Tourism Development and the Empowerment of Local Communities

Geoff de Beer and Sean Elliffe**

DEVELOPMENT POLICY RESEARCH UNIT
UNIVERSITY OF CAPE TOWN
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1. EXECUTIVE SUMMARY

This paper has been prepared as part of the Spatial Development Initiatives (SDI) policy research programme.* The overall objective of the SDI Policy Research programme is to support and enhance the application of the South African Governments strategic programme of SDI's by assessing other international "best practice" (and where necessary "bad practice") in order to guide/influence the planning and development processes applied in respect of each of the individual tourism led SDI's.

The purpose of this paper is to propose a range of models for the development of tourism projects, based on an approach, as well as related institutional and financial structuring, which supports the process of economic empowerment*. This issue paper has been prepared primarily as an input into the work programme of the Wild Coast SDI Technical Team. (The methodology applied in identifying the proposed models consisted essentially of a review and very preliminary assessment of existing models applied in South and southern, and central Africa.)

This document has been structured as follows:

Section 2 summarizes the strategic objectives of the South African SDI programme.

Section 3 deals with the current situation along the Wild Coast in terms of the utilization of the natural resource potential.

Section 4 deals with the approved "points of departure" for the further planning and development of the Wild Coast SDI tourism anchor projects as provided by the Eastern Cape Government.

Section 5 summarizes the findings of our analysis of 10 South, southern and central African tourism development case studies.

Section 6 proposes a set of design principles based on the case studies reviewed and the lessons learnt.

Section 7 puts forward a number of proposed conceptual models.

Section 8 proposes a number of decision making criteria to be considered in structuring tourism and eco-tourism models for the Wild Coast.

Section 9 is the conclusion.

NOTE ON THE AUTHORS:**

G. R. M. de Beer is Principal Specialist (Policy) and S. P. Elliffe, Principal Specialist (Programming) at the Development Bank of Southern Africa. Both are part of a dedicated team working on the Spatial Development Initiatives in support of the national and respective provincial governments. The views expressed are their own and are not necessarily consistent with those of the Development Bank of Southern Africa or those of the South African government.

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1 The key criteria considered in assessing options for economic empowerment include community involvement/responsibility in the planning and decision making processes, in the management of tourism and related operations, and in terms of 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.

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FOREWORD

The first phase of the Industrial Strategy Project commenced in 1992. The Project has its origins in the Congress of South African Trade Union’s (COSATU) efforts to develop policy responses to the malaise afflicting South African manufacturing.

The first phase of the ISP submitted its final report in 1995. This comprised 11 sectoral studies, a number of cross-sectoral studies, and a synthesis volume that proposed an overall industrial strategy for South Africa.

The ISP is now in its second phase and comprises four research themes. One of these examines the relationship between industrial development and the environment, a second focuses on firm-level innovation, a third examines issues in human resource development, and the fourth is concerned with identifying mechanisms to strengthen manufacturing competitiveness at regional and local levels. Publications of the ISP are listed on the back cover of this paper.

This paper arises from a project established to provide policy support for a key industrial policy programme of the South African government, namely the Spatial Development Initiatives (SDI) or, as they are sometimes more popularly known, the ‘development corridors’. This project is a joint effort of the ISP and a dedicated team of professionals based at the Development Bank of Southern Africa (DBSA). The ISP has undertaken work on the industrial aspects of the SDI programmes, while the DBSA-based team has focused on the agricultural and tourism sectors. This paper is the first in a number of papers prepared by the DBSA-based specialists.

These are working papers intended to catalyse policy debate. They express the views of their respective authors and not necessarily of the Industrial Strategy Project or the Development Bank of Southern Africa.

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David Lewis - Director: Industrial Strategy Project
2. The Strategic Objectives of the South African Spatial Development Initiative Programme

The SDI's are a programme of strategic initiatives by Government aimed at unlocking the inherent and under-utilised economic development potential of certain specific spatial locations in South Africa. These SDI's must be seen in the context of the new paradigm adopted by the South African Government, aimed at moving away from a protected and isolated approach to economic development, towards one in which international competitiveness, regional co-operation, and a more diversified ownership base is paramount.

Currently the tourism sector in South Africa performs well below its inherent development potential. "At 4% of GDP, the contribution of tourism to the South African economy is very low. The World Travel and Tourism Council estimated that in 1994, tourism contributed 10.9% to the GDP of the world economy; 10.4% to the US economy; 13.3% to the European economy and 31.4% to the Caribbean economy. If as in the US, tourism contributed 10% to the GDP of South Africa, the industry would generate some R20bn annually in foreign exchange, and generate 2 million jobs. Currently tourism generates 480,000 jobs and about R14 billion in foreign exchange." (Tourism WP, 1996)

The key objectives of the Regional tourism (and/or agriculture) led SDI's (including the Wild Coast and Lubombo SDI's) are firstly, to generate sustainable economic growth and development; secondly, to generate sustainable long term employment creation; thirdly, to maximise the extent to which private sector investment and lending can be mobilised into the process; and fourthly, to exploit the opportunities that arise from the development of tourism and eco-tourism developments for the development of SMME's and for the empowerment of local communities.

3. The Utilization of the Wild Coast's Tourism Development Potential

Based on the findings of a number of analyses prepared for the Wild Coast SDI Inter Departmental Committee, it is evident that there is a substantial under-utilization of the natural resource potential (including the reserves of Dwyka, Silaka, Gwebe and Mkambati which all form part of the identified anchor projects). The local communities adjacent to the existing reserves - amongst the poorest in South Africa - have to date derived very few benefits from the reserves, and are very unhappy with this situation. The ongoing maintenance and upkeep of the reserves has become prohibitively expensive for the Eastern Cape Government. The land tenure situation is generally very unclear, and whilst this situation persists, it will act as a major constraint to private sector investment, which in turn will impact negatively on local economic development and employment creation. In general the proposed tourism development nodes suffer from extremely poor infrastructure and services provision. Similarly, institutional capacity to manage the local development process is very limited. In all cases there is a need for a co-ordinated planning framework within which development programmes can be structured, prioritized and implemented, and within which prospective developers can make tourism investments in the area.

4. Points of Departure for the Planning and Development of the Wild Coast Tourism Development Projects

Within the context of the above mentioned findings, the Eastern Cape Government approved certain points of departure within which the further planning for the development of the Wild Coast tourism and eco-tourism anchor projects should proceed. They are as follows:

The reserves, and the proposed tourism developments therein and/or adjacent, are to operate as self sustaining and/or profitable concerns.

Communities surrounding the reserves must benefit directly (refer also to definition of economic empowerment) from the proposed developments in the short, medium and long term.

