 2001, the process had three components to run concurrently:

1. Transfer of responsibility for state forests from DWAF to SanParks (already underway).
2. Development of the concept of a contractual park (January to March 2002), followed by an 18-24 month phase to flesh out the management issues.
3. Resolution of land issues over Mkambati, involving its transfer from Provincial to National Government, and resolution of the land claim.

More recent newspaper articles do not mention a 'launch', but instead a 'dramatic shift in focus':

*Now common ground is being sought among key stakeholders on the concept of the project – now referred to as Pondoland Conservation and Development Initiative – until clarity is achieved on what sort of park is likely.<sup>27</sup>*

The rethink seems to be more in terms of consultation about the type of protected area than the concept as a whole. Arkwright is quoted as saying,

*the notion of putting together a park for that part of the wild coast is complex. There are many different types of parks and there are many different perceptions as to what such a park might be.<sup>28</sup>*

However, it seems that the process has lost momentum – perhaps until after the World Summit on Sustainable Development, perhaps for longer.

The Pondopark proposal is closely linked to a new highway plan, for which another process is well underway.<sup>29</sup> Though called the 'N2', the part going through the Pondopark area is actually a new road, rather than upgrading of the existing N2. Because the current N2 is built on watersheds, the curves are too steep to be upgraded to a high-speed road. The park and road are seen as dependent upon each other for either to

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<sup>27</sup> *Dispatch* 27/02/2002.

<sup>28</sup> *Ibid.*

<sup>29</sup> Information in this paragraph is from the representative of the N2 Wild Coast Consortium at the Pondopark Forum, and the information leaflets he provided.

be commercially viable. The route will be made to fit the boundaries of Pondopark. Much of December's Pondoland Forum meeting was taken up with a presentation and discussion of the N2 plan. There have been 20 years of talk and planning about such a road. In the current process, also described as 'fast-track', six companies have formed the N2 Wild Coast Consortium with the National Roads Agency to develop the proposal over a 21-month process and bring it to construction stage. They are currently doing public consultation and checking if it is feasible. The aim is to go to tender in the middle of 2002. Then, the preferred bidder is selected, financial closure reached, and construction is supposed to begin in November 2003. The estimated financing need is between R1.8 billion and R2.5 billion. It was explained that this will need to come largely from the private sector, given the other demands on public funds and the little money available for roads.<sup>30</sup>

Despite the fast-track approach, it will be years before the park becomes a reality. Meanwhile, funds from DEAT's poverty unit are being ploughed into labour-intensive tourism-related infrastructure, such as road building. Expenditure of R170 million last year and R190 million this year is aimed towards 'high delivery programmes' generating income now while longer-term plans are implemented.<sup>31</sup>

### Drivers of the process

The drivers are a core team at DEAT, particularly the National Co-ordinator of SDIs. The main driving forces are seen as the desire to make a difference at all costs, plus the high-level backing for the plan. A message was clearly conveyed in the consultations that the President and DEAT Minister were expecting to launch a park on 30 March 2002, giving a sense of urgency to the process. The Pondopark forum was told 'the political leadership have given precise dates. They want to give an announcement early April, based on sufficient consensus'. Therefore the need is to agree *principles* rather than get focused on implementation. When pressed whether consensus or the announcement were the priority, the answer was that there cannot be consensus on everything. The announcement is also an important part of the process. Thus the key is to identify what is *sufficient* consensus for the announcement to go ahead.<sup>32</sup>

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<sup>30</sup> Just maintaining the 7,000-km road network is a heavy burden on state funds. And yet transport is needed for economic efficiency. This road is likely to be particularly technically and financially challenging, and involve the very latest bridge and road technologies. According to the consortium's consultant, the Mtentu bridge will have to be 1.1 km, thus the longest bridge in the Southern Hemisphere, and costing R200-300 million. Another will be 520 metres long, suspended at 300 metres above the river bed. The easiest route technically would be along the coast, but this would not be accepted environmentally.

<sup>31</sup> DEAT, at the PPF, December 2001.

<sup>32</sup> Ibid.

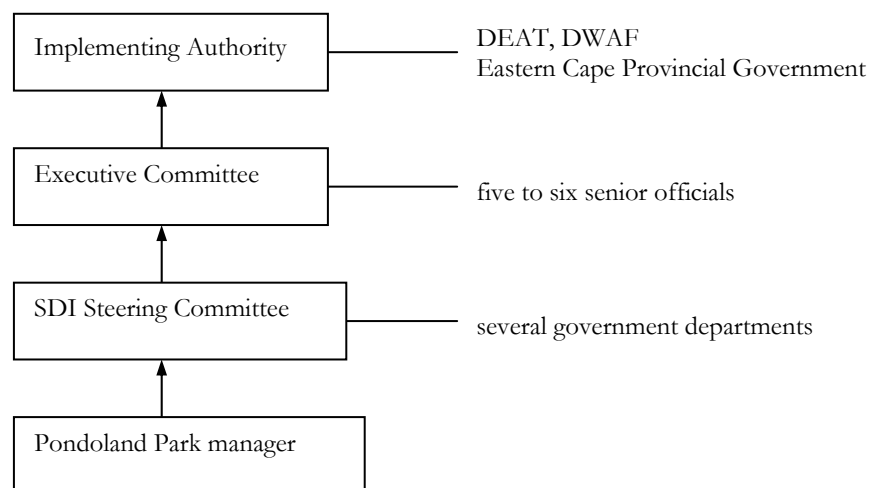
The process is very much a government initiative; its institutional structure (see Figure 2) brings together different government departments. An initial proposal for a Pondoland reserve came from the Wildlife and Environment Society of South Africa, led by Keith Cooper, another driver. He has now been seconded to the government steering committee. Apart from Keith Cooper, the implementers are all from government. The initiative has no implementation staff of its own and will have to rely on the provincial staff of line departments.

DEAT has an evident emphasis on environmental sustainability, particularly in contrast to DTF's approach. DEAT's SDI co-ordinator emphasised that

*management of the NR [natural resource] base is the critical factor: everything rests with that. The aim is to combine protection of the environment and a park for the people – an open park.*

DWAF clearly support the proposal and have already agreed to hand over responsibility for DWAF land. One commentator observed that this fits with wider DWAF shifts, from forest management to regulation, and from forests in general into water. Or, to put it more bluntly, DWAF have 'given up on managing forests', and consequently is happy to cede them to Pondopark.

**Figure 2: Institutional Structure for Pondoland Park Proposal**



Report to →

Within the institutional structure, there are champions of environmental concerns – Keith Cooper’s role was described as being the canary in the mineshaft on environmental issues. But there is no one whose mandate is to protect and enhance community rights.

Provincial government has not been involved and reportedly opposed to the current proposal. The official line, repeated by the Provincial and National Governments’ SDI managers, is that ‘Pondopark is part of SDI. It’s just being spearheaded nationally’. ECDC will focus on the southern SDI while DEAT will turn the northern SDI area into a park, but with co-ordination between the two. But there is little sign of any link at all, except at the most senior institutional level. The compromise between Provincial Government (PG) and DEAT was summarised by one observer as follows. DEAT’s attitude is, ‘if you don’t agree with Pondopark, we’ll appoint our own manager for it, and you do the rest [of the WC SDI]’. Similarly, PG’s attitude seems to be, ‘let them go ahead and do it’. When the question of linkage with PG was aired at the Pondoland Forum, the reply was ‘we hope to incorporate wishes of the Eastern Cape government – as many as we can’. Apparently Provincial Government staff did not have any prior knowledge of the announcement in the President’s February 2001 speech. Various reasons were given for the removal of the previous SDI manager in mid 2000. However, reportedly a strong reason was his opposition to Pondopark, which led DEAT (who funded his salary) to instruct the Province to remove him, otherwise funds would be withdrawn. Many provincial staff expressed concern and opposition during interviews, and reported that the political leaders are not happy, but are not going to the line to stop it. In particular it is reported that Reverend Stofile (Premier of the EC) and MEC Godongwana (of DEAT) are concerned that they are losing assets and income to national departments. Thus there may be agreement about the principle of a conservation area, but disagreement over the form it is taking, particularly a National Park, and the process underway. The plan directly conflicts with PG interests in several ways:

- It involves PG ceding its authority over its game reserves to SanParks.
- It risks jobs of Provincial Government staff.
- PG feels it is being imposed upon.
- It takes a large chunk of the SDI out of the hands of ECDC.

DEAT have appointed their own project manager and are putting their SDI funds into Pondopark. The new SDI manager in ECDC worked with the new Pondopark manager (when they were both in DTI), so

professional links may partially off-set the gulf between the two institutions.<sup>33</sup>

### **Community involvement and consultation:**

Consultation with communities has just begun and seven Park Committees have been set up in different areas to act as a focus for consultation. Accoda is one of these. A meeting was held at Flagstaff, a week before the December Forum, with the seven committees, who agreed to form the Pondopark Conservation and Development Forum. From January 2002, a 'roadshow' is planned, visiting every village that lives inside the proposed boundaries. It was stated that issues to address during community consultations include community access to natural resources, and growth needs of villages inside the park – the question of whether to proceed or not was not highlighted on this agenda.

Many people have expressed reservations about inadequate consultation. Outside the formal Forum meeting, concerns were expressed that when Keith Cooper visited one community, with a translator from the Tribal Authority, the translator re-interpreted what he said to include mention only of new jobs, not creation of a park. A land consultant who had been working with communities in Port St Johns in October reported that people do not know anything about Pondopark. Lately even Chief Mdutshane, Chief of Xopozo Tribal Authority and member of one of the park committees, says he is in the dark. Another official noted, 'road-level concept documents sound nice but they don't answer difficult questions.'<sup>34</sup>

Several questions were raised about land issues at the Pondoforum in December 2001. Though, worryingly, the SanParks official did not know whether there were any land claims on the core areas, it was clear that others in the team are assuming the Makuleke/Dwesa model (see below) will be used where claims exist (so that land stays under conservation/tourism use), along with the 'fast-track recognition of land rights' approach described by ECDC elsewhere (see above). Thus they are assuming that the land will stay inside the Park, even if the claims are won. The Pondopark team, quizzed on land claims, explained that they see their role as facilitating expeditious settlement of claims: 'we need to find a way that [Land] Commission decisions can be implemented and we can still implement a park.'<sup>35</sup>

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<sup>33</sup> Although the initial plan, to enable them to both be located in ECDC's East London office, was changed to allow the Pondopark manager to be several hundred kilometres closer to the park.

<sup>34</sup> Project officer working in the Wild Coast.

<sup>35</sup> An example of how facilitatory intervention can help comes from the Lubombo SDI, which apparently facilitated settlement of eight land claims (J. Sturgeon, personal communication). This facilitatory approach is in line with broader thinking, as 'administrative routes' to settle claims by negotiation were recognised in a 1997 amendment to the Restitution of Land Rights Act.

A representative from the Land Claims Commission in East London pointed out that there are claims at Magwa, Mkambati and Wild Coast Sun, but the claimants have not been informed about the Pondopark process. Critics also pointed out that DLA is not part of the Implementing Authority for Pondopark. In return, Pondopark officials pointed out that the Land Claims Commission has been invited to participate, but has not done so yet.

### **Role of the private sector**

The N2 plan relies heavily on commercial investment, and a priority is to address the plan's commercial feasibility. Nevertheless, given the failure of the 1990's attempt to attract investment, questions remain. Apparently the road will give drivers from Durban to East London a direct distance saving of 90 km, and a time saving of three hours (due also to the higher speeds). On this basis, traffic models suggest it will be used and tolls will be paid. In contrast, the private sector has been little involved in the Pondopark plans, and discussion of investment options is so far minimal – presumably part of the detail to be worked out later.

### **Process, consultation and decision-making.**

The second forum was not well advertised and was poorly attended. Apart from the four presenters, and two researchers for this work, there were 16 participants. The black : white ratio was 12:4 and the male : female ratio was 15:1. Although there were plans to put up posters about the meeting, the lack of implementation staff prevented this. There were almost two different meetings taking place simultaneously: half the questions raised environmental concerns of about the toll road and the ribbon development that would result. The others raised issues about communities, land rights and consultation for Pondopark. For the consultation in 2002, there is a budget of R150,000 for public communications, such as radio programmes, web pages.

### **Criticisms**

Critics from Provincial Government, NGOs, donors and CBOs argue that:

- Creating a national park takes away land from people, and involves displacement and a return to 'the bad old days'.
- The Transkei has the highest concentration of cattle of anywhere in the Eastern Cape (1.3 million head), and Pondopark will involve moving them out.
- The approach to consultation is totally inadequate.
- The project is running blindly into a community revolt.
- The project is not thought through on economic and technical grounds; one Provincial Government analyst suggested that the place to start would be to explore proposed products and their prices;

secondly, assess the cost of preparing the supply side; and only then, put the two together, and draw up a plan for discussion.

- The approach takes away the two conservation ‘jewels’ currently held by Provincial Government.

Fears were also expressed that given SanParks need for revenue, it would seek to control income from concessions inside the park, rather than open up access for local communities to tourism revenue. This is clearly an amalgam of criticism, some of which stem from institutional self-defensiveness, some from an instinctive ‘big is bad’ assumption, some from experience-based cynicism that words about a different, pro-poor approach amount to little, particularly in the hands of SanParks.

### **Thinking on private, state and community roles**

The thinking behind the Pondopark process is somewhat different to that of the SDI. Though it aims to stimulate tourism development, private investment, and jobs, Pondopark involves a greater emphasis on conservation, on government-led land-use, and on arranging government-community land management. In fact, there seems to have been astonishingly little analysis of the potential for private investment, and the commercial viability of the whole venture. While hotel operators are invited to the Pondoforum, the technical committees that are developing the plan are comprised entirely of government and statutory bodies. Given that local economic benefits from the park will be a major concern for residents, this lack of attention so far is surprising.

The approach to community involvement reveals deep ambiguities. On the one hand, this is supposed to be a park like no other: the first national park run in partnership with residents. On the other hand, the process and timetable simply did not allow for creation of such a community role in 2001. Three months allows little opportunity to go beyond discussions with chiefs and leaders, or to go beyond broad brush acceptance/rejection. Indeed, the approach was specified as one of getting ‘approval in principle’ from stakeholders in time for the Presidential announcement, after which details can be developed. As NGOs such as Pondocrop are pointing out, details are essential for informed discussion at community level.

The Pondopark approach leaves the reins in the hands of central government – and later with the parastatal SanParks. The initial proposal for a biosphere reserve was changed inside DEAT to a National Park. Given the negative connotations of ‘National Parks’ and resistance that is automatically generated by the phrase, it is interesting to ask why the choice was made to go for a national park.

- The most obvious answer is that only a National Park can provide the high level of conservation protection that the biodiversity requires – that is, some core areas with strictly limited access. It is



argued that other proposals, such as a biosphere reserve, would not provide sufficient protection.

- The equally evident if less publicly stated reason is that a National Park, as opposed to a provincial park or reserve, shifts control from Provincial to National Government. The proposal is to amalgamate two provincial reserves and surrounding land into one entity.
- Why a park at all rather than continuation of SDI? This is explained by both the reasons above – the need for core conservation areas to be up-graded, and the desire to shift control back to the centre (as Provincial Government now leads SDI), and particularly by the urge to get something done and delivered. Rather than see the assets of the area gradually frittered away through lack of protection and SDI inaction, the aim is to invest in a ‘big bang’ that secures the area and has multiplier effects more widely. Amalgamating key areas into one entity gives more cohesion, co-ordination, and viability as an environmental and commercial product. This approach enables a small team, of government-hired consultants with occasional though explicit Ministerial and Presidential backing to move the process along without relying on businesses, ECDC or communities to take the plunge.

However, economic benefits will only be broadly distributed when others actors besides the government are involved. It is hard to imagine Pondopark winning wide support (beyond conservationists) unless economic benefits are visible and substantial, and outweigh the opportunity costs. Undoubtedly, people in the area want jobs and are impatient for something practical on the ground. The opportunity costs to them are not yet clear, in terms of lost access to grazing and arable land, access to other natural resources, and limitations on development options over land won through land claims. Given the history of national parks, the assumption is likely to be that losses are high unless proven otherwise. At least two commentators remarked on the possibility of ‘the second Pondo revolts’. Other comments are indicative of potential resistance:

*[Consultations in 2000] started at regional level and then chiefs. But chiefs aren't the power on the ground. They don't realise the backlash that is brewing.<sup>36</sup>*

*The plans are so naive. They think they can change a hardcore area to a schedule 1 Game Reserve ... This is Pondoland, the area that wasn't occupied.<sup>37</sup>*

*That community is the most difficult in the whole country. They are the cradle of resistance historically.<sup>38</sup>*

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<sup>36</sup> Interview with NGO/project staff.

<sup>37</sup> Interview with NGO/project staff.

<sup>38</sup> Interview with PG official.

However, the development process has strong rhetoric and some money to spend, and may thus garner supporters as it unfolds.<sup>39</sup> If the process becomes a show with wheels, there will be people on board.

**This case study highlights:** the tension over the ‘need to deliver something’ in a well co-ordinated high-level initiative, and the deep suspicion that a big bang fast-track approach is both disempowering of communities and commercially not viable; deep tensions between provincial and national government, and a way of accommodating these by carving out separate geographical areas; a gap between the content of words that commit to community involvement and the actual process underway which allows insufficient time; interdependence of transport investment and commercially-oriented conservation/tourism investment.

### ECDC commercialisation of hotels

As noted above, Provincial Government owns a string of hotels along the Wild Coast. These hotels were developed during the apartheid era when government saw its role as lying in investment and operation of tourism facilities. A few are operating, others have fallen into disrepair. Little has been done with them to date. But under the revamped, provincial-led SDI, they are now seen as presenting a key commercial opportunity. As Provincial Government commercialises the hotels, it can use them as focal points for tourism nodes, and structure the sell-off in such as way as to encourage SDI goals, including BEE.

### Drivers of the process

Commercialisation has been given new impetus by the recently completed restructuring of ECDC, and new provincial responsibility for ensuring that SDI happens. Commercialisation offers potential for government to stimulate and influence private sector investment, but its experience so far also reveals institutional mayhem on the government side.

### New roles: principle and practice

Commercialisation strengthens the ability of provincial government to implement the classic SDI philosophy of leveraging in private investment, because hotels – the kernel of an investment package – are already there. It is also, in theory, in a stronger position to promote community involvement, because as current owner, it can directly enter

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<sup>39</sup> As with all the other plans, there are diverse opportunities for participants to pursue their objectives or gain benefits. Two small examples emerged at the Pondoforum: in response to concerns from a conservation scientist that available data would not be made best use of, someone suggested that funds for setting up data-sharing systems could be available. On the fringes of the meeting, a community representative who was concerned that his community was not one of the original seven was assured of future involvement for his community in discussions, and the possibility for him to participate in exchange visits. Therefore, there are means to accommodate interests of a wide variety of stakeholders with initially disparate objectives.

into arrangements with communities, or can agree to establish new arrangements through land negotiations before selling the hotels. In principle, the criteria for allocating sites to bidders include credibility of the proposal, fulfilment of an EIA, due diligence in the process, and BEE concerns.<sup>40</sup>

The key mechanism here is to formalise community rights to the land around the hotel through agreement with DLA, and then include the community stake in the new venture. The new WC SDI manager sees this as providing ‘potential for real effective empowerment’, which is not common to other provinces where communities lack a real stake in ventures (except those with land claims around Kruger).<sup>41</sup> The manager also spoke of ECDC selling a stake in the hotel to the community, and helping to find funding for this (for example, from CPPP). Thus the new hotels could involve partnerships that are public-private, private-community, or public-private-community. Or they could start as public-private partnerships while community trusts are established.

Thus a fairly interventionist and medium-term role for government is envisaged that goes beyond selling off assets and monitoring. As the WC SDI manager put it: ‘we know running hotels isn’t our business [as government]. But in the meantime we can stay there to get it going.’<sup>42</sup> The respective role for communities in deciding the process may be small.

