

SUMMARY PAPER

SAFARI LODGES AND RURAL INCOMES: SOME KEY SOUTHERN AFRICAN TRENDS

Peter John Massyn

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1. INTRODUCTION

In recent years, southern Africa's ecotourism industry has come to assume a strategic importance in the political economy of the region. Tourism enterprises based on the natural attractions of the region – particularly small accommodation establishments widely known as "safari lodges" – are today regarded as key drivers for job growth, wealth creation and economic empowerment. They are scattered around the subcontinent, typically in impoverished rural areas including the transfrontier conservation zones, where they are often the major driver of economic activity.



Ecotourism's contribution to sustainable development is however often compromised by high rates of "leakage". In rural southern African settings – characterized by a lack of local economic capacity, a shortage of skills, and skewed patterns of asset ownership – external commercial interests typically capture a disproportion of the benefits linked to tourism. This concentration of benefits among international and urban elites does little to support social and economic development in the remote rural areas where ecotourism destinations are located. In this way, the potential for beneficial linkage between the ecotourism industry and its surrounding rural economy is undermined and an opportunity to integrate local residents into the conservation economy squandered. If the transfrontier conservation areas are to fulfil their strategic potential not only as biodiversity assets but also as drivers of regional economic development, it is vital that the economic throughflow from the ecotourism industry to the local economy is improved.

Part of the solution to this problem is located in the various land reform programmes of the region that aim to devolve land and associated resource rights to those who were denied them under colonialism. Thus, various southern African countries have experimented with the transfer of rights to resources that are valued by commercial users, including tourism operators. These programmes have in some cases led to promising results, with previously dispossessed rural residents acquiring significant equity in viable ecotourism enterprises. Often however devolution has been partial and conditional, with state agencies seeking to offload the costs of natural resource management while retaining control of the associated benefit streams. These programmes have also rarely targeted southern Africa's core protected areas, more often focusing on areas adjacent to the region's major public parks. With some important exceptions¹, ownership of core conservation assets as well as responsibility for park development and management remain vested in the state but commercial development and management – primarily lodge tourism – are outsourced to the private sector.

Nevertheless, the rapid development of the ecotourism industry and the widespread transfer of resource rights to local residents have stimulated a proliferation of joint ventures between newly endowed indigenous communities and commercial business partners across the southern African region. This paper briefly examines the southern African experience of the

¹ Such as the celebrated Makuleke case, which involved a group of restitution claimants, removed from the area between the Luvuvhu and Limpopo rivers during the consolidation of the Gazankulu bantustan, acquiring restricted freehold title to their ancestral land. The settlement – which was heralded at the time as an important precedent but has since encountered considerable opposition from within the conservation establishment – involved the reincorporation of the Makuleke land into the Kruger National Park via a contractual agreement between the Makulekes and South African National Parks. The Makuleke land is of particular strategic interest not only for its considerable biodiversity value but also because it forms a pivot for the greater Limpopo transfrontier conservation area.

last decade. It identifies some key trends regarding economic flows that run through a wide range of case studies surveyed by the author between 1999 and the present.²

2. EMPLOYMENT

Employment is a major source of benefit for local people involved in the game lodge industry

Regardless of the structural arrangements (i.e. the ownership and management model that underpins the operation of ecotourism lodges) wages are always a key source of revenue flows from the enterprises to local people. In most cases, the wage bill generates by far the biggest single flow of benefits to rural households. In addition, these enterprises provide employment opportunities for women and other vulnerable groups in rural society. This allows poor households to receive direct payments from the firms whereas lease fees or rentals are often intercepted by local elites or government structures before they reach the household.

In all the lodges surveyed, skilled outsiders captured a disproportionate percentage of the wage bill. However, the case studies show that where there is devolution of land or other resource rights, local residents have an important bargaining platform from which they are able to structure employment arrangements that optimise their benefit from wages. Some lodges in the Okavango Delta, the north west of Namibia and Madikwe illustrate that rural residents can use these rights to insist on a practice of employing and training local people thus preventing leakages out of the regional economy that occur due to employment of expatriate labour. By contrast, equity participation in the Ndumo and Rocktail businesses of northern Maputaland did not translate into increased local benefit from employment. This seems to reflect the absence of effective rights-based bargaining at these lodges, where the contractual obligations of the developers and operators were agreed *before* relatively insignificant shareholdings in the businesses were transferred to local interests.

