

PPT Working Paper No. 2



**Practical strategies for pro-poor tourism.
Case studies of Makuleke and Manyeleti
tourism initiatives.**

Karin Mahony and Jurgens Van Zyl

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Preface

This case study was written as a contribution to a project on 'pro-poor tourism strategies.' The pro-poor tourism project is collaborative research involving the Overseas Development Institute (ODI), the International Institute for Environment and Development (IIED), the Centre for Responsible Tourism at the University of Greenwich (CRT), together with in-country case study collaborators. It is funded by the Economic and Social Research Unit (ESCOR) of the UK Department for International Development (DFID).

The project reviewed the experience of pro-poor tourism strategies based on six commissioned case studies. The case studies used a common methodology developed within this project. The case study work was undertaken mainly between September and December 2000. Findings have been synthesised into a research report and a policy briefing, while the 6 case studies are all available as Working Papers. The outputs of the project are:

Pro-poor tourism strategies: Making tourism work for the poor. Pro-poor Tourism Report No 1. (60pp) by Caroline Ashley, Dilys Roe and Harold Goodwin, April 2001.

Pro-poor tourism: Expanding opportunities for the poor. PPT Policy Briefing No 1. (4pp). By Caroline Ashley, Harold Goodwin and Dilys Roe, April 2001.

Pro poor Tourism Working Papers:

- No 1 *Practical strategies for pro-poor tourism, Wilderness Safaris South Africa: Rocktail Bay and Ndumu Lodge.* Clive Poultney and Anna Spenceley
- No 2 *Practical strategies for pro-poor tourism. Case studies of Makuleke and Manyeleti tourism initiatives: South Africa.* Karin Mahony and Jurgens Van Zyl
- No 3 *Practical strategies for pro-poor tourism. Case study of pro-poor tourism and SNV in Humla District, West Nepal.* Naomi M. Saville
- No 4 *Practical strategies for pro-poor tourism: NACOBTA the Namibian case study.* Nepeti Nicanor
- No 5 *UCOTA – The Uganda Community Tourism Association: a comparison with NACOBTA.* Elissa Williams, Alison White and Anna Spenceley
- No 6 *Practical strategies for pro-poor tourism. Tropic Ecological Adventures – Ecuador.* Scott Braman and Fundación Acción Amazonia
- No 7 *Practical strategies for pro-poor tourism: a case study of the St. Lucia Heritage Tourism Programme.* Yves Renard
- No 8 *Pro-poor tourism initiatives in developing countries: analysis of secondary case studies.* Xavier Cattarinich.

All of the reports are available on our website at:

<http://www.propoortourism.org.uk>.

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About the authors

Jurgens van Zyl is project manager with the Phalaborwa Spatial Development Initiative. Karin Mahoney is Fund Manager with Investment Project Preparation Fund. They may be contacted at:

P O Box 1234
Halfway House
1685
South Africa

Tel + 27 11 313 3581

Fax + 27 11 313 000

Email: Jurgensv@dbsa.org and Karing@dbsa.org

Acronyms

BEE	Black economic empowerment
CPA	Community Property Association
CPPP	Community-Public-Private Partnership
GKG	Gaza-Kruger-Gonarezou (GKG) Transfrontier Park
KNP	Kruger National Park
MGR	Manyeleti Game Reserve
PPP	Public-private partnership
RFP	Request for Proposals
SANP	South African National Parks
SDI	Spatial Development Initiative
SMME	Small and medium sized enterprises
TA	Tribal Authority

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1: General Overview

1.1. Introduction and structure

This research note investigates the extent to which pro-poor tourism elements embodied in two investment programmes of the South African Government are achieved. The two programmes are the Spatial Development Initiative (SDI) and Community-Public-Private-Partnership (CPPP) Programmes. Both programmes aim to facilitate new tourism investment into underdeveloped areas of South Africa, but which have significant tourism potential. The underlying philosophy of both programmes is that tourism investment, if correctly structured, can deliver significant social and economic benefits to rural communities.

Two key themes will be explored in this paper. First, we examine how effective the SDI and CPPP programmes have been in delivering benefits to the poor. In this regard, the ability of the state, the community and the investor/developer to implement the objectives of pro-poor tourism at a practical level is examined. Secondly the paper highlights that the extent to which economic empowerment of local communities takes place, is intricately linked to the nature and extent of the land rights of those rural communities. The paper will argue that if the communities have ownership of an asset base, there is potential for strong economic and social empowerment. Where they do not, communities may still benefit from the tourism process, but to a lesser degree. The extent of empowerment is thus intricately linked to the land reform programme in South Africa.

The paper is made up of 4 main sections. Part 1 provides the broader policy context within which the case studies are being implemented; this also provides an introduction to the SDI and CPPP programmes. Part 2 focuses on the Manyeleti case study, a project being supported by the Phalaborwa SDI. Part 3 examines the Makuleke project, which is regarded as a pilot project of the CPPP programme. Part 4 reflects on the cases, and draws lessons from the experience of both.

1.2 The SDI and CPPP programmes

The term Spatial Development Initiatives, or SDI, was coined by the National Departments of Transport and of Trade and Industry to describe a programme of strategic government initiatives aimed at unlocking the inherent, under-utilised economic development potential of certain locations in Southern Africa.

There are at present a number of these initiatives being pursued by national, provincial and local government. There are also 'SDI type' initiatives of a regional nature being pursued within a broader Southern African context. They all differ spatially and structurally, depending on the nature of their underlying economic potential and/or the existing economic activity within the area.

The key objectives of SDIs 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 (this has the added benefit of freeing up over-stretched government funds for the implementation of much needed development projects);

- exploit the spin-off opportunities that arise from the development of small, medium and micro-sized industries and the empowerment of the local communities;
- exploit the under-utilised location and economic advantages of the SDI areas for export orientated growth.

The Community-Public-Private-Partnership programme (CPPP) refers to an initiative driven by the National Department of Trade and Industry. This aims to revitalise the rural economy by facilitating investment targeted at promoting partnerships between communities, the private sector, and the state. The programme is designed to ensure that new investment benefits poor communities through sustainable growth, empowerment and sustainable resource use.

The Investment Project Preparation Fund (IPPF) was established under the CPPP programme to provide technical support to communities wishing to pursue commercially viable tourism, agricultural and forestry projects on land they own or have development rights to.

During 1998 the Wild Coast SDI programme marked the end of the typical industrial and urban nature of the programme when, for the first time, SDI principles had to be applied within a rural context. Although the objectives remained the same, the range of issues that needed to be resolved were markedly different from those dealt with in the Maputo Corridor, for instance. It was very clear that configuring and facilitating investment on communal land was complex and time consuming. In addition, the land, and other policies such as on PPPs, was still very new and the mechanisms were not in place to deal with key legal and procedural aspects. Empowering local communities adjacent to state-owned game reserves, and attracting private sector investment into such deals remained the SDI objective.

As part of the SDI policy programme, substantial thought and work went into developing models for such deals. The approach differed from the tourism empowerment models at the time, and sought to move away from a ‘corporate responsibility’ approach to one based on the underlying rights and ability of communities to add value to such deals. The thinking at the time, and now part of the CPPP approach, is to configure such deals on normal business principles.¹

1.3 Policy and strategy context

The two case studies provide an opportunity to assess the practical application of some key national socio-economic policies adopted by the South African Government. The following policies are briefly discussed, since they are brought together in the SDI and CPPP programmes, where they are applied in the preparation and packaging of investment projects.

- investment and job creation
- rural development
- land redistribution and restitution of land rights
- the tourism sector
- restructuring state assets
- environmental management
- black economic empowerment (BEE)

¹ See De Beer and Elliffe, 1998.

1.3.1. Investment and job creation

The overarching socio-economic policy framework within which the developments take place is the Growth, Employment and Redistribution Strategy (GEAR). This policy aims to balance the need for rapid service delivery with the strict requirements of fiscal discipline, and the establishment of an environment conducive to private sector investment.

The SDI initiative follows directly from this approach, and in the tourism sector focuses specifically on the empowerment benefits that may be generated through new fixed private sector investment.

1.3.2. Rural development

The majority of the South African population, and specifically the poor, still reside in rural areas, which are characterised by poverty, low levels of investment, inadequate infrastructure and high levels of unemployment. The revitalisation of the rural economy has now become a key initiative of the national government. The State President recently launched the Integrated Sustainable Rural Development Strategy (ISRDS) under the leadership of the Deputy President, in response to concerns about stagnation and decline in rural areas and rising unemployment. The foremost objective of the strategy is to make rural areas profitable, become viable, and to encourage entrepreneurs.

The SDI and CPPP link very closely with both these strategies and provide a framework and mechanisms to attract new investment into rural areas.

Box 1 Who are the poor?²

Using the Human Development Index (HDI) as a useful composite indicator of poverty, in 1992 South Africa ranked among the medium human development countries (0.5 to 0.8), such as Peru, Uzbekistan and the Philippines. The UNDP estimated the HDI for the country as a whole to be 0.705.

The average HDI however reveals very little of the huge geographic discrepancies within the country. The HDI of the Northern Province, where both case studies are located, is 0.470 - the lowest of all nine provinces and placing it in the same category as Lesotho and Myanmar, two low human development countries.

The low HDI correlates with the poverty situation in the province. According to 1994 estimates, the personal per capita income is SAR 2288 (US\$ 291)³, considerably lower than the national average of over SAR 8000 (US\$ 1019). According to other surveys there are nearly 710,000 poor households, or 3.6 million people in the Northern Province, approximating 62% of households and 69% of individuals. Roughly 1.9 million of these are children.

Within the province there are sharp differences between rural and urban area. Rural areas often experience the worst levels of poverty, lack of access to infrastructure and social services, and low levels of employment. Unemployment is estimated to be as high as 80% in some districts adjacent to the MGR and KNP.

For these reasons the SDI and CPPP programmes make very little distinction within rural communities about who is poor and who not.

² Development Bank of Southern Africa, Northern Province Development Profile, 1997

³ SAR 7.85 = \$1

1.3.3. Land rights

Access to land by poor people is an important political, moral and economic issue that is at the heart of many of the case studies. The post-1994 government views land rights as perhaps the most urgent matter to be addressed, as the majority of the population lost access to land and were deprived of their land rights through long periods of domination during the colonial period and the apartheid regime. Legislation is in place to facilitate the redistribution of land and the restitution of land rights, and to enhance the rights of current landowners. Importantly, both legal and financial mechanisms are also in place to enable communal landowners to transact with their land in a normal manner. These mechanisms go a long way to remove many of the barriers to investment on communal land.

1.3.4. The tourism sector

According to the June 1999 estimates by the World Travel and Tourism Council, the travel and tourism industry contributed 3.6% to South African GDP, with the travel and tourism economy contributing 8.2%. Although the travel and tourism sectors' contribution to GDP is presently not on the scale of manufacturing or mining, it is the only one to achieve growth in its contributions to GDP in the last 3 years. The South African travel and tourism industry is estimated to employ 3.2% of the total workforce (approximately 280,000 people), with the travel and tourism economy employing 7.3% (approximately 650,000 people).

The emphasis on the tourism sector must also be viewed as part of the fundamental restructuring of the South African economy, away from one dominated by primary production, such as mining and agriculture, towards a more diverse economy where the service sector, including tourism contributes increasingly to GDP.

The 1998 Job Summit recognised the tourism sector as having the greatest potential to reduce unemployment in the country, and thus, its expansion is one of the key initiatives being pursued by the government. It also has the full support of the private sector, with the National Business Initiative contributing significant resources to an international tourism marketing campaign, and enterprise development programme in the tourism economy.

The White Paper on the Development and Promotion of Tourism in South Africa, 1996 does not only view the tourism sector as a national priority, but envisages that it will be developed in such a manner that it contributes to the 'improvement of quality of life of every South African.'

It is against this background that the under-utilised tourism assets of the state (such as Manyeleti) and high potential communal tourism assets (such as Makuleke) are treated as priorities by both the SDI and CPPP programme.

1.3.5. Restructuring state assets

The South African government has adopted the principle that it should not operate tourism businesses, but rather should provide an enabling environment that will stimulate private sector participation in the tourism industry. This trend is most evident in the recent policy shift of South African National Parks, where the private sector was invited to build and operate tourism facilities on state-owned land. This policy is closely linked to the need to manage government expenditure

more carefully, and if possible, promote the self-sufficiency of reserves in South Africa, in order to allow scarce government resources to be allocated to other national priorities.

1.3.6. Environmental management

Another reason for pursuing commercialisation is to create an income stream for government to fulfill its environmental obligations. Almost all of the environmental management departments in the provinces have experienced budget cuts leading to some serious deterioration in the environmental management function. Although there are some (healthy) tensions between tourism practitioners and environmental professionals about how to balance environmental obligations and tourism demands, it is generally accepted that careful tourism investment is a sensible way to generate an income flow that can be used for environmental management.