In practice, the process has not turned out as described so far. An example in which planned procedures were subverted by the confused institutional legacy is the recent change in status of the derelict Lagoon Hotel at Coffee Bay. Two investors applied to develop the site and two concurrent processes occurred. Proposals went to ECDC Technical Appraisal Committee, which looks at applications and makes recommendations to the Implementing Authority (consisting of Land Affairs, DWAF, and PG Finance and Economic Affairs MEC). This process was underway, while simultaneously one of the applicants was talking to DLA and the traditional leadership. DLA awarded him a long-term lease on the site. Apparently this was on the basis of a two year-old letter from the Transkei Development Corporation (then part of ECDC) that donated the hotel and land to the community. The community had now signed their approval to this investor, thus DLA supported the transfer. They were busy helping set up a community trust for the community to be involved, and stipulated that the equity shares should be 70% for the investor and 30% for the community. ECDC meanwhile, had no knowledge of the process and the person in charge of ECDC properties did not know of the letter. While they were still adjudicating

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<sup>40</sup> As reported by an ECDC staff member.

<sup>41</sup> Julius Nobanda, personal communication.

<sup>42</sup> Ibid.

bids, the developer informed them that he had the rights from DLA, had already spent R800,000 and would open next year. After some tense discussions, ECDC are likely to provide Preferred Bidder Status to the developer, simply to legalise it, despite their reservations over his 'ambiguous past'. Newspaper reports quoted Land Affairs acting director as refusing to recognise that ECDC had any authority over the site, and that 'from Land Affairs side, our interest lies in the people's land rights and the benefits to the community that flow from it.'<sup>43</sup> Thus both institutions are emphasising community rights, but the problem lies in lack of liaison between them.

**This case study highlights:** the institutional tensions and confusion that exist over decisions concerning land and site development and which block implementation of stated policy; a clear example of how government is aiming to shift operational business responsibilities to the private sector while using its power to encourage local benefits.

## Illegal cottages

### Background

'Illegal cottages' are holiday cottages scattered along the Wild Coast that are owned by well-off individuals. The owners were described by a PG official as 'giants ... well-connected... they include former judges, advocates and big businessmen, coloured and white'. They are not commercially registered as tourism businesses. Most were established in the apartheid era, though up to 160 were established after 1992, according to SDI estimates, and the process continues today.<sup>44</sup> Some had some form of legality earlier, in the form of permission from a local chief or the Transkei administration or a 'Permission to Occupy' Certificate, while others 'simply got it on the basis of a bottle of whisky.'<sup>45</sup> All, however, are illegal under the terms of Decree 9, which was introduced in 1992 by Bantubonke Holomisa (then Head of the Transkei) to protect the coastal strip, and requires permission for any development within one kilometre. Though originally a Transkei decree, it was adopted into South African law.

### Driving forces and challenges

The illegal cottages pose a challenge for Government, which so far has only established a Task Force. The cottages are illegally occupying land. They are on coastal land that is both environmentally sensitive and commercially important. As non-commercial operations, they contribute relatively little to the local economy. A rational planning approach would use the sites for either conservation or tourism development, and a high

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<sup>43</sup> *Dispatch* 04/12/2001.

<sup>44</sup> J. Sturgeon personal communication.

<sup>45</sup> Interview with Provincial Government official, December 2001.

degree of local community ownership, but not personal holiday homes. However, the rational planning approach is not so easy for five main reasons:

1. Local economic benefits may be small but they exist. The cottages provide employment, and some have built schools. Given the failure of other plans to materialise, their small contribution to local economies cannot be dismissed. The alternative is not clear. Or as one official put it, 'They create employment and are seen as answers to poverty. Government has nothing to offer in return.'
2. Some are said to have good relations with neighbours, and communities or development forums are prepared to support them.
3. While all are technically illegal, it is more problematic to clamp down on the 'legal illegal cottages' (who have documents from the previous dispensation) than the 'illegal illegal cottages' (who grabbed land in clear breach of Decree 9).
4. The owners are generally powerful and economically important businessmen in the area (they are organised into an association, with their own officials and annual general meetings).
5. The owners pre-empted action by writing to Vali Moosa to ask if taking action against them was due to 'racism' – they thus have received re-assurances from the top levels of government.

The Task Force has been spearheaded more by National than Provincial Government.<sup>46</sup> As in other initiatives, the reported involvement of different institutions has changed over time, and there are examples of lack of communication between institutions. In 2002, the Task Force is reported to have completed its first phase of duties, which was to stop illegal building. The State has won an interdict – though in Mngazana there are still reports of illegal building. The Task Force now faces phase two, which is to take action against illegal cottages.

The illegal cottage challenge is an interesting strand in the process of revitalising tourism and re-shaping private, community and government roles. Whereas commercialisation of ECDC-owned cottages provides a window of opportunity for shaping new investment, the established cottages bring all the problems of inertia and displacement of existing owners, different interests of arms of government, and questions as to what extent established interests can be developed, or should be disposed of.

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<sup>46</sup> It initially worked closely with the Heath Special Investigation Unit. After this was disbanded, DEAT and the MEC of DEAT formed a new Task Group in June 2000. A leading Nature Conservationist of Provincial DEAT, Div de Villiers is now championing action against illegal cottage owners. Apparently the person in charge, based in Cape Town, did not report to the SDI process.

**This case study highlights:** the difference between a rational economic planning approach and already-existing realities; the strength of the view that ‘something’ that creates just a few jobs is better than nothing (mere government plans); the greater difficulty of introducing principles of efficiency and BEE where operations and powerful interests are already established.

### Land claims in conservation and tourism areas

The successful Makuleke land claim over a part of Kruger National Park was the first and most well known land claim inside a conservation area. The community gained rights over land from which they were removed, both inside and adjacent to Kruger, on the condition that it was kept under conservation management. Tourism development and limited resource access is permitted, but not residence or agriculture. Under contractual agreement with the Makuleke community, SanParks continues managing the land and provides considerable technical and financial support to the communities, who are developing tourism operations from which they will get income and jobs (Spenceley 2002). The ‘Makuleke model’ is widely known across South Africa, and influential in dealing with land claims in the Wild Coast.

The key feature of the model is that the community wins the claim and gets rights to the land that is currently used for conservation and/or tourism, but rights are conditional on limited change in land-use. Thus they get an asset for commercial development (via tourism), but do not gain land for residence or agriculture.<sup>47</sup> This compromise makes them likely to win the backing of conservation authorities for the land claim. In the Wild Coast, a few cases have already been agreed that follow this model, and it is widely assumed that other cases will follow this route. In some cases the commercial option is what communities want, in other cases this is a compromise to speed-up the land claim process.

### Examples

The Dwesa Cwebe community recently won its claim over Dwesa Cwebe, a Provincial Nature Reserve. It was granted on condition that the land is kept under conservation, and the government pays considerable sums to the community. Specifically, the Dwesa Cwebe Community Agreement, as laid down by the Commission on the Restitution of Land Rights, outlines as condition of use:

- The Reserve shall be utilised solely as a National Protected Area in perpetuity.
- There shall be no use except low-density nature-based tourism, or sustainable utilisation not inconsistent with the environment and approved.

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<sup>47</sup> In Sen’s terminology, they have their asset but their entitlements are restricted by the prohibition on farming. Their capacities, in contrast, are more likely to lie in farming than in tourism development.

- The Trust may not alienate the land.

The settlement includes compensation from DLA of R1.6 million, for the fact that the Trust will not take physical occupation of the reserve, and R2.1 million as lease fee from DEAET for leasing the reserve to conservation in perpetuity. In addition, DLA will pay Restitution Discretionary Grants and Settlement Planning Grants of R3,000 and R1,440 per household, for 2,382 households, thus totally R10.5 million (National DLA and Amatole District Municipality 2001). Notably, these development grants far outweigh the R3.7 million paid to the Trust over the land claim, but are on offer *because* of the successful claim. The settlement specifies that all these funds are to be used for development purposes and the lease fee can only be spent within 10 years if it is in accordance with a development plan approved by government.

Securing and implementing the agreement demonstrates some of the practical challenges and processes involved. The process, as described by Palmer et al. (2002), began with a co-ordinated protest against 20 years of total exclusion from the Reserve in late 1994. By May 2001, after five years of protracted negotiations and unmet expectations, the final settlement was still in doubt over fundamental issues including the value of the reserve and size of lease fee to be paid by DWAF, consideration of the opportunity costs of no farming, whether the lease fee was a gift or rental and suggestions to transfer land outside the reserves to traditional leaders rather than the Community Property Association. Finally, the land was handed over on 17 June 2001 to Dwesa Cwebe Land Trust with a ceremony and feast. It turned out the Trust was not yet registered, thus government handed land over to an illegal entity.<sup>48</sup> The Minister of Land Affairs agreed to speed up registration, and the Trust is now registered. However, the agreement specifies that co-management of the reserve should be done by a co-management committee, comprising seven trust members and seven representatives of Provincial Nature Conservation, and that this must be formed within two months. Six months later, the committee had not been formed. To access interest (of around R25,000 a month) from the DLA money and to receive other funds, the Trust has to open a bank account. But they had not managed to open one yet. Three trustees were required as signatories, but the bank had not accepted their creditworthiness, and the Trust has not provided alternative signatories. DEAET had still not provided the R2.1 million lease fee.

The state has undertaken to facilitate community-private partnerships. The community Trust is now developing tourism plans, with likely support from Pondocrop and the EU. However, there is already a hotel on the land – the Haven Hotel, administered by Protea Group on behalf of ECDC, which is said to be running at a loss, such that ECDC has to

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<sup>48</sup> Interview with PG official, December 2001.

subsidise it. Assuming this is true, and given that reserve authorities have power to limit new tourism developments, a key question will be whether the land asset of Dwesa Cebe Trust can actually be converted into a sustainable income stream. If the land is incorporated into Pondopark, this will add another institutional factor and possible constraint on development.

Another example, still being developed, is the Caguba Community's land claim, which includes indigenous forest patches (under DWAF), Silaka Nature Reserve (under DEAT and provincial DEAET), and Mount Thesiger (under DWAF and the Department of Public Works) near Port St Johns. Investors have been interested in Silaka, but nothing has happened there, largely due to land uncertainty. Kepe (2001) reports how the SDI originally tried to short-circuit the land-claim process by 'promoting a fuzzy "alternative" approach, in which people agreed to development on the basis that they would benefit from the land at a later stage'. This failed and SDI development stalled. More recently, progress has been made. DWAF originally opposed the claim, but reversed this in 2000 due to aerial photos undermining the argument that their displacement preceded 1913 and due to the community accepting the 'Dwesa Cwebe' solution.<sup>49</sup> They will get ownership of the land and lease it back to Nature Conservation. The community's view on this, as reported by a consultant assisting them, is:

- The compromise agreement is in order to get the claim unopposed.
- It is acceptable as they make relatively little use of the area now and it has low potential for them.
- They are firm that they do want access for medicinal plants and other natural resources.
- They want to be sure that they get the jobs from tourism.

It is recognised that the community wants high-revenue tourism and jobs now, while the government wants low impact. Nevertheless, agreement in principle has been made. The biggest problem now is that provincial DEAET does not have the budget to pay the lease fee – whereas Dwesa Cwebe were promised 2.1 million. Apparently the minister is trying to find funds for the lease.

### **Drivers:**

The driving force of this compromise is the desire to get claim resolved. In this there is a key role played by technocrats who take the initiative, work within the policy framework but are not pushed by it, make links to other departments and stakeholders, and create space to move forward.

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<sup>49</sup> Consultant, personal communication.



### **New roles: thinking and practice**

It is not surprising that this approach is developing, as it is underpinned by strong practical incentives and two powerful narratives:

- Since the administrative route to land claim settlement was introduced, there has been an acceleration in the rate of dealing with land claims. There is a strong incentive for the Land Claims Commission to speed up the processing rate by dealing first with those that are not contested. This in turn provides a strong incentive for communities to strike a deal such that other stakeholders will support their claim.
- The concept of community-private partnership has been strongly touted since 1994. While there are many different institutional models, the most complex are where government negotiates with investors to stimulate a community linkage, and the simplest is where communities directly contribute an asset – usually their land – to the venture. They can either pool their land with the assets of the operator, and take a proportionate share of company equity, or they can act as land owners leasing a site to an operator (or in several cases they both lease the land and take equity). Thus the Makuleke model of land claim resolution is well understood as a route to community-private partnership.
- Although land claims are over land that was traditionally used for residence, farming, or natural resources, the idea of using it as a commercial asset fits well with the current dominant narrative for rural development. It is assumed that rural people demand not so much ‘plots’ as access to jobs and modern economic ‘opportunities’ (unlike in Zimbabwe, where the demand for ‘plots’ dominates the fast-track land reform). Where the community has a degree of decision-making power, as shareholder or lessor, it can do much more to ensure that jobs go to local people and not to outsiders. It is noticeable that in many of the current or potential tourism partnerships, this issue is emphasised by community members (for example, Caguba Community; see Poultney and Spencely 2001), whereas to outsiders the more evident difference between a partnership lodge and a conventional one is the sharing of equity or leases. Thus the successful land claim generates ‘multipliers’ in two ways – not only bringing in other government funds, but providing leverage to negotiate on other benefits.

However, dominant as the ‘jobs’ narrative may be, there is no doubt that there is an opportunity cost for community members. Sacrificing rights to farming on the land will matter much more for some than for others, and more in some places than others. Whether this sacrifice is worth it depends on:

1. The alternative land claim route: would the claim have stalled for years, or been resolved by providing compensation or alternative

land, or would the community have won full rights over the claimed site?

2. The opportunity cost of not using the land for farming.
3. The scale and distribution of benefits that materialise from the commercialised land asset. This in turn depends on whether tourism does eventually take off in the Wild Coast and the extent to which conservation authorities seek to limit the scale of investment. The concern is that communities are being bounced into this trade-off without having all options on the table or having a genuine choice.<sup>50</sup>

The power of conservation authorities to limit investment in the land claim areas is an issue of growing concern in relation to the 'Makuleke model'. The model emerged as a 'win-win' situation – serving conservation objectives for park authorities and economic objectives of communities, and assumes a degree of trust and give and take. However, fears that government is not 'playing ball' are now being expressed. It seems the approach is not achieving results for communities due to excessive restrictions imposed by the conservation authority. For example, Spencely (2003) outlines the obstacles faced by the Mdluli Tribal Authority in developing their land inside and bordering Kruger through a 'contractual park'. The Makuleke themselves have faced obstacles in achieving the scale of development they want. These issues would be relevant to a Pondoland National Park: in theory, successful land claimants would have a high value commercial asset – but could also be in a highly protected area.

Thus through the spread of the 'Makuleke model', the land claims process is reinforcing, and being reinforced by a growing perception of wilderness as a commercial asset for communities to develop. While the model provides a relatively strong basis for community-private negotiation, the relationship between community landholders and government still may be a black hole.

**This case study demonstrates:** spreading acceptance of the Makuleke model, whereby land claims provide commercial tourism assets and a basis for private sector partnership, not residential land; the potential of a successful land claim to 'multiply' through other benefits - financial or negotiated; immense practical problems faced by communities in establishing the legal and technical capacity to develop this approach; concerns that the legal resolution of the land claim still leaves excessive conservative power with conservation authorities, limiting commercial opportunities.

## Amadiba Hiking Trail

The Amadiba Horse and Hiking Trail represents a very different model of tourism development.<sup>51</sup> It is a community-run tourism venture with

<sup>50</sup> E. Lahiff, personal communication.

<sup>51</sup> Information in this section is mainly from Ntshona and Lahiff (2003).

close NGO support but minimal private sector involvement (other than the community itself). It was initially set up in 1997 through an initiative of Pondocrop, a local NGO.

The tourism product is a trail along a beautiful section of the Wild Coast, between the Mzamba and Mtentu rivers. Horses and horse guides are provided, though hiking is also possible. At the second of the two camps, Mtentu, 23 km from the start, canoeing is available. Depending how long tourists stay there, the total time for the return trip is four to six days. Most of the clients are low budget or family international tourists, though South African school groups also use it. The EU community tourism programme, now financing Pondocrop's support to this and other ventures, estimates that the trail is running at about 20% of capacity.

The enterprise is run by the Amadiba community through their established organisation, the Amadiba Coastal Community Development Association (ACCODA), with Pondocrop support. The trail is operated by 23 local staff, who each have a particular post, such as tour guide, camp manager, camp cook, camp cleaner, horse owner/provider. The staff are paid by ACCODA on a piece-work basis rather than a regular salary: For example, tour guides earn five rand for each tourist in the group that they guide.

### **Driving forces**

Pondocrop has been the main driving force since creation of the camp. Recently EU funding has helped them increase their level of technical support, but also increased pressure to focus more on withdrawing in the medium term, and thus handing over control of the trail to the community.

### **Community, NGO, private sector and government roles**

The underlying thinking is that communities should be able to develop their own tourism enterprises at their own pace and scale, with a high degree of community control. This was Pondocrop's initial thinking, and is also why the EU programme is supporting and seeking to replicate the approach. Thus, this enterprise is seen as a bottom-up approach to complement, or in contrast to, the SDI. There are no outsiders in the formal staff structure. However, Pondocrop plays a strong supportive role by marketing the trail, receiving tourist payments, and taking a leading management role despite current efforts to gradually withdraw. These lingering interventions are evident in the remarks of one of the hiking trail guides:

*Though working, I'm still in my home, cultivating, looking after my parents, staying with them. I am not employed but self-employed ... employed by Amadiba which I am part of ... everything is still done by Pondocrop, but as time goes on it will be done by us ... It's just a saying that we are self-employed. We don't control it yet. How can we avoid getting robbed in the process of handover?*

There is no private sector involvement in the trail itself, other than an agreement with Wild Coast Sun Casino for hikers to leave vehicles in the car park. However, in a related initiative, ACCODA has formed a partnership with UFUDU fly-fishing. As a result UFUDU use the second campsite for three months of the year, and the hiking trail shifts to pitching tents elsewhere. Government involvement has been negligible, although the EU programme, now a major backer of Amadiba, is officially a government-EU programme.

To date, there appears to be some confusion about the type of community-business approach. It seems to be more focused on encouraging community co-operative business rather than local entrepreneurship. Staff are employed and expected to fulfil their duties to the business. However, Pondocrop staff described their plans for replicating the trail in a way that involves more individual entrepreneurs, rather than one co-ordinated business. Some staff members refer to the business as being managed by Pondocrop rather than ACCODA.

The enterprise experiences many of the problems expected of nascent community businesses. Co-ordination and management have proved difficult. Typical management problems, such as lack of expertise and questions over hierarchy, are compounded by the fact that staff members are spread over an area 23 km long by several km wide, relying on messages carried by foot or horse, while tourism services demand exact timing: if the tourists need horses today, tomorrow will not do. The management structure has changed several times and was changing again at the time of the fieldwork. A manager for Amadiba is now being trained. Operational difficulties are openly noted by those involved, the community, Pondocrop, EU, and private partners. Micro-logistical problems can become immensely important – such as the distance between the kitchen and the tents when they are not pitched at the normal Mtentu camp. Dealing effectively with these sorts of details is a quality of successful businesses, and they can become big problems for new entrepreneurs. Key features were nicely summarised by one close observer: ‘haphazard organisation, mediocre food, huge potential, the key is management’.

A lack of entrepreneurship seems to be a constraint to success of the trail. Though comments were put in more and less paternalistic ways; many described a lack of entrepreneurial experience and also cultural attitudes that devalue entrepreneurship. The rule-bound structure of the trail does not encourage individuals to shine. Nurturing enterprise at this level is seen as a very long process, involving attitudinal and generational change. One commentator remarked, ‘Developing community-run enterprise involves a cultural change. It is really ‘transformation of a society.’<sup>52</sup>

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<sup>52</sup> private sector operator, December 2001.