Devolution of resource rights to the local level thus provides an important structural advantage, which can enhance local capture of employment benefit *but only if asserted effectively*. Holding rights to a valuable commercial opportunity is an important starting point but this structural advantage must be converted into an advantageous set of arrangements

² The paper presents an abbreviated overview of studies conducted by Mafisa Planning & Research with Ford Foundation support in six southern African countries (Botswana, Mozambique, Namibia, South Africa, Zambia and Zimbabwe) in 1999 and 2000 as well as various follow-up surveys conducted more recently. Between 1999 and the present, a total of 98 ecotourism lodges were surveyed. The focus has been to understand the ways in which the safari lodge industry can and does contribute to rural incomes. As such, our primary interest has not been to examine how the tourism industry intersects with local livelihoods. We have not sought to address wider poverty issues such as resource entitlements, risk, vulnerability and voice typical of a sustainable livelihoods framework. Instead, our focus has been on the income streams lodge tourism delivers to local residents. How these income streams impact on broader rural livelihoods, survival strategies, power relations and institution formation is a crucial question but one that falls outside the scope of our project.

through effective bargaining. Where local interests lack the institutional and technical capacity to bargain effectively the potential advantages of their position may be squandered³.

Wages, particularly to women workers, are a strong transmission mechanism that impacts directly on needy rural households. Anecdotal evidence and studies that have analysed the impact of wages – particularly women's wages – on households all point to the significant positive impact on broader household welfare. However, in all the lodges surveyed, women captured a proportion of the local wage bill significantly lower than the proportion of women to total local employees. This disparity illustrates the double disadvantage (both local *and* female) of this group in the lodge settings. The data suggest that local women did not narrow this gap even in the case of increased local bargaining power (*vis-à-vis* the state and the private sector) due to collective community ownership of resource rights. This probably reflects the relative disadvantage of women within the local power arena in deep rural settings, which are often profoundly patriarchal.

The South African survey also points to a new practice that promises to enhance the employment benefit captured by local rural residents. As part of the commercialisation of wildlife estate under its control, the South African state is increasingly using its procurement policy to advance the interests of historically disadvantaged groups, particularly those residing in the immediate vicinity of the parks. This approach – which effectively twins commercialisation of state assets with a procurement method favouring historically disadvantaged South Africans – is in line with recent national legislation on public procurement and employment equity. This method obliges state agencies to favour proposals with a strong empowerment component and creates a compelling incentive to escalate local rural involvement in the lodge industry. Combined with statutory minimum employment standards and collective bargaining rights, this is an example of the state using the instruments at its disposal to advance community interests and soften the impacts of economic liberalisation on the wildlife industry. In recent years, several concessions have been awarded in prime protected areas under such programmes. Once these lodges have established trading patterns, they will provide interesting comparative data, which should reflect the impact of affirmative contractual obligations flowing from the conditions set by the state in the award of the concessions.

A caveat may be in order here. The only state enterprise comprehensively surveyed during the study – Hilltop Camp in the Hluhluwe Umfolozi Park – significantly outperformed the private lodges across all the indicators of local employment benefit. The rollback of the state in favour of private enterprise in state-owned parks may bring new development and efficiency gains to the lodge industry in these areas, but 'commercialisation' is also likely to

³ This point goes wider than the employment relationship. There are various examples where entitled communities have failed to structure an optimal relationship with their private partners. This is true even in the case of the recently concluded agreement between the Makuleke community and Wilderness Safaris. In terms of that agreement, the Makulekes have given a private firm exclusive commercial rights over their land for a period of 45 years at a price and on conditions well below industry norms.

depress wage levels as the industry adjusts to the competitive pressures of the market. Overall, the rural economy may gain from more jobs and increased economic activity but at the level of the individual enterprise employment standards – particularly for those in lower rungs – are likely to be reduced. Affirmative procurement practices and statutory minimum standards may therefore act less as a gain for individual local interests and more as a mitigatory factor partially counteracting the general erosion of employment conditions that often accompanies market liberalisation (and which affects those in less skilled positions disproportionately).