1.3.7. Black economic empowerment

Following the political transformation of the country after 1994, much of the emphasis is now on economic transformation, and the economic empowerment of previously disadvantaged citizens. Economic empowerment, although simply stated, is about the transfer of ownership of equity, increased control and influence in management of organisations and a broadening and deepening of the role of black-owned small-, medium- and micro enterprises (SMMEs) in the economy.

Although it is a complex issue, which generates much debate on the details of practical implementation, it is recognised that government can play an important role in promoting black economic empowerment in the process of restructuring state assets.

Both the SDI and CPPP actively pursue economic empowerment objectives, and the commercialisation initiatives, as well as private sector deals involving communal land, create a platform from which these objectives can be practically implemented.

Box 2 A SDI/CPPP interpretation of economic empowerment of local communities⁴

At the project level, empowerment of communities takes place through:

- involvement and responsibility in the planning and decision-making processes related to tourism development;
- involvement in the management of tourism and tourism related enterprises;
- control over the use of their land and assets;
- equity sharing in tourism and related activities;
- access to SMME opportunities and support;
- capacity building

1.4 PPT strategies of the SDI and CPPP programmes

Both the SDI and CPPP programmes are clearly rooted within the broad policy framework as discussed above. Although the primary objectives of the programmes are job creation through

⁴ Guidelines for the release / development of dormant state or community assets for eco-tourism development in the context of community involvement, land issues and environmental requirements, S Elliffe for CPPP Programme, 1999 (Draft document)

successful private sector investment, it is clear that the investment projects also present an opportunity to pursue economic empowerment and land reform objectives.

Although neither of the programmes includes explicit PPT objectives and principles, the projects emerging from the programmes do indeed embrace very practical and powerful PPT measures. However, one needs to remain realistic about the capacity of tourism projects to accommodate strong PPT requirements. The experience with private sector investors is that many of these PPT requirements are simply considered costs and are included in feasibility models. If the costs (including complicated, uncertain and protracted institutional arrangements) are too high, investors are quick to leave such projects. It is therefore essential to determine the realistic value of, and private sector appetite for, the project and to structure the PPT measures accordingly. This is particularly important in the case of government/community commercialisation programmes where the cost of doing business with both partners is perceived to be very high in any case.

There are nonetheless very practical measures that have been successfully included at the project level. The two case studies presented in sections 2 and 3 below examine these in more detail, but include the following:

- In the case of government projects, very clear PPT requirements and evaluation criteria can be built into the tender documents. These may include specific requirements or targets, e.g, for employment, equity arrangements, and out-sourcing.
- In the case of investments on communal land, the primary PPT measure is to ensure that the basic project structure, or business model is essentially pro-poor. This could include issues such as ensuring a fair equity stake for the communal land owner(s); a cash-flow model that generates an immediate flow of benefits to the community; provision for the use of local labour and materials during construction and operation; and including the land-owner(s) in the managerial decision-making levels of the business.
- Public/community-private-partnership-projects are generally considered to be risky, and complicated, and do in fact take a longer time to prepare. Successful projects require extensive capacity building among the communities to obtain support for and ensure a broad understanding of the project. Such capacity building also ensures that communities are more empowered when dealing with the government or the investor. The IPPF is an example of practical assistance that is available to communities.
- Some measures are not specifically targeted at the poor, but have important implications for the projects' outcomes. The SDI and CPPP programmes have made a special effort to inform private sector investors of the potential of such projects and the risk mitigation measures that are in place. In addition the banking and other financing institutions have been engaged to determine the conditions under which they would be prepared to finance the projects. Due to the land tenure regime, the normal financing products which are secured against the individual title deed, cannot be used. Banks are increasingly developing new financing mechanisms to overcome this problem and are working with development finance institutions to finance CPPP-type projects.

2: Manyeleti Game Reserve Case Study

2.1. Overview

The Manyeleti Game Reserve (MGR), which means 'Place of Stars', is located in the Northern Province. It is bordered on three sides by world famous reserves - the Kruger National Park (KNP), the Sabi Sand and Timbavati. Its entrance is 36 km along the Orpen tar road to the KNP. There is easy access from all the main centres - 485 km from the Johannesburg International Airport on good tarred roads, 70 km from the Eastgate airport at Hoedspruit, 180 km north of Nelspruit and 160 km south east of Phalaborwa. Orpen gate is 5 hours drive (519 km) from Johannesburg.

Manyeleti is a 'Big 5 Game Reserve' with an area of 22,750 hectares. There is an established infrastructure, including power and drinking water within the Reserve and a total of 195 km of gravel road, 85 km's of which are accessible by normal vehicle, the remainder by four-wheel drive vehicles only. There are numerous enterprises in the area which are conducting bush lodge operations with game viewing as the main attraction. The game is plentiful and comprises all 'Big 5' species and most of the species to be found in the KNP. Whilst the reserve falls into a malaria area, there is an active anti-malaria campaign in operation.

The province is located in the north-eastern portion of South Africa. MGR forms part of the provincial government's programme to commercialise viable state assets. The programme makes four concession areas available to the private sector to build and operate tourism facilities within the MGR for a period of 30 years. The private sector submitted proposals in response to the Request for Proposals (RFP) issued by the provincial government, which sets out the objectives of the commercialisation process, as well the broad parameters within which the proposals should fall. This included issues such as financial and economic sustainability, sound environmental practices, empowerment, land reform and job creation.

The provincial government currently manages 54 nature and game reserves, but the reserves are generally under-utilised and budget reprioritisation has made the task of environmental management very difficult. Due to the financial and environmental constraints, and the need for the government to reassess how it uses its assets, the government has adopted the approach that the income derived from the tourism concessions could be ploughed back into the environmental management of the reserves. It was agreed that the tourism potential of selected reserves must be developed by the private sector without compromising the environmental obligations of the provincial government. The commercialisation of the reserve takes place under the guidance and auspices of the Department of Finance, Economic Affairs and Tourism of the Northern Province provincial government. The department has been mandated by the provincial Executive Council to initiate the commercialisation process. The Phalaborwa Spatial Development Initiative (PSDI) provided financial and professional support to the department to prepare the project.

The RFP was released to the private sector in January 2000, and proposals had to be submitted by the end of May 2000. Nine companies and consortiums submitted bids. An Evaluation Committee was appointed to evaluate the bids and a preferred bidder and reserved bidder were selected for each of the four concessions. The provincial government is currently in negotiation with the preferred bidders.

2.2. Historical and cultural background

The MGR is adjacent to 8 rural communities within 2 tribal authority (TA) areas - 7 in the Mnisi TA area and 1 in the Machangana TA area. Many people from the rural areas probably have some expectation that the reserve will provide some benefits to them. The level of expectation is significantly higher among communities that have lodged land claims on the reserve with the Land Claims Commission. (For the purpose of this research paper we shall include all the rural communities as 'the poor', and therefore the primary target for the benefit flows from the tourism activities on the MGR. See Box 1.)

The MGR is located within one of the former homelands of apartheid South Africa and is the subject of an ongoing land claim process. It is essential to understand the land rights history as it has a direct bearing on the tourism investment in MGR. A number of land claims have been lodged and are currently being investigated.

Farms in the North-eastern Transvaal were formally allocated and surveyed from the mid 1800s which gave greater permanency to the settlement of whites in the area. The first deeds of grant in what is presently known as the Manyeleti and Andover game reserves were issued between 1869 and 1871. From that time, land has been privately owned until late 1950s and early 1960s when the then South African Development Trust purchased the farms for African settlement.

The first landowners did not find the area unpopulated. On the contrary, historians and early settlers have noted that there was a prospering economy based on wildlife hunting in the northern parts of the Transvaal in which 'Africans and whites actively collaborated and prospered'. As the land was surveyed and divided into farms, Africans lost their independence as co-users of the natural resources and became tenants on white-owned farms. Early records indicate that the major source of profit from agriculture often lay in the various forms of rent paid by African producers who had often been the cultivators of the land prior to its seizure by early settlers.

More recently during the 1960s and 1970s, as part of the Nationalist Government's efforts to formalise and enforce the apartheid policies, most of the farms comprising the MGR were transferred to the South African Development Trust, the official land management agency that consolidated land into the homelands. The whole MGR was finally transferred to the Gazankulu homeland government, where it was managed as a 'black game reserve'. In accordance with the new constitution of 1994, the land was transferred to the current custodian, the Northern Province Government.

It is against this background that the surrounding communities, and especially the land claimants experience a strong attachment to the land of the MGR, and consequently expect that the commercialisation of the reserve should deliver real benefits to them. The land claimants understandably feel their rights on the land must be formally recognised and lay claim to the land in full.⁵

⁵ Land Rights Enquiry: Andover & Manyeleti Game Reserves: Land Claims Commission, 2000. Draft report by Frank Snijder, Social Dimension cc.

2.3. Tourism assessment⁶

The area is a well-established tourism destination adjacent to the KNP, one of the premier tourist destinations in South Africa and undoubtedly the main driver of tourist numbers in the area. Mainly due to the existence of the KNP, adjacent private land owners have established over 400,000 ha of private game reserves, most of them with lodges and specialising in the 'big-5'⁷. It is estimated that over 6000 commercial bed nights are available within a 100 km radius of Manyeleti.

In Manyeleti itself there are currently 3 concession areas and a total of 74 beds. The current concession agreements were concluded between private sector developers and the former Gazankulu homeland government, for a period of 5 years, renewable for a further 5 years. All three of the concessionaires are on their first renewal period. The current lease agreements were negotiated in a period when government objectives for private sector involvement were not clearly defined. This means that they do not adequately comply with the commercial, empowerment and environmental goals of the present government. The lease income to the provincial government is negligible and does not contribute financially to the reserve. Although commercially very successful for the investors, at best it is a net loss to the government. Everyone acknowledges that the agreements need to be strengthened and that the lease fees are significantly less than the market value. The short lease periods have a direct impact on the ability of the developers to establish long-term quality tourism product.

The 3 current concessionaires market extensively in the European and manage to fill about 60-70% of their bed nights with foreign, and especially European tourists. A further important market segment is the domestic corporate market. The lodges are often used for corporate breakaways and top management team-building exercises. The current concessionaires market their products at the 3-star level of service (mid-luxury) at between SAR 700 – 1000/ night/ person, all-inclusive. They aim to attract international tourists that are not self-drive, but seek a somewhat more luxurious experience than that offered in KNP, but not the 5-star lodgings of the well-known private reserves where the tariffs are more than SAR 2000/night/person. With the bed numbers limited to between 12 – 20 beds in the concession areas, it is an exclusive and highly personalised wildlife tourism experience that is offered. The preferred bidders have indicated that they intend to continue to focus on these market segments.

2.4. Community involvement

The commercialisation of MGR presents a unique opportunity for investors, government and communities to collaborate in achieving key policy objectives concerning tourism, job creation, economic empowerment and land reform. The challenge is to design such partnerships in a manner that is commercially attractive, fair and sustainable.

The release and development of state assets for eco-tourism investment takes place where community involvement, black economic empowerment, land rights and good environmental management have become standard policy. These policy principles were also included in the RFP for the commercialisation of the MGR. Together these principles create a platform for an investment deal that has a direct impact on the poor communities surrounding the reserve.

⁶ Both Manyeleti and Makuleke are located in the Northern Province. See the Makuleke case study for further information on the tourism situation in the Northern Province.

⁷ The 'big 5' refers to the 5 most sought-after animals by tourists - lion, elephant, leopard, hippo and buffalo.

The involvement of local communities in a meaningful manner is essential for the sustainability of investment projects, especially in the case of eco-tourism where rural communities are adjacent to provincially owned game reserves. Often tensions arise when communities feel excluded from developments in protected areas, or when they lose access to resources. In the MGR case, lions escaping from the reserve kill cattle of neighbouring communities, or elephants and hipopotamuses destroy crops.

Increasingly government, private sector and the national and provincial parks boards implement programmes to ensure the effective participation and involvement of neighbouring communities. These efforts are complemented by a national effort to inform the public of the importance of tourists.

Local communities may benefit from tourism in three ways:

- *linkages* between eco-tourism initiatives within protected areas and the surrounding communities in the form of employment, business development and/or equity sharing in the developments themselves;
- *community-based tourism* initiatives based on land owned by the community outside, or adjacent to the protected area / game reserve;
- in cases where communities have established land rights on the reserve or protected area (in terms of the Land Rights Act 22 of 1994, or tenure rights in terms of the Interim Protection of Informal Land Rights Act 31 of 1996), such *communities need to play their rightful role in the development* of the eco-tourism opportunity within the reserve/protected area.

The success of a community–public–private partnership (CPPP) must be based on the understanding that each party needs to play its appropriate role on the principle of fair allocation of risk and reward.

The structure of the MGR commercialisation process recognises the spectrum of ways in which CPPPs can be established, and is deliberately flexible to facilitate a sustainable partnership, in which the rights and obligations of all parties must be recognised.

The commercialisation process seeks to achieve the following objectives:

- attract quality tourism investment to the reserve
- maximise job creation
- empowerment of neighbouring local communities
- promote the use of local small and medium enterprises
- obtain a long-term secure income from concessionaires

2.5 Key role players

There are three key parties in the commercialisation process - government, private sector and local communities. Each needs to participate actively and constructively to ensure the success of the programme. The role and function of each stakeholder are discussed below.⁸

⁸ See section 2.6.2.4 for a more detailed description as contained in the RFP document.

