



## AGRI-TOURISM SPATIAL DEVELOPMENT INITIATIVES IN SOUTH AFRICA: ARE THEY ENHANCING RURAL LIVELIHOODS?

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*This paper examines an attempt to kick-start economic growth through the promotion of agriculture and tourism in an impoverished rural region of South Africa. It analyses the Spatial Development Initiatives (SDIs) being implemented by the South African government, with a specific focus on the Wild Coast agri-tourism SDI. The Wild Coast example highlights many of the problems which arise in attempting to combine rural economic growth with pro-poor objectives.*

### Policy conclusions

Attempts to kick-start rural development in severely impoverished areas such as South African homelands face severe challenges. Experience in the Wild Coast Spatial Development Initiative (SDI) indicates that:

- Without the resolution of land tenure and land restitution – but also of certain other resource issues – there is little chance of attracting investment, nor of enhancing the livelihoods of impoverished rural communities.
- Assimilating the language of ‘transformation’ and ‘empowerment’ into a programme is not sufficient to shift the programme’s core strategy away from stimulating private sector investment and growth, and towards the distribution of benefits of growth.
- Of itself, growth in up-market, private-sector tourism is offering few local opportunities and may impact negatively on existing livelihood strategies. It is unlikely to reduce poverty without parallel initiatives to improve skills levels, infrastructure, and access to opportunities. However, fiscal constraints limit the role of the public sector and public spending.
- Programme design must be adapted to local conditions. The SDI’s external, ‘top-down’ approach, insufficient communication and consultation, and fast pace have resulted in local needs being overlooked.

The ‘growth = development’ paradigm implicit in the SDI programme is widely believed to have little merit. Evidence presented here suggests that it has resulted in high expectations but could, in fact, make the poor even more vulnerable than at present.

### Introduction

The challenge of addressing rural poverty in post-apartheid South Africa is immense: over two-thirds of rural residents are poor and over two-thirds of the poor live in rural areas. To what extent can government growth strategies address rural poverty and how far they do inform wider debates about the potential for pro-poor growth?

This NRP reviews South African initiatives to stimulate growth and empowerment in specific poor regions through the national programme of Spatial Development Initiatives (SDI). In examining the experience of an agri-tourism SDI, the paper identifies some fundamental problems of strategy and implementation which shed light on international debates on pro-poor growth and rural development.

SDIs seek to draw private sector investment into areas of under-utilised economic potential, and to promote both spatial and sectoral growth poles. They aim to reverse some of the economic damage of apartheid, while spurring export-oriented growth strategy. The Department of Trade and Industry (DTI) describes SDIs as the ‘practical implementation’ of the South African government’s neo-liberal economic strategy, outlined in its growth, employment and redistribution (GEAR) policy. The fiscal austerity of the GEAR strategy, which places severe constraints on public spending, largely explains the ‘aggressive private investment orientation’ of the SDI programme. However, the programme also incorporates explicit objectives of economic empowerment, seen by many as essential in South Africa since the democratic transition.

Some SDIs are described as led by tourism, agriculture, or a combination of the two. The focus of this NRP is on SDIs which centre on the development of tourism and agriculture, specifically an ‘agri-tourism’ SDI in the Wild Coast region of the Eastern Cape. As most SDIs are in the preliminary stages of securing investments, it is too early to examine their actual impact, although assessment of the concept, its principles and on-the-ground experiences point to potential impacts.

### Making growth work for the rural poor

Wider debates on routes to rural poverty reduction and the role of growth raise four issues relevant to SDIs:

- i. whether attention to the structure of growth can make it more pro-poor;
- ii. the need for external private investment as a motor of growth in rural areas;
- iii. the need to complement growth with other rural development strategies to achieve poverty reduction;
- iv. the extent to which growth specifically in the tourism sector can be structured to benefit the poor.

*Structure of growth:* Experience suggests that faster growth is more often correlated with faster poverty reduction where it:

- takes place where there is already a relatively equal distribution of assets;
- is labour intensive, particularly of unskilled labour;
- takes place in poor, isolated areas and in agricultural and small-scale service sectors.