3. RESOURCE USER FEES

Resource fees supplement wages and, in some cases, can exceed the wage bill

In cases where there is devolution of land or resource rights, rentals or other resource fees make up a significant portion of economic flows. This is especially the case in Botswana and Namibia where there are advanced CBNRM programmes that devolve rights down to local level, obviating the ability of government structures to intercept these collective benefits (although in Botswana there is a formalised – though rarely discussed – division of rentals between communities and district councils).

Local benefit is thus often enhanced through a combination of wages and significant rentals or lease fees. Various lodges on community leaseholds in Botswana and conservancies in Namibia show how a carefully structured system of rights for local people – combined with a willing private sector partner, a competitive set of natural assets and effective bargaining by the local rights holder – result in levels of rentals that exceed the quantitative impacts of the lodges' wage bill. This source of revenue is important because it can be used for both household dividends as well as collective projects to improve livelihoods in the villages. Measured in terms of total yield to the local economy and benefit per commercial bed, these lodges are by far the most productive outperforming even the most exclusive lodges with high profile social spending programmes (such as Londolozi in the Sabi Sand).

Local politics in poor rural areas is often characterised by struggles over the control of patronage. The revenue flows associated with land rights thus almost invariably become a site of struggle within these settlements. NGOs and other development catalysts often attempt to mediate in these struggles through capacity building and managing electoral processes. However, evidence would suggest these efforts do not often produce an egalitarian result. The outcome of these struggles and whose interests the resources flowing from the reserves serve are more a result of the specific local history and the balance of power within a settlement than any egalitarian or democratic principles. There are thus numerous cases in which these collective revenues were either held up because local

institutions are risk averse and thus allow funds to accumulate in their accounts⁴ or are intercepted by local elites and/or government structures.

Important cases studies in Botswana – where local communities have acquired lease rights to valuable tourism areas – demonstrate the importance of delinking (or formalising the division of) rentals and lease fees from local government. Such a division ensures that these income streams go directly to the intended beneficiaries, thus reducing the potential for interception of a collective resource by local political elites.

The Madikwe case – where neighbouring communities have acquired lease rights to tourism development opportunities inside an adjacent protected area – provides an example of a broader trend affecting the granting of tenure rights in state-owned conservation areas to local communal interests. Like many others throughout the region, the Madikwe model explicitly seeks optimal cost recovery for the state, to the point where the reserve breaks even or generates a surplus for the fiscus. This approach to public conservation seeks to offset the costs of protected area management through the optimal harvesting of returns from commercial development on the land. In this paradigm, the state is reluctant to cede land rentals to local rural residents (even in the case where land is formally transferred to local interests in terms of land restitution settlements). It typically insists that local communities compete in an open market for access to commercial opportunities and pay competitive rents for the use of the land. Under these circumstances, it is difficult to capitalise community equity in the lodge interests and to leverage income flows for local interests. One option is to divert a portion of the future income stream of the enterprise towards this end; another is to provide local interests with discounted or grant capital to fund their interest in the enterprise (or a combination of the two).

4. HUNTING

Consumptive tourism revenues (mainly from trophy hunting) are an important supplement to lodge revenues

Hunting is often an important generator of collective benefit to resource-owning communities. In most cases where there is devolution of rights (including Botswana, Namibia and Zimbabwe), hunting provides important supplements to revenues generated by wages and rentals. Hunting has three important features:

- This industry is not as fickle as non-consumptive tourism. Hunters are less likely to be diverted by political and security issues. Data collected by the Campfire Association in

⁴ This "risk aversion" often seems to be due to reluctance on behalf of local leaders to spend income lest it become subject to internecine squabbling exposing them to charges of patronage or improper conduct.

Zimbabwe, for example, show that the demand for trophy hunting was generally impervious to disruptions from political factors.