The reserves are considered a state asset and are not to be alienated;

Local communities must be guaranteed access to the reserves. Such access must be consistent with, and catered for, in the structuring and approval of the management plans for each reserve. Sound environmental practices must be ensured at all times (i.e. in the planning, implementation, and ongoing operation of the reserves);

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2. A number of options exist for the private sector to participate with the state/community in partnership based developments. These options include the use of management agreements, lease arrangements (aftermage) and concessions are all described in more detail in Annexure 1 which is attached.
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eral communities to take charge of the management and utilization of their local natural resource base, as well as to determine the best use of benefit flows (using wildlife management committees and wildlife trusts) from the use of the resource base by tourists.

However, as other researchers and analysts (Grossman and Koch, 1995) have argued previously, there are two vital differences between conditions in South Africa and Zimbabwe that make the Campfire concept inappropriate for application along the Wild Coast, and in most areas of this country:

**Firstly**, apart from some areas of the former Venda homeland along the Limpopo River and parts of the North West Province, there are virtually no communal lands where trophy species exist in South Africa.

**Secondly**, the populations in most rural villages in South Africa, can reach levels many times greater than that of Zimbabwe’s small settlements, which makes community management of wildlife resources in South Africa vastly different.

### 5.3 The Maasai Mara in Kenya

The Maasai Mara in Kenya (Annexure IV) offers us some very useful lessons of experience. The analysis looked at two types of models which currently exist in the Maasai Mara (as well as at a number of other locations within Kenya). These are the “game reserves” and the “group ranches”. The Kenyan experience of establishing game reserves and national parks has been accompanied by considerable conflict over the years. The areas of conflict (Marcia, 1991; Eriksen, Ouko and Marcia, 1996; Berger, 1993) are very similar to those which are experienced in South Africa. To mention a few - the land for the parks/reserves was obtained by force; the concept of reserves/parks was not an indigenous one, but one imported by the colonialists from the west, to save the Mara from the “unproductive and dangerous” Maasai; the communities experienced inadequate benefit flows from the parks/reserves and as a result often demonstrated their resentment/rejection of the parks/reserves by poaching game.

The Maasai Mara game reserve became controlled and managed by the Naroc County Council (comparable to the local authority level in South Africa) after ‘independence’. The group ranches surrounding the game reserve (which are not fenced) were established as a result of the Kenyan Land Act of 1968. This Act allowed Trust Land to be divided into Group Ranches and where in terms of land tenure rights, the ‘corporate individual’ had the paramount right over the public - in essence they are privately owned.

Within the context of both of these Kenyan models it is clear that the development of services and facilities was approached on the basis of equity sharing partnerships between the private sector investor and local Kenyans. Both models utilize a range of financial mechanisms to ensure that the Naroc County Council (NCC) and/or the Group Ranchers achieve a range of benefit flows including gate fees, lease fees, percentages of turnover, and landing fees. Both the NCC and the Group Ranchers are considerably empowered in terms of decision making and access to equity sharing opportunities.

The extent to which the community-at-large benefits from these arrangements is not clear. Theoretically, the NCC, who has the responsibility for the Mara, has the shared land for the benefit of the community, and is therefore responsible for ensuring that the benefits that flow from the Game Reserve (percentages of turnover, lease fees, gate fees) are utilized to develop community projects. It was not possible in terms of this research to clearly ascertain the extent to which the broader community feels that they are receiving their rightful share of the benefits. On the one hand, it seems clear that the introduction of these models has led to a Kenyan context managed substantially to reduce the scale of poaching which would suggest that there are significant benefit flows to the community. On the other hand, there is also a considerably large amount of literature (as mentioned previously) which describes how the average Maasai pastoralist has suffered as a result of the application of these models. In summary, whilst there has clearly been a significant incidence of economic growth, private sector mobilization, and wealth creation, the extent to which this wealth has been distributed is not clear.

The Maasai Mara also provides a useful case study of whether or not it is sustainable for a local authority, which is financially dependent on nature-based commercial tourism, to also have the responsibility for environmental management and control. In this context the situation was also somewhat unclear. Clearly the NCC (as one of the richest County Councils in Kenya), has the resources to hire suitably trained and experienced personnel to manage the environment, and in discussions with the NCC they were quite satisfied that they had demonstrated their ability over a considerable period of time to manage the environment on a sustainable basis. It is important to note however, that there were other interested and effected...
The process (where applicable) of socio-economic and infrastructure decline in the anchor project areas needs to be urgently addressed to prevent further deterioration of the existing assets; Private sector investment must be encouraged into the anchor project areas; The development of the anchor project areas must (ultimately) be managed by empowered (institutionally, financially, technically) local administrations.

5. A REVIEW OF SOME OF AFRICA'S EXPERIENCES

Ten case study examples were identified for analysis. Summaries of our analyses and assessments of each case study are included in annexures 2-11. It is important to note that it was not our intention with the review of these case studies to hand out praise and/or criticisms about the socio-economic success of each of the case studies - our analysis was concerned with the degree to which the existing models could meet the empowerment objectives as defined, whilst still ensuring financial, institutional and environmental sustainability (broadly defined).

The case studies used in preparing this issue paper include the Botswana “Wildlife Areas”, Zimbabwe’s “Campfire” programme; the “Maasai Mara Game Reserve”, and the “Group Ranches” in Kenya; the “Phinda Resource Reserve”, “Sobhengu Camp”, “Ndumu Wilderness Camp”, and the proposed “Royal Zulu Game Reserve” all of which are in the KwaZulu Natal Province of South Africa; “Madikwe”, and the “Pilanesburg” game reserves in the North West Province of South Africa; and “Bengani Lodge” which is located in the Mpumalanga Province of South Africa.

5.1 THE BOTSWANA WILDLIFE MANAGEMENT AREAS

In the Botswana Wildlife Management Areas, the central concept (Annexure II) is one of encouraging private sector participation/investment in tourism activities which are concerned with the exploitation of renewable natural resources - hunting. From the point of view of economic sustainability these types of operation appear to be completely self sustaining. The private operator who leases the area is expected to mobilize all necessary funding for capital and recurrent expenditures for the related infrastructure, and for the tourism facilities. As regards environmental sustainability, the State provides and enforces the regulatory framework, and the Lessee/operator is provided with a detailed management plan from which one may not deviate.

In so far as empowerment is concerned, it is important to note that the “deal” is negotiated between the state (Government for state land or Land Board for tribal land) and the private sector directly, and these same state institutions are responsible for the distribution of “benefits” to the local communities in the form of community projects as determined by the state in consultation with the local community. Any assets created by the private sector revert back to the state at the end of the 15 year lease (3X5 years), and equally the state is responsible for compensation to the private sector should the lease not run for longer than 10 years.

