

# Land reform and agrarian change in southern Africa

An occasional paper series



A case-study of the Lekgophung  
Tourism Lodge, South Africa

**Peter John Massyn and Nick Swan**

# No. 23

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ISBN: 1-86808-564-3

First published August 2002

Cover illustration: Colleen Crawford Cousins

Layout: Designs for Development

Copy editing: Laurie Rose-Innes

Reproduction: House of Colours

Printing: Hansa Reprint

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Lekgophung Tourism Lodge,  
South Africa

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2002

## Contents

<b>Acronyms and abbreviations</b>	<b>ii</b>
<b>List of figures and tables</b>	<b>ii</b>
<b>Executive summary</b>	<b>iii</b>
<b>1. Introduction</b>	<b>1</b>
1.1 The project background	1
1.2 Livelihoods in Lekgophung	2
1.3 The ecotourism sector context	3
1.4 Use of sustainable livelihoods (SL) and rights-based approaches and principles	4
1.5 Methodology	5
<b>2. The case-study questions</b>	<b>5</b>
<b>3. The Lekgophung Lodge case</b>	<b>6</b>
3.1 Structural arrangements	6
3.2 Funding	8
3.3 Financial returns and SMME linkages	9
3.4 Employment opportunities	11
3.5 Skills acquisition and institution-building	11
3.6 Lodge governance	12
3.7 Development co-ordination	13
<b>4. Conclusions</b>	<b>15</b>
4.1 Anticipated impact on household livelihoods in Lekgophung	15
4.2 Sustainability of the Lekgophung model	16
4.3 Value added to local social and human capital through the Lekgophung Lodge	16
4.4 Replicability of the Lekgophung model	17
4.5 SL Approach considerations	18
<b>5. References</b>	<b>19</b>

## Acronyms and abbreviations

<b>CBNRM</b>	Community based natural resource management
<b>CCLD</b>	Centre for Community Law and Development
<b>CDO</b>	Community Development Officer
<b>COD</b>	Centre for Opportunity Development
<b>DBSA</b>	Development Bank of Southern Africa
<b>DEAT</b>	Department for Environmental Affairs and Tourism
<b>DFIDSA</b>	Department For International Development southern Africa
<b>IDP</b>	Integrated Development Plan
<b>LED</b>	Local economic development
<b>MGR</b>	Madikwe Game Reserve
<b>MI</b>	Madikwe Initiative
<b>MOT</b>	Maintain, operate and transfer
<b>NWPTB</b>	North West Parks and Tourism Board
<b>RDP</b>	Reconstruction and Development Programme
<b>SC</b>	Steering Committee
<b>SL</b>	Sustainable livelihoods
<b>SMME</b>	Small, medium and micro enterprise
<b>THETA</b>	Tourism and Hospitality Education and Training Authority

## List of figures and tables

<b>Figure 1:</b>	Lekgophung Lodge – structural arrangement	7
<b>Figure 2:</b>	Sources of funding – Lekgophung Lodge	9
<b>Figure 3:</b>	Multi-stakeholder communication and monitoring mechanism – building process sustainability through the Madikwe Initiative Steering Committee	15
<b>Table 1:</b>	Ownership, development and management at Madikwe	6
<b>Table 2:</b>	Annual local benefit – Lekgophung Lodge	10

## Executive summary

**T**he Lekgophung Lodge is a community-owned wildlife tourism lodge, located in the western part of the Madikwe Game Reserve in the North West Province of South Africa. The Lekgophung community is settled near the western boundary of this protected area.

The key case-study question is: *How and how much can community-owned lodge development within a protected wildlife area contribute towards sustainably improving livelihoods of households in communities bordering on the protected area?* The study considers the following aspects: structural arrangements; funding; financial returns and 'SMME' (small, medium and micro enterprise) linkages; employment opportunities; skills acquisition and institution building; lodge governance; and development co-ordination.

Direct benefits from the Lekgophung Lodge enterprise are expected to boost average household income in the village by about R3 150 per annum and overall disposable income by more than 26%. The rights and benefits to the Lekgophung community through the lodge are durably secured through a range of mechanisms including long-term lease rights, partnership contracts with private lodge operators, who are required to pay a fixed fee and a percentage of turnover to the community, and participation by the community in a multi-stakeholder park-based development steering committee.

The lodge is well-integrated with park and local government development initiatives. Although still in the construction phase, the lodge has added value at many levels. The project brings substantial economic benefits and works within the 'new' cost recovery paradigm of protected area management.

However, the lodge remains dependent on a capital subsidy and private expertise mobilised via partnerships with the public and private sectors. In taking up lodge governance functions, the Trust and Lekgophung community could benefit from having tools and processes to assess the impact of the lodge on local livelihoods, and to monitor asset and livelihoods trends.