2.5.1 *Government*

The provincial government is the lead agent for the commercialisation process. It carries the public management responsibility for the reserve and acts as environmental custodian as described in the legislation, e.g. the National Environmental Management Act of 1998. Land ownership also vests with the state, which in this case is with national government.

The provincial government funded the initiative with financial and professional assistance from the PSDI programme. The detailed preparation costs up to the RFP stage amounted to about SAR 1,000,000 (US\$ 127,388). It is expected that the project will attract about SAR30 million new capital investment for the (re-) development of the tourism facilities over the next year.

The preparation costs reflects the extent to which such deals differ from straightforward business-to-business deals within an established policy environment. The project preparation cost is high due to the following reason:

- the new, complex and constantly-changing policy environment leading to some duplication in processes;
- the additional time it takes to consult with communities and other stakeholders.

They also include a large portion for learning, so costs for similar projects should be significantly less.

2.5.2 *Communities*

The intention is that the eight immediately adjacent communities will benefit from the commercialisation process. Without proven formal land rights (yet) their claim to the benefit flows cannot be formalised. However they add significant value to the project in terms of their skill and resources that they could mobilise. The investors are alerted to this and it is up to the private sector to configure a deal with the neighbouring communities that is sustainable. It is also good business practice for both the state (as landowner) and the concessionaires to foster good working relationships with the communities.

The western boundary of the Manyeleti Game Reserve is the only area where there are homesteads and villages. The eastern boundary consists of the KNP; the southern neighbours are the landowners of the Sabi Sand Game Reserve, and the Timbavati Game Reserve landowners comprise the neighbours to the north.

The population on the western boundary may be described as dense and consists of homesteads surrounding the villages of Gottenburg, Dixie, Seville, Utha, Thorndale, and Welverdiend. Utha falls within the Amashangaan Tribal Authority whilst the remaining villages fall into the Mnisi Tribal Authority.

In view of the lack of income earning opportunities in the area, the community has been frustrated at the lack of development of their neighbouring tourism asset and is keen to enter into a partnership with government and the private sector. Despite their concerns, the community recognises the value of the tourism and environmental resources and is committed to optimise the socio-economic benefits from improved their use.

2.5.3 *Private sector*

The private sector acts as the investor, developer, operator and principal risk taker in the project. Private sector businesses provide skills and capital to establish the investment to realise profit. Three of the four preferred bidders are experienced and well-established tourism operators in the country.

2.6 Assessment of the PPT elements in the RFP

2.6.1 *General*

During project preparation, and to ensure the practical implementation of key empowerment principles, the RFP outlined the empowerment and environmental objectives of the province.

An assessment of the success of the project needs to be undertaken at 2 levels:

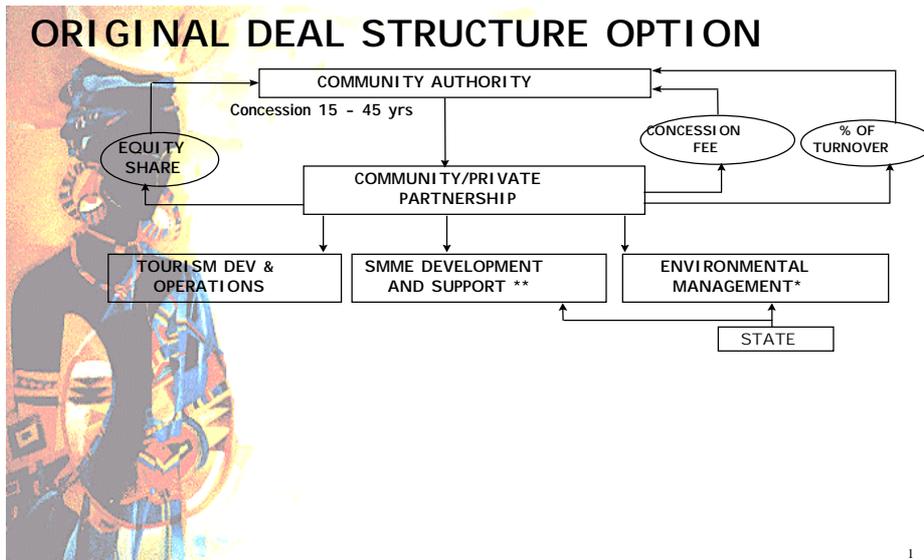
- did the government adequately provide for the PPT approaches and principles in the preparation process, and to what extent have they been included in the formal invitation (the Request for Proposals document) to the private sector? (see section 2.6.2.)
- how did the private sector respond to the empowerment, or PPT requirements of government? (This aspect is dealt with in section 2.7.)

It is important to note again that the Manyeleti project has not yet been implemented, so only the policy and strategy aspects can be tested.

During 1998 the first attempt was made to commercialise the tourism facilities in MGR, based on SDI and CPPP approaches regarding empowerment and tourism investment. The basic proposed deal structure at the time embodied the principles of the ‘new’ empowerment models. In this structure it was envisaged that the provincial government would retain ownership, and the environmental management function of the reserve, but that it transfers the tourism development rights to a community-owned legal entity (a not-for-profit, or ‘Section 21’ Company) for a nominal fee. The Sec 21 Company would then make these rights available to a private sector company on a concession basis, within the parameters agreed with the government. The Sec 21 Company becomes the principal contracting party with private sector concessionaires, it receives the concession payments and pays the government a negotiated fee for environmental services.

Although incredibly empowering, the structure was flawed in many respects. Because MGR is a state asset all income generated through the reserve must be transferred to the provincial Revenue Fund; it cannot be diverted to another entity such as the community. Perhaps more fundamentally, government cannot simply transfer publicly owned assets to a select group of people, however deserving and rigorous the process in defining the beneficiary community. The redistribution of income or benefits must take place through the constitutional institutions (parliament) and processes (budgets). Therefore, in the absence of proven informal land rights or successful land claims, it was agreed that the State could not simply allocate neighbouring communities a range of benefits, through the transfer of development rights to the community.

The deal structure therefore had to be revised before it went to the private sector in January 2000. This revised process and structure will be assessed.



In the final deal structure government, as landowner, remained the principal contracting party and simply made the development rights available to private sector on a concession basis. Until formal land rights are established through the land claims process, the neighbouring communities have no legally enforceable claim to the concession fee and/or equity in the tourism operations, other than those negotiated with government and/or private sector as part of the tender process.

2.6.2. PPT elements in the RFP

The RFP is the formal mechanism through which proposals are invited from the private sector. The PPT approach is evident in the RFP and is included in the following sections:

- government objectives
- information on CPPP's
- information on land status
- role description
- concession structure
- broad design principles of the deal, and importantly (or revealingly) the weighted criteria by which private sector proposals are to be evaluated.

Over and above the contents of the RFP, one should also assess *the process*, and specifically if it allows effective participation by the rural communities.

The sections below assess each of the PPT elements included in the RFP, broadly following the structure of the final RFP document. (Extracts from the RFP are in italics.)

Objectives

The objectives state very clearly that the government intends to pursue empowerment objectives. They include among others the following:

- *Ensure the developments in these areas result in the optimal benefit for the province and its people;*
- *Solicit the full participation and support of affected communities for Government policies, strategies and activities in the field of eco-tourism;*
- *Promote and facilitate spin-off benefits such as job creation and SMME development;*

- *Provide extension services to the people of the Province to better equip them to live within the opportunities and constraints of their environment.*

The objectives were communicated to the private sector, and discussed at a workshop. In addition extensive information sessions were held with community representatives, Tribal Authority members, land claimants, local government officials and MGR staff. Bearing in mind that consultation can never be too thorough, the team felt that they communicated honestly and widely. The reasons why the deal structure had to be altered were also provided and understandably met with criticism and disappointment.

These objectives reflect the intentions and basic approach of the province. Although not overtly pro-poor, the deal could yield direct positive benefits for the rural communities. The principles also carry a clear message to prospective bidders about the type of investor and investment that the province is seeking to attract. There was a very real danger that unscrupulous or inexperienced bidders could enter the process, as the deal did not require a substantial investment to purchase the land. Some fairly strict requirements in terms of bid guarantees, the deposit for the RFP document and performance bonds countered this risk. Although experienced operators accepted these, there was criticism that this excluded potential small investors.

CPPP information

Later in the RFP document there is more information on CPPP-deals and how they could work:

The involvement of local communities in a meaningful manner is essential for the sustainability of investment projects, especially in the case of eco-tourism where rural communities are adjacent to provincially owned game reserves.

There are basically 3 “types” of opportunities that exist for benefits to flow to local communities:

- *Firstly, linkages between eco-tourism initiatives within protected areas and the surrounding communities in the form of employment, business development and/or equity sharing in the developments themselves;*
- *Secondly, community-based tourism initiatives based on land owned by the community outside, or adjacent to the protected area / game reserve;*
- *Finally, in cases where communities have established land rights on the game reserve / protected area in terms of the Land Rights Act 22 of 1994, or tenure rights in terms of the Interim Protection of Informal Land Rights Act 31 of 1996, such communities need to play their rightful role in the development of the eco-tourism opportunity within the reserve / protected area.*

The success of a community–public–private partnership (CPPP) must be based on the understanding that each party needs to play its correct role and on the principle of the fair allocation of risk and reward.

It is clear from the above section that the envisaged deal structure requires more from investors than simply corporate responsibility. Even where the communities have no, or limited land rights, investors had propose how they could be included as partners in the new venture. Having said that, the provincial government also had to be realistic in its requirements of the private sector. The RFP therefore emphasised the *principles* of empowerment, rather than be *prescriptive* in terms of how the private sector should respond. The government was also clear that the primary objective must be to get investors to respond positively to the opportunity.

Design principles

Next the RFP spelt out in some detail the broad design principles that should be embraced in private sector proposals. The design principles covered the following areas:

- socio-economic and empowerment
- institutional
- financial
- planning
- environmental
- land management
- human resource management

Although many of the principles deal with aspects of PPT, the section on socio-economic and empowerment is the clearest:

- *Investments should be planned and managed to strengthen the local economic base and minimise economic leakage out of the area.*
- *Investments should be planned and managed to ensure maximum sustainable economic impact in the project area, in terms of job creation, out-sourcing of non-core services, training, capacity building and creation of SMME opportunities.*
- *Communities surrounding the project area must benefit directly and indirectly from proposed developments in the short, medium and long term.*
- *Community involvement/responsibility in planning and decision making processes.*
- *Where possible local community based equity sharing in tourism and related operations should be encouraged.*
- *Capacity building processes at the local level should form an integral component of the proposed developments.*
- *Specific provision must be made for the identification of opportunities for and support to SMMEs. Specific mechanisms to address problems related to the absence of access to capital and business support structures and deficiencies in skills, entrepreneurship and training must be developed.*

Under financial principles it includes among others:

- *A financial structure that allows for normal financial returns, secure financial backing, defensible returns to the communities and a positive injection of funds to the local community.*
- *A mix of immediate and long term returns on the community investment.*

The principles aim to provide the investors with sufficient information to prepare their proposals. Further detailed information to assist investors was made available in the briefing sessions, and in documents in the data room.

With very large infrastructure PPP deals, (such as prisons and toll roads) government can be, and often is very specific about some key aspects of the deal. For example, it can often prescribe the minimum equity share to be allocated to previously disadvantaged persons, how much of the contract cost must be allocated to SMMEs, and employment objectives. The provincial government with the SDI team felt that since this is the first commercial project under a new political and constitutional regime, specific targets or prescriptions may deter investors. Outstanding land claims, lack of investor confidence to deal with government and complex community issues were also perceived as risks by the private sector. A substantial effort was made to allay the fears of the private sector by providing them with as much information as possible during intensive interactions.

Role description

The RFP describes the roles of government, communities and private sector. One notes again that communities are not simply treated as passive recipients of benefits, but can and should add value to the investors.

The community will be an extremely important contributor to the success of the venture. Their role will be to:

- *Provide a settled environment on which tourism can flourish.*
- *Create a culture of environmental awareness within the community that will act as a deterrent to activities, such as poaching that will negatively impact on the businesses within the reserve.*
- *Optimise the socio-economic benefits to the community.*
- *Establish linkage enterprises that will benefit from the existence of the core enterprises.*
- *Maintain a relationship with Government that will encourage the infrastructure improvements that are required.*

From investors, the following were expected:

The Investor and Operator are required to create the venture that will provide the economic stability to the region. Their responsibilities will obviously complement those itemised above and in addition will include:

- *Establishing tourism and tourism related activities that will confirm the area as a key destination able to contribute to the growth within the region.*
- *Conducting their affairs in accordance with the environmental principles defined above and clearly demonstrating their own environmental ethic.*
- *Marketing and managing the lodges in a manner that not only ensures income sustainability, but also provides for wealth creation in the greater region.*
- *Offering employment to those persons from the neighbouring community and particularly those currently employed in the reserve.*
- *Providing contracts to local SMMEs for services and produce.*
- *Setting up appropriate capacity building structures.*
- *Maintaining the facilities and related infrastructure for the period of the concession.*

It is clear from these principles that the provincial government not only wanted a sustainable commercial investment, but also required investors to establish a business partnership that would benefit local communities. Although the emphasis is on communities, the general level of poverty within the neighbouring rural communities is such that no distinctions were made between rich and poor within communities.