In terms of this case study (and virtually all of the case studies we reviewed), there appeared to have been no determined effort to identify opportunities, and put in place support programmes for SMME development - perhaps it is not coincidental that very little evidence was found of local community members involved in SMME activities related to these tourism operations.

5.2 ZIMBABWE’S “PROJECT CAMPFIRE”

Much has been said and written about Zimbabwe’s “Project Campfire” and the extent to which this programme (Annexure III) has been able to create a positive relationship between rural communities in Zimbabwe and conservation by those same communities of their wildlife. From our analysis of the Dande Communal Land in the Gwara District (Zimbabwe Trust et al, 1994), it is clear that the essence of this relationship, is the harvesting of wildlife and the associated benefits to the local rural community (which include community projects, cash and meat). Safari hunting was, it seems, the logical choice as the lead economic activity because it provides the greatest earning opportunity to the community, without requiring too much (other than some professional hunters) institutional capacity.

As regards empowerment issues, the local decision making structures (building up from Village Committees to Ward Committees to the District Wildlife Committees), have had the impact of allowing the lo-

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3 It needs to be stressed that this draft document has been prepared largely on the basis of secondary information sources, as well as interviews with some interested and effected parties. We would welcome inputs, comments and suggestions from interested parties so as to improve on the accuracy and comprehensiveness of this work.
Within this context it was very interesting to note that the Royal Zulu proposal has taken up a number of issues in this regard. Opportunities for SMME development have been identified in the planning stages, a specific separate institutional entity (where the community retains a negotiated equity share of up to 50%) is to be established to support the establishment of SMME’s, and seed capital has also been mobilised to support such entrepreneurial ventures. Also significant in the context of the SMME support strategy, is that public/private partnerships are seen to be the key vehicle via which each of the SMME’s are to be developed.

In the Mpumalanga Province of South Africa, Bongani Lodge development is an example of a private sector developed and operated tourism venture (Annexure IX) which takes place on a 8000 Hectare plot of land. This piece of land was originally set aside as a Tribal Resource Area by the traditional authority so that natural products could be harvested on a sustainable basis. This case study is useful in that it demonstrates that private sector tourism operations on communally owned land can be successfully developed whilst providing to the community a steady income which exceeds the potential income that could have been generated for the community via agriculture. It has also provided a significant amount of employment. Furthermore, such economic gains were achieved without the community loosing their traditional access rights to the land. (The community is guaranteed a basic amount of R10 000-00 per month which exceeds the value of the land for agriculture. In addition it receives 10% of all gate fees, income from hunting [of the same order of magnitude as the minimum amount paid monthly] as well as 4% of turnover once this exceeds the minimum monthly payment of R10 000-00 per month.)

The institutional/financial model applied for the two case studies located in the North West Province is set within the philosophy that advocates that the State develops, operates and maintains the infrastructure, and conserves the natural environment. This approach not only has the effect of “crowding out” private sector investment and initiative, but as is demonstrated in the case of the Pilanesburg (Annexure X), appears to constitute a significant drain on the fiscus. Within the context of these two case studies, the private sector and the State (Parks Board) develop and operate the tourism facilities on a partnership basis. The essence of this relationship in both the case of the Madikwe Game Reserve (Annexure XI) and the Pilanesburg is clearly one between the private sector and the state. The major community benefit from such developments is via employment created, which is a far cry from the desired empowerment objectives as defined in context of the SDI’s.

6. KEY DESIGN PRINCIPLES ARISING FROM THE EXISTING SDI STRATEGIC POLICY FRAMEWORK, AND FROM THE AFRICAN EXPERIENCE

In addition to the reviews and assessments undertaken on the case studies, a number of interviews were held with some key role players in the tourism industry. The key issues raised in these interviews, as well as the issues that arose from the case studies were used to determine the following design principles.

6.1 INSTITUTIONAL DESIGN PRINCIPLES

Firstly, there must be a clear allocation/demarcation of responsibilities between the key role players for the main functions involved in tourism development (State, Private sector and local Communities). The identified main functions include tourism development, environmental regulation, environmental management, and SMME development and support. It is essential that there is a common understanding between the role players of these responsibilities.

Secondly, private sector investors require secure land tenure arrangements. This does not equate to freehold tenure. Investors will however seek as a basic design tenet, long term land tenure (e.g. a 20 year lease which can be registered at the deeds office) as a means to provide security for their investment.

Thirdly, community access to and/or mass tourism opportunities must be catered for in the design and development of the tourism and eco-tourism nodes. Entire development nodes should not be zoned as “exclusive use areas” only. Use should be made of a portion of the turnover/profits generated in the more up market and exclusive facilities to subsidize, via a state institution/agency, the development of community facilities.

Fourthly, specific provision must be made in the planning and adjudication process for the identification of opportunities for, and support to SMME development. Specific mechanisms need to be put in place to overcome problems related to the lack/absence of access to capital; local skills base; local entrepreneurial base; and information/business support through local resource institutions.
parties (Wajibu, 1995; Munyi, 1996) who argue just as strongly that the situation is rapidly getting out of hand, and that there has been such a proliferation of tourism developments in the Mara, that the environment is being severely damaged.

5.4 CASE STUDIES OF TOURISM OPERATIONS IN SOUTH AFRICA

The four case studies of tourism operations in KwaZulu Natal Province of South Africa allowed for a useful comparison of institutional models.

The institutional and financial arrangements that underpin Sobhenga Camp have secured the local community (Annexure V) a regular source of income from their land for a very considerable period (50 years), but because the community has no direct equity share in the tourism operations, this deal offers the community very little profit incentive or encouragement to participate in the tourism operations, and is therefore not in the context of the SDI empowerment objectives a particularly informative model.

The Phinda Resource Reserve is a useful model (Annexure VI) demonstrating the ability of the private sector to develop and operate a sustainable tourism operation (as part of the Conservation Corporation), whilst at the same time channeling certain benefits back to the adjacent rural communities. Within the context of the SDI empowerment definition, this model which takes place on privately owned land was also of limited value - it is more a demonstration of corporate social responsibility (the Conservation Corporation has 100% ownership of all the operations) than it is of economic empowerment. A lesson one can learn from developments such as Phinda (17 000 Ha.) however, is that one should seriously question the often made comment by many state conservationists that reserves of the scale of Dweza, Cwebe and Mkambati (which are very small at about 3000 Hectares each) cannot be properly conserved by the private sector, and that the State must be responsible for both environmental regulation as well as management.