The 'jobs' provided by the trail are unusual from a local perspective and regarded with some ambivalence. They are not 'proper jobs' – based on a regular salary paid by a businessman, usually away from home. Nor is it self-employment in the way similar to independent hawking. When the trail started, they had to *seek* people to fill the posts. The 'selection' committee went from household to household selling the idea. A Pondocrop staff member described a certain ambivalence to these job opportunities compared to regular employment: 'If you create a campsite with 20 job opportunities, people go along with you. If a person comes along offering one job, there's a clamour.'<sup>53</sup> Today there is more interest and familiarity with the trail, though still little sign of intense competition for jobs. A Pondocrop staff member noted that two of the new guides in 2001 are the first who say they saw the job as part of a career path, rather than simply doing it just because they were selected.

Livelihood analysis of the trail's impacts indicates that the wages are valued by staff and their families (Ntshona and Lahiff 2003). The income is typically used for essentials such as buying food, cloths, paying school fees and supporting other livelihood sources (for example, cultivation and livestock). However, uncertainty over the security of their work and the management changes is a problem. There are few negative livelihood impacts of the trail, apart from over-use of horses, identified as a big concern by horse owners. The trail does not prevent other land uses. Amongst those further afield within the community, ignorance rather than resentment of the trail was noted.

Beyond the 23 families benefiting directly from the trail, its real significance lies in two areas. Firstly, the experience gained from the trail and particularly the institutional development involved in setting up ACCODA, now enables the community to get involved in other ventures. In addition to the UFUDU partnership, Pondocrop is talking of assisting them in new developments, such as upgrading Kwanyana camp-site, establishing a lodge at Mphahlane river, a camp or lodge at Mnyameni, and something for fishermen at Sikhombe river.

Secondly, the significance of Amadiba lies in the demonstration impact it is already having. It is well publicised by Pondocrop and the EU, and is being used as a model for others. Pondocrop reports that the trail has already influenced thinking in the Directorate of Nature Conservation and in Coastal Management, though not in Pondopark (and it seems little known or reflected in ECDC thinking). It has demonstrated in just several years that a new approach to tourism is possible; that a product based on locally managed assets and locally-recruited staff can successfully expand and tap into one part of the tourism market. So far, however, it remains the only such operation, and is not yet independent.

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<sup>53</sup> T. Bayley, personal communication.

Scaling up would raise new questions: would expansion lead to conflicts with other land-uses, such as mining (present in the area)? How would it fit with top-down large-scale tourism developments? Given the internal problems of institutional and entrepreneurial capacity, will expansion simply cause more problems? One private sector observer sounded the warning that, 'The community project here has only just begun. It's nowhere near the pinnacle that people are talking about'.

**This case study demonstrates:** an alternative approach to tourism development in which the community runs the venture is possible; however the approach has limitations: it has remained a small scale enterprise catering only to the budget international market, it involves intensive NGO support, a long time scale, and encounters several management problems; the local part-time jobs created are useful supplements but it is not clear that residents prefer this small-scale approach over opportunities from formal sector investment; lack of entrepreneurial experience (and perhaps interest) is a constraint, which seems to have been exacerbated rather than addressed by the projects emphasis on community-management.

### UFUDU-Amadiba partnership

#### Background

UFUDU is a two-person company run by Ben and Pam Pretorius. They operate a catch and release fly-fishing camp at Kozi Bay (Maputaland) for three months a year, and another at the Mtentu River mouth, for three months, in partnership with ACCODA. They take over the Mtentu camp that is normally used by hikers on the Amadiba trail. UFUDU and Pondocrop persuaded the Directorate of Marine and Coastal Management (MCM) to permit the fly-fishing season at Mtentu as an experiment in 1999, and operated a one-off season in 2000. 2001 was the first year of a three-year arrangement (with an option to renew) between ACCODA and UFUDU.

The fishing camp offers top quality fly-fishing in a simple setting with high-quality service at R880 per day. Most clients are South African – mainly flyanglers and a few families. The terms of the partnership are set out in a contract running from October 2001 to December 2003. UFUDU pays ACCODA 12.5% of the rack rate (daily rate including tax), pays other fees, employs local staff at wages agreed with ACCODA, and also provides them with meals and training. ACCODA provides UFUDU with use of the fly-fishing permit (from MCM). In addition, ACCODA is responsible for providing local staff, a clean camp, canoes, and making Steering Committee members available for regular consultation.

In 2000, UFUDU paid R39,000 to ACCODA, and R46,000 to individuals as wages and payments for crafts. In addition they purchased local produce and hired horses from owners (at double the rate paid on the trail). The camp appears to be doing well and both sides are gaining

in a way that they could not have done on their own. There are problems in the partnership, but not overwhelming ones. For the community, the loss of the Mtentu camp is a problem for the trail. ACCODA Steering Committee members find the work time-consuming. Residents living near the river mouth have lost the opportunity to bring individual fishermen down to the river, for which they would earn a good tip, while they are not gaining directly from the ACCODA fee. For UFUDU, the fact that financial benefits are not shared across the community by ACCODA is a key problem, because they are concerned that attitudes to the camp and fish conservation will not be enhanced. They feel unappreciated. Their other main frustration is that ACCODA representatives do not turn up regularly to meetings.

### Driving forces

The driving forces seem to have been the Pretorius pair and Pondocrop, with the former persuading government of the venture, and Pondocrop supporting the community in their part. Pam and Ben Pretorius describe a long process of discussion and consultation: they first assessed the fish stocks, dynamics and potential at the site. They made a proposal to Marine and Coastal Management for limited catch and release, but it got nowhere. They then proposed an experiment trial, which was strongly supported in a workshop organised by the Institute of Natural Resources. This happened just at the time that a new post was created in MCM on Community Enterprise, and the new post holder strongly supported the idea, seeing it as a way to associate his new mandate with substantive experience. It also happened that the Pretorius's were in Cape Town on other business just after the workshop, and were able to follow up with MCM. Thus institutional shifts, timing, and geographic coincidence played their part. The permit was issued to the community who appointed UFUDU as the operators. Ben Pretorius provides highly detailed (daily) monitoring reports of fishing activities to MCM. Essentially, he is conducting his own experiment and demonstrating the results to government.

The UFUDU partnership was not created by policy: quite the reverse.<sup>54</sup> The Pretorius's saw a commercially and personally appealing opportunity and had to create the environment in which it could happen. They emphasise that they are trying to demonstrate to government how such an approach can work. Given the hiking trail had already led to the development of Accoda, establishing a partnership with the community was much less of a challenge than the two to three years that is common. Most tourism operators who have a tale to tell of partnerships focus on the days and years of negotiations with the community (Roe et al. 2001; Ashley and Jones 2001). From the Pretorius' perspective, persuading government was more of a task, particularly given the large number of

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<sup>54</sup> Based on field discussions with UFUDU, the community, and Pondocrop, but not with MCM.

government agencies involved in a coastal area. Though this kind of community partnership fits within the broad ambit of government policy, support had to be cultivated given the inherent bias against experimentation arising from conservation concerns and the natural tendency to inertia in government.

### **Community, private sector, government roles**

The private sector-community partnership goes further than is common. As with other partnership ventures, there is a contract, a delegated group of community representatives to meet with the lodge owners, and contractual conditions relating to lease fees, staff recruitment, and use of the area. The project differs from most in two respects. Firstly, the lease fee was set at 12.5% of turnover, which is relatively high, without arduous negotiation by the community.<sup>55</sup> This is probably for two reasons. Firstly, as in so many of these niche tourism operations and community partnerships, the operators involved are charismatic individuals with strong local, social and/or environmental objectives who are not just maximising commercial returns. They have made a lifestyle choice to be there and their personal interests shape negotiations.

Secondly, the government has provided the community with a contribution of high commercial value (probably by default rather than design) by giving a catch and release fishing licence. The license is free, though given in some expectation of co-management of the resources. The camp is a spot of luxury in remoteness, but the reason the operation can charge R800 per night is the uniqueness of the fishing. In economists' terms there are 'supernormal' profits because others cannot enter the market, hence a substantial return to the community for their input of the license.

The second difference between this partnership and others is the type of community involvement that is expected. Many partnership contracts stipulate that the camp manager shall be left to manage the camp on a commercial basis without interference, and that community input shall only be on wider issues of strategy, land use or labour relations at regular meetings. By contrast, at UFUDU, the three Accoda representatives are supposed to come to the camp each time a new set of guests arrive. Pam is at pains to ensure at least one is there on payday so that wages can be paid on time. In this venture, the community's management role is seen as a reflection of shared ownership, a useful training for the future, and also an important way of demonstrating to community members (particularly staff) that income is coming indirectly from community

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<sup>55</sup> 10% is more common where the community contribution is tangible (5% or less where is it just philanthropy) and 12 or 15 % only where it is a particularly high value asset. The initiative came from the private partners, and the contract appears to have been drawn up by them or their lawyers. Thus though there was some negotiation, the private partners themselves seem to support a relatively high fee.



organisation and its role in conserving fish stocks. But it is difficult for community members, some who live far away, to have close involvement. Of the 13 times guests had arrived in the 2001 season, only three times had all three committee representatives turned up on time.

Despite the fair degree of community involvement in this partnership compared to others, the community's role is markedly different to that in the hiking trail. The type and quality of the tourism produced is clearly set by outside professionals. A community-linked experience is not part of the product in any way. UFUDU's managers explained that none of UFUDU's guests have ever done the trail as the two products appeal to different markets, although some guests take details with the intention of returning with their families.

Ben Pretorius remarked that the enterprise runs on the 'culture of excellence and culture of conservation,' and the difference with community culture was noted. Nevertheless there are synergies. Hiking trail staff are often employed at the camp. Although this leaves a gap to fill on the trail for three months, it provides them with professional experience to apply to their work on the trail.

In discussing the future, Ben and Pam Pretorius not only propose more of this kind of partnership, but suggest giving the responsibility to the private sector, not government, to develop it. They would like some kind of franchising arrangement whereby they select and co-ordinate operators for several other small-scale ventures, developing different products but embracing the same social and environmental principles. As franchise holders, they would be held accountable by Government for sticking to principles. This is a commercial idea, with anticipated returns and access to new sites, but nevertheless interesting for its thinking on new roles.

The UFUDU venture contrasts with the SDI and Pondopark approaches, as well as to the Hiking Trail. The private sector has taken on the role of driver. The operation, though very small, is established. The arrangement emerged through an overlay of windows of opportunity, rather than any specific policy or plan.

**This case study demonstrates:** a relatively successful community-private partnership which was not created by policy but facilitated by private sector drive, an established community tourism institution with NGO support, and a window of opportunity in government; government's role was nevertheless critical in providing the community with a high value asset in the form of a fishing permit; the partnership has led to a tourism product that is entirely different from the product of a community-run enterprise; synergies between the community trail and the partnership camp nevertheless exist - the existence of a community body for the former facilitated the latter, while the professional experience at the latter can benefit the former; expectations of relatively high community involvement pose problems for both sides.

## Programme of EU support to the Wild Coast SDI

### Background

The European Union's support to the Wild Coast SDI is a four-year programme that started in mid 2000. At a time when the SDI was active, or at least going through another revamping, the programme was designed to improve livelihoods and economic opportunities through tourism. Thus tourism development is the means not the end.

The Programme is operated under a bilateral agreement between DEAT and EU, and is administered by a Project Management Unit (PMU) based in Durban with four Project Management Officers spaced across the Wild Coast. It is largely implemented through contracts with three NGOs: Pondocrop (for enterprise development), World Wildlife Fund (WWF) (environmental management), and Triple Trust (training and business skills).

### Implementation: progress and challenges

The Amadiba Hiking Trail, supported by Pondocrop, is the one element that was already up and running and is the visible kernel of the work. The EU programme has led to greater support to the Trail project, including marketing brochures, and a restructuring consultant, but also to a need to phase out Pondocrop support from Amadiba within a year or so, in order to develop new initiatives elsewhere.

Pondocrop and EU are now planning to assist in other developments in the Amadiba area, particularly new or renovated camps and lodges in partnership with private operators. EU has a loan fund (R10 million Community Development Fund) that could provide the equity for communities entering partnerships. In some areas, communities are at the stage of preparing and submitting their business plans for lodges, cultural villages or tour guiding, and are receiving training. The loan fund is seen as critical given that these local entrepreneurs are unlikely to qualify for loans from banks. The EU and NGOs also plan to support an extension of the hiking trail, through and past Mkambati Reserve, to Port St Johns (two to three times the distance of the current trail), eventually covering a 280 km stretch all the way to Kei Mouth. They have identified 25 hiking trail sites and 12 other campsites along this stretch for potential community or partnership development.<sup>56</sup> The Amadiba trail is seen as a pilot and demonstration for the wider area, though with some differences. Realising the institutional complexities of running a co-ordinated six-day trail, the approach in new areas is more likely to support several individual entrepreneurs, and focus more on day trips from hotels rather than a long trail requiring close co-ordination between community operators.

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<sup>56</sup> T. Bayley, personal communication.

The EU programme provides incentives for communities to invest in tourism now. For example, the Wavecrest community is divided between mining and tourism, but it was commented that they will lose out on EU money if they do not organise a tourism project. In addition to supporting specific ventures, Pondocrop, with EU support, intends to support development of community management areas and other natural resource activities, such as marine harvesting.

A number of challenges are recognised by staff involved. Firstly, there is the lack of capacity within communities, and all the management problems seen in the Amadiba trail. Secondly, expansion of the approach will encounter many institutional challenges beyond the communities. Extending the trail and establishing new sites will require agreements with regard to environmental procedures, tenure agreements, use permissions, and hence negotiation with DLA, DEAT and MCM. Provincial government will also be involved, but Pondocrop staff report that it is not even clear who to liaise with there. The lack of a land tenure bill and a commercial feasibility study for tourism in the overall area were also identified as obstacles holding up progress. Given that it now looks unlikely that land *ownership* will be resolved, they are looking at models involving *leases* at all the new sites. A priority is to get a clear procedure for obtaining the relevant permissions.

A third and quite different challenge comes from the overlay of different organisations' objectives. Substantial EU support has already influenced Pondocrop's implementation approach – the NGO has to be more target-driven, investing more in product than process, relying more on consultants and on community committees (ibid.). There appear to be some emerging tensions between the lead NGO and donor over definition of roles. At the same time, there are imminent and substantial tensions between the EU programme and its host, DEAT, because they embody different approaches to roles of communities, private sector and government.

### **Approach to community, private, government roles**

While the exact approach to local entrepreneurs remains a matter of debate within the project, it is clear that the overall philosophy is one of supporting locally based enterprise in a context of regional tourism development. Private investment is an addition to the approach, as a partner to communities, rather than the core. The emphasis is on community run ventures, rather than stimulating linkages between local suppliers and formal sector tourism. The EU project has marketed the Amadiba trail as a flourishing example of community tourism, and markets itself as a support programme for that approach. Although the official title of the project is 'EU support to the Wild Coast', the 'strip' or branding that is more generally used is 'community tourism'. At the start, this was seen as complementing, rather than directly implementing, the

SDI. Given that the SDI did not materialise during the EU's first year and a half, the EU project has been free to develop as a community tourism support project. Or in the words of one EU staff member, in the absence of any SDI manager or driver, the EU is 'getting on with supporting communities ... When we told communities we were support to the SDI, they said "go" '.

However, the conflict with the philosophy of SDI now looks set to surface. Government, not surprisingly, expects the 'support to the SDI' project of DEAT to support implementation of the Pondoland National Park, part of the revamped SDI. Staff of the EU and the NGOs that are acting as contractors have strong reservations about the Pondopark approach to communities and want to see more convincing detail before acting as implementers. Pondocrop is assisting in organising community consultations over Pondopark, and ACCODA is one of the seven community groups already established as a community forum, but there are on-going debates about the nature of support from the EU and NGOs.

The next couple of years are likely to see both approaches to entrepreneurial tourism development being pursued, with some accommodation and some conflict. The truth so far is that neither have a great deal to convince the other.

**This case study demonstrates:** strong donor and NGO commitment to tourism development based on community enterprise and community-private partnerships; anticipated substantial practical obstacles in replicating such an approach on a large scale; most obstacles are institutional, relating to the overlapping mandates of ministries, overload of bureaucratic processes, and conflicting mandates of different institutions; a question whether this community based approach is an ideal complement to the top-down approach, filling the gaps that the other leaves, or is heading directly for conflict?

Comparison is needed of these different approaches to tourism development, and the different community and private sector roles. But first, experience from the forestry sector is described.

## Changing roles in forestry through privatisation

Forest privatisation in the Eastern Cape contrasts greatly with tourism. There is a large asset base and operating industry, and while the privatisation process was long and complex, it has reached the point where roles and responsibilities have shifted, and large new investments have begun. This case study focuses on a plantation package that is

spread across a large area, from Harding to Umtata.<sup>57</sup> It comprises 72,000 hectares and produces around 860,000 cubic metres of raw timber per year. 98% of the output is pine, with small sales of gum. The output goes to domestic sawmills.

### **The previous situation in the Eastern Cape**

Formerly, the Government, the private sector and local residents had clearly differentiated roles:

- The plantations around Harding/Umtata/Langeni/Singisi were run by the state.
- Hans Merensky (HM) company operated Weza sawmill, relying on timber supplied from the state plantation.
- Local residents were involved as employees at the plantations and mill, and generally as disgruntled neighbours. As elsewhere in South Africa, arson was the visible evidence of attitudes to plantations.

In mid 2001, after a four year national process, DWAF privatised the first set of forestry plantations. Details were put out in 1998, and companies paid a one million rand deposit and registered interest. The final deadline for submission of bids was July 2000. Big bidders for the Eastern Cape north package included Mondi and Sappi (forestry giants). At the end of 2000, Singisi Forest Products, a consortium led by Hans Merensky company, was selected as the preferred bidder. Then there were more challenges. They had to get union agreement. Land Affairs objected because land claims were not resolved. Agreement was reached and 1 August was the first day in the office.

Hans Merensky is a Section 21 company, established by the Hans Merensky Trust. It is the holding company for several forestry enterprises including Singisi Forest Products, Langeni Forest Products, Tweefontein Saw Mill and Northern Timbers, and also has a large agricultural division. A former union organiser reports their labour relations were 'not as bad as most' in the previous era.

The current situation already shows marked changes in government, private sector and residents' roles:

- Hans Merensky established a consortium to put in the bid. 10% of the shares are held by Singilanga Directorate Trust, representing communities neighbouring the plantation areas. A further 9% is held by the National Empowerment Foundation and 6% by SAFCOL (both of which could be used to increase the community share to 25%).

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<sup>57</sup> Information in this section comes from interviews with Hans Merensky staff, including the Human Resources Manager, Forestry Manager, and a Community Development Officer (who was formerly a trade union activist).

- The Consortium leases a 72,000 ha plantation from the state and pays six million rand per year in lease fees, which go to the government, but are held in trust for communities.
- The terms of the consortium's operation, rental payments, socio-economic and environmental commitments are contained in their bid and their lease agreement with DWAF.
- Singilanga Directorate Trust comprises 14 members from Langeni Community Trust and Singisi Community Trust. The Directorate Trust has a Director on the Board of Singisi Forest Products, and is responsible for applying the benefits from the shareholding to 'improve the quality of life of the beneficiary communities' (Singilanga Directorate Trust 2000).
- The company has adopted a policy to include empowerment criteria when out-sourcing contracts, and has set a target that 25% of new procurement from within South Africa should be from businesses and SMMEs owned by Historically Disadvantaged Individuals (HDIs) (Hans Merensky Head Office 2001).
- The company has also established several initiatives to support small enterprise in the local community that are less directly related to their core business. These include mushroom harvesting and processing, training women in sewing, supporting a community coffin business.
- The company has been closely involved in documenting and supporting land claims on plantation areas, and developing agreements with claimants.

The Langeni Trust comprises communities from the Umtata area, and the Singisi Trust covers the Eastern Griqualand area. These areas include 160 different communities. As the Human Resources manager of HM describes it, benefits from the 10% stake go to the communities closest to the plantations, while access to jobs is spread more widely. The Singilanga Directorate Trust meets monthly. Langeni and Singisi have established Development Forums, which are Section 21 companies, facilitated by HM, and which implement projects initiated by HM.