# 1. Introduction

## 1.1 The project background

**T**he Lekgophung Lodge has its origins in the DFID-funded Madikwe Initiative, which is providing support to strengthen local communities bordering on the 75 000 ha Madikwe Game Reserve in the North West Province of South Africa, with the ultimate goal being to establish sustainable social, environmental and economic development in the Madikwe area. The project's purpose was to capacitate residents of three local villages, namely Lekgophung, Molatedi and Supingstad to maximise returns from the game reserve.

From the inception of the Madikwe Game Reserve in 1991, a progressive intention was to develop the park as a vehicle for promoting conservation with local economic development, built on a partnership between the state, the private sector and local communities.

A 1997 study identified a profound disparity between the power exercised by the state and the private sector lodge developers and operators on the one hand, and the

communities on the other.<sup>1</sup> In contrast to the other partners, communities had only weak and unenforceable rights to benefit from the reserve. At the request of the North West Province conservation authority, the North West Parks and Tourism Board (NWPTB), the Madikwe Initiative came into being in 1997 with support from DFIDSA to address this problem.

Implementation took place in an initial two-year period. Following a review in June 1999, an extension was adopted and an exit strategy was implemented to March 2002.

## 1.2 Livelihoods in Lekgophung

Household livelihoods in these communities depend largely on remittances from employment, social pensions and transfers from outside the area, with a large percentage (36% according to a 1993 baseline study conducted by the Parks Board and the Development Bank of Southern Africa) living and finding employment outside of the area. This study further found that local economic activity focused on agriculture, in particular extensive livestock production. However (as in Botswana, on which this area borders), the study showed that livestock farming activities are skewed, in that 50% of households owned no livestock at all, and of those that did, 75% owned fewer than five animals each, while a small minority owned more than 100 head each. The average unemployment rate was 34%.<sup>2</sup>

A subsequent study in 1998 found that 'since the study by Perkins (1993) livelihoods have deteriorated in the 3 villages despite the presence of Madikwe'.<sup>3</sup> This negative trend is further indicated by a study in 1999, which showed unemployment in Lekgophung up to 58%,<sup>4</sup> broadly in line with the national trend. Average income per person per in 1999 was approximately R5 per day, i.e. under US\$0.5 per person per day.<sup>5</sup> Livelihood priorities in Lekgophung also reflect a common pattern in South African rural areas, prioritising jobs and wages.

In regard to assets and opportunities, the agricultural potential of the area under rain-fed production is marginal. The thornveld-savannah ecology, as elsewhere in Africa, is vulnerable to excessive grazing, under which conditions bush encroachment and loss of grazing value occurs. This process manifested over much of the Madikwe and similar areas during the 20<sup>th</sup> century.

A study by Setplan in 1991 compared the economic rates of return of two land use options for a large area of degraded white-owned commercial farms in the Madikwe area – extensive



cattle ranching and wildlife-based conservation tourism. The rates of return for the latter were much higher, for example tourism was projected as having the potential to generate more than 1200 jobs, as compared with only 80 lower-paying jobs from cattle ranching.

### **1.3 The ecotourism sector context**

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 are today widely regarded as key drivers for job growth, wealth creation and economic empowerment, particularly in impoverished rural areas.

Ecotourism's contribution to sustainable development is, however, often compromised by high rates of leakage. In rural southern African settings – characterised by a lack of local economic capacity, a shortage of skills and skewed patterns of land ownership – external commercial interests typically capture a disproportionate amount 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.

Part of the solution to this problem is to be found in the various land reform programmes of the region, which aim to create land and resource rights for 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 so-called 'community based natural resource management (CBNRM) programmes' have in some cases led to promising results, with previously dispossessed rural residents acquiring significant equity in viable ecotourism enterprises.

CBNRM has however rarely targeted southern Africa's core protected areas, more often focusing on areas adjacent to the region's major public parks. Typically, 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.

Under this arrangement, which has become widespread in a context of economic liberalisation, resource fees generated by commercial enterprise are appropriated by the state in an effort

to optimise cost recovery to the point where the protected area breaks even or generates a surplus for the fiscus. The new approach to public conservation thus sees the state seeking to offset the costs of protected area management through the optimal harvesting of returns from commercial development on the land. A critical consequence of the approach is reluctance by the state to cede resource rights – and rentals – in core protected areas to local rural residents.<sup>6</sup> On the contrary, the state typically insists that local interests compete in an open market for access to commercial opportunities and pay competitive rents for the use of the land.

#### 1.4 Use of sustainable livelihoods (SL) and rights-based approaches and principles

As implied above, elements of sustainable livelihoods (SL) thinking have manifested at various levels and stages of the Madikwe experience, both predating and during the Madikwe Initiative (MI).