Nâumo Wilderness Camp is significantly different in institutional and financial structuring (Annexure VII) to the previous two examples in KwaZulu Natal. This model demonstrates some of the opportunities that are available for tourism development based on the community having a significant equity share, and decision making responsibilities in the operating companies. As a result of this structure the community also benefit from a variety of benefit flows including a proportional percentage of land rentals received, 4% of turnover, profit sharing from both the development and operating companies, and 25% of gate fees. Two potentially weak aspects of this model, if considered in the context of the Wild Coast socio-economic reality is that firstly, the private sector was “crowded out” by the public sector in terms of the development and maintenance of the infrastructure and facilities. The private sector was also excluded in terms of related funds mobilisation and investment.

The second aspect of concern relates to the scale of the development - this camp with its 16 beds is extremely small, and not withstanding the fact that it is geared to more ‘up-market’ ecotourism, it must produce relatively small benefit flows to the communities that live outside of the 10 000 Hectare fenced reserve. A key aspect in the sustainability equation must be that the local community achieve equitable benefits from the natural resource base, and that these rural communities are not in fact subsidizing the tourists’ experience.

The proposed Royal Zulu Game Reserve, which is in an advanced stage of negotiation, seems to offer some very interesting opportunities measured against the SDI empowerment objectives (Annexure VIII), as well as the crowding in of the private sector. The proposals, if implemented according to plan, ensures that the local communities are significantly empowered via multiple opportunities including decision making in all aspects of the reserve and its operations, equity sharing in all aspects of the operations including tourism development and operation, environmental management, and SMME development and support. The scale of this development (ultimately some 45 000 Hectares) and 150 beds varying from super luxury to luxury en-suite) is very substantial. The private sector is to assume full responsibility for funds/ investment mobilisation for all infrastructure and facilities, and all buildings and improvements revert back to the community at the end of 25 Years.

What makes this proposal distinct from all the others reviewed, is that in terms of SMME development and support a very specific set of planning and implementation actions have been taken and/or proposed. Most of the other models reviewed appear to have assumed that upstream and downstream opportunities for community involvement in SMME development exist. In practice however, there was little evidence of opportunities having been specifically identified in the planning stages of the developments. Neither was there evidence of specific development support programmes having been put in place to support the local communities in their endeavors to utilize such opportunities on a sustainable basis (who are significantly unempowered to exploit such opportunities as a rule).
support entrepreneurial activities.

Sixthly, a communication strategy: The planning, implementation and tendering processes must be supported by a broadly based publication and information dissemination campaign. There must be opportunity for interested parties to provide feedback into the process.

Seventhly, practice confirms that the attainment of tangible results – particularly positive returns on investments - take a considerable amount of time attain. Do not create or allow unrealistic expectations to develop.

7. CONCEPTUAL MODELS WHICH PROMOTE LOCAL EMPOWERMENT THROUGH TOURISM DEVELOPMENT.

The Wild Coast tourism anchor projects - Mxambatsi, Sindika, Coffee Bay, Dwesa/Cwebe/Nqabara - occur on either provincial nature reserve land or communal land presently held in trust for the local communities by the Government (at the time of writing there are land claims pending on portions of land in all the anchor project sites, so the exact ownership of the land is unclear).

In this section a number of possible alternative conceptual structures are put forward and assessed in terms of their likely sustainability as well as their contribution to community economic empowerment.

7.1 COMMUNAL LAND - ALTERNATIVE 1

Theoretically, the option exists for the communities of the Wild Coast as controllers of the land to assume full responsibility for the development of all infrastructure services and facilities normally associated with tourism development. In such a model, the local community would be responsible for mobilising the necessary capital and expertise to plan, construct, operate and maintain the necessary infrastructure, facilities, services, as well as to assume responsibility for environmental management (State would remain responsible for the regulatory framework) and SMME development and support (see Fig. 1).

This alternative is potentially very empowering to the community in that the community has full control of decision making, full responsibility for all operations, and receives all profits and/or is accountable for all losses. Within the context of the reality along the Wild Coast, the model is probably fundamentally flawed because it would rely on a local level authority which is highly empowered - financially, institutionally and technically. Bearing in mind the very severe institutional capacity constraints that exist along the Wild Coast, the application of this model would in the short term constitute an excessively high risk to the community.

7.2 COMMUNAL LAND - ALTERNATIVE 2

A second option (see Fig. 2) would be for the community to ask the State to manage on the community’s behalf the tourism, environment and SMME development and support functions. In such a model the State then assumes, on an agency/management contract basis, responsibility for the operation and maintenance of infrastructure and facilities, the environmental management and regulatory functions, SMME development and support, and whatever funds mobilisation is necessary.

This model remains relatively empowering to the community in that they control the State, and off-set capacity constrains within the community with the capacity of the State (The State has in many instances in South Africa assumed this spectrum of responsibilities within the context of nature reserves.) As regards the flow of benefits to the community, the community would in terms of this model receive profits less the costs associated with the role played by the State. This model is however based on the assumption that the State is an appropriate body, and has the necessary capacity to be responsible for tourism development, environmental management, and SMME development and support. Within the context of the key SDI strategy of “crowding in private sector” expertise, investment and lending this is not the ideal solution other than in terms of the environmental regulation function, and perhaps in certain instances the environmental management function.

7.3 COMMUNAL LAND - ALTERNATIVE 3

A more appropriate alternative would be to mobilize the private sector by way of a lease agreement or a management contract to operate facilities that have been developed by the community on the communal land. In this model, the community remains responsible for the development and maintenance of infrastructure and facilities including related funds mobilisation. The private sector is also responsible for executing (on a management contract basis) the environmental management function, and for facilitating the SMME development and support. As regards benefit flows, t wo options exist - in the case of a lease agreement, the community would receive an agreed upon lease fee on a regular basis. In the case of a management contract, the community would receive
Fifthly, dedicated support is required for training and capacity building. A critical component of the community empowerment process is their ability to assume proportionate control over the spectrum of tourism functions. This is unlikely to be achieved in areas such as the Wild Coast without very significant capacity building interventions. Bearing in mind the competitive nature of the tourism industry, and particularly the international tourist industry, the overall success of proposed developments will be directly affected by the quality of service delivered by staff, entrepreneurs and operators alike. Lessons from Kenya indicate that quality training and capacity building initiatives must be a central focus within the SDI process.

Sixthly, one needs to make a specific and carefully considered decision with the community and the developer/consortium as to the desired time period and/or approach to construction. It is possible that a one off “big bang” approach could overload the local labour market, thus minimizing the longer term local employment opportunities, as well as the concomitant training and SMME opportunities.

6.2 Financial Design Principles

Firstly, promote equity participation by the local community in the tourism development operations. The purchase of equity by the community could be achieved via a land contribution and/or a direct purchase of equity.