SDIs do aim to target poor areas, while stimulating small enterprise, and use of local labour, but as they take place in a context of highly skewed distribution of assets, this immediately raises doubts over the extent to which growth can benefit the poor if this inequality is not resolved.

*Reliance on the private sector:* Neo-liberal approaches, including the SDI rely heavily on leveraging private sector investment into poor areas. But to what extent does this conflict with attempts to alter the structure of growth in favour of local enterprise, or to pursue a wide range of livelihood benefits beyond jobs and incomes?

*Complementary poverty strategies:* Current development rhetoric (e.g. the World Bank) suggests that growth (‘opportunity’) needs to be complemented by measures for ‘empowerment’ (increasing participation of the poor) and

### Box 1 Key objectives of agri-tourism SDIs

The primary objectives of agri-tourism SDIs are:

- **‘firstly**, to generate sustainable economic growth and development;
- **‘secondly**, to generate sustainable long term employment creation;
- **‘thirdly**, to maximise the extent to which private sector investment and lending can be mobilised into the process; and
- **‘fourthly**, to exploit the opportunities that arise from the development of tourism and eco-tourism developments for the development of SMMEs and for the empowerment of local communities’ (de Beer et al., 1998).

security (reduced vulnerability). The SDI strategy talks of empowerment mainly as economic participation. Without measures to address the voice and vulnerability of the poor, how effective can growth strategies be?

*Making tourism work for the poor:* As a highly sophisticated sector, strongly influenced by marketing skills, information technology and a few large northern-based companies, the prospects of making growth in tourism pro-poor are likely to be limited. However, as tourism is rapidly growing in many developing countries and often affects areas with few other options, it is important to assess its pro-poor potential on a case by case basis.

### SDI objectives: growth and empowerment through agri-tourism

Agri-tourism SDIs pursue growth by promoting investment through public-private partnerships (PPPs) as a precursor to large-scale private investment. Public spending in the areas is severely limited, due to the fiscal constraints of GEAR. The promotion of small, micro and medium scale enterprises (SMMEs) and other objectives, are given an ‘add-on’ status. (Box 1).

Nevertheless, to generate benefits for local communities is at least an explicit objective, and incorporates key elements of pro-poor growth outlined above: a focus on underdeveloped areas, employment generation, SMMEs, and local empowerment, of all which may politically impact on poverty.

### The Wild Coast SDI

The contrasts of extreme poverty and natural beauty have led to the Wild Coast becoming a focal point for economic development efforts. The Wild Coast covers a coastline area of about 300 kilometres between the Great Kei River to the south and uMtamvuna River to the north. It was part of the former Transkei bantustan but since 1994 has been reincorporated within the Eastern Cape Province. The area recently suffered from a decline in mining and other formal employment opportunities which exacerbated an already acute unemployment problem (unemployment stands at 73%).

An agri-tourism SDI was seen as the potential solution to employment problems, but these bring complex dimensions into the equation, including land reform, community co-management of resources and fierce competition over those resources. In South Africa’s former bantustans, numerous coastal tourist investments met with hostility from local communities over the years (in some cases were even physically destroyed): the legacy is one of grave mistrust.

Several development nodes have been identified on the Wild Coast. The SDI aims to attract eco-tourism ventures into these ‘anchor’ areas, with the hope that investment and subsequent infrastructure improvements will encourage a range of ‘spin-off’ initiatives in the surrounding areas. Although tourism is the main focus of the Wild Coast, SDI development potential has also been identified in agriculture and forestry.

### Pro-poor elements of the SDI

‘Local communities’ are envisaged to benefit from the formation of business partnerships with external investors, government support for local business development, revenue from land leased to investors, job opportunities, capacity building and improved infrastructure. The explicit objective of ‘empowerment’ refers mainly to increasing economic participation by black South Africans, through:

- community involvement and responsibility for the management of assets;
- community control over land;
- community-held equity shares in the enterprises;
- the identification and support of SMME development opportunities (de Beer et al., 1998).