- Assessment of local *assets* highlighted the economic potential of the natural African bushveld for wildlife tourism.
- The early emphasis on *partnerships* between the park authority and private investors and communities has matured into a core partnership between these key stakeholders. The MI has facilitated integration of other key role-players such as local government, which carries responsibility for local economic development. Other stakeholders in niche economic roles, or providing specialised support services, have been integrated into a dynamically expanding web of partnerships spanning a range of levels and functions.
- The MI has promoted strengthened *participation* by local community representatives, in particular in the MI Steering Committee.
- *Sustainability* principles have been strictly applied across the range of partnership, lease conditions and enterprise development activities.
- The MI has facilitated *macro-micro linkages*.

Applying a *rights-based approach* has led to communities securing enforceable long-term lease rights within the protected area from the Parks Board, as well as investment capital and other support services.



## 1.5 Methodology

This case-study has drawn on:

- the extensive experience of Mafisa, the MI project management agency appointed by DFIDSA following consultation with all key stakeholders;
- project records kept by DFIDSA and Mafisa;
- a field interaction with a range of park, private sector, support agency and community stakeholders in February 2002, and subsequent follow up communication; and
- literary discourse on ecotourism, sustainable livelihoods and rights-based approaches.

A characteristic of the project has been the attempt to encompass both quantitative and qualitative aspects. The case-study strives to reflect this. In regard to quantification of returns, it is noted that the study is based on projected flows, as the lodge is still under construction.

## 2. The case-study questions

**T**his case-study examines innovations on how a set of core partnerships involving the conservation authority, local government, private sector lodge operators and community-based bodies can optimise the contribution of ecotourism and conservation activities in a protected wildlife area to improving livelihoods of the local communities.

The key question asked is: *How and how much can community-owned lodge development within a protected wildlife area contribute towards sustainably improving livelihoods of households in communities bordering on the protected area?*

Taking the Lekgophung case, this is explored in regard to the following aspects:

- structural arrangements;
- funding;
- financial returns and 'SMME' (small, medium and micro enterprise) linkages;
- employment opportunities;
- skills acquisition and institution-building;
- lodge governance; and
- development co-ordination.

### 3. The Lekgophung Lodge case

The case begins with the structural and contractual arrangements underpinning the Lekgophung Lodge, to inform the consideration of the funding, financial, economic and capacity-building aspects of the lodge development. The Lodge governance institutions, in particular the Balete ba Lekgophung Development Trust, and relevant development co-ordination structures and processes are considered subsequent to the above points, informed by the information provided on the nature of the governance and development co-ordination functions.

#### 3.1 Structural arrangements

In South Africa, the North West Parks and Tourism Board (NWPTB) has been a lead agency, successfully facilitating the development of private tourism facilities in major provincial reserves. The Madikwe Game Reserve (MGR) – one of the NWPTB’s flagship projects – is one of the first examples in South Africa of the dominant new approach to commercial development in publicly owned protected areas described above. The arrangement at Madikwe is illustrated in the following table:

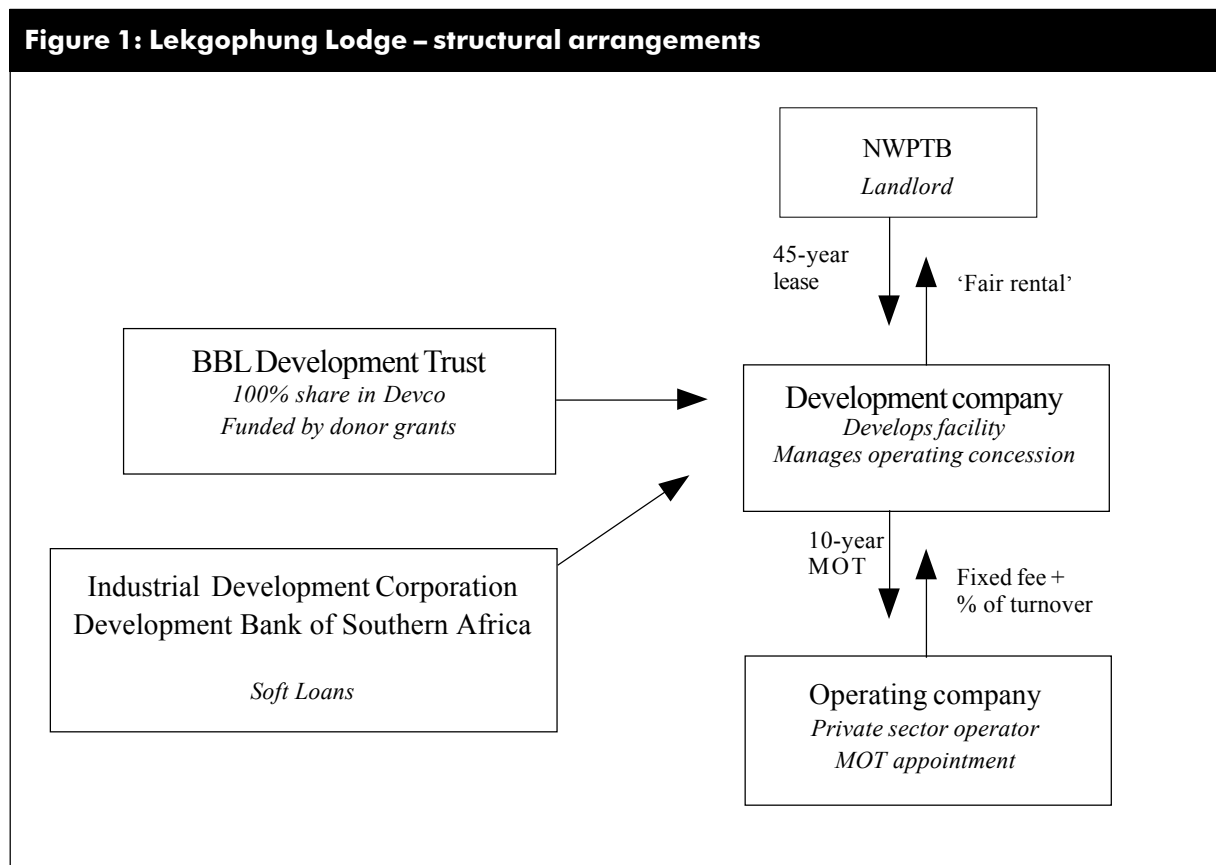
<b>Table 1: Ownership, development and management at Madikwe</b>		
	<b>Wildlife estate</b>	<b>Commercial infrastructure</b>
<b>Ownership</b>	State	State *
<b>Development</b>	State	Private
<b>Management</b>	State	Private
* The private concessions are on a BOT (build, operate and transfer back) basis. Technically, the commercial infrastructure – although funded, developed and operated by the private sector during the period of the lease – vests in the state as the owner of the land.		