The impact of such change on rural livelihoods and poverty cannot yet be assessed. The new enterprise only began in August 2001, and the community initiatives are at early stages of implementation. Furthermore, insights here are based on two brief meetings in December 2001. Nevertheless, it is clear that the respective roles of the private company, government, and residents have changed substantially, and so have assumptions about the role of forestry as a commercial and developmental asset. It is not only that production capacity has been transferred from state to private hands in line with the overall philosophy of privatisation, and not only that black equity holders have been included, in accordance with standard terms of privatisation in South Africa. But the private operator is also taking on other roles that were previously deemed government or NGO responsibilities.



### Box 2: Examples of HM activities involving local residents

#### *Enterprise support*

- Helped establish Samkelekile coffin manufacturing enterprise, using an initial R120,000 loan from the company, then secured an Eskom loan and later won an Eskom prize. Concerns from another coffin supplier/funeral service were dealt with by committing to buy up their coffins at a substantial price. They have now applied to the Land Bank and Community Public Private Partnership programme for funds to expand the project. Phase II is to manufacture furniture.
- With Furntech and Department of Trade and Industry, helped form a cluster of furniture-making companies. HM is sending 28 people from the community for three months' of training.
- Established a charcoal project: identified areas with wattle needing to be cleared. Made arrangements with the chief for workers and payments. Through the web found an export market in the UK. They paid workers per stake over six weeks, the chief per ton, and a further 300 people per burn site. Profits were split amongst participants and amounted to R6,600 per person. When the chief wanted the successful enterprise moved to his site, they negotiated a compromise with an increased fee.
- One of the employee's daughters receiving an HM training bursary qualified in fashion design. She has now set up a sewing project. HM pays her as trainer and donates machines. She trains local women. They produce uniforms for HM and for schools.
- Discussions are underway to restore Malenge irrigation scheme and agricultural projects (a Transkei project that collapsed). HM has met with the Land Bank, arranged with Pick and Pay (leading supermarket) to take the produce, and got five million rand committed by the Mayor of O.R. Tambo municipality to build a road.
- Helped set up a locally run shop, owned by the Village Trust. Initially credit was not available. So HM used its own funds for initial set up, and persuaded a supplier at the local supermarket to provide 3 month's credit. Now turnover and profits are significant and the shop is in a stronger position to negotiate with suppliers.

#### *Local contracting (security, pruning and silviculture are being contracted out)*

- A tender was put out for horseback security. Singisi DF tendered and was awarded the contract. They are receiving training in security. They will employ the forest guards. Current security guards, none of whom are from the direct beneficiary community, are being redeployed at the mill.
- Local skills in pruning and silviculture are insufficient, so established contractors are being brought in, while also training local workers to take over in five years time. Trainees are a mixture of HM workers and community members with some business acumen.
- Current contractors are told to change their own policies. The 3 white contractors on the Singisi side were told they had 3 months to comply with HM policy that any contract includes community equity. One formed a new company with a 50% employee stake, another took on a black partner.

#### *Health services*

A mobile clinic used to come to the factory once a month. Now HM has built a clinic in the village, for both workers and other community members. HM contributes towards buildings, transport, and facilities.

#### *Tri-partite collaboration*

Government has formed a Land Management Unit with the community and company – due to be finalised in February 2002.

#### *Involvement in land claims*

During preparation of the tender bid, HM researched the land claims on the plantation, got all the documentation from/for the people, and presented it to government. Government appointed a consultant to verify the details. The claimants made agreements with HM and will keep the land with the forest. Two claims have been settled and are the claimants are getting their share of the lease fee, and two are still underway.

Source: Charlie Scott and John Ferguson personal communication (Hans Merensky staff)

### **Blurring of private, state, and community roles**

Hans Merensky is an extreme example of the blurring of roles that is often mentioned. The 'pro-poor' or BEE component of the venture goes well beyond a black (HDI) stake in the consortium's equity (which could occur without any further change in roles). The company has assumed responsibilities for social welfare issues (such as health care), supporting local economic growth initiatives, and detailing land claims. The company is thus entering arenas that are the traditional preserve of government and NGOs, though in characteristically different fashion. The company is seen – by themselves and others – to have a degree of responsibility for and self-interest in local economic development. This role is easily assumed (less easily implemented) in the new South Africa, but is, of course, a big shift over a decade.

The role of activists and community leaders is also changing. The Singilanga Directorate Trust is quite probably the biggest show in town in terms of local development. Its Director is the Mayor of Harding, and the school headmaster serves on the company board. The former union organiser (CEPPWAWU chairman for the region), a long-standing employee at the Merensky sawmill, is now their Community Development Officer for the Langeni region. He explained that the trade unions are anti-privatisation but CEPPWAWU wrote letters in support of the HM bid. The union decided to support the HM in its bid for several reasons: it was a section 21 company, with no owner, involved with the historically disadvantaged, with a not-bad labour relations record that was 'noticeably different to others' and was the best way to secure the jobs of 500 employees who were already working at the sawmill. Without the forest lease, HM's sawmill would be jeopardised. The unions were anti-privatisation because of job losses involved. But at this site, 'no one has lost a job and it was a fair deal.'

The Government played a strong role in the long process leading to this point – through DWAF's operation of the privatisation process, along with Department of Public Enterprise negotiating with the preferred bidder, and the Eastern Cape Development Corporation endorsing the Singilanga Trust ('founding it' with R100 donation). From now on, the governmental role is more in oversight.

In some ways this expansion of roles is alarming, as it co-opts the community, such as union leaders and land claimants, into consensus and away from confrontation. All the fears of large predatory companies working their way into all aspects of life can be seen in this model. In another light, it is promising because there is a substantial corporate entity now turning its attention to developmental issues as well as commercial ones. A new, large and professional resource is being tapped for local economic development and not just company commercial development.



A business approach to community development is, of course, quite different to a traditional NGO approach to community development and SMME, with both strengths and weaknesses. There was little sign that the company's community development staff were bogged down in typical NGO issues, such as who participates, who is excluded, and whether sufficient investments in capacity and consultation were being made for the long-term. Language that NGOs would consider patronising, such as references to 'my village' are used. But what the company does bring is business acumen, particularly business contacts. HM business support is mainly in drawing up business plans and getting access to finance. They can sign collateral for loans on behalf of the community, or occasionally provide a small start up loan. Thus enterprises supported by them are seeking funds from the Land Bank, CPPP, wealthy individuals, and making credit arrangements with supermarkets. Despite this, the HR manager reports that raising funding for projects is the big challenge. Thus it is business support that is quite different and focuses on exploiting positive linkages between big business and small.

This is in marked contrast to the EU approach that focuses more on stand-alone enterprises (new trails) and community-run ventures, drawing on an EU capital fund where necessary. The EU programme is not focusing on developing linkages between large firms and small suppliers, and tapping into other credit sources and markets.

What created and explains this shift in roles? How replicable is it? Among the many explanatory factors, three stand out:

1. *The nature of HM as a non-profit company*

HM is a Section 21 company created as the holding company of Hans Merensky Trust. Merensky was a German missionary and geologist who discovered platinum and diamonds in South Africa. He left his legacy to the HM Trust, which has two stated objectives: natural resource preservation and development of the people. Thus the mandate is not to maximise returns to shareholders, but to use commercial operations to promote other objectives. In the old days, HM recognised unions when others did not, and allowed cattle into the forest when SAFCOL did not. The non-profit status of the company no doubt gives the senior staff extra margin and incentive for investing in community relations. Given the substantial time involved, it is clear that not every company could do the same. For example, during the bidding process, the HR manager and other staff spent Saturdays and Sundays attending and organising community meetings. Now that the new company is operational, there are two full-time staff on community development, a third coming, and the HR manager estimates about 30% of his own time is spent on community liaison. In his words, 'it's cost us millions of rand to put this in place'.

2. *The opportunities and incentives created by privatisation*

The privatisation process encouraged bidders to compete in terms of their social and BEE commitments. Given that HM already had a positive record, and went further than other bidders, their community engagement cannot be solely attributed to privatisation. But the privatisation approach clearly provided a stimulus and focus to the process and for the first time linked commercial opportunity with socio-economic commitments. The government made it clear they wanted to know company intentions with respect to community equity. Furthermore, as the HR Director explained, the government process was facilitated by DFID and HM knew what their interest would be. ‘What they were looking for and HM culture were very close’ (He also noted the stark contrast with earlier decades when previous governments aimed to bring in any investor. Chinese timber extractors came in on the basis of cheap labour and incentives).

Winning the plantation was important to HM. It already owned the sawmill and would have lost its secure timber supply had the plantation passed into other hands. Such dependence on the plantation supply was clear from 1992, when HM had to sell the Weza sawmill to SAFCOL because government stopped its timber supply due to monopoly concerns. Currently 50% of plantation output goes to HM’s own sawmills, and 50% to community-run bush mills, which sell rafters and purloins to the local construction industry. This motivation greatly strengthened the reasons for investing in community relations. The HR Director thus spent much of the four years leading up to the privatisation deal canvassing support and negotiating with communities in the area. He reported, ‘When we submitted the bid we had the signature and backing of every community, plus support of Ngonyama Trust and King Goodwill Zwelethini’. They also went to every small sawmill as the small operators were concerned about increased competition from HM. The HR manager is confident that the difference between their proposal and others was the arrangements with the community: ‘when the Minister and others opened it up they were thunderstruck’.

3. *The commercial incentives faced by HM*

Winning the bid is one thing, operating the 70-year lease profitably is another, given multiple objectives and policy goals (see Box 3). Commercial incentives again encourage investment in community development and timber-using industry.

All the investments in community relations are well within the long-term commercial interests of the company. Several are developing upstream and downstream enterprises, such as forest security, local contractors and furniture manufacture. The charcoal production disposes of an environmental problem. The clinic services employees.

### Box 3: Integration of pro-poor objectives and other policy goals in forest privatisation

Lael Bethlehem (2001) and Tim Foy (2001) – both people directly involved in privatisation as Director of Forestry, and DFID advisor, respectively – outline how competing policy objectives and stakeholder interests were addressed through various political processes and technical options.

Forest policy since 1994 aimed to ‘restructure’ forests in fundamental ways, of which privatisation is just one aspect. Privatisation was driven by objectives that are common in global debates (Bethlehem 2001; Foy 2001; Bethlehem personal communication; Foy personal communication; Pitcher personal communication). These objectives include:

- Shifting management of commercial forestry to the private sector from the state, recognising that the private sector is better suited to the role.
- Attracting new investment through privatisation opportunities.
- Reducing the fiscal burden of running loss-making operations (running at R350 million a year at the time).
- Focusing state efforts on regulation, and withdrawing from production that could conflict with regulatory roles.

Privatisation was also driven by specific concerns to increase the contribution of forestry to South African development, through:

- Increased efficiency and effective competition in forestry.
- A wider and more representative pattern of ownership.
- Consolidation of resources from former homelands and RSA.
- Partnerships between the private sector and local people.
- Recognition of the land and use rights of local communities.

Additional concerns (or political imperatives or constraints) were to:

- Recognise the needs of workers, work within the public sector policy of no retrenchments, and reach an accommodation with the trade unions.
- Work within government legislation that protects informal land rights and prevents land sales that compromise underlying land rights or future resolution of claims (claims covered 40% of forest land).

Thus DWAF itself had competing interests: to kick-start private investment, clear the way for its own new regulatory role, and demonstrate/ensure that forestry could contribute to national development. The Water Affairs branch within DWAF had its own interests, given the high water consumption of forestry. Beyond DWAF, different political groups had different priorities: the Department of Finance and the Department of Public Enterprise were more concerned with fiscal implications of the sale (cutting losses, earning some revenue, limiting any on-going subsidies). Unions and Labour Affairs were focused on the challenge of security for the excess and ‘overly-paid’ (by market standards) workers (the public sector employed three and a half times the number of workers per hectare as SAFCOS, at double the private sector/SAFCOL wage). DLA was concerned that the process should support rather than disrupt wider land reform processes. The disposal’s terms (for example, bidding process, BEE shares) were driven mainly by DPE, not DWAF, but the details of the lease were shaped by DWAF (Mike Pitcher, personal communication).

For DWAF, the lease emerged as a key instrument for reconciling different objectives (Foy 2001):

- By leasing secure use-rights rather than selling property rights, DWAF was able to proceed with commercialisation despite large areas of land subject to land claims.

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- The lease also leaves government with some regulatory powers, which it would not have over forestry on private land. Terms of the lease can relate to, for example, environmental management of the area.
- The lease is seen to protect the interests of communities claiming some of the land because they will receive annual lease fees (backdated as it is being held in trust for them). If they decide to terminate the lease (unless bound to continue it by Land Claims Commission decisions), government is responsible for compensating the lessee. The financial terms of the lease were set partly with land-holder interests in mind. A single up-front payment is simple and used elsewhere, but was rejected as all benefits would accrue to the government at the point of commercialisation, rather than to future land-holders.
- Other rights of local residents to forest access and subsistence harvesting are maintained, as the lease must operate within the current legal and regulatory framework.
- Other socio-economic benefits were encouraged through the competitive process of allocating leases: HDI stakes in consortium bid, including stakes for neighbours, were encouraged. Criteria for evaluation included socio-economic criteria such as commitments to out-sourcing and training. However, the few other concessions leased so far do not seem to go as far as the Hans Merensky consortium in terms of involvement of neighbours.
- The lease gives the commercial investor a long-term secure stake, with an indefinite lease and considerable freedom, including rights to transfer rights, use the lease as security, use the multiplicity of forest goods and services, and even to change the land use altogether should plantation forestry become unprofitable (with prior approval of government). The emphasis is on giving the investor incentives for long-term management, on the assumption that national and commercial interests can overlap, rather than on imposing layers of regulation and constraint.

Thus local people's rights remained one consideration throughout, mainly because of their land rights, and constitutional restrictions on sale of land. These were then reflected in technical options and decisions inside DWAF. Foy reports that in the political negotiations, the privatisation agency (Department of Public Enterprise) and the unions were strong, while environmental and socio-economic concerns were weaker, but able to draw on other policies. In the end, the underlying rights of the poor (over land and employment) were taken care of. If they had not been, the private sector would not have got involved (Foy, personal communication).

However, local rights were compromised in the multiple objectives. The Forestry Claims Unit that was set up within the Land Rights Commission (specifically because of the overlap of claims and rapid privatisation) reports dissatisfaction among claimants and demands that privatisation should be delayed until their restitution claims have been settled (Lahiff 2003). A core problem is that claimants have no required involvement in the privatisation process until they have won their claim. Whereas rights of local residents (forest-users) and workers are recognised in the process, rights of land claimants are not, and they have no say in decisions over what they regard as 'their land' during the privatisation process.

The results of privatisation may well benefit residents in the long term *if* they win their land claims or obtain formal recognition of rights, and *if* forestry is the appropriate land-use in their eyes, and *if* the lease fee is worth the opportunity cost of land. However, if wish to terminate the lease, but are bound by it, they will have to wait 35 years (because South African softwoods can take 35 years to mature, notice to terminate can only be given 35 years after the start of the lease). It is worth acknowledging that national policy recognises that in some current forest areas, plantations are not the environmentally or commercially appropriate land use, and thus should be converted to other uses. However, Kepe points to research that partly agrees that forestry in the Eastern Cape can be an important livelihood strategy, but also suggests that 'alternative forms of land use were not being given adequate consideration at either local or regional levels' (Kepe 2001, drawing on Evans and Shackleton 1998).

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In late 2000, the Director of Forestry, Lael Bethlehem, wrote,

*the changes have begun to bear fruit, although the process of change has been more complex and difficult than it first appeared.... The restructuring process in particular has required a process of balancing different interests while keeping an eye on sustainability. Processes over the next few years will tell whether the balancing act can deliver a sustainable sector which provides jobs, investment, and a more representative ownership structure. (Bethlehem 2001)*

Aside from direct commercial links, there are important long-term benefits:

- Assistance in fire prevention and fire fighting. The commercial structure of plantation forestry is such that it yields a relatively low but steady return on a high value asset base. Thus fire is one of the biggest threats to commercial success. In the last two to three years there have been no big forest fires.
- Assistance in preventing or catching illegal harvesters; for example, before our meeting, 100 trees worth R2.5 million had been chopped, but community information enabled arrests of the outsiders.
- Assisting in forest land management: keeping cattle off new trees, not burning in the dry season.
- Mutual support for land claims: successful claims stay in the lease.

Box 3 demonstrates that private forestry is clearly business, not philanthropy. What is fascinating is the energy that has been applied to meeting commercial objectives in ways that stimulate local opportunities, not just in one arena, such as security, but in multiple arenas and in creative ways. There are plenty of examples of business acumen applied to community issues: colluding with the other coffin supplier, encouraging early retirement by offering to employ sons in their fathers' place (of much greater value to HM), using seed loans from HM to attract further loans from banks, linking with small saw mills to form an Eastern Cape Forest Association and reduce distrust, supporting land claims that could have threatened the estate etc.

While it all makes business sense, this active engagement brings short-term costs. The Forest Manager made clear that HM performs these activities despite other demands on its attention. There are plenty of technical and commercial challenges in forest management to be faced: the fact that 25% of the plantation is not planted whereas the proportion should be 2%, and a similar backlog exists on capital equipment. All the privatisation packages included a commitment to take on SAFCOL and government staff with no retrenchments for three years, which adds to the financial pressure (though was translated into lower bid prices). HM have invested heavily in early retirement packages. Yet the company has chosen, or at least tolerated, a substantial share of senior staff time going into non-core activities with communities.

Also, HM is undoubtedly driven by some highly specific factors – motivated individuals and key relationships of trust or self-interest – as well as being driven by wider societal attitudes that companies should ‘do their bit’. What is interesting from a policy point of view is that in this set of circumstances, privatisation was able to provide impetus for improved company-community relations while still juggling the myriad of other privatisation objectives regarding industrial competitiveness, fiscal revenue, labour relations, etc. (Mayers et al. 2001).

What difference does this make to livelihoods of the poor? This is a question that cannot yet be answered, but needs to be addressed, particularly if we assume that HM’s arrangement is near to ‘the best it can get’ from a commercial approach with several pro-poor elements, though in the absence of land reform or other more radical redistribution. Both the HR manager and the union activist-turned-community officer emphasised that it is early days and they are already encountering plenty of implementation problems. If the communities clarifying their land rights receive all of the lease fee, this would provide six million rand per year in local income. If they had full land rights and chose to put it under a different land use, or under forestry with a totally different structure of small plots, the livelihood implications would be quite different, but as of yet we do not know how.

## Overview: changing roles, difficult processes

### New assumptions

There has been a transformation in assumptions concerning the roles of government, private sector and community in relation to tourism, wilderness and forestry (see Box 4). Though the examples outlined above differ in philosophy in some ways, a few common, broad shifts can be summarised:

- Coastal areas, conservation areas and wilderness areas are increasingly seen as commercial assets, to be exploited within an overall framework of conservation of core areas and tourism development of the region.
- It is the role of the private sector, and no longer government, to invest and operate facilities (hotels, forestry plantations).
- The private sector’s role goes beyond commercial production, to include development of arrangements with local communities for equity shares, benefit flows, and/or contributions to local development – but to highly varying degrees and to no prescribed script.
- Government’s role is to create the physical and policy environment to make investment attractive, and provide incentives for local economic development by balancing this public policy objective amongst others.

- Expectations of community roles vary, ranging from emerging entrepreneur, landowner, or unspecified beneficiary of economic opportunities.

**Box 4: Changed assumptions of the roles of the private sector in forestry**

**The past:**

Up until late 2000 the South African Government was heavily involved in owning and managing commercial forest plantations. In the late 1880s, the Cape colonial government concluded that the colony was short of an important and strategic resource – timber. Not only was timber needed for construction and furniture but for the mining, packaging and paper sectors. The timber shortage led the Cape colonial government and later the government of the Union of South Africa to embark on major tree planting programmes and to establish over 400,000 hectares of plantations .

Private sector investment was lacking because timber plantations are long-term businesses. In South Africa, softwood species take up to 35 years to mature and the plantations are subject to droughts, fires, pests and diseases. The private sector was therefore nervous about investing in this sector. This seems a classic case of a market failure.

