

Examining The Public-Private-Partnership Tourism Toolkit as a vehicle for socio-economic beneficiation

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by

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Submitted by : Gary de Kock

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Date : 18 September 2020

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Abstract

By way of their geographic range and financial spend, South Africa's national parks have the potential for significant economic impact in the country's rural and urban areas. The research used three small-cap case studies to examine government's Public Private Partnership (PPP) Toolkit for Tourism for its ability to deliver economic benefit to communities around South African National Parks.

The study identified areas of disjuncture between policy intention and policy implementation and suggests that the measures used to assess the contribution of small-cap PPPs be revised if the Toolkit is to become a meaningful instrument for small business growth and economic transformation. Findings reveal that simplifying the Toolkit bidding process is not likely to broaden entry for small businesses as the due diligence elements embedded in it are necessary to restrict corruption and abuse. Instead, it concluded that the ecosystem in which small businesses are required to operate is more important for creating economically sustainable small businesses. The most significant feature of this ecosystem would be the empowerment culture of the recipient institutions and the contractual binding of big business to enterprise development targets. The barriers to entry do not necessarily arise from the design of the Toolkit itself, but from the support institutions that have not transformed sufficiently to become the fertile grounds for the mentoring of small businesses expected of these institutions.

Acronyms and Abbreviations

AGISA	Accelerated and Shared Growth initiative for South Africa
ANC	African National Congress
BER	Bureau for Economic Research
B-BBEE	Broad-Based Black Economic Empowerment
Charter Council	B-BBEE Tourism Charter Council
BDU	Business Development Unit
CDE	Centre for Development and Enterprise
CODESA	Convention for a Democratic South Africa
COSATU	Congress of South African Trade Unions
CSR	Corporate Social Responsibility
DBSA	Development Bank of SA
DFI	Development Finance Institution
DSBD	Department of Small Business Development
EME's	Exempted Micro Enterprises defined as enterprises with a total annual revenue of 5 million rand or less per annum.
EPWP	Expanded Public Works Programme
ESG	Environmental, Social and Governance criteria
GEAR	Growth, Employment and Redistribution Programme
GEM	Global Entrepreneurship Monitor
GTAC	Government Technical Advisory Centre
IMF	International Monetary Fund
KPAs	Key Performance Areas
Large-cap	Capital investment of greater than 10 million rand

LE	Large enterprise defined as enterprises with a total annual revenue greater than 45 million rand per annum
MEC	Minister of the Executive Council
MFMA	Municipal Finance Management Act No 56 of 2003
NDP	National Development Plan
NDT	National Department of Tourism
NEF	National Empowerment Fund
NEET	Not in Employment Education or Training
NPB	National Parks Board
NPO	Non-Profit Organisation
NYDA	National Youth Development Agency
ODA	Overseas Development Administration
OECD	Organisation for Economic Cooperation and Development
PFMA	Public Finance Management Act No.1 of 1999
PMG	Parliamentary Monitoring Group
PPP	Public Private Partnership
PSC	Project Steering Committee
PWC	Price Waterhouse Cooper
QSE	Qualifying Small Enterprise defined as enterprises with a total annual revenue of 45 million rand or less per annum.
RDP	Reconstruction and Development Programme
SANParks	South African National Parks
SCM	Supply Chain Management
SEFA	Small Enterprise Finance Agency
SLP	Sustainable Livelihoods Programme
SCLP	Sustainable Coastal Livelihoods Programme
Small-cap PPP	Capital investment of less than 10 million rand
SME	Small and Medium Enterprises

SMME	Small, Medium and Micro Enterprises
SPAID	Support Programme for Accelerated Development
SPfC	Strategic Plan for Commercialisation
TEP	Tourism Enterprise Programme
TSC	Tourism (B-BBEE) Sector Code

Glossary of Terms

Corporate/Big Business	‘an economic group consisting of large profit-making corporations especially with regard to their influence on social or political policy’ – Merriam-Webster
Vulnerable Groups Sector	Part of the South African population that experience a higher risk of poverty and social exclusion than the general population as defined by Stats SA.
Transformation	Sustainable transformation that promotes an equitable society where opportunities are not defined by race, gender, class or religion. (NDP)
Tourism Toolkit or The Toolkit	Public Private Partnership Toolkit for Tourism – National Treasury 2005
Tourism Charter or Tourism Code	The Amended Tourism B-BBEE Sector Code of 2015
The Country	Republic of South Africa
Preferential Procurement	Procurement aimed at Small, Medium and Micro Enterprises (SMMEs) owned by previously disadvantaged persons to achieve wealth redistribution
PPP Manual and Standardised Provisions	Provisions released by National Treasury that prescribes how key issues in PPP projects must be dealt with
Partnerships UK	Private sector company, with UK government holding a substantial minority stake. Its role is to provide expertise and resources necessary to build partnerships and to help public sector development of PPPs

Gini coefficient	Indicates the gap between the wealthiest and the least wealthy from perfectly equal (0 – no gap) to perfectly unequal (1 – the widest gap).
Entrepreneurial Ecosystem	Describing conditions in which the individual, business, governments, civil society and development partners come together to support entrepreneurial activities with the objective of generating economic wealth and prosperity. Prahalad (2005) and Cohen (2006)
Concessionaire/ Operator	A private company, Joint Venture or Special purpose Vehicle that is awarded a concession to run a state asset. The terms are used interchangeably.
CAMPFIRE	Communal Areas Management Programme for Indigenous Resources
3A Public Entities	An entity with the mandate to fulfil a specific economic or social responsibility of government.

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Chapter 1 - Introduction

1.1. Research Area

In 1999 the South African National Treasury developed the Public-Private Partnership (PPP) regulations as part of the Public Finance Management Act No 29 of 1999 (PFMA). Section 76 of the PFMA, along with Treasury Regulation No.16, details the aims and workings of PPPs. Due to the fact that the *PPP Manual and Standardised Provisions* could not easily be adopted for tourism, Treasury's PPP Unit developed the Tourism PPP Toolkit in 2005 to more directly effect the release of economic opportunities in the Nature and Heritage sectors.

To date PPP research in South Africa has largely focused on Large-Cap High-Return investments in such infrastructure projects as hospitals, tolls, construction, transport and sanitation. Little research has been done in ecotourism and few studies have gone down to the lowest level of entry as has the current study (Lewis, 2015; Bruchez, 2014; Tshehla, 2018; Mabuza, 2016). The current research study investigates the extent to which the existing Toolkit is applicable and appropriate in a political climate that is now focussed on economic transformation and inclusivity, (Department of Small Business Development, 2017; National Department of Tourism, 2018; NDP, 2011) given that it was developed under a policy orientation that advanced market principles that emphasized productivity, exclusiveness and profit sustained by a corporatized public sector.

A founding proposition of the research is that the neoliberal macroeconomic framework, GEAR, that the government adopted in 1996 and under which the Toolkit was formulated, does not support the socio-political realities and developmental demands of South Africa today. At the time heavily modelled on the experiences of the OECD countries and funded by the World Bank and the UK Partnership (Fearnhead, 2003), the Toolkit's design advantaged established white-owned businesses that had the capital, skills and experience to meet the qualification demands. The policy shift from RDP to GEAR was pivotal to the orientation of the Toolkit as it established the Toolkit's purpose and success measures, which were overwhelmingly to maximise the investment potential of private capital.

A second proposition of the study is that the measures that are used to gauge success need to be different for small and large cap PPPs. While the Toolkit creates a distinction between small and large cap capital investments, its requisite demands are the same for both. It simplistically assumes small businesses to be smaller versions of large enterprises. Wong (2005) cautioned against this,

arguing that SMMEs have vastly different access to resources such as time, financial, markets and human resources. Large and Small concessions should therefore not be assessed against the same criteria as they do not offer the same contributions to the national economic transformation agenda as do large enterprises. Small-cap concessions should principally be considered grassroots drivers of transformation with their ability to reach into multiple corners of the local economy and in doing so contribute to collective entrepreneurial confidence in a region. They should be measured according to their social impacts at a local level. These would include the ability to create and sustain entry-level jobs, develop the skills and talents of entry-level workers, and stimulate innovation, rather than by the dominant measure of financial returns to the State that is the existing primary success measure of the Toolkit. The assertion is that, while big business (large-cap PPPs) should rightfully be measured on financial returns and on their ability to propagate new business, big business is too much a product of the neoliberal design to inherently drive transformation of the economy towards greater inclusivity and social value.

In 1999 SANParks adopted what it called its ‘Commercialisation as a Conservation Strategy’ (Fearnhead, 2003). The rationale for the strategy was to generate additional revenue and shift the focus of SANParks’ existing resources to its core business of managing biodiversity. The strategy set out the regulatory framework for tourism and recreation in SANParks and provided alternatives to the organisation having to perform commercial operations that fell outside of its core mandate. The commercialisation strategy followed from research that exposed the organisation’s inefficient delivery of tourism products, its poor service standards, limited market segmentation, inadequate pricing and product differentiation, all of which were compounded by ineffective corporate policies and procedures. Although the commercialisation strategy was designed primarily for revenue-generation, it had strong empowerment objectives attached. The concession process was designed to establish partnerships with businesses that offered an acceptable mix of financial strength, experience and empowerment commitments, with empowerment specifically targeting historically disadvantaged entrepreneurs from local communities living adjacent to national parks. (Fearnhead 2003). From the earliest introduction of its commercialisation strategy SANParks defined economic empowerment as being comprised of three principal elements, namely, “Shareholding, Affirmative Action and Training and the development of Small, Medium and Micro-enterprises” (Fearnhead, 2003:3). The empowerment obligations were set out in concession contracts and specified that the concessionaire would be in breach if the agreed empowerment

commitments were not met. By 2003 eleven concessions had been awarded, seven in the Kruger National Park, two in Addo Elephant National Park and two in the Cape Peninsula National Park (later renamed the Table Mountain National Park). In the process of developing the PPP Tourism Toolkit, National Treasury used the experience of SANParks in tourism concessioning as the most relatable local reference. It was therefore significant, in terms of the transformative objectives of the Toolkit, when the feedback from SMMEs was that the process was too onerous and cumbersome. Small businesses found the application process complex and expensive, while SANParks found that the resources required to release small and large-cap projects to be equally burdensome. This resulted in the organisation's resources being directed to large-cap projects where greater financial returns would be realised (Official 6 - Interview 2018). SANParks advanced the argument in the mid 2000s that there may be a missing tier in the Toolkit for Micro PPPs that required a simplification of the process to reduce the complexity and transaction costs and broaden the base of entry for emerging business. An abridged Toolkit for micro PPPs was developed but not adopted by the organisation because of what it considered to be additional risks that would result from easing the qualification and assessment criteria. (Official 2 - Interview 2018).

1.2. Research Aims and Objectives

The objective of the study was to examine National Treasury's PPP Tourism Toolkit to identify barriers to entry for small business and to advise on changes that may broaden the release of opportunities to SMMEs. The research aimed to focus on, and be of direct benefit to, entry-level entrepreneurs who may possess the technical skills and experience to provide the service but who are not equipped with the skills and resources to compete in the bidding process.

Specifically the research sought to :

- Identify barriers to entry for small business in the PPP Tourism Toolkit bidding process.
- Analyse the concessioning experience from the perspective of current small-cap concessionaires in SANParks
- Formulate recommendations on how these barriers may be overcome so as to advance SMME's entry into Tourism PPP opportunities and promote their sustainability.

The research was based on the assumption that the greater inclusion of small business would accelerate socio-economic beneficiation at local level. As a 3A Public Entity, South African National Parks (SANParks) is governed by National Treasury Regulation No.16 and as the largest operator of public tourism facilities in South Africa is the primary implementer of the Toolkit and in a strong position to facilitate this change (SANParks, 2018).

In developing the Tourism PPP Toolkit in 2005, National Treasury defined two categories of PPPs, namely Large-Cap, where the capital investment is above R10m and Small-Cap, where the capital investment is below R10m (National Treasury, 2005). This distinction was made with the intention to make it possible for small enterprises with relatively low investment capital to benefit from the tourism economy. Where ‘lower-value’ public assets were to be commercialised through PPPs, it was intended that the Small-Cap route would encourage SMMEs to competitively participate in the process. Since its introduction in 2005, the Tourism PPP Toolkit has yielded many millions of Rands into state coffers. However, this revenue has come largely from a small pool of established large ecotourism businesses rather than from SMMEs. PPPs have the potential to bring meaningful benefit to tourism businesses. The benefits of PPPs include building local capacity and expertise, cost efficiencies, increasing competition and broadly creating opportunities for economic growth. To yield such extended benefits for the country, the involvement and participation of SMMEs in PPPs is unquestionable. However, PPPs are often structurally and bureaucratically complex, making it hard for SMMEs to compete. SMMEs find it costly, time-consuming or otherwise challenging to respond to complex prequalification criteria and bidding documents (SANParks, 2018).

One of the consequences of small businesses being unable to access tourism concessions is that transformation in the Tourism Sector has stalled (Parliamentary Monitoring Group (PMG), 2013; NDT, 2018). The design of the Toolkit has failed to deliver the anticipated ‘trickle-down’ benefits because, where big business has the potential to be a force for economic transformation, it has no innate incentive to be more inclusive or empowering. The Toolkit places no obligation on big business to support and mentor small businesses but relies on other empowerment legislation, in particular B-BBEE and the Preferential Procurement Framework to advance empowerment and economic growth. As there were no contractual obligations built into PPP agreements to deliver a

transformation agenda, B-BBEE was treated by big business as a compliance requirement than a mechanism through which it could demonstrate redress. (Luiz, 2016).

1.3. Rationale for the Study

The literature on PPPs has largely focussed on the mechanistics of the procurement process and less on the power relations between the partners. (Miraftab, 2004). The premise of neoliberal economics is that the creation of wealth through decentralisation will be distributed in a way that will benefit the poor and reduce inequality. However, the profit-driven interests of the private sector are inherently in conflict with the welfare-driven interests of communities (Miraftab, 2004). In a PPP these interests manifest in an unequal power dynamic that is biased toward shareholder value rather than poverty alleviation and where communities subsequently fail to experience the job creation and economic growth that was promised. To counter the excessive power of big business, it is necessary for governments to introduce bold redistributive policies that redirect the benefits of the PPP to the poor, while at the same time maintaining investor interest (Schiller, 2008). Such policies need to be drafted taking into consideration a country's social, economic, cultural and political realities while remaining cognisant of the power imbalances that exists between the various sectors of a country's population. Governments' striving for less unequal societies have to act on their responsibility to strengthen the weaker partners so that the socio-economic playing fields are levelled (Bately 1996 in Miraftab, 2004; Schiller, 2008).

1.3.1. Poverty, Inequality and Unemployment

“Nearly half of the population of South Africa is considered chronically poor.”

(World Bank, 2018:).

Twenty five years into democracy and South Africa continues to suffer from low economic growth and diminishing prospects of better living conditions for the poor. The high levels of structural poverty, inequality and unemployment in South Africa remain a legacy of apartheid, colonisation and ineffective post-apartheid leadership, all of which continue to leave vulnerable black South Africans at the lowest rung of the economic ladder.

Vulnerable Groups are those sectors of the population that collectively experience a higher risk of poverty and exclusion than the greater population (StatsSA, 2016). The Vulnerable Groups Indicator Report 2016 (StatsSA, 2016) defines vulnerable groups as children aged 17 years and below; youth aged 15-34 years; women; older persons aged above 60 years and persons with disabilities. Two of these target populations, namely women and youth, are prioritized by the Tourism B-BBEE Charter for empowerment.

The Organisation for Economic Cooperation and Development (OECD) 2017 report puts the figure of South Africans who are defined as chronically poor at 53.8% of the population (OECD, 2017). The reality worsens when the three poverty segments of those considered ‘chronically poor’, ‘transient poor’ and ‘non-poor but vulnerable’ are combined. It is then estimated that about 76 percent of the country’s population experience poverty daily in the country (World Bank, 2018). To understand the challenges faced by vulnerable groups and in an effort to more accurately and specifically target the beneficiaries of a revised Toolkit, these groups require special focus. In this regard SANParks acknowledges its several responsibilities:

“SANParks’ responsibilities include not only conservation and tourism but, through social and economic programmes, assisting with the development of communities neighbouring national parks. The Parks’ strategic locations in rural areas mean that they can play a critical role as catalysts and drivers of local economic empowerment” (SANParks Annual Report, 2018:148)

The narrow conceptualisation of national parks as having a biodiversity conservation mandate related only to the management of flora and fauna has been contested since the early 1970s (Pelser et al., 2013). And the role of national parks in manifesting social impact in neighbouring communities was affirmed at The World Parks Congress in 2003, in particular their role in alleviating poverty in rural livelihoods:

“Protected Areas do not exist in vacuums and therefore incorporate issues that looked outside of traditional boundaries. ” (DeRose, 2004)

1.3.2. Black Youth

Empowering young people is widely recognised as a global imperative as countries need their youth to be the drivers of change to ensure society's socio-economic sustainability (Bhorat et al., 2014; DSBD, 2017). In 2012 the International Labour Organisation Conference developed "The Youth Employment Crisis – A Call for Action" Plan 2012-2019 that placed youth employment at the top of national development agendas. This followed the ILO's estimation that at a global level, 73.4 million young people who want to work and are actively looking for a job were unable to (ILO, 2013). The same ILO report indicated that young people are three times more likely to be unemployed than adults. (ILO 2013; Republic of South Africa, 2009).

According to StatsSA's 2019 Quarterly Labour Force Survey (QLFS, 2019), South Africa's unemployment rate increased to 29% in the second quarter of the year. Unemployed youth (aged between 16 and 35 years) were considered the most vulnerable in the labour market at a rate of 55,2% (National Development Plan 2011; Jugmohan, O et al., (2017); Centre for Development and Enterprise, 2017). The youth-to-adult unemployment ratio in South Africa was 1:3, meaning that for every unemployed adult, there were three unemployed youth. Among graduates in this age group the unemployment rate was found to be 31,0% compared to 19,5% in 2018. This was an increase of 11,4 % quarter-on-quarter. At the same time the percentage of youth who were 'Not in Employment, Education or Training' (NEET) increased to 40,7%. More than four in every ten young females were found to be in the NEET category (StatsSA QLFS Q1,2019).

The frustrations of unemployed youth represents a high-risk for any country. This group, holding no prospects of absorption into the corporate sector, has spurred many countries to put substantial efforts into the growth of the small business sector. South Africa is no different, with the National Development Plan suggesting that 90% of jobs will be generated from the small business sector by 2030 (NDP, 2012). Rankin (2013) however, found that the ability of small enterprises, those who employ below 10 people, to create jobs is declining. Businesses employing between 10 and 49 employees remain stagnant and, in 'proportional terms', are in decline in terms of their ability to generate employment (Rankin, 2012:16). Youth constitute 41,2% of the South African population, of which more than 55 % are unemployed and only 6% are involved in entrepreneurial activity. It

is further significant and a cause for concern that two-thirds have never worked and almost 86% do not have formal or tertiary education. (StatsSA QLFS Q1, 2019).

1.3.3. Black Women

Apartheid's migrant labour system, Homelands Policy and Influx Control were among the legislation and policies that forced black women into remote rural areas where they had little opportunity to obtain an education or explore entrepreneurial opportunities. The ideology underpinning Bantu Education meant that secondary education was considered unnecessary for black woman as they were not encouraged to aspire beyond fundamental career prospects. In remote villages in the Homelands, women had to raise children relying on remittances from family members in the cities or on poorly paid domestic work where that was available. Where it wasn't, many resorted to small scale vending. (World Bank, 2018; Lemon, 2004; Poonan, 2004)

Visa's 2013 International Barometer of Women's Financial Literacy ranked South African women 23 out of 27 countries, marking them as one of the least financially literate in the world. This, along with the cultural oppression that women experienced and continue to experience in many 'traditional' patriarchal societies, has resulted in generations of black South African women being unable to develop a capital base from which to develop financial independence. (Visa, 2013).

The dismantling of the Homelands in the 1990s did little for women's economic emancipation, as many women continued to carry the responsibilities as primary caregivers and breadwinners in rural and urban communities (Khan, 2000; Pelsler, 2013; Lemon, 2004). Given this historical and political legacy, special focus needs to be given to the development of women entrepreneurs in South Africa as a neglected and under-utilised resource with extensive access to, and knowledge of, the fundamentals of the grassroots workings of the economy.

The case studies used for this research draw on the experiences of three businesses all owned by women. One is jointly owned by three women. Four of the women are black South Africans and one a white South African. While not specifically exploring the path that brought them to become entrepreneurs, the researcher found that in their interviews they spontaneously referred to and

described their social and political journeys and revealed the inherent challenges they face as women in business.

1.4. Structure of the Research

The South African government has placed considerable emphasis on the development of small business as a stimulus for economic growth. This is expressed in the NDP and evidenced by the establishment of the Ministry of Small Business Development in 2014. Given that the Tourism PPP Toolkit is an instrument developed by National Treasury to create public benefit through the release of state assets, it is important that we understand its origin, objectives and design in order to assess its ability to effectively deliver these benefits. A political economy lens was used in the literature review to contextualise the socio-economic and political environment in South Africa at the time that the Toolkit was developed. The literature review places the development of the Toolkit within the macroeconomic framework in the early years of democratic South Africa. Through the different historical lenses of the South African Government, the Ecotourism Sector, the National Parks Board (South African National Parks) and the Small, Medium and Micro Enterprise Sector, the formulation of the Toolkit can be considered within its historical socio-political context.

Initial exploratory research was undertaken to arrive at the primary research questions. This included exploring existing literature, conducting informal discussions with subject experts (who were also colleagues), and the referencing of journals, online articles and SANParks literature. The set of research questions was developed with the purpose of focusing the research topic to delimit responses and through semi-structured interviews to gather spontaneous responses from the concessionaires, the implementer (SANParks) and the policy maker (National Treasury) respectively. The primary guiding questions were :

1. What was the origin and the policy intention of the Toolkit?
2. Has the policy intention changed ? If so, in what specific ways?
3. What were the success measures and targets of the Toolkit and have those targets been met or not ?

4. Are there barriers to entry to small business in the Toolkit? If so, what are they and can they be revised to allow greater access to small businesses?

The research presents three small-cap PPP case-studies in SANParks in order to understand first-hand how a sampled group of entry-level concessionaires experience the Tourism Toolkit through its formulaic application processes and its subsequent development support structures. Aspects analysed include the bidder's experience with the Toolkit for its user friendliness (complexity); understanding what skills and competencies are required to effectively submit a bid (resources); the nature of the negotiation and contracting phase (engagement) and post-contract support (mentoring). The case studies cover two tourism product types, namely lodge management and restaurant management. This selection of types allows assessment of the Toolkit across two of the most lucrative products in the ecotourism sector. The case studies provide in-depth insight into the entrepreneurs' experience of the Toolkit and reveal their own particular realities functioning inside the entrepreneurial ecosystem and alongside the support institutions that aide their development. Quantitative data was gathered from SANParks on the financial performance of the concessions awarded since the start of the commercialisation programme in 2000. This data collection process provided performance data that allowed for comparisons to be made between the historical contributions made by small cap and large cap concessions.

Chapter 2 - LITERATURE REVIEW

This literature review chapter is comprised of two sections.

The first section presents a discussion of the four key players within the ecosystem that need to be engaged in order to effectively release and sustain a Public Private Partnership in a national park in South Africa. These players are firstly National Government through National Treasury, who are the custodians of the Tourism Toolkit, secondly South African National Parks, who are mandated by government to manage all national parks, thirdly the Ecotourism sector that sets and monitors the standards and values of responsible tourism that the country subscribes to and fourthly the small business sector in the tourism industry, that, in a concession, are solicited to invest capital and expertise that improves the visitor experience and yields revenue to the state. Their respective historical contexts pre-and post- democracy are discussed so that their roles in fulfilling the expectations of the Tourism Toolkit can be assessed.

The second section describes the specific ways in which the Toolkit is structured and has been applied since its inception, particularly in SANParks. The section also critically analyses the Toolkit's key functional elements and processes. This analysis includes the ways in which PPPs are defined, how the Toolkit functions, the legislative environment in which it resides, the procurement assessment process and the nature of the process for awarding concessions.

Defining the political economy pre- and post- apartheid for four key role-players in the development and implementation of the Toolkit.

2.1. The South African Government

2.1.1. Introduction

Conceived in Kliptown in 1955, the Freedom Charter defined the founding principles of South Africa's new Constitution, emphasizing corrective action and guaranteeing a 'rapid and irreversible redistribution of wealth' (ANC, 1989). The Charter expressly declared the wealth of the country as being for the collective benefit of its citizens. These principles that called for a more equitable redistribution of wealth guided the development of Cosatu's Reconstruction and Development Programme (RDP) that formed the basis of the ANC's 1994 election manifesto (Visser, 2005). The RDP became the aspirational vision for the fundamental transformation of

South African society (RDP White Paper, 1994). It was underpinned by the Bill of Rights that specified that all social institutions take steps to eradicate the economic and social inequalities produced by racial discrimination (ANC, 1989). As a 'growth through redistribution' policy the RDP envisioned as a first priority the meeting of the basic needs of citizens: "jobs, land, housing, water, electricity, telecommunications, transport, a clean and healthy environment, nutrition, health care and social welfare" (Terreblanche 2003, p. 89). The RDP became the rallying cry of the ANC and, supported by their powerful alliance partners Cosatu and the Communist Party, helped launch the organisation into power in 1994. The RDP promised an economy crafted on Keynesian principles that would through strong government intervention guarantee the creation of jobs, the redistribution of land and wealth and the provision of basic services.

However, the new government's poorly developed administrative and implementation skills meant that the Reconstruction and Development Programme was soon in trouble (Visser, 2005). Compounded by tensions between government departments as to the clear objectives of the RDP as well as the budgetary competition for resources, projects both flailed and failed. By March 1996 only R5 billion of the R15 billion allocated to reconstruction and development programmes had been spent (Visser, 2005). In 1996 the government replaced the RDP with the Growth, Employment and Redistribution (GEAR).

GEAR was a macroeconomic strategy that all but abandoned the social welfare goals of the RDP for the neo-liberal framework favoured by western economies and big corporations. Adelzadeh (1996) describes this decision as "a panic response to the recent exchange-rate instability and a lame succumbing to the policy dictates and ideological pressures of the international financial institutions" (p. 67). He goes on to highlight that this new policy framework based fiscal stimulus almost entirely on government's ability to stimulate private investment (Adelzadeh, 1996). Thus, government ensured that big businesses continued its powerful economic status while reducing government's role to the formulation of policy and introduction of systems that ensured the wellbeing of big business. GEAR's macroeconomic framework envisioned that economic development would be driven by the private sector and set out that "*the state should play a smaller role in the economy, state-owned assets should be privatized, there should be deep cuts in government spending, international competitiveness, and that an export-orientated economy*

should be encouraged.” (Visser, 2004, p. 9). Luiz (2016) sums GEAR up as “*a negotiated settlement between elite groups that left the majority of the population without ‘voice’*” (p.12).

2.1.2. The Washington Consensus

The Washington Consensus considered the free market to be the driver of growth and development. The term was coined by the economist John Williamson in 1989 and advocated policy for underdeveloped countries that included “trade liberalization, competitive interest rates, tax reform and liberalization of foreign investment” (Schilcher, 2007). It was enthusiastically supported by US-based institutions such as the International Monetary Fund and the World Bank.

The Washington Consensus became the dominant Western belief that the state is inherently inefficient and corrupt and that a free-market is more efficient. Koelble (2004) refers to the Washington Consensus as “*a dictate to economies around the globe that is enforced...through the institutions of finance and politics*” (p. 73). It is this global dictate that framed South Africa’s policies in the early years of its democracy and resulted in the surrender of much of the government’s autonomy in decision-making and the subsequent formulation of its bureaucratic systems and processes. It is therefore appropriate that this research revisit these systems and processes for their contemporary relevance and in the process identify limitations in the ability of these systems to meet present-day economic and social objectives. The Washington Consensus set the agenda for development and, through agencies like the World Bank and the IMF, established what were considered non-negotiable conditionalities that prescribed the policies and economics of poor countries (Saad-Filho 2010; Gore, 2000; Williamson, 2004)

Adeldezah (1996) foretold that the South African government’s new policy “*will fail in meaningfully addressing, let alone transforming, the inherited inequities of the apartheid system*” (p. 3). Koelble (2004) explores reasons behind the shift in policy direction and concludes that essentially domestic policy-makers have very little room to implement what they deem to be their country’s priorities outside of these Washington Consensus dictates.

In the 1990s the dominance of the Washington Consensus paradigm and its prescriptions was challenged by the rise of the East Asian economies. Saad-Filho (2010) puts this down to, firstly,

the 'Asian Tigers' making an ideological shift that prioritized the developmental state rather than continuing along the neo-liberal free market path they were following. He lists as indisputable examples Hong Kong, Republic of Korea, Singapore, Taiwan, China, Indonesia, Malaysia, Thailand and Vietnam, all countries where the state was seen to intervene through protectionism, directed finance and other departures from the free market (Saad- Filho 2010, p. 5). Secondly, the Washington Consensus' conditionalities that extended into and prescribed, countries' political and economic policies were challenged for what seemed to be obvious unrealized trickle-down benefits that were intended to reduce inequality, alleviate poverty and reduce unemployment. These were instead shown to be defaulting towards dependence on Washington Consensus institutions such as the World Bank and International Monetary Fund (IMF). Thirdly and most significantly for South African post 1994, the Washington Consensus represented the paradox between the inclusive democratic political system it was trying to establish and the traditional exclusionary economic policies that advanced the interests of a minority (Saad-Filho 2010; Berg & Melamed 2012).

2.1.3. New Public Management

Around the same time, in the early 1990s, the New Public Management (NPM) ideology favoured by Anglophone countries began to take hold in South Africa. It replaced the traditional public administration model of Max Weber that posits that bureaucratization in capitalism is a natural product of competition. NPM placed its emphasis on management approaches derived from the private sector, approaches that were designed around efficiencies, performance management and *“greater use of market mechanisms, such as privatisation and public-private partnerships in service provision”* (Cameron 2009, p. 2). Like the neoliberal orientation of GEAR, NPM emphasised strong markets and a non-dominant state (Cameron 2009, p.7). Public Private Partnership as a market mechanism is acknowledged by theorists as a product of the NPM movement, consistent with the philosophy that the private sector is more efficient and cost effective than institutionalised public sector bureaucracy (Broadbent & Laughlin, 2003; Hood, 1991; 1995). It was during this period of public sector reform that the PFMA (1999) was legislated and under which the PPP regulations reside.

The NPM was enthusiastically adopted by South African government departments who used the approach to shift from an apartheid bureaucracy to a democratic public service (Cameron, 2009).

South Africa took its lessons mostly from Britain, the USA, Australia and New Zealand (Miller, 2005). The introduction of new political and economic policies alongside the NPM paradigm of corporatisation exposed the forces vying for influence over the new administration to determine how the country's future would be shaped. Civil service reform based on a philosophy of 'outsourcing' competencies was the dominant narrative and made for a sound rationale in the context of the dysfunctional civil service that the ANC had inherited. Espousing the aims of increased efficiencies and cost reduction, NPM provided a framework for the restructuring of a fragmented civil service that had been conceived to serve racial categories of South Africans separately, with the accompanying unequal resources, skills and infrastructure. The new government's administration found the transition to role-modelling global economic systems appealing and was not too concerned about the extent that management consultancies from the OECD nations insinuated themselves into policy formulation across government departments. (McDonald & Ruiters 2012; Hall 2013).

2.1.3.1. Institutional Isomorphism

“Highly structured organisational fields provide a context in which individual efforts to deal rationally with uncertainty and constraint often lead to homogeneity in structure, culture and output” (DiMaggio & Powell, 1983, p. 147).