One of the key recent innovations of the NWPTB – negotiated within the framework of the Madikwe Initiative – is an agreement to grant *long-term concessions to local rural residents for the development of tourism businesses in the MGR*. The first of these developments, Lekgophung Lodge, is seen as a pilot in which the region’s current stress on wildlife tourism as a



strategic industry is fused into a community-owned enterprise that will maximise jobs, wages, lease fees and other forms of tangible benefit to rural people without jeopardising the state’s commitment to the new public conservation paradigm. The structural arrangements underpinning the model are illustrated in Figure 1.

The community of Lekgophung thus hold 100% of the shares in a development company (Devco) via a legal entity known as the Balete Ba Lekgophung (BBL) Development Trust. The Trust was established through an intensive institution-building programme funded by the Madikwe Initiative and implemented by the Centre for Community Law and Development (CCLD) of Potchefstroom University.



The Devco has entered into a 45-year lease agreement with the NWPTB for the development and operation of a facility at a prime site in the MGR. The Devco has, in turn, appointed a private sector partner to maintain and operate the lodge for an initial ten-year period. The Devco called for proposals and

appointed an established private sector company with a proven record of accomplishment in the marketing and operation of tourist lodges.

The operating company will fund the soft fittings, furnishings, equipment, pre-opening expenses and operating capital required by the enterprise. During the early stages of the project, the operating company is expected to establish the product as a brand in the market and to achieve prescribed social goals, such as the employment and training of local staff as well as the use of local entrepreneurs for the procurement of a range of goods and services. These goals are contractually entrenched in the operating agreement between the Devco and the private partner. They, therefore, form part of a clear rights framework, which the community could enforce should the operator fail to discharge its empowerment obligations.

Upon termination of the contract, the operating company will transfer back the facility to the Devco, which will either reappoint the operating company, or make alternative arrangements for the future management of the facility.

### 3.2 Funding

In the Lekgophung case, the NWPTB maintained an insistence on commercial rates for the land but allowed the community to bid for the concession via a limited 'call for proposals' from 'neighbouring communities'. In this way, the community won a long-term lease to a prime tourism site in the MGR. With support from the Madikwe Initiative, it used these rights as a bargaining platform from which to secure an advantageous set of arrangements with a private operating partner. However, it could not use land rentals (or other resource fees) to capitalise its equity in the community-owned company (which is to undertake the development of the lodge). Under these circumstances, the community's share in the lodge development company is financed by a mixture of loan and grant capital, which ensures an early flow of revenue to the community.<sup>7</sup>

The business model piloted at Lekgophung thus establishes a partnership that gives possession of a productive commercial asset to members of a disadvantaged rural community in an environment of public ownership where classic CBNRM options are not available. It uses a relatively small donor grant (R2 million) to leverage a bundle of public (R3.8 million) and private (R2.5 million) investment that delivers a 100% share in the





lodge-owning company to the community. The gearing effect of the grant capital (1:3) is illustrated in the following chart:

### 3.3 Financial returns and SMME linkages

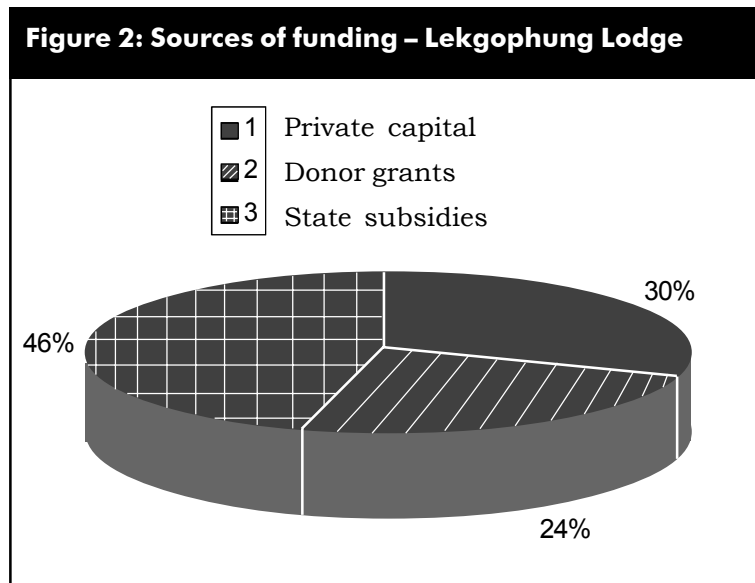


Table 2 sets out the anticipated economic returns to the Lekgophung community from the development of the Lekgophung Lodge. It indicates that the project will bring very significant returns to a disadvantaged sector of the local rural economy.

In year one, the project should generate construction contracts of approximately R1.3 million for residents of Lekgophung. At maturity, it should deliver

approximately R2 million per annum in various forms of sustainable income to rural households in the acutely impoverished Lekgophung region.

The Madikwe Initiative has launched a skills training and business support programme in Lekgophung in association with the Balete ba Lekgophung Development Trust, the Lekgophung RDP Forum and local government (Central District Council). This programme provides the basis for a high level of integration between the lodge business and the local economy, thereby maximising returns to the people of Lekgophung. For example, a construction unit and a brick-making business have already been established at Lekgophung. Members have received training from various service providers and are certified within nationally recognised frameworks. These businesses will be used during the construction phase and for ongoing maintenance of the lodge.

A Local Business Service Centre has been established and a manager trained by the Centre for Opportunity Development (COD) to provide support to the various enterprises linked to the lodge. COD will also provide an aftercare service to support the LBSC during its early years. Ultimately, it is predicted that almost a quarter of the turnover generated by the lodge enterprise will flow into the Lekgophung village economy.

<b>Table 2: Annual local benefit – Lekgophung Lodge</b>	
<b>EMPLOYMENT BENEFITS</b>	
Employees (total)	32
Average wage (local)	31 500
Lowest wage	25 000
Employees (local)	29
Percentage of total staff	90.6%
Employees (female)	20
Percentage of total	62.5%
Annual bonuses/overtime	62 000
Annual gratuities	90 000
<b>Total annual employment benefits to local employees</b>	<b>1 132 000</b>
<b>SECONDARY ENTERPRISE</b>	
Contracts	275 000
Number employed	14
Curio sales	52 000
Number employed	4
<b>Total secondary enterprise benefits to local residents</b>	<b>327 000</b>
<b>OPERATING FEES</b>	
Operating fees	432 000
<b>Total local employed</b>	<b>50</b>
<b>Total local benefit</b>	<b>1 891 000</b>
<b>Local benefit/commercial bed</b>	<b>78 800</b>

These levels of benefit retention represent a significant achievement that will make a real contribution to poverty alleviation and economic development in Lekgophung. They will also establish the venture as a model public/private/community partnership in the conservation/tourism sector.

### 3.4 Employment opportunities

It is estimated that the project will generate approximately 115 temporary jobs during the construction phase and 32



permanent direct jobs at an average annual remuneration of approximately R31 500. Community members should capture approximately 90% of the permanent jobs created during the first year.

The agreement with the private partner ensures that employment preference will be given to members of the Lekgophung community. This will include managerial posts after adequate training and capacity-building. A structured skills-training programme implemented with support from the Madikwe Initiative and the Tourism and Hospitality Education Training Authority (THETA) is already underway and will be intensified to ensure adequately trained local labour is available. The typical situation where locals are employed only in low-paid, menial positions will, therefore, be avoided. At maturity, it is estimated that the people of Lekgophung will receive more than R1.1 million per annum in direct wage income from the enterprise.

The commitment to minimising leakage from the local economy by purchasing goods and services locally, within a framework of structured support for local economic development, will ensure that a high proportion of the second order job creation will also occur locally.

### **3.5 Skills acquisition and institution-building**

Many similar projects have failed due to the lack of adequate capacity-building and training. The success of the development aspect of this venture is, therefore, integrally dependent on ongoing skills-oriented capacity-building aimed both at servicing the core business and stimulating greater integration between the lodge enterprise and the local rural economy. The DFID-funded Madikwe Initiative is working closely with other agencies, notably the Central District Council, the THETA and the Tourism Enterprise Programme (TEP), to implement a comprehensive support programme designed to ensure that the people of Lekgophung acquire the skills and institutional capacity to benefit optimally from the development of the proposed lodge.