A Department of Forestry was established to grow both hardwood and softwood species. Most of these plantations were established on grasslands rather than replacing indigenous forests. The state established plantations on publicly owned land, situated in the former Republic of South Africa (RSA), and on land situated in the former Homelands. Apartheid legislation (primarily the 1913 Black Land Act and the 1936 Trust Act) meant that land rights in these areas were systematically removed from customary owners and placed in trust of the state.

But the private sector began to take an interest in forests, and by the 1970s private companies had overtaken government in terms of ownership of forests. Many government officials began to feel that the state's days in plantation forestry were numbered. In the late 1980s, it was decided that Government should commercialise its forest assets (262,000 hectares of afforested land, and 176,000 of associated unplanted land) by placing them in a company form as a state owned enterprise (South African Forestry Company Limited) as a prelude to full privatisation. SAFCOL had a mandate to run its operations in a fully commercial manner and to report a profit. With the re-incorporation of the Homelands into South Africa immediately prior to the first democratic elections of 1994, responsibility for their forests and plantations, reverted back to the national South African Department of Water Affairs and Forestry (DWAF). These plantations comprise 143,400 hectares of afforested land and a further 136,900 hectares of associated land, primarily indigenous forests, but are in poor condition and operate at a significant financial loss to the state.

**New thinking since 1994:**

In Bethlehem's words,

*Government philosophy goes roughly as follows: In the past Government has concentrated on the management of commercial plantation forests which supply timber to industry. There is no longer good reason to spend resources in this area since this is a commercial function that can be fulfilled by the private sector in most areas. Government should therefore seek to lease the plantations to private companies on a long-term basis and play a regulatory role in relation to these forests rather than a management role. If the management of the plantation forests can be placed in private hands then Government's resources can be directed to forestry regulation and to the management of the country's remaining indigenous forests. These latter two areas – regulation and indigenous forest management – can be seen as core public sector functions in the long term.*

*Sources:* Bethlehem (2001); Bethlehem, personal communication.

These are, at least, the assumptions. And a range of policies are visible that are actively trying to translate them into practice. However, we need to explore how and why practice differs from theory, and what the implications are for the poor.

Assumptions regarding forestry, wilderness and conservation areas have also changed. While plantation forestry and coastal tourism have existed for some decades, there is now a greater emphasis on developing these sectors as growth areas for the region. This contrasts sharply with many other developing countries, where the potential of tourism and wild assets is often not incorporated into rural growth strategies. For example, research in Tanzania is identifying a tendency to view wildlife as a source of a given revenue stream, to be divided up between levels of authority, rather than a dynamic commercial asset to be developed in terms of new opportunities (Ashley et al. 2002b). Nevertheless, in both situations, a lack of local entrepreneurial experience in this sector is a large obstacle to maximising potential for locally-based growth.

### **Private and community roles: variety of forms**

It is clear that all the initiatives involve some idea of BEE or community gain, but in varying ways. It is important to unpack the different elements and distinguish between them. Otherwise there is a risk that vague references to BEE can be used to gloss over token change. Table 3 summarises the different types of local roles and benefits that emerge from current arrangements with the private sector.

What does comparing the different approaches reveal? Firstly, local involvement in commercial NR-based investment can take many forms. Secondly, there is no single ideal. Indeed a combination is likely to be preferable, and even then there is no panacea. And thirdly, all of the approaches suffer from implementation constraints. Eventual impact depends on how each approach is implemented, and hence on processes, issues of accountability and the locus of power. Few require that power rests with the community – thus the poor are dependent on what others make of their power. The same approach in different circumstances can lead to different results.

Have these approaches led to significant livelihood change? At present, no, because they are not yet implemented, with the exception of Hans Merensky consortium, Amadiba and UFUDU. Even if they were, they would be a contribution – not a solution – to poverty reduction. They do not represent radical change in the status quo. Many can only have significant effects in the long-term, depending on the degree to which structural change emerges, approaches are replicated, and residents become empowered to seize apparent opportunities. Those approaches





**Table 3: Local residents and private sector engagement: roles and benefits\***

Local role in and benefit from private investment	Who is involved locally	Comment on significance to local livelihoods	Main locus of power
<i>HDI/BEE equity stake (e.g. in forestry consortium, lodge operating company)</i>	A few of the emerging black elite becoming directors/shareholders	No direct automatic significance**	Shareholders
<i>Community equity stake (e.g. in forestry consortium, lodge operating company)</i>	A community organisation (trust); community leaders	Benefits are financial, long-term, and distribution depends on internal community dynamics. May be no more than a piece of paper, or income for a few eventually. May represent a structural long-term change in the economic role of local residents.	Operating company. Those with legal acumen. Partly with community but variable.
<i>Lease fee or revenue share to communities for use of land (e.g. by lodge operators, park authority, forestry company)</i>	A community organisation (trust); community leaders	Benefits are financial. Value depends on how they are negotiated, used by the community and the opportunity cost of the land.	Community and operating company
<i>Land claim winner tenders an investment option to find commercial partner/ investor (as at Makuleke, now emerging in Wild Coast)</i>	A community organisation (trust); community leaders	Equity stake and lease fee are likely results (see above), but in addition, decision-making power over the type of land-use, and negotiating power over the structure of the deal, rest with the community. Ownership and benefits likely to be much enhanced.	Land Claimant, Land Claims Commission. Protected area authority may retain substantial power (de facto veto power)
<i>Guarantee of local employment (as at UFUDU camp)</i>	Local employees – varied but probably semi-skilled with social connections & good English	Likely to be highly valued given retrenchments in migrant industries, agricultural constraints, and competition from in-migrants for local jobs.	Company, employer
<i>Enterprise support for employees (e.g., support in setting up own business and preferential allocation of contracts at HM)</i>	Established employees	Scores low on equity but high on viability: often those most able to establish own enterprise gained commercial experience in formal sector employment.	Initially company/ employer. Employees may gain independence, security, and hence power
<i>Utilisation of local services and products by company (e.g. construction materials, timber processing, security)</i>	Local entrepreneurs ranging from self-employed/micro-enterprise (e.g. food sellers) to emerging businessmen (e.g. saw-miller)	Though each is small, a combination and accumulation over time could become economically significant. But shift from employment to subcontracting (in forestry) can result in worse working conditions.	Company – until other clients are established
<i>Local entrepreneurs becoming investors, expanding businesses.</i>	The emerging elite	Direct significance to the poor is minimal. Long-term significance depends on whether it changes mobility trajectories and/or local sourcing patterns.	Local businessmen
<i>New locally-run or community-run small scale business (e.g. Amadiba Hiking Trail)</i>	Varied: self-employed, community organisers.	Small-scale. Significance depends on their spread and potential for survival and replication.	Micro businesses. NGO, donor. Market operators
<i>Company support for local development initiatives (e.g. small business development or health/welfare services)</i>	Varies by initiative	May be micro-scale unsustainable tinkering or be able to restructure local economic opportunity. Highest value likely from tapping into business acumen & networks.	Company

\* Of course, there are some private tourism operations that do not embrace any of these approaches, verbally or in practice. Two long-standing hotels were visited, not involved in any of the initiatives above, where one owner was keen to see limits on further tourism development (that is, competition) and the other felt they were already involved in community development by providing jobs and training up key staff.

\*\*Black faces at the top have no direct change on economic options at the bottom. However, indirectly it can have intangible long-term impacts. A former union organiser at a Hans Merensky sawmill noted that the appointment of the first black Human Resources manager in central office led to changes in the way things were done, and these changes filtered down to his level.

that affect the poor most directly are also generally the most small-scale: use of local enterprise, commitment to local employment, and support to local development initiatives. They add a bit of livelihood support to some poor families within the economic status quo. One approach that

scores high on feasibility is to support current or former employees to get into business, often through business linkages.<sup>58</sup> This is worth noting as attention to BEE and partnership approaches within tourism has more often focused on equity/lease/land issues or on employment (Ashley et al. 2001b). Approaches that get closer to altering economic structures are important given the entrenched structural inequalities, particularly in tourism (Rogerson 2001a). But measures such as equity shares and tender by land claimants involve long-term processes, most directly involve community leaders, and have considerable potential to go wrong. They depend heavily on internal community dynamics. The power shift is small – will it change overtime? Land claims involve the most concrete redistribution of economic power, but the benefits they bring are being constrained.

It is also clear that different options affect different groups within the ‘community’. As Kepe (2001) and Palmer et al. (2002) emphasise, there is not one homogenous community for each initiative. The elite, community leaders, workers, and the ‘masses’ have different interests, and there may be competing definitions of community. In the forestry privatisation process, for example, addressing union concerns over job security was quite different from negotiating partnerships with neighbouring communities (workers come from a much larger geographic area).

Any of the above pro-poor strategies will generate divergent views from local stakeholders. This is not only because of the inherently different interests of different groups, but also because every new idea garners a set of supporters. Interested investors seeking to attract support for their proposal involve a core group in their bid, who have every expectation of involvement in implementation. Thus, groups within the community end up with stakes in different options, resulting in potential for considerable conflict. Rivalry often arises between traditional and newly elected leaders (see Palmer et al. 2002 on Dwesa Cwebe) or between different scales of community (see Kepe 2001 on Mkambati). For example, at Mkambati, the Khanyayo people and the larger population of Thaweni Tribal Authority both wanted to define themselves as the ‘Mkambati community’ for engagement with SDI (Kepe 2001).

Finally, different perceptions are also inevitable because they rest on different views about the desired trajectory of livelihoods, and the alternatives available to current approaches. Judgements about the value of benefits and losses rest on many assumptions: that jobs are key, or

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<sup>58</sup> This parallels the emerging experience of the Mineworkers Development Agency, which provides enterprise support to retrenched mineworkers in rural areas, drawing on business approaches and economies of scale. Early experience appears positive (Cousins 2001). Elsewhere (South Asia, Tanzania), there are several cases where anecdotal evidence indicates that those who have worked in the formal sector are most able to set up small enterprises using their commercial experience.

that other alternatives exist but are neglected; that commercial benefits are inevitably captured by the elite, or that commercial integration is the only long-term route for marginalised areas like the Eastern Cape.

Investment in these strategies also entail risks for the poor: risks that they will divert attention from other priorities that involve more radical change, or that address other livelihood priorities, such as agriculture and land-based activities (Cousins 2000). There are also risks that an impression of change will suffice over real change. As Cousins (2000) points out,

*Post-apartheid South Africa has yet to address a deeply embedded, systemic crisis of poverty, unemployment and structural inequalities in economic assets, services, processes and institutions. The vast bulk of rural dwellers, and many of the urban unemployed, are not so much excluded as included on highly adverse terms in the functioning of the economy.' There is a growing 'surplus population' of 'lumpen' households, a rural 'reserve army of labour' who survive on the rural and urban margins.*

The initiatives reviewed here are not about to imminently soak up the rural reserve. More is needed to address these deep rural problems of inequality and poverty. The hope must be that, over the long term, these initiatives change the adverse terms of economic engagement and contribute towards a less polarised structure of rural growth. But issues of rights, capacity, implementation, shared decision-making and political must remain central to any efforts to achieve this.

## Local voices in the policy process

The *content* of different community-private arrangements and BEE policies vary. It is too early to judge the livelihood impact of the plans underway. But what does emerge is the limited numbers of *processes* that enable the poor to ensure that their priorities receive commensurate policy attention. There is a great emphasis on *consultation*, but little evidence of stronger forms of participation. Across the board, there are few processes that put decision-making power, and particularly *veto* power in community hands. Residents are expected to become active decision-makers, but mainly through becoming economic actors: lessors, equity holders, landlords, workers, or entrepreneurs. The focus is on an economic approach to empowerment. The policies themselves that create this approach seem to have been designed within government, albeit with socio-economic intentions. Thus despite the substantial re-thinking of roles of government, private sector and communities, government continues to assume a strong planning and decision-making role. Communities have few real choices to make.

Limits on local decision-making can be seen particularly clearly in the Pondopark proposal. There are plans for ambitious developments that could generate substantive local economic change. Whether or not these

can be achieved cannot be judged here, but ultimate results are likely to depend on the process of change. However, there has been more discussion of community ‘benefits’ than community ‘voice’. Efforts at consultation have so far focused within government. Box 5 outlines the positive scenario and negative scenario for Pondopark.

The two scenarios are extremes and it is not inevitable that Pondopark will actually transpire. But the paths towards one, or somewhere in between, are being laid out now. Factors influencing the direction of that path include:

- The degree and timing of genuine consultation.
- The capacity of government to implement a truly-different approach to a National Park and to devolve power.
- The extent to which the whole development is seen as a conservation initiative with spin-off local benefits, or a development initiatives that rests on a conserved asset.
- The commercial viability of the plans.

On these issues, the record is not promising so far. Of course, in any nation, particularly in South Africa given its size and geography, there are some sites where it is appropriate for national interest to over-ride local interests – for example, to conserve unique biodiversity in a National Park, or to underpin nationally significant economic activity through highways or ports. But if that is the case at Pondopark, it would need to be justified in terms of national bio-diversity priorities. The argument currently being made is that conservation and development interests can be mutually served, in which case the details and the perspectives of others are urgently needed.

However, opening up policy processes to community decision-making is no easy solution. Not surprisingly, problems in community capacity are already evident. Consultation is laboriously slow and will do little to quell impatience at inaction. Many talk of the need for training and to ‘capacitate’ communities – but there is a sense that these verbs mask a massive amount of required attitudinal, generational, and cultural change.

### **Driving forces: big picture narratives and local circumstance**

The overall approach to tourism and forestry is framed by national perspectives. The two main national objectives – to boost growth and investment, while also incorporating elements of socio-economic development and BEE – are widely reflected in provincial initiatives. Key drivers that are pushing processes forward include: political imperatives to deliver change; resource crunch on government budgets; energetic individuals; emerging consensus around the land-lease model; and informal arrangements between officials finding space for progress. These have relatively little to do with World Bank orthodoxy, although the market-led model clearly provides the underlying rationale for the economic approach.

**Box 5: Pondopark – positive and negative extreme scenarios**

**The positive scenario of a Pondopark development:**

Through a process of informed consultation with the majority of residents, people identify and choose a commercially realistic park plan because of the net opportunities that it creates. Thus a new type of national park is established that combines core zone, multiple use, and community-managed areas such that the core biodiversity assets are protected, the subsistence value of community land is maintained, and the commercial value of it increased. Zoning is done to minimise opportunity costs of lost agricultural land use. Tourism opportunities are enhanced by biodiversity protection, regional infrastructure, and marketing, thereby prompting competition among investors. Government uses its planning power to select tourism bids on socio-economic as well as commercial criteria; also, through land reform, shared management bodies or other means, the government puts commercial assets and decision-making power in the hands of local residents. Government, conservationists, tourism operators, and local residents all make comparable compromise over land-uses and permitted developments, so that fiscal, conservation, commercial, employment, and developmental goals are all served. A tourism hub at Pondopark serves tourism development in the wider region, such that it becomes a motor of growth enabling a range of entrepreneurs to identify and exploit new opportunities, and a substantial source of local jobs. The National Park status brings in international investment to fund conservation and infrastructure, and provincial government is able to redeploy its attention and resources to developing assets in the Western part of the Wild Coast and Eastern Cape province, enjoying synergy with the Park.

**The negative scenario:**

The Pondopark proposal is 'approved' by a few chiefs and a couple of other ministries, then announced by the President, at which point back-tracking becomes impossible. The plan is pushed ahead through superficial consultation in which communities are informed of the detail, using NGOs as communication and logistical organisation channels and with nothing more than begrudging toleration from provincial government. The zoning provides only limited access to resources for local people, converts agricultural land into non-farming multiple use land. SANParks tries to set up joint management bodies, but lacks the new expertise to truly devolve power. Tourism plans are drawn up only by bureaucrats and conservationists. When land claims are won, there is little scope left for revenue-generating job-creating development. When government sites are tendered, private sector interest is low, due to design features and low tourism prospects in the region. Thus development is slow and scope for encouraging more equitably structured ventures through tender bidding is minimal. With few benefits around, competition for them between local factions intensifies. Opposition to the park mounts, increasing tension and riskiness of investment. Tangible benefits remain elusive. Provincial government, having watched from the sidelines, seizes a moment to propose alternatives. Eventually, there is either a park that struggles along despite the opportunity costs to local livelihoods, or a Pondo-revolt means that the park is degazetted and planning begins again.

The particular form the economic approach to tourism takes in the Wild Coast is driven strongly by three local forces: (1) the need to get something done, to show results; (2) officials moving into ‘policy space’ to make progress by negotiation; and (3) assumed adoption of the ‘Makulele/Dweba Cwebe’ approach to land claims, which emphasises commercial not residential use. Although these are not unique to the Wild Coast, they take on particular significance there.

### 1. *The need to deliver*

Nationally, there is enormous pressure to deliver socio-economic change. In the Wild Coast the effect of retrenchments are keenly felt but the benefits of growth poles around Cape Town and the Gauteng-Maputo corridor are not. Of the plethora of initiatives, few are being implemented. Nor has there been a process of market-led, unplanned development. The need to move ahead to implementation is influencing many of the policy approaches, particularly the Pondopark plan.

Pressure to deliver comes from below as well as above. Frustration at lack of promises being fulfilled is palpable. For example, reporting on Dwesa Cwebe, Palmer et al. (2002) note that ‘over the first six months of 2000, community leaders faced increased pressure from their constituents, as people demanded to see tangible benefits after watching nearly five years of negotiation’.

### 2. *Progress through the policy maze by negotiation*

A conservation officer in the Provincial Government commented that the problem he faces is lack of direction from the top. There are often no clear mandates and officials are left to sort out issues. This theme was echoed in meetings with provincial DLA staff: they cannot wait for policy and legislation. They have to sort things out on the ground then feed into policy. Similarly Pondopark officials have the political go ahead, and are now expected to get on and make arrangements. This approach is evident in dealing with land reform. Land reform is a critical process in redistributing access to economic resources, in shaping decisions about appropriate land-use and in changing the balance of power in development plans. The shape and outcome of almost any initiative depends on what happens to land claims and land tenure reform. Yet because it is taking so long, the general attitude is that new initiatives must proceed in the absence of legal land reform, while making provision for future change. This generally involves officials from different departments negotiating together. DLA, now getting involved in other department’s processes at a relatively late stage, is reportedly seen as blocking a range of developments by trying to deal with land issues and jeopardising other people’s time frames. But without a negotiated approach to resolving land rights, and in the absence of legal clarity, long term solutions via economic investments are unlikely.

### 3. *Spread of a 'commercial use' land reform model*

Where land under forestry or conservation is subject to a successful land claim, it is increasingly assumed that the community will gain commercial use of the land, but not residential and agricultural use. This pattern is evident in the forestry privatisation of timber leases, the Dwesa Cwebe settlement, plans for commercialisation of ECDC hotels, and expectations for Pondopark. This assumption allows commercially-oriented development to proceed without waiting years or decades for full resolution of land issues. Otherwise, if the claimed land could be imminently returned to grazing or farming, the investment-led approach would be entirely fruitless. However, the assumptions need some closer examination. These issues are returned to in the next section.

## **Constraints: Why doesn't it work in practice?**

The overall picture of tourism development in the Wild Coast is of little development at all, whether good or bad, private or government led, despite the plethora of initiatives and their driving forces. This is in contrast to tourism elsewhere (for example, in Northern Province and KwaZulu Natal; see Spenceley 2002) and plantation forestry. Why should this be the case?

The answer seems to lie in a brutal combination of obstacles on the Wild Coast:

- Institutional mayhem as a legacy of the shift from bantustan.
- Competition between Provincial and National Government over SDI.
- Competition between traditional and elected authorities at community level over competing bids and packages.
- Competing visions of local economic development, but neither with much to show or a proven case.
- Enormous structural transformation in newly pursued roles.
- Simultaneously, an ever faster pace to implementation, as the need to deliver something becomes paramount.
- A plethora of post-1994 initiatives by different government bodies.
- When plans that involve substantial participation do transpire, there are significant capacity problems at the local community level.
- Different views about what communities want and what is best for livelihoods.
- Lack of capacity in local government.
- Changes in attitude, capacity, and staffing composition since 1994 – which inevitably take time.
- Lack of incentives or management rewards for government officials' efforts and delivery of policy.
- Lack of entrepreneurial culture at local level.