DiMaggio and Powell (1983) argue that the rationalisation and bureaucratisation of corporate and State is driven by the perceived need for efficiency rather than competition, which is why we see organisations becoming more similar to one another rather than more diverse. According to Beckert (2010), this homogeneity, or 'Institutional Isomorphism', occurs through three mechanisms, namely, power (coercive isomorphism), mimesis (mimetic processes) and attraction (normative pressures). Two of these isomorphic processes, mimetic and normative, are said to be managerial choices, while coercive isomorphism may be compliance-driven, where, for example, government introduces legislation that compels organisations to adapt their behaviour in line with the imposed mandatory managerial model.

In hierarchical systems such as where the State has public entities, government bodies and institutions, the combination of unequal power relations and resource-dependency leads to organisations adopting the rules and rituals of the larger system and become homogenised over

time. The subordinate entities become bound by a group identity adopting standard operation procedures, reporting systems and budgeting, among others. Coercive isomorphism may also be in the form of non-formal coercive pressure that is more subtle. It could, for example, be the kind of pressure that takes the form of aligning structures and titles in order to engage formally between organisations with representatives of equal authority. (Meyer & Rowan, 1977, in DiMaggio & Powell, 1983). In 2000 SANParks experienced what the organisation termed “Operation Prevail”, a cash-flow crisis that was brought on by a combination of financial mismanagement, revenue losses in the Kruger National Park and the reduction of its state subsidy due to new social delivery priorities of government (Maguranyanga, 2009). The organisation was therefore during this time vulnerable to coercive formal and non-formal pressure.

In cases of mimetic isomorphism, organisations in an environment of uncertainty begin to model themselves, intentionally or unintentionally, on competitors who appear to be successful (Beckert 2010). An example of unintentional modelling could be in the contracting of consultancy firms who are brought in to advise on organisational strategy. Consultancy firms are powerful for reasons of their international reach and are capable of widely spreading organisational-design trends under the banner of business efficiency and revenue maximisation (Beckert 2010; Dimaggio & Powell, 1983; 1991).

Normative Isomorphism pressure relates to the professionalization of occupations. Dimaggio & Powell (1983) identify two main sources of this pressure: universities and professional networks. Together these institutions formulate the cognitive norms and the appropriate professional behaviour that ensures that individuals who occupy similar positions in organisations “are virtually indistinguishable” (Dimaggio & Powell, 1983, p. 153).

These authors take the analysis further to present two levels of analysis for the prediction of Isomorphic Change, one being ‘organisational-level’ predictors and the other ‘field-level’ predictors. For each level they present a series of hypothesis on which to base predictions of homogenous change. Beckert (2010) challenges these hypotheses as being limited to isomorphic change, when they could be employed to predict institutional divergence as well. The isomorphic leanings of Dimaggio and Powell (1983), Beckert argues, has given isomorphism undue analytic weight in the field of Sociological Institutionalism (Mizruchi & Fein, 1999 in Beckert, 2010, p. 151). Beckert (2010) cites examples of comparative institutional development that did not start

from the premise of isomorphism. One of the examples of divergent institutional development is the New Economic Sociology that posits that economic action cannot be understood outside of, or divorced from, the social environment in which it occurs.

2.1.3.2. New Economic Sociology

Classic economic sociology as defined by the works of Marx, Weber, Durkheim, Simmel, Parsons and Smelser provided the sound theoretical foundation that sought to explain how the economy works (Swedberg et al.,1997). Classic economic sociology developed over time into New Economic Sociology when theorists began to ask social questions of economists who were previously uncontested due to the ‘rationality’ of their theories versus what was described as the ‘abstract’ theorising of sociologists and political scientists (Swedberg et al., 1997). The ‘new institutionalists’ can be categorised by three broad paradigms, namely ‘rational choice institutionalists’, ‘sociological institutionalists’ and ‘historical institutionalists’. They were defined by their respective positions on the relationship of individuals with the institution and, in turn, within the social and cultural context in which the institution finds itself. (Koelble, 2016).

The Economic Sociology paradigm has substantially evolved since Polanyi (1944) introduced the concept of the ‘embeddedness’ of economics in social relations (Granovetter, 1985).

“... economic action without the ‘societal element’ would be bare bones; it would have no ‘unity’ or ‘stability’ whatsoever” (Swedberg, 1987, p. 7).

‘Embeddedness’ is understood in association with the ‘Substantivist’ school in Anthropology and with the ‘Moral Economy’ in Political Science, where Marx and Weber in particular are the most well-known theorists of embedded economics in sociological studies (Swedberg, 1987; Hirsch, P et al, 1987). These fundamental theories were enhanced in the 1960’s and 1970’s by a range of theoretical developments from economic, political and organizational theorists that introduced new topics for analysis. Some prominent works included Block (1997) and Makler et al, (1982) on the international economy, Kanter (1977) and Tilly and Scott (1978) on the role of women in the economy, Berg (1981) on the labour market and Stinchcombe (1983) on economic sociology (Swedberg, 1987). The new economic sociology approaches introduced the concepts of social value and shared value along with social return on investment (SROI) methodologies to determine a monetary value for social value initiatives (Porter and Kramer, 2011; Barman, 2016). This shifted

the profit-yield focus from shareholders to stakeholders, where stakeholders include the customers, employees, suppliers, government and local communities, as well as the traditional investment shareholders, an orientation that Barman (2016) refers to as 'Caring Capitalism' (Hall et al., 2015; Barman, 2016).

These theoretical frameworks are referenced in Chapter 5 as they provide an understanding both of post-apartheid institutional behaviour and the entrepreneurial ecosystem created by institutions of government and big business after 1994.

2.1.3.3. Transitioning in the 1990s

Pre-1994 the South African economy had been in stagnation for a decade (Handley et al., 1996). Trevor Manuel (in Borat, et al, eds., 2015) compared the South African economy under apartheid to a typical colony based on the extraction of minerals except that the beneficiaries of the extraction lived inside the country. Business under apartheid was a self-preserving, insular entity that had begun to feed off itself. Due to international boycotts and trade blockades, the country's total gross domestic production was in decline and the government was making huge foreign debt payments (Stal, 1996 in Handley & Mills, 1996). After 1994, with international sanctions lifted, the government announced that the future would be driven by a social and political mandate underpinned by the RDP that promised a 'people first' agenda. This agenda would redraw the lines of racial and economic separation that was the foundation of the apartheid state (Bhorat et al., 2014). Democracy initially brought dramatic economic change. The rate of inflation dropped from 15,3% in 1991 to 8.7% in 1995, followed by an inflow of international capital from mid-1994 to the end of 1995 of more than R30 billion; this compared to an average of R5b per annum for the previous decade (Handley & Mills, 1996). The Government of National Unity was therefore understandably buoyant about its macroeconomic strategy, as all indications were that its social, political and economic reforms were being favorably received by international investors. Chris Stals, the Governor of the Reserve Bank, enthusiastically endorsed GEAR and believed it would ensure an inflation limit of 7 % and a growth rate of 6 % (Handley & Mills, 1996).

Pillay (in Handley & Mills, 1996) took the opposite view, arguing that, instead of releasing the economy to the promise of global market forces, South Africa needed a strong political hand to manage its own destiny so that it could target the macroeconomic objectives of inequality, poverty

and unemployment by allocating strategies and resources directly. Pillay (1996) argued that through GEAR the government was surrendering the centralist welfare 'nation-state' vision of the RDP as a result of the seduction of globalization and in the face of the overwhelming economic power of the OECD countries. Borat et al. (2014) highlight the confusing rhetoric coming from the ANC that claimed on the one hand to support the developmental state, while on the other hand advocating for globalization. This resulted in regulatory uncertainty and reduced investor confidence (Bhorat et al., 2014). More sinister was the fact that the new macroeconomic orientation disguised the fact that it was allowing an elite group of black politically-connected and rapidly economically mobile to participate in a trade-off with white capital who were happy to avoid nationalisation and radical redistribution as policy options (Koelble, 1998; Luiz, 2016; Streak, 2004).

The reality for the man on the street was that inflation rose to catastrophic levels, reaching a 20 year peak of 9.9% in 2008 (IDC, 1994). Coupled with a historically poor savings culture, a stubbornly persistent high rate of unemployment, low level of skills and redundant technologies, the new euphoria failed to deliver tangible improvements to ordinary South Africans.

2.1.4. Conclusion

Spies refers to 'embodied capital' as the value of knowledge and information that people possess as drivers of the future (Spies, in Handley & Mills, 1996, p. 201). Democracy in South Africa coincided with a radical change in the way global economies operated. Digital technology had advanced across multiple platforms with communication and manufacturing sectors in particular experiencing huge changes. The notion of international boundaries that required physical crossing in order for trade to take place had been broken. Trading was no longer restricted to working hours, physical spaces or fixed telephones. New trading and communication platforms opened South Africa up to a global market that left its long-isolated economy far behind in international competitiveness. After many years as a pariah state, trade sanctions had also left the majority of South African workers far behind the rest of the competitive world. There was substantial pressure from external agencies for South Africa to follow international economic policy trends and adopt systems and skills that would raise its competitiveness. However, after 25 years of democracy the

latter has not yet materialised for the majority of black workers; they remain on the fringes of the economy and make up the bulk of vulnerable South Africans (Stats SA – The Fieldworker, 2014).

2.2. South African National Parks

2.2.1. Introduction

“Built through forced locations, protected with military techniques, financed through heavy government subsidies and run with political and social blinders, South Africa’s Parks became some of the most luxurious and racially exclusive playgrounds in the world. They are today among the bitterest legacies of apartheid” (Honey, 1999, p. 341).

The early national parks in South Africa were created as a result of the forced relocation of thousands of African families from their land. The disempowerment of black South Africans from their land under the guise of environmentalism began in the colonial era and intensified through legislated dispossession after the establishment of the Union of South Africa in 1910 and with the passing of the Native Land Act in 1913. The development of a national park ‘ethic’ can be traced back to the late colonial era when the first conservation agencies were created (Khan, 2000). Having been progressively dispossessed of their land and the economic opportunities associated with ownership of land, the narrative that indigenous blacks were ‘environmentally destructive’ found fertile ground (Khan, 2000, p. 158). It echoed the alienation and dispossession of indigenous peoples in the USA with the establishment of the Yellowstone National Park, as well as many parts of Africa where Europeans had subjugated indigenous people and dispossessed them of their land. The establishment of national parks, or Game Reserves as they were known then, took place under the guise of a preservationist ideology that argued that because large populations of wildlife were being destroyed through hunting and poaching, the country’s natural heritage needed to be preserved through legislation that made it possible for land to be alienated and its occupants removed. What this ideology and legislation in fact did was to secure pristine playgrounds for the white elite to enjoy while relegating black people to menial service within its functions (Khan, 2000).

2.2.2. National Parks Act of 1926 and the Resurgence of Afrikaner Nationalism

Carruthers (1989), in her review of the history of research on national parks in South Africa, criticized the existing literature on the establishment of national parks as too simplistic, inaccurate and proselytizing, and called for a more objective and critical study that would take into consideration the political economy of South Africa at the time (Carruthers, 1989).

“Fundamentally the founding of a National Park concerns the allocation of certain natural resources and for this reason it is a political, social and economic issue more than a moral one” (Carruthers, 1989, p. 188).

Carruthers argued that the National Parks Act of 1926 had successfully been passed because the early twentieth century was a highly politicised time following the Anglo-Boer War and World War I. Afrikaner nationalism was aggressively asserting the Afrikaner group’s political and social identity and Afrikaners were looking to consolidate their gains from their resistance to the British. This was a time of a passionate revival of Voortrekker traditions, embodied in an iconic leader Paul Kruger who had come to symbolize Afrikaner unity and the successful resistance against the colonizers (<https://www.sahistory.org.za/article/rand-rebellion-1922>).

The establishment of the Kruger National Park in 1926 and the Kalahari Gemsbok National Park in 1931 gave South Africa a chance to be part of the process of internationalization of natural areas that had taken hold in Western countries with the establishment of the Yellowstone National Park in 1872. It became a moral rallying point for disparate white South African society to build cultural bridges. Their uniting around National Parks narrowed divisions between Afrikaans and English-speaking whites, underpinned by a common understanding that blacks were either ‘poachers or labourers’ but not partners (Carruthers, 1989; Kepe 2009).

“No Africans became partners in the protectionist enterprise: they were tolerated either as squatters or ‘courageous and loyal native rangers’, or they were cast in the role of ‘evil, cruel poachers’ who avoided wage labour by living off the land” – Carruthers (1989, p.189)

As a result of these protectionist and racialised apartheid ideologies and narratives, national parks became more firmly established and legitimised through whites-only ownership and custodianship policies and a raft of apartheid legislation passed between 1923 and 1953. For example, the Natives Urban Areas Act of 1923, the Group Areas Act of 1950 and the Separate Amenities Act of 1953, combined to legally alienate black people from their rural and urban land and rationalized the prioritization of game areas above social concerns such as housing, education and health services.

Khan (1994) believes a vacuum exists in protected area research, the filling of which would open up the history of conservation to be utilised “as a repository of historical information of value to both the present and the future” (p. 500). She concurs with Carruthers about the inadequacy of the available body of work on national park development and identifies three shortcomings. Firstly, she sees park history as having been romanticized under the hero figure of the brave and manly game ranger while ignoring the self-interest, opportunism and political expediency of public and private figures and groups. Secondly, this history avoids controversial socio-political issues such as the exclusion of the environmental and cultural attitudes and beliefs of black people and the resentment of black South Africans towards conservation as a result of their exclusion and dispossession. Thirdly, the deliberate misrepresentation of black South Africans as environmentally destructive and responsible for excessive game killing even in the face of records of the excessive and unregulated sport of hunting by whites and the “pro-hunting stance of government”. (Khan, 1994).

Novellie (2018) in his review of Carruthers (1989) highlights the long-standing absence of historical and social science research in national parks that would provide us with a more comprehensive understanding of human interaction with the natural world. A Social Science research lens would go beyond the narrow bounds of natural science research to include an understanding of the political and economic drivers of strategy and decision-making. Novellie (2018) muses that “*natural scientists assume that the present includes all pasts and tend to be impatient with historical context, whereas environmental historians must read all papers to unpack intellectual journeys in light of their political and social contexts*” (2018, p. 1).

Ramutsindela's (2005) analysis of the origins of national parks in the Southern African Region adds another layer to our understanding. He argues that national parks were created through the western dualistic lens that separated society and nature "*maintaining the dichotomy between human and physical geography*"(p.3.) He suggests that it was the notion of nature not being intrinsically linked to identity or to survival that fueled the justification of exclusivity of black people that prevailed. Creating 'natural' playgrounds for white people therefore justified the mass removal of indigenous people from their land.

2.2.3. Apartheid era militarisation of Parks

During apartheid the South African government engaged in pre-emptive military destabilization of its neighbours by creating a defence against what they saw as the communist 'rooigevaar' (red threat). In Mozambique, the pro-Marxist, anti-apartheid FRELIMO (Frente de Libertação de Moçambique) election victory in 1975 signalled to the South African government that the border had to be secured to keep the perceived communist threat away from the political and economic centres of Johannesburg and Pretoria (Lundstrum, 2015). South Africa aligned itself with the opposing RENAMO (Resistência Nacional Moçambicana) forces and set up a substantial military presence inside the Kruger National Park from which raids into Mozambique were launched. These raids went beyond military engagements to include destroying villages and livelihoods (Lundstrum, 2015). Kruger National Park was in effect a strategic militarized buffer zone (Ellis, 1994) holding substantial artillery, with troops moving through the park and across the border.

It is argued that the militarization of the Kruger National Park, where guns and ammunition were in ready supply to RENAMO guerillas is still being felt, or is being duplicated in the new war against rhino poaching. Dressler et al. (2010) highlight the alarming rapidity with which the park's current anti-rhino war has fallen back onto a familiar military strategy, forgoing the democratic stakeholder engagement and adaptive management approaches the park advocates. These authors believe that once again the Kruger park rangers have been para-militarised and the strategy chosen in the anti-poaching wars is that of the guerilla tactics of the 1970s (Dressler, 2010).

As further evidence of the problematic role of national parks in recent history, Ellis, (1994) reveals that in the late 1970s and 1980s the South African government, through its networks of military insurgencies and international allegiances, was the main illegal exporter of elephant and rhino horn

to the Far East. Soldiers were often the first to come across dead or wounded animals and because they had the equipment and the transportation networks, began the illicit trade. Ellis (1994) goes further to suggest that the scale and sophistication of the operation could not have occurred without the approval of the Apartheid Military Intelligence who had found a convenient funding source for the war against FRELIMO in Mozambique and MPLA in Angola. According to Ellis (1994), because it was generously subsidized by the government and co-funded by powerful interest groups like WWF and Afrikaner businessmen, the National Parks Board as it was known at the time, did not have to pay much mind to tourism revenue as a means to support conservation nor, with the paramilitary might it had at its disposal to protect its boundaries, did it have to consider its political relevance or its developmental responsibilities to the black communities surrounding it.

The Kruger National Park was not the only park being used for military purposes. The apartheid state also subverted the conservation mandate in the South African Border War supporting UNITA in Angola as well as infiltrations into Zimbabwe as part of the Rhodesian Bush War. (Poonan, 2015, Lundstrum, 2015; Kepe, 2009; Cock & Fig, 2000)

It was unsurprising therefore, that when the ANC came into power, the economic and transformation potential of national parks was not a priority as parks had historically operated exclusively for a select market of local and foreign whites. Environmental issues were on the whole met with either apathy or hostility (Honey, 1999). The reality was that the national park system that the new government inherited was alienated from the majority of its citizens who had been dispossessed of their land, deprived of their livelihoods, denied the right to visit their traditional cultural and sacred spaces and who struggled to understand national parks as a place where *‘animals roam free while Africans who enter to collect firewood or hunt an antelope to feed their family are arrested’* (Honey 1999, p. 340). The National Parks Board in 1994 therefore had a severe credibility gap with black citizens, as it carried with it images of an uncaring past. Its promises of beneficiation to local communities through its commercialization programme and empowerment through PPPs were met with great skepticism (Fearnhead, 2003). This was an important period during which the organisation needed to establish trust with constituencies it had not before considered worthy. It was vital therefore that the promises of economic benefit to

communities from the existence of national parks needed to be realized. (Poonan, 2015; Maguranyanga, 2009).

2.2.4. Conclusion

With the end of apartheid and the stabilization of the SADC region in the 1990s, national parks had to develop legitimacy as a national asset with valuable political, environmental, cultural and economic significance to South Africans. The strategy of South African National Parks was twofold : the establishment of a Social Ecology Unit to proactively engage with communities to attempt to create shared value, and the adoption of market-driven ecotourism as a means towards financial self-sustainability and related tangible benefits to communities (Honey, 1999, ; Poonan, 2015). This became the dominant strategy and was captured in the philosophy of ‘Benefits beyond Boundaries’ emanating from the 5th World Park Congress of 2003. Cock and Fig (2000) referred to this period for SANParks as an organisation in transition “*away from a colonial model of conservation focused on preservationism to an indigenous, community-based model of conservation which focuses on human benefits and sustainable utilisation*” (Cock & Fig, 2000, p.24)

This is a path the organisation still struggles to navigate. Notwithstanding the painful history of the economic and recreational exclusion of the majority of the population from national parks, there exists a body of advocates for the return to ‘protectionist conservation” (Khan, 2000). These advocates argue that conservationists are not equipped for, nor should they be burdened by, social development objectives and that the responsibility for job creation and poverty alleviation is a separate agenda that needs to be addressed through a different strategic platform (Pelser, 2012, p. 4; Pelser, 2001; Brechin et al., 2007; Brockington et al., 2008; Roe & Walpole, 2010; Kepe, 2009).

The ongoing transition of National Parks into an inclusive, transparent and accountable public entity requires the unravelling of multiple layers of socio-political history to understand what these parks need to do to heal generations of trauma that their creation left on the psyche of both black and white South Africans. The commercialisation programme that SANParks embarked on in the early 2000s declared its transformation mission as :

“Effective transformation both within SANParks and the broader society and economy through the implementation of Broad-Based Black Economic Empowerment”.

(SANParks, 2013, p. 9)

The Tourism Toolkit has been one of the mechanisms for this transformation for 15 years and it is therefore appropriate that this research evaluates the extent to which the Toolkit is enabling the mission.

2.3. The Tourism Sector in South Africa

2.3.1. Introduction

In 2006 the Small Business Project (SBP) reflected on the consequence of a South African tourism industry that was anti-developmental and exclusionary during apartheid:

“SA’s tourism sector is dominated financially by a small group of large, well-established, mostly locally-owned tourism enterprises. These include major travel and tour agencies, transport operations, hotels, casinos and conference centres. Large players at the top end of the market include Tourvest; Thompsons Travel; car rental firms such as Avis, Imperial, Budget and Hertz; hotel groups such as Southern Sun, Sun International, Protea hotels and City Lodge; and air carriers such as South African Airways, Nationwide and British Airways”(SBP–Strategic Business Partnership, 2006, p. 11)

Visser and Rogerson (2004) confirm that before 1994 tourism in South Africa was the domain of whites, with black people legislatively prohibited from sharing public spaces with whites. The reality of this exclusion continues to echo today, with, for example beaches that were formally exclusively for white people becoming the battle grounds for transformation and cultural recognition (Thamm, 2018). The authors describe tourism under apartheid as ‘anti-developmental’ (2004, p. 1) and quote Baskin (1995) who referred to the history of tourism in the country as the “economics of white leisure” (Baskin, 1995 cited in Visser and Rogerson, 2004). They describe the ecotourism sector at the time as a closed network for selected white businesses and the reason why white-owned businesses have been able to entrench their market share.

2.3.2. Tourism in GEAR

The peaceful transition to democracy in 1994, along with the iconic statesmanship of Nelson Mandela, turned a hitherto internationally decried South Africa into the curiosity of the world, a must-see for former anti-apartheid activists, politicians, business and ordinary local and overseas people. Even though it took a while to be recognised by government, tourism became a key economic driver in post-apartheid South Africa. The country's international visitor rate rose from 50 000 in the 1980s to 10 million in 2016 (Ahmed et al., 1998), with revenue growing by 10.8% to R75 billion in 2016 and contributing 2,9% to the country's GDP, a larger contributor than agriculture (SA Tourism Annual Report, 2016).

Why was the government slow in recognizing the potential of tourism ? Saarinen, et al. (2013) suggests that between the 1992 Earth Summit in Rio and the World Summit on Sustainable Development in Johannesburg in 2002 the debate was dominated by the Green Agenda that put conservation first. Tourism was considered merely a means to fund conservation (Rogerson, 2013).

The change in focus in the late 1990s towards sustainable development fuelled discussions on ways in which tourism could benefit the poor as a *“potential engine for growth, capable of energizing and rejuvenating other economic sectors”* (Department of Environmental Affairs and Tourism [DEAT], 2003 cited in Rogerson 2011, p. 45). In 1998 DEAT published “Tourism in GEAR” intended as a framework for the implementation of the new developmental approach to tourism (DEAT, 1998b). In 2002 the Local Economic Development Policy document ‘Refocussing development on the Poor’ was released. This document emphasised a community-based approach to Local Economic Development (LED) with what Bond (2002) described as *“a bottom-up approach to LED that challenges the Washington Consensus and offers a community-based approach associated with a new, more sustainable paradigm”* (Bond, 2002 cited in Rogerson 2011, p.41).

This paradigm essentially took the ANC back to the core elements of the RDP to address issues relating to economic redistribution and poverty alleviation. It was during this period of contested policy direction and a new unfolding vision for tourism in South Africa that the Tourism PPP Toolkit was developed.

The political and economic isolation of apartheid South Africa spawned huge multinational hotels and casinos that manifested under the umbrella of the independent Bantu Homelands. The siting of these were dictated by the Homelands being that, at least theoretically, they were able to skirt the prohibitions that came with apartheid legislation. A consequence of this has been significant spatial imbalances and product homogeneity in South Africa's tourism offerings. The restrictions on the movement of black people left South Africa with a legacy of narrowness of the tourism product and with spatial anomalies that limited tourism expansion and growth (Viljoen, Kruger & Saayman, 2018). This is evident in the concentration of high-volume tourism in and around big cities where apartheid infrastructure-spend was highest. The apartheid government had little incentive to invest in bulk infrastructure in rural areas where the sole legitimate beneficiaries were Afrikaner farming communities and the investment return was low. This legacy continues to disadvantage many rural towns today. (Acheampong & Tichaawa, 2015). Many rural towns are unable to capitalise on their heritage and natural assets as many of them suffer not only from actual distance as a disincentive to tourists, but from the inadequacy of the infrastructure to meet tourist expectations when they do get visitors. The apartheid government chose instead to invest heavily in resorts and spas that created recreation destinations for white South Africans (Viljoen, Kruger & Saayman, 2018). This is why we have wildlife tourism concentrated in National Parks, resort tourism in hotels and casinos as typified by Sun City, and the beach tourism of Cape Town and Durban.

2.3.3. The Tourism Entrepreneur

Government and support organisations have tended to see tourism as a singularly defined sector and thus designed generic financing and support tools to serve the tourism industry as a whole. However, there are differentiating characteristics between tourism SMMEs. Rogerson (2005) highlights the importance of understanding these differences and developing target-specific support initiatives. There are three categories of tourism entrepreneurs that need to be understood for the contributions they make and the specific developmental and policy support they require. The highest category is the growth-oriented elite businesses that have established themselves and their products and are looking to increase their market share. Examples of these would be large hotels, casinos, conference centres and travel agencies. The second category is the economically comfortable 'lifestyle' entrepreneurs who are generally supplementing their current lifestyle

through, for example, providing visitor accommodation in their homes or farms, or running travel and touring companies. The lower end is the entry level ‘marginalised’ or survivalist entrepreneur. Included in this category are majority black-owned tourism businesses, classified as micro-enterprises that operate services such as township tours, homestay bed and breakfasts and arts and crafts. They operate on marginal profits, have very little investment capital and low prospects for expansion or new job creation (Rogerson, 2005).

In a sector-specific study on tourism SBP (2006) came to a similar understanding of the categories and survivalist nature of SMME tourism entrepreneurs:

“Tourism SMMEs are of two very different types, largely stratified along racial lines. At one end of the scale are well-established, mainly white-owned small businesses. Many have moved into tourism from other sectors, often motivated by lifestyle choices. At the other end of the scale is the emerging black-owned tourism economy, consisting mainly of formally registered micro enterprises as well as informal enterprises. Many, though not all, of these enterprises are survivalist in nature” (SBP, 2006, p. 13).

Rogerson (2008) graphically depicts the structure of South Africa’s Tourism economy in Figure 1 below :

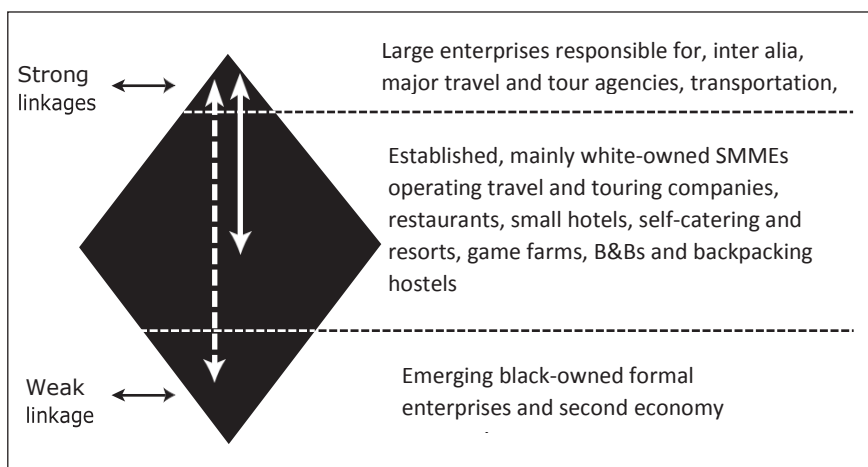


Figure 1- The structure of the South African Tourism Sector (Rogerson, 2008)

2.3.4. Pro-Poor Tourism

The pro-poor tourism approach grew out of a recognition that the trickle-down benefits that neo-liberalism promised was doing little to reduce inequality. The profits that came from tourism was monopolised by neo-liberal economics that places little value on equality. Many developing nations use their natural and cultural attractions to diversify their economies and private sector investment presents a convenient option to improve tourism infrastructure and to gain foreign earnings. However, these investors consist largely of multinational companies whose shareholders are not local. This means that the profits serve a local elite while the rest is repatriated (Ashley et al., 2000). Thus, while tourism can be lucrative and critical to the economic health of a developing nation, neo-liberal macroeconomics ensures that the benefits derived are exponentially different for the poor and the non-poor. The pro-poor movement is an attempt to put poverty at the heart of tourism by attempting to ensure that redistribution is biased towards the local poor (Ashley et al., 2000; Schiller, 2008).

Conceptual weaknesses in the pro-poor approach were identified by a number of scholars. They noted, firstly, that the local benefits were restricted to the micro-level and benefitted some groups and excluded others. Secondly, because the approach was generally focussed on community-based tourism projects, it did not have the scale to make a substantive difference at national level. Thirdly, it focussed on infrastructure improvements and skills training and neglected the creation of those market linkages that would lead projects to be financially sustainable. Fourthly, it lacked mechanisms to monitor change (Ashley & Goodwin, 2007). In order for pro-poor tourism to narrow the inequality gap governments would need to make policy decisions that are bold enough to introduce protective redistributive policies that interfere with market forces and bias tourism gains towards the poor (Schiller, 2008). ‘Inclusive’ tourism would go beyond pro-poor tourism’s aim of creating employment to include “*uncompromising resource transfers e.g. skills, land and political ‘voice’*” (Schiller, 2008, p. 8). Inclusive tourism is thus about “*widening the size of the economy and not about redistributing existing resources as pro-poor growth sometimes is*” (Bakker & Messerli, 2016, p. 3).

The advent of the pro-poor tourism movement put pressure on governments to create the policy environment that would encourage local businesses that place emphasis on authentic cultural

products and experiences, to enter the industry. In South Africa a conceptual shift took place in tourism after 1994 with the adoption of an approach that positioned neglected communities at the forefront of economic opportunities associated with tourism. The new government enthusiastically adopted the pro-poor philosophy which purported to encourage township and heritage tourism, adventure tourism, food tourism and handicrafts with the intention that benefits from these might extend beyond existing markets to poor communities (Rogerson, 2002; Visser & Rogerson, 2004). Tourism niches began to develop in accordance this philosophy, for example 'dark tourism' related to the history of punishment and incarceration, echoing Alcatraz in the USA and marketed around Robben Island (Strange & Kempa, 2003).

Ecotourism strategies in other developing countries such as Kenya pointed to lessons for South Africa in how tourism could become part of redressing the apartheid past. One example was the effectiveness of Community Based Enterprises (CBEs) that told a tale familiar to rural South Africans. The fundamentals of the approach were that the ownership of the tourist enterprise rests in a Community Trust managed by a board. The enterprise is run by the members and dividends distributed according to a Trust agreement.

Research found that the establishment of protected areas by colonial powers under the guise of protecting wildlife had so severely disadvantaged indigenous people that "the incidence of poverty is comparatively greater where tourist activity is highest" (Manyara & Jones, 2007, p 629). The reason for this is that the establishment of protected areas not only dispossessed people of their land, it also affected their ability to make a living. For example, the ban on hunting and on the sale of wildlife products in the 1970s eliminated industry-related jobs such as guiding, porting and skinning. Communities came to resent protected areas as wild animals destroyed crops and livestock in their search for food and water. The authors conclude that the effectiveness of CBEs should be measured based on three outcomes. Firstly, that income is increased at the household level, secondly, that community services such as infrastructure, education and health are improved and thirdly, that beneficiaries have a diversity of livelihood options and are not totally dependent on tourism (Manyara & Jones, 2007; Honey, 1999).