A core benefit of the project will, therefore, be the stimulation of institutional capacity and economic opportunities in one of the poorest areas of the Central District and the North West Province. The initiative will equip historically disadvantaged individuals with skills that are marketable to the core lodge

business but also to the broader tourism industry. Through its participation in the project, the local partner will also build the organisational capacity and entrepreneurial expertise needed for further independent ventures in the future.

Small enterprise skills have been developed through the services of the Centre for Opportunity Development (COD) to enable Lekgophung residents to benefit from secondary enterprise opportunities.

### 3.6 Lodge governance

The Deed of Trust of the Balete ba Lekgophung Development Trust states that:

*The main object of the trust is to conduct the business of management of the Game Lodge and the shares and interest of the beneficiary community for the benefit of the community; and that*

*The net income of the trust in each financial year shall be apportioned among the beneficiaries in accordance with the resolution of Trustees.*

A formal statement to the Master of the High Court<sup>8</sup> identifies beneficiaries of the Trust as follows:

*All the members of the Balete ba Lekgophung are beneficiaries under the trust irrespective of their ages and some are related to a lesser or larger extent to some of the Trustees.*

The trust deed further contains definitions of the terms 'beneficiaries', 'group' and 'interest'.

With a dependency ratio of 1:4 wage earners to dependents per household,<sup>9</sup> the 50 jobs generated by the lodge and related developments are likely to bring direct improvements to livelihoods of around 10% of Lekgophung's people. Apart from other self-employment opportunities, for most of the remainder of the group, direct cash benefit from the Lekgophung lodge developments will depend on the Trust's allocations of net income.

In executing the above functions, cultural norms, humanitarian and egalitarian normative considerations and possible tensions between these and private interests of trustees may come to the fore. This presents a key governance challenge. Perceived preferential channelling of resources is likely to jeopardise the project's sustainability.

The governance performance of the Trust is largely a factor of local social capital. In addition to the formal legal structure, local



social and organisational culture, leadership and gender dynamics are key factors. The Balete ethnic group has been relatively successful in maintaining traditional cultural norms and values. In addition, democratic culture has evolved through the village development structures in recent years, in particular in the RDP Forum. In everyday practice, these traditional norms and leadership dynamics are likely to exert more influence than legal documents.

The traditional leader of the Balete ba Lekgophung has the status of 'founder trustee'. The strongly patriarchal Balete culture, and the fact that only three of the 21 trustees are women, is likely to test the performance of the Trust in regard to gender equity.

Support under the Madikwe Initiative has included extensive discussion of legal options and their implications in community workshops, training for trustees, and support in establishing the trust. Key support providers during the MI have included Mafisa, the Centre for Community Law and Development (CCLD), the Community Development Officer of the Local Government and, more recently, the NWPTB Community Development Officer. General practice under the MI of the principles of participation, consultation and transparency has strengthened the culture of democracy and accountability.

Challenges remain to the trust and support providers to develop and maintain an effective system for monitoring the impact of the Lodge and related development activities on household livelihoods in Lekgophung.

### **3.7 Development co-ordination**

The Lekgophung Lodge occupies a place within a larger web of structures, relationships and processes for co-ordinating development efforts and processes in the area. This institutional map is outlined in Figure 3 below.

A key planned outcome of the MI has been the establishment of 'project steering mechanisms effectively integrating the local communities and other key stakeholders'. A MI Steering Committee (SC) has been established.

The Lekgophung community is represented on the Madikwe Initiative SC by four community representatives, each carrying briefs of key community constituencies. The chief represents the larger community, while the others represent respectively the Trust, the RDP Forum and community-based SMMEs.

The Madikwe SC has been strengthened through a number of mechanisms and principles:

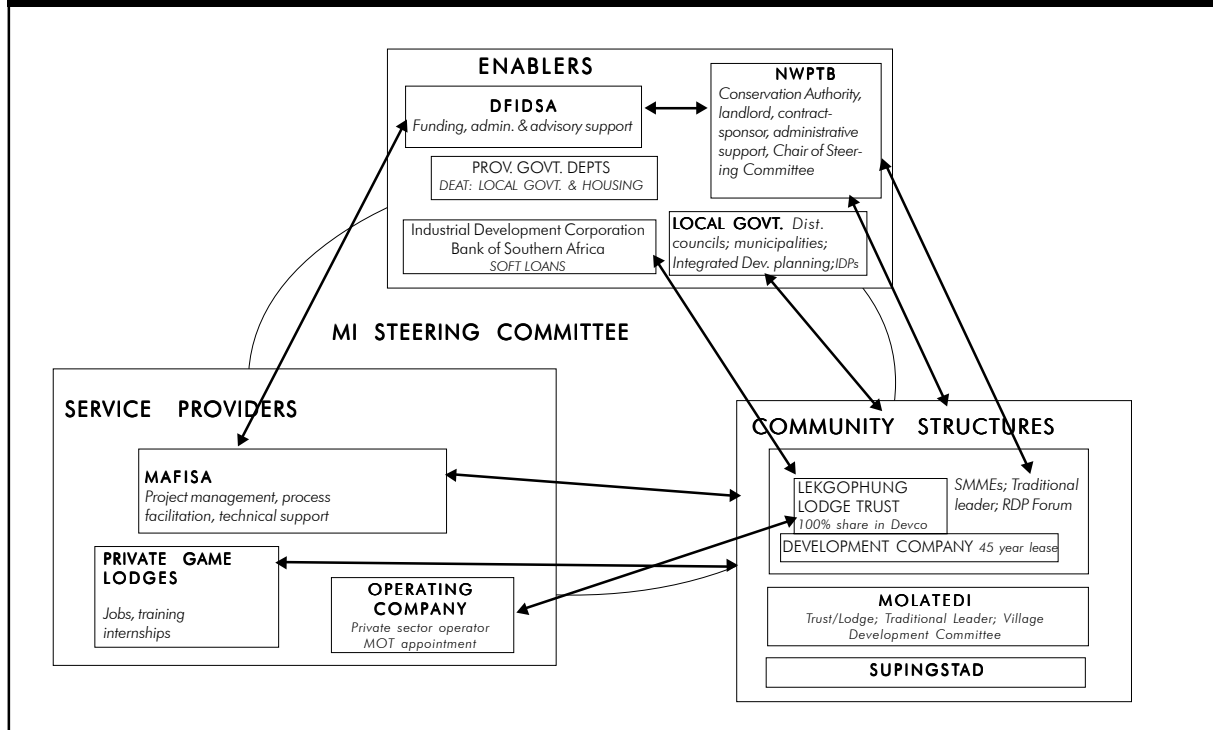
- a ‘serious’ inclusive stakeholder workshopping process to establish the SC;<sup>10</sup>
- representation on the SC at senior level of stakeholder bodies;
- written mandates from stakeholder body principals stating the responsibilities and accountability of SC representatives;
- adherence to the principle of transparency;
- leadership from the formal regulatory body, the NWPTB, with expansive vision and clear commitment to building effective partnership with community structures, through the chairperson role of the top manager of NWPTB Protected Areas, Mr Matsima Magakgala;
- a particularly important liaison function carried out by the NWPTB Community Development Officer, established in 2001 as a direct outcome of the MI; and
- other levels and resources of the NWPTB used for secretariat, follow-up and contracting functions.

In the view of the SC chairperson, the SC has played a major role in building *trust* between stakeholders. In particular, relationships between traditional leaders and elected councillors under the new local government system, and between the NWPTB and local government have improved markedly through the brokering and facilitation role of the MI and the MI SC.

This has material significance for the Lekgophung Lodge in that it is now integrated into the Madikwe West Service Centre being promoted and supported by local government, in this case the Central District Council. The Madikwe West Service Centre is one of two integrated rural development service centres linked to piloting of the new IDP (Integrated Development Planning) system by the North West Provincial government, in particular through the Departments of Housing and Local Government and the Department of Economic Affairs and Tourism and local government. The Madikwe West Service Centre includes seven lodges in the western part of the MGR near the Lekgophung settlement. Funding for local economic investment through local government is being channelled into the physical infrastructure development of the centre. Community-owned enterprises will provide services, including waste removal, laundry and cleaning, to the community and privately owned lodges.



**Figure 3: Multi-stakeholder communication and monitoring mechanism – building process sustainability through the Madikwe Initiative Steering Committee<sup>11</sup>**



## 4. Conclusions

### 4.1 Anticipated impact on household livelihoods in Lekgophung

The figures presented in this paper illustrate that a comparatively small rural business – if structured to direct most of its resource flows to local beneficiaries – has the potential to significantly improve rural livelihoods. In the case of the Lekgophung Lodge, this impact is enhanced by the relatively small size of the beneficiary group. During the time of the most recent survey, the village of Lekgophung had a total population of about 2 300 persons in about 600 households. The total disposable income generated in the village was estimated at less than R600 000 per month, with average household income around R900 per month. This means

that the direct benefits captured from the single lodge enterprise could boost average household income in the village by about R3 150 per annum and overall disposable income by more than 26%.

Indirect impacts of the income flows from lodge and related park-based developments are a matter for systematic monitoring and engagement as the process unfolds. Experience elsewhere has shown unexpected negative impacts on certain 'traditional' livelihood strategies such as agriculture, as beneficiaries of new income invest in cattle, for example, while the already pressured grazing resources may not be able to sustain increased livestock numbers.