In view of the lack of capacity and experience among rural communities, SMMEs may not be able to take advantage of the opportunities without information and some assistance. The SDI therefore contracted Ntsika (a public sector institution providing support to SMMEs) to inform local SMMEs of the possible opportunities, and more importantly to provide the successful concessionaire with full details of the range of products and services that can be provided by local black-owned companies.

Effective participation by the communities is essential to ensure that good intentions become practical. Although the initial structure contained extensive capacity building with office-bearers of the formal entities, such as the Village Tourism Associations and the Trust, this ceased when the

deal was restructured. Much more can and ought to be done in this regard. There are now also dedicated programmes and funds available to ensure that communities may participate effectively.

Land

Where the RFP deals with land issues, it informs bidders accurately and honestly about the land status and the on-going land claims process. More importantly though it recognises the altered (and strengthened) legal position of communities in the event of a successful land claim:

With regard to land claims, it should be noted that the Commission on the Restitution of Land Rights has received a number of land claims on Manyeleti. It is however unlikely that any of the claims will be realised. In the event of a successful land claim, the state will engage with the relevant claimant(s) to ensure that the benefits flowing from the concession agreement are allocated to the claimants in accordance with the nature and extent of the land rights established. .⁹

The concession agreement is binding on the state, and there will be no material change regarding the rights of the developer and/or the current conservation land use.

The outstanding land claims on the reserve were perhaps the most worrying aspect for investors. The government team made a special effort to inform investors and communities of the land claims process and were at pains to point out that the land claims process and commercialisation process can proceed in parallel without jeopardising the rights of claimants or investors. This position was confirmed with the Land Claims Commission and borne out by recent decisions by the land claims court.

It should be noted that this position is vigorously disputed by one of the land claimants who has made numerous efforts to halt the commercialisation process until the land claims have been resolved. The provincial government, with the support of the SDI team, and in collaboration with the National Department of Land Affairs and the Land Claims Commission, initiated the land rights enquiry. This is the first step in the land claims process and should provide sufficient information to assess a claims validity. The investigation has been completed, but the report is not yet officially available and, at the time of writing, the findings could not be released.

The provincial government, the national Department of Land Affairs and the Land Claims Commission are however in favour of resolving this matter in a just and equitable manner. The matter will probably be discussed with the various claimants and models will be explored as to how the benefit flows can be managed to ensure that the larger community and the claimants benefit from this investment. Whilst this remains unresolved it would be safe to argue for the provincial government to conclude the contracts within the broad framework of the RFP requirements, after which decisions could be made regarding the re-directing of the concession fees.

Concession structure

The concession structure in the RFP spells out very clearly that the community Sec 21 Company can and should be included in the final structure: (Sections 6.6 and 6.7 of the RFP describes the selection of the “affected communities and the management of the benefit flows.)

⁹ This statement regarding the possible outcome of the land claims, was based on the rejection of claims by the Land Claims Commission at the time. The SDI is working with the Commission, and in order to expedite the land claims process has funded the land rights enquiry – the 1st phase of the process.

In order to facilitate effective interaction between the community and the private sector and Government, a Section 21 Company has been established. The Section 21 Company will comprise of representatives from the surrounding villages as well as the adjacent local councils and traditional authorities. The Provincial Government will also be represented on the Section 21 Company. Private sector expertise may be brought in if and when necessary.

The Sec 21 Co will among others, perform the following key functions that adds value to the investor and the land management organisation (in this case the Northern Province Government):

- *The Company acts as legal entity representative of the broad community. This assists the investor to interact with a single entity.*
- *The Company will be the recipient of the benefit flows to the community.*
- *The Company distributes the benefit flows (income) in a transparent and accountable manner, as per the articles of agreement and community resolutions.*
- *The Company facilitates the sourcing of SMME service providers for the investor.*
- *The Company facilitates the sourcing of land management services for the land management organisation.*
- *It will facilitate tourism development and sustainable resources management in the areas outside the Reserve.*
- *Finally, it is the holder of the tourism management rights for the Ivory Route Camp.*

The concession structure ensures a range of benefit flows to the community:

- *Jobs: The RFP makes local employment a strong evaluation criterion.*
- *SMME opportunities The use of SMMEs is also incorporated in the RFP. The presence of the Sec 21 Co adds additional impetus to this.*
- *Revenue: Because the Sec 21 Co could provide a range of services to the investor and the State, it is paid a service fee for the services rendered.*
- *Equity: The structure allows for the Sec 21 Co to take up equity where feasible.*

The concession structure has been kept simple and ensures that investors would be comfortable with the principal contracting party. In addition the relationship between the contractor (investor) and the Sec 21 Co is based on commercial principles, and makes the relationship more sustainable. Finally, the structure allows for a range of benefit flows to the community.

It is envisaged that a Joint Management Committee will be established consisting of representatives from the state, the Section 21 Company and the private sector operators to oversee the overall management of the reserve.

The Sec 21 Company was established as part of the original structure, and the SDI and province agreed that this might be a useful vehicle for managing community benefits. Initially intended to be the principal contracting party holding the tourism development rights, the Sec 21 Co was admittedly included rather awkwardly in the new structure. The exact role of the Sec 21 Co in the final structure is not yet clear and is currently being negotiated. One of the proposed approaches is to bring the Sec 21 Co under the auspices (but not control) of the local municipality and use it as intended as the main joint venture equity partner and recipient of benefit from the deal. Control of the Sec 21 Co can be arranged in such a way that benefits are allocated equitably and transparently to the different communities. In the event of a successful land claim the Company can continue to exist and in such a case be the recipient of the 'corporate responsibility' benefits, instead of the empowerment joint venture partner.

Section 7.2.1.7 of the RFP states what the proposals should include in terms of empowerment, and refers to the following:

- *Existing policies and practices of the bidder to support economic empowerment of previously disadvantaged individuals and communities;*
- *An indication on how the proposed investment will strengthen the economic base of the locality;*
- *Proposals regarding the approach that the bidder will adopt in involving the local community in the project*
- *Proposals regarding the employment and training of persons from local communities and the use of labour-intensive approaches, local suppliers and emerging contractors;*
- *Proposals to support economic empowerment of previously disadvantaged persons through shareholding, co-operation agreements, management and service agreements, etc; and*
- *Proposals on how the concessionaire will contribute towards the academic and skills upliftment of women and youth in the community.*

The RFP contained practical suggestions on the kind of issues that the bidders needed to address. Again the government team elected to deal with the empowerment requirements in terms of principles rather than prescription, and provided the bidders with sufficient information to develop their proposals. This section of the RFP is perhaps the most explicitly pro-poor since it attempts to confront the most pressing grassroots issues and demands and to operationalise broad policy requirements.

Evaluation criteria

Finally the RFP informs the proposed bidders on the evaluation mechanisms and criteria.

The ratings that will be used by the evaluation team in terms of each of the detailed evaluation criteria will be as follows:

Development concept	23
Infrastructure	7
Development concept	4
Displacement	4
Environmental impact	8
Delivery of the concept	44
Financial performance/resources	10
Development viability	7
Operating ability	7
Development ability	6
Marketing capability/capacity	8
Timing	6
Economic and Social Objectives	33
Economic empowerment	9
Local skills and labour and transfer of skills	9
Economic benefits ITO multipliers jobs and SMME	9
Social development	6
	<u>100</u>

Economic and social objectives make up 33% of the evaluation criteria, which suggests that investors need to take empowerment seriously.

The specific guidelines regarding the evaluation criteria for the empowerment and social elements were:

Economic empowerment

Applicants should demonstrate that they have made provision for the upliftment, advancement and economic empowerment of historically disadvantaged persons and communities. The SDI policy documentation on empowerment as well as Community Public Private Partnerships is available as part of the supporting documentation to this RFP.

The criteria considered in assessing options for economic empowerment include community involvement/responsibility in; the planning and decision making processes, the management of tourism and related operations, and control over land. It also includes the extent of local/community based equity sharing in tourism and related operations, as well as the extent to which community access to SMME opportunities is promoted and supported, and capacity building processes at the local level.

Local skills, labour and the transfer of skills

The applicant must within its proposal commit to the recruitment and development of local skills wherever feasible. In this regard special attention needs to be paid to the innovative ideas regarding the employment of existing staff. As such the applicant should demonstrate that they will build capacity and thereby maximise the opportunity for skills transfer.

Economic benefits in terms of multipliers, jobs and SMMEs

Applicants should indicate the projected multiplier effects of their development in terms of the indirect job opportunities and economic benefit to the area. The impact of the project firstly in terms of supporting and promoting tourism should be defined and secondly in terms of the employment that will be created in the construction, development and operational phases. In terms of employment the following details should be provided:

- *Estimated number of job opportunities that will be created, distinguishing between the different types and grades of work with specific reference also to the employment of current government staff;*
- *The number of staff to be recruited from within the Province, other provinces and other countries;*
- *Proposed staff training courses / facilities to be introduced;*
- *Proposed education / bursary schemes for employees;*
- *Proposed employee share option schemes and*
- *Housing / leisure facilities to be provided to employees if any.*

Links to SMME opportunities and support mechanisms need to be defined along with an undertaking in the proposal to support local entrepreneurs in the development and operational phases. Granted the developments will take place within a business environment and therefore applicants as criteria to involve local entrepreneurs can define performance standards. Capacity building processes to ensure such standards are met would need to be negotiated. The following details should be provided in context of the above:

- *The extent to which there will be equity participation by persons disadvantaged by unfair discrimination.*
- *policies to promote and stimulate small and medium business opportunities in both the development and operation of the proposed tourism development.*

Social development

Applicants should indicate that they would contribute to social development in the Province and also maximise positive social impact on the local community. Their past experience and track record will be taken into account and they must demonstrate that they will carefully manage the potential negative affects of tourism activities on traditional cultures. The following details should also be provided:

- *Proposed community facilities and benefits.*
- *Proposed recreation opportunities for neighbouring communities.*

2.6.3. Conclusion

The RFP reflects the formal policies and approaches of the government and the extent to which it is prepared to insist on PPT elements in private sector proposals. This RFP content, and the dialogue with both the investors and communities reflect very clearly the fact that government seriously intended to ensure that any investment makes an impact on the lives of the poor. The RFP also reflects how the different policy issues had to be incorporated within a coherent framework. Perhaps the biggest challenge was how to structure the deal so that it would achieve the overall socio-economic objectives, but without making the requirements too onerous for the private sector.

By and large the RFP succeeded in balancing the principal objectives of the government, communities and private sector.

During the preparation of the RFP, market assessments indicated that the private sector considered the opportunity in the MGR to be very attractive. Uncertainty about land issues, perceptions about the provincial government as contracting party and other available investment opportunities however (such the KNP concessions), had to be borne in mind in the structuring of the deal. The government and SDI team's first objective was to capture the private sector's attention and ensure its commitment to making proposals. Without a quality investor, one cannot start to pursue the other objectives. Investors were generally satisfied with the process and 9 proposals were submitted for consideration.

There are clearly a number of lessons of experience and the following issues will need to be addressed in future:

- At the time of the RFP preparation there were no standard guidelines on the format nor on the procedures. In response to a large number of PPP-deals that were prepared by various national, provincial and local government structures, the National Department of Finance establish a dedicated PPP unit. The PPP unit acts as a resource to agencies preparing commercial deals such as MGR, but it also ensures that the projects conform to the requirements of the Public Finance Management Act. The establishment of the unit and the publication of Treasury Guidelines should go a long way to streamline and standardise the process, and reduce the preparation costs.
- Closely linked to the above is the preparation cost of the project. The preparation cost was abnormally high due to the uncertainty on key policy issues, changes to the basic deal structure, land claims and the protracted community consultation. MGR was a key project of

the province and of the SDI and resources were available to complete the preparation. In future projects need to be more carefully selected especially where unresolved land claims could delay the process, or where there is a possibility of a legal challenge. Standardised documentation and procedures and careful project selection will assist in bringing the cost down. As skilled staff gain experience, these types of projects can be brought to the market successfully and efficiently.

- Investor perceptions regarding the process and the documentation were generally positive although the quality of the product and the potential returns ensured investor interest despite some of the risks and uncertainties. In dealing with public assets the team had to balance the objectives and requirements of government with those of the private sector. Government acted conservatively and needed to preserve the integrity of the process, achieve the basic objectives of the tender and conclude a financially sustainable deal. Most of the criticism levelled at the process came from smaller and inexperienced operators who were unfamiliar with such public processes. Much room for improvement exists and many aspects of the documentation can be simplified.
- Many practitioners are now advising government to simplify the decision-making process by simply allocating more than 50%, and preferably as much as 80% of the evaluation criteria to price, i.e. what the concessionaire is prepared to pay. This certainly makes the evaluation process a lot easier and also focuses the attention of the bidders. It is also argued that since valuation techniques are so accurate, bidders eventually compete on the remaining 20% of the evaluation criteria usually dealing with the socio-economic criteria.
- The basic lesson remains that the first objective must be to capture the attention of investors, and that the documentation and process should not frighten them off. Equally the preparation costs should have a realistic bearing on the nature and underlying value of the asset. For this reason the PPP Unit requires up-front a value for money analysis before giving permission for any project to continue.