However, three substantial problems arise. Firstly the explicit developmental objectives raise high expectations, secondly, the reality on the ground is a lack of action to deliver these objectives. This relates to the third problem, which is that empowerment criteria are potentially at odds with other features of the programme. For instance, new reductions in public sector spending will limit its support for empowerment. Further, few private companies are likely to invest in, for instance, communally-held land, especially when there are so many ‘less risky’ investment opportunities elsewhere.

### Key challenges for the Wild Coast SDI

The programme faces two sets of major challenges. Firstly, there are factors inherent to the area, its people, politics and history, including land ownership and land administration; problematic definitions of ‘community’; identification of *bona fide* representatives; and the question of how tourism development relates to multiple livelihood strategies. It is argued below that these challenges have not been adequately dealt with in the SDI strategy. The second set of challenges derives from the SDI itself: the restrictions imposed by national economic policies; the process followed in designing and implementing the SDI; and the institutional relationships between various government departments and the different tiers of government.

### The land question

Delays in the implementation of land reform have been extremely problematic for the SDI. The SDI focus on communally held land has led to a flurry of new land claims and fresh or intensified conflict over established claims to land. By the end of 1997 there were over 65 land claims in the Wild Coast area, a significant number of these in areas targeted for SDI investments. The majority remain unresolved.

Government appears unable to decide how tenure rights to communal land should be held – by individuals, community trusts, companies, ‘tribes’ or traditional authorities. Traditional authorities have exploited the State’s hesitancy to bolster their claims to land. The absence of tenure security for developments has impacted on the capacity of the SDI to attract investors.

Benefits to local communities from the SDI will be strongly linked to land ownership: rural people cannot negotiate with investors if they are not legal owners of the land. In the interim, it has been proposed that the Minister of Land Affairs may enter into negotiations with investors on behalf of rural people who will eventually inherit whatever the Minister negotiated. This ‘interim’ arrangement is unlikely to satisfy all the interested parties. Certainly, the emerging problems within the SDI have highlighted the need for land rights to be clarified ahead of any investment.

### Defining community

Yet another challenge for the SDI arises from ill-defined notions of ‘community’ (Box 3). Kepe et al., (1999) found a deeply divided ‘community’ with embedded tensions over

### Box 2 Background to land tenure issues and tribal authorities

The status of land ownership in the Wild Coast is in a state of flux. Colonial administrations divided the Transkei administrative areas along the coast into 'tribal' (administrative) and resort areas, the former for rural African occupation under the indirect rule of traditional authorities, the latter reserved for whites. Most Wild Coast land is nominally owned by the state and administered by Tribal Authorities. Occupation was regulated under the Native Land Act of 1936 on a Permission to Occupy (PTO) system. While tenure reform has not yet been implemented in the former Transkei (resulting in uncertainty and abuse) residents of communal areas have informal land rights which are protected by the Interim Protection of Informal Land Rights Act, 1996. Nonetheless, traditional authorities continue illegally to sell PTOs. Villagers pay chiefs or headmen for extra land and women are severely discriminated against in terms of land allocation.

access to resources and differing ideas around who the legitimate 'beneficiaries' might be of any partnership with the private sector. The opportunities promised through the SDI also led to nepotism and elite control over access to training or jobs. In Mkambati (a key development 'node' of the Wild Coast SDI) the SDI team were initially satisfied with a narrow geographical concept of 'community' and forged ahead with efforts to negotiate joint ventures with private investors. However, this approach failed to take into account the historical divisions between groups in Mkambati and succeeded in 'setting various interest groups at each other's throats' (ibid). The uncritical acceptance of undemocratic, unrepresentative tribal authorities was also problematic.