Secondly, it is important to ensure that the community get a mix of immediate and longer term (usually profit related) returns on their investments. An immediate and steady income flow is a very important component of the financial package for poorer communities. Whilst equity sharing is also a critical component, the long lead times to reach a profitable situation and related cash flows (plus/minus 4 to 6 years), is considered a major drawback, particularly to very impoverished communities.

Thirdly, the contractual arrangements underpinning the community/private sector partnership need to be subjected to a periodic review (5 years) to ensure that they remain market related.

Fourthly, there are inherent risks in allocating concessions to single consortiums. The use of a single consortium based approach to tourism developments has inherent risks, particularly from the point of view of halting/holding up entire development programmes in the case of legal and/or financial problems.

Fifthly, the optimal financial structure is one which ensures a win/win situation. The financial structure must allow for normal commercial returns to property developers and entrepreneurs, secure long term financial backing as a means of financial sustainability, ensure defensible returns to the state and/or communities, secure as far as possible large up from developments that have a positive impact in terms of injecting money into the local economy.

Sixthly, when adjudicating between prospective bids and bearing in mind the extremely competitive nature of the tourism industry, it is imperative that the bidder’s existing financial capacity, existing marketing capacity, and existing capacity to “put bums in beds” in considered.

6.3 Planning Process Design Principles

Firstly, a strategic development plan (‘Integrated Development Plan’ [IDP] in South Africa), and a regulatory framework (including for instance the environmental management plans and procedures) needs to be put in place prior to the mobilization of investors and/or the development of the chosen tourism nodes.

Secondly, it is the State’s responsibility to ensure that an Integrated Development Plan is agreed to and approved, and that such an IDP is consistent with prevailing National and Provincial policy, strategy and priorities.

Thirdly, it is essential that in the case of the Reserves, a detailed management plan (including environmental management) is also in place and agreed to. Any deviations from the management plan must be approved beforehand by the State/Regulator.

Fourthly, the State should indicate as part of the approved management plan whether Reserves are to become “self sustaining” or not, alternatively the degree to which they are to become self sustaining, as well as the time framework within which the Reserves are to achieve the approved targets.

Fifthly, it is imperative to create a tourism destination. The planning process should position the developments in context of a recognized tourism destination as a means to stimulate and
functions for a particular area of land. A suitable private sector partner would be mobilised as a result of a competitive bidding process, and a related concession awarded to the selected partner for an agreed upon period of time.

Within the context of such an approach, some of the key constraints facing the community are offset. This includes the responsibility for funds mobilisation, and the need for institutional capacity to execute the environmental management and SMME development and support functions. This model offers

Figure 3

**Figure 4**

* Environmental Regulation with State
** Private Sector Facilitate Process with State Support via Parastatals and/or Seed Capital
all returns less the costs of the management contract, and costs associated with the operation of the infrastructure and facilities (see Fig 3).

This model which allocates (correctly in our view) the tourism function to the private sector provides a reasonable balance between risk/reward and the capacity constraints that typify the Wild Coast. It remains a relatively empowering option for the local community, but still requires the community to be responsible for funds mobilisation for capital expenditure.

7.4 COMMUNAL LAND - ALTERNATIVE 4

A fourth alternative (Fig. 4) is for the community to mobilize private sector partners to develop the tourism potential of a particular area/node. In such a model the community would (with the assistance of the State if necessary) make a request for proposals from the private sector in terms of establishing a partnership with the local community to develop-operate-maintain all required tourism infrastructure and facilities, and to assume responsibility for the environmental management, and SMME development and support.
cess equity in the tourism operations (purchase of equity could be achieved via the provision of access to adjacent communal land, or the selling of traversing rights on communal land, or by normal purchase of reserved shares).

This model promotes “the crowding in of the private sector” into the full spectrum of tourism and related operations. It provides the State with a good balance of regular concession fee payments, as well as periodic profit sharing. Although it is not as easily achieved as on communal land, the model does make provision for economic empowerment via the purchase of an equity share by the community in the tourism operations in the reserve.

7.8 THE USE OF COMMUNITY TRUST

An issue that arises very often in the context of the proposed empowerment models is: who is the community? How does one define the community at any point in time? The issue is very important because the benefit flows from the empowerment models need to flow equitably to “the community”, and certain decisions about how benefit flows should be allocated need to be taken by “the community”, in accordance with priorities agreed to by “the community”. In terms of experienced gained in the SDI process to-date, it seems that the concept cannot easily be defined for a number of reasons. Common questions which have been raised in respect of the Wild Coast SD already include: Is “the community” the people who live immediately adjacent to the anchor project area? Is it the population who live within a radius of 30km? Is it only those with successful land claims on the area? Is it all the communities along the Wild Coast who constitute the larger community and who should benefit from the anchor projects? Is it those people resident within a local authority area, and does it include or exclude migrant workers?

Figure 7
a range of benefit flows to the community including short term concession fee payments, and a regular payment based on percentage of turnover. It also offers the community a genuine equity share in the operations (such equity being purchased in lieu of the use certain portions of communal land for the construction of facilities, or for the traversing rights, or by way share purchase of reserved shares up to an agreed upon amount).

7.5 STATE RESERVES - ALTERNATIVE 1

The first model (Fig. 5) which is essentially what exists at present along the Wild Coast, and in many of South Africa's National and Provincial Reserves - is where the state assumes responsibility for all tourism developments (and the provision of related infrastructure and facilities), environmental management, SMME development/support, and funds mobilisation functions.

Within the context of this type of model, the empowerment benefits to the community have proved to be very limited - essentially access to employment. This model also assumes the State to be a suitably competent operator of tourism operations. As such requires the State to be responsible for the profits/losses arising from the reserve operations as a whole. Typically this type of model offers the local community no equity stake in the reserve operations. In terms of the SDI objectives this model, which has proved to be unsustainable along the Wild Coast, represents a perfect example of "crowding out of the private sector", and is clearly not the route one would wish to support.

7.6 STATE RESERVES - ALTERNATIVE 2

A second option (Fig. 6) in terms of the State Reserves, is where the State maintains the responsibility for the conservation function and the SMME development and support function, but mobilises the private sector to operate the tourism facilities on the basis of a lease or management contract.

Whilst the application of this type of approach could improve the performance of the tourism operations in the reserves, this model still offers the community little in terms of economic empowerment other than employment creation. The State's role and function still has the effect of crowding out the private sector, and of preventing the community from having an equity share in the operations. At best the community can hope that from the goodness of their hearts, the State agrees to provide the community with some form of inducement to support the ongoing operation of the reserve - such as a percentage of turnover, or additional communal facilities etc.