2.7 Assessment of the proposals

2.7.1 General

Having included strong empowerment and PPT elements in the RFP, this section assesses the private sector's response to the RFP. As the investment deals are currently being negotiated, this section reflects only on what was contained in the formal proposals and investors' attitudes during the first round of negotiations with the preferred bidders. A third level of analysis to test the implementation of the contractual obligations would be essential to assess the real impacts. A monitoring and evaluation mechanism will be in place to do that.

Due to the sensitivity of the negotiations and the confidentiality requirements contained in the RFP, this section will only provide a broad overview of the proposals. Before turning specifically to the PPT elements, here first are some general observations:

- The proposals on the table reflect a massive improvement from the current lease agreements regarding concession fee, investment value, operational aspects and empowerment. Conservative estimates suggest that the concession income to government can increase by a factor of 200, bringing about SAR 40 million (approx US\$ 5 million) new investment into the reserve. Although this reflects current land values more accurately, it is still below comparable land on private game reserves, or that of the KNP unencumbered by land claims, for instance.
- The bidders recognised the socio-economic realities of the area, the expectations of communities, and the requirements of government. All of the preferred bidders responded

positively and innovatively to the RFP and clearly a lot of thought and preparation went into the proposals. The bids also represent a substantial gain in those areas which directly impact on local communities and that are explicitly pro-poor. The bidders submitted clear practical proposals on empowerment (through equity participation), out-sourcing, employment and use of local entrepreneurs that should ensure a measurable positive impact in the local area. It is however vital that these elements are properly included in the final contracts and that mechanisms for compliance are established.

- This was the first time that the province made tourism investment opportunities available on this basis, and it was also a new experience for many investors. Some smaller and inexperienced investors felt that the requirements were too onerous and detailed. The RFP was also too complex. As a result the proposals did not provide the level of detail that was expected in the RFP.

2.7.2 PPT elements

It was clear from the proposals that the serious bidders' first objective was to convey their ability to develop and manage a project of this nature, and secondly, to indicate very clearly the nature and extent of the hard investment. The PPT aspects can best be assessed when looking at the following:

- concession and corporate structure
- empowerment policy and plan
- employment policy and plan
- concession fee proposal

Concession and corporate structure

Typically the bidders proposed the establishment of a dedicated operating company to act as the principal contracting party with government. Many of the preferred bidders consisted of a consortium of companies (many of them black-owned), each bringing a set of skills and experience to the deal. The inclusion of black-owned companies in the consortium obviously also contributes to the empowerment and transformation elements of the deal. The core of the consortiums, however was mostly white-owned with substantial experience in the tourism sector.

Empowerment

Essentially two types of empowerment models were presented: The 'equity model' (allocating a percentage of equity to a separate, community-owned legal entity), and the 'benefit model' (allocating a percentage of turnover to a separate community-owned legal entity, making available training opportunities, and investing in infrastructure).

Typical equity proposals were:

- The establishment of a separate legal community entity that takes up equity: Bidders allocated between 20%-44% of the tourism operation company to such a structure. Most of the bidders proposed making use of the Sec 21 Company for this purpose.
- Employment equity scheme: In this case the bidder focused on making equity available to staff and their families. The bidder proposed that 20% of the equity be allocated to this group and that the operation be managed as a joint venture with staff.

- Inclusion of black-owned company in operational structure, or consortium. Almost all of the bidders included black directors and/or black-owned companies in the consortium. In two cases these business people were locally based, or had strong links with the MGR area.
- Appointment of community member to board of directors of operating company.

Benefit models:

- Contribution of a percentage of profit, or turnover to community-owned legal entity. Typically this type of proposal was between 2%-5% of turnover, or SAR 0.5 million p.a, increasing to over SAR 2 million in year 10. Another bidder suggested 15% of after-tax profits.
- Commitment to train staff from local communities in the tourism operation.
- Out-sourcing of services and products to local SMMEs, e.g.. game drives, laundry, garden maintenance, and provision of fresh produce, arts and craft items.
- Upgrading and/or provision of local infrastructure such as school classrooms, water supply, road access and fencing

Employment policies and SMME support

All the bidders committed themselves to maximising local employment, and to select new staff first from existing government staff, on a voluntary basis. The estimated employment figures were generally in line with the staff compliment per room for this standard of service and product-type. The employment gains over the current situation are due to the increase in bed numbers, and not any specific effort to employ more staff.

The bidders made strong commitments to use local SMMEs, but did not set any targets regarding the percentages of either construction costs or annual operational expenditure that will be allocated to SMMEs. This may well be firmed-up in the negotiation process and included in the final contracts so that it may be monitored and enforced.

Concession fee

The proposals were typically based on a percentage of turnover and ranged between 8% - 12%, normally escalating over a period of 10 years. This aspect remains a key negotiation point and government has proposed a concession fee that is fixed at an agreed level, and a variable portion that enables it to benefit as the business operation matures and increase turn-over.

The response of the private sector was reasonably satisfactory and certainly a huge leap forward compared to the typical models experienced elsewhere in South Africa. During the first round of interactions with the preferred bidders it was clear that they will all be prepared to adapt, and improve the models during the negotiation period.

Bearing in mind that none of the communities has established formal land rights on Manyeleti, the proposals all represent a significant improvement on the current situation and are at worst in line with best practice elsewhere in South Africa. Both the equity- as well as the benefit model will yield a fairly good income and benefit stream to local communities. The benefit models could result in about SAR 2 million p.a eventually going directly into a separate legal entity, for redistribution to local communities. Combined with the equity stake that communities may obtain, the new jobs and the outsourcing opportunities, the groundwork has been laid for the commercialisation to generate a substantial and varied stream of benefits to local communities.

The success of these proposals will be based firstly, on the extent to which these aspects can be formally quantified and included in the final concession contract, and secondly whether the mechanisms to monitor and enforce compliance can be established.

2.8 Actions to address barriers to participation of the poor in tourism

Issue	Identified as a barrier	Means of overcoming it
Lack of human capital of the poor.	Capacity of affected communities to participate in CPPP- and commercialisation deals.	<ul style="list-style-type: none"> ▪ Grant support available through Land Reform Credit Facility (LRCF). ▪ CPPP programme provides assistance with structuring. ▪ IPPF make loan finance available for technical support.
Lack of financial capital of the poor – e.g., micro credit, revolving loans	<ul style="list-style-type: none"> ▪ Access to capital ▪ Loan finance for SMMEs ▪ Land can be used as capital contribution, but is deemed very risky by communities, and can be open to abuse. 	<ul style="list-style-type: none"> ▪ LRCF and development finance institutions make loans available. ▪ Special tourism loan products available from Industrial Development Corporation to increase equity portion of communities. ▪ Land settlement grant of government (SAR 16,000/household) can be used as equity. ▪ Ntsika could provide loan funding for SMMEs.
Lack of social capital/organisational strength	Strong local organisational structures in place, but perhaps too many – leads to confusion.	<ul style="list-style-type: none"> ▪ NGO and government support available to assist structures to participate in the commercialisation process. ▪ The land claimants specifically are well-organised around land issues.
Incompatibility with existing livelihood strategies	Inadequate infrastructure (fencing) lead to crop and stock losses.	The commercialisation process should generate sufficient new resources to improve the situation.
Location	Rural communities ideally located to participate in transactions, but need to be linked to resource institutions.	The SDI team requested Ntsika to identify products and services that can be supplied by SMMEs and to alert concessionaires of SMMEs that can provide these products / services.
Lack of land ownership/tenure	The current situation where no formal land rights have been established places communities in weaker position.	<ul style="list-style-type: none"> ▪ Government is facilitating land rights investigation. ▪ RFP makes provision for the possibility of the establishment of formal land rights. ▪ RFP and final contracts ensure real and substantial benefit flows to local communities.
Planning process favours others – lack of planning gain	Government made deliberate effort to ensure its assets are used to improve local economy. .	
Regulations & red tape	Untested new policies and procedures led to delays and increased project preparation cost.	<ul style="list-style-type: none"> ▪ New and standardised PPP guidelines will improve situation. ▪ Experience with this project will also

		<p>reduce time delays in future.</p> <ul style="list-style-type: none"> ▪ Dedicated provincial government structure to be put in place to expedite approvals and decision-making.
Lack of linkages between formal and informal sectors/ local suppliers	Private sector operators lack knowledge of local suppliers.	Ntsika to facilitate business linkage programme.
Lack of pro-active government support for involvement by the poor.	Pro-poor measures need to be formally included in documentation and proposed bidders are to be informed clearly on what is expected in terms of pro-poor elements.	RFP document is the practical and enforceable mechanism to be used in this regard.

3. The Makuleke Case Study

3.1 Background to the initiative

3.1.1 Introduction

The Makuleke tourism initiative is a community based initiative, that is being supported by the CPPP programme, and is being utilised as a CPPP pilot project to develop policy and procedural guidelines for the implementation of similar community based projects in South Africa. Further, the initiative is being utilised by many observers, including SANP, as a case study to guide collaboration between communities, government and the private sector in promoting conservation and tourism development in South Africa.

3.1.2. Overview

Makuleke is located in the Northern Province of South Africa in the extreme northern portion of the Kruger National Park (KNP), and on the border between South Africa, Mozambique and Zimbabwe. The Makuleke region is located between the Luvuvhu and Limpopo rivers, in an area of high conservation value and with significant tourism potential. The KNP is the largest National Park in South Africa, and is a significant tourist destination for both local and foreign tourists. Being functionally part of the KNP the Makuleke area has a wide variety of game, including the big-5.

The Makuleke tourism initiative arose as a consequence of the land restitution process, in which the Makuleke won back full ownership of their land. A condition of the restitution process was that the Makuleke community would continue to utilise their land for conservation purposes.

The Makuleke tourism initiative refers to all tourism related activities that are being pursued by the Makuleke community. The tourism projects include:

- development of 6 or 7 high value game lodges developed as joint ventures between the community and the private sector aimed primarily at upper income foreign and domestic tourists. Based upon an environmental assessment, the total tourism carrying capacity of the area was estimated at approximately 200 beds.
- development of a small rustic camp, owned and managed by the Makuleke CPA,
- limited trophy hunting.
- cultural tourism opportunities i.e. Thulamela and Crooks corner
- village based tourism opportunities i.e. Makuleke Bed and Breakfasts
- animal breeding. options regarding animal breeding are still being investigated, with the breeding of disease free Buffalo being one option under consideration.

3.1.3. Socio-economic perspective

The Northern Province is regarded as one of the poorest provinces in South Africa. Makuleke falls within the Malamulele district of the Northern Province, which is in turn regarded to be one of the poorest regions in the Northern Province. Salient features of the district include:

- Unemployment is around 60% (possibly higher) and out-migration is high. The average annual increase in unemployment since 1980 is more than 20%.

- Pensions, remittances, occasional selling of agricultural surpluses and infrequent informal activity are the main sources of income.
- More than one in four people live more than 5 km from medical facilities.
- Infant mortality is 57 per 1000 births. The SA average is 41.8 per 1000. In 1994, 35.6% of children between four and five were stunted due to poor nutrition.
- Residents rely primarily on communal taps and only 7% of dwellings have water borne sewerage.
- Electricity and communal telephones have recently been installed - including cell phone masts. However there is still extensive reliance on fuel wood for cooking and heating.¹⁰

3.1.4. Historical and cultural background

In 1969, approximately 3000 people belonging to the Makuleke clan were forcibly removed from their land by government, in order to accommodate the expansion of the KNP. After the removal, the Makuleke people were settled in an area known as Ntlaveni, adjacent to the Punda Maria gate to the KNP, which fell within the former homeland of Venda. Accounts from Makuleke elders describe how living conditions deteriorated rapidly with their removal. Dry savannah conditions did not have the rich natural resources of the land they previously occupied and there are accounts of hardship, and how famine and malnutrition killed a number of Makuleke people.

As part of the South African land reform programme, negotiations with the SANP for the restitution of the Makuleke region to the Makuleke community started in the mid 1990's. The Makuleke land claim was settled in late 1998, in which the Makuleke people regained formal title to 24,000 ha of land in the northern part of the KNP. The land was de-proclaimed, and subsequently re-proclaimed as a Contractual Park in 1999. In exchange for full ownership, the Makuleke agreed to let the land remain part of the KNP, under joint SANP/Makuleke management control for a period of 50 years. In addition, the Makuleke community committed themselves to maintain the land for conservation use, and not use the land for either residential or agricultural purposes.