#### Limited and unequal benefits from tourism

Radical shifts in the patterns of ownership and benefits are required if pro-poor tourism is to be achieved. The leading role given to the private sector may be at odds with the goals of fostering community participation and the involvement of the disadvantaged in tourism-related activity. Evidence so far shows that economic participation is limited and impacts on the poor are not all positive.

Communities face numerous obstacles to their effective participation in tourism, which are not being addressed by the programme. These include the very nature of up-market tourism developments, the slow pace of return on investments, the low skills base, the reduction or loss of access to natural resources, and local power relations.

### Box 3 Conflicts over land and definitions of 'community'

The SDI programme has not only ignored but also exacerbated competing claims for land between different 'communities'. This in turn obstructs SDI implementation. For example:

- In Mkambati area, the SDI's emphasis on benefits related to land rights triggered a land claim by the Khanyayo people. Neighbours belonging to the same Thaweni Tribal Authority objected, arguing that the land rightfully belongs to all the people of the tribal authority. The Khanyayo people on the other hand favoured a narrower definition of local community, tied in more closely with the history of occupation of the land in question.
- Different groups have competing interests in the areas earmarked for development. In Tshezi for example, villagers saw the potential development of the coastal resort as an important source of jobs. But some of the traditional authorities saw it as an important source of income from their illegal allocation of sites for development and subsequent eviction of villagers.
- Both the Khanyayo and the neighbouring areas waged a bitter struggle to influence government agencies working in the area. A series of incidents, some violent, soon made it almost impossible for either government or NGOs to visit the area. Those seeking to work in particular communities were forced to take sides or abandon their work-plans.

### Box 4 Jobs so far

In 1998 the Wild Coast SDI was launched by high-powered national and provincial government representatives with the promise that it would bring up to R400m worth of investment and create more than 20,000 direct jobs.

By the end of 1999 a consortium won the bid to invest in tourism in the Mkambati Nature Reserve. Infrastructural improvements – regravelling roads and installing electricity and telephone poles – got underway, bringing a few hundred temporary jobs. Villagers in some areas worked one week each in order to give others a chance, although most villagers still have not had work.

Some residents, who would normally go to KwaZulu or Natal to work in the sugar cane fields, believe they might lose out if they are not around when the promised jobs arrive. Some have 'waited' since 1997, while others gave up after a year or two. A few hopefuls, supported by families in the villages, are even camped inside Mkambati Nature Reserve.

In the Tshezi projects, by April 2000, local people were providing labour at ZAR30 per day (again on a rotation basis because jobs were few), while skilled workers such as builders, plumbers and drivers were recruited elsewhere.

It is, however, still too early to assess whether developments brought by the SDI would limit or enhance the scope for diversity in livelihood strategies.

The potential for hostility between local people and tourists could compound the negative impacts of the SDI programme's emphasis on drawing natural resources into market-oriented commercial enterprises and away from the poor. The trade in plant materials including medicinal plants, thatch-grass, fuel-wood and sedges for basket-making is becoming increasingly significant for rural women and is a factor in the multiple livelihood strategies of most households in the Wild Coast. Work opportunities from resort-style coastal tourist developments may not be sufficient to offset any loss of access to these resources. The seasonality of tourism is also likely to clash with that of agriculture, thus creating conflicting demands for labour.

Local people making their own investments in anticipation of a tourism boom have been affected by the slow pace of the programme. Some investments (as with minibuses and supermarkets) to service the Mkambati Nature Reserve were made in 1998-9 but are being abandoned as hopes fade.

Some jobs have been created, which is positive given the severe shortage of jobs in the area. But these do not go far meeting expectations (Box 4). The niche market nature of tourism opportunities on the Wild Coast and Maputland may lead, at best, to a limited number of luxury-type investments. These are most likely to use skilled labour from outside the area and repatriate profits elsewhere. Without substantial human resource development, the low skills base of the targeted areas is likely to translate into primarily low-status, low-paid jobs with poor prospects for advancement. Long-term sustainability depends upon building capacity for community members to take up positions at all levels of tourist operation. Without greater attention by the SDI team to local power dynamics, it is likely that elites will disproportionately capture any employment and other benefits.