7.7 STATE RESERVES - ALTERNATIVE 3

In this alternative, the State would request the private sector for proposals as to how they would like to develop-operate-maintain the tourism function (including related infrastructure and services provision), as well as the environmental management and SMME development and support functions. The private sector bidders would be specifically instructed to build into their proposals options for facilitating community empowerment in the proposals, including the use of community/private partnerships. This model (Fig. 7) requires that the communities adjacent to such a reserve also be given the opportunity to purchase/ac-
of this practical experience, the intention is to then re-look at the proposals made, and to publish a related, updated paper.

REFERENCES


Ernst & Young. 1996 The Royal Zulu Game Reserve


Weitz, M.P. 1996. The Economic and Social Role of Protected Areas in the New South Africa. LARC Policy Paper 26


2. CONCLUSIONS - THE ROAD AHEAD

At the time of writing this paper, the proposals have already been subjected to a number of presentations and workshops with interested and effected parties along the Wild Coast (and other provincial, and international parties). The process of discussing these proposals cannot pretend to have been fully inclusive, but there again the point needs to be made that the proposals presented are intended as an input into the planning and decision making process of the Wild Coast SDI. It is intended that the key design principles, decision making criteria and concepts around empowerment will be built into the process of mobilising the private sector to participate in partnerships with the relevant local communities. The authors of these proposals will monitor the practical experience as these concepts are applied along the Wild Coast and in terms of the Maputo Development Corridor - both of which processes are underway. On the basis

2 communities access to infrastructure, services and facilities.

* Financial sustainability of the proposal: including size of the fixed concession or lease payments, the proposed percentage of turnover to the community, the existing financial capacity of the bidder, existing marketing capacity of the bidder, the proposed marketing plan and programme and the existing capacity of the bidder to “put bums in beds”.

* Environmental sustainability: including the environmental impacts of proposed developments, and the content of the environmental management and mitigation plans.
In summary it is extremely unlikely that the community along the Wild Coast can be defined with any precision at present. The fact remains however, that if developments are to proceed in the short term an institutional structure/vehicle needs to be put in place that can represent the community interests in terms of their equity share in the management and decision making of the various operations, as well as in terms of the allocation of benefit flows back to the community. It is important that the issue be decided by the community. At the end of the day however, the chosen structure needs to have certain elected representatives charged with representing the community for a period of time with whom the private sector partners can operate/negotiate and make decisions.

Within the context of the above, it is proposed that the use of a community trust or similar arrangement, established in terms of the principles/guidelines indicated below be investigated further.

The community will elect a Board of Directors (every three to five years), and the BOD will appoint a permanent Management Committee to be responsible for the following key functions:- membership of the Community Trust, allocation of benefit flows from community enterprises, identification and prioritization of community projects, interaction with the private sector, interaction with the State, and capacity building.

Figure 8

A. A separate issue paper entitled, "Allocating Community Benefits: Institutional Options in Support of the Empower tourism models" is currently being prepared by ourselves.
ANNEXURE II
BOTSWANA WILDLIFE AREAS

OVERVIEW

LAND
- Two Types: State and Tribal

LEASE
- 3 x 5 years before new tender

INCOME
- Land rental per hectare, and Resource Utilization Royalty

BENEFITS TO COMMUNITY
- Via Government or the Land Board
- Takes the form of projects

OPERATIONAL RESPONSIBILITIES
- DOM infra = private sector*
- DOM facilities = private
- Env. Management = private
- Env. Regulator = State
- Funds mobilization = private
- SMME = Nil

ASSESSMENT

SOCIO-ECONOMIC
- Hunting Operations are financially sustainable
- Employment is limited

ENVIRONMENTAL
- Sustainable approach with Govt as regulator and private sector as manager

EMPOWERMENT
- Community has limited say in decision making
- No community equity in hunting operations
- No limited SMME support or activities
- No limited capacity building
- Created assets revert to state

PRIVATE SECTOR MOBILISATION
- Yes, all capital for infrastructure and facilities
- Compensation paid if lease does not run for 10 years

** DOM = Develop, Operate, Maintain

IMPLICATIONS
- Private sector can successfully develop, operate and pay within short term leases
- Short term leases require provision for compensation
- Private sector can successfully manage the environment within context of sound state regulation
- This model does not promote community empowerment.

TOURISM DEVELOPMENT AND THE EMPOWERMENT OF LOCAL COMMUNITIES
Options for Private Sector Participation:

A number of options exist for private sector participation in state/community owned eco-tourism projects:

**MANAGEMENT AGREEMENT**: The operation and maintenance of a service are contracted out to a private company for a predetermined period, but the private company plays no role in financing the asset. In this instance the public sector or conservation authority is responsible for financing both fixed capital and working capital.

**LEASE ARRANGEMENTS (AFFERMAGE)**: The private sector entity leases, operates and maintains a state-owned/community owned asset for a predetermined period. The public sector retains the responsibility to finance investments in fixed assets.

**CONCESSIONS**: The private operator assumes responsibility for development or rehabilitation and operation of an asset or service over a defined period. In return the company receives the revenue stream from the project during the contract period. Concessionaire includes arrangements such as BOT (build-operate-transfer) of tourism and recreational facilities etc.

**PRIVATISATION**: The sale of state-owned assets to private sector entities which continue to own and manage the assets in perpetuity.
BACKGROUND

PRE-COLONIAL ERA
*Ivory trade and slavery

COLONIAL ERA
*Maasai viewed as unproductive and dangerous
*Maasai lost their land for European settlement

AT INDEPENDENCE
*Native Reserves become Trust lands administered by County Councils (CC)
*CC to hold such land for benefit of community
*CC was allowed to privatise - customary law became void
*CC could set aside land for use by a public body - national parks
*1968 Land Act allowed Trust Land to be divided into Group Ranches
*Implications - similar to privatisation with paramount right of corporate individual over the public right
*Many areas of conflict:-
  *land for parks / reserves obtained by force / treaty
  *concept was from West
  *inadequate benefit flows to communities
  *population growth pressures
  *game poaching
  *tremendous growth in number of tourists and income generated and employment created.

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Diagram:

- **Group Ranchers**
  - % of gate fees
  - Gate Fees
  - Lease Fees
  - % of Turnover

- **NAROC Country Council**
  - Control
  - Community Projects

- **Maasai Mara Reserve**
  - 33 year lease
  - Local Developer
  - Partnership
  - Local Developer and Private Dev/Operator

- **Group Ranches**
  - NAROC Country Council
  - Gate Fees
  - Game Reserves
  - Land Allocation
  - Group Ranch Freehold
  - Lease
  - Private Developer/Operator
  - % of Turnover
  - Landing Fees
ANNEXURE III
CAMPFIRE (ZIMBABWE)
(Dande Communal Land - Guruve District)

OVERVIEW
LAND
• Communal land
LEASE
• N/A
INCOME
• From Safari Hunting

BENEFITS TO COMMUNITY
• Via District Wildlife Committee
• Takes form of community projects or cash

OPERATIONAL RESPONSIBILITIES
• DOM infrastructure = State (African DB)
• DOM facilities = State
• Environmental management = State
• Environmental regulation = State
• Funds mobilisation = State
• SMME = Nil

ASSESSMENT
• Model is dependent on extensive communal lands
• Communal lands with trophy hunting prospects
• Reliant on relatively low population numbers relative to resource base.