3.1.5. Evaluation of the asset base of the Makuleke Community

As a result of the land restitution process, the Makuleke community has secured full ownership of a significant tourism and conservation asset in South Africa. It has been estimated that the land value of the Makuleke region in the KNP is worth approximately SAR 65 million (approx US\$ 8.3 million) with infrastructure worth an additional SAR 3 million (US\$ 382,166). Commentators argue that due to the international branding of the KNP, the value of the land in the Makuleke region is significantly higher than it would be if Makuleke were not incorporated into the KNP. It has been estimated that almost 75% of all fauna and flora species found within the KNP are also found within the Makuleke region. The land, and associated infrastructure, as well as plant and animal life on the land are thus significant assets owned by the community, and can be utilised to generate an income stream as well as lever further investment into the area.

In addition to the above, the region offers significant historical and cultural assets. The Thulamela ruins, south of the Luvuvhu River, present an example of an African city that was at the centre of a sophisticated commercial and political system during the middle ages. There is evidence that Thulamela served as a trading station on the ivory, slave and gold trade routes established by African and Arab traders, and which were linked to Great Zimbabwe, the fabled kingdom of Monomotapa, and the historic ports along present day Mozambique. Discussions are presently

¹⁰ Challenging Eden: From Rhetoric to Action in Community-Public-Private partnerships, E Koch and PJ Massyn, October 1999

underway to establish a museum to house the gold jewellery and other artefacts found during the excavation of the site.

One of the most exciting cross-border initiatives currently taking place in Southern Africa is the proposed establishment of the Gaza-Kruger-Gonarezou (GKG) Transfrontier Park. This park will effectively link three established wildlife areas, in three countries into an integrated unit. The GKG Transfrontier Park will include the KNP (including the Makuleke region) in South Africa, Gonarezou in Zimbabwe and Goutada 16 in Mozambique. It is envisaged that the establishment of the GKG will open various new tourism opportunities in South Africa, by facilitating the free flow of tourists between the three countries, and providing a range of new tourism experiences and accommodation options in the Transfrontier Park. The Makuleke region is strategically placed on the border between South Africa, Zimbabwe and Mozambique, and thus is ideally positioned to capitalise on increased tourism flows to the region.

3.1.6. Tourism assessment

The Northern Province is an established tourism destination attracting approximately 6% of domestic tourists and 7% of the international market. Foreign tourism to the province has grown strongly in recent years, with the number of overseas tourists has more than doubled since 1996. The bulk of the province's visitors are holidaymakers, with most foreign tourists attracted by culture, scenery and wildlife. The KNP is recognised as a significant attraction for tourists visiting the Northern Province. As Makuleke functionally falls within the KNP, a brief overview of tourism trends in the KNP is provided.

The total number of visitors to the KNP in 1998/1999 was 948,732, of which 426,663 were overnight visitors and 522,069 were day visitors.¹¹ 21.2% of the total visitors to the park in 1998/1999 were foreigners.

Despite the positive branding of the KNP, the Park recently experienced modest growth in day visitors, particularly in the south, but a decline in overnight visitors, particularly in the north. In 1999, average unit occupancy across the entire Park dropped by 3.9% with the three northern-most camps (Punda Maria, Shingwedzi, and Mopani) experiencing larger than average declines. Bed and unit occupancies in these camps are also significantly below averages for the Park as a whole. In 1997/8, Punda Maria registered an average unit occupancy of 60.1%, Shingwedzi 54.8% and Mopani 44.8%. The average occupancy for the entire park was 74.3%. According to Hector Magome (SANP) all camps north of the Letaba River are operating at a loss. The poor performance of the northern section of the KNP can be attributed to problems associated with access and perceived distance from major source markets, the absence of established tourism routes/circuits in the Northern Province, and less game (as a function of vegetation) north of the Letaba River in comparison to the southern part of KNP.

In terms of existing flows of tourists to the Makuleke region of the KNP, gate entrance figures indicate that the gate at Punda Maria was used by 4.1% of visitors to the KNP, and that at Pufuri by 1.1% of visitors (1998 figures). Punda Maria camp however experienced an occupancy rate of 60%, which indicates that tourists are prepared to visit the northern extremes of the park. This illustrates that although Makuleke is located within an established tourism destination, tourism flows to the northern portion of the park are limited.

¹¹ Scoping of Tourism Initiatives in the PSDI-area, P Norton, 1999. Report for PSDI Technical Team.

South African National Parks has recently embarked upon a programme to increase visitor numbers. Key initiatives include extensive marketing campaigns, the provision of new activities (e.g. night drives, walks, bush braais¹² etc), upgrading of accommodation, and the commercialisation of certain camps as well as restaurant and shop facilities within the Parks. The commercialisation programme forms part of a strategy of the SANP to attract additional foreign tourists, in order to increase the revenue stream to the Parks, given declining budgetary allocations to the SANP from national government.

In contrast to declining visitor numbers inside the KNP, private game lodges situated adjacent to the KNP have experienced growth. The number of private game lodges has grown substantially in over the past decade, and satisfy a growing trend for eco-tourism based leisure and conference tourism. According to Kessel Feinstein, private game lodges have achieved annual occupancy rates of between 60 % - 85%, with those lodges providing exclusive, high value experiences attracting the majority of foreign tourists.¹³

3.1.7. Key role players

The Makuleke community is defined as those members of the Makuleke and Mutale community, who were forcibly removed from their land in 1969. The Makuleke Community Property Association (CPA) was established during the land claims process. Following settlement of the land claim, the Makuleke CPA is now largely regarded as the legitimate body that represents the community. In terms of the restitution process, the Makuleke CPA holds formal title deed of the land. As the landowners, the CPA started the Makuleke tourism initiative in order to secure an income and employment opportunities for the Makuleke community.

The key actors in the initiative are:

- Makuleke Communal Property Association who represents the local community as defined in the land restitution process
- The National Departments of Land Affairs and Agriculture, of Environmental Affairs and Tourism, of Defence, of Minerals and Energy Affairs and of Public Works;
- The Northern Province Department of Agriculture, Land and Environment;
- The Northern District Council and the Thohoyandou TLC;
- The South African National Parks (SANP)

The Makuleke initiative has received support from various other stakeholders including the Maputo Corridor Company, the CPPP programme and various donor organisations

The CPA has been registered in terms of section 18 of the Communal Property Associations Act, 1996. The CPA derives its mandate from a written constitution adopted at a general meeting of all members. The constitution defines the objectives of the CPA, the criteria for membership, and the responsibilities and entitlements of members. According to the constitution, the 15,000 beneficiaries of the restitution agreement are divided into class A beneficiaries (direct descendants of those who lived on the restored land) and class B beneficiaries (those who joined and contributed to the community after the forced removal).

The CPA has established an Executive Committee as well as Implementing Agency. The Implementation Agency is based at the Makuleke Tribal Authority office, and deals with all day-to-day administrative matters of the CPA. A joint Management Board (JMB) was established as a

¹² Unique South African tradition of roasting meat on an open fire.

¹³ Tourism Talk Southern Africa, Kessel Feinstein Consulting, September 1998

condition of the restitution agreement, as the primary decision-maker on environmental and conservation management of the Makuleke region. The JMB comprises equal representation between the CPA and SANP, with chairmanship rotating on annual basis.

3.1.8. Roles and responsibilities of key role-players

According to the document entitled ‘the Makuleke Region of the KNP – Requirements for the Submission of Bids by Interested Parties Seeking Involvement in Development Projects’, specific roles and responsibilities were defined as follows:

The CPA and the Makuleke Joint Management Board

These parties will be responsible for providing an enabling framework for the development of the Makuleke region. This will, *inter alia*, involve:

- making the land available under a secure tenure arrangement for a period commensurate with a reasonable and fair return on investment;
- facilitating compliance with all planning, zoning and environmental requirements and legislation to enable the project developer to undertake the development necessary to implement the project;
- facilitating the removal of all encumbrances on the land to ensure unhindered access to the land for the purposes of the proposed development;
- performing a regulatory function that will deter any activities that will have a negative effect on the environment;
- providing assistance and guidance to the Makuleke community with regard to their responsibilities;
- participating in decision-making and management;
- developing and financing the tourism projects where appropriate.

The project developer

The project developer is required to create and implement the project. Its responsibilities will complement those itemised above and additionally will include:

- managing and administering the resultant development as a commercial enterprise;
- establishing tourism and tourism related activities that will confirm the area as a key destination able to contribute to the economic growth of the region and enhance cross-border linkages;
- conducting their affairs in accordance with recognised and reasonable environmental principles and clearly demonstrating their own environmental ethic;
- marketing and managing the projects in a manner that ensures income sustainability;
- offering employment to persons from the Makuleke community;

- providing contracts to Makuleke SMMEs for services, opportunities and produce;
- setting up appropriate capacity building programmes;
- maintaining the facilities and related infrastructure for the period of the project.

SANP

It was agreed that in the short term, the SANP would undertake the conservation function, under the management of a Joint Management Board. Over time, it is envisaged that these functions will be transferred to the Makuleke community, once they have sufficient skills themselves. In terms of the 1998 Agreement between the SANP and the Makuleke CPA, the Makuleke community has agreed to fund 50% of direct conservation management costs after 2004, provided these costs do not exceed 50% of their net profit from commercial activities.

3.1.9. Funding the initiative

The major costs to the community incurred to date include:

- costs associated with the commercial planning phase – consultant fees for the development of a tourism zoning and environmental management report, preparation of a financial feasibility study, etc);
- costs associated with the procurement process (preparation and publication of the expression of interest, preparation and dissemination of the Tender Document, direct costs of investor site visits; legal and financial advice etc);
- costs associated with the training of community members (tuition fees, accommodation fees and subsistence and travel fees);
- administrative costs of the Makuleke CPA;

The CPA has secured funding from the following agencies to date:

- the Department of Public Works (DPW) and the Department of Arts, Culture, Science and Technology (DACST) have contributed SAR 518,400 and SAR 370,000 respectively to the construction of tourism facilities (i.e. bed and breakfast accommodation, amphitheatre for cultural production and living museum) within the village. The DPW has agreed to support the infrastructural components of the project, whilst DACST will support the cultural components.
- The Department of Environmental Affairs and Tourism has contributed SAR 1,500,000 for the construction of a rustic camp at Pafuri.
- The Department of Labour has sponsored vocational training of 48 community members in areas such as plumbing, brick laying, welding, carpentry and motor mechanics.
- Maputo Corridor Company contributed approximately SAR 500,000 for various aspects of technical work.
- CPPP provided finance capacity building and training
- Various donor organisations (including GTZ and the Ford Foundation) have provided grant funding for capacity building and training.

Based on the above, it is evident that the preparation costs are high, and are unaffordable to communities without significant external financial support. The high costs of the process can be attributed to:

- The Makuleke initiative was amongst the first community-based tourism initiative to be pursued in South Africa. As such, there was a steep learning curve for all involved, including the community, government officials, consultants etc.
- The project took place in a complex, and often inadequate policy environment, with many of the legal and procedural aspects not readily in place to guide the process;
- High costs associated with facilitation in order to ensure that the entire community was in support of the initiative;
- High costs associated with capacity building and training, which were necessary to ensure that the community was placed in an empowered position, and capacitated in order to fulfil their new role as land owners.

3.2 Assessment of pro-poor tourism aspects

3.2.1 PPT elements

The tourism development process of the Makuleke initiative contains certain key pro-poor elements, which have a direct positive impact on the poor.

Governance

The management of the entire Makuleke tourism programme aimed to be pro-poor. The Makuleke CPA was established to hold the property rights for the community, and aimed to promote sustainable and democratic ways of using the land for the benefit of all residents.

According to Lamson Makuleke (CEO of the Implementing Agency of the CPA) one of the key achievements of the Makuleke community to date has been the maintenance of a cohesive and unified community, and the establishment of viable and broadly acceptable institutions to manage the process. The Makuleke CPA has been successful in combining traditional as well as more modern forms of governance. A significant degree of facilitation, capacity building and training has been undertaken in order to ensure that the institutional structures are well placed to deal with the challenges ahead.

A number of institutional reforms have been suggested to increase the community's control of development and tourism projects. The CPA is presently investigating the establishment of trust, that will oversee all business dealings, ensure good governance and participate in the decision making processes regarding how funds generated by tourism will be utilised to benefit the larger community.

Leadership and community training

The CPA has initiated various training programmes designed to empower leadership and Makuleke residents to participate in governance, conservation and economic activity that will arise out of the tourism programme.