- Geographical concentration of tourism in other provinces, and the need to repackage the Eastern Cape tourism product to attract more visitors.
- The concentration of impediments in the Wild Coast: very limited economic development to date; the legacy of state dependence; political competition; remoteness from political centres; a lack of geographical; and commercial features to facilitate investment.

Good intentions are evident. Corruption, though reported to be high in the Eastern Cape, is much lower than elsewhere.<sup>59</sup> The problems, it seems, are systemic, lying in the incentive systems for individuals, the conflicting efforts of different parts of government, and the legacy facing communities and private operators. As one consultant commented in November 2001, ‘what government says and what government does are totally different’. He believed this is not so much to do with malign opposition to the needs of the poor by policy makers: ‘I personally believe they [policy-makers] are doing the best they can. The problem is implementation’. We now turn to brief descriptions of each of these obstacles.

- Institutional mayhem

To get anything done requires manoeuvring through an institutional labyrinth. It is not only that so many agencies have jurisdiction over land and natural resources in the Wild Coast. Also, in each agency staff are under pressure to deliver objectives of that institutions, and to show results to senior levels, rather than pursue a shared mandate. Several agencies themselves are or have been restructured or merged in order to dismantle the apartheid institutions and to merge the former homelands with former RSA. Finally, any proposal is subject to the intense rivalry between provincial and national government to establish jurisdiction. Whereas plantation forestry clearly remains a national level concern in which Provincial Government sees its role as monitoring, in tourism there is a continued strong national role and an increasing provincial role – thus tension. As one consultant noted,

*Every new idea creates new structures. So encourages rivalries ... As a multi-dimensional policy, it [SDI] faced the problem of everyone forming their own policy. In implementation, policy contradictions would emerge.<sup>60</sup>*

- Long time-scale

The fact that little has happened so far, does not mean that nothing will. A long-term perspective is needed. However, as time drags on, frustration mounts when expectations are unmet and scepticism grows,

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<sup>59</sup> For example, distortions created by public officials needing personal gain from transactions were much more common in discussions of parallel research in Mozambique.

<sup>60</sup> Interview with development consultant, November 2001.



thus making it harder to build momentum. Unmet expectations can be enormously damaging and can be deemed far more significant locally than actual benefits.<sup>61</sup>

- Private sector reluctance

Although there has been considerable interest shown in investing in the Wild Coast by the private sector there is also an element of holding back. Several reasons can be identified, relating to the physical environment, the governance environment and the commercial asset base. It is evident from SDI experience elsewhere, that any attempt to mobilise private investment, and particularly to encourage pro-poor approaches by investors, depends on the commercial value of the asset available.<sup>62</sup> Although the Wild Coast was a thriving destination for domestic tourism in the eighties, and there are thriving individual enterprises now, there is a long way to go to in terms of products, infrastructure and marketing to make the region as a whole a vibrant destination sought after by investors. According to the PG Premier's Office, when the first adverts went out in 1998 for tourism tenders, there were 15 international investors and innumerable locals interested. But they wanted the state to create the necessary infrastructure.

- Government as an obstacle

From the private sector's perspective, government is an obstacle not a facilitator. This was eloquently described by the Chair of the Hotel Owners' Association in the Eastern Cape (see Box 6) and the national Forest Owners' Association Economist. Of course, any government that is doing a good job of reconciling growth strategy with other public policy objectives (regulation, fiscal balance, redistribution, environmental sustainability) will, by definition, interfere with private operations and be accused of obstruction. At present, in tourism at least, the complaints of the private sector present a sharp contrast to the policy rhetoric of encouraging private investment.

- Lack of information, and misinformation

Poor information flow between sectors (government, community, private and donor/NGO) and down to local level was striking. For example, on the Amadiba Hiking Trail, trail staff knew very little about Pondocrop and the EU, let alone Pondopark plans. UFUDU, their private sector partner at the end of the trail, has heard things about the trail, such as massive price hikes, that simply are not true. As late as December 2001,

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<sup>61</sup> The problem of unmet expectations dwarfing actual costs or benefits is a recurring theme: e.g. Spencely (2002) in regard to KZN ventures; Ashley et al. (2002b) in regard to community wildlife initiatives in Tanzania.

<sup>62</sup> See, for example, Mahony and van Zyl's (2001) analysis of how the commercial value of Makuleke's site inside Kruger National Park affected their bids compared to the nearby Manyeleti site.

one of the EU's four project officers had not heard there was a new SDI manager already in place.

**Box 6: Why tourism matters but doesn't happen – a private sector perspective**

The Chair of the Hotel Owners Association in the Wild Coast explained his perspective on the neglect of tourism.

The economic sectors in the Wild Coast are:

- Agriculture: but small-scale and limited.
- Forestry: but capital intensive, though now out-sourcing.
- Industry: it came when there were massive industrial incentives, but when they ran out, industries liquidated. Industry is decreasing year by year.
- SMMEs: which are dependent on the rest.
- Remittances: from coal, diamonds, tea, and Cape Town, but the general trend is down.
- Cannabis: 'Lusikisiki gold' in Amsterdam, doing OK.
- Tourism: a sector with real potential but neglect.

The record in tourism is feeble. Along the 280 km coastal stretch, just 12 hotels have been established in the last 20 years. The biggest development has been a new casino. More recently, one new hotel opened, and closed again, as it was a politically allocated affirmative action decision that was not sustainable.

The problems in the Wild Coast that limit tourism development are land tenure, no or limited policy support for tourism, inconsistent policies, no access to capital, weak ECDC, poor infrastructure, post 1994 window of opportunity has gone, and lawlessness. The Association Chair noted, 'Government only needs to get it 51% right. But their current approach is to make no decision and so no mistake'.

*Source:* Clive Berwyn, personal communication, November 2001.

- Lack of community capacity and entrepreneurial experience

Most of the community-private approaches outlined above (Table 3) either rely on a key role for a community institution (such as a Trust) or on local entrepreneurial involvement, or both. However, there is limited capacity and experience in both. SDI analysis in 1997 and 2001 found very little awareness of entrepreneurial options other than those that had always existed (such as hawking) (Andersson and Galt 1998; Mitchell et al. 2000).<sup>63</sup> Private sector operators at UFUDU and Hans Merensky noted in December 2001 that local commercial culture and experience was entirely different to them. UFUDU commented, "There is a culture

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<sup>63</sup> In an interesting example of the inter-relatedness of spatially and temporally diverse livelihood activities, it emerged that those who already own businesses are often male mineworkers, who gained some knowledge of business during their migration.

of equality that prevents entrepreneurs from shining'. The HM Human Resources Manager remarked,

*To really get buy in from the community needs massive investment. There is very low understanding of business. There were no business opportunities in the past. They have the patience and entrepreneurial interest but zero training.*

This means that development of a greater local role in NR-based business is bound to take many years, with some inevitable failures along the way. The process of building capacity and exposure is being addressed in a relatively piecemeal way, venture by venture. Two questions recur: how long does it take for capacity to reach the level where local residents can seize the potential from new opportunities? And how much conflict and increased inequity within communities will this involve?

## Discussion and policy implications: flaws and priorities

The experience documented above illustrates many of the topical issues in two current policy debates: one is over the appropriateness of an investment-led SDI-type approach to development in the Wild Coast; the other concerns the strategy of relying on tourism to promote local economic development. Several of the flaws outlined above echo those in wider literature. This section identifies and reviews six key weaknesses that need to be addressed:

- implementation
- democracy, transparency and decision-making
- defining communities and addressing equity
- building on land rights
- ownership within tourism
- competing policy objectives

### From planning to implementation

*Government talks about shaping investment. But what government says and government does are totally different ... I can't give any practical examples where I've seen it happen. Their role should be to level the playing field between parties.*

—Development consultant, December 2001.

*Last year the government said 'consider it done' in relation to a signboard. We're still waiting.*

—Private tourism operator, December 2001.

The most obvious weakness of the tourism initiatives is the lack of deliverables. There is almost nothing to show on the ground from all the

policies and approaches. A community hiking trail and partnership with a seasonal fishing camp are very small in the scale of Wild Coast development, but they are among the only developments in tourism that have emerged in recent years. Though sanctioned by government, they were not created by policy. Implementation is difficult for many understandable reasons, of which four stand out.

The main obstacle is institutional overlap and competition. Each part of government is trying to achieve its objectives, and the sum of all the parts and approaches gridlock (see also Kepe et al. 2001). In particular, obstacles include different objectives between provincial and national government and the difficulty of moving ahead of land reform while recognising its massive influence on processes. Where changes have occurred, they have emerged due to circumstance and individual interests, rather than policy plans.

A second set of obstacles has arisen from uncertainty over land. Plans that ignored land uncertainty (in early SDI days) were drawn up quickly but stalled in implementation. Plans that now seek to include land negotiation and delineation of some form of rights will inevitably take time. Thirdly, there is a striking lack of private sector and community participation in planning processes. While tri-partite bodies can also be time consuming, plans are more likely to be feasible if developed with those who must implement them. The final and somewhat related issue, is the emphasis on planning, and perhaps overly-grand ambitions. The gap between plans and reality is far from unique to the Wild Coast. As Farrington (2002) points out, however, the implications of distorted implementation are clear, if not always accepted: to prioritise according to what is feasible, not just what is desirable. Ensuring a good fit with the market realities of the Wild Coast, and the expectations of local entrepreneurs and residents, is an important part of this. Creating an environment for others to take the initiative, rather than assume everything must be planned, is also important.

It may be that a snapshot taken in late 2001 happened to fall upon the transition between evolution of planning processes, and implementation on the ground. A snapshot of forest privatisation in late 2000 would similarly have found years of frustrating institutional negotiations and no change to show, whereas one year on, implementation was visible. Certainly there are signs that restructured institutions (for example, ECDC) and revised plans (SDI, and possibly Pondopark) are now about to embark on implementation. The forestry experience suggests that a complex process can lead to substantial investment and change in roles when it finally happens.

Nevertheless, the barriers to implementation listed above suggest six priorities in order to achieve progress:

- Focus on implementing action rather than drawing up more plans.

- Find ways to either side-step bureaucratic competition (as perhaps Provincial and National Government are doing by splitting the SDI), or harness different parts of government for implementation rather than conflict.
- Ensure land issues are addressed hand in hand with other processes.
- Engage private sector players and residents in planning and design from the start.
- Focus on what is feasible rather than ideal, allowing for incremental change where necessary.
- Avoid an excessive reliance on government as catalyst. While government is creating a few new opportunities, ensure it is not also blocking a myriad of others.

The first three of these are not easy, but have evidently been recognised by current players in the Wild Coast. The last three are not so evident in current practice. If these implementation challenges cannot be resolved, they call into doubt the value of this approach to Wild Coast development.

### **Enhancing democracy, transparency and decision-making**

As outlined above, community benefits and ‘consultation’ are taken as given, but there are few processes for substantive decision-making power to rest with communities. In terms of political or economic decisions, they are more likely to be the beneficiaries or victims, rather than the driving forces. It is not only the time and effort put into consultation that needs addressing, but the conception of roles. In a review of international efforts to promote local economic development through tourism, Rogerson (2001c) finds that questions about lack of democracy recur, even in the apparently successful initiatives. He argues that ‘institutional thickness’, in terms of involvement of all stakeholders, is a key factor in creating a successful tourism space. Essential elements of institutional thickness are good leadership, collective representation from a range of organisations and institutions, high levels of inter-institutional co-operation and communication, network co-operation, and identification with a common objective. Kepe’s (2001) work at Mkambati also highlights issues of transparency. Just in terms of information-sharing (the weakest form of participation, Pimbert and Pretty 1994), the (DTI/DEAT) SDI was inadequate:

*One of the key reasons for the failure of the SDI to gain popular support is the way in which information about the project has been conveyed [including] ... poorly-executed communication strategy... [facilitators’] lack of experience and credibility in rural areas, ... inappropriateness of methods of dissemination [that] encouraged conflict, rather than participation, ... and secrecy surrounding implementation plans.<sup>64</sup>*

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<sup>64</sup> Kepe (2001).

*What the public is most concerned about is that the Spatial Development Initiative (SDI) project is a fait accompli due to the immense support it has from both government and big business.<sup>65</sup>*

Better information sharing is vital, but insufficient. Looking at it another way, residents who were previously powerless could become ‘empowered’ decision-makers through three different routes:<sup>66</sup>

- As actors in the political process, shaping policy decisions.
- As economic actors in the day to day marketplace, buying and selling goods and services.
- As owners of assets, on which the day to day economic activities depend.

Regarding the first route, there is relatively little evidence of the poor influencing policy through political process. On the second, there are signs of progress in increasing the range of economic activities in which they are involved (for example, forestry service outsourcing), but the gulf between the economic power of the well-established operators and the economic newcomers will be very difficult to erode. This leaves the third route, redistribution of ownership of assets as a key issue. Despite being difficult to effect, it should, in the long-term, give residents decision-making power, particularly in the economic realm. The one obvious process that would vest more decision-making power in local hands is resolution of land-claims and security of tenure. However, as land claims are now lagging behind decisions on land-use, and the ‘Makuleke’ model is being widely assumed, communities that do win their claims may find themselves with substantially increased benefit flows but only partly increased decision-making powers. It will be important to *maximise their power*, not just their benefits in the negotiations that follow.

Barriers to communication in rural areas of the Wild Coast are considerable. For example, in the Amadiba areas communication is only by word of mouth, across large distances covered on foot.<sup>67</sup> Participatory systems that rely on local leaders representing ‘their’ residents are

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<sup>65</sup> *The Dispatch* 1/1/2002.

<sup>66</sup> In terms of the sustainable livelihoods framework, an increase in participation and power of the poor could be located in the ‘Policies Institutions and Processes’ (PIP) box through political means, in the ‘activities’ box, in relation to the commercial marketplace, or in the ‘assets’ box, in relation to resource tenure. In relation to assets, it is important to note (returning to Sen’s terminology) that assets are insufficient without the entitlements or capacity to utilise them. Thus land claim ‘victories’ in which land usage is tightly circumscribed are less empowering.

<sup>67</sup> The CIET survey in 1997 found that the average distance from a telephone is 18km, and a majority of households had never made a telephone call (Anderson and Galt, 1998)

**Box 7: Top down and bottom up: Is combination necessary, or to be avoided?**

Critics and proponents of the top-down approach to tourism development range from derogatory cynicism to boyish enthusiasm. On the one hand, a ‘big push’ is seen as what places like the Wild Coast deserve and need, to get the economy going. On the other, a nationally designed government led programme is seen as insensitive to local needs and the process of building up capacity locally.

A compromise perspective comes from a previous NGO activist turned consultant, who says he came with an anti-top-down instinct, but now explains that a bit of both is needed: On the positive side, a top down approach may be able to take into account longer term issues (such as conserving the asset base) that local people with their day to day priorities do not. Some top down interventions are necessary given lack of community capacity: ‘we can’t rely on community enterprise.’ On the negative side, it may deliver results with no foundations for sustainability – such as the public works scheme that provides temporary jobs but no maintenance budget, or the community production centres that are unable to attract good management. Or, as in SDI, top down schemes may founder and deliver nothing.

invariably problematic.<sup>68</sup> Nevertheless, it should not be impossible to incorporate greater transparency and democracy into current approaches to investment-led development. These need to be at the general level of strategy development and regional/zonal planning, as well as within specific initiatives, particularly ‘partnerships’.

### **Who benefits: defining communities, addressing equity**

*The SDI has always insinuated that benefits from its projects will be strongly linked to land ownership, hence the fierce conflict over land experienced in most parts of the Wild Coast. Yet the SDI operates on ill-defined notions of community.*

—Kepe (1999)

There is a clash between the basic approaches of market-led development and community-based development. In the former, market forces and opportunities determine who participates and gains. As products and enterprises emerge, so then do winners and losers. By definition, winners are those with market power – and hence often with political power too. As Kepe (2001) notes, ‘in the face of limited opportunities, the elite will do everything in its power to maximise its own gain. If opportunities were greater in number, there is no reason to assume these would also not be captured by the local elite’.

<sup>68</sup> such problems are documented by Kepe (2001) at Magwa tea estate, where the powerful Mpondo king gains opportunities for personal gain, and at Port St Johns where party politics result in those not supporting the ruling party being sidelined.

In a community-based approach, the emphasis is usually on defining, building and mobilising communities of interest. Building institutions for empowerment, action or representation generally comes prior to active engagement in projects or markets. The emphasis is more likely to be on inclusion of the excluded, and ensuring some degree of equity. When the aim is to combine market-led development with pro-poor measures and community participation, these two different approaches need to be reconciled.

This tension is not easy to reconcile. For the market to wait until community structures are defined, and for participation in market involvement to be based on social or political choice, rather than commercial opportunity, appears to buck key principles of market economics. But on the other hand, as Palmer et al. (2002) conclude in relation to Dweza Cwebe, involving as many (well trained and transparently selected) people as possible in tourism enterprise is important: ‘finding an equitable solution could be the greatest challenge of all: and yet without a solution to this problem no vision of development through tourism is practicable’. A lack of wide and equitable involvement in a new activity will invariably undermine local social acceptance, but it will do so particularly quickly and markedly in tourism, given the nature of the product that rests on hospitality and security.

No single answer can be prescribed for this challenge, as resolutions must be locally specific. But it is clear that both perspectives need to find accommodation. Firstly, there is the issue of equity. A purely free market approach will reinforce existing inequities, benefiting those with assets and excluding those without, so will not achieve the aims of pro poor growth or BEE. Some intervention to redistribute assets, skills and opportunities is essential. On the other hand, a market-based approach will not work if there is no link between risk and reward, such that individual entrepreneurial effort is rewarded. Some inequity is therefore inevitable. Secondly, there is the importance of ‘community’. Some engagement is better done as a ‘community’ rather than as atomised local residents – particularly when it comes to holding land rights or representing shared opinions. However, inequities within communities, conflicts between different communities, and competing definitions of one community cannot be ignored. Just as markets can reinforce existing inequity, so can reliance on existing community structures (Kepe 2001).

The implications are that at sites of tourism or forestry enterprise development, it is important for government, facilitators and leaders to:

- Define roles that are properly done by ‘communities’ – such as holding land rights, negotiating contracts – and those properly done by individuals – such as operating new enterprises.



- Thrash out mechanisms which are widely accepted as rewarding both the community for its input (e.g. of resources) and individual entrepreneurs for their effort. Various examples have been developed by communities, such as, lease fees to the community and profit to entrepreneurs (community campsites in Namibia), or transparent selection of community members to work at the nearby lodge by plucking names from a hat (Rocktail Bay Lodge and Mqobela community, Poultney and Spenceley 2001, PPT case study).
- Stimulate local discussion over transparent access to benefits, rather than rely solely on the existing leadership.
- Investigate and address competing definitions of community and leadership: deal with competing definitions early on rather than stoke up conflict.
- While paying due attention to issues of equity, do not get stuck on an unrealistic ideal model of community representation. Rather focus on processes for reform. This is not just for pragmatism's sake, but is in recognition that problems are part of a process that local people themselves resolve over time.

There are many examples where democratic weaknesses in community institutions have been addressed by members. For example, the Cwebe Community Property Association removed an unpopular leader from office, in accordance with procedures set out in their constitution (Palmer 2002). This suggests that at least some residents are taking more control, and not being passive recipients. Such processes are difficult but, taking a long term view, they are one way by which residents challenge, change, resolve and improve their situation. Similar conclusions have been drawn elsewhere, such as in at Tanzania's community conservation projects, MBOMIPA (Walsh 2000) and Selous Conservation Programme (Ashley et al. 2002b) and in Namibia's CBNRM programme (IRDNC and Svendsen 2001). The priority therefore is for facilitators to attempt to build on grass-roots criticism to develop constructive participatory processes (Walsh 2000). It is key to invest in strengthening the capacity of local residents and communities to engage in market opportunities, through training and asset redistribution.