IMPLICATIONS
• SA does not have extensive communal lands with trophy hunting prospects
• Population densities in SA rural areas are many times higher than in Zimbabwe
• This hunting based model is not very applicable for the agri-tourism SDI's.
OVERVIEW

LAND
* State land, Provincially controlled

LEASE
* Main lease = 2 x 25 year
* Sub lease = 2 x 25 year

INCOME
* Land rent with escalation

BENEFITS TO COMMUNITY
* Cash via Nibela Land Company

OPERATIONAL RESPONSIBILITIES
* D O M infra = Private
* D O M facilities = Private
* Environmental management = Private
* Environmental regulation = state funds mobilisation = Private
* SMME = Nil

ASSESSMENT

SOCIO-ECONOMIC
* In operation 2 years
* Long lease - no profit incentive for community
* Regular source of income for community
* Substantial benefit (45%) to province - reduces benefit flow to community

ENVIRONMENTAL
* Sustainable approach with Government as regulator and Private sector as manager

EMPOWERMENT
* Decision making = very limited
* No equity stake
* No/limited SMME support or activities
* Capacity building to those participating on the Board
* Assets revert to KZN Government at end of lease

PRIVATE SECTOR MOBILISATION
* Yes for infra and facilities

COMMUNITY ACCESS
* Traditional

IMPLICATIONS
* Community has secured a regular source of income from their land for 60 years
* Structure of deal offers little profit incentive to community
* Reconfirms environmental strategy of state as regulator
* One of few models where community get cash - requires specific approval procedures.
* This model provides limited support for SDD empowerment objectives.
OVERVIEW

LAND
* Maasai Mara Reserve falls under the control of the Naroc County Council
* Group Ranch land is privately owned

LEASE
* Leases within the Reserve are 33 years to the locals
* Leases to private sector in the Group Ranches are variable

INCOME: (RESERVES)
* Lease fees from game reserve operations
* Proportion of gate fees from reserve to community
* Proportion of gate fees from reserve to group ranches

INCOME: (GROUP RANCHES)
* Lease fees
* Landing fees
* Percentage of turnover
* Gate fees (from reserves)

BENEFITS TO COMMUNITY
* Reserves - flows go via the NCC in form of projects
* Group Ranches - flows to the members in cash

OPERATIONAL RESPONSIBILITIES
* Develop, operate and maintain infrastructure = private
* Develop, operate and maintain facilities = private/community
* Environmental management = State/L.A. (Local Authority)
* Environmental control = State
* Funds mobilisation = private/KWS (Kenya Wildlife Service)
* SMME Support = Nil/minimal

ASSESSMENT

SOCIO-ECONOMIC
* In operation for a long period of time/reduced poaching of game
* Currently self sustaining
* NCC is amongst richest CC in Kenya
* Considerable employment

ENVIRONMENTAL
* According to NCC the situation is well in hand
* Other parties raised strong concerns about over exploitation

EMPOWERMENT
* NCC and Group Ranches are considerably empowered in terms of decision making
* Group Ranches have good equity opportunities
* General community benefits by way of community projects
* Facilities revert back to NCC/Group Ranchers at end of lease
* State plays brokerage role via NCC to support Group Ranches
* Depth of empowerment is not clear, there are concerns

PRIVATE SECTOR MOBILISATION
* Very successful in terms of tourism facilities
* Roads infra = very poor

IMPLICATIONS
* Programme has resulted in substantial economic growth and empowerment at the local government level and for certain members of the community
* Programme very successful in terms of promoting equity sharing and private sector mobilisation in terms of facilities
* Depth of empowerment is not clear
* Concern about environmental impact
* Benefit sharing has reduced poaching
OVERVIEW

LAND

• Controlled and managed by KwaZulu Natal Development Corporation

LEASE

• 99 year head lease to Isivumo
• 20 year sub-lease to Banzi Pan Dev Co
• 20 year on lease to Banzi Safari Lodge Co.

INCOME (Banzi Pan Development Company)

• land rental (10% of land value - formula based)
• 4% of turnover

INCOME (Community)

• Profit sharing in Banzi Development Company
• Profit in Safari Company
• 25% of all gate fees

BENEFITS TO COMMUNITY

• Cash via 3 sources of income

OPERATIONAL RESPONSIBILITIES

• D O M infra = State
• D O M facilities = State/Comm.
• Environmental management = State
• Environmental regulation = State
• Funds mobilisation = State
• SMME = Nil/Limited

ASSESSMENT

SOCIO-ECONOMIC

• In operation for 2 years
• Financially sustainable

ENVIRONMENTAL

• Essentially a state responsibility

EMPowerMENT

• Community represented on two decision making boards
• Community has equity stake
• SMME objectives were not attained due to lack of SMME support

PRIVATE SECTOR MOBILISATION

• Bulk of infrastructure and facility costs covered by the State (85.5%)

COMMUNITY ACCESS

• Traditional harvesting rights

IMPLICATIONS

♦ This is very small operation 16 bed camp, and this must limit the extent of benefit flows.
♦ The public sector crowded out to a significant degree potential private sector investment.
♦ Demonstrates opportunities for community equity in development, and operating companies
♦ Failure of SMME objectives in absence of SMME support programme.
OVERVIEW

LAND
* Private owned/controlled (17 000 ha)

LEASE
* N/A

INCOME
* 100% private operation

BENEFITS TO COMMUNITY
* Via Rural Investment Fund, grants secured and used on community projects

OPERATIONAL RESPONSIBILITIES
* All to private sector

ASSESSMENT

SOCIO-ECONOMIC
* Sustainable in context of conservation corporation’s operations

ENVIRONMENTAL
* Successful example of the private sector managing and regulating a 17 000 ha reserve

EMPOWERMENT
* Limited in context of SDI objectives
* All decision making with private sector
* No equity sharing with community
* Very limited evidence of SMME support or activity

PRIVATE SECTOR MOBILISATION
* Very successful

COMMUNITY ACCESS
* N/A

IMPLICATIONS
* Private sector can responsibly fulfil the environmental management and regulation function for a substantial reserve.
* Private sector can mobilise all necessary capital requirements
* No real empowerment benefits or incentives for the local community in SDI terms.
OVERVIEW

LAND
* Tribal land "Tribal Resource Areas" (8000Ha)
* Managed by Parks Board

LEASE
* 99 year to Parks Board
* 99 year (50 + 49) to Bongani Lodge (Private Lo)
* 15 year to conservation corporation (Operator).