Training that has taken place to date includes:

- Training of artisans and semi-skilled workers to enable them to take up SMME and job opportunities expected to flow from private sector investment;

- Business and conservation management. Forty members of the community were selected to undergo training at a local Technicon in conservation, tourism and business skills. It is the intention of the CPA that community members will eventually fulfil the conservation management functions that are presently undertaken by the SANP, and will be in a position to assume senior management positions on the private sector tourism ventures.
- Field ranging skills: A group of 20 Makuleke residents have undergone extensive training in the KNP in order to acquire field-ranging skills.
- Cybertracker skills: Two Makuleke students have recently completed training in the use of Cybertracker, a palm held computer designed to allow rapid collection of data on habitat condition, animal movement and animal behaviour.
- Hunter training: Four Makuleke students are currently undergoing specialist hunter's guide training conducted by the University of South Africa, in order to participate in and plan sustainable hunting operations.
- The CPPP programme (in association with various other role-players) facilitated the production of a training manual entitled Partnerships for Growth and Development. The training manual focuses upon capacity building for rural communities intending to enter partnerships with government and the private sector around tourism, conservation and other forms of natural resource use. The objective of the manual is to enhance the development knowledge and skills of community leaders and project managers in various areas of development management. Topics addressed in the manual include approaches to economic growth and rural development in South Africa, local governance and development, models for community-public-private-partnerships, conservation management, and financial management. Makuleke was used as a pilot project in order to develop the manual. It is the intention of the CPPP programme that the manual, as well as training, will be available to rural communities wishing to embark on similar resource based economic development projects.

Procurement process

The Makuleke CPA issued a Request for Proposals (RFP), in which the private sector was invited to submit proposals for planning, designing, financing and constructing tourism facilities and associated infrastructure, and subsequently to operate and maintain the facilities and associated commercial activities for a stipulated period of time. The RFP, including the evaluation criteria was similar to that of the Manyeleti case study, and thus will not be discussed here.

A total of 200 new beds can be accommodated in the Makuleke region at 6 or 7 development nodes. To date, only Matswani Safaris has been awarded a concession, and is currently making on site preparations to build a 32 bed lodge, which will be operational by October 2001.

Expansion of employment and business opportunities

It is estimated that approximately 40 new jobs will be created from the Matswani Safaris lodge development, and Makuleke community members will fill approximately 70% of these. The lodge development will be structured as far as possible to make maximum use of local labour, and generate opportunities for local SMMEs. Matswani Safaris has indicated that they will provide contracts to local SMMEs on a commercial basis. They will thus guarantee a market, as long as the local SMMEs can provide the products and services and at an acceptable standard and at competitive prices. SMME opportunities mentioned by Matswani Safaris include garbage disposal, provision of firewood, laundry services, guest and staff transportation, and the provision of building material, including bricks.

However Matswani has identified potential barriers to SMME support. Firstly, the proposed lodge site is approximately 70km away from the Makuleke community; secondly the lodge must operate as a commercially successful venture, so the goods and services must meet Matswani's expectations. Should this not be the case, they will have no option but to use more established businesses. In order to ensure that the local community is in a position to take advantage of the opportunities, various technical training programmes have been initiated.

3.2.2 Specific actions to involve poor people in tourism

Issue	Identified as a barrier	Means of overcoming it
Lack of human capital of the poor – e.g., skills	Human capacity was recognised as a key constraint.	Numerous training programmes have been initiated to place the community in a position to capitalise on opportunities when they arise.
Lack of financial capital of the poor – e.g., micro credit, revolving loans	The Makuleke CPA had an extremely limited resource base. Due to the nature of the tourism programme, facilitation and technical costs are high. The CPA has relied heavily on external donor assistance, as well as government support. The CPA experienced problems in raising loan finance using their land as collateral.	The CPA has been relatively successful in raising finance from Government as well as donor funding. In addition, revenue has been received from hunting activities. New mechanisms however need to be developed to enable the CPA to utilise the land asset more fully.
Lack of social capital/organisational strength	The CPA has insufficient administrative support in terms of both equipment and human resources	“Friends of Makuleke” is an informal association of professionals that was established at the request of the CPA, and has provided the CPA with support during the land restitution and commercialisation process.
Gender norms & constraints	Not identified as a barrier	
Incompatibility with existing livelihood strategies	Not identified as a barrier as there is sufficient land available to pursue agricultural opportunities elsewhere.	
Location	Due to the project's location, it may prove difficult to attract the required numbers of tourists to the area.	The private sector and government have a role in marketing the area. <ul style="list-style-type: none"> • The private sector is responsible for marketing their product, • The Northern Province and the KNP have initiated destination marketing.
Lack of land ownership/tenure	Despite having ownership, the CPA experiences limitations in their ability to transact with their land, especially to raise loan finance using land as collateral.	Na
Lack of “product”	The tourism programme was initiated to establish a product.	Various initiatives are presently underway to establish tourism product in the region.

Planning process favours others – lack of planning gain	No appropriate institutional mechanisms exist to promote interaction between the CPA and local and provincial government.	
Regulations & red tape	A provision of the Communal Property Associations Act stipulates that a CPA may not acquire shares, other than shares licensed on the stock exchange. The CPA may thus be prevented from acquiring shares in the tourism development or operating company.	A separate special purpose vehicle is being considered to possibly take equity in private sector tourism operations.
Inadequate access to the tourism market	Despite its location within the KNP, the potential tourism market is presently limited by: <ul style="list-style-type: none"> • Seasonality in visitor numbers due to extreme climatic conditions in summer; • Perceived distance from major source markets such as Gauteng; • Poor state of access roads, • Location within a malaria area that reportedly carries drug-resistant strains; Northern portion of the KNP is not part of an integrated tourism circuit, as is the case in the southern section of the KNP	Destination building by the Northern Province Government and KNP has been initiated to increase tourism flows to the region. It is anticipated that the establishment of the GKG will further increase tourism flows in the Makuleke area. The CPA has also identified the need to develop further attractions (other than the big-5) such as cultural and village tourism to attract visitors to the area.
Low capacity to meet tourist expectations	Lack of capacity and an absence of a “tourism culture” were identified as constraints affecting the initiative	Significant capacity building programmes were initiated.
Lack of linkages between formal and informal sectors/local suppliers	Not identified as a barrier	
Tourist market (segment) inappropriate	Not identified as a barrier	
Lack of pro-active government support for involvement by the poor.	Interaction between the Makuleke CPA and government has been limited and ad-hoc. This initially resulted in limited Government support for the project in terms of financial support, macro planning etc. Support to the project has been, and continues to be mostly from National Government.	The CPA intends to foster stronger links with new local government structures and provincial government.

3.2.3. *Key factors influencing implementation of the initiative*

The level of interest generated by the private sector in the commercialisation programme

Despite receiving 28 expressions of interest and short-listing 10 bidders to submit formal proposals, the CPA received only two proposals. The two bids that were received were from 'smaller' domestic investors, and only one met the basic conditions as stipulated by the Makuleke community. The most commonly cited reason for the withdrawal of the remaining eight short listed bidders was the emergence of other (more attractive) investment opportunities within the KNP in 2000. The commercial attractiveness of the asset has proved to be a key issue in weakening the bargaining position of the Makuleke community.

Institutional cohesion

The Makuleke community displays a high degree of social cohesion, with the CPA successfully uniting traditional and civic community structures. The CPA appears to enjoy wide support from the local community. This community cohesion was developed during the land restitution process, and possibly strengthened due to conflicting land claims from another Chief in the area.

Access to ongoing support

In addition to financial support, the CPA has received considerable technical support from the 'Friends of Makuleke'. The external expertise has served to enhance the capacity of the CPA to manage the process, although it has also fostered some dependence on this expertise. The CPA Implementing Agency has recognised the potential problems associated with this reliance, and is actively attempting to reduce the dependence on external assistance.

3.2.4 *Impacts of the tourism initiative*

The Makuleke tourism initiative is at an early stage of implementation and to date and so far only the trophy hunting operation is underway. The first lodge of 32 beds will open in October 2001, and it is envisaged that a further 5-6 sites will be developed, with an additional 168 beds. The Makuleke CPA has recently secured funding for the establishment of a community-based camp and cultural centre, which should be implemented in the 2001/2002 financial year. Various village-based opportunities are also presently being investigated.

As the Makuleke tourism initiative is very new, the financial benefits to the community have been limited. However as other elements of the programme are implemented, it is envisaged that the community will benefit substantially from the tourism programme.

Financial benefits as at February 2001:

- Hunting was regarded as a short-term option to ensure financial benefit flows to the community until the tourism ventures are established and generating sufficient profits. Income derived from hunting including hunting fees, revenue from the sale of meat and concession fees for the use of the area. During the 2000 hunting season, two elephants and two buffalo were shot as trophies. Meat from the animals was distributed to all residents of Makuleke villages, and SAR 520,000 (approx US\$ 66,000) was earned for use in development projects.
- Injection of donor and government funding into the Makuleke area, primarily for capacity building and training.

- Income from employment opportunities to a limited number of community members, including employment opportunities for certain individuals by the CPA. In addition to the above 33 individuals from Makuleke have been employed by the Work for Water programme which is financed by the Department of Water Affairs and Forestry. This involves the employment of local community members to remove alien vegetation, particularly along watercourses.

The magnitude of the financial benefits is disproportionately low in comparison to the size of the Makuleke community. Assuming 15,000 beneficiaries of the CPA, the hunting revenue earned in 2000 amounts to approximately SAR 35 per beneficiary per annum (approx US\$ 4.5). The anticipated revenue from hunting in 2001 is approximately SAR 800,000 ((US\$ 101,912), or SAR 53 (US\$ 7) per beneficiary per annum. Assuming an average household size of 6 persons, this translates to a potential household income of SAR 210 (US\$ 26.75) and SAR 320 (US\$ 41) for 2000 and 2001 respectively. The CPA however has elected not to distribute the income, but use it for community projects.

Non-financial benefits

- The return of ownership of the land to the Makuleke, and their ability to transact to derive economic benefits from the land, has arguably been the most significant benefit to the community to date. Apart from the economic benefits, the restoration of land ownership has had significant psychological benefits on the community. The Makuleke community appears to be a proud community, which strives to be optimistic about its future, has faith in the ability of its residents, and attempts to reduce reliance on outside assistance.
- Community cohesion and sense of purpose was generated in the land restitution process, and largely maintained during the tourism development process.
- Various community members have benefited from capacity building and training programmes that have taken place, and are thus empowered to take advantage of various employment opportunities, be they as a result of tourism developments in Makuleke, or further a field.

Future financial benefits

It is envisaged that the first commercial lodge development in Makuleke will open its doors in October 2001. The contract between the developer and the Makuleke CPA is in the process of being finalised, and clearly articulates the range of financial flows from the lodge to the CPA. This includes lease fees as a percentage of turnover, traversing fees, labour arrangements, and the establishment of a trust for the benefit of employees' families. There is also a commitment to training in advance of the lodge opening to limit leakage through employment of outside staff. Matswani Safaris is committed to bringing new staff (of which approximately 70% will be from the Makuleke community) to its other properties in order to receive on-the-job training.

Other anticipated future income will be generated from:

- a further 168 commercial tourism beds at 5 or 6 new lodge sites;
- a proposed interpretation centre located at the entrance to the Makuleke region of the KNP (entrance fees; revenues from the sale of souvenirs, craft, brochures and videos; etc);
- proposed guest houses located in one of the Makuleke villages (accommodation fees, revenues from the sale of craft, brochures, booklets, use of cultural guides, travel fees for transport to the KNP; etc); and
- production and sale of craft on a commercial basis through a proposed craft production and marketing unit;

3.2.5 Positive and negative impacts on livelihoods of the poor

Issue	Benefits	Losses, problems
Skills, access to education	Various capacity building programmes have been initiated in response to the tourism initiative.	
Natural resources (access to, use/productivity)		Despite having ownership, the community still does not have full control of the natural resource use on the land
Community organisation, cohesion, pride	The land restitution and tourism initiative have served to provide the community with a sense of pride and determination.	
Access to investment funds, loans		The CPA is not in a position to raise loan funding, and remains dependent on grant funding.
Infrastructure: - water - roads, transport - telephone, communication - other		No impacts to date
Health, access to health care		No impacts to date
Access to information	The CPA has access to information, and has established effective channels to disseminate the information to the broader community.	
Funds for the community	Significant donor funding has been mobilised for capacity building and training. Further Government Funding has been mobilised for the development of tourism plant	
Other livelihood activities: farming, employment, migration etc	No impacts observed	
Policy environment	The project is being observed by many stakeholders to guide future policies. There are presently six land claims in KNP, which could proceed based upon the Makuleke model.	
Influence over policy makers	The initiative has resulted in a significant policy shift of SANP towards Contract Parks, although the attitude of some remains problematic	
Jobs		No employment has arisen directly to date. However, numerous indirect employment opportunities have emerged.
Opportunities for informal sector & small businesses		

Casual labour opportunities	Limited casual labour opportunities have arisen as a result of donor and government funding allocated to the area	
Household income		To date, the Makuleke tourism initiative has had no impact of household incomes
Overall vulnerability of households	As a result of land ownership, the overall vulnerability of households has declined. The Makuleke community is however still largely reliant on pensions and limited income derived from the tourism sector for their livelihoods.	

3.3 Key lessons from the Makuleke initiative

3.3.1 Strengths and weaknesses of the initiatives

There are two key strengths of the Makuleke initiative. First, the community has ownership of an asset with commercial value. This allows them to participate in mainstream economic activity, and derive both communal and individual benefits. Secondly, the community organisation and structures allow for meaningful participation, and are accountable to the local community.

