

**SOUTH AFRICA'S
SPATIAL DEVELOPMENT INITIATIVES:
THE CASE OF THE LUBOMBO SDI
AND THE GREATER ST LUCIA WETLAND PARK**

By

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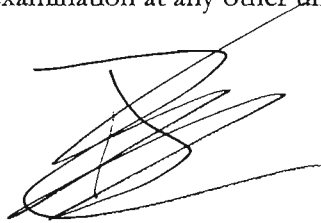
ABSTRACT

A varied literature has emerged assessing the history and principles of the SDI programme and its individual initiatives. Within the literature, a widespread critique has developed that views the SDIs as falling short in two crucial areas. First, the SDIs have, in general, had limited developmental impacts. Second, many of the initiatives failed to develop adequate institutional responses to the specific conditions they faced in their various localities.

The study describes the Lubombo SDI and its anchor project, the Greater St Lucia Wetland Park. It argues that the Lubombo SDI, from the outset, took institutions seriously with a long view of development. It did not seek to deliver large-scale investment in a short period. Rather, it focused on shifting the development fundamentals – including key aspects of the Lubombo region’s institutional arrangements – and concentrating its resources on facilitating a major project capable of pulling the various agencies with a stake in the region’s development onto a common platform. This concentration of effort, and the creation of a dedicated authority with a clear statutory mandate to promote development *and* conservation, has brought advances to an area where development was effectively blocked for many years. But the dynamic nature of the institutional environment remains a key challenge affecting the GSLWP and the execution of the Authority’s mandate. The ability of the Authority to continue mediating the multiple tensions and complexities affecting the GSLWP will be crucial if the agenda first set by the Lubombo is to be carried forward in the coming years.

DECLARATION

I declare that this dissertation is my own work. It is being submitted for the degree of Master of Town and Regional Planning at the University of the KwaZulu-Natal, Durban. It has not been submitted before for any degree or examination at any other university.



Andrew Phillip Zaloumis

3rd day of March 2005

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Chapter 1

ORIENTATION TO THE STUDY

1. Introduction

This study focuses on the Lubombo SDI and its anchor project, the Greater St Lucia Wetland Park. Its aim is to analyse the Lubombo SDI, and the establishment of the GSLWP, in the context of the government's Spatial Development Initiatives programme.

The study takes place against the background of the now substantial literature arguing the difficulties encountered by various SDIs to develop adequate responses to local conditions. A varied literature has emerged assessing the history and principles of the SDI programme as well as its individual initiatives. Within this literature, a widespread critique has developed that views the SDIs as falling short in two crucial areas. First, the SDIs have, in general, had limited developmental impacts. Second, many of the initiatives failed to develop appropriate institutional responses to the specific conditions they faced in their various localities.

Yet, the Lubombo SDI has paid careful attention to regional institutional structuring and has attempted to develop an "adequate institutional response" in order to enable improved regional economic performance in future. The study examines the manner in which the Lubombo SDI and its anchor project, the Greater St Lucia Wetland Park, have attempted to shift the development fundamentals in the Maputaland region by not only delivering physical infrastructure but also reconfiguring the region's institutional arrangements and their associated development path.

In considering the Lubombo SDI and its anchor project, the two-pronged critique developed in the literature is of vital interest. Against the background of this critique, the study examines the following two key questions:

- Has the Lubombo SDI achieved greater developmental reach than is generally acknowledged in the literature on other SDIs?

- And has it, in the words of Harrison “developed an adequate institutional mechanism” to shift the region’s development fundamentals (1998:3)?

In exploring these questions, the study examines the manner in which the Lubombo SDI and its anchor project, the Greater St Lucia Wetland Park, have attempted to shift the development fundamentals in the Maputaland region by not only delivering physical infrastructure but also reconfiguring the region’s institutional arrangement and its associated development path. It did not seek to deliver large-scale investment in a short period. Rather, it focused on shifting the development fundamentals of the Lubombo region by establishing a track record of delivery and concentrating its resources on facilitating a major project capable of pulling the various agencies with a stake in the region’s development onto a common platform.

The principal focus of the study is on the Lubombo SDI from its start in 1996 to approximately 2002 when its major institutional intervention – the GSLWP Authority – became fully operational in effect taking on the functions of the Lubombo SDI. The history of the Authority since its establishment, including the many challenges it currently faces, are largely beyond the scope of the study and are therefore only briefly sketched. Nevertheless, the study does, in conclusion, raise some of the key risks faced by the Authority in carrying forward its mandate.

2. Structure of the study

Chapter 2 places the SDI programme within the context of regional policy development in South Africa, particularly as an instrument of post-apartheid regional planning. It briefly locates the SDI programme in general, and the Lubombo SDI in particular, within the context of globalisation and regionalisation, twin processes that have recently spawned an international resurgence in the study of regionalism. It does so by drawing on Harrison’s useful overview (1998) but also by referring extensively to the work of Amin (1999), Morgan (1997) and Storper (2004). These writers have brought an “institutionalist” turn to the

regional development literature, which draws attention to the broadly conceived institutional structures that underpin regional economies and development paths.

Thereafter, it examines the programme within its South African frame, referring to the rich literature on SDIs that has emerged in recent years. It highlights some of the main themes in the literature, particularly two widely repeated criticisms. First, the idea that the developmental impacts of the SDIs have been disappointing particularly when measured against the ambitious claims made in the early years of the programme. Second, the notion that many of the initiatives failed to develop “adequate institutional responses” to the specific conditions they faced in their various localities.

Chapter 3 sketches the history of the Lubombo SDI. It provides a brief overview of the background to the Lubombo initiative, particularly the mining controversy of the late-1980s and early-1990s and the entrenchment of a “low-road” development trajectory in Maputaland during the closing decades of the last century. It describes the early history of the Lubombo SDI, its underpinning analysis and its institutional structure. After this, the suite of interventions promoted by the Lubombo SDI during the first phase of its implementation are described. These were designed to lay the basis for a broad-based improvement in the region’s development fundamentals. The chapter stresses that the Lubombo SDI always took a long view of the development process. Shifting the development fundamentals in an area such as that targeted by the Lubombo SDI required a much longer process than the “fast track” envisaged by mainstream SDI planners. The Lubombo SDI also understood the need to build political support for the project not just at the highest level – although this was crucial – but also at the provincial and local levels. Moreover, delivery in an area afflicted by extreme poverty and infrastructure deficits, had to be shaped not only by the grand logic of the SDI but also by the immediate social and economic needs of the area’s inhabitants.

Chapter 4 provides an overview of the Lubombo SDI’s anchor project, from its initial conceptualisation to its eventual implementation. The focus is on the period from 1997, when the SDI first defined the identified the Greater St Lucia Wetland Park as a project capable of stimulating significant economic growth in the Lubombo area, to approximately 2002 when the GSLWP Authority became fully operational. The main concern in the chapter is to

describe how the Lubombo SDI sought to put in place the fundamentals required to implement its anchor project, particularly an institutional structure with the capacity to drive the economic renewal of the GSLWP.

The final chapter briefly returns to the developmental impacts and