INCOME
* 4% of turnover subject to minimum of R10000-00 per month
* 10% of gate fee
* Portion of hunting income (R100 - R200 000 p.a.)

BENEFITS TO COMMUNITY
* Cash via the Community Trust
* Employment (120 - 150 people)
* Wood, grass, herbs, meat

OPERATIONAL RESPONSIBILITIES
* D and M infra = State
* D and M facilities = State / private
* Environmental management = State
* Environmental control = State
* Funds mobilisation = State/private
* SMME support = State

* Operate infra = Private
* Operate facilities = Private

SOCIO-ECONOMIC
* Income received exceeds by far the value of the land for agriculture
* Significant employment

ENVIRONMENTAL
* State manages and regulates

EMPOWERMENT
* Decision making is removed from community
* No equity stake for community
* Specific support for SMME and capacity building
* Assets revert back to Parks Board (50 years) then Community (99 years)

PRIVATE SECTOR MOBILISATION
* Bulk of infrastructure and facilities developed by Parks Board
* Further facilities to be developed by private sector

COMMUNITY ACCESS
* Traditional within context of agreed management plan

IMPLICATIONS
* Confirms that private sector tourism operations on community owned land can be successfully developed with a steady income to community which exceeds potential income from agriculture.
* Economic gains achieved without losing traditional access rights.
ANNEXURE VIII
PROPOSED ROYAL ZULU GAME RESERVE (KZN)

OVERVIEW

LAND
- Tribal land consolidated via Ngonyama Trust

LEASE
- 59 year lease to Zingela (75% private, 25% community)
- 25 year sub-lease Royal Zulu Game Reserve Company
  (100% community owned)

INCOME
- Via rental and profits

BENEFITS TO COMMUNITY
- Rent cash via Zingela
- Direct equity in Tourism Operations
- Direct equity in SMME Operations

OPERATIONAL RESPONSIBILITIES
- DOM infra = private/comm
- DOM facilities = private/comm
- Environmental management = private/comm
- Environmental regulation = State
- Funds mobilisation = private/comm
- SMME support = private and state

ASSESSMENT

SOCIO-ECONOMIC
- Looks very good on paper

ENVIRONMENTAL
- Proven model for similar reserves with state as Regulator, private sector as manager

EMPOWERMENT
- Multiple opportunities, decision making, management, SMME support, equity sharing, capacity building
- Created assets revert to community at end of lease period

PRIVATE SECTOR MOBILISATION
- All capital for infrastructure and facilities

COMMUNITY ACCESS
- No alienation of land
- But this is “big 5”
- Targeted at exclusive market

IMPLICATIONS
- This model suggests that there are significant opportunities for community equity sharing
- Considerable opportunities for SMME development
- That a dedicated SMME plan, objectives and support programme are required up front. Suggests that environmental and SMME development responsibilities can be handled by the private sector but via separate dedicated institutional entities.
- Private sector can mobilise all funding for infrastructure and facilities.
OVERVIEW

LAND
• State land controlled by Parks Board

LEASE
• Variable on tourism lodges to max of 45 years

INCOME
• To Parks Board
  - Fixed annual rental
  - Rental Turnover
  - Interest on deposits

BENEFITS TO COMMUNITY
• ± 140 Jobs

OPERATIONAL RESPONSIBILITY
• DO M infra = Parks Board
• DO M facilities = Parks Board
• Environmental management = Parks Board
• Environmental regulator = Parks Board
• Funds mobilisation = Parks Board + Private
• SMME = Nil/Minimal

ASSESSMENT

SOCIO-ECONOMIC
• Performance is according to modelling
• Potentially commercially profitable
• Funds mobilisation target R120 million

ENVIRONMENTAL
• All responsibility with government.

EMPOWERMENT
• Community does not control any decision making
• No community equity
• Very limited evidence of SMME support/activity
• Use of local labour, contractors is part of tender procedure
• Assets created revert back to Parks Board

PRIVATE SECTOR MOBILISATION
• No for infrastructure
• Yes for tourism facilities

COMMUNITY ACCESS
• Traditional

IMPLICATIONS:

• Model is performing reasonably i.e. economic growth, private sector mobilisation and employment creation objectives.
• Does not test private sector in terms of environmental management or infrastructure development.
• Does not perform i.e. SMME and empowerment objectives for SDIs.
ANNEXURE X

PILANESBURG NATIONAL PARK

OVERVIEW

LAND
• State land under control of the Parks Board

LEASE
• Concession fee paid to Dirapeng by Stocks Leisure

INCOME
• Details of concession not available

BENEFITS TO COMMUNITY
• 10% of gate fees
• 600 jobs
• Game for community reserve

OPERATIONAL RESPONSIBILITIES
• DOH: infra = State
• DOH facilities = State/limited private
• Environmental management = State
• Environmental regulation = State
• Funds mobilisation = State/private
• SMME support = limited

ASSESSMENT

SOCIO ECONOMIC
• State run operations appear to be a drain on fiscus
• Total of 600 jobs created in Park

ENVIRONMENTAL
• State manages and regulates

EMPOWERMENT
• Community only involved in decisions related to income they receive from gate fees and traditional dancing
• No equity stake for community
• Limited SMME opportunities/support

PRIVATE SECTOR MOBILISATION
• Basic infrastructure and facilities developed by State
• Private sector invested £100 million to acquire 50% stake in Pilanesburg resorts

COMMUNITY ACCESS
• Controlled access to traditional healers/herbalists
• Collection of firewood and visitations to ancestral graves allowed.

IMPLICATIONS
• These projects provide broader opportunities for real community empowerment than merely a percentage of gate fees.
• The model lacks a definite SMME plan and support programme.
• Apart from the upmarket lodges in Pilanesburg resorts, the State has essentially crowded out the private sector (facilities and infrastructure).

Diagram:

NW Parks 95%

NW Dev. Corp. 25%

Dirapeng (Pty) Ltd 100% Gate Fee

Holding Co

COMMUNITY

Pilanesburg Resorts 50% Stocks Leisure 50% Dirapeng

Game Trackers 90% Private 10% Parks

Mapondo (Pty) Ltd 50% Dirapeng 50% Private

Kgama Wildlife Operations 100% Dirapeng

Golden Leopard Resorts 100% Dirapeng