However, in terms of the ownership of the asset, the following key issues emerged:

- Unclear entitlements associated with land ownership**

Despite the fact that the Makuleke community has full title to the land, the entitlements that accrue from this ownership are unclear and misunderstood. By law, the Makuleke community is entitled to the full suite of suitable land use options on land they own (including hunting). However, the hunting of two elephants and two buffaloes in 2000 generated considerable controversy, both within the SANP and the public at large. As Makuleke is a Contract Park (and no longer a schedule one National Park), the land-owners can by law harvest their wildlife resources.
- Unequal power balance in the partnership**

Ownership, without control has limited meaning. In the partnership between the Makuleke CPA and SANP, the power balance (control) is biased towards the SANP, largely as a result of its political clout and technical knowledge. Despite theoretically being equal partners, SANP officials are reluctant to give up control and relinquish power in order to foster a true partnership. However, through various capacity building initiatives, the Makuleke CPA is gradually starting to assert its role in the partnership.
- Ability of the Makuleke community to alienate land**

Due to communal ownership, the rights of individual community members are constrained. Individuals are bound by group choices, and cannot exercise individual discretion to sell parcels of land if they are dissatisfied with the process. Further, it is unclear whether the Makuleke community has the power to dispose of their land should they wish to do so. It can be argued that the value of an asset diminishes if the owner does not have the ability to

dispose of it. Moreover, despite the intrinsic value of the land, the extent to which the community could offer it as collateral to secure further finance is unclear.

3.3.2 *Key lessons learnt from the Makuleke tourism initiative*

The following key lessons emerged from people involved in the Makuleke tourism initiative:

- Acquiring secure land rights over the property is without doubt the single most important factor that enabled the Makuleke community to pursue the project to derive maximum economic and social benefits. As owners of the land, the Makuleke community has theoretically had full discretion in the planning and implementation of the tourism programme.
- The process to promote community-based tourism development is expensive. Considerable resources have been spent on the process to ensure careful planning, capacity building and maximum community benefits. The Makuleke community was successful in securing donor funding as well as considerable national government support. This support could partly be attributable to the high profile that the Makuleke community enjoys in South Africa as a result of the land restitution case. This was the first case of its kind to award a community full title to their land in a National Park.
- At the outset of this initiative, the tourism sector was a foreign concept to the Makuleke community, due to their historical exclusion from the industry. This meant that the Makuleke initiative was initially highly dependent on outside expertise. This fostered a reliance on external assistance, and a spirit of dependency. It is essential that a balance be maintained between the level of specialist input, and the level of local capacity building and development to ensure the meaningful participation of the local community in the process.
- Due to widespread poverty in rural South Africa, the very success of a project has the potential to undermine the initiative. Local community dynamics and jealousies may be intensified as the project gains momentum and achieves results. The Makuleke CPA acknowledged this problem, and is constantly aiming to ensure community cohesiveness, as well as a participatory and transparent process. The CPA recognised the need for regular feedback and interaction with the broader community. The Executive of the CPA thus interacts on a regular basis with other community structures in Makuleke such as the Civic Association, Women's Associations, as well as convening periodic mass meetings.
- The benefits of tourism projects are typically slow to materialise but many community members expected immediate results. The Makuleke CPA addressed this by ensuring that certain projects would provide an interim flow of benefits to the community, while the longer-term projects were being planned and implemented. Examples of short-term benefits include the employment opportunities created by the Work for Water programme, and the income earned from commercial hunting.
- It is essential to have local ownership, as well as commitment and dedication to the process. Anecdotal accounts from a government official illustrate how true ownership of the initiative was demonstrated at a meeting between the CPA, numerous government departments and donor organisations. The CPA indicated that they no longer wanted external parties to control and coordinate the process as they could do it themselves, with the option to call on external expertise when required.
- Some commentators argue that the CPA, and community members with close links to the CPA, are better positioned to capitalise on opportunities that arise from the tourism initiative. The CPA thus attempts to ensure the credibility and transparency of the process as far as

possible. The CPA has also recognised the need to establish specific policies to ensure preferential access to benefits by particularly vulnerable groups, such as women, the aged and the poorest within the community. This is regarded as critical, as it is often these 'poorest of the poor' who lost the most during the apartheid regime. Their marginalised position means that they are least likely to benefit from the restitution process if specific measures to assist these groups are not put in place.

4 General Lessons for Pro-Poor Tourism

4.1 Ability of tourism projects to deliver benefits

Two key issues have emerged from the experience in the SDI/CPPP programmes. The first concerns the time that it takes for the community to realise substantial benefits from tourism projects, and the second concerns the magnitude of these benefits in relation to the size of many rural communities in South Africa.

Numerous papers have been written on the ability of the tourism sector to deliver economic benefits to rural communities. In the case of both Manyeleti and Makuleke these benefits have been slow to materialise, and in many cases have resulted in unrealised expectations from the local community. In order to maintain the community's commitment to the project, it is essential to demonstrate the short-term benefits. The benefits that will accrue to the community in the short term are fairly diluted if they need to be shared amongst large communities. The tourism projects thus should not be regarded as the panacea for rural development, but rather be a component of a larger rural development programme for the area.

4.2 Land rights and tenure

The extent and nature of land rights for rural communities wishing to pursue resource-based economic activities, such as tourism development, have significant implications for the benefits and the degree of empowerment that a community can expect from a project. The SDI and CPPP programmes have worked extensively with communities who have weak land rights to strengthen their negotiating position. They have also ensured that communities with land rights are placed in a position of strength to extract the true commercial value from their land. These processes are lengthy, and require considerable up-front financial resources, but are essential to secure key pro-poor tourism objectives in the long term.

As a result of the nature of the land rights in Makuleke and Manyeleti, the degree of local control over the tourism initiative differs significantly. The Makuleke CPA has full control over the tourism initiative, whereas in Manyeleti, provincial government has so far controlled the process. In Manyeleti, direct financial benefits will accrue primarily to the government, who may in turn pass these on to local communities. Neighbouring rural communities will benefit more indirectly in the form of jobs, SMME opportunities, and possibly some returns based upon the final equity arrangements offered by the private sector. In Makuleke, the benefits will accrue directly to the Makuleke CPA.

4.3 Uncertainty over land rights

Uncertainty over land rights, such as in Manyeleti, have resulted in protracted delays in project implementation, due to conflicting interests associated with the land claims process. In addition, investors are generally wary of becoming involved in initiatives unless the land rights issues have been concluded, or at least the expectation that the issue will be irreversibly finalised.

Clear arrangements that protect the rights of investors and communities can go a long way to expedite the development of such opportunities. In the absence of such arrangements, it is advisable to resolve the land rights issues first. Finally, where communities have uncontested land rights, the

situation changes from a case where communities (or the poor) simply need to be accommodated, to one in which the community is the principal contracting party, adding significant value to the deal.

For investors, the perceived risk of investing in areas with unclear land rights is high. Investors price for this risk, which may impact on the anticipated financial returns from the project, and thus benefit flows to the local community.

4.4 Social responsibility vs. empowerment

Many investors in rural South Africa recognise the need to ensure a flow of benefits to neighbouring communities as it makes commercial sense to have good relationships with adjacent communities. This is certainly the case in tourism projects, particularly in remote areas, where there may be a high degree of community dependence on the project. Frequently, companies adopt a 'corporate social responsibility' approach or programme to community benefits which typically take the form of investments into schools, clinics, water supplies, bursaries etc,

True economic empowerment however requires more than this 'corporate social responsibility' approach to development. In trying to move away from this paternalistic model of empowerment, it is important to base the empowerment of local communities on their contribution to the transaction. The extent of empowerment however is usually dependent on rural communities having access to an asset (such as land), which can be utilised to secure a string of benefits to local communities. In the case of Makuleke, the community, represented by the CPA acts as principal contracting party. Based upon a normal allocation of risk and reward, the community is rewarded for its contribution (of land) in the form of annual lease/concession fees. Similarly, where they choose to participate as joint venture partners, they will receive commercial returns in the form of dividends and / or capital gain.

4.5 Attractiveness of asset

As illustrated by the two case studies, the procurement process that was followed by Manyeleti and Makuleke was similar. Despite these similarities, the response from the private sector was significantly better in the case of Manyeleti. Although economic benefits in the case of Makuleke will flow directly to the CPA, the limited number of received bids will diminish the CPA's, bargaining position, particularly in terms of negotiating a favourable contract with the private sector.

Similarly, the extent to which tourism projects can be burdened with certain socio-economic objectives is dependent on the attractiveness of the asset. Projects should thus be carefully assessed in terms of their ability to carry objectives as promoted by pro-poor tourism.

4.6 Focus of support

The SDI methodology as promoted in the Manyeleti case study, focused upon promoting new, sustainable, private sector direct investment into Manyeleti. SDI support to the initiative thus focused upon providing an appropriate enabling environment for private sector investment. The SDI has further attempted to ensure that the process is structured to ensure that significant social and economic benefits from the investment accrue to local communities. The evaluation criteria in the Manyeleti RFP provide an example of how the SDI attempts to influence the private sector to

maximise the flow of benefits to local communities, through employment, SMME development, training etc. Government thus engineered the objectives of pro-poor tourism in the Manyeleti case study.

The CPPP methodology, as promoted in the Makuleke case study, places the community at the centre of the tourism development process, and focuses on providing the necessary support to the community in order to place them in a position to derive maximum benefits from the process. The objectives of pro-poor tourism are thus explicit in the Makuleke case study.

4.7 Maximising investment vs. ensuring local benefits

The premise of the SDI methodology was based primarily upon the need to promote new investment into relatively under-developed areas in South Africa. From our experience in the SDI programme, we identified a tension between the need to stimulate rapid new investment, and encourage links/benefits to local communities. Striking a balance between the two objectives is difficult, but they are not mutually exclusive processes. The Manyeleti initiative has been relatively successful in meeting the provincial governments objective of developing under-utilised state assets to there optimum, while simultaneously ensuring that satisfactory mechanisms are in place to ensure a flow of benefits to communities which is commensurable to there right in the land.

4.8 Individual vs. community benefits

The SDI and CPPP programmes do not differentiate local communities into different categories of poverty. Due to the extreme levels of poverty in rural South Africa, an assumption is made that everyone in the local community is poor. It is a fact of human nature however that unless specific measures are put in place to target very specific community groupings, it is unlikely that the economic benefits will flow directly to the most marginalised sections of the community. This issue was recently recognised in the Makuleke case project, and attempts are being made to ensure that the most marginalised segments of the community also derive benefits from the tourism initiative.

The SDI and CPPP methodology also attempts to address issues associated with individual benefits vs. communal benefits. The structure of project is thus configured to allow communal benefits as well as individual benefits.

4.9 Replication of initiatives

Both the SDI and CPPP programme subscribe (to varying degrees) to the objectives of pro-poor tourism. Both case studies illustrate that it is possible to adapt tourism to be more pro-poor, and government has the ability to direct tourism initiatives towards the attainment of pro-poor objectives. There are however opportunity costs associated with the promotion of pro-poor tourism, the most notable being the high transaction costs. In both the Makuleke and Manyeleti case studies, it is evident that the costs of the processes are high. Both projects have relied extensively on government, donor and other support, and will rely on it for successful implementation. Neither the SDI nor CPPP programme in isolation has access to resources to replicate such initiatives. Without significant grant funding, it would prove difficult to ensure that the objectives of pro-poor tourism are achieved.

Appendix 1: Research methodology

Documentation reviewed

- A Summary Of Technical Studies Conducted To Determine The Feasibility Of Development Through Tourism And Conservation For The Makuleke CPA*
Consilium Legis. August 2000. *Assessment of five sample eco-tourism initiatives under the CPPP programme.*
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- Norton, P. 1999. *Scoping Of Tourism Initiatives in The PSDI-Area.* Report for PSDI Technical Team.
- Republic of South Africa, Department of Finance, 2000. *Request for Proposals to develop facilities at the Manyeleti Game Reserve, Guidelines for Public-Private Partnerships, Northern Province Government.*
- Skeleton Operational Plan For Makuleke Bed And Breakfast*
- The Makuleke region of the Kruger National Park: *Requirements for the Submission of Bids by Interested Parties Seeking Involvement in Development Projects.*

Personnel interviewed

1. Lamson Makuleke, CEO of the Implementing Agency of the Makuleke CPA
2. Hector Magome, South African National Parks
3. Eddie Koch, Mafisa and member of "Friends of Makuleke"
4. Dave Arkwright, Maputo Corridor Company
5. Fixon Hlungwani, Northern Province Government

Early interviews and personal discussions

1. Vuyo Mahlati, Project Manager CPPP programme
2. Margot Pienaar, Department of Land Affairs, South African Government
3. Michael Schur, PPP Unit, Department of Finance
4. Steve Raney, White & Case, Johannesburg
5. Sue Lund, PPP Unit, Department of Finance
6. Loot Schultz, existing concession holder and member of Mnisi land claimants
7. Christoff van Staden, existing concession holder and bidder

ORIENTATION MAP