## 4.2 Sustainability of the Lekgophung model

The rights and benefits to the Lekgophung community through the lodge are durably and in many instances enforceably secured through the following mechanisms:

- long-term concession rights to a prime lodge development site held by a 100% community-owned company (Devco);
- negotiated and formalised partnership with private sector operator, under a 'Maintain-Operate-Transfer' shorter-term but renewable contract, from which a fixed fee and percentage of turnover accrues to the community;
- embedded institutional arrangements for Lekgophung community representation in the MI Steering Committee, enabling participation in ongoing monitoring and co-ordination of park-based development, under the leadership of the park authority;
- the capital subsidy and soft loans from DBSA and IDC enable early flow of benefits from the lodge to the community; and
- the lodge fulfils a central aim of the NWPTB, to use the park conservation project as a vehicle for local rural economic development.

## 4.3 Value added to local social and human capital through the Lekgophung Lodge

At village level, the RDP Forum's efforts have become focused through the Lekgophung Lodge as an anchor project, which also opens up other opportunities for small enterprise development.





Institutional roles have been clarified, and skills developed by village leadership and others.

At the MI project level, the Lekgophung Lodge has provided an example for the Molatedi community on the east side of the park, which is engaged in a similar lodge development initiative. Molatedi residents commented on the value to them of this working example, in a situation of more ambivalent community attitudes towards the park and wildlife tourism, and possibly less cohesive community dynamics.

At the area level, the NWPTB has indicated that the Lekgophung model has contributed significantly towards resolution of outstanding land claims by communities dispossessed through the establishment of the park. A restitution package includes a valuable lodge development site, to be developed drawing largely on the Lekgophung model.

#### **4.4 Replicability of the Lekgophung model**

As part of broader structural reform programmes, a number of southern Africa's conservation agencies are currently undertaking programmes to commercialise the wildlife estates under their control. Market-led reform of the region's state-owned conservation estates creates significant opportunities for an application of the Lekgophung model at scale across southern Africa. However, in contexts where the state appropriates resource rentals to cover the costs of estate management (i.e. in an environment where classic CBNRM-style devolutions of resource rights are not available), an impediment to the growth of local ownership in the conservation industry has been the inability of the disadvantaged partners to capitalise initial equity. Consequently, large numbers of bankable projects are not being capitalised, and the potential for progressive ownership transfer in a high value niche sector of the rural economy is being undermined.

The Lekgophung initiative seeks to overcome this impediment by establishing a partnership that gives outright ownership of a productive commercial asset to members of a disadvantaged rural community in an environment of public ownership where classic CBNRM options are not available. In order to achieve this, it uses a relatively small donor grant to leverage a bundle of investment that delivers a 100% share in the lodge-owning company to the community. The project brings substantial economic benefits and works within the 'new' conservation paradigm, but it remains dependent on a capital subsidy and

private expertise mobilised via partnerships with the public and private sectors.

#### 4.5 Sustainable livelihoods approach considerations

The Lekgophung Lodge initiative has been designed to optimise livelihood benefits to the Lekgophung community through direct employment, secondary enterprises and the distribution of net income from the lodge.

The governance issues, in particular the allocative function of the Lodge Trust, could benefit from support in developing the capacity for systematic participatory context-adjusted monitoring of household livelihood trends in Lekgophung, both those related directly to the lodge and park and those unrelated to these developments. Appropriate tools and processes to track changes in assets and livelihoods status of different interest groups within the Lekgophung community could enable participation in monitoring, and increased transparency and legitimacy in the Trust's decision making.

## Endnotes

1. Davies, R. 1997.
2. i.e. percentage of adults of working age unemployed.
3. Magome & Sentle 1998.
4. Rutech, 1999 survey: This figure is based on adults of working age employed, excluding local farmers; total Lekgophung population, 2334; potentially economically active, 938; number of households, 620; working people, 649; pensioners, 620. Employed people: 14 private business; 341 migrants; 7 projects; 4 semi-government; 33 government; 250 farmers. Average household income/month R979 (US\$85 at current exchange rate); 31% of income spent in the village.
5. At an exchange rate of around R11.50/US\$1.00.
6. This has caused a tension in state policy between the promotion of land restitution in public parks (such as Madikwe, Kruger and Greater St. Lucia) and the need to appropriate rents arising from the commercial development of these protected areas.
7. Given the lodge industry's relatively high risk profile (related primarily to deferred cash flows), the project does not seek



to capitalise the community's equity with market-related loans. The capital subsidies (made up of a mix of grants and discounted loans), while not removing all community risk, do mitigate the need to fund the community's equity out of the cash flows of the business, thereby releasing an early income stream to the community.

8. Trustees are accountable to the Master of the High Court in terms of the Trust Act.
9. Based on the 1999 Rutech survey, which found 649 working people out of a total population of 2334 in Lekgophung.
10. MI SC chairperson, Matsima Magakgala, General Manager, Protected Area Management, NWPTB, 21/02/02.
11. Adapted from Dermot Shields & Mary Hobley, 'Hub' model.

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