#### Limited government investment

Tourism development requires quality infrastructure. Without 'improvement in the infrastructure of former homeland areas' tourism development there has a 'bleak future' (Viljoen and Naicker, 2000). Furthermore, if community empowerment is to occur, growth policies need to go hand-in-hand with provision of basic services and development of human resources. Therefore substantial public sector involvement is necessary if the empowerment objectives of the SDI are to be realised.

But this seems impossible in the current fiscal climate: South African macro-economic policy, including the SDIs, is dominated by austerity, which constrains public spending and focuses public sector activity on packaging investments to attract private investors.

### SDI Process

The problems around land issues were at least in part due to the 'fast-track' approach employed in SDI planning and implementation. Although the SDI designers recognised that this risked the 'compromise' or 'neglect' of spheres such as the environment or community participation (Arkwright et al., 1998) it is likely that impacts on the overall viability of the programme were underestimated. The mobilisation of 'technical expertise' was considered sufficient to 'offset these risks'.

The speed with which implementation was advocated also created political tensions. Prior to the 1999 national elections politicians rallied support around the SDI, in spite of concerns in some quarters over unresolved land claims. Those favouring resolution of the land question before SDI investment were denounced as anti-government and were ostracised by those in power. The Department of Land Affairs and the SDI team worked only with those who favoured fast-tracking, and so deepened the divisions.

The communications strategy also fell victim to the fast-track approach. In Mkambati both the message and the channels of communication were found wanting (Kepe, 1999). The strategy was primarily geared to telling people what had already been decided once the SDI was already at an advanced planning stage. The packages developed were inappropriate: poorly organised meetings were held with hi-tech slide presentations and English-language materials; facilitators often lacked transport or were unwelcome in certain areas.

### Inter-departmental coordination

Political commitment across the different spheres of government and inter-departmental cooperation have been highlighted as one of the 'key design principles' of the SDI programme (Arkwright et al., 1998). On the Wild Coast SDI, however, a lack of coordination among government departments was noted in both Tshezi and Mkambati. This applied particularly to the relationship between the Department of Land Affairs and the SDI team, also where cooperation between national, provincial and local government was needed. The Wild Coast SDI project manager noted that 'complications exist in situations where a programme (SDI) requires specific feedstocks (local governance, environment, infrastructure, etc.) that fall outside the competency of the driving department (DTI)' (Mahlati, 1999).

In the Tshezi area, for example, SDI plans for a link road, ablution blocks, parking area, and a tender to upgrade a hotel and campsite went ahead before consent had been sought from the Department of Land Affairs (nominal landowner) and the Heath Special Investigation Unit, which had issued a moratorium on Wild Coast development until corruption over land usage could be investigated. Important local committees were marginalised and environmental impact studies had not been conducted. This occurred despite the identification of 'land' and 'local authority' as major potential constraints in the feasibility study. The infrastructure projects were temporarily abandoned shortly before completion.

### Conclusions

The state's efforts to kick-start tourism development and economic growth in the former Transkei homeland have met with numerous difficulties. Some of these have their roots in the geography, history, politics and social relations of the region, while others arise from the design and style of

implementation of the SDI. As it is still early days for most SDI initiatives, it is impossible to predict outcomes with any certainty, but early problems in design and implementation indicate that some change in strategy is needed.

The uncertainty and inequity of land tenure, low skills base and poor infrastructure constrain growth particularly constrain participation by the poor in growth. These need to be addressed through public investment. But the private sector focus and fiscal austerity preclude this.

Evidence from the Wild Coast suggests that a nationally planned and driven programme cannot simply be 'transplanted' into different local contexts (particularly those with complex, multi-dimensional and deep-seated problems and challenges such as former black homelands).

It is not enough simply to incorporate the language of participation and empowerment: where the objectives of interventions and planning processes themselves are not located in local contexts, poverty may even be exacerbated and alternative development initiatives deferred.

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