### **Building on land rights**

The 'Makuleke/Dwesa Cwebe' model for settling land claims is emerging as critical to most forestry and tourism initiatives. It is the way to bring together investor needs and community rights in land claim areas. It provides the community-private model that has most potential to place power with communities (see Table 3 above). And the model's core principles are also relevant, though in need of adaptation, to the many other areas on which communities claim land rights but not a land claim. However, given the central importance of this approach, its problems and assumptions also need careful attention.

In the forestry privatisation process, substantial parts of the national estate to be privatised were subject to land claims. Thus it was agreed that the land would not be sold, but instead the standing tree stock leased. Furthermore, the lease fee would be paid to the government but held in trust on behalf of 'communities'. As land claims and other processes confirmed the identity and jurisdiction of those communities, the accumulated fees would be paid over to them (Foy 2001). Technically it is possible for the land claimant to instead be given alternative land, or to take the forested land and chose to end the lease, leaving government to compensate the lease-holder (Mayers et al. 2001; Foy 2001), but the likely scenario is clearly mapped: the winner of a land-claim gets a large back-dated lease fee, regular payments each year, and leaves the land under forestry. In the HM case, the annual lease payment is R6 million per year. The process for communities that have a claim to some form of jurisdiction over privatised land, but not a formal land claim based on displacement, is less clear.

A similar approach is envisaged in the commercialisation process of ECDC hotels. Funds will be kept in trust for communities until they win their claims or their rights are otherwise defined. However, two problems arise. Firstly, private investors discount for risk. Uncertainty over land tenure increases risk, and some uncertainty remains in this negotiated approach. This was evident in forest privatisation, where financial bids were lower than expected (Mayers et al. 2001). Secondly, the model is easy to understand in terms of pending land claims. The process of defining communities and their rights in other cases seems much harder to define. Where rights and definitions of community are contested, the process will either need to accommodate these in some complexity, or will try to ignore them and risk upheaval.

Another problem lies in the assumption that land-claim winners will be happy to buy into the commercial land use – forestry, tourism or conservation with tourism. But there are differences. In the case of forestry, the accumulated lease fee provides a large up-front payment and a large incentive to stick with the privatised plantation. But the planned tourism developments are not yet established. A lodge usually take about five years to reach operating capacity, and even then annual profits can be low: the real commercial value is often in the built-up asset. Thus a community winning a land claim might get a lease fee once operation begins, and a prospect of greater returns in the medium turn. How they value this depends on their discount rate and their alternatives. But if they decide this not their best option, either the tourism strategy falls (if they get their way), or livelihood benefits are reduced and conflicts increased (if they are forced to accept the tourism route). In the case of Makuleke (Reid 2001) and Dwesa Cwebe (Palmer et al. 2002), it does seem that the community – or at least the leadership – were themselves

committed to commercial use rather than agricultural use.<sup>69</sup> But this does not mean that all residents, or future communities, share this view.

Another area of concern is whether communities that opt for this model will actually be able to realise the commercial value of their assets. There are a growing number of examples from elsewhere in South Africa, where bureaucratic procedures, conservation goals, and lack of community capacity have prevented them from realising any gains so far. For example, Spenceley (2003) outlines how the Mdluli Tribe, who won back land inside Kruger National Park (KNP), chose to keep it under KNP management and have made several proposals for commercial development, with no success:

*This case study demonstrates several constraints that prevent the community from realising the commercial value of their land, particularly the different objectives and procedures of the stakeholders involved. KNP is focused on its environmental procedures and internal commercialisation process.*

As a result, they have had no tangible benefits from their land so far. The Makuleke community, well known for their ‘successful’ land claim inside KNP, have also encountered difficulties with KNP over commercial activities on their land. In this case, the restrictions were on hunting, due to international pressures (Steenkamp and Grossman 2001). Spenceley (2003) concludes, ‘The conservation authority has been consistent in prioritising its conservation interests over pro-poor agendas in instances where the two conflict’. Within the proposed Pondopark, land claim winners will have a similar burden of co-managing land with SANParks inside a protected area.

If the land-for-conservation/tourism/forestry model is going to work as a basis for reconciling interests, it is essential that it actually delivers benefits to communities and that negotiations are done in good faith. This seems somewhat easier in forestry, where commercial use and market-related fees are already established. In tourism, it means compromise over conservation and commercial community interests, plus capacity building for communities to be able to realise their rights.

## **Products and ownership structures within tourism development**

Debates over the pros and cons of tourism for local economic development continue without closure (sceptics in this debate include

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<sup>69</sup> ‘The local leadership, for its part, was already reconciled to the continuation of the Protected Area. The leadership’s key role within the negotiations around restitution and joint management appeared to have convinced them that this land use, through the ecotourism it permits, is probably the last hope for the economic development of the area. They continued to regard conservation as a preferred land use option, in spite of the delays and frustrations in the implementation of the land claim that followed’ (Palmer et al. 2002).

Homewood and Brockington 1999 and Britton 1987; some advocates include UNCTAD 2001; WTO 2001; Christie and Crompton 1999). Within this debate, there are points of common ground emerging on what *types* of tourism development are most likely to contribute to local development and livelihoods. It is relevant to see how the current tourism plans in the Wild Coast compare against this emerging consensus.

Rogerson (2001c), Goodwin et al. (1997), and Ashley et al. (2001b) all outline measures for increasing the contribution of tourism to local economic development and poverty reduction (see Appendix 3). Common key themes are:

- Geographical issues: dispersion of tourism attractions rather than oases of concentration.
- Decision-making processes and inclusion of community participation.
- Development of local skills, encouragement of small enterprise, recognition of the informal sector.
- Land ownership or tenure for local residents.
- Developing economic linkages between tourism and other economic sectors.
- Strengthening local networks, opening access to elite social structures, mobilising local organisations.
- Developing products in which the poor have some comparative advantage, particularly culture and traditional skills.
- Recognition of development criteria in the planning process.
- Sufficient attention to critical issues of product development, marketing and infrastructure.

The Wild Coast Tourism Development Policy puts a strong emphasis on most of these, particularly mechanisms for community consultation (on all tourism projects, land tenure (tourism sites to be leased not sold, and community (co)-owners involved in several ways), developmental criteria in assessing projects, use of nodes for geographical planning; and stimulation of SMMEs. Such principles are also seen or heard in the approaches of SDI, ECDC, the EU, and the various initiatives outlined in this paper.

All are important, and all represent a challenge to implement. The land tenure issue is particularly important, as discussed above. Beyond this, South African experience highlights three issues that may particularly require more attention.

### **The product: cultural products and community interaction**

Economic activity of the poor in tourism is traditionally either through employment in someone else's business (for example, as a lodge worker), or a small-scale supplier of inputs and service (for example, food or

security services). Traditionally, the only way in which local residents directly supply a tourism product is by selling crafts. Small, petty, retail and artisan enterprises are located in the base of a three-tiered pyramid of the international tourism economy (Britton 1982a, 1982b).<sup>70</sup> Although such SMMEs are highly differentiated, their common attribute is that their growth potential is severely limited (Rogerson 2001b). However, several commentators are highlighting the massive potential for a different type of tourism in South Africa, in which local culture, political history, and engagement with residents are key parts of the product (Mafisa 1998; Palmer et al. 2002; Rogerson 2001b; van Veuren 2001). According to Rogerson (2001b), ‘alternative tourism’ – which, though not precisely defined, contrasts to mass enclave tourism – is growing in popularity. It includes elements of smaller-scale, more dispersed development, developed by villagers and involving more meaningful interaction between tourists and residents. It includes more family-owned and small enterprises, including culturally based products.

Palmer et al. (2002) scrutinise the tourism vision for Dwesa Cwebe in this light, and find it seriously lacking. They criticise the SDI approach to focus tourism development inside the protected area (up to 2001) as old-fashioned, conservationist, overly-protectionist, even segregationist, and failing to capitalise on opportunities of the Wild Coast. Their alternative vision involves much great engagement with ‘frontline communities’ outside the reserve, developing cultural products (for example, demonstrations of traditional skills), celebrating historical sites and political events (for example, protests against exclusion), and appealing to ‘post-modern’ international tourists rather than just the domestic family tourists that have traditionally been the Wild Coast market.

This type of tourism cannot be developed on its own – it depends on successful development of the core product, with all the investment, marketing, and infrastructure that entails. Nevertheless, it is important not to neglect the ‘alternative tourism’ approach to product development and marketing from the start. This is not the area of biggest returns for outside investors, but that does not mean it is not commercially viable. Survey data from Rogerson et al. (2001), and Mafisa, provide support for the argument that tourists are currently disappointed in this part of their product in South Africa, and particularly the Wild Coast. Thus the natural tendency for tourism planners to focus on products that are of most interest to outside investors, or present most visible large-scale impact up-front, needs to be held in check, and special attention paid to other aspects of the product that build on assets of local residents.

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<sup>70</sup> The apex is the headquarters of the international tourism companies, located in metropolises of the originating countries. The mid tier is the offices in destination countries, of both international and domestic companies. At the base are the small scale tourism enterprises that are marginal to, but dependent on, the rest (Britton 1982a, 1982b; Rogerson 2001b).

### SMMEs and local capacity

A closely related issue is how to translate into reality the commitment to develop local small and medium enterprises in tourism. The evidence is emerging from several parts of the world that small local tourism business cannot be assumed to simply emerge through the trickle-down process – they need to be encouraged (Koch et al. 1998; Rogerson 2001b; Ashley et al. 2001; Renard 2001). And yet, ‘maximising investment-led entrepreneurship and the promotion of SMMEs in tourism are of critical significance to the success of the SDI programme’ (Rogerson 2001b) – and indeed to other initiatives covered in this paper.

Beyond the development of products based on cultural and local interaction, two other implications emerge. One is the need to build local skills in tourism and business. As CIET surveys for the SDI, and the experience of the Amadiba trail emphasise, basic entrepreneurial skills, let alone hospitality skills, are insufficient (Anderson and Galt 1998; Mitchell et al. 2000, Ntshona and Lahiff 2003; Palmer et al. 2002):

*Action point [for SDI]: transform the currently paralysing mind-set: few people have a clear concept of what SMMEs are, what is possible, or what is likely to succeed ... This change in mind-sets needs to be linked to practical training in how to manage an SMME.<sup>71</sup>*

*Most residents of Dvesa-Cwebe area lack knowledge or experience of tourism, yet they will be confronted by new tourists in unprecedented numbers (if all goes to plan) ... Local communities may not be in a position to take full advantage of the employment and SMME opportunities that should accompany tourism development in the area.<sup>72</sup>*

Internationally, weaknesses in tourism SMME training are widely noted.<sup>73</sup> As yet there seems to be none in the Wild Coast, though the EU programme should be addressing this shortly.

Another issue is the need to facilitate linkages between large and emerging companies. The Wild Coast is already home to one of the few internationally successful examples of local product sourcing: the Umngazi River Bungalows (Kirsten and Rogerson 2002).<sup>74</sup> In this case,

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<sup>71</sup> CIET baseline survey for the SDI, cited in Anderson and Galt (1998).

<sup>72</sup> Palmer et al. (2002).

<sup>73</sup> Generic training for SMME entrepreneurs is widespread, but training specifically for tourism entrepreneurs is not (Echtner 1996; Shaw and Williams 1998, both cited in Rogerson 2001b). At the same time, many projects that work with communities and end up assisting them with tourism enterprise, tend to lack entrepreneurial and market expertise (Ashley et al. 2002b).

<sup>74</sup> At Umngazi, a deeply committed management provided advice and information to local producers, thus creating several SMMEs opportunities. Local SMMEs provide a range of services, from electrical repair and building works (established SMMEs), to childcare and nanny service (local women), assistance to tourist, manufacturing of crafts, and, more important, supplement of fresh fruit and vegetables (up to 70%) and fish (Kirsten and Rogerson 2002).

local circumstance and personal motivation seem to be the causal factors. In other cases, a great deal of outside facilitation can be critical. For example, a review of assistance for 'linkage opportunity identification' in Zimbabwe highlights the value of (1) buyers holding open houses for visits by potential suppliers, (2), capacity audits of suppliers, (3) feasibility studies on specific proposals, (4) capacity development of suppliers, (5) availability of financing, and (6) the key to success is found to be buyer mentoring of the suppliers because buyer mentoring 'directs primary responsibility for providing business development services to those who stand to benefit the most: the buyers' (Kakora 1999). Reflecting on how much can be done to encourage linkage, and how little attention seems to be paid to this specific aspect of tourism-led development in the Wild Coast initiatives, gives pause for thought. Where will the capacity and attention to invest in SMMEs come from?

### **Economic take-off or economic restructuring**

A final note of warning on the nature of the emerging tourism industry comes from the example of the Midlands Meander in Natal. The successful packaging of several local attractions as a 'Meander', and growing number of local enterprises involved appears to be a successful example of tourism-led local economic development. However, Rogerson (2001c) points out one massive problem: local economic participation remains confined to whites only. Thus the racial structure of the industry has not changed at all. These findings are reinforced in evidence from Mpumalanga (Grant et al. 1998). Although almost 50% of guest houses and bed and breakfast operations started after 1993, and the vast majority are owned by individuals not companies, none were owned by individuals from a previously disadvantaged/black population groups, and only two (out of over 1000) were run by such individuals. In such a context, the current SDI manager seems quite right when he says that ECDC commercialisation of hotels provides unparalleled opportunities to increase community stakes in the industry. It is clearly essential for land tenure arrangements, equity stakes, and facilitation of HDI-owned small enterprises to remain priorities. Without them, the tourism industry in the Wild Coast is likely to remain white owned, as elsewhere.

In summary, many elements of current tourism policy, SDI statements, and initiatives such as Amadiba and ECDC commercialisation represent a substantial positive shift towards engaging the poor in tourism, as actors and beneficiaries. However, experience elsewhere in South Africa and internationally makes it even more clear that there is a vastly more to be done that will require political commitment and staying power if the structure of tourism is to change. Issues of equity ownership, and marketing of a Wild Coast product based on people and their history, need to be addressed from the start. Other measures, such as training and business linkages, will need to be prioritised over the years to come. There is a risk that such priorities will slip down the list, particularly in light of the difficulties of attracting any investment at all. Mahony and

van Zyl (2001), studying pro poor tourism strategies of the SDI and related programmes in Northern Province, argued that the extent to which pro-poor incentives can be structured into packages is dependent on the commercial attractiveness of the product in question. More conditions or carrots can be loaded onto prime sites inside Kruger National Park, for example. However, the Wild Coast faces a big challenge in attracting tourism investors. At a national level, 'incentives for tourism are limited' and in need of enhancement (KPMG 1999). Furthermore, the Wild Coast must compete with other more established tourism destinations (see maps of room night supply and SDI locations in Appendix 4). Investment is tending to concentrate towards the low-risk areas of Western Cape and Gauteng (Rogerson 2001a). Thus special incentives are needed to attract tourism investment to the SDI areas. Trade-offs will doubtless emerge over measures to attract investment, and measures to ensure a greater stake for the poor. Continued allocation of resources and attention to the latter will remain important if ideals of BEE in tourism are to emerge.

### **Competing policy objectives: pro poor and other**

There is invariably a tension between the BEE or socio-economic objectives of policy and other public policy objectives. Government officials are having to find ways to integrate social and equity objectives with their other policy objectives – in some cases quite creatively. Initial stages of forestry privatisation have been judged to be a relative success in a difficult balancing act (Mayers et al. 2001). As outlined in Box 3 above, interests of the poor were accommodated largely due to their protected, if not yet defined, land rights, combined with a desire to restructure, not just privatise, forestry. Their future options are circumscribed. Their interests have been compromised but not ignored.

In other cases, such as the Pondopark proposal, there is concern that conservation objectives and political objectives outweigh the verbal livelihood concerns, and that the latter will not be reflected in the detail. The fact that socio-economic concerns are just one policy objective is obvious. But the implication is important: while the details of community-private arrangements are important, bigger issues include the extent of trade-off between socio-economic and macro-economic objectives, and how and through which measures such a trade-off is minimised. There is a clear risk that the growing need to 'deliver' in the Wild Coast, and the national economic climate, will increase the trade-off with measures that are pro poor. As 'getting something done' is the overriding concern, processes get fast-tracked, whereas consultation or resolving land claims would represent further delay.

### **Understanding assumptions**

Finally, it is important to bear in mind that judgements on the values and problems of this approach rest on a host of assumptions, which are now so well known that they are often not explicit – but nonetheless



influential. The model of rural development based on commercialisation of assets takes as a given that jobs and growth are the priorities, and that an alternative path, based on agricultural intensification in the same areas, or a slower process that prioritises community-based decision-making, would deliver less. Palmer et al. (2002) outline many problems in the developments at Dwesa Cwebe but nevertheless conclude,

*There is thus a pressing need to find a new way to inject cash into a rural economy which has not been self-sufficient for generations and has not prospect of becoming so. We agree that tourism-led development, with all its uncertainties, is that new way.*

Indeed the popular demand for jobs and commercial opportunities is noticeable throughout conversations.<sup>75</sup> Others are more wary of the value of investing in tourism rather than current natural resource based livelihoods (Cousins 2000, 2001). Shackleton et al. (2000) document the considerable livelihood contribution of wild resources, livestock and crops in communal areas, and conclude that

*building on the land-based livelihoods which rural people currently practice, and seeking ways to enhance their economic value, might be more appropriate than attempting to replace them with fully market-oriented or commercialised approaches.*

Drawing on several years' fieldwork in Wild Coast communities, Kepe (2001) argues that the poor themselves have a different perspective to the powerful:

*In general, local people welcome externally-introduced land uses, which will contribute to their livelihoods, yet a dilemma arises in the face of a flood of proposed land uses reflecting widely different ideologies on nature and development.*

It is these ideologies that actually drive proposals, not local people's own complex situation. The two main groups arguing for use of nature for profit are those who strongly favour conservation, with some combination of economic benefit through controlled resource harvesting (hunting or ecotourism), and those who see nature as an economic resource to be exploited, but will make allowances for external monitoring by the strong conservation lobby.

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<sup>75</sup> For example, comparing fieldwork in a wildlife area of Tanzania in July 2001 with fieldwork in the Wild Coast during November 2001, villagers in Tanzania made it quite clear that if they could get decent prices and transport for their crops, that would outweigh all other issues, including discussions of diversification and employment. In the Wild Coast interviews, the problems of unemployment and economic isolation of villages was much more prevalent. (In both cases, the field work was one week but drawing on several months' work by in-country teams).

The key issue here is the power of rural people to influence thinking. Given the processes in place for developing current options, there is little chance for communities to challenge the assumptions or to say no. In theory, investments in agricultural productivity and marketing could parallel a tourism-led approach in other areas, but in practice, there is likely to be a trade-off in the competition for policy attention and resources. Assessing the opportunity cost of different land uses and the potential for agricultural improvement is made more difficult by the fact that marijuana, an illegal crop, is a mainstay of farm income in the area (particularly the Pondopark area). Because it is illegal, there is no data or recognition of its livelihoods importance.

## Summary and Conclusion

There is widespread adoption of a model that seeks to commercialise natural resources and seeks private investment, but with a new set of assumptions about how local residents should be involved in such investment, and how companies should be part and parcel of local development. Compared to 10 years ago, the changes in assumptions about roles of companies, residents, and government are substantial.

Policy attention is focusing on wilderness, tourism, and forestry assets as opportunities for investment-led economic growth. This is in contrast to an approach with focuses on community based management of common property resources for household-level use. It also contrasts with policy orientation in other countries in which wildlife and forestry issues tend to get left out of poverty and growth strategies, and are left to conservation departments.

There are a plethora of initiatives promoting different forms of commercial and pro-poor investment in tourism, wilderness and forestry. There are some sharp differences between them that may emerge into direct conflicts between competing land-uses. For example, the Amadiba approach supported by NGOs and the EU emphasises local entrepreneurs and community enterprise, while the government-led initiatives focus more on encouraging external investors to combine investments with pro-poor elements.