Another noteworthy example of pro-poor tourism is the Communal Areas Management Programme for Indigenous Resources (CAMPFIRE) in Zimbabwe. CAMPFIRE represents an

alternative view to the preservationist philosophy of traditional conservation by placing economic value on wildlife. The programme started in 1989 out of the disenfranchisement of indigenous people from their land in order for the Zimbabwean government to create protected areas that subsequently alienated them from the productive capacity of the land (Child, 1993; Taylor, 2009). Proactive legislation allowed the sale of wildlife by the game ranching industry to hunters and tourists. In making wildlife a tradable commodity it also made the protection of game a greater imperative for farmers thereby enhancing the conservation of wildlife species. Between 1989 and 2006 income from CAMPFIRE totalled nearly USD\$30million of which 52% went into community beneficiation. In their study of community perceptions in communities around Hwange National Park in Zimbabwe, Tichaawa and Mhlanga (2015) found that the highest perception score was for the delivery of infrastructure advancement, for example for schools and clinics, while the lowest perception score was for economic beneficiation of the community.

2.3.5. Value Chain Analysis

South Africa's contribution to tourism theory and tourism policy development grew as it pursued its objective to transform the industry through the creation of economic opportunities for local people and through the prescripts of B-BBEE related to black shareholding, enterprise development and skills transfer. The growing body of domestic case studies employing the pro-poor approach began to spread and to create new thinking about the empowerment of lower-level tourism businesses.

Rogerson (2005) argues that, with tourism being identified as a priority sector for economic growth and its expectations for transformation and job creation (Department of Trade and Industry, 2004), tourism deserves its own academic focus. There ought to be a particular focus on tourism SMMEs given that they form the entry point for job creation and are often the stimulus sites for innovation. The Department of Trade and Industry (DTI, 2004) highlighted its concern that the SMME sector tends to be debated in a sectorially undifferentiated manner with the tendency to see it as an homogenous group of entrepreneurs who compete equally for custom (Rogerson, 2005).

Over the years researchers and industry players have sought to unpack the competitive value of SMMEs in the sector, particularly in developing countries where local communities often derive their livelihoods from natural and cultural resources and experiences. The value chain framework

raises important issues about the role of government and state support programmes in assisting SMMEs to integrate into industry sectors (Acheampong & Tichaawa, 2015; Rogerson, 2008). The B-BBEE scorecard was intended as the mechanism by which local producers and suppliers would be brought into government procurement systems and local supply chains. SANParks has four mechanisms to deliver on this obligation :

- The PPP process
- SCM procurement
- Socio Economic Transformation projects
- Expanded Public Works Projects

Within the context of the competitive value of SMMEs, SANParks has to counter the impression that its concessions are too expensive, that their products are aimed at the rich and that they exclude small business and the poor from the value chain. Concession owners are often accused of procuring goods from recognised suppliers rather than from local manufacturers and of employing management from outside the area. There is also the concern that where there is beneficiation it remains at wage level rather than in ownership or shareholding (Parliamentary Monitoring Group, 2012).

2.3.6. Red Tape and regulatory constraints

In their 2006 report SBP estimated that regulatory compliance at the time was costing South African business approximately R79 billion (SBP, 2006), of which the cost of tourism compliance was disproportionately higher than that of other sectors. This they ascribed to the diversity of enterprises, services and products in tourism, all of which have specific compliance demands with various regulators. The diversity in tourism often means that multiple levels of certification and authorisation across government departments are required. In relation to this requirement, the Department of Trade and Industry (DTI) identified “*excessive or unnecessary*” regulations imposed by national, provincial and local authorities as a constraint on the growth of firms in the tourism industry (DTI, 2006, p. 15). Rankin’s 2006 study that examined the impact of government regulation on SMMEs found that the Department of Labour, the DTI and local authorities had the most cumbersome procedures (Rankin, 2006). The author concluded that internal administrative

barriers would be one of the simplest places to start in order to support the sector as responses indicated strongly that it was the time and administrative burden, and not the monetary costs, that SMME's found most restrictive. (SBP 2006).

2.3.7. Conclusion

Tourism in developing economies has become the employment lifeline for many in a sector where entry-level jobs do not require extensive training or high levels of formal education. The post-apartheid government took a while to appreciate the opportunity that tourism presented being that the economy was previously structured around extractive minerals and agriculture (Koelble 2004; Handley and Mills, 1996). The sector it inherited was dominated by white enterprises servicing a white clientele centred around nature-based and resort tourism. Tourism as a potential engine of growth, and the pro-poor tourism movement in particular, appealed to the developmental objectives of government as it presented opportunities to reach urban and rural communities and to open up the tourism sector value-chain to black businesses. The B-BBEE scorecard was intended to serve as the mechanism to facilitate this integration into the value chain. However, assessments indicate that targets for the transformation of the sector to advance the development of black business have not been achieved and the sector remains dominated by a limited number of largely white-owned businesses (NDT, 2018).

2.4. The Small, Medium and Micro-Sized Enterprise Sector in South Africa

“During the apartheid era, black ownership of SMMEs in townships was prohibited and black entrepreneurs faced prosecution for engaging in SMME activities (Department of Trade and Industry, 2008, p. 26).” (Mtshali, 2017).

2.4.1. Introduction

The Bureau for Economic Research (BER) 2016 Report on the SMME sector confirmed much of what we know about the challenges that SMMEs face that affect their sustainability. A few of these challenges include restrictive access to credit because lenders are less inclined to finance startups than they are established enterprises and are more likely to finance enterprises in urban than in rural areas. SMMEs struggle with securing support infrastructure for communications, utilities and transport. They experience low levels of research and development. Labour laws, designed to

protect workers, are not flexible in response to economic downturns, and the country suffers from an historically inadequately educated workforce that increases training costs (Global Entrepreneurship Monitor, 2014). Government bureaucracy and duplication across departments cause delays in obtaining permits and the registration of businesses while high levels of crime increase spending on security that increases the cost of insurance. SMMEs also suffer a lack of access to markets, where rural and entry-level businesses in particular have difficulty with penetration and struggle to coordinate as collectives in order to increase their bargaining power (BER, 2016, p. 11).

SBP (2009) found that compliance costs that include tax and labour registration, municipal licences and regulations, Theta and B-BBEE, constituted on average 8,3% of the turnover for business that have an annual turnover of less than R1m. Besides the financial impact on their profitability, ensuring timeous compliance so that they avoid penalties, requires time, resources and skill. Where large firms employ specialists to do this, in small firms it is often the responsibility of the owner, taking them away from their more productive managerial and leadership obligations. (SBP, 2009).

2.4.2. Informal vs Formal sector

“... there was simply no existing public small, medium and microenterprise support infrastructure for the country” (Bloch & Daze, 2000 in Rogerson, 2015, p 769).

The Small Business Development Agency (SEDA, 2018) reported that there were around 2,4million SMMEs in South Africa, of which 700 000 are formal SMMEs and 1.7m were informal. This represented a decline in the number of formal SMMEs of 9.2.% and an increase of 3.4% in informal SMMEs between Quarter 1 2017 and Quarter 1 2018. The number of jobs provided by the SMME sector declined by 15.9% for the same period. In 2016 the Bureau for Economic Research was commissioned by SEDA to evaluate the SMME landscape in South Africa and concluded:

“ there is a significant distinction between the formal and informal sectors. The formal sector tends to be more educated, white, situated in Gauteng and the Western Cape, with a higher income

generation. However, most SMMEs are black owned and operate in the informal sector, especially in the more rural provinces. The informal sector is what the GEM defined as ‘necessity-driven entrepreneurship’ and the DTI defined as ‘opportunity entrepreneurship’ (BER 2016, p 10).

Statistics South Africa defines informal sector businesses as those businesses that are not registered, are generally small in nature and are seldom run from business premises (StatsSA, 2000). Statistics on the informal sector are understandably unreliable as the often survivalist nature of the activity result in sudden changes in figures as the fortunes of individuals change. Before 1994 information on the informal sector was skewed as the figures excluded South Africans living in the homelands (StatsSA, 2000). Apartheid policies, enforced through the restriction of trading permits and confiscation of goods, served to keep informal traders out of white areas. Until the early 1980s, urban traders in particular, were subject to “*a well-entrenched tradition of repression, persecution and prosecution*” (Rogerson & Hart 1989 cited in Horber, 2017 p. 12). The under-servicing by the apartheid government of black rural and township areas with formal retail facilities such as shopping malls and transport infrastructure created the opportunity for spontaneous and largely unregulated entrepreneurial development. The result of this can be seen today in the ubiquitous spaza shops, shebeens, tuck shops and street vendors that trade in transport hubs, malls, walkways, tourist hubs and city centres (Didier et al., 2013).

The reality for South African informal traders is summed up by Cichello et al. (2006), whose research into the informal sector in Khayelitsha, Cape Town revealed that the barriers to entry into the informal economy include:

“ crime, the risk of business failure, poor access to credit, a lack of access to start-up capital, high transport costs and jealousy that successful informal entrepreneurs face in the local community.” (Cichello et al., cited in Velodia (2007), p. 12)

A universal concern related to the informal sector is the perceived inability of businesses to transition from the informal to the formal economy (Acheaompong & Tichaawa, 2015). This is a reality for SMMEs who do not fall into the small percentage of those who have access to the capital required to exploit growth opportunities. For survivalist businesses the informal sector is often

their only option due to the fact that many entrepreneurs are limited by the high costs of ‘formality’ (De Soto, 1986; Woodward et al., 2011). De Soto (1986) placed the responsibility on government to find ways to incentivize the informal sector to enter into and become integrated in, the formal economy so that they could comply with standards and pay their dues. It may however be that survivalists are operating at a level where all options to access formal employment or to develop as formal entrepreneurs, are closed (Velodia, 2007). Altman (2007) suggests that, for those trying to evade legislation, the regulatory net should be tightened and incentives created. He argued that if one accepts that the informal sector is predominantly survivalist, policy should focus on creating the support to enable the “*accumulation of assets, skills and productivity*” (Altman, 2007:7, in Velodia 2007, p.187).

2.4.3. Government strategy for small business

A new framework for the development of SMMEs was defined in the ‘White Paper on National Strategy for the Development and Promotion of Small Business in South Africa’ in 1995. This policy document signified a major shift in the orientation towards SMMEs from the apartheid era that had legislatively disempowered black business (Rogerson, 2015). It set as a primary objective that the patterns of economic ownership be redressed and that small business be introduced into the economy as equal partners in all economic sectors (DTI, 1996). The White Paper specifically established two national support institutions, the Ntsika Enterprise Promotion Agency and Khula Enterprise Finance to aid the development of SMMEs. Government introduced new initiatives to streamline the support to small business, introducing the Ministry of Small Business in 2014, along with its implementation arm the Small Enterprise Development Agency (SEDA) and collapsing finance support agencies such as Khula into the Small Enterprise Finance Agency (SEFA). It also introduced the National Youth Development Agency (NYDA) and the National Empowerment fund (NEF), all with the aim of facilitating and promoting small business (Bureau for Economic Research, 2016).

The DSBD has as its vision “*a radically transformed economy through the effective development and increased participation of SMMEs and cooperatives in the mainstream economy*” (DBSA 2016/17 annual report, p. 22). As a new Ministry, the DSBD has been in a period of consolidation having been established in 2014 and for the most part operating without its own budget under the

DTI. The first year that it operated independently was 2016. The Ministry has two agencies, the Small Enterprise Finance Agency and the Small Enterprise Development Agency. The two agencies function as the DSBD'S implementing arms. With the far-reaching goal of the NDP being to create 11 million jobs by 2030, of which 90% will be through small business, the department's mandate is extensive and challenging.

In her presentation to the Parliamentary Monitoring Group (PMG, 2017), Minister Lindiwe Zulu indicated that 90 % of the DSBD's budget goes to the two agencies. In 2017 SEDA received R769 million and SEFA R228 million. It is reasonable to ask what impact this spend has had on the expansion of the sector, considering how poorly the country has done in achieving its development targets. In 2008 the New Growth Path set out to create five million jobs and reduce the country's unemployment level from 25% to 15% over ten years. Today unemployment sits at 27% and this figure is increasing. The Director General of the DSBD, Edith Vries, emphasised the department's aim toward "easing regulatory burdens and support mechanisms which include : strengthening partnerships with stakeholders, access to finance, improving training and capacity building programmes, market access, and simplifying business registration processes". (PMG, 2016, p.3). She tellingly noted that the provision of support to small business is a crowded and contested space, with departments and corporates making substantial investments but often duplicating and diluting each other's efforts. The department therefore has the difficulty of coordinating various departments who all set their own priorities and targets. As part of its strategy the DSBD has rationalized its offerings by creating a single point of entry that links the DSBD, SEFA and SEDA functions into a one-stop service and strengthening the interaction between the multiple arms of government that operate in this space in order to be able to offer a comprehensive developmental service to small business. The DSBD acknowledged that the government's red tape is constraining and that the current regulatory environment discourages investment and impedes innovation and job creation (PMG, 2016). As an illustration of this the DSBD highlighted the fact that in other African countries, while it takes 4, 13 and 25 days respectively to register a business in Rwanda, Burkina Faso and Uganda, it takes 43 days in South Africa (PMG, 2017).

2.4.4. Entrepreneurial ecosystem

The entrepreneurial ecosystem is a conceptual approach to understanding what is essential for entrepreneurs to succeed. Cavallo et al. (2017) point out that to date the literature on entrepreneurship has tended to focus on the individual or on the firm, rather than on the holistic and multi-faceted context within which multiple players have interrelated functions, duties and responsibilities that need to be synchronised. The authors believe that entrepreneurial activity has till recently not been analysed from a systemic and interdisciplinary perspective. However, there is a growing momentum among researchers who argue that the culture of an organisation can have a significant impact on the nature, quality and sustainability of entrepreneurship (Acs et al., 2014; Quin et al., 2012; Stam & Spigel, 2016; Feld, 2012; Spigel, 2017; Mack & Qian, 2016).

Isenberg (2011, p. 13), who is considered one of the pioneers in entrepreneurial ecosystems, argues that leaders and policy makers who want entrepreneurs to succeed need to create a “*virtuous cycle of entrepreneurship*” made up of “an independent team with the training, power, mandate, capacity and resources to holistically impact the ecosystem” (p.13). He asserts that, while entrepreneurial success can develop naturally, as evidenced by the growth of small business as in, for example, China and Chile, we know enough about what entrepreneurs in reality need to be successful, to leave it to chance (Isenberg, 2011). Isenberg (2011) defines the entrepreneurial ecosystem as consisting of thirteen factors aggregated into six themes (Figure 2), namely, “*a conducive culture, enabling policies and leadership, availability of finance, quality human capital, venture-friendly markets and institutional and infrastructural support*” (2011, p. 1).

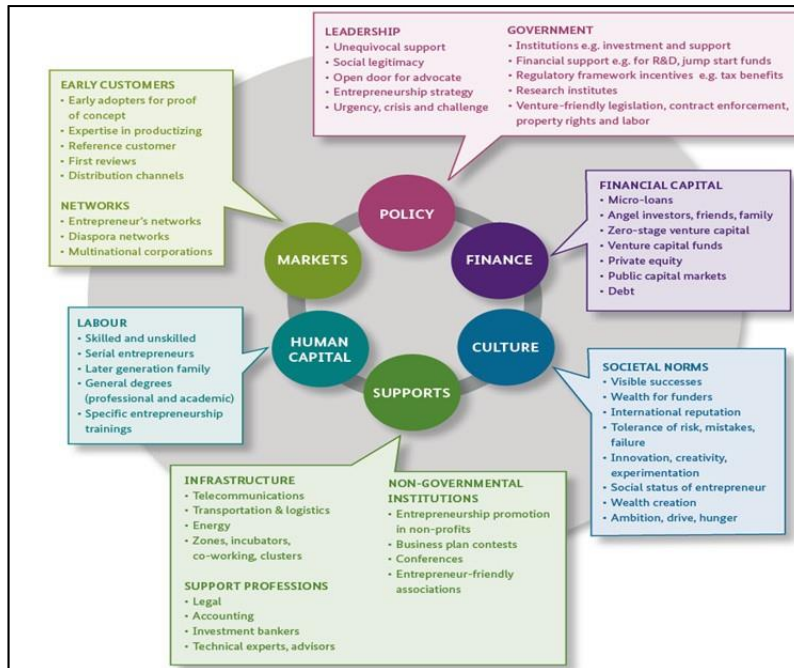


Figure 2. Isenberg's model of an entrepreneurship ecosystem (Source: Isenberg 2011)

The World Economic Forum (WEF) identified Eight Pillars in the Entrepreneurial Ecosystem as shown in Figure 3:

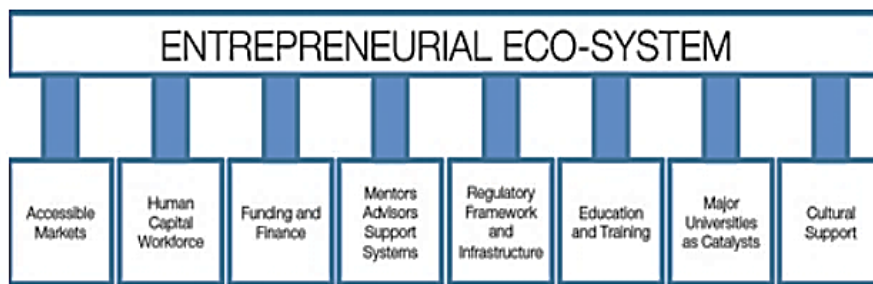


Figure 3 : World Economic Forum 8 pillars of entrepreneurial ecosystems (WEF- 2014)

These two descriptions of the interrelated factors in an entrepreneurial ecosystem do not differ substantially: the WEF's eight pillars can be found within the Isenberg model. The model provides a useful frame of reference for an analysis of the ecosystem identified in the case studies used in this research study.

Isenberg (2011) formulated the entrepreneurial ecosystem model based on the complex links between the various elements that need to interact in order to create an environment for the sustainability of an enterprise. The entrepreneurial ecosystem is the entrepreneur's perception of the world in which their business is attempting to succeed and it is this perception that influences the decisions they make (Isenberg, 2011). The elements of the ecosystem are not presented as having causal links as their impacts and dependencies on each other are complex and intrinsically linked. There are sufficient heuristics, however, to conclude that the elements are mutually dependent and mutually reinforcing. While their components are generic, entrepreneurial ecosystems are unique to the particular socio-political environment in which the enterprise is situated and cannot be copied or replicated. The case study approach of this study combines the entrepreneur's perception of the ecosystem together with the perceptions of the policy maker and the implementer that allows a holistic picture to be drawn.

2.4.5. Conclusion

Internationally, the importance of investing in the SMME sector in developing countries supports the South African strategy as set out in the National Development Plan (2011) and DTI (1996).

Hussain, Farooq and Akhtar (2012) estimate that in Bangladesh SMMEs contribute 50% of industrial GDP and provide employment to 82% of the industrial sector. In Nepal SMMEs constitute more than 98% of all enterprises and in India, where the growth rate averages 6%, the contribution of SMMEs to GDP is 30%. (p.1582). However, SMMEs in developing countries share the same constraints as those in South Africa, namely, their poor access to markets, information, finance and institutional support with particular vulnerability in the form of human resource capacity and technological capability (Mead & Lindholm, 1998 in Hussain et al., 2012). The authors go on to make the case for Public Private Partnerships as a means to develop and ensure sustainability for SMMEs through mentorship relationships, where the established business buffers the resource deficiencies of the emerging business. Their definition of PPPs as "*an approach to addressing SMME growth problems through the combined efforts of public, private and development organizations*" shifts the emphasis to one of empowerment that is not evident in the South African Treasury definition (Hussain et al., 2012, p.1584).

Empowerment and transformation are two elements that recur throughout the research findings, that combine to suggest a common national concern that, while tourism PPPs have the potential to be powerful agents of change, to date they have not delivered adequately.

2.5. How the Toolkit Works.

2.5.1. Introduction

The cornerstone of South Africa's procurement system can be found in Section 217 of the Constitution of 1996 that states that when government contracts for goods and services it must do so in a way that is "*fair, equitable, transparent, competitive and cost-effective*" (p.112). Together with the Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA) that decentralised the management of funds to authorities and accounting officers, the Preferential Procurement Policy Framework Act 5 of 2000 gave effect to Section 217(3) of the Constitution by providing a framework for the implementation of a fair public preferential procurement policy. Public sector supply chain management is meant to empower managers to make decisions efficiently while preferential procurement must provide for the advancement of persons, or categories of persons, who are disadvantaged by unfair discrimination. Apartheid government procurement favoured big white-owned businesses and deliberately kept black business out of government's supply chain. Given constitutional status in section 217, procurement became a means to empower large and small black businesses (Bolton, 2006).

Transformation was required to nurture the organic growth of black-owned and emerging businesses (Taylor & Raga, 2006). The authors argue that the primary aim of the South African government's procurement policy was to redress past imbalances by favouring historically disadvantaged people in the awarding of state tenders and that the Preferential Procurement Policy Framework Act 5 of 2000 was a critical element of the public sector procurement reform initiative. However, this redress objective created opportunity for widespread fraud and corruption, as suggested by the Auditor General Kimi Makwetu's 2019 report of R62 billion rands of irregular government spending, up from R51 billion the previous year. The figure is not necessarily clear evidence of corruption but rather an indication that supply chain procurement prescripts were broken (AGSA, 2019). Koelble (2017) explains this as a consequence of the culture of largesse

cultivated by the governing party, on the one hand holding the keys to public sector employment and on the other hand, holding the social welfare benefits to the poor. This reality dissuades a large portion of the population from defection to other political parties. It is therefore in the spirit of caution that the precept of easing the audit trail in revisiting the PPP Toolkit be considered in light of the fact that the South African economy struggles with the consequence of two decades of plundering by politicians and officials. In this context, the PPP Toolkit was designed with multiple safeguards in place to avoid the manipulation of the process and the corrupt awarding of lucrative contracts to both the public and the private sectors.

2.5.2. The Public Sector regulatory environment

More than 80 different legal instruments govern public sector supply chain management (SCM). These include:

The Constitution: Section 217 governs the basic constitutional requirements of public procurement, Section 33 governs the requirements for constitutionally valid administrative action and Section 195 governs the constitutional values for the country's public administration.

Other relevant acts with respect to the Toolkit include :

Finance Management Act 1 of 1999 (PFMA)

Municipal Finance Management Act 56 of 2003 (MFMA);

Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA);

Broad-based Black Economic Empowerment Act 53 of 2003 (BBBEEA)

Prevention and Combating of Corrupt Activities Act 12 of 2004 (Corruption Act)

2.5.3. Overview of the Tourism Toolkit

“Through PPPs, the advantages of the private sector, such as dynamism, access to finance, knowledge of technologies, managerial efficiency and entrepreneurial spirit, are combined with the social responsibility, network of contacts, environmental awareness, local knowledge and job generation concerns of the public sector”. (Hussain et al., 2012, p. 4).

Some typical ecotourism PPP products would include accommodation in the form of restcamps and lodges, conference facilities, facilities for food and beverages in the form of shops or restaurants, recreational and adventure activities that could include guided hikes, canoeing, horse-riding, ziplines, and the hosting of heritage and culture tours. The Toolkit allows for exemptions from National Treasury approval processes if the implementer has the institutional capacity and experience. Exemptions can be granted to institutions at National Treasury Approval Phases 1 and 2, but not Treasury Approval Phase 3 (see below 2.5.3.3 Six phases of the PPP Process). Exemption has been granted to SANParks but the same Treasury approval requirements apply, with the Treasury PPP Unit guiding the process. In instances where an institution performs functions through co-management agreements on communal land, the Toolkit allows a co-management agreement that aligns with a community-private party agreement.

2.5.3.1. Definition of a PPP

A Public Private Partnership is defined as:

- a) A contract between a government institution and a private party, where the private party performs an institutional function and/or uses state property in terms of output specifications,
- b) Substantial project risk (financial, technical, operational) is transferred to the private party,
- c) The private party benefits through either unitary payments from the government budget and/or user fees.

2.5.3.2. The three tests for a PPP

Treasury regulation 16 to the PFMA establishes three key tests for a PPP :

- Is it affordable? Where affordability ‘means that the financial commitments to be incurred by an institution in terms of the PPP agreement can be met by funds –
 - (a) designated within the institution’s existing budget for the institutional function to which the agreement relates; and/or
 - (b) destined for the institution in accordance with the relevant treasury’s future budgetary projections for the institution;
- Does it provide value for money? Where ‘value for money’ means that the provision of the institutional function or the use of state property by a private party in terms of the PPP

agreement results in a net benefit to the institution defined in terms of cost, price, quality, quantity, risk transfer or a combination thereof.

- Does it appropriately transfer risk from the institution to the private party? Where ‘risk’ means the private party assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property.

2.5.3.3. Six phases of the PPP Process

The PPP process consists of 6 phases as depicted in Figure 4: PPP Project Cycle

Phase 1 - Inception and Pre-feasibility

Phase 2 - Feasibility

Phase 3 - Procurement – (note: the entrepreneur enters at the procurement phase).

Phase 4 - Development

Phase 5 - Operation

Phase 6 - Exit



Figure 4 : PPP Project Cycle (Treasury Regulation 16 to PFMA)



* If exemption from treasury approvals is granted.
** Unless exemption from treasury approvals is granted.

Figure 5 : PPP Project Cycle for Tourism PPP's

2.5.3.4. The Toolkit Bid Submission Process.

Two envelopes are submitted :

Envelope 1 contains the functionality requirements:

- Financial Information
- A Business and Operational plan
- A Development and Environmental proposal
- A Risk Matrix
- A B-BBEE proposal

Envelope 2 contains the financial offer :

- the PPP fee offer
- the draft PPP agreement

2.5.3.5.The Assessment Process

The Toolkit has 3 assessment parts to it : i. Functionality, ii. Financial offer and iii. B-BBEE rating. In the assessment these are weighted as 70 points, 20 points and 10 points respectively.

- i. **Functionality requirements** – the implementer determines the threshold for qualification on functionality (often above 65%) that will allow the bidder to go through to the next round. It is at this stage that many entry level and emerging entrepreneurs are disqualified from the process. The Functionality assessment is made up of four plans: a business, financial, operational and risk management plan, each including relevant questions and/or requiring relevant information on which to base the assessment:
 - Business plan (35 points), posing the following questions
 - what is the current legal status of the entity?
 - what is its industry experience and track record ?
 - what is the extent of its commercial knowledge of this sector?
 - Financial plan (15 points)
 - is the cash flow model viable?
 - does the bidder have adequate finance?
 - are all members solvent?
 - Operational plan (40 points)
 - environmental plan
 - marketing plan
 - health and safety plan
 - Risk management plan (10 points)
 - Financing
 - Design
 - Construction
 - Operational

- ii. **The financial offer** - The annual concession fee payable by the private party for any given concession year is the higher of a minimum rental as determined by the

agreement for the concession year, or a calculated annual concession fee based on the bid percentage of gross revenue for the concession year. These can range widely depending on when the contract was signed and the prevailing economic conditions at the time.

iii. **B-BBEE Company Recognition Levels**

In 2003 the Department of Trade and Industry published the B-BBEE Strategy outlining government's measurement of B-BBEE together with the policy instruments to achieve transformation. In the same year, the B-BBEE Act No. 53 of 2003 was promulgated that empowered the Minister of Trade and Industry to issue the Generic Codes of Good Practice and to publish Sector Charters. In 2005 the Tourism B-BBEE Charter was published that committed all the stakeholders in the Tourism Sector to the empowerment and transformation of the sector and to work collectively to ensure that the opportunities and benefits of the tourism sector are extended to black people (National Department of Tourism, 2015). In 2009, the Tourism B-BBEE Sector Code was published that set out the principles upon which B-BBEE would be implemented in the tourism sector. The code was amended in 2015 to align with the Amended Generic Codes of Good Practice issued by the Minister of Trade and Industry in October 2013. The Code is binding on all enterprises operating in the tourism sector who are legally obliged to report on their B-BBEE performance annually to the Tourism B-BBEE Charter Council.

There are five B-BBEE categories specified by the DTI measurement strategy for purposes of assessment: 1. Ownership; 2. Management Control; 3. Skills Development; 4. Enterprise and Supplier Development; and 5. Socio-Economic Development.

The Priority elements :

- **Ownership:** The sub-minimum requirement for this category is 40% of Net Value (40% of 8 points).
- **Skills development:** The sub-minimum requirement for this category is 40% of the total weighting points

- Enterprise and Supplier Development (ESD): The sub-minimum requirement for this is 40% of the total weighting points of each of the three measuring categories within the ESD element (Preferential Procurement, Supplier Development and Enterprise Development).

Based on the overall performance of the measured entity during verification, using either the Large Enterprise Scorecard or the Qualifying Small Enterprise Scorecard, the measured entity will receive one of the following B-BBEE statuses with the corresponding B-BBEE Recognition Level from a DTI accrediting agency:

Table 1 – B-BBEE Recognition Levels

B-BBEE Status	Qualification	B-BBEE recognition Level
Level One Contributor	□ 100 points on the Scorecard	135%
Level Two Contributor	□ 95 but <100 points on the Scorecard	125%
Level Three Contributor	□ 90 but <95 points on the Scorecard	110%
Level Four Contributor	□ 80 but <90 points on the Scorecard	100%
Level Five Contributor	□ 75 but <80 points on the Scorecard	80%
Level Six Contributor	□ 70 but <75 points on the Scorecard	60%
Level Seven Contributor	□ 55 but <70 points on the Scorecard	50%
Level Eight Contributor	□ 40 but <55 points on the Scorecard	10%
Non-Compliant Contributor	<40 points on the Scorecard	0%

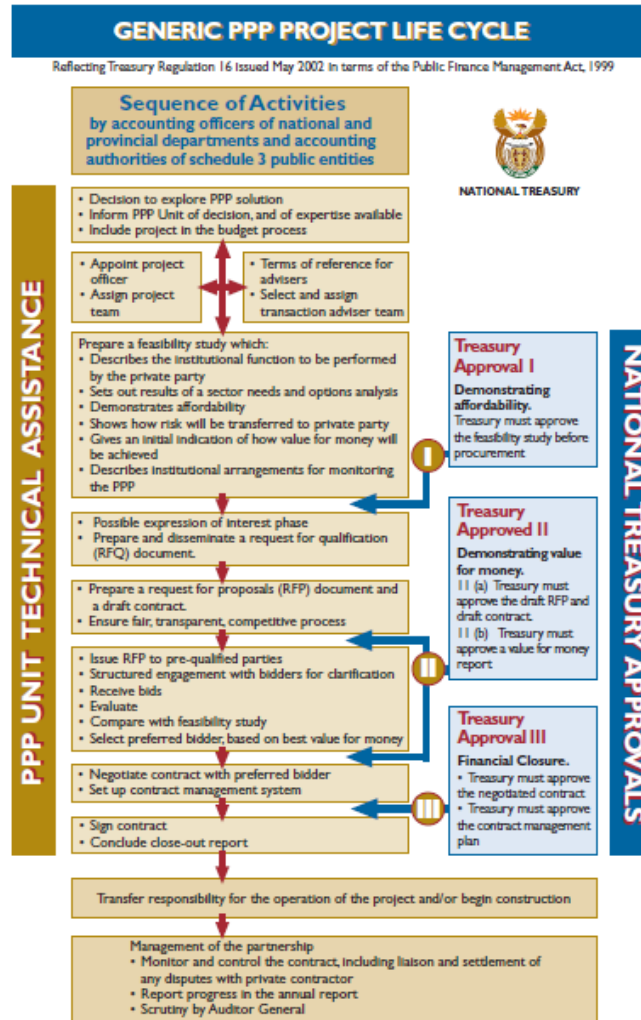


Figure 6 : Generic PPP Project Cycle.