- Hunting generates quick returns with little investment and can be used to generate revenue in the substantial start-up period which is required for lodges to build their occupancy rates and generate positive cash flows.
- In extremely remote areas as well as those with marginal tourism assets, hunting is often the only viable wildlife-based commercial activity.

In general, however, indications are that photographic tourism has the potential to generate a far greater stream of benefits than hunting in the long run, provided there is a competitive set of natural assets combined with a strong system of rights to ensure appropriate rentals and employment conditions.

5. SMALL BUSINESS LINKAGES AND SOCIAL RESPONSIBILITY SPENDING

Small business outsourcing, although symbolically important in shaping the texture of the tourist experience, is generally a relatively insignificant source of revenue flow to local interests

Most lodges attempt to provide an outlet for local craft production and, in some cases, for local cultural groups to perform for tourists. There are also instances where lodges purchase goods, natural resources (such as wood and water) and other services locally. However, in most cases, this results in relatively small streams of benefit. A major constraining factor in this regard is the low level of economic development in remote settings. There is an inherent asymmetry between the needs of high-end lodge operations and the capacity of underdeveloped local economies to supply the sophisticated goods and services needed to service the needs of the urban elites making up the bulk of the lodges' clients.

There are however a few exceptional cases where secondary enterprise delivers significant revenue flows to local residents. In certain South African clusters (including Madikwe, Pilanesberg, Mpumalanga and northern KZN), local small businesses stimulated by the lodge industry are substantial generators of local benefit. This generally reflects the activities of external support agencies dedicated to the building of linkages between the local rural economy and the tourism businesses as well as relatively high levels of local economic capacity.

Social responsibility spend associated with the activities of private companies dedicated to the normative ideals of ecotourism can attract significant investment into the local rural economy

The value of secondary expenditure in the local economy is sometimes boosted by the activities of philanthropic organisations linked to the lodge operating firms. For example, in the year 2000, Conservation Corporation Africa's Africa Foundation, which channels donor monies from philanthropic third parties into local development projects, spent more than a R1-million in the communities neighbouring their Phinda operation. While not strictly speaking reflecting secondary enterprise stimulated by the lodges, this figure highlights the role that lodge companies can play in attracting donor and other investment to the rural economy. Interestingly, during 2000 the Phinda lodges significantly outperformed other CCA lodges surveyed during the same period. This is probably mainly due to the presence of a dedicated champion in the Phinda operation at the time (2000), who has been responsible for much of the vigour of CCA's local benefit programme in that region. The disparity between Phinda and the other CCA lodges demonstrates the extent to which local benefit yields in social responsibility models – operating outside a rights-based bargaining arena – depend on the activities of dedicated individuals. While this can yield considerable benefits for local interests, it also creates sustainability risks due to the reliance on individual philanthropy rather than enforceable rights.

6. OTHER

Lodge development can bring important social infrastructure advantages to remote rural settings

Some of the case studies demonstrate that game lodges can bring needed infrastructure to rural villages. In some cases, villages benefit from improved road access, potable water supplies and bulk electricity being brought into the area for the lodges. In Madikwe, for example, the existence of a game reserve and game lodges has led to road upgrades and the provision of cellular telephone networks.

Lodge development can have important people development impacts

The devolution of land rights model is often associated with significant NGO driven capacity building activities. These activities are centred on the ability of local structures to interface coherently with external agencies and business partners. They are often a crucial precondition for a successful bargaining exchange between local holders of resource rights and outside business partners. This is demonstrated in the case of community-owned lodges in Madikwe where external assistance helped communities to convert their resource rights into advantageous business relationships.

The case studies also demonstrate that lodge enterprises often become mechanisms that stimulate a range of sustainable activities and linkages to the centre. Through their involvement in the tourism industry, remote isolated places are linked to the national – and global – economies. Often a learning curve is catalysed by negotiation around ownership rights: although difficult to quantify, this can lead to an enhanced ability to access resources in a bureaucratic environment. This is well demonstrated around Madikwe where the presence of the lodge industry combined with a dedicated local support programme has attracted major donor and public investment.