In terms of the content of the proposed approaches, they are an improvement on the past but all have limitations: whether in being small-scale, highly subject to poor implementation and capture, dependent on internal community dynamics, or based on an unchanged balance of power. None are a panacea and thus a combination of approaches, prioritising the feasible as well as the ideal are important. Commercial development based on a land claim or other form of land reform stands out as the measure that is most likely to shift the locus of power towards the community, though is not without its own implementation problems.

Aside from the content of emerging arrangements, there are six key weaknesses that emerge in most of the processes. These correspond to six major challenges to address:

- Shifting from planning to actual implementation in tourism development. This requires overcoming bureaucratic/political obstacles and ensuring commercial viability of proposals.
- Increasing transparency in decision-making. This means going well beyond limited information flow to shared decision-making with communities and private sector.
- Addressing issues of who benefits: identifying who is ‘the community’, what measures would expand opportunities beyond elites, and what measures would redistribute the basic assets and skills that shape participation in markets.
- Building on land rights: pursuing approaches that build on communities’ land rights, as these are most likely to give them some long term power, but avoiding excessive restrictions on their decision-making and commercial power.
- Ensuring the form of tourism development increases local opportunities: this means developing products based around culture, history and politics, providing considerable support to SMMEs and entrepreneurial training, and addressing the fundamental problem of highly racially-skewed ownership in tourism.
- Balancing competing objectives: while pro-poor objectives will always have to compete with others in policy space, it is important that they do not get marginalised as political and economic competition increases, or as concerns to deliver results – in the eyes of government or the private sector – become more pressing.

If the plans for commercial development of tourism and wilderness assets do get underway, what does it mean for local livelihoods? As indicated above, the answer is in the future, and depends on details of implementation, structural change in economic roles, and also on whether we assume that jobs and commercial economic opportunities are the top livelihood priorities in the Wild Coast. As illustrated for Pondopark, there are positive scenarios in which tourism becomes an economic growth pole chosen through informed decision-making by local people, and there are negative scenarios in which bureaucratic processes drive a process that generates little in either commercial or local gain.

Even if tourism and forestry take off as rural growth engines, the local benefits will only be long term and confined to specific localities. It is therefore essential also to manage expectations – not over-hyping potential and meeting those promises that are made; and simultaneously to invest in the agricultural economy and other components of rural livelihoods.

The current approach involves a change in roles for the private sector, communities, and public sector. The case studies suggest that changing the role of the private sector from pure commerce to responsible commerce is just one part of the challenge, and one where there may well have been most progress – at least in terms of expectations of how to do business, if not in details of partnership. Changing roles of residents and communities, as both beneficiaries and active participants, faces many obstacles including issues of capacity, equity, internal conflict, and the extremely unequal economic position from which they are starting. The change in the public sector's role, from producer to regulator and facilitator, is well understood, but requires many other changes in how government operates, co-ordinates and communicates, which are taking time.

The case studies show that the Wild Coast is not an easy place to implement a growth-led natural resources-based model. Indeed it is particularly difficult in the South African context. It suffers the extremes of apartheid legacy in terms of isolated rural areas and institutional confusion. Translating policy talk into action encounters many obstacles and compromises. At present, the private sector sees government as the obstacle, communities and neighbours are there in name but have a long way to go in organisation and participation, 'government' is divided into multiple institutions each with their own agenda and need to deliver against political priorities. The approach would probably be easier elsewhere, but that does not help the Wild Coast which certainly needs some route to development.

Tourism and forestry are critical to the non-agricultural economy, and will depend on private sector investment to drive growth. While investment in the agricultural economy and subsistence economy is also important, it is hard to see an alternative approach to development of the non-farm economy at present. Government does not have the capacity. Nor do communities. Other economic options are small. Attitudes to 'business as usual' have changed enormously, creating opportunities for structural change in community and private roles in investment-led growth. But the practical obstacles are vast and influence of policy limited. It is not clear that the private sector role will emerge, and that if it does the planned benefits to the poor will be as great as in theory.

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## Appendix 1: List of people met or interviewed

Name	Organisation
Edward Lahiff	PLAAS
Alwyn Dwenga	Trade Unionist, CEPPWAWU
Charlie Scott	Hans Merensky Holding Ltd
Clive Berwyn	Chair of Hotel Owners Association, Owner of : Country Lodge Guest House, Umtata; Ocean View Hotel, Coffee Bay; Caltex Dealership, Umtata and East London.
Clive Poultney	Tourism consultant, Maputoland.
Dave Arkwright	New manager for Pondoland Natural Park, Department of Environmental Affairs and Tourism
Div de Williers	Provincial DEAT
Eddie Russell	UNDP co-ordinator for WSSD
Helen Kealy	PMU (Programme Management Unit), EU Programme
Hushe Mzenda	Department for International Development, South Africa
James Mayers	International Institute for Environment and Development
John Ferguson	Hans Merensky Holding Ltd
Julian Sturgeon	SDI co-ordinator, Department of Environmental Affairs and Tourism
Julius Nobanda	New SDI Project Manager, Wild Coast
Kholi Mhlana	Field worker / Fieldwork Co-ordinator, SDI, ECDC
Lael Bethlehem	Chief Director of Forestry in the Department of Water Affairs and Forestry
Luke Baisley	Poverty relief unit, Department of Environmental Affairs and Tourism
Malibongwe Yokwe	Special Program Manager, ECDC
Mbulelo Ntshinga	EU officer, southern area, WC
Mike Pitcher	Department of Water Affairs and Forestry
Bernard Mnyamana	Guide of Amadiba Hiking Trail
Christopher	Senior guide of Amadiba Hiking Trail
Mafleza	Cleaner on Amadiba Hiking Trail
Mardate	Caterer on Amadiba Hiking Trail
Mzamo Richman	Guide on Amadiba Hiking Trail
Pam and Ben Pretorius	UFUDU fly fishing at Mtentu River
Philip Ndovela	PONDOCROP
Professor Mkhalehwa Mazibuko	Chief Director, Policy, Research, Planning, and Strategic Development. Office of the Premier, Eastern Cape.
Rehema White	Zoologist, Zoology department of University of Transkei
Roger Godsmark	Forest Owners Association
Siyabu Manona	IKHWEZI Development Facilitator
Steve Cohen	PMU (Programme Management Unit), EU Programme
Tim Foy	Forestry advisor, DFID
Travis Bayley	Co-ordinator, PONDOCROP
Vukile Dlamini	Mbotyi Devt Forum

Phone conversations: Albert Mfanyana, DEAT; Andre Terre Blanche, Consultant/NGO, Umtata; Mr Konrad, Wavecrest Hotel; Pat Goss, Mngazi River Bungalows, Graham Harrison, Deputy Director of Community Forestry, Eastern Cape, DWAF; John Mitchell, EU programme, Pretoria.

## Appendix 2: Extracts from Wild Coast Tourism Development Policy

### Background

The Wild Coast region of Eastern Cape is a prime tourism destination, largely due to the relatively unspoilt natural environment of the coastal region. The inherent potential of the Wild Coast has been identified by the Government and the Wild Coast has been delineated as a Spatial Development Initiative area, with tourism as a lead economic sector. The objectives of the a Spatial Development Initiative (SDI) Programme are to:

- Generate sustainable economic growth and development in relatively underdeveloped areas, according to the locality's inherent economic potential.
- Generate long term and sustainable employment for the local inhabitants of the SDI area.
- Maximise the extent to which private sector investment and lending can be mobilised into the SDI area.
- Exploit the spin-off opportunities that arise from the crowding-in of private and public sector investments for the development of SMME's and the empowerment of the local communities.
- Exploit under-utilised locational and economic advantages for export-oriented growth.

Despite widespread recognition, the tourism potential of the region has remained unrealised. The Wild Coast Tourism Development policy is intended to provide a policy framework for tourism development.

### Principles for promotion, facilitation and regulation of tourism development

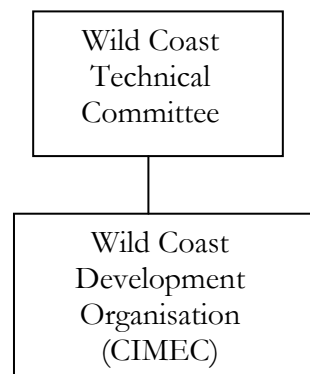
- Government should provide the enabling framework for tourism development.
- The use of land and resources by the current land occupiers along the Wild Coast should be recognised and tourism development should not reduce community access to sustainable utilisation of resources.
- Tourism development along the Wild Coast should be sustainable.
- Tourism along the Wild Coast should be private sector driven.
- Tourism development along the Wild Coast should be equitable.
- Tourism development should be efficient.
- Tourism development should respect the principle of nodality.
- Tourism development should ensure a special quality experience for all visitors.
- Tourism development should be dependent on the establishment of co-operation and close partnerships among key stakeholders.

- Tourism should be developed along the Wild Coast to cater for International and domestic tourist, as well to meet needs of local residents who engage in day trips.

## Institutional arrangements for the policy

### Proposed Institutional Arrangements

In order for the above guidelines to be effectively implemented the institutional arrangement illustrated in the organogram below is proposed. The roles, functions and responsibilities of each institution is discussed below.



### Wild Coast Development Organisation

In the short to medium term the Centre for Investment and Marketing in the Eastern Cape (CIMEC) will perform the function of the Wild Coast Development Organisation.

### WCTC structure:

- The national Department of Land Affairs
- The provincial Department of Housing and Local Government
- The provincial Department of Agriculture and Land Affairs
- The provincial Department of Economic Affairs, Environment and Tourism
- The Office of the Premier
- The Kei District Council
- The Amatola District Council
- The Wild Coast District Council
- The Eastern Cape Development Corporation
- The Eastern Cape Tourism Board

The Provincial Department of Economic Affairs, Environment and Tourism should chair the WCTC.

*Source: 'Wild Coast Tourism Development Policy', Provincial Gazette Igazethi Yephondo Provinciale Koerant, N.720, 23 February 2001, Pretoria: Government Printer*

## Appendix 3: Lessons and guidelines on enhancing the impact of tourism on local development and poverty reduction

A number of authors are identifying lessons and guidelines on how to on enhance the impact of tourism on local development and poverty reduction. This appendix summarises recommendations developed by Ashley et al. (2001b), Rogerson (2001c), and Goodwin et al. (1997).

Rogerson (2001c):

From the international and limited South African experience of Local Economic Development (LED) there emerge a series of guidelines or key principles that may be discerned concerning tourism-led LED.

1. Realism as to whether tourism is a viable option for particular localities, whether in urban or rural areas. Unless the locality has an adequate total tourism product or portfolio of products, tourism-led LED is not a viable option.
2. Economic development cannot be divorced from environmental, and particularly social development.
3. LED must be firmly linked to a commitment to pro-poor tourism policies.
4. Acknowledge that tourism does not exist in isolation of other economic activities.
5. Avoid the ghettoisation of tourism in destination regions. Encourage tourists to venture away from the 'tourist oases', to meet local people, take part in everyday local events or even to visit local work places.
6. Move away from large-scale and prestige projects and instead focus upon smaller scale projects, growing organically over time and under local managerial control, where possible.
7. Encourage local networks to ensure that the requirements of the tourism industry are maximised for local suppliers, reducing leakages from the local economy.
8. Constant and objective monitoring and performance indicators need to be put in place.
9. Maximise community participation within and support for a tourism-led local economic development initiative. Recognise the limits of community participation.
10. Need of good governance, co-operation and institutional thickness (Goodwin et al. 1997).

Where tourism is an appropriate area for growth, Goodwin identifies the following principles as useful guidelines for sustainable development:

1. Focus assistance to non-capital intensive enterprises.
2. Maximise tourism based on local technology.

3. Discourage enclave practices.
4. Encourage flexible partnerships between public and private sector.
5. Create and strengthen appropriate institutions.
6. Developing revenue sharing policies.
7. Incorporate tourism development as a component of a wider strategy.

Ashley et al. (2001b):

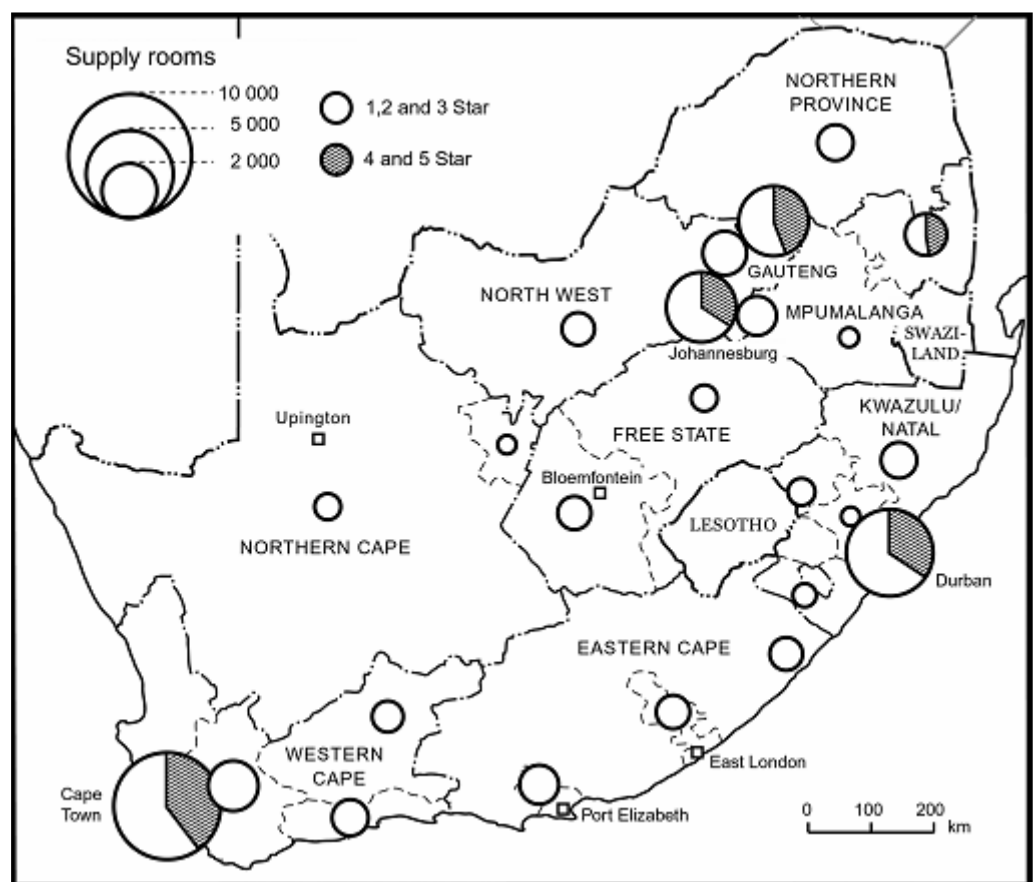
*Preliminary* guidelines for maximising the potential of PPT strategies.

8. Adapt strategies to local circumstances, target markets and the interests of the poor.
9. A diversity of actions across levels is needed. PPT goes well beyond simply supporting community tourism. It requires action at micro, meso and macro level on several fronts, including product development, marketing, planning, policy, and investment.
10. Work across stakeholders.
11. PPT works best where the wider destination is developing well.
12. In remote areas, poverty impacts are likely to be of greater significance
13. Actions outside the tourism sector can boost PPT. General policy initiatives unrelated to tourism, such as land tenure, small enterprise support, improved education, and more representative government would increase local involvement in the industry over time, without any specific reference to tourism.
14. PPT strategies can be incorporated into broader tourism development.
15. PPT strategies often involve the development of new products, but these should be integrated with mainstream products if they are to find markets.
16. Ensuring commercial viability must be a priority.
17. Enhancing economic impacts requires actions with poor producers, plus marketing efforts and often policy reform.
18. Non-financial livelihood impacts can also significantly reduce vulnerability, and more could be done to address these explicitly.
19. Expect slow results. Manage expectations, develop short-term benefits meanwhile, invest in building local ownership.

## Appendix 4: Wild Coast tourism in the national tourism context

Figure 3 shows that the Wild Coast (indeed the Eastern Cape) is a relatively small provider of tourism rooms in the national context. Figure 4 shows the wide range of tourism SDI's of which the Wild Coast is just one.

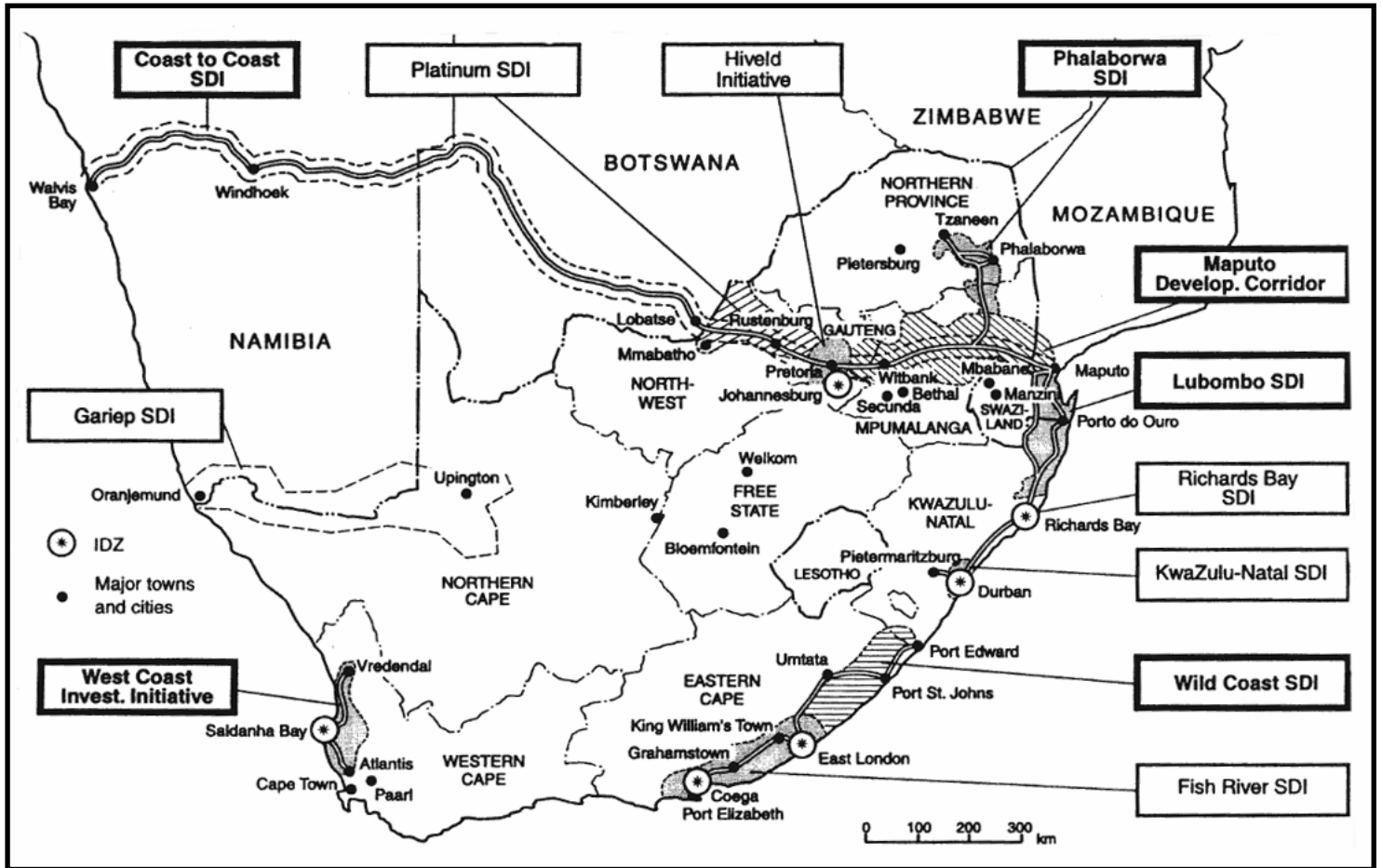
**Figure 3: Supply of rooms**



Source: DEAT et al. (1998)



Figure 4: Location of Tourism-led SDI



Source: Rogerson (2001a).



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