Note : A reasonable timeframe for the entire project cycle is considered by Treasury to be eighteen months.

2.6. Literature review conclusion

The research objective was to examine the Tourism PPP Toolkit's current and potential ability to create economic benefits for small businesses surrounding or adjacent to national parks. A founding proposition of the research was that the neoliberal macroeconomic framework GEAR, under which the Toolkit was formulated, does not support the developmental needs and socio-political realities of South Africa today. The literature review garnered an understanding of the history of four key roleplayers that need to combine for the Toolkit to succeed. These are the

Government, South African National Parks, the Tourism sector and Small business. The review took a political economy approach in support of the belief that economics cannot disconnect from politics and that economic policy and societal outcomes are ultimately the result of vying political forces (Kapstein, 1996). The interdependency of the four roleplayers can be inelegantly described as tourism having the economic reach, SANParks the geographic reach, business the transformation reach and government the policy reach, when the Toolkit is functioning optimally.

South Africa's desperate economic situation requires that the four entities coordinate closely to tackle the country's triple constraints of poverty, unemployment and inequality. The review described the decline of the country's economy over the larger part of a decade. With the World Bank having recently revised its forecasted GDP growth rate downwards from 1.5% to 0.9% for 2020 (Daily Maverick, 10 Jan 2020), the country is slipping further away from the 5.4% per annum set by the NDP to overcome the triple constraints. The literature review found that more than 70% of South Africans can be classified as poor. Unemployment figures estimate that 29% of employable adults are unemployed and 55% of youth are unable to find work. The Gini co-efficient worsened from 0.61 in 1994 to 0.63 in the World Bank's last assessment in 2015 (World Bank, 2015) indicating that the inequality gap has continued to grow.

The review highlights the vertical and horizontal divisions in society and the complex nature of the racial, economic, cultural and political identities that are the legacy of apartheid. Common threads in these divisions that repeat throughout the literature include the dispossession of land, accumulation of generational wealth, impoverishment of skills and talent, hardening of racial identities, the bureaucratisation of institutions, the militarisation of the state, the oppression of women and the slow rate of transformation. This background provides the grounding to contextualise and interpret the research findings and from this, to make recommendations. The literature confirms the relevance of the study in its attempts to find ways to optimise an investment mechanism that government created for the purpose of stimulating economic growth and by assumption, impacting disadvantaged communities and narrowing the equality divide. With the country experiencing the effects of hollowed-out SOEs from state capture, entrenched corruption, policy uncertainty and increasing global competition, it is vital that where opportunities for economic growth exist they should be identified and optimised. The release of state assets in protected areas for investment by the public sector is one such opportunity.

Chapter 3 - Research Methodology

3.1. Research Approach

SANParks is the most successful implementer of the Tourism Toolkit having awarded 50 concessions since the inception of the Toolkit (Treasury Official interview, 2018). The organisation thus offers a rich source of first-hand experiences from officials and concessionaires on the workings and effectiveness of the Toolkit.

The research was conducted using three small-cap concessions as case studies inside national parks managed by SANParks to gather primary data from the entrepreneurs. The research approach included face-to-face interviews with concession owners as well as with implementation and policy specialists from SANParks and National Treasury. It also included the collection of quantitative data relating to the historical business performance of PPP's in SANParks. The quantitative data was collected from SANParks documents, records and reports. Combined, these sources presented an inclusive picture of the effectiveness of the Toolkit that allowed the researcher to generalise the findings and to inform the research question. The researcher's own history with the organisation, the Toolkit subject matter and personal relationship with the respondents were factored into the research process. The research approach was formulated on the need for a robust methodology that would reveal verifiable and credible data that could with confidence be interpreted as having universal meaning. (Miles & Huberman, 1994).

An inductive research approach was used that allowed for non-linear methods of discovery and exploration of fresh iterations during the course of the data collection process, relative to what was being discovered (Gioia et al., 2012). The approach is contrary to the deterministic formula favoured by natural scientists that sets out to test existing theory and knowledge. This iterative approach included allowing flexibility in 'elaborating or refocussing' the research question to take into consideration redundancies in the early assumptions and for new insights to be incorporated into the data collection process as they arose. The approach leans on Maxwell's (1993) interactive model of research design that "*does not presuppose any particular order....or any necessary directionality of influence*" and recognises that components may affect and be affected by one another (Maxwell, 1993, p. 215). The research approach thus combined qualitative and quantitative

data that, when analysed within the context of the research problem, presented a cohesive conceptual structure. The case studies revealed the perceptions that entrepreneurs have of the ecosystem within which they operate and that frames their strategic business decision-making. The quantitative data presented the rand-value contributions made by small concessions to the Toolkit's objective of generating revenue for conservation.

The research examined the process of the establishment of the small-cap enterprises, how they entered the tender process, what mentoring and support they received, their sustainability and growth trajectories and the operational challenges they faced. Data was gathered from various quantitative data sources that included historical business performance statistics, meeting minutes, annual reports and email correspondence. These sources were complemented with qualitative data gathered from open-ended, face-to-face interviews with various stakeholders. This process aligns with what Stake (1995) refers to as “*propositional generalizations*”, in which the researcher's interpretations and claims are combined with the researcher's personal experiences (1995, p. 86). This ‘mixed methods’ data collection process used Eisenhart's 8-Step framework that guides how a researcher systematically manipulates raw data to reveal patterns and trends that may result in defining theory in a new and different way (Eisenhardt, 1989).

The qualitative data gathered is concluded to have adequately captured the narratives of the sampled research population seen to be ‘living’ the research problem. The researcher considered these data sets to have provided enough richness and authenticity to allow the researcher to formulate new thinking about the research problem. The collection of quantitative data is considered to have provided an additional level of legitimacy to what was revealed in the interviews and to have assisted in augmenting, if not completing, a holistic picture of both the case studies and of the research area. In addition, the combination of data types can be said to have allowed for triangulation of information and to have improved the rigour and validity of the research findings (Cresswell, 2013).

3.2. Case Study Method

Yin (1984) describes the case study research method as being of value for use in research “*when the boundaries between phenomenon and context are not clearly evident*” (Yin, 1984, p. 23). Case study research using an inductive approach is enhanced in reliability when multiple data collection methods are used (Eisenhart, 1989; Maxwell, 1993; Goia, 2012; Miles & Huberman, 1994). A case study approach for this research, which combined personal interviews with the business owners and performance statistics of the businesses, was considered to enhance both the rigour and the validity of the research. The case study method was chosen as the Toolkit procurement process is almost entirely an administrative one that does not engage the entrepreneur until a ‘preferred bidder’ has been announced and contract negotiations begin. The researcher considers that the current study would have been incomplete had it been limited to the prescribed formulaic procurement process and neglected the insights, perceptions and recommendations of the entrepreneurs.

The case studies revealed concessionaires’ personal insights into the Toolkit both pre-and-post award and exposed the actual, lived consequences of bureaucratic decisions taken by officials who may or may not properly or sensitively understand the market or the product. This perspective informed the researcher’s understanding and interpretation of the data and allowed for more insightful and responsive recommendations to be made. The interviews conducted with the concessionaires were personal and at times painful, but the process advanced the research beyond the Toolkit’s narrow quantitative success measures toward a nuanced and sensitive understanding of the functioning of the ecosystem from the concessionaire’s perspective. The concessionaire stories were reminders of how deeply entrepreneurs immerse themselves in their business and how demoralising it can be for them when their business fails. The case studies allowed an iterative approach to the investigation that in turn allowed the uncovering of layers of hidden knowledge that may not otherwise have been revealed. The researcher considered this method of enquiry to be appropriate in terms of providing an opportunity for the evolution of ideas, observations and interpretations without the restrictions of a pre-determined paradigm. This is based on the assumption that the three key players in the research (government, implementer and entrepreneur) each have their particular perspective of the Toolkit’s purpose, success measures and

implementation methodology and on the expectation of needing to function collectively for the Toolkit to be successful.

3.3. Research Context

Each case study followed a different procurement process and had different developmental support structures. Each operated commercially inside National Parks in the Western Cape.

Case Studies one and three were located in the West Coast National Park. Case Study 1 was a self-catering restcamp that operated all year round with a 24 hour guest service. It was selected because it was the first Community-PPP that directly sought to appoint black concessionaires to establish a business entity and through government-secured funding, received mentoring support for five years. Case Study 3 was a restaurant, chosen because the procurement followed a standard supply chain process that appointed the concessionaire on a year-to-year basis with developmental support provided by SANParks.

The research site for Case Study 2, a restaurant, was the Table Mountain National Park in Cape Town. This site was chosen because of a Toolkit process that proactively weighted black empowerment higher on the assessment criteria so as to advantage black applicants.

The reasons these cases were chosen was because each case study showed itself to have been unconventional in terms of the procurement processes followed by SANParks. In each case innovations were introduced into these processes that provide insights into ways in which the Toolkit may be improved so that beneficiation may be advanced.

3.4. Selection of Cases.

Case studies should be chosen for their replicability so that emergent theory can be consistently extrapolated (Eisenhart, 1989). The three case studies were considered sufficiently similar in their social, political, economic, gender, sector and contractual profiles to limit extraneous variables and to allow for referenceable comparisons to be drawn across the emergent themes. Their generic economic and social profiles provided the researcher the confidence to make generalised

deductions in the interpretation of data emerging from the interviews and of the performance data. The case studies were selected based on the following criteria:

- They were small-cap PPP concessions that had been successfully awarded contracts in SANParks and had each followed different procurement and development support processes. The businesses were all owned and managed by women. Two of the three businesses were solely black-owned.
- They were owned and managed by entry-level entrepreneurs with little or no previous business experience and who started with little or no historical information about their potential for market penetration, their product offering, operational requirements, resource requirements and infrastructure needs.
- They were each physically accessible and the entrepreneurs were amenable to be interviewed. They were also willing to provide performance statistics and historical data about the establishment of their businesses

3.5. Sampling within and across cases.

The Tourism Toolkit has been utilised to considerable effect in SANParks since its inception. The Strategic Plan for Commercialisation (SPfC) was introduced in 2002 and the organisation has built up a significant body of knowledge and developed enviable institutional capacity to uniquely inform the research. One senior official was on the original team that developed the Toolkit, while others who were interviewed had individually more than ten years' experience implementing the Toolkit. One senior SANParks official had overseen concessionaire revenue management since the inception of the SPfC in 2002. The National Treasury representative was a senior official responsible for overseeing SANParks projects with more than ten years' experience of the Toolkit. The provincial manager responsible for the Sustainable Coastal Livelihoods Programme (SCLP) was responsible for the identification of all projects and for overseeing the provincial budget. The project manager for the development agency responsible for Case Study 1 remained an active mentor to the business unit for five years after the funding ended and moved on to become the CEO of a private university.

All respondents were identified through personal and professional networks following targeted purposive as well as convenience sampling. Each was contacted directly via email or telephone

and the researcher travelled to where it was most convenient for the participant(s). None of the respondents refused an interview or requested questions beforehand. Interview locations were almost equally shared between Cape Town, Pretoria and Langebaan and took place between 25th of April, 2018 and 13th of May, 2019.

3.6. Data Collection Process

The research questions emerged out of exploratory research undertaken in 2017 for an estimated 12 months prior to the first interview. This preliminary, exploratory research provided the researcher the opportunity to gather information about the topic from various sources that included academic literature, policy documents, reports, records and subject-matter experts. Questions were formulated that were intended to elicit responses that were relevant and useful in answering the research question (Sreejesh et al., 2014). Unrecorded pilot interviews were done with randomly selected representatives of the target groups. These interviewees included two SANParks officials and one concessionaire, both of whom were later included in the formal recorded interviews. The pilot interviews consisted of an expanded list of questions formulated from the preliminary research. These expanded questions were revised following the pilot interviews and the questions were crystallised and condensed to the most salient questions. These questions were designed to progressively elicit, firstly, a baseline perspective from each stakeholder, then an interpretative perspective and finally a conceptual perspective of the Toolkit and the ecosystem players around it. Trellis (1996) emphasises this as a salient aspect of case studies, that in a multi-perspectival analysis the researcher considers not just the voice and perspective of the actors, but also of the groups of actors and the interactions between them.

3.6. 1. Semi-structured face-to-face interviews conducted with:

3.6.1.(a) National Treasury PPP Unit – Subject expert from this unit, in the course of which the key questions included:

- What is the purpose of the Toolkit? Has the purpose changed since it was developed?
- What are the strategic goals of the Toolkit ?
- What are the success measures ?
- Have targets been met? If not, why not?

- What problems or concerns are there about the Toolkit and from whom do these concerns originate?
- If there are any problems and concerns, how, in your opinion, can these be resolved?

3.6.1.(b)South African National Parks - Subject experts in which the key questions included:

- What, according to you, is the purpose of the toolkit? Has the purpose changed since it was developed?
- What are the strategic goals of the toolkit?
- How many concessions has SANParks released since its commercialisation strategy was approved in 2002? Have targets been met? If not, what in your view are the reasons?
- Have financial targets been met? If not, why not?
- Have transformation targets been met? If not, why not?
- What is the ratio of large to small cap concessions awarded?
- What is the default rate on concessions? What in your view are the reasons for defaulting?
- In your experience and in your view, are there any difficulties in working with the Toolkit? If any, in your view, how can these be resolved?

3.6.1.(c)Small-cap concession entrepreneurs in SANParks - Key questions included those generic to Treasury above (3.6.1.(a)) as well as the following additional questions:

- How much time did your submission require and how much did it cost?
- What developmental support did you receive from external sources?
- What are your primary concerns, complaints and difficulties with the Toolkit?
- Do you have any recommendations for improvements to the Toolkit?

3.6.2. Case Study development of three small-cap concessions

Three small-cap businesses that had been awarded PPP concessions in SANParks were analysed. Face-to-face interviews with the business owners were held and their PPP procurement paths detailed in order to understand the developmental journey experienced by entrepreneurs within the existing ecosystem.

3.7. Data collection procedures

The first person is used in this section to convey the personal nature of the interviews and the intimacy it often solicited.

3.7.1. Interview protocol

Face to face semi-structured interviews were conducted in person with each of the study respondents. A total of 16 people were interviewed and were guided by the interview protocol. Each interview was recorded with prior permission from the respondent and handwritten notes were taken during the interview. Three interviews were conducted in Afrikaans and the remaining in English.

All respondents were invited to participate in the interviews by email. The detailed research proposal was attached, setting out the purpose of the research. None of the respondents requested any questions beforehand and there were no rejections of the request for an interview. Interviews were semi-structured in that a series of guiding questions framed the discussion, but each interview was largely open-ended to allow for the probing of themes, opinions, ideas and recommendations as the interviewer and the respondent became more comfortable with each other and trust was developed. I probed where I felt they might be telling me what they thought I wanted to hear and where they appeared to be avoiding an issue that they considered might reflect badly on themselves or on a colleague. I was conscious of and tried to avoid leading questions such as “Don’t you think...?” or “Perhaps...?”. Interviews were on average between 90 and 120mins in duration and started with me setting out the purpose and rationale for the study. The introduction served as a trust-establishment phase to put the participant at ease and reassure them about anonymity and research ethics. Because of my historical familiarity with the respondents, the interviews were generally conducted in a warm, non-threatening and non-confrontational atmosphere. Interviews

took place at the respondents' convenience in their offices or at their businesses variously located in Langebaan, Cape Town, Pretoria and Knysna. The venue of one interview in a coffee shop in Cape Town along a busy street affected the quality of the recording and made transcribing difficult. Another had to be halted and continued the following day due to the respondent's prior engagement. All interviews were one-on-one; there were no group interviews. The 16 individuals were interviewed over the course of 11 months. All respondents were asked their permission for recording the interview and recording took place on my iPhone 8. However, I was unaware that a feature of the iPhone 8 is the automatic stopping of the recording when a call is received, even when the call is rejected. This resulted in two interviews being terminated prematurely and I had to capture the exchange from a combination of memory and the written notes. (Interviews with Officials 6 and 8).

Secondary data in the form of documents, reports, minutes, emails, financial reports and photographs were obtained from respondents in electronic or hard copy, either on the day or subsequently. In maintaining ethical research standards, I ensured that no confidential information was passed on to me that I would not be permitted to reference.

3.7.2. Timeframe for interviews:

The interviews took place between: 25 April 2018 and 13 May 2019.

3.7.3. List of respondents interviewed

The following respondents were interviewed for their specialist insights into the research question:

Table 2 : List of interviewees

Interviewee	Institution /Title	Reason why interviewed
Official 1	National Treasury	Responsible to Tourism PPPs and SANParks liaison
Official 2	SANParks	Responsible for strategy, contract negotiations and implementation
Official 3	SANParks	Project officer responsible for Toolkit implementation
Official 4	SANParks	Project officer responsible for Toolkit implementation
Official 5	SANParks	Project officer for oversight of the three PPP case studies, providing the developmental

		support and monitoring performance of contract terms
Official 6	SANParks	Responsible for financial administration of contracts
Official 7	SANParks	Project officer responsible for Toolkit implementation
Official 8	Provincial Government	Responsible for oversight and reporting on case study 1
Official 9	SANParks	Responsible for strategy and oversight
Concessionaire 1 (case study 3)	Business owner	Owner/manager for 13 years
Concessionaire 2 (case study 1)	Business owner	51% shareholding
Concessionaire 3 (case study 1)	Business owner	27% shareholding
Concessionaire 4 (case study 1)	Business owner	23% shareholding
Concessionaire 5 (case study 2)	Business owner	Owner/manager for 8 years
Non-Profit Organisation	Project Manager	Developmental agency contracted to provide mentoring support to new business entity
Business partner 1	Business Partner	Business partner to concessionaire 5

3.7.4. Quantitative data collection

A quantitative desktop analysis of the business performance of all Small and Large-Cap PPPs in SANParks was done by the researcher for the period starting from when the Commercialisation Programme was introduced in 2002. The research data sources included:

- SANParks policy and strategy documents
- Annual audited income statements
- SANParks annual reports and tourism performance statistics
- Tender invitations and bid specifications
- Annual audited income statements
- SANParks annual reports and tourism performance statistics

The research sources were all non-confidential public documents acquired either from the research subjects themselves or from desktop research.

3.8. Data analysis procedures.

All interviews were transcribed verbatim and captured in Microsoft Word. Coding of the data followed the Gioia (2012) method. This started with first-order coding, capturing the participant's verbatim quotes and verbal expressions as far as possible. The second step filtered first order codes into second order themes and distilled them into aggregated groups of terms, verbal expressions, attitudes or convictions that represented common themes. Each interview was then hand coded to extract common ideas and phrases used by the respondent and plotted on an Excel spreadsheet. This process was repeated through eight iterations that continuously contracted ideas and phrases into key themes. The themes were further contracted to aggregate the primary issues raised by all respondents across all the interviews.

In deciding what to highlight, extract and contract, I studied the spontaneity and authenticity of responses, the tone of voice used, the accuracy and detail of the information and whether a comment or statement could be cross-referenced with details elsewhere in interviews responses or in reports. I distinguished statements on three levels where firstly, what were clearly reflections of their professional leanings with particular reference to organisational strategy or legislative compliance. Secondly, statements that spoke to their personal belief systems, values and ethics, and thirdly statements that reflected popular opinions from common reportage and that may or may not be heresy. I was conscious of the respondents who were not English first language speakers using turns of phrases that may include slang or jargon to convey either the same or different meaning to those conveyed in English. I was alert to the possibility of respondents padding their views with non-relevant information to fill uncomfortable spaces and I allowed this if there was a consistent train of thought that I thought could lead to something interesting.

Coding Process

The coding process aggregated the broad list of concepts that emerged from the first round of coding and sequentially redefined the responses using recurrent words and phrases to reveal patterns in the responses to the key research questions. After eight iterations the coding yielded four emergent themes. These themes can be said to be the distillation of all responses from the three subject groups into a holistic understanding of the Toolkit as experienced and perceived by the respondents, respectively the policy makers, implementers and entrepreneurs. The themes are

concluded by the researcher to be the valid sum of the respondents' priorities, concerns and proffered solutions to the research question.

3.9. Summary of Results

Table 3 - Summary of the results of the qualitative and quantitative data analysis process.

	Interview questions	Emergent 1st order coding	Emergent 2nd order coding	Concession categories	Concession Revenue collected by SANParks in ZAR
A	What was the origin and policy intention of the toolkit ?	<ul style="list-style-type: none"> • Generate Revenue • Alternative to normal Supply Chain • Drive B-BBEE • Improve the Tourism Product • Develop Institutional Capacity • Organisational transformation 	Organisational Change that institutionalises the support for and development of, small business	SANParks Total PPP concession income (2002-2018)	1,067billion
B	Has the policy intention changed ? If so, how	<ul style="list-style-type: none"> • Big business to take greater risk • Set-asides for small business • Reduce government risk • B-BBEE Strategy and Enterprise Development targets • Ring-fencing PPP opportunities for small business • Organisational strategy 	The responsibility of big business in the development of SMEs		
C	What were the success measures of the tourism toolkit and have targets been met ?	<ul style="list-style-type: none"> • More focused on tourism • Stimulate Innovation • Risk Management • Boost tourism industry and reassure investors • Develop Implementers' capacity and systems • Big Business role in the development of small business • Implementers' priority setting – primary vs secondary mandate 	Transformation that advances small black business in the tourism sector	Total number of concessions in operation	50
				Total contribution of top ten concession life to date	886 931 958 (83,1%)
				Total contribution of remaining 40 concessions life to date	180 141 472 (16,8%)
D	Are there barriers to entry to small business in the toolkit?	<ul style="list-style-type: none"> • Bureaucratic processes and Over-regulation • Entrepreneurs Investment costs • Organisational Transformation • Organisational Capacity • Domination by big business 			

E	If there are barriers to entry, how can they be mitigated ?	<ul style="list-style-type: none"> • Leadership • Transformation of the sector • Organisational Transformation • Developmental Support for small business 	Risk management that shares the risk between government and small business		
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3.10. Research Limitations

The researcher recognises that the research has a number of limitations that need to be factored into the degree to which conclusions can be drawn to be able to make universal statements about the findings.

Race, together with disempowerment and dispossession, is particularly laden with historical layers of privilege and entitlement in South Africa. Out of the five business owners who participated in the research, four were ‘coloured’ and one was white. There were no representatives of black Africans who may have contributed a different cultural and social dynamic to the understanding of the socio-economic context and how this context affects the ecosystem in which one functions. The geographic range of the case study sites was limited to within a 120km radius of Cape Town. The Western Cape Province in which Cape Town is situated has a very distinct socio-economic demographic due to the history of apartheid spatial planning, racialised social stratification and the province’s history of being designated as a coloured labour preference area in 1955 (Black Sash, 1993). This designation promoted the active reduction of African families in the province with their gradual replacement by coloureds. The 2011 census recorded that the majority race group in the province was what was and is, classified as ‘coloured’ at 42.4% of the province’s population, followed by black African at 38.6%. Thus it cannot reasonably be generalised that the case studies are representative of the rest of the country, as the research into the historical, cultural, language and religious differences between the black and coloured communities have exhaustively concluded. (Adhikari, 2005; February, 2019; Salo, 2018)

The sample size of the three cases could be considered as unrepresentative on a national scale, given that there are 50 active concessions, of which at least 40 are considered small cap concessions. The sample is therefore 7.9% of the total small concessions and could be considered small.

Two of the case studies are located in a peri-urban national park and one in major city. There are limitations in projecting findings to remote parks located in entirely rural settings, such as for example, the Kgalagadi, Mapungubwe, Namaqua and Tankwa-Karoo National Parks, where agriculture is the primary economic activity and access to resources, supplies and skills is expensive and unreliable.

All the entrepreneurs in the case studies were women. It is therefore not known how male respondents may have affected the findings. It needs to be considered that male respondents may have behaved differently to challenging situations or may have been received differently by the staff with whom they engaged.

While women entrepreneurs were strongly represented, there was possibly a lack of youth representation. Of the five respondents two were in their twenties, while the others were in their forties and fifties. Given the importance of developing the capacity of young people and their different approaches to challenges, their under representation might have influenced the findings and the generalisability of the findings.

As a SANParks staff member with a personal investment over the years in each of the projects and having existing working relationship with colleagues, there is caution about researcher bias. The researcher knew each of the respondents intimately. While this provided generous access, the relationship might have created wariness on the part of respondents about revealing their frailties, or a fear of being too critical of the organisation or colleagues. On the positive side the familiarity put no restrictions on time, access, location, cost, or ethical constraints and in some instances, made it possible to bypass some of the trust-building stages associated with interviewing strangers.

The researcher did not interview any large-cap concessions owners. The prominence of the theme of big business was an unanticipated finding and was revealed as a critical element of the entrepreneurial ecosystem. On reflection large-cap concessions are obvious role players to have been included in the research design. Because the role of big business emerged as a major theme their commentary would have added a valuable dimension to the findings.

3.11. Researcher's role and reflexivity

Maxwell (1993) suggested that experiential knowledge has become a recognised asset to the research process. Where previously it was considered important to eliminate researcher bias, this can now be consciously employed and be considered a valuable source of intrinsic information. Maxwell (1993) however cautions about this bias being a licence to impose insights and values that are subjective and uncritical. (p. 225). Therefore, in the interests of transparency and adding to the validity of the findings, I engage a first person narrative and disclose the following personal history with the research topic, as well as with the case study subjects and the SANParks implementers.

My experience with tourism PPPs started in 1998 when SANParks took over the responsibility for the management of the two major concessions in Cape Town, namely the Table Mountain Aerial Cableway Company and the Cape Point Partnership (Concor) concession. Both these concessions were concluded long before the PPP Toolkit was designed and prescribed and without the 'safeguards' that the State has to receive its dues in terms of the quality, risk transfer and financial return from concessions. In both cases, SANParks pursued extensive legal and consultative process in the early 2000's to negotiate revised terms so that the agreements matched the real value of the concession rather than the 'sweetheart' terms that had been agreed to many years earlier. At that time, the purpose of concessions was not always clear. PPPs were often entered into in order to transfer a problem rather than to achieve joint solutions between private and state entities. The transparency and value for money objectives that would ensure benefit-flow to the fiscus were not factored in. In one of these renegotiations in 2004 SANParks was successful, in the other the shareholders were steadfast in retaining the substantially favourable benefits that they had been accruing over the years. This process was a lesson in how a contract weighted in favour of one party can disempower the other. Similar cases were conveyed to me during my interview with a participant from the Treasury, frustrated by PPP agreements that the government inherited from the Bantustans, where one-hundred-year leases were granted to companies to run casinos and resorts without transparent processes having been followed or sound contractual agreements entered into.

When I moved to the West Coast National Park in 2004, SANParks was in the midst of a financial crisis that had it battling to pay salaries. The new government's reprioritisation of the budget to critical areas, such as social development and infrastructure, meant that the organisation had to find new ways to sustain itself.

The two concessions in the West Coast National Park were initiated during my time as Park Manager 2003 to 2007. In reflecting on this history, I am able to recognise a number of potential researcher biases. There is a 'founder's' ownership that may cloud objectivity in that, over the course of their development, I could ensure that there was ongoing hands-on organisational support provided to the fledgling businesses. A few years later, on assuming the regional manager position, the concessions remained my responsibility via the park managers who reported to me. All three of the case study tenders were released during my tenure as park or regional manager and I was both part of developing the bid specifications and a member of the adjudication panels. In all three case studies, I am therefore personally acquainted and historically connected with the concessionaires. The direct relationship ended in 2013 when my responsibilities became more national and I was less involved in the day to day welfare of these businesses.

In interviews I was conscious of and knowledgeable about the power dynamics within and between concessionaires, the hierarchical dynamics with colleagues, both senior and junior to me, and of the institutional dynamics between SANParks and National Treasury. I was also conscious of steering interviews and responses away from themes or topics that were not relevant to my research as discussion sometimes strayed into gossip because of the overlap between friends, acquaintances and shared history.

Chapter 4 – Research Findings.

4.1. Case Study Findings

SANParks annually makes public performance figures on the concession programme. The analysis of those figures are illustrative of the substantial economic reach tourism public private partnerships has in South Africa through this single implementer. However, the quantitative data provides a breadth rather than a depth analysis (Cooper & Schindler, 2011). Case studies provide the kind of contextual analysis that can provide a wealth of insight into problem-solving analysis and strategy solutions. The case studies used in the current research provided this research with the perspectives of the beneficiaries on which the research question focuses. The data collected from the case studies allowed the researcher to explore meanings and concepts that would not be available through statistical analysis. The qualitative and quantitative data compliment each other in this study in that they constitute a process that combines ideas and data to allow balanced conclusions to be drawn (Dey, 1993). The case studies bring to the surface the subtleties of the lived history, culture, ethics, political, race, gender and socio-economic status of the participating entrepreneurs, all of which enrich the findings and define the reality of the Toolkit entrepreneurial ecosystem for small business.

4.2. The procurement processes followed by the participants in the three case studies in relation to the PPP Toolkit

Table 4. below sets out the procurement steps followed by the three case studies. What emerged was that the requirement for making a success of a project was based on shared vision and shared risk among the parties. The case studies indicate that SANParks, by virtue of its exclusive position in the tourism market, was in each case able to create a product, and by mentoring the small business owner, create a sustainable enterprise.

Table 4 - Procurement processes of each case study

2005 – National Treasury introduced the Tourism Toolkit						
2006 -SANParks Strategic Plan for Commercialisation						
		Project Cycle		CASE STUDY 1	CASE STUDY 3	CASE STUDY 2
Phase I	Inception	Apply for project registration		2003	2003	2009
	Pre-Feasibility	Pre-feasibility study; motivation for small or large cap route; possible application for exemption from Treasury approvals		No exemption required as this was before the toolkit came into effect	No exemption required as this was before the toolkit came into effect	Exemption applied for and received
		Institution Approval I	Treasury Approval I	Institutional approval granted	Institutional approval granted	Treasury approval granted
Phase II	Feasibility	Issue-based feasibility	Comprehensive feasibility	Issue-based feasibility as there was no existing tourism product	Issue-based feasibility as there was a limited existing tourism product that was heavily subsidised financially by the park and supplemented by park operations	Issue- based as there was an existing product but had limited access to historical business performance against which to gauge viability
Phase III	Procurement	Prepare bid documents	Prepare bid documents	Project had no bid documents. The project objectives were developed by the support NGO, Provincial and National Government and SANParks and formally approved by a Steering Committee that included community representatives	Supply chain procurement process was followed that awarded a contract with annual renewals and limited risk transfer	Bid documents completed as required including RFP and Information Report
		Institution approval IIA	Treasury approval IIA	CASE STUDY 1	CASE STUDY 3	CASE STUDY 2
		Issue bid documents	Issue bid documents	None (pre-toolkit)	None (pre-toolkit)	Done
		Evaluate bid documents	Evaluate bid documents	The business plan submissions were evaluated and the individual applicants interviewed by steering committee sub-committee	Internal SANParks panel was established and did the assessment according to supply chain principles	Done along with external specialists and revised bid specs after first round of assessments
		Select preferred bidder	Select preferred bidder			Selected after second tender
		Institution Approval IIB	Treasury Approval IIB	CASE STUDY 1	CASE STUDY 3	CASE STUDY 2
		Negotiation	Negotiation	Granted 5 year development period under NGO mentorship with nominal rental	Granted 3 year development period at nominal rental	Granted 5 year term extended by further 5 years
		Management plan	Management plan			
		Institution approval III	Treasury approval III	CASE STUDY 1	CASE STUDY 3	CASE STUDY 2
		Sign PPP agreement	Sign PPP agreement	After 5 years in operation	After 3 years in operation	Within first year

Phase IV	Development	Measure outputs, monitor and regulate performance; liaise effectively; settle disputes	Done by park and project officer	Done by park and project officer	Done by park and project officer
Phase V	Operations	Report progress in annual report	Yes	Yes	yes
Phase VI	Exit	Scrutiny by the AG	Yes	Yes	yes

4.3. CASE STUDY 1 - Restcamp in West Coast National Park Sustainable Coastal Livelihoods Project: Community-based PPP.

Owners : (numbered as per interview schedule)

Concessionaire #2 : 51%

Concessionaire #3 : 27%

Concessionaire #4 : 23%

Why this case study?

“the project was set up where Black Economic Empowerment and job creation was weighted higher than income’ (Official 5 – interview, 2018).

The project was funded by the Sustainable Coastal Livelihoods Programme and employed innovative approaches to stakeholder engagement, transparency, inclusiveness, consultation and empowerment not described in the Toolkit process. The case study details the procurement process for the appointment of an operator for the restcamp as an alternate, and arguably more inclusive process to the PPP Toolkit process that, in the words of the NPO project manager, was a ‘flagship project, ahead of its time’ (Project Manager interview, 2018).

Background

It is part of the history of the establishment of National Parks in South Africa that thousands of local men and women were brought to the parks from farms or continued to stay on the land allocated to parks to work as rangers, general workers or service staff. Most were housed in staff villages of varying quality and standards. In larger parks the staff accommodation replicated the mining compounds (basic single-sex accommodation for men sharing rudimentary ablution facilities), while in smaller parks, this accommodation was in the form

of a collection of rudimentary houses. Shortly after 1994 SANParks made a policy decision to reduce the number of staff who lived in park accommodation in order to reduce the large numbers of staff who retired without owning their own homes. The new government highlighted the vulnerability of labourers on farms, mines, national parks, army bases, forest villages and elsewhere who, because they had lived as tenants, were homeless when they retired. Many remote national parks and forest villages had hundreds of staff who, together with their families, were totally dependent on state entities for their well-being when they left service. The adoption of the Established Security of Tenure Act in 1997 prompted staff to lay claim to the properties they had lived in all their working lives. The SANParks policy decision was made to both address its moral obligations to staff as well as to reduce the financial and social risk of a proliferation of homesteads. Housing allowances were introduced into salary packages to encourage staff to buy their own homes. In the West Coast National Park the staff who had been living in the staff village chose to relocate to Langebaan about 20 km away. Thus it was that in 2003 there was an abandoned staff village set in the bush at the foot of the Geelbek dunes in the West Coast National Park, with eight derelict houses that had been vacant for about five years. The preferred management option at the time was to contract a demolition company to flatten the buildings and rehabilitate the area.

The Sustainable Coastal Livelihoods Framework

The Sustainable Livelihoods Approach analyses the external environment in which people function and identifies the prevailing social, institutional and organisational resources available in an area to combat poverty. The framework defines five types of capital within this environment :

- **Human capital** is made up of the skills, knowledge, health and ability to work.
- **Social capital** refers to the social resources that enable the people in an area or community to co-operate with one another and deal with differences.
- **Natural capital** is the stock of natural resources that sustain life.
- **Physical capital** includes basic infrastructure and production
- **Financial capital** includes savings and income. (DEAT, 2002).

Figure 7 illustrates the inter-relationship between the five capital resources:

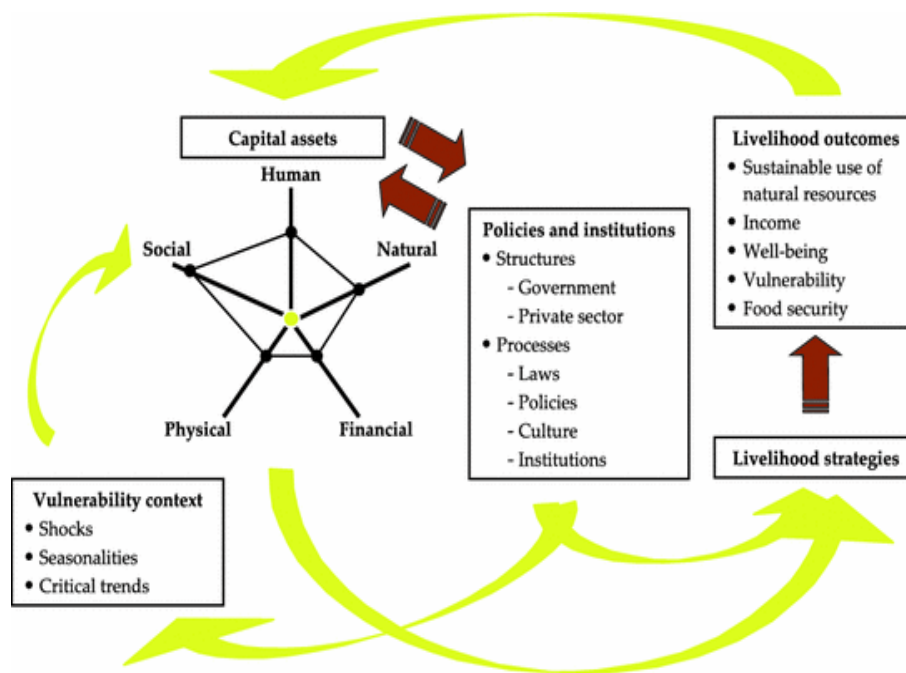


Fig. 7 : Sustainable Livelihoods Framework (source O. Serrat, 2017)

The Sustainable Coastal Livelihoods Fund (SCLF) was established by the Department of Environment and Tourism (DEAT) with funding from Department For International Development (DFID) in response to the worsening economic situation of coastal communities affected by the withdrawal of fishing rights and extraction restrictions on traditional forms of sustenance. The key principles of the SCLF programme were inclusivity, redress, transparency, development, sustainability, consultation, sound business practices, context sensitivity and partnerships. In March 2003 a Non-Profit Organisation (NPO) submitted a proposal in response to a tender from the Sustainable Coastal Livelihoods Fund, Tender E 871: “Appointment of a company /organisation for creating livelihood opportunities for poor coastal communities from coastal protected areas”. The NPO had previously worked with coastal communities. Their tender was submitted on 28 March 2003 and passed on 11 June 2004. It was titled ‘Community-Based Tourism Infrastructure Development and Management Project in the West Coast National Park’. The eight vacant staff houses were identified as an opportunity to develop much-needed visitor accommodation in the park and to establish a viable business entity drawing on the disadvantaged community of Langebaan. The idea for

the development of the staff village was raised by staff who had lived and raised families there. They felt that there was a piece of their history that had been abandoned, that it was more than a staff village and that there was in fact a social identity associated with it.

The park was proclaimed in 1985 and before its establishment the area had consisted of a collection of farms. The area was particularly known for the Langebaan Lagoon, the whaling station on Malgas Island and the Special Forces counter-insurgency elite unit training facility at Donkergat. Agriculture and fishing had historically provided the largest source of employment in the region, although largely seasonal and temporary. Tourism was identified by government post-apartheid as an opportunity to address the growing unemployment. This project also created an opportunity to bridge the divide between the National Park and the Langebaan community who had historically not benefitted from the park's existence. The population of Saldanha and Langebaan grew between 1994 and 1998 by 27%, with the increase ascribed to the Saldanha Steel industrial development being one of the first Industrial Development Zones in the country. At the same time the Department of Fisheries introduced fishing quotas in threatened areas to halt the uncontained exploitation of marine life. This impacted the ability of traditional subsistence line and net fishermen to continue their traditional way of life and livelihoods (Sunde, 2014; Sowman, 2001). Thus the restcamp project was seen by politicians and the community alike as a positive intervention in the disruptive social-economic changes taking place in Langebaan.

In 2003 the PPP Toolkit had not yet been passed and government had not yet made the strategic decision to use its own management entities as preferred implementing agents. At this time any suitably constituted agency could bid. Therefore, with SANParks endorsement, the NPO was able to apply to be the implementing agent for the project. The NPO was appointed to negotiate the project objectives with multiple stakeholders and facilitate the process for them to agree on a vision of empowerment for local entrepreneurs who would develop and manage a new tourist facility inside the park. From inception the project was supported by key stakeholders including SANParks, the Department of Environmental Affairs and Tourism, Department of Environmental Affairs and Development Planning, West Coast District Municipality, Saldanha Bay Municipality, West Coast Business Development Centre and

representatives from the Langebaan community. All these partners combined to form the Project Steering Committee (PSC) and were responsible for strategic guidance and oversight.

The Value for Money Objective :

The project aimed to establish a viable tourism business in the West Coast National Park that would be owned and managed by individuals from the Langebaan community to benefit the Park and the previously disadvantaged community of Langebaan as broadly as possible.

The Project goals:

- Social Benefit - to create a long-term sustainable project for the benefit of West Coast communities,
- Economic Returns - to redevelop existing infrastructure in the form of additional tourist facilities in order to increase tourism awareness and associated economic benefits,
- Skills Development - to provide training and skills development to selected PDIs in the areas of construction, tourism, hospitality, financial, safety and security and entrepreneurship.

Procurement Process - 2003

i. Call for applications

An invitation was released in 2003 to all members of the Langebaan community to apply to be part of the Restcamp Project. The invitation was widely communicated using media and face-to-face meetings that included door-to-door visits to the residents of Langebaan. All individuals, organised groups, existing and new businesses and consortia were invited to apply. The application form was considered an 'Expression of Interest'. The West Coast Business Development Centre was enlisted as a project partner to assist applicants with their submissions. A total of 39 applications were received. A 3-person selection panel, two from the NPO and one from SANParks, shortlisted ten persons to be interviewed. Of the ten individuals shortlisted and interviewed, the selection panel identified seven individuals to participate in an orientation workshop with the West Coast Development Centre whose responsibility it was to prepare candidates for the interview process, most of whom had never had the experience. This culminated in individual presentations by each of the seven candidates to the selection panel.

The selection panel recommended three individuals to the Project Steering Committee (PSC). Of the three, two were youth and two were unemployed. The three were recommended after a lengthy process based on various criteria, including business plan presentations, personal and group interviews, knowledge, skills, social investment, enthusiasm, level of energy and commitment, creativity and willingness to take risks, dedication, respect for people and the environment, people skills, commitment to customer service, and the ability to function in a team. The PSC accepted the recommendations and feedback to the community on the outcome was made by the community representatives on the steering committee.

ii. Stakeholder engagement

Two key features of the stakeholder engagement strategy were a) an analysis the socio-economic factors affecting the community and designing an inclusive recruitment process around that, and b) identifying stakeholders and institutions active in the Langebaan community to include in the selection process. Local knowledge helped to formulate a consultative process that sought the buy-in of the community to a project that was expressly defined and presented as one aimed to benefit it. The process therefore included jointly identifying significant groups and individuals, holding group and one-on-one meetings and conducting door-to-door visits with residents to get their inputs and support. Meetings were convened with the local authorities including the Mayor and members of the mayoral committee of the Saldanha Bay Municipality, the Langebaan Ratepayers Association, tourism organisations, political party representatives and local NGOs and CBOs. These meetings were used to inform interested parties of the project objectives and processes. The inclusion of the community not only facilitated the transfer of information, but helped to formulate the selection criteria and enhance the transparency of the appointment of members to the Business Unit (BU).

The funder, DEAT, permitted a large degree of flexibility in allowing the PSC to determine how the Business Unit would be established. This freedom allowed the stakeholders to determine the preferred concept for the BU. This investment in community participation made the acceptance and therefore the sustainability of the project more likely.

iii. Training

Understanding that the Business Unit members had little or no tourism or business experience, the key elements of the framework for training and development included practical applications, observations, internships and simulations. Partnerships were formed with business development training providers, for example, the West Coast Business Development Centre, SANParks, the Elands Bay SCLP Project and Robben Island. Aspects addressed included the development of business plans, exposure to other business initiatives, operating in a team, roles and responsibilities, equity arrangements, registration of a business entity, accessing funding, office simulation, business and tourism networks, labour legislation and processes, infrastructure maintenance and construction and understanding market competition. Partnerships were also set up with the Tourism Enterprise Programme (TEP) and the Red Door.

iv. Ownership and management

The process of choosing the legal structure of the business was influenced by the complexity of regulatory compliance, the tax obligations, the personal liability for debt incurred and considerations as to which financial institutions were more or less likely to provide finance. Options considered included a Close Corporation (CC); a Company; a Partnership/Joint Venture; a Non-profit organisation; a Co-operative and a Trust. Drawing on the experience of similar projects and arguing that a Section 21 Company is too complex to establish and run, the PSC opted for the formation of a CC. The primary motivation for this decision was that the formation of a CC would allow the participants in the Business Unit to operate the business within a relatively simple business regulatory environment driven by a profit motive. The agreement stipulated that the Business Unit was contractually committed to contribute a percentage of their nett profit to community structures of their choice in Langebaan.

A decision by the project committee to have a majority shareholder and split the company equity in a 51%; 27 % and 21 % ownership ratio according to functional responsibility later became the most contested issue between the owners. The rationale of the project committee for this decision was that there needed to be a primary decision-maker and one person designated as the accountable leader.

v. Implementation

Phase 1 – (May 2005 to May 2006) consisted of the restoration of the eight old houses, upgrading of service infrastructure and landscaping. The launch of the project took place on 10 May 2005 in the Park. The inauguration ceremony was attended by community representatives, the NGO's, political representatives, senior officials from national, provincial and local government and corporate representatives. It was presided over by the Mayor of Saldanha and a keynote address was given by the MEC of the Western Cape. The restcamp opened its doors to guests on 1 December 2006. The SCLP equipped the Business Unit with computers, telephone, a fax and an office, while the members received monthly stipends and petty cash for operations. The subsequent concession agreement with SANParks made provision for a renewable five-year concession period related to performance at a below-norm concession rate of 5% of turnover per annum, or a minimum rental of R5000 pm month. This arrangement became colloquially known a 'honeymoon' period to allow the Business Unit to establish itself.

Phase 2 - (January to November 2007) further funding from DEAT's Social Responsibility Programme allowed for the construction of an office and reception building, swimming pool, three new chalets and an upgrade of bulk infrastructure. The new buildings were constructed with sand bags to promote the use of affordable, local, renewable resources and to showcase labour-intensive work methods. The construction phase successfully employed 30 unemployed young men and women from Langebaan. The project reopening was considered momentous enough to be launched on SABC2's Morning Live by the then Minister of Tourism Marthinus van Schalkwyk.

Conclusion

The restcamp project was acknowledged by government and development agencies as a uniquely inclusive concession project, starting as it did at grassroots level by going door-to-door in the community to get residents' inputs into what outcomes they would like to see. SANParks was recognised for its willingness to support this innovative approach and provide the necessary institutional training and mentoring.

The NPO facilitated the Project Steering Committee and partners, the selection process of candidates, the training and development of candidates, the formal establishment of the entity and provided ongoing mentoring and conflict-management support. The concession agreement included a developmental period during which the BU operated with reduced financial risk because SANParks was prepared to negotiate a nominal minimal rental and a percentage turnover lower than the norm as its contribution to empowerment. The SCLF invested in infrastructure upgrades, furniture, fittings, mentorship and training, while SANParks took responsibility for the bulk infrastructure and external maintenance. The Business Unit was therefore freed to focus on operational efficiencies, service standards and target marketing.

The business has grown to employ seven full-time staff and three extra staff in season. It has an asset value of R1,6m and has had an average occupancy of 55,6% over the last five years. It is intimately identified by the community of Langebaan as a community project run by its own. Thirteen years later the business is a feature in the tourism offering of the West Coast as a high quality product that has proven its financial and environmental sustainability and has made significant social investments in the local community.

4.4. CASE STUDY 2 – Restaurant – Table Mountain National Park

Owner : (numbered as per interview schedule)

Concessionaire # 5 : 100% ownership

Why this case study ?

The case study was unusual because the first round of tendering (March 2010) was in the form of an abridged version of the PPP Tourism Toolkit, based on Supply Chain principles but assessed on the principles of the Toolkit. No bidder was appointed in the first round as bidders indicated that the capital investment required did not make a three-year contract with option to renew for five years, viable. Observing the market's response SANParks re-advertised the tender changing (a) the term to a minimum of five years with an option to renew for a further five years based on the capital invested, (b) a reduction of the functionality requirements and

(c) increased the B-BBEE requirements. This saw the appointment of Concessionaire 5 in the second round, who is a black woman from the Cape Flats.

Background

With the establishment of the Table Mountain National Park in 1997, SANParks inherited the restaurant (then known as a teagarden) operated by a sole proprietor who for more than twenty years had had no legal agreement other than a 'gentleman's agreement' with the Rotary Club of South Africa through whom he had acquired the rights. Before 1997 the Rotary Club of South Africa was designated to manage the Groote Schuur Estate via the Rhodes Trust.

The teagarden had developed as a commercial extension of the Cecil John Rhodes Memorial on the slopes of Devils Peak, a popular tourist attraction with expansive views across the City. It is not surprising that the aesthetics and ambience of the space were seen as an opportunity to explore its potential as a refreshment and recreation option. It was originally branded as a 'Tea and Scones' experience that, pre-1994, had addressed a very specific and elite clientele.

The operator failed to invest in the necessary support infrastructure or to ensure responsible environmental and health and safety practices. When the land was proclaimed as part of a national park, new mandatory legislative obligations came into play for contract holders. The legal process to regularise the relationship with the operator took more than ten years. With a recalcitrant operator who had never subscribed to compliance elements such as Health and Safety, environmental emissions, labour relations and financial transparency, negotiations were strained and confrontational. SANParks finally negotiated an interim agreement in July 2003 that expired in May 2009. During this period the infrastructure was severely run down and the operator had almost completely withdrawn communication with SANParks. Thus when the tender for a new operator was released in 2009, SANParks was unable to do any feasibility studies as the operator did not provide statistics that could inform profitability or visitor trends.

In 2008 National Treasury granted permission for a ten year concession. However, because there was insufficient history to suggest that the opportunity was viable, SANParks tentatively put out the tender for three years with an option to extend it to five years subject to business performance.

Value for Money objectives

The concession opportunity sought the effective management, infrastructure upgrade and black empowerment for the restaurant while rendering high-quality standards in food and beverages.

1. The Procurement process

1.1. Call for Applications

The procurement process was unusual as the proposal call and adjudication process required two rounds, with each round following a different format.

The first tender (6 March 2010) required the bidder's submission to be in an abridged Tourism Toolkit format and simply asked the bidders for their Curriculum Vitae, experience and a business proposal. These were used in the evaluation of the bidders according to PPP principles. The adjudication panel included external specialists who were brought in to add the restaurant expertise SANParks did not possess. However, none of the applications were considered fully adequate and no appointment was made. SANParks decided to revise the specifications based on feedback gained from bidders. The new tender extended the contract period to five years, reduced the functionality requirements and increased the B-BEEE component. It was with these revised specifications, formulated around bidder inputs that Concessionaire 5 won the tender. It is significant in respect of the value objectives that the second highest scoring bid, an established Cape Town restaurant, scored higher on both functionality and financial elements, but scored 12 out of 20 for B-BBEE compared to Business Owner 2's 16 out of 20. This was the factor that gave her the edge and thereby the tender. The revamped restaurant opened on the 6th of October 2010, with a newly landscaped garden, children's playground and jungle gym, new menu and in-house bakery, as well as increased seating from the original 50 to 120.

1.2. Developmental Support

Unlike in Case Study 1 the operator in this case received no developmental support from SANParks or external support from developmental agencies. She was supported financially

and developmentally by her business partner, who played a significant role in strengthening her ability to manage such a substantial operation. While SANParks was prepared to take the risk of granting the opportunity to a single black woman, it did not follow up with developmental support and integration into SANParks systems and operations that would have enhanced her chances of success. By her account there was only one line of business support and that was through the project officer who was responsible for managing the terms of the contract. The business continues to flourish and provides SANParks with an average return of R600 000 per annum, compared to the R240 000 provided by the previous operator. The contract has been extended by a further five years and the present operator has invested further capital amounting to R200 000.

Conclusion

It required two rounds of tendering to find a suitable operator who could deliver the empowerment objective, including the functionality and the capital investment. The cost drivers of her business were exaggerated by the restrictions of the site. These included daytime only gate hours, heritage restrictions, aging infrastructure, travel costs and weather. The operator indicated that many of the inhibitors could have been overcome if there was a connection between operational staff and the SANParks Supply Chain to help reduce negative impacts on profitability. The operator has shown herself to have a mature approach to the complexities of working with an organisation like SANParks and has voluntarily accepted extra cost and risks to ensure the efficient functioning of her business. The historical performance of the operation predicts a continuing profitable growth path for the business.

4.5. CASE STUDY 3 - Restaurant – West Coast National Park

Owner : (numbered as per interview schedule)

Concessionaire : # 1 : 100% ownership

Why this case study ?

This case study was awarded in 2003 before the introduction of the Toolkit. Instead of following the process designed for the Toolkit, procurement followed an abridged version of a PPP based on supply chain processes. The tender was for one year and was renewed for a further two years.

In 2007 SANParks put out a second proposal call to regularize the tender according to the Toolkit prescripts and awarded the contract for ten years. Prior to the release of the opportunity in 2003 the facility was run as a teagarden by SANParks comprising of a cook, a waitress and a cleaner. The menu consisted of tea, scones, sandwiches, fried chips and factory-baked pies. It ran at a financial loss and was subsidized by the park budget. Service levels were poor and the building, kitchens, furniture and grounds were sub-standard.

Background

The restaurant is situated in the West Coast National Park just inland from Saldanha Bay. Langebaan, Saldanha Bay, Vredenburg, Hopefield, Darling and Yzerfontein are urban and semi-urban towns situated around the park, along with several smaller farming communities and informal settlements. The park is bounded in the North and West by the Langebaan Lagoon and by the Atlantic Ocean in the South. It is renowned for the seabirds that roost on the islands of Malgas, Marcus and Schaapen and home to concentrations of migrant waders from the northern hemisphere. The restaurant is located on the water's edge with exquisite views of the lagoon and surrounding hills.

The Langebaan area features as an important area in the early history of European settlers in South Africa. The restaurant reflects this history, operating out of a Cape Dutch style national monument built in 1744 that is both well preserved and functional. The building has been restored three times since it was built in the 18th century, the most recent restoration being in the mid 1990s. It is centrally situated in the park and is frequently the first stop for visitors to the park. Concessionaire #1, the successful applicant, a local white woman, had up to the time of the awarding of the concession in July 2003 been a caterer and event organizer in Langebaan, running a moderate operation. With an intense love for history and culture she felt that she could use the combination of the building's 200 year heritage and local cuisine as a valuable attraction for the region. With very little turnaround time from being awarded the concession in August, she started operations in the August flower season of 2003. As part of the concession agreement the operator was given an adjacent house to rent so that she could have 24-hour access and manage her business more effectively. The section ranger who had been living in this house was accommodated elsewhere for this reason. It was considered essential that the operator was

on-site and could oversee the business at all times. The rental at the time was very moderate for a large three-bedroom house with garage and extensive grounds. This background is significant as it later became a factor that affected her financial and legal status. Within three years the operator had successfully turned the restaurant into a vibrant tourist hub. She had invested over R300 000, used traditional furniture and décor to accent the history and culture of the building and had created a menu that reflected traditional West Coast food. This menu was accompanied by a range of locally produced wine from the region. She extended the seating from 30 to 70, established a website, opened a curio shop that sold crafts produced by the local community, appointed and trained 22 full-time staff and five casuals, created a play area for children, established a wedding venue and hosted over 40 weddings in the first year. She also established a relationship with the Anglican Church, ferrying brides across the lagoon as part of their wedding ceremony that served to provide an income to the poor fishing community. Factors negatively affecting her profitability included the conservation (entrance) fee that her guests had to pay over and above what they spent at the restaurant, the distance from suppliers (120km from Cape Town), seasonality that consisted of only two high seasons, the lack of accommodation in the park that meant most visitors were day visitors, and the cost of transporting staff.

In 2007 SANParks put out a new tender call to regularize the concession according to the Toolkit prescripts. The scope of activities included the provision of quality food and wine, a functions venue for catering of large groups, an outlet for local crafts, and capturing the unique cultural heritage of the West Coast. At this point the investment and assets that had been made by the operator were at risk because in an open bidding process she had no guarantee of being the successful bidder. She would have had to remove all movable property, restore any part of the area to its original condition, terminate staff, move out of the park house, shut down or transfer the rights to the website and cancel planned events and weddings.

Value for Money Objectives

Outsourcing the management of the restaurant sought to improve service levels, expand the range of refreshment options, free SANParks staff to concentrate on core business and realise greater financial returns.

Procurement process

The initial tender process followed an abridged version of the PPP process based on Supply Chain principles. In June 2003 SANParks placed the *Expressions of Interest* in local newspapers (Die Weslander, Cape Argus, Die Burger). A compulsory on-site briefing session was held with prospective tenderers at which the terms of reference were explained. The PPP process for evaluating bidders for the concession followed these steps and incorporated specific criteria:

- Call for expression of interest – June 2003
- Briefing session July 2003
- The Selection Panel comprised representatives of WCNP. The following evaluation criteria were used :
 - The experience of the operator in managing similar business (score out of 15).
 - The commitment of the operator to environmental principles (score out of 5)
 - The promotion of economic empowerment (score out of 10).
- The first contract was awarded in August 2003 for one year.

Conclusion

In 2003 the Toolkit had not yet been released and SANParks was still in the process of formulating what the organisation envisioned for its commercialisation strategy. The conditions therefore existed for a strong measure of developmental support from SANParks. The procurement process was structured around the supply chain process as this is what SANParks was familiar with. It allowed flexibility at park level to develop the bid specifications, to manage the adjudication process and to negotiate the contract terms. It also allowed the organisation to be particularly responsive to the needs of the entrepreneur. The value objectives were concentrated around the creation of a new product with a unique product offering that could be sustainable within the restrictions of a national park. With little historical performance statistics to go by it was necessary that SANParks grant the entrepreneur the freedom to be creative and take risks.

The contract ended in December 2017. The operator left with a lot of negativity towards SANParks as it culminated with the business being invoiced for over R500 000 for a combination

of unpaid rental for housing and CPIX that had not been invoiced for eight years. This matter led to a legal stalemate that badly soured the partnership.

4.6. Summary of Case Studies.

Table 5: Activities timeline: Summary of developmental paths followed by each case study (format adapted from World Food Programme and International Fund for Agricultural Development 2006).

	Case Study 1	Case Study 2	Case Study 3
	March 2003 to June 2004	March 2010 to June 2010	Aug 2003 to Dec 2007
Procurement Timeline	Tender submitted to DEAT Sustainable Livelihoods Programme by development agency in March 2003 and approved June 2004	Initial abridged tender released in March 2010 for 3 years with option of 5 years. A revised tender released in June 2010 for five years with an option of a further 5 years	Tender released for 1 year in Aug 2003 and renewed for a further 2 years. Full Toolkit tender process released in Dec 2007 and awarded the contract for 10 years.
Objective	To establish a business entity from the local Langebaan community who would run a converted staff village into a tourist accommodation facility	To rebrand an entry-level tea garden into a restaurant that could serve multiple target groups	To rebrand what was a tea-and-scones facility managed by the Park into a restaurant that emphasised the unique cultural features of the West Coast
Choice of procurement intervention	Tender invitation released by Department of Environmental Affairs. Awarded to a development agency to establish and support a new business	SANParks released an abridged version of the Toolkit. A second tender followed in which the concession period was changed.	Used normal SANParks supply chain process to award for 1 year, extended annually to 3 years. Toolkit process followed in 2007 to regularise the process.
Strategy	Sustainable Livelihoods Approach, overseen by national and provincial government. Funded by DFID, strategy was to provide hands-on developmental support by an NPO to a new business entity for 5 years	Developed an abridged tender using SCM format and assessed according to PPP Toolkit format. Following feedback from bidders the functionality requirements were reduced and B-BBEE increased in the second tender. Awarded for 5 years with the option for 5 year renewal based on capital investment	With no history to do a feasibility assessment the tender was an experiment to test the market. The operator was assisted through nominal concession fee and minimum risk transfer. Appointed for 1 year extended by 2 years that served as a developmental period. This allowed her to win a 10- year contract following a full Toolkit tender in 2007.
Sequence of activities	DEAT advertised the tender in 2003.NPO awarded the contract 2004.	Tender released using supply chain format March 2009 but assessed by Toolkit rules	In 2003 Supply Chain process was used to appoint for 1 year. This was before the toolkit regulations

	Selection of the three business partners through a community participation process overseen by a Steering Committee of up to 17 members	Panel made recommendations but strong resistance came from bidders on the short term being offered	Based on performance the contract was extended for a further 2 years
	Partners given extensive entrepreneurial and sector-specific training. Business operated for a period of 3 years on a nominal rental that served as a developmental period	SANParks re-advertised offered a longer term and increased B-BBEE requirements that solicited greater number of bids	As a functioning product yielding profits the opportunity was released following the full Toolkit process in 2007 for 10 years. The operator competed in open tender
	Converted to 10-year contract in 2008 on recommendation of SANParks and approval of National Treasury		
Institution-building process	Consisted of 5 year mentoring and coaching support from development agency	Single Female Black-owned Business. No pre- or post- support provided.	The 3-year development period was awarded with majority risk absorbed by SANParks to allow her to establish the business. No pre- or post- support offered after full tender

4.7. Utilisation of the Toolkit: Summary of Coding interview responses

Table 6 shows how each of the five key questions were coded. The recurring words, terms and phrases used by respondents in their interviews reveal the first-order concepts. These concepts were aggregated into second-order concepts based on dynamic or logical relationships between the concepts. These were then crystallised into themes (Miles & Huberman, 1994; Strauss & Corbin, 1998; Gioia, 2012)

Table 6: Aggregated Emergent Themes following 1st and 2nd Order Word and Thematic analysis.

Questions	Key initial responses in first round of coding	Aggregated themes that emerged from first round of coding	Aggregated themes that emerged from second round of coding
	Selected extracts of ‘First Order concepts’	‘Second Order concepts’	‘Second Order concepts’
<p>A) What was the origin and policy intention of the Toolkit ?</p>	<p>Policy Intention :</p> <ul style="list-style-type: none"> • to boost industry & investment • to utilise government assets • to cross-subsidise conservation; to generate revenue to subsidise conservation; to provide government services through cross subsidisation • an ‘idiots’ guide enabling PPPs in South Africa’s tourism industry. • to develop organisational skills sets in organisations for them to be able to roll out PPPs • to learn how to determine tourism projects that are feasible and geared for PPPs • to access the skills of the private sector • to use the conservation sector as vehicle to drive B-BBEE <p>-----</p> <p>Origin :</p> <ul style="list-style-type: none"> • based on DTI Infrastructure PPPs • taken from UK Partnership and USAID • an alternative to management agreements and North West’s 99 year leases • alternative to normal supply chain allocated funds • written by local and international specialists 	<p>Policy Intention</p> <ul style="list-style-type: none"> • Conservation sustainability • Generate revenue • Release government assets • Encourage investment <ul style="list-style-type: none"> ▪ Simplification of processes ▪ Alternative to normal supply chain <ul style="list-style-type: none"> • Encourage entrepreneurship • Drive B-BBEE <ul style="list-style-type: none"> • Create new tourism products • Identify new markets • Tourism benefits <ul style="list-style-type: none"> • Develop institutional capacity • Contract management <p>-----</p> <p>Origin</p> <ul style="list-style-type: none"> • International support for the process • International benchmarks • Organisational capacity development • Organisational commitment to transformation 	<ul style="list-style-type: none"> • Generate Revenue <ul style="list-style-type: none"> • Alternative to normal Supply Chain <ul style="list-style-type: none"> • Drive B-BBEE <ul style="list-style-type: none"> • Improve the Tourism Product <ul style="list-style-type: none"> • Develop Institutional Capacity <p>-----</p> <ul style="list-style-type: none"> • Organisational transformation

	<ul style="list-style-type: none"> • SANParks received support from International Finance Corporation part of the World bank in 2000 and 2001 which resulted in permanent skills transfer to SANParks • was left to the institutions to use the Toolkit for empowerment 	<ul style="list-style-type: none"> • Effective organisational systems 	
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<p>B) Has the policy intention changed ? If so, how?</p>	<p>Has the policy changed :</p> <ul style="list-style-type: none"> • No, process was taken from UK Partnership and IFC. Theirs has changed so many times, ours still based on what was developed 2000 • No, was designed based on large infrastructure projects experience no small projects that has led to money revolving around the same businesses • No, large and small cap measure is still 1. Capital investment 2. Risk profile 3. Turnover of the business • Problem of inconsistency of contract terms and process as exposed by North West apartheid legacy. Contracts signed in for 99years based on 3 to 4 page agreements, so a need to reduce high risk because government has to buy them out at the end of term, but they run them down so they are worth nothing <hr/> <p>How ?</p> <ul style="list-style-type: none"> • Preferential Procurement Policy Framework Act 2000 Regulations of 2017 changes the way that the evaluation is done. Functionality scoring no longer goes through to the final determination of the award. It is a minimum threshold that everyone who achieves goes through to the final determination of the scores being 80/20 or 90/10, depending on the value of the contract. • Emphasis on enterprise development as part of the B-BBEE scoring 	<ul style="list-style-type: none"> • Big Business to take shareholding and greater risk in small business • Reserve opportunities for specific target groups, companies with less than Rx turnover • Implementer can exclude big companies from bidding • Reduce government risk <hr/> <p>How ?</p> <ul style="list-style-type: none"> • Preferential procurement policy framework act Regulations of 2017 • Equity to transfer to black owners as term of contract goes on, preceded by enterprise development and developmental support • SANParks ring-fencing 	<ul style="list-style-type: none"> • Big business to take greater risk • Set-asides for small business • Reduce government risk <hr/> <ul style="list-style-type: none"> • B-BBEE Strategy and Enterprise Development targets
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	<ul style="list-style-type: none"> • it is about a long-term strategy in the organisation. • about the people coming in afterwards and supporting the long-term strategy because you go into 20-30 year long-term agreements. • You cannot have people changing the organisational strategies every time there is a new bunch of people coming in • Transparency of the process is a large part of the success. 	<ul style="list-style-type: none"> • Organisational Long term PPP strategy • Transparency of the process • Leadership changes that influence policy 	<ul style="list-style-type: none"> • Ring-fencing PPP opportunities for small business • Organisational strategy
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<p>C) What were the success measures of the tourism Toolkit and have targets been met ?</p>	<p>Success measures</p> <ul style="list-style-type: none"> • aim was to not be as elaborate or complicated as the standard provisions; to create templates that were simpler; to make process and documents less onerous; - to short-circuit the Infrastructure PPP process • to create set guidelines • to be a mechanism to source funding • to give security to investors • to generate new ideas • to improve service delivery • to develop and improve tourism infrastructure facilities • to minimise the risk on treasury; to regularise the process and reduce ‘loose cannons’; to cover government from getting ‘whiplash’; opens up government for scrutiny if something goes wrong; to minimise risk on both sides ; good model because we share risk; mitigate risks because if they go bust we are at a major disadvantage: how do we provide the service ? • to give control to implementers without taking full control <ul style="list-style-type: none"> ▪ investment in small business is part of the national transformation agenda; mentoring, coaching, enterprise development is part of this mandate • our contract is not that rigid, have not had many failures ; contracts have worked for us in the past, might be too onerous but it has also saved us <ul style="list-style-type: none"> ▪ private sector and us started off very badly but staff became more comfortable; it took a while but it is changing ▪ are we prepared to take the risk as part of empowerment?_How much is SANParks 	<ul style="list-style-type: none"> • A simplified application process different to Large Infrastructure PPPs • Standard templates and documents • Set release and management guidelines • Create new ideas • Reduced risk on both sides • Cover government if something goes wrong • Improved service delivery • Improve tourism infrastructure and facilities • Security to investors • Source funding • Empower implementers to release PPPs 	<ul style="list-style-type: none"> • More focused on tourism • Stimulate Innovation • Risk Management • Boost tourism industry and reassure investors
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	<p>prepared to invest in the entrepreneur? Is it part of the implementer's mandate to 'babysit small business'; what is big business responsibility in developing small business?</p> <p>-----</p> <p>Targets:</p> <ul style="list-style-type: none"> • no targets were set in the toolkit; Do not have Toolkit targets, use existing B-BBEE Charter targets the existing charters but institutions can increase the % as they see fit • SANParks placed high environmental target on operators; targets set for operators are much higher than what we practise internally; 	<ul style="list-style-type: none"> • Quality and content of contracts • Building the partnership • Mandate for developing small business • Role of big business in empowerment • Babysitting small business • Small business and quality control <p>-----</p> <ul style="list-style-type: none"> • Reliance on B-BBEE Framework and Sector Charter for targets • Implementer's Environmental targets vs tourism and empowerment targets 	<ul style="list-style-type: none"> • Develop implementer's capacity and systems • Big Business role in the development of small business <p>-----</p> <ul style="list-style-type: none"> • Implementer's priority setting - primary vs secondary mandate
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<p>D) Are there barriers to entry to small business in the toolkit?</p>	<ul style="list-style-type: none"> ▪ access to funding ▪ access to markets ▪ poor accessibility ▪ intended to be easy and simple but instead is complex and time consuming ▪ high transaction costs, expensive, difficult to understand, it is complicated, onerous to complete ▪ requires capital, transaction advisors ▪ risk transfer and risk absorption ▪ upfront capital requirements ▪ long term strategies and decision-making ▪ owner's equity ▪ difficulties in making changes to the agreement ▪ long bureaucratic processes delays complex regulatory permitting and compliance rules • a lack of understanding by implementers; poor capacity and skill set of implementers 	<ul style="list-style-type: none"> • Toolkit tendering process • Over-regulation • Long bureaucratic processes • difficulties of changing the agreement • Complex and onerous <p>Financial Risk</p> <ul style="list-style-type: none"> • Transaction costs • Limited access to funding • Internal Resistance, own interests power and control • Internal sabotage • Internal resistance ,institutional dynamics 	<ul style="list-style-type: none"> • Bureaucratic processes and Over-regulation • Entrepreneurs Investment costs
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	<ul style="list-style-type: none"> • Internal resistance to commercialization, • lack of implementation knowledge; lack of provincial and organisational support, ▪ System allows for a specifying that an opportunity is reserved for specific target group – ‘can switch off big companies’; -who participates ‘is entirely our decision ‘; able to set limits so that big companies cannot bid. Those who are dominating the sector, come up with a creative way to stop them; What role can SANParks play in changing? We must say that we do not want these big companies i.e. specify who it is for – identify size of projects and indicate who it is open to and not open to – on large projects increase empowerment component; operator’s arrogance not a genuine transformation, just doing it to get the contract 	<ul style="list-style-type: none"> • Lack of capacity • Lack of knowledge of the toolkit • Lack of leadership continuity • Limited entry points for SMEs • Domination by big business 	<ul style="list-style-type: none"> • Organisational Capacity • Domination by big business
<p>E)If there are barriers to entry, How can they be mitigated or removed ?</p>	<ul style="list-style-type: none"> ▪ improved development support, including training, mentoring, advice, partnerships, support ▪ innovation ▪ improved management and operational systems; internal systems and processes; management integration; systems and payment term policies do not provide for SMMEs ▪ better leadership, inclusivity, decision-making ▪ better marketing; knowing the existing and the new target markets ▪ introduction of a honeymoon period; define the development period ▪ access to funding; loans ▪ economic empowerment and benefits to communities including shared profits and equity shareholding ▪ B-BBEE, Transformation, ▪ capital investment risk ▪ ring-fencing opportunities for small business ▪ provide bid submission workshops; develop SMMEs; provide further 	<ul style="list-style-type: none"> • Leadership • Partnerships • Innovation • Decision-making • Inclusivity • Preferential procurement • Ring-fencing • Enterprise development • Honeymoon period • contractual obligations for big business • transformation • implementation of B-BBEE • Institution’s financial and administration systems • enabling environment • SANParks invoicing 	<ul style="list-style-type: none"> • Leadership and Innovation • Transformation of the sector

	<p>support to SMMEs ; identifying sustainability needs</p> <ul style="list-style-type: none"> • preferential procurement is not auditable, not a contractual requirement <ul style="list-style-type: none"> ▪ land claimants receive 10% free equity increasing to 80% at the end of the term. • force Enterprise Development on big business; bring in Enterprise Development obligations for developers to report contractually • micro PPP is still too complicated. • clarify the grey area of whose responsibility enterprise development is in the institution <ul style="list-style-type: none"> ▪ target black companies directly ▪ advertise in different languages ▪ make it easier to change contract; we are not changing the terms to make someone rich, trying to make them survive ▪ SMEs need special payment terms in order to cope with the environment. ▪ research established small enterprises surrounding parks; feed them into ED program ▪ non-exclusive commercial permits; provide diversity of tourism opportunities; not a revenue generating opportunity like bigger PPP's 	<ul style="list-style-type: none"> • clarifying institutional roles and responsibilities • create enabling processes – short term payments • distinguish between a Commercial PPP and Socio-economic Benefit PPP • Communication with black companies • Researching existing small black enterprises • Micro PPP design • Developmental support • Mentoring and coaching • Pre-submission training • Capital outlay and risk • Commercial permitting • Marketing • contract change process 	<ul style="list-style-type: none"> • Organisational Transformation • Developmental Support for small business
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The second order emergent themes presented in Table 5 above are the result of the aggregation of a myriad of data, themes, concepts, categories and sub-categories, with multiple conceptual linkages. These were aggregated into four final themes or 2nd Order aggregated dimensions (Gioia, 2004). Table 7 shows the four aggregated themes and provides a condensed definition of each based on the conceptual links made between the data.

Table 7: Definitions of Themes

AGGREGATED DIMENSIONS FOLLOWING SUBSEQUENT WORD AND THEMATIC ANALYSES		
	2nd Order Aggregated Dimensions (Gioia)	Definition
		Definition
Theme 1	Organisational Change that institutionalises the support for, and development of, small business	Includes the professionalism with which government and the contracting agency clarifies, administers, allocates resources, supports, monitors and implements the conditions of the contract. This includes organisational decision-making, operational delays, invoicing, facilitating changes to the agreement, efficient administrative systems, providing mentoring support, equipping staff with contract knowledge, creating an enabling environment, ensuring transparency of the process, expanding the economic entry points for SMMEs, negating internal sabotage, and innovative product development
Theme 2	The role of big business in the development of SMMEs	Includes the facilitation of big business of access to funding, skills development, legal expertise, financial management and HR professional support. And provides contract negotiation support; mentoring and coaching; training in tendering procedures and bid submissions; administration and compliance, marketing strategies, administration and compliance
Theme 3	Transformation that advances small black business	Includes B-BBEE advancement, preferential procurement; ring-fenced opportunities for SMMEs; expanding community investment partnerships; measurable financial and infrastructure gains; development and support of community trusts and innovative investments models; introduction of a honeymoon period; mentoring and coaching; enterprise development; breaking cartels; over-regulation; transaction costs; inclusivity in decision-making; community benefits.
Theme 4	Risk Management that Shares the Risk between Government and Small Business	Includes : For government : payment default, shifts in policy, leadership changes, shareholder demands, international market forces, lack of continuity in strategy For small business: Increased competition, changes in demand and supply, critical skills shortages, increased labour demands, technological expansion and redundancies, growth in monopolies, asset management

4.8. Quantitative findings

PPP concessions in SANParks (**Appendix A - List of concessions in SANParks**) have four categories: lodge concessions, shops and restaurants, facilities rental and activities.

In 2018 the cumulative total number of concessions awarded since 2002 was 50. A breakdown of ratio of large to small-cap concessions reveals that the ten largest concessions contributed 83.1% of the just over R1billion concession income over the 16 years since the commercialisation programme was introduced (Table 8). These ten concessions include lodges, retail and activities.

Table 8 - SANParks the sum life-to-date concession income

	South African Rand's	Average per concession
Revenue from top ten PPPs life-to-date	886, 931, 958 (83,1%)	5, 543, 324 per large concession pa (95%)
Revenue from remaining 40 PPP concessions life-to-date	180, 141, 472 (16,8%)	281, 471 per small concession pa (5%)
SANParks Total PPP concession income life-to-date 2002-2018	1, 067, 073, 430	

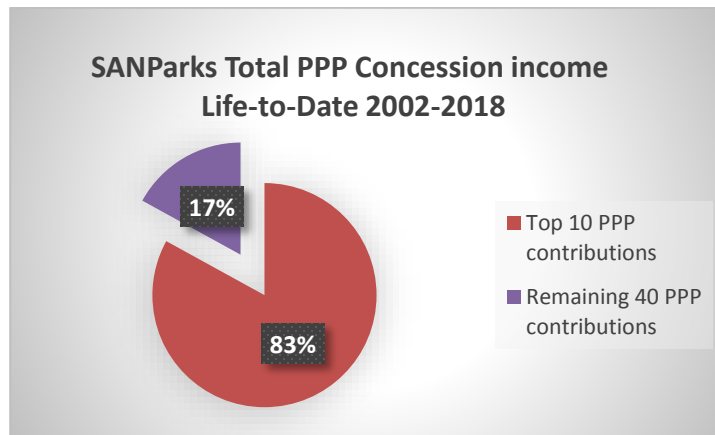


Figure 8 - Top 10 PPP contributions (SANParks Annual Report 2019)

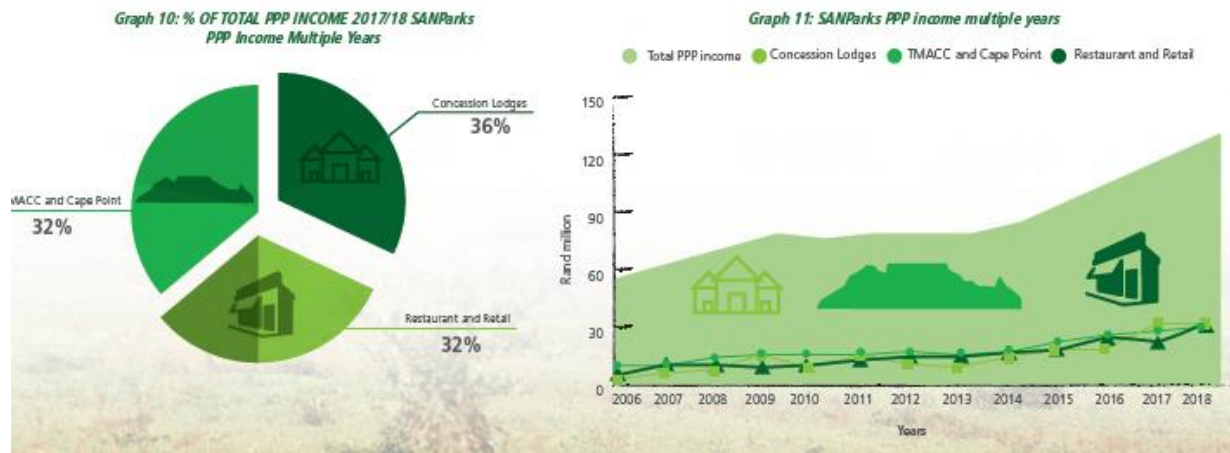


Figure 9 : SANParks PPP income by concession type (SANParks Annual Report 2019)

The SANParks commercialisation programme and the Toolkit both emphasised that their primary objective was to generate revenue for conservation. While at the time no quantifiable targets were set against which to measure the success of the commercialisation programme, SANParks annually provides statistics that allow for interpretations to be made. An analysis of concession performance since the introduction of the Toolkit shows impressive trends that confirm the value of PPPs. (SANParks, 2019).

Table 8 presents a summary of concession performance for the eleven years from 2009 to 2019. This period is used as it captures the concessions that were awarded since the Toolkit. The analysis shows the growth in the total number of concessions awarded in the period, the number growing from 28 in 2009 to 50 in 2018/9. This is testament to the long-term commitment of the organisation to the PPP strategy. It also reflects the growth in competency and skills in the organisation to release and manage PPPs. Over this period the number of full-time staff members employed by the Business Development Unit on whom the responsibilities for PPPs devolve, grew from 8 in 2009 to 10 in 2019. Concession income for the period grew by 232%, from R63m in 2009 to R146m in 2019. However, the concession income as a percentage of total SANParks revenue fell from 10% in 2009 to 7% in 2019. The total revenue collected from concessions for the total life to date from 2002 to 2019 stands at R1,06 billion.

The PPP programme has created 2016 permanent jobs and through the B-BBEE obligations has realised local SMME procurement spend that has grown from R58 million per annum in 2016 to R75 million per annum in 2019.

The statistics provide valuable leads to interpret how commercialisation has benefited SANParks, and, by association, may do the same for provincial and municipal protected areas that are also subject to the Toolkit but are currently not utilising it .

Table 9 – Total SANParks concession income for 2009 - 2019

Total concession income	Number of Concessions	Growth in concession income (facilities rentals, concession fees) ZAR	Percentage of total SANParks Revenue
2009	28	63 215 760	10%
2012	34	64 650 214	7%
2015	39	85 502 951	6%
2019	50	146 513 000	7%

4.9. Analysis of Findings

From the interview responses and the analysis of the case studies, four themes were identified in the Toolkit ecosystem. These indicated the factors that respondents believe determine the success and sustainability of small cap concessions. In the Analysis of Findings section below each of the four themes is expanded on individually. Each theme is analysed in order to understand it within the context of the research question and each is related to examples from the three case studies. The themes are aggregations of all interview responses. The individual theme analysis is therefore not exclusive to the theme but is to be read as linked findings that constitute the beliefs, feelings and opinions of the all respondents about the ecosystem in which they were operating at the time of the study.

Theme 1 : Organisational Change to institutionalise the support for, and development of, small business

This theme established as a fundamental condition for the sustainability of small businesses in a Tourism PPP that the institution that receives the enterprise be oriented in attitude, policy and structure to provide a nurturing and supportive element to the partnership.

Administrative Systems/Invoicing.

In traditionally bureaucratic organisations the functional decentralisation of roles contrives to negate the vital concept of mutual benefit and success (Polidano, 2001; Hood, 1995; Manning, 2001). One Parks official commented on the ‘silo’ aspect of the process as mitigating against collaborative working:

“because we are departmentalized everything is reliant on another department. It's not like everyone works together as a true multidisciplinary team” (Official 5 – interview, 2018)

Each concessionaire raised strongly their experience with SANParks administration systems as being unprofessional and ineffective and according to them, a critical weakness:

“Invoicing is one of my pet hates with SANParks. Why is it so difficult? If the set rental is the same every month, why is it so difficult to pay? I want to cry. I said please can I just pay you?” (Concessionaire 5 – interview, 2018).

In particular, the issue of inconsistent invoicing was identified as a matter generating undue stress and elevating the fear of a cash flow crisis that threatened long-term financial planning. The concessionaires described how not being able to predict the annual reconciliation payment put their business at risk and added unnecessary pressure to cash flow management. They reported that their request to pay upfront through the course of the year was rejected by SANParks as the organisation’s system was not designed to collect upfront payments. Where invoicing needs to be consistent and precise, it is unreliable in both the timing and accuracy. This compromises the entrepreneur’s ability to manage risk, or as was the case with the two concessionaires who received backdated invoices, threatens the existence of the business. In the case of Concessionaire 1, the single invoice she

received of more than half a million rand for rent that had not been paid for eight years, along with CPI that had not been updated annually, proved to be financially crippling for the business and broke her entrepreneurial spirit. Concessionaire 2 fortunately had the R120 000 available that she was invoiced :

“The amount for our annual fee increase... no one monitored it... so one year we had to pay R120 000” (Concessionaire 2- interview, 2018).

Integration with Park Operations

Due to the fact that the three case studies served different target markets and offered different products, they also required different responses and strategies from SANParks in order for them to function within the organisation’s regulatory and operational restrictions. Restaurants, for example, have more immediate waste removal demands than a lodge, while lodges have more extensive risk management concerns.

“Why does it take so long to get anything done? For me it’s a nightmare to work here, to get things done. ?” (Concessionaire 5 –interview, 2018).

Concessionaires relayed stories of frustration about inflexible gate times that meant deliveries were turned back, infrastructure emergencies that went unattended, poor or no signage, parking congestion that lost them custom, little or no marketing support, poor communication about decisions that affect them, slow turnaround in decision-making, consistent infrastructure damage by animals and excessive procurement delays. All three reported experiencing a lack of understanding and sympathy from SANParks’ operational staff towards the unique challenges that entrepreneurs face:

“Everyone needs to be on same page and have the same vision. The park has a vision, the entrepreneur has a vision – if it’s not the same then we’re doomed to fail” (Concessionaire 1 – interview, 2018).

A common complaint was that concessionaires are treated as outsiders rather than partners and that there is little sympathy from park staff when it comes to fundamental or emergency operational

issues that impact concessionaires' profitability. Operational staff do not seem to subscribe to or understand the spirit of partnership required in a PPP :

“What needs to change is the ‘them and us’ mentality. We need to see it as a partnership, a relationship. Often as scared as the operator is, so are our staff” (Official 6 – interview, 2018).

The organisation's strategic plan for commercialisation sets out to “*generate revenue, create jobs, alleviate poverty, include Black-owned enterprises, optimise the value of underperforming assets, reduce the cost of delivery, improve service levels, bring in private capital and expertise to expand and improve SANParks' tourism products*”(SANParks, 2018). However, these deliverables are not included in performance contracts of operational staff. It would seem a key starting point in organisational change that staff members are made to understand that supporting the concessionaire in delivering a quality product is a performance deliverable as much as any other.

Contract management

In all cases the concessionaires called for more extensive developmental support, highlighting the lack of a mentoring culture in SANParks and a lack of empathy for their business health.

“The contract was put out there and then I was left alone”. (Concessionaire 5- interview, 2018).

The contract negotiation and contract management phase is critical. Although Case Study 1 had the NPO as mentor and a legal advisor on retainer, everyone, including SANParks, missed the fact that the contract stated that maintenance lies with the concessionaire and not with SANParks. This was not conveyed to Park Operations who were happy to fulfil the maintenance role for years prior to the obligation being noted.

“If you only hear in the 9th year that maintenance is your responsibility, where does the problem lie ?” (Concessionaire 2 – interview, 2018).

Respondents called for the contract amendment process to be less restrictive in ways that allow for interpretations to be clarified or amended where market conditions have changed significantly over time. Contract negotiations happen before contract signature but there is not enough follow up to ensure the terms remain appropriate to changing trends and economic conditions :

“Why is contract amendment so difficult? Why does it have to go to Treasury ? We could call it risk mitigation or empowerment or more efficient operations.” (Official 6).

It was emphasised by the concessionaires and by SANParks officials in the interviews that an annual review is required to agree joint objectives that can be accommodated within the contract terms and if amendments are required that they be done timeously so as not to prejudice either party.

“We’re not changing the terms to make someone rich; we’re trying to make them survive. We change sometimes; it’s not easy and takes time, but it’s worth it. ” (Official 4).

The Toolkit requires that a Project Officer be assigned to provide post-contract monitoring and support. In each case this was the Regional Business Manager. In this, SANParks was meeting the minimum Toolkit obligation. However, because the support was not integrated with Operations, the support was inadequate. Concessionaires felt that it was not enough that the Business Manager was their only support; they expected all staff to be familiar with their business, with the conditions of their contracts and to be sensitized to the implications of operational decisions. To formalise this they requested frequent and more inclusive meetings with staff from departments other than Business Development.

Theme 2. The role of big business to provide development support to SMMEs

“What happens is the same people get the business all the time; it only moves around the top; it doesn’t filter down; this is the old story. So the person who’s going to get it is the guy who has a million rand, two million rand business [of] which he spends R100, 000 on a tender. That’s not going to bother him, that kind of person will get the tender again.” (Concessionaire 5 – interview, 2018)

“When the Toolkit was developed that requirement, enterprise development, wasn’t there. What changed is that transformation wasn’t enough. Bringing in black companies hasn’t happened enough” (Official 4- interview, 2018).

The question was often raised during interviews about where the support for these businesses should come from. While Theme 1 dealt extensively with the need for the receiving organisation to develop a mentoring culture, it was not expected by the ecosystem partners that the organisation should be entirely responsible for the developmental needs of the enterprise. As highlighted in the literature, government has invested heavily in capacity building through the Department of Small Business Development and its implementing agencies. Similarly, the NGO sector and international donors have made substantial commitments. It was, however, noted by the DBSA that the co-ordination of this support is considered disparate and often wasteful (DBSA, 2017).

The Broad-Based Black Economic Empowerment (B-BBEE) Act No. 53 of 2003 has as its objective to promote the entry of previously disadvantaged entrepreneurs into the mainstream of economic activity. The Tourism B-BBEE Charter Sector Codes were developed to provide a framework for the tourism sector to champion the support of black business and monitor the transformation of the sector. The Charter was amended in 2015 to create more opportunities for black enterprise, create more jobs, and address the imbalances in ownership (NDT Baseline Study, 2018). In their research into the state of transformation in the sector the National Department of Tourism (NDT) found there to be three key areas of transformation in the tourism sector that are performing poorly, these are Skills Development, Preferential Procurement and Enterprise Development. Table 10. reflects the NDT findings that highlight the areas of underperformance that need to be addressed. The findings indicate that the substantive areas of change relating to incorporation into value chains, access to funding, women-empowerment, lack of training, access to markets, and lack of concession opportunities are yet to be addressed.

Table 10. The state of transformation in Tourism in South Africa (NDT 2018)

	Large Enterprises (LEs)	Qualifying Small Enterprises (QSEs)	Exempted Micro Enterprises (EMEs)
Ownership Facilitators	<ul style="list-style-type: none"> Limited promotion of black women in ownership structures 	<ul style="list-style-type: none"> Mostly foreign-owned No need to conform as they attract the international market Status of black-owned businesses unknown 	<ul style="list-style-type: none"> SMMEs are struggling with funding and access to market Difficult to reach maturity in the market Black-owned SMMEs not part of the supply chain for LEs Access to opportunities
Management and Regulatory Environment	<ul style="list-style-type: none"> Hospitality sub- sector not promoting Black women in management structures Ceiling created for black women in management 	<ul style="list-style-type: none"> People with disabilities not represented in structures Do not get BEE certified 	<ul style="list-style-type: none"> Unmonitored on their performance in the sector Regulatory constraints relating to applications for funding.
Capacity Building	<ul style="list-style-type: none"> Lack of training in hospitality sub- sector Do not have 100% absorption of interns A sole mandate with international travel/events companies 	<ul style="list-style-type: none"> Lack of training in accommodation sub- sector and travel sub-sector Scarce skills like language diversity, travel consultants, field rangers and guides 	<ul style="list-style-type: none"> Lack of training in travel sub- sector Access to market and knowledge Lack of skills in management and finance Social media and distribution channel skills Lack of access to tour packages/ supply chain
Black-owned Enterprise Development	<ul style="list-style-type: none"> Lack of compliance with preferential procurement targets Travel related sub- sector procures from out the country Procurement from large established companies Does not promote Black-owned companies in value-chain/supply chain 	<ul style="list-style-type: none"> Opportunity to promote sharing economy Willing to provide mentorship to individuals 	<ul style="list-style-type: none"> Lack of concession opportunities or abilities Cannot supply economies of scale
Socio-Economic Empowerment	<ul style="list-style-type: none"> Hospitality sub- sector lacks in this area compared to other sub-sectors 	<ul style="list-style-type: none"> Low contribution to Socio-Economic Empowerment Implement youth and women programmes in QSEs 	<ul style="list-style-type: none"> No funds or capacity

Interviews with officials from Treasury and SANParks made strong cases for large concessions to be contractually bound to deliver enterprise development targets as a condition of the award. The Treasury official commented on the difficulty of setting targets :

“We have not set any targets. It is difficult to set targets...because you have your B-BBEE policies. We leave it to the institution to determine the empowerment levels ...there is flexibility within institutions to develop their own targets.”

(Official 1 –interview, 2018).

It was acknowledged by these officials that while empowerment was included in the concession programme, not enough focus has been put on it. This has been recognised by SANParks and the organisation has recently made advances in policy to enforce and measure enterprise development of large concessions.

“The gap is in Enterprise Development... the obligation is on them to take on small enterprises, to develop them from scratch or 2 years or whatever, use them for preferential procurement and report on that as part of their contractual obligations”. (Official 2 – interview, 2018)

Theme 3 - Transformation that advances small business

Empowerment

“ ...that’s unfortunately the mentality of our people who didn’t grow up in business, not like white people. We didn’t have that.” (Concessionaire 2 – interview, 2018)

Of the three case studies, Case Study 1 was the only one to have a formalised mentoring programme. The Sustainable Livelihoods Programme Approach provided a support programme that invested intensively in both hard and soft skills. This took the form of a targeted developmental plan that included ongoing legal, operational and psychological support. Their 5-year ‘honeymoon’ period during which they received organisational support and financial leniency in respect of a below-norm concession payment, was instrumental in the establishment of the business. The

security of having market-based financial obligations absorbed by SANParks meant that they could focus on developing the critical areas for success. These included establishing quality standards, developing staff competency, formulating marketing strategies and capital build-up. This model begins to define a template under which emerging black business that are awarded concessions can be supported towards sustainability. One official pointed out the impact of the change in government strategy :

'Government chose to shift from Sustainable Livelihoods Programme to an Expanded Public Works Strategy, from independent to dependent, coupled with training that is limited to survivalist. The aim was to employ numbers to address unemployment, but it sacrificed the developmental aspects of the programme'. (Official 8 – interview 2018)

Case Study 1 was successful in growing its marketing networks and expanding its product offering to include catering and events. Scaling meant an increase in staff from seven to twelve persons. Case Study 1 never waived their obligation to give back and was recognised by the community for the contributions the owners made even while internally the owners were in conflict. One owner remarked thus:

"We got by 'by hak en tak'. I would say we've learned a lot from each other, from each other's weaknesses and strengths and faults." (Concessionaire 3 – interview, 2018).

Case Study 3 had the confidence to explore an expansion of her business. She was able to access loan finance and to take on the payment demands. During the three years of financial leniency from SANParks she concentrated on establishing her brand through staff training, target marketing and developing a service culture on the standard of five-star restaurants. The support given to Case Study 3 by SANParks was less structured than what would be required by the Toolkit concession contract. It was more intuitively driven by the objective of creating a viable addition to the visitor experience and becoming an asset to the community. The first three years of the concession were thus not aligned with what became the prescripts of the Toolkit. This period allowed for the spontaneous progression of the concession relationship during which the park provided ad hoc business and operational support. The Toolkit process would consider this prejudicial to other bidders as it would be seen as presenting an unquantified advantage to the concessionaire. The

argument is that if this support had been declared up front, bidders' appetite for the concession might have been different. This seems to be easily avoided if the organisation is prepared to declare its mentoring principles and methodology upfront. In this way the organisation could negate the suggestion of unfairness.

Community benefits

The concessionaires were enthusiastic contributors to community projects. They made strong recommendations that small concessions should be contractually bound to committing a percentage of their annual profits, or a variation thereof, to social legacy projects. It was felt that the opportunity to operate a concession in a national park is a privilege that should be shared with the community. A number of examples of them giving back were provided. These included providing study bursaries and the funding of local crèches, community centres and old age homes. Case Studies 1 and 2 had clear strategies to ensure that an extension of benefits flowed from the existence of their businesses into the community. Included in Case Study 1's contract was an undertaking to invest 10 % of their annual net profit into community projects. This was considered reasonable given that the capital costs were covered by government through the SCLP. Over the years significant investments were made in the Langebaan Primary school, Langebaan Multi-purpose Centre and Langebaan Old Age Home, with their contributions being audited as part of the contractual agreement. An innovation of the case study included the empowerment approach used in phase 2 when the business extended to include three new chalets, a swimming pool and a boma. They chose environmentally sensitive sandbag construction and trained 26 unemployed youth from the local community to manage the construction. The project included business skills training with the aim of establishing their own construction teams and access local tender opportunities in the construction of sandbag infrastructure. Unfortunately there was not enough funding to extend the mentoring of these teams beyond the construction phase.

The Case Study 2 operator annually hosts dinners to raise funds for a number of community beneficiaries. These include her alma-mater, a school in a depressed Cape Flats neighbourhood, the Baxter Theatre Benevolent Fund for retired actors and for St Luke's Hospice. This is not a contractual obligation. The concessionaire stated firmly that she believes the aspect of contributing to community projects should be made a contractual obligation: "*give back to where you come from... you should put that in the contract*".' (concessionaire 5 – interview, 2018).

The operator of the business in Case study 3 focussed on establishing a Workers' Trust aimed at sharing benefits with staff and creating a succession plan for the next round of tendering for the concession. The Workers' Trust was based on the equity-share empowerment model used by Solms-Delta, the wine estate near Franshoek. Her beneficitation plan was more ambitious than the other two case studies and had it worked, would have been a positive transformation story. However none of the staff developed a sense of ownership and will not contest for the concession when the bid is released. Concessionaire 1 reflected that : *“They didn't see the Worker's Trust as an investment. It was difficult to get them to understand it's not always about money, that profit isn't overnight”*. (Concessionaire 1 –interview 2018) indicating that unfortunately *“Too many of my staff were in survival mode and couldn't take risks”*. (Concessionaire 1 –interview 2018).

Theme 4. Risk Management that shares the risk between government and small business

As noted previously, the Toolkit's position on contract amendment is that changing the contract conditions post-award disadvantages other bidders who may have tendered had they known these options were available.

Case Study 1 assumed the least start-up risk as the refurbishment of buildings, staff costs and financing that would normally require substantial owner's equity or loans was not an inhibiting factor. The traditional capital outlay that entrepreneurs have to make was grant funded. This support was critical for the establishment of the business. Official 4 remarked on the merits of risk sharing: *“It's a good model because we share risk. With Micro PPPs if it goes haywire, it's not a train smash.”* (Official 4 – interview, 2018), while Official 5 remarked on the realities of risk in a volatile emerging market: *“...if you want to be an entrepreneur there is an element of risk. There are risks whether you like it or not ...because we are an emerging market and there is a hell of a lot of volatility and risk. And that is just the reality.”*(Official 5 – interview, 2018).

The business operator in Case Study 2 relied on the financial support of her business partner who was cash flow positive. She invested R500 000 in start-up of her own capital and assumed the full range of risks immediately. The contract assumed that she had the financial reserves to provide a buffer during her establishment phase and that she would in fact make a success of the business.

Failing would have meant significant financial loss, a risk not many start-up entrepreneurs are able to take.

Official 3 remarked on the unwillingness of many small entrepreneurs to take this kind of risk:

Our contracts expect them to pay from day 1 when they don't know yet [if] it's going to work. A lot of what the small entrepreneur does is calculated risk, many don't because they're can't be sure, so they rather don't tender, it's a barrier to entry.
(Official 3 – interview, 2018).

The Case Study 2 business operator received no development support and was expected to meet all contractual obligations from day 1 of the contract. While SANParks acknowledged the infrastructure defects that she had inherited and that could retard her growth (aging infrastructure, restricted operating hours, weather seasonality, limitations on physical space, cultural heritage regulations), she was not afforded a cohesive developmental programme nor payment leniency.

The Case Study 3 business operator committed her own equity, secured bank loans and invested R300 000 in the first three years. SANParks provided risk-buffering by retaining a large degree of the maintenance and operational risk during the three-year developmental period (refuse removal, landscaping, provision of staff accommodation, servicing public toilets, security and parking areas). This allowed the operator to invest in the development of her brand and diversify her product. The willingness of SANParks to absorb risk during the establishment phase to allow the entrepreneur to focus on building the business is significant, a discussion that is taken up in the analysis later in chapter 5. It is important to note that this operator subsequently spent R120 000 in 2009 on specialists to complete her tender submission when the tender was formally released through the Toolkit process to win the 10-year contract.

Official 4 remarked on the value of the Toolkit in helping to insure both government and investors against risk: *“Without it (the Toolkit) you get a lot of loose cannons. It covers government from getting whiplash. It opens up government for scrutiny if something goes wrong, gives security to investors, minimises risk on both sides”* (Official 4 –interview, 2018).

Significantly, both Case Study 1 and Case Study 2 retained the services of accounting, legal and labour relation's specialists throughout the duration of their contract terms. Both treated the process as a critical investment and a necessary expense. Case Study 3 did not have a fulltime accountant to manage her books and while SANParks was remiss in its invoicing, it may have been an omission identified earlier by a professional. The invoicing debacle highlighted the fact that the prerogative remains with the entrepreneur to ensure that they have the resources and systems to contain their risk.

4.10. Why the poor adoption of the Toolkit ?

In the tourism sector in South Africa only SANParks, CapeNature (De Hoop PPP) and the Gauteng Department of Agriculture, Conservation, Environment and Land Affairs (Cradle of Humankind PPP) have used the Tourism Toolkit. SANParks currently has 50 active PPP projects and is the only conservation agency to have established a specialist PPP Unit (SANParks, 2019). It was revealed in the interviews that no provincial or municipal agency has engaged with the Toolkit to release assets in its parks or nature reserves. Many have indicated interest from SANParks as also revealed in the interviews. Ezemvelo KZN, Mpumalanga Parks Board, Eastern Cape Parks and Tourism Agency, Limpopo Tourism and Parks have all been hosted by SANParks, at their request, to learn about tourism concessioning. However no projects have progressed beyond executive approval in these organisations (Official 2- interview, 2018). Interviewed respondents expressed their opinions on the possible reasons for this. Suggestions included that the complexity of the process and the capacity demands are a disincentive for struggling agencies that do not have the funds to appoint Transaction Advisors. Respondents pointed out that these agencies also do not have the expertise internally to establish a team with the sole mandate of managing PPPs. A counter-opinion was that in the organisational culture of these agencies, officials prefer to retain internal control over budgets and the ability to influence the awarding of tenders (Binza, 2009; Officials No: 1; 2; 5; 4 – interviews, 2018). One example :

“PPP's take all decisions and access to tenders away from officials” (Official 1- interview, 2018)

The literature showed the Toolkit PPP process to be a transparent process that demands high levels of accountability and disclosure from all participants. Adopting a PPP strategy requires that

organisations adopt a partnership mindset that looks outwards and gives stakeholders access to how decisions are made. Officials interviewed raised the issue of a reluctance of organisations to adopt PPPs as a long-term organisational strategy as it binds successive managers to PPP contracts that may stretch over 30 years or more: “*Where facility managers used to be procuring all these things, they suddenly don’t have access.*” (Official 2 -interview 2018).

Arguments in the literature also referred to provincial and municipal competencies that are presented as possible reasons for the poor take up. The governing legislation framework for PPPs in South Africa includes the Public Finance Management Act, PFMA Treasury Regulation 16, the Municipal Finance Management Act, the Local Government Act, the Municipal Systems Act and Municipal PPP Regulations and the National Treasury Municipal Guidelines of Municipal Service Partnerships of 2006. The Public Finance Management Act (1999) regulates national and provincial PPPs, while the Municipal Finance Management Act regulates municipal PPPs. All institutions undertaking PPPs require approval from the National Treasury in four phases (the feasibility study, procurement, value for money and the final PPP agreement). These institutions go through regulatory tests that assess value for money, affordability and risk transfer before they are implemented. With municipalities the Municipal Council grants the approval while the National Treasury only issues their views and recommendations (Treasury Budget Review, 2019). The implication of this multi-level approvals route is that it causes impasses in decision-making.

In 2006 the government announced a R320 billion public sector infrastructure investment programme as part of the Accelerated And Shared Growth Initiative For South Africa (ASGISA). This prompted the establishment of SPAID (Support Programme for Accelerated Infrastructure Development) that embarked on researching the challenges that impede delivery. They focused on four initial areas, each comprising a sub-programme (SPAID , 2007).

The results provide valuable indicators of the reasons for poor take up by other agencies. For Sub Programme 2, “Support to Municipalities and Provinces”, the research found capacity constraints in municipalities in terms of implementing infrastructure projects together with a lack of coordination between support programmes seeking to address these constraints. The support programmes “have diverse objectives, are uncoordinated and are mostly short term...have limited

capacity to spend their infrastructure budgets...lack alignment of funding instruments and do not have the ability to procure long term technical skills” (SPAID, 2008, p.3).

For Sub-Programme 3 “Public Private Partnerships” SPAID (2007) found a lack of resources in municipalities. These included skills, time, transaction costs and ambiguity in respect of laws affecting municipal government. They also noted internal institutional barriers such as the extensive planning and analysis required when applying a PPP (SPAID Report #1 -2007).

The report concluded that there are three interrelated areas of contention that remain unresolved that hinder the rollout of PPPs at provincial and municipal level:

What policy objectives should PPPs achieve in South Africa?

Does government favour the use of PPPs in general or only in specific circumstances or specific sectors? For example, Treasury’s view is that PPPs should be used to achieve value for money, optimal risk transfer and improvement of long term planning. However, many implementing agencies view PPPs as a vehicle for financing rather than for service delivery.

What are PPPs in South Africa?

Following from the first question, the operational definition of PPPs remains unclear. Into the future the definition will determine which transactions fall within the ambit of the National PPP Unit vs those of provinces and municipalities.

What is the role of the National PPP Unit?

The answer to the second question will define the scope and responsibilities of the PPP Unit. The research found that while the National Treasury PPP Unit provides a strong legal framework for how to operationalise PPPs, they believe that South Africa needs higher level leadership on why, and under what circumstances, PPPs could or should be used to achieve policy goals.

Relevant to objective of this research it is noted from the SPAID Report that the potential for the scaling of benefits from tourism PPPs via provinces and municipalities is hindered by what appears

to be a combination of lack of national strategy, organisational culture and inadequate resource alignment.

Two other sources offered explanations for the poor take-up by conservation agencies :

Foremost was a senior SANParks official who felt, firstly that the problem lies with poor skill sets at local level. The argument in support of this view was that because SANParks was involved in PPPs from the start and had the International Finance Corporation as transaction advisors to guide the process, skills were developed and transferred in the organisation. Secondly, it requires that organisations invest in long-term strategies that ensures continuity when senior management changes. The fact that concessions may be awarded for extended periods requires a transparent organisational strategy that is not subject to the whim of individuals when leadership changes. Thirdly, the transparency that is inherent in the Toolkit process has established confidence in the concession programme for both internal and external stakeholders.

Poor skills sets and inadequate capacity was a recurring inference from both the research participants and from the literature. The depth of knowledge and experience that SANParks has gained over 16 years cannot easily be replicated by new implementers who wish to initiate PPPs. It thus befits government and SANParks to be lead agents in a national drive to capacitate other agencies if government believes that increasing PPP rollout in protected areas has the potential to bring vital growth and investment opportunities to rural areas.

4.11. Conclusion

The research examined the effectiveness of the Toolkit in creating benefit for local communities near or adjacent to national parks. The case studies provided nuanced accounts of the concessionaires' experiences and allowed the researcher to gather insights to understand more clearly the barriers and constraints that they experience.

The principles of fairness, equity, transparency, competitiveness and cost- effectiveness are set out in the Constitution of South Africa as fundamentals of public procurement. While the literature review suggested that the constraints associated with the Toolkit bidding process might lie in the complexity of the language, the transaction costs, the time, resource demands and financial risk,

the interview responses and the case studies hint at elements of the procurement process that may encourage greater small business participation and ensure long term success. For example :

Case Study 1 took the most radically different path from the Toolkit's prescripts, starting with the inclusiveness with which the project specifications were developed. The project employed interviewers to go door-to-door to present the community-PPP proposal and get inputs into the project's desired objectives and outcomes. The level of transparency in this case study is a lesson in inclusiveness that could be factored in as a principle, if not in the methodology employed. Transparency was aided by community representatives being part of the selection process as well as part of the performance assessments of both the project managers and the business unit. The process followed in Case Study 1 suggests that there are a number of conventions associated with the early phase of the Toolkit process that could be revisited. Transparency definitions could be revised to go beyond the assumption that the implementer is the sole determiner of the project objectives and the only adjudicator involved in the awarding of the concession. The process could shed the anonymity associated with a paper-based application process without compromising competitiveness. It could, for example, engage with SMME applicants allowing them to make representations in person. This could reduce the potential bias that comes with assumptions about the proponent when a bid is received that has not had the benefit of extensive resource investment. Developmental support was formalised in the form of appointing a third party to train and mentor members of the business unit in Case Study 1. This support was funded by government through a poverty relief programme using the sustainable livelihoods approach and was a significant factor in the success of the venture.

In Case Study 2 the concessionaire received no financial or developmental support, pre- or post awarding of the contract. The bid specifications were revised because bidders felt that there was too much financial risk in the capital investment required for a three-year contract. SANParks increased the black empowerment component that effectively tipped the scores in favour of a single-owner black female. Here the organisation was responsive to bidder's feedback and was proactive in reasserting the transformation element as a primary value objective.

In Case Study 3 SANParks created a support network at park level that included financial leniency and operational support. This allowed the operator to focus on building a brand and improving service standards, and less on concerns about rental and maintenance obligations. The agreement set a nominal rental so that the owner's capital was invested in establishing the fundamentals of the product.

However, in interviews a number of SANParks officials raised the concern that the low returns on small-cap concessions do not justify the resources required to release them. The financial review confirms this contention. Quantitative data was collected that presented the number of concessions awarded and the total revenue collected since the Strategic Plan for Commercialisation was introduced by SANParks in 2002. The figures show that the financial gains to the organisation are overwhelmingly from large concessions. Out of a total revenue of about a billion rand since 2002, the top ten earning concessions make up 83%. What does this mean for the PPP contribution of small businesses? Why should implementers even bother with small-cap PPP's if the financial returns are so low? As National Treasury did not set targets and has no numerical gauge against which to assess achievements, can we say that the Toolkit has been effective? Since the Standardised PPP Provisions were introduced in 1998, a total of 31 projects have been signed off by National Treasury as completed. This is an average of less than two per year. These include hospitals, transport, roads, tourism and head office accommodation (PPP Unit Report, 2017). Comparatively, Public Finance Initiative in Britain on which the Toolkit was based, signed 450 contracts between 1992 and 2001 (Allen, 2001) averaging about 50 per year. Of the BRICS countries India has more than 1300 PPP projects in different stages of implementation and China has 11 260. These figures are not comparative as they do not describe the capital investment, the complexity of the processes, or the resource capacity in these countries but they highlight the inability of South Africa to measure performance against global standards due to the lack of initial targets.

Tourism by definition cannot dissociate itself from the communities or the ecosystems within which it operates. If the original objective of the Toolkit was a “*revenue generating mechanism to subsidise conservation*” (Official 1- Interview, 2018), then an implementer would be justified in allocating all its resources to ensure the best return on that primary measure. However, as the real

world challenges and the literature review suggest, SANParks has a higher-level principled obligation to social redress with a bias to ensuring economic benefits to the poor. This obligation challenges the organisation to show how it will entrench social redress in its culture so that it is tangibly and sustainably experienced by the poor. While the Toolkit has proven its ability to attract investment and improve tourism products and assets, it has yet to show how it is able to change livelihoods at grassroots level (PMG, 2013).

Chapter 5 – Discussion and Praxis

5.1. Introduction.

In this chapter the theoretical frameworks that were identified in the literature review are referenced to frame an understanding of the research findings. The four key themes that emerged are individually analysed within their socio-political contexts to suggest an interpretation of the findings within established theories.

The themes of organisational and corporate change are framed within the neoliberal macroeconomic environment that was adopted by the new government and the public service that accompanied it. Corporate Change is specifically framed with the recognition that economic redistribution needs to be accelerated in South Africa and that corporate South Africa needs to commit to the highest form of ethical business practices. The theme of Transformation is framed within the legacy of apartheid that stratified society according to race and denied the socio-economic advancement of black South Africans. The theme of Risk is framed within the context of the entrepreneurial ecosystem that determines the potential for a business to succeed. The chapter ends with suggestions for praxis that responds to the research findings. It outlines a series of policy and practical initiatives that could improve the Toolkit as a vehicle for economic transformation.

Theoretical links between the literature and the research findings.

The literature reviewed in Chapter 2 identified institutional and legal challenges to small businesses that include among others the cost of transacting, lack of resource capacity, inadequate training, limited funding, poor developmental support, and high costs of compliance and registration (SPAID, 2007; UNESCAP 2012; Rankin 2006; Woodward et al., 2011). There has been evolution in the legislative and policy environment around the Toolkit, in particular in the Tourism Sector Codes and the Preferential Procurement Regulations, but no change in its design or its orientation (DTI, 2017; NDT, 2016).

Figure 9. below represents the Toolkit's entrepreneurial ecosystem as perceived by the four major stakeholders in South Africa. The themes illustrate the absence of, or the call for, greater

empowerment measures to be included in the Toolkit and reflect the desire for commitment by the parties to agree a common shared stakeholder value position.

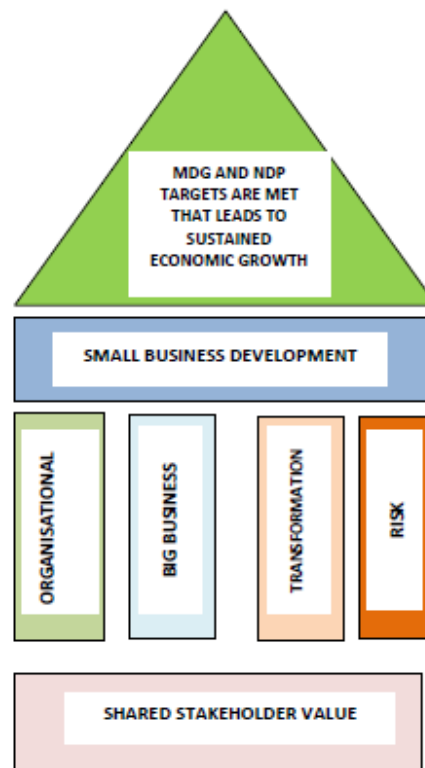


Figure # : Schematic of interrelatedness of Global Themes f

Figure 10 : Schematic of interrelatedness of global themes (source : author)

5.2. Theme 1: Organisational Change and the Neoliberal macro-economic environment

Why has transformation not happened more extensively? Chapter 2 presented a detailed description of how the South African government's post-apartheid macroeconomic framework determined the orientation of national policy and the strategic objectives that underpinned them. The rejection of RDP for GEAR shifted the policy orientation towards the corporatization of the state and the promotion of economic growth through the liberation of the economy and private sector investment. (Bhorat et al., 2014; Lemon, 2004; Habib, 1997; Marais, 1998; Bond, 2000; Khoza 2001). The literature identified 'Asian Tiger' countries that followed an aggressive developmental route with notorious success and offered alternative scenarios to South Africa's economic path (Saad-filho, 2010). As described in Chapter 2, the original intention of the Toolkit

was to develop a procurement mechanism that would seduce local and international investment capital to enter into partnership agreements that would generate revenue for government. (National Treasury, 2005; Official 1- interview 2018; Fearnhead, 2003; Maguranyanga, 2009). Theme 1 revealed respondents' perceptions and views of the strong ideological link between the post-apartheid macroeconomic orientation and the reasons why many organisations, in the case of the current study, SANParks, did not institutionalise their responsibility to develop and support small business.

Part of the explanation lies in New Public Management that took hold in the late nineties. NPM corporatised the state and included the introduction of management elements such as target setting, monitoring and evaluation, administrative efficiency and performance management. The corporatisation of the public sector was modelled on neoliberal western governments and driven by international management consultants who promoted the global investment agenda through sophisticated restructuring models that promised increased revenue through business efficiencies (Cameron, 2005). This corporatization represented an attempt to professionalise an inefficient South African civil service. International funding agencies and management consultancies like the World Bank, IMF, OECD, Mckinsey and PWC spread their influence across ANC policy formulation that included the development of the PPP Toolkit. The Toolkit was largely a reproduction of what had been implemented in countries such as New Zealand, the USA and the UK (Hall, 2015; Hood, 1991; Pollitt & Bouckaert, 2004; McCourt, 2001; Hughes, 2003; Minoque, 1998; Pollitt, 1993; Haque, 2000). Institutional isomorphism and corporatisation became more entrenched as the public sector became more conforming, less diverse and less innovative.

The research findings of the current study elevate the responsibility of government to transform the economy to advance black entrepreneurial growth. For this, government and its agencies need to employ the legislative tools that it has at its disposal. It is clear that although the public sector was given the legislative tools, it did not enforce them (NDT, 2018). This can be explained in large part by the pervasiveness of neo-liberalism that seduces developing nations with investment only to control the way profits are disbursed (Koelble, 2004; Schilcher, 2007). It also was confirmed in the literature that big business avoided its transformation obligations, instead finding willing black partners to circumvent the real transfer of ownership. Therefore, notwithstanding the SANParks pro-empowerment ambitions in the early 2000s, the organisation was not in a position to take on

big business with the bold policy positions it has recently taken, being that investment capital lay in white hands and without whom there would have been no concessions. Official 2 (interview 2018) confirmed that institutions were left to make their own decisions about empowerment but in fact did not *“because it’s difficult for black business to raise capital and this would exclude them”*. As indication of how the transformation imperative has been elevated SANParks has recently committed itself to an aggressive programme to ensure that transformation in the concessioning programme is accelerated. This programme includes:

Enterprise Development

SANParks has adopted the component of the Tourism Charter that allows it to impose contractual obligations on large concessionaires to commit to enterprise development targets. Recent PPP contracts have introduced enforced sub-contracting of PPP Projects of 30% partnership with 51% black owned EME or QSE and a contractual obligation to develop no fewer than seven new SMMEs over the course of the contract period.

Ring-fencing

In April 2018, the organisation adopted a policy that ring-fences SMME PPPs. This is intended to enable categories of enterprises to compete against like-sized entrepreneurs. Table 10 indicates the turnover thresholds for companies wanting to tender for PPPs in SANParks.

Table 11 – Ring-fenced value of PPP opportunities for Small Business:

Required Capital Investment of Project	Maximum Existing Turnover of Bidder
< R2,5 million	R 5 million
R2.5 million to R5 million	R10 million
R5 million to R10 million	R20 million
>R10 million	Unlimited

In terms of the ring-fencing protocol, when small opportunities are advertised, bidders are invited to a training session to assist them with the submission of a tender. Tender

requirements are adapted to allow for entrepreneurial participation but that does not compromise on the technical requirements to undertake the project (SANParks, 2019 unpublished).

SANParks introduced this policy in response to the argument that white businesses dominate the sector and retard transformation due to their historical economic advantage (Rogerson 2004; 2008). This is an encouraging advancement and is consistent with the organisation's strategic goal to strive for "progressive, equitable and fair socio-economic transformation" (SANParks Annual Report, 2019:27).

"our investments in small business is part of the national transformation agenda. Our mentoring, coaching, enterprise development is part of this mandate" (Official 2 -interview 2018).

5.3. Theme 2: Corporate Change, economic redistribution and ethical business practices

The most recent B-BBEE Tourism Charter (2016) set new targets for Enterprise Development for big business and for equity shareholding to black partners. During interviews with research respondents, Treasury and SANParks officials made the case that big business should be made more responsible for the development of small business. The transformation agenda is multi-layered and includes development support initiatives from government agencies, NGOs, DFIs and from countries outside South Africa. Alongside this, the Sustainable Development Goals internationally and National Development Plan locally, set bold targets for the reversal of economic imbalances. Both place strong emphasis on systemic change in how government and business approach sustainable development and economic growth. These targets demand that business incorporate a wider set of economic, environmental and social impact measures over and above the bottom line. The setting of these targets requires a change of attitude towards ethical business behaviour that business has to, preferably willingly, commit to as a development agent. These programmes and their methodologies are based on the principle that the interests of business and society are integrally entwined and that due to divisive historical relationships, institutional change and enabling legislation are required to advance social and economic growth (Agarwal et al., 2017).

Other than the three key measures (value for money, affordability and risk transfer), there were no transformation or developmental goals included as part of the Toolkit. The literature confirmed that transformation in the sector has been severely lacking (NDT Report, 2013; 2018). In interviews, the implementation of B-BBEE surfaced as a recurring theme. Official 1 confirmed that no targets were set, only that it was meant to “boost the industry and inspire investment” (Official 1 – interview 2018). The emergence of the lack of transformation as a dominant theme was driven by the feelings of respondents that big business has continued to benefit from historical privilege without delivering on its obligation to share economic benefits. Respondents made reference to big business as “cartels” and as “arrogant” (Official 1 – interview 2018). Elsewhere respondents acknowledged that “*transformation hasn’t happened fast enough*” and “*we should have started earlier*” (Official 4- interview 2018) and another suggested the need to distinguish between a ‘*a Commercial PPP and a Socio-economic benefit PPP, with special payment terms*’ (Official 2 – interview 2018).

The only reference to socio-economic development in the Toolkit is to the B-BBEE Charter. It was left to implementers of the original Toolkit to decide on the degree of transformation they would apply under the B-BBEE and Preferential Procurement Act legislation. The Treasury official commented on the difficulty of setting targets : “*We have not set any targets. It is difficult to set targets...because you have your BBB-EE policies. We leave it to the institution to determine the empowerment levels ...there is flexibility within institutions to develop their own targets.*” (Official 1 –interview, 2018).

The B-BBEE Tourism Charter Council, government’s authority to facilitate transformation of the sector, concluded in its 2018 State of Transformation Report that transformation in the sector is poor and identified a lack of access to concession opportunities for Small Business as one of the problems. In its presentation to Parliament’s Portfolio Committee on Tourism (2017), the Charter Council reported that the majority of tourism enterprises were failing to meet transformation targets across all the elements of the B-BBEE scorecard (PMG, 9 June 2017).

The State of Transformation report noted that:

- The vast majority of tourism enterprises have no black female shareholding.

- Exempted Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs) have not introduced any full black shareholding into their organisations.
- There is a very low level of black female absorption of tourism enterprises at directorship level.
- The recruitment and retention of black skilled staff is poor.
- Access to funding remains a challenge.
- Awareness of the tourism sector specific code is lowest amongst EME's.

On the B-BBEE Recognition Level of EMEs only 3% of enterprises rated as Level 1, 4% as Level 2 and 8% as Level 3, indicating that the small business component remains majority non-Black. For QSEs the hospitality and travel-related sub-sectors still have a majority of enterprises that scored as Level 4, indicating little transformation in its organisational structures. For Large Enterprise, the majority of large tourism enterprises have not transformed as per their sector scorecards (NDT Baseline Study - 12 March 2018 - Powerpoint).

In the last three decades the parameters have shifted in terms of what constitutes acceptable corporate behaviour. The Tourism PPP Toolkit (2005) was developed before the global shift that redefined the concept of benefit and forced businesses to consider their environmental, social and governance impacts. Interestingly “*South Africa is the only country worldwide with a Constitution that recognizes sustainable development as a human right, with publicly listed companies obligated to report on their sustainability activities and performance*” (Du Plooy, 2006 cited in Ludeke-Freund, et al 2016, p. 16). The design of the Toolkit reflects the utilitarian mindset of business at the time, where shareholder value was prioritised over the developmental interests of society (Porter & Kramer, 2011; Schwartz, 2012; UNEP, 2013). Balance sheet measures began to be integrated with Environment, Social and Governance performance measures (ESG) that shifted the ‘social obligation’ and ‘payback’ expected from corporates to multi-dimensional levels that required mainstreaming of business ethics around sustainability, healthy ecosystems, job creation and public health. Elkington (1998) referred to this as the “*people, planet and profit*” orientation (Elkington 1998, cited in Breuer & Lüdeke-Freund, 2016 p. 13) where the emphasis shifts from solely financial shareholders to include non-financial stakeholders. It also takes into consideration the importance of distinguishing value between shareholders and stakeholders. More differentiated

notions of value and values reveals two facets: firstly, “value as a form of expected output and outcome, such as financial revenues or reduced social and environmental impacts” and secondly, value as a subjective notion of the desirables “expressed as beliefs, attitudes and behaviours” (Ludeke-Freund, et al, 2016, p.16).

Official 3 posed this question about the two different kinds of value:

‘What is the Toolkit’s value for money proposition? Is it about financial gain or social benefit? And have we been using the wrong measure?’ (Official 3- interview 2018)

Notwithstanding that it was designed in post-apartheid South Africa with a population that was seeking healing and justice, the Toolkit was designed with only financial and asset-gain measures related to value for money, risk transfer and affordability. Official 1 said that the Toolkit can be used to breakup “*cartels, where the money revolves around the same guys*” and in that way “*share benefits*” (Official 1- interview 2018). However, the Toolkit was not designed to do that. The Toolkit was primarily designed to generate revenue, ensure operational compliance and reduce financial risk; it was not designed as a mechanism for transformation. Sources confirmed that the Toolkit was developed without empowerment targets and with a strong emphasis on its technical and auditing robustness [DTI; National Treasury, 2005).

5.4. Theme 3: Transformation and the legacy of Apartheid

5.4.1. Social transformation.

The National Planning Commission, taking its cue from the National Development Plan, defined transformation as a “*fairer balance in ownership, production, distribution and consumption as well as of opportunities*” (Vision2030). Marais (1998) unpacks transformation further and separates deep transformation from shallow transformation (Marais 1998, in Poonan 2004). Shallow transformation calls for deracialised neo-capitalism with privatisation and a degree of poverty alleviation. Deep transformation involves the establishment of a social democracy that is grounded in human rights with the aim of transforming the entire society and economy through state intervention to create a developmental state. As the literature review in Chapter 2 indicated, the new democratic government chose the former path.

Transformation and SANParks

With the transition to democracy in 1994 the National Parks Board was confronted for the first time in its history with having to justify the existence of a National Park system and was challenged to explain its position on inclusivity and redress (Poonan, 2004). The organisation's biodiversity mandate had suddenly morphed into multiple conflicting mandates for which the organisation was not prepared. SANParks has since 1994 sought to reposition itself, moving away from its apartheid image as a conservation body that existed for the exclusive preserve of white people. The forced removal of black people from their land, the alienation of indigenous cultures and traditions and their loss of access to the productive capacity of the soil, are some of the organisation's most painful legacies.

The path the organisation took to redefine its conservation mandate and move it towards social inclusivity was met with resistance by both the internal and external 'old guard' who believed that the conservation of biodiversity is defined solely in terms of nature preservation and that social justice is not the concern of conservation (Khan, 2000). Institutionally SANParks inherited a legacy of environmental racism from the National Parks Board, one that was entrenched in many corners of the organisation. This was supported by the historical beneficiaries of the exclusionist policies and buttressed by the anti-black and anti-poor legislation prevailing at the time.

Poonan (2004) described the transitional history of the organisation as it contested these challenges. The early approach to transformation in SANParks targeted four areas that the organisation felt required urgent change, namely land restitution, representativity, nation building and relations with neighbouring communities (Poonan, 2004). The responsibility for implementing the transformation fell to the newly established Social Ecology department, with its broad mandate to find constructive ways to link biodiversity conservation with social justice. For its delivery it defined four core areas, namely, environmental education, economic empowerment, cultural heritage and community outreach. What is telling is that, since its establishment, the Social Ecology Department has itself transitioned through different name changes and focus areas, name-changes that reflect the internal challenges that the organisation went through over the period. From 'Social Ecology' in 1995 it became known as 'People and Conservation' in 2004, 'Socio-

Economic Development” in 2014 and has been ‘Socio-Economic Transformation’ since 2019, with additional mandates that include the wildlife economy and enterprise development.

The benefits of the transition from an exclusionary to an inclusive organisation have seemingly only moderately been experienced by the respondents in the study. It is beyond the scope of this study to deeply explore the reasons for this, but Poonan (2004) concluded that in the early years of transition, from 1994 to 2004, “*the ideas formulated as social ecology and the social ecology department structures established to drive the transformation of SANParks - neither the ideas or the structures....were strong or coherent enough to do so*” (Poonan, 2004, p. 212).

Maguranyanga (2009) argued that, faced with the need to establish legitimacy in the new South Africa, SANParks chose the route of ‘enlightened pragmatism’ that involved aligning the organization with the broader government goals of transformation, black empowerment and local socio-economic development “*while keeping a big part of its conservation agenda and structure more or less intact*” (Maguranyanga, 2009, p. X). This was a self-preservation strategy rather than a deeply internalised and transformative restructuring. Many positives are noted at the time about the organisation’s ability to adapt to the political change and gain the confidence of government. This allowed it to leverage government funded socio-economic programmes such as the Expanded Public Works Programme (EPWP), Working for Water and Infrastructure Development Programme funding. Maguranyanga (2009) however, describes this period as a “*rigidity in organizational practice...and failure to integrate People and Conservation with core functions*”. (Maguranyanga, 2009, p. 184).

5.4.2. Economic transformation

The NDP (2012) defines economic transformation as a need to address the ownership of economic assets, access to economic opportunities, income and wealth distribution, access to public goods and the structure of the economy and polity. It says the country needs to move:

- away from extractive sectors to more inclusive approaches
- away from extraction of super profits towards a more equitable distribution of income

- away from low wage labour relations to a high wage, inclusive and participatory labour relations system.

Mabuza (2016) advocates for governments to recognise the value of PPPs in boosting job creation:

“...debates in the PPP arena are about finding the best way of using the private sector to deliver public infrastructure, but little is said about using PPPs to develop SMEs and create jobs for the poor. This is the missing link that governments should use to boost job creation through SME development” (Mabuza, 2016, p. 28).

South Africa’s development path indicates unsustainable patterns, environmentally, socially and economically (DEA and UNEP, 2013) which makes it important to record substantive changes that take place in businesses that experience benefit-flow from concessions. A wide range of assessments of these changes could be employed, such as capital investment, turnover, jobs created, black shareholding, new businesses created, or other variations of social impacts.

5.5. Theme 4: Risk management and the Entrepreneurial Ecosystem

5.5.1. Enterprise Risk Management

In its definition of risk the Toolkit identifies seven categories, namely market, demand or volume risk; construction risk; operating risk; political risk; environmental risk; financial risk and regulatory risk. Agawal et al. (2017), in a 2014 company-community conflict study, identified the need to *“tie cost-benefit calculations to values and not only risks”* (Agarwal 2017, p.12). This theme emerges in the study because the respondents, officials and concessionaires, believe government and business should redefine the concept of risk to include that greater risk be absorbed by big business and the State. This is a broader, more inclusive definition of risk than that in the Toolkit that sets the public entity implementer up to define the ‘substantial transfer’ of financial, technical and operational risk to the private entity (Treasury 2005). The Toolkit includes the caveat that risk should be borne by the party ‘best able manage that particular risk’. This gives rise to ambiguity in the interpretation as the ‘substantial transfer’ mandate is, or can be interpreted as the overriding dictate by officials in that the ‘substantial’ transfer of risk is considered by the

implementer to be the success measure. Fombard (2013) highlights the need for clarification of the definition of risk in PPPs in concluding that “the bottom line is to ensure that defined risk is allocated optimally, rather than maximising risk transfer’ (2013, p. 21).

This interpretation of risk in the Toolkit is understandable when negotiations are held with big industry players, but cannot be the same for small business that do not have the same collateral or asset base to buffer risk. We are reminded that two of the case studies in the current research deviated from this Toolkit prescript and SANParks absorbed a large part of the risk during the honeymoon period to enable the businesses to successfully establish themselves (Case Study 1 and Case Study 3).

The research findings show the transfer of risk (financial, technical and operational) to be a critical factor influencing the success of small concessions. However, the assessment of small business risk in South Africa follows a frustratingly circular narrative because SMMEs tend to be generally poor at financial record-keeping. Traditional banks and financial institutions working from a risk-minimization premise, report that they are forced to downgrade the credit status of small business due to a lack of financial and administrative information. Establishment banks are therefore rarely seen as favourable when profiling small business (Smit, 2012; Berry et al (2002).; Mutezo, 2013).

Enterprise Risk Management (ERM) presents a strategic approach for business owners to employ to optimise opportunities associated with risks. ERM is an inclusive assessment of risk that values the entrepreneur’s understanding of exposure across the span of enterprise risks that include “strategic risks, operational risks, financial risks and regulatory compliance risks” (Engle, 2009, p. 20), to develop a holistic impression of the business. ERM presents the argument that financial data alone does not describe the health and potential of a small business, yet it is the most commonly employed method. Financial analysis without strategic information, such as quality, client satisfaction and innovation ignores essential factors that determine a business’s ability to respond to the environment in which it operates. Non-financial factors, such as client loyalty, employee satisfaction and effective internal processes are essential determinants not allowed for in the accounting data. Incorporation of intangible assets in a risk assessment should in theory broaden the chances that an SME’s risk will be favorably assessed than it would if assessed solely

via financial statements (Hofmann, 2009; Engle, 2009; St Pierre & Bahri, 2006; Cumby & Conrod, 2001; Ittner & Larcker, 1998 in Smit & Watkins, 2012). To mitigate the high failure rate and promote the sustainability of small business that access opportunities through the Toolkit, policy makers need to revisit the specific ways in which risk is assessed and apportioned in the PPP contract.

The Value for Money assessment is premised on the New Public Management belief that the private sector is more efficient and better able to absorb risk. The efficiency of the private sector would therefore negate the inefficiency of the state, resulting in a positive return to the taxpayer. The need for implementers of the Toolkit to achieve 'substantial' transfer of risk to the private sector is intended as a cost-saving to government. The private sector efficiencies are meant to be in time and cost estimates, procurement process and labour provisions (Allen, 2001, p.27). However, the private sector has been exposed for its commercial greed and lack of commitment to the public good. Official 3 (interview, 2018) indicated that in his opinion the value for money aspect of the Toolkit is often a moving target based on the intuition of officials, or the ability of proponents to sell a convincing business model.

5.5.2. Risk and social impact measures for small business

The findings of the current study suggest that the value contribution of small businesses do not lie in the financial returns expected by the Toolkit. These findings suggest that the measures that are used to gauge success need to be different for small and large cap PPPs. The revenue that small businesses make is barely significant in comparison with large concessions. Thus, if the Toolkit is to take a transformative developmental approach it needs to redefine the value contribution of small business in being able to penetrate the economy at grassroots where innovation is encouraged, new businesses are established, jobs are created and new talents are discovered. While large-cap PPPs should rightfully be measured on their financial returns and on their ability to propagate new business, small-cap PPPs should be measured on the social impacts in communities at household level. Meaning not solely on economic measures, but on their ability to positively respond to deficiencies in the social development network. Big business needs to subscribe to these impact measures for small business so that small businesses are not assumed to have failed when their profitability is not immediate.

5.6. Recommendations for Praxis -Innovations that could to expand entry options for small business

Discussion is presented here on opportunities for SANParks to innovate and expand on the entry points for small business. Understanding that SANParks is a proxy of government, it is reasonable to extend the recommendations to government when reconceptualising the Toolkit. Recently Treasury indicated that there has been a more than 55% decline in the value of PPPs since 2012 (National Treasury Budget Review, 2019).

The praxis question is “How does SANParks implement the change that is actionable and affordable ?” A suggestion for praxis is presented below in the form of four complementary initiatives.

5.6.1. Commercial Permitting

Commercial permitting refers to the issuing of short-term (up to three years) commercial permits to entry-level entrepreneurs. This period should be used as a mentored developmental stage during which support organisations combine to develop the entrepreneurial capacity of the small business. This would include practical business and operational skills, facilitating the acquisition of capital assets and getting to understand the target market.

The Protected Areas Act gives SANParks the right to license commercial activities in National Parks under Section 50 NEMA:PAA with Section 20 of the Regulations specifying that a person may not undertake any of the following activities in a special nature reserve, national park or world heritage site, except pursuant to a license, permit or agreement and subject to the payment of the appropriate fees :

- (a) the filming and simultaneous transmitting of photographic images by the use of a webcam or other image recording or transmitting device; or (b) conducting tours; or (c) conducting any kind of competition; or (d) selling or hiring goods or offering goods for sale or hire; or (e) providing, or offering to provide, any service for a fee or reward; or (f) conducting speed trials; or (g) the conducting of research; or (h) an activity of any kind for the purpose of fund raising, personal gain or making a profit; or (i) undertake

any organized or special event, including sporting or cultural events without permission of management authority; or (j) visual imaging of animals for the purposes of any virtual hunting or other such activity without permission from management authority.

This means that SANParks, following a simplified public process, can grant non-exclusive permission for entry-level small businesses to use state assets to generate income along the same principles as the Toolkit. This would include a competitive public process; submission of a business plan, a viability and risk analysis, and a permit fee. To effect this the institution would need to train and capacitate staff down to the lowest operational level so that permit holders and their businesses are integrated into operations.

5.6.2. Honeymoon Period

Many small businesses do not have cash reserves and are most vulnerable in the first year. (Berger & Udell, 2001; Reynolds & Lancaster, 2006 in Smit et al., 2012). Commercial permitting could be combined with a ‘honeymoon’ period that exempts small business from paying the minimal rental or concession fee while they are establishing their business as in Case Studies 1 and 3. In this way SANParks will be able to assess the quality, skills and commitment of the entrepreneur; the viability and value-add of the product; coach, train and support the SMME to deliver to the quality standard; meet legal compliance requirements and subsequently be able to prepare a full PPP using real statistics and institutional insights. The honeymoon period allows the SMME to gain the necessary experience to train staff, manage the product, understand the customer, establish administrative systems, accumulate capital and innovate, all with minimum risk.

5.6.3. Sustainable Livelihoods Programme Approach

“I think we were a bit ahead of our time actually” (NPO project manager –interview, 2018)

The support provided by the NPO through the Sustainable Livelihoods Approach presented a developmental methodology that takes the deep transformation approach to the development of small black business in PPPs. Acknowledging that there is financial outlay to the approach, it needs to be considered in relation to the opportunity costs that come with small businesses that fail and

the real return-on-investment of existing government small business support programmes. As the official responsible for the Sustainable Livelihoods Programme explained, the SLP was discarded by government for the Expanded Public Works Programme approach that chose task-based work and daily wage as job-creation success measures. While the importance of the EPWPs in providing relief to the poor is not questioned, it remains a short-term solution, generating sporadic work and often unpredictable income and with very little in the way of empowerment for the beneficiaries.

SANParks could consider an agency approach to the nurturing of small business, as described in Case Study 1, as it does not as yet have the resources to do it in-house. As one official suggested:

“The Sustainable Livelihoods methodology can’t be restricted by annual budgets. It’s an ongoing, long term investment, up to five years at least.” (Official 8 – interview, 2018)

The SLP investment in the sustainability of the enterprise would be made with the confidence that the investment is secured in a concession contract with a state agency. The NPO project manager described the aims of the SCLP project that are equally relevant to SANParks today:

“...it was trying to translate the policy statements and political rhetoric, what people were promising and trying to translate it into action” (NPO project manager – interview, 2018)

5.6.4. Training and Development

Official 6 gave his views on the usefulness and implementation of an improved Toolkit:

“Give staff our own Toolkit and empower them to manage small business”.

‘Small PPPs must be run at park level. Staff need to be re-orientated but we need to give them the template’.

‘The on-the-ground contact person needs to be whole team’ (Official 6- interview, 2018)

The official made a strong motivation for a staff toolkit to guide SANParks staff on how to manage small businesses in a park. If we were to conceptualise the framework of a ‘Staff Toolkit’, what could that look like ? The praxis suggests the following as a broad framework :

Framework for Business Support Toolkit for Operational staff :

Course Structure

- i. Introduction
- ii. Training
- iii. Monitoring and evaluation
- iv. Risk assessment
- v. Partners

Each of the elements of this framework are discussed below.

i. Introduction

A framework to release small-cap business opportunities is provided in the SANParks SPfC (Annexure B - SANParks, 2013). The proposed internal decision-making process describes three levels of delegation that includes a) process b) institutional responsibility and c) institutional approval. The methodology is aimed at assisting park managers to implement Micro PPPs that have commercial potential and is accompanied by abridged versions of the Toolkit templates. These include the PPP pre-feasibility requirements, feasibility template, advert, the RFP and abridged PPP agreement. The resource deficit in skills and competencies that was identified by the research can be addressed by harnessing the capacity that exists throughout the organisation rather than PPP's being restricted to a specialist business unit. The corporate business development unit would then focus entirely on the large-cap concessions.

ii. Training

Training is essential in order to build the capacity for staff to do pre-feasibilities and assessments so that small-cap PPPs can be rolled out at park level. This has the potential to improve the turnaround times for decision-making, contract management and monitoring, and to distribute accountability more widely. Park operations need to oversee the six-phase PPP process that accompanies the introduction of new PPPs and be responsible for reporting on the impact of new products across the triple bottom line. Table 12 below shows the suggested attendees of the programme, together with the resources that would be required.

Table 12 – Outline for staff training programme:

ATTENDEES	COURSE CONTENT	RESOURCES REQUIRED
Park Managers, Hospitality Services Managers, Duty Managers, Finance Managers, Senior Section Rangers, Section Rangers, Tourism Officers Admin Assistants, Project managers	1. Regulations and key policy issues 2. Commercialisation Strategy 3. Process checklist a. Micro PPPs (including ROI feasibility training) b. Commercial Permitting c. Community PPPs 4. Contract and Risk management	Trainers required skills set : ○ Business (including financial feasibilities, SCM) ○ Legal (including contract management) ○ Project management (including operations, technical) ○ Change management (including skills development) ○ Communications (including report writing)

iii. Monitoring and evaluation

The responsibility for monitoring and evaluation needs to lie at operational level so that standards can be managed and additional resources deployed as required. The monitoring and evaluation of new products across the triple bottom line should be incorporated into the Key Performance Areas and reporting formats of relevant staff. The following aspects and criteria should be included in the monitoring and evaluation plan:

1. Relevant and reliable research, particularly with respect to the demand analysis, visitor trends, visitor demographics and pricing.
2. Measuring operational efficiencies, including staffing capacity, energy usage, transport costs, carbon footprint, eco-friendliness of materials, purchasing processes and SMME empowerment
3. Measuring community beneficiation that includes enterprise development, job creation, equity partnering and asset build-up.

iv. **Risk assessment**

Risk is assessed as part of the feasibility and due diligence studies and needs to be constantly monitored and revised as required. The risk matrix framework for small-cap PPPs is summarised in Table 13 below. It should contain the headings as shown in the table (three examples of risk are provided) :

Table 13: Risk matrix framework

Risk	Risk Description (example)	Risk Implication (example)	Risk Mitigation (example)
Inefficient operations	Ineffective administrative controls allow for wastage and theft. Retaining regular suppliers that are not the best value for money option.	Revenue is lost through subsidised budgeting, causing a skewed analysis of profitability.	<ul style="list-style-type: none"> • Controls need to be in place and actively monitored to minimise wastage. • Management needs to be capacitated to do financial and operational diagnosis of product performance.
Poor market research	The business does not have adequate information about its visitors/target group to make properly informed decisions.	Inaccurate or limited baseline information leads to miscalculations in product offering, supply or marketing.	Develop a reliable market research protocol that provides accurate information.
Lack of a willingness to change	Owners develop attachments to products and are reluctant to acknowledge failure. Resources are continually allocated to sustain the product.	Valuable operating funds are wasted.	The product viability assessment needs to be objective so that the bottom-line is accurate.

vi. **Partnerships**

Simultaneously there is a need to develop the capacity of local entrepreneurs to effectively benefit from opportunities in the value chain. A formalised training programme needs to be introduced, assisted by partner organisations in which not only the Toolkit knowledge is transferred, but networks are established for the support and mentoring of local entrepreneurs. The Training Plan requires key internal and external partnerships be in place as summarised in Table 14.

Table 14 - Key internal and external partners

Internal Partner	Responsibility
Park Management	Ownership of the training plan lies with park management. The responsibility of park management is to discover and drive new PPPs and ensure that park resources are appropriately allocated.
Human Resources Department	HRD assists new concessionaires with orientation to the organisation and with change management where new products are introduced or when PPPs are exiting
Legal Department	Legal department assists with formulating contracts, reviewing existing contracts and advising management on amendments.
Marketing Department	Marketing assists with branding, merchandising, promotions, public relations and integration with SANParks marketing strategy.
Technical Services Department	Technical Services provides project management and infrastructure expertise.
Conservation and Scientific Services Division	CSD provides guidance on SEA's, EIA's, sensitivity analysis, carrying capacities.
Tourism operations	Corporate Tourism Operations assists with Tourism strategy formulation, policy development, standards setting.
Regional Business Managers	RBM's assist with pre-feasibility assessments, contract negotiations, staff training, contract management.
Socio-economic Transformation	SET provides guidance on the beneficiation strategy and measurement, enterprise development, partnerships and training.
Corporate IT	IT ensures that systems are streamlined to ensure optimum technological integration and efficiency.
Fundraising Department	Fundraising Department assists with sourcing internal and external financial support for entrepreneurial development
Infrastructure Development Programme	IDP provides Infrastructure Funding for delivery of support infrastructure that allow new PPPs to be released
Biodiversity Social Projects	BSP assists with community liaison, beneficiation rollout, training and park operations.

EXTERNAL PARTNERS

Department of Treasury	Provides authorisations, advice and support.
National Department of Tourism	Provide network linkages, best-practice case studies, funding support
Regional Departments of Tourism and/or Economic Development	
Corporate business partners	
Department of Small Business	

5.7. Conclusion

This chapter discussed the research findings in context of some of the dominant theoretical frameworks to assess the consistency and logic of the findings.

The neoliberal macro-economic framework recurred throughout the chapter as an ideological link that determined how institutions responded to the post-apartheid transition. Institutions were subject to institutional isomorphism that limited independent approaches to change and innovation. In the case of SANParks it was identified that the organisation struggled in the post-apartheid era to shed its identity as a traditional preservationist conservation agency. Respondents indicated that they felt that the organisation had not yet institutionalised a mentoring and support culture for small business. While transformation has been slow, interesting new initiatives are being implemented in the organisation to facilitate the necessary change by, for example, ring fencing opportunities for small business. Social and economic transformation was discussed as an overarching theme that contextualised the respondents' perspectives on the effectiveness of the Toolkit. The distinction between deep transformation and shallow transformation highlighted how the route chosen by the ANC post-apartheid, resulted in a regression in economic growth for the majority of the population.

The Entrepreneurial Ecosystem model located the responsibilities of each of the parties in the concessionaire ecosystem and emphasised the importance of their coordination for small businesses to be sustainable. The criteria for risk assessment for small businesses was discussed within the Enterprise Risk Management framework and concluded that the traditional one-dimensional financial measure that is used by establishment financial institutions disadvantages small business and that it is more useful to measure small business on their social impacts at grassroots level.

The chapter ended with four areas of recommendation for praxis in SANParks that the researcher believes would promote access of small businesses into the Toolkit process and lead to greater distribution of benefits and opportunities.

CHAPTER 6 – CONCLUSION AND DIRECTIONS FOR FUTURE RESEARCH

6.1. Future Research Areas

Each of the four themes that emerged raised questions that could be considered for future research. The questions cut across policy, legislation, resource allocation and implementation and should be approached holistically within the context of the research question.

Organisational change

Why have other agencies not adopted the Toolkit?

Future research could investigate why the Toolkit has not been enthusiastically adopted as an investment mechanism by provincial and municipal conservation agencies. The perceptions of respondents, as well as the literature, suggest the need for a comprehensive investigation.

Corporate change

How effective is the developmental support that government invests into small business and are their opportunities for redirection of funds to small-cap concessionaires?

The literature revealed an acknowledgement by government that there are substantial funds allocated to the development and support of small businesses across sectors. However, the deployment of these funds is poorly coordinated. It is therefore not clear how effective an investment this is and how these funds could be more efficiently utilised. It is also not clear if the problem is at the legislative or implementation level. Focussed research may advance the distribution of this funding to more effectively benefit the target groups, in particular reference to small-cap PPP Tourism concessionaires.

Transformation

What is the real return on investment of Expanded Public Works Programmes versus a Sustainable Livelihoods approach? Can they work side by side and can mentoring support be formalised as part of the Toolkit process?

A strong recommendation from respondents was that big business should be made contractually responsible for enterprise development, with performance targets being set. The mentoring role

played by the NPO in case study 1 suggest an option of appointing a mentoring support agency to assist fledgling concessions. One funding source could be government's EPWP that has grant-funded SANParks billions of Rands for various restoration programmes. These include Working for Water, Working on Fire and Working for the Coast. These programmes have the financial and logistical reach to implement sustainable livelihood developmental programmes across the country where SANParks has reach. Future research could explore the option that the EPWP need not only be a short-term, task-based, job-creation strategy but could simultaneously adopt a more long-term developmental approach that invests in sustainable enterprise development solutions.

Risk

What are the intangible social value contributions that small businesses make?

Enterprise Risk Management refers to the holistic assessment of risk beyond traditional assessments that focus primarily on financial health and viability. Future research into risk for small-cap concessions based on non-financial factors, that are appropriate to local environments, would add value to the debate about shared risk. This research would extend our understanding of the intangible and unmeasured value contributions that small businesses make.

6.2 Conclusion

The research presented insights into the entrepreneurial ecosystem of small-cap concessions in SANParks. The inductive nature of the research allowed for conclusions to be drawn from the findings, and recommendations to be made. The research revealed that possibilities exist for lasting economic and social impacts in local communities if the parties in the ecosystem revisit current policies and processes and effect institutional changes.

What can government do?

South Africa has over 400 terrestrial and 23 marine protected areas, of which SANParks manages 21. The potential exists to spread the beneficitation from PPPs into all corners of the country, penetrating deep into rural areas. The Toolkit presents an opportunity to scale beneficitation to communities throughout South Africa, provided that the legislative issues that are paralysing the rollout of PPPs in provinces and municipalities are resolved. While the study examined some of the potential reasons for the impasse, a concerted effort on the part of all tiers of government is needed to resolve the deadlock. The lead agency has to be the National Treasury that engages with

provinces and municipalities, gathers inputs and, if necessary, amends policy or drives legislative change. This process is likely to be a long and legally formidable one given that there are many conflicting political and economic interests. However, this effort should be weighed against the potential significant social and economic returns.

What can SANParks do?

SANParks has in the last two years introduced policies designed to fast-track transformation that benefit small business. The ring-fencing of small capital projects begins to reduce the dominance that big business has on concessions. However, SANParks need to back this up with four key strategies:

- a. The organisation needs to clarify its position on the mentoring of small businesses. This means a clear definition of its definition of risk in its enterprise development strategy. This should include how risk will be institutionalised in the organisation, communicated to the public, how beneficiaries will be defined and how the enterprise development programme will be measured. The strategy needs to indicate exactly how the benefits will reach the most vulnerable.
- b. The organisation needs to embark on a comprehensive training programme to develop staff competency in dealing with small business concessions. Staff across departments need to be assessed and rewarded for their roles in facilitating the partnership aspect of PPPs. To this end Park Operations needs to integrate their operational planning with that of the concessionaire and allocate resources accordingly. Decision-making needs to be more responsive with quick turnaround times so as not to affect the quality of customer service.
- c. The organisation needs to fast-track the option of entry into concessions through commercial permitting. This carries the need to simplify the application process and broaden the qualifying criteria. Operator risk needs to be reduced by agreeing a honeymoon period that allows the small-cap concessionaire to establish themselves. As more than one interviewed SANParks official noted, this is not a risk for the organisation if the aim is not revenue generation. Relatedly, managers need to be empowered at park level to make decisions that have the potential to unlock new opportunities.
- d. The organisation needs to proposition existing government, corporate, grant and NGO enterprise support agencies to invest in the mentoring of its small concessions. This is to

ensure that small businesses have the development support they need that SANParks is not yet able to provide,

What can big business do?

Big business needs to align itself with the social context in which it finds itself. This requires that it commits to advanced enterprise development targets and provides adequate resources to support small business. It needs to show its commitment to transformation through equity share and through the integration of small business into its value chain. It needs to adopt a long-term deep transformation perspective of enterprise development rather than approach transformation on a project-to-project basis. It also needs to accept that small businesses need to be measured on social impact criteria and not purely on financial returns.

What can concessionaires do?

Concessionaires need to understand that they have agency in the process and are not passive recipients of government's, implementer's or funder's goodwill. Their responsibility within the ecosystem is to capacitate themselves and their staff with the skills necessary for their business to be sustainable. This entails researching their competitors, understanding the market, and instituting developing robust administrative, monitoring and review systems. Concessionaires must understand the terms of their contracts and be able to predict its implications for their business. They need to be committed to social value with an internalised belief in, and commitment to, the sharing of benefits in their community.

General conclusion

The country's pressing social and economic challenges have been magnified by the COVID-19 pandemic. In the face of the reality of millions of South Africans either experiencing or facing unemployment, the need to open avenues of growth for small businesses across all sectors of the economy is more pressing than ever. The opportunity exists to expand the role of Protected Areas as vehicles for enterprise development and job creation through the PPP Tourism Toolkit. The research highlighted the advantages of adopting a long-term Sustainable Livelihoods Approach to small business development, while the praxis suggested that commercial permitting could be a

low-risk entry point for new entrepreneurs. The economic crisis could catalyse provincial and municipal Protected Areas to utilise the Toolkit as an avenue to deliver on their responsibilities as agents of regional economic growth.

The research confirmed that the Tourism PPP Toolkit is effective in releasing private capital and attracting infrastructure investment through large-cap PPPs. However, big business has been slow to internalise the B-BBEE principles of redress, in particular in the areas of ownership and enterprise development. Small-cap PPPs financial returns are not considered lucrative enough for the resource investment required and therefore require alternate entry routes into the PPP process as well as different success measures.

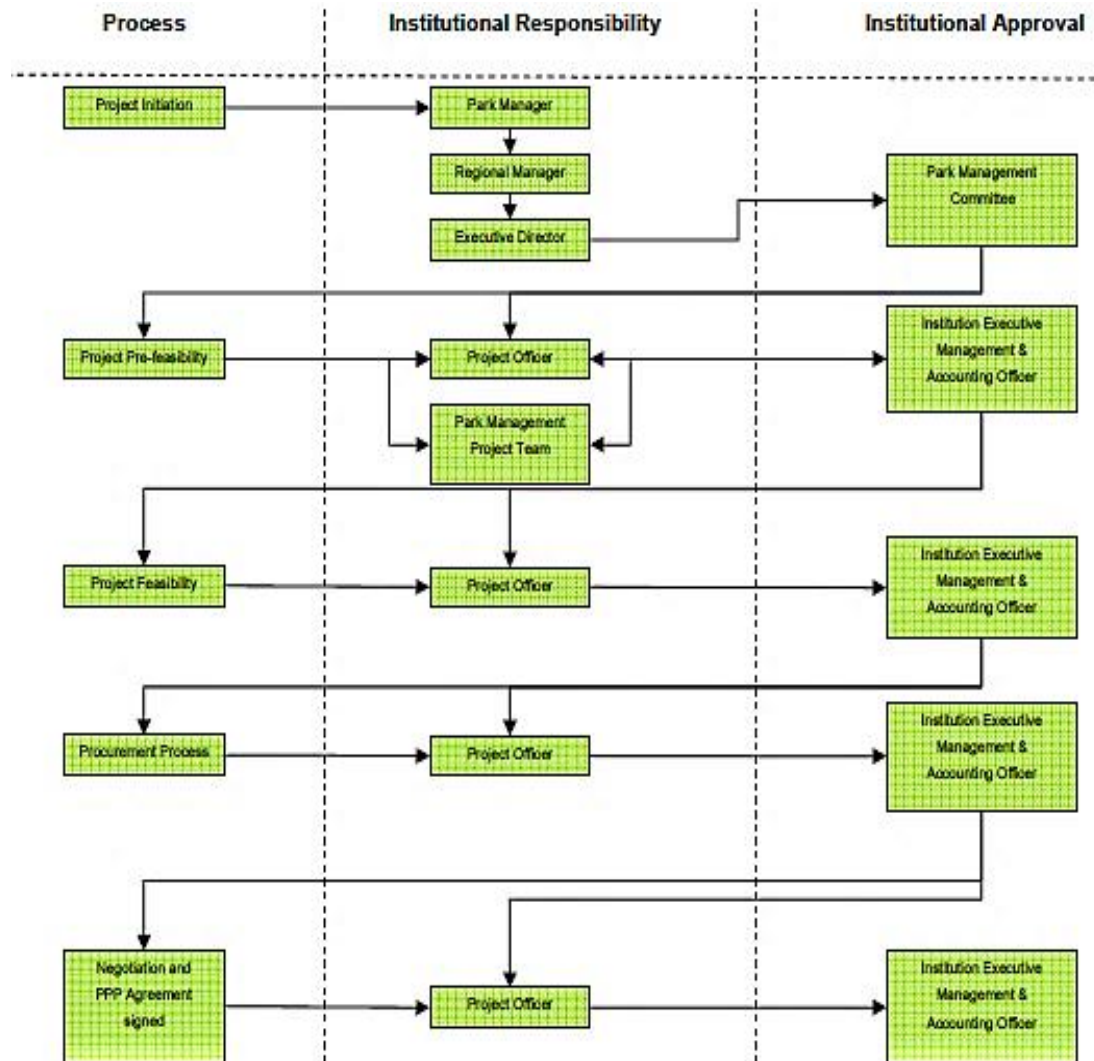
Finally, the entrepreneurial ecosystem partners need to intensify their co-ordination efforts so that small business are assured that they have the support of both government and business and understand that they are valued as the engines innovation and job creation at grassroots level.

APPENDICES

Appendix A: List of concessions in SANParks

National Park	Lodge Concession	Retail & restaurant	Activities
Addo	Gorah Elephant Camp; Riverbend Country Lodge (Nyati); Kuzuko Lodge	Cattle Baron Restaurant	
Augrabies		Augrabies Shop and Restaurant	
Karoo		Salt and Pepper Restaurant	
Kgalagadi	Ixhaus Lodge		
Knysna	Quay 4 Knysna		
Kruger	Mutlumuvi ; Jock of the Bushveld; Lwakahle ; Mpanamana ; Jakkalsbessie ; Mluwati ; Nwanetsi	The Park Shop; Tindlovu JV cc; Cattle Baron Restaurant Skukuza; Select Events and Venues cc; Mugg and Bean – Olifants, Pretoriuskop, Lower Sabie, Letaba, Satara); Tshokwane Picnic Site ; Afsaal Picnic site	Skukuza Airport; Skukuza Spa
Marakele	Marataba Safari Lodge		
Table Mountain	Tintswalo Koeel Bay	Roundhouse Restaurant; Rhodes Memorial Restaurant and Tearoom; Cape Point Restaurant and Shops	TMAcc Cable Car; Abseil Africa
Tankwa-Karoo	Gannaga Lodge		
Tsitsikamma (Garden Route)		Cattle Baron Restaurant	Storms River Tree Top Adventures; Mild2Wild; Tours and Woodcutter Trail ; Cadeau Hiking Trail; Segway Bikes – Tsitsikamma; Wilderness
West Coast	Kraalbaai Houseboats ; Duinepos Chalets	Geelbek Restaurant	

Annexure B – Flow chart describing the delegation framework for approval for Micro Cap Tourism PPP in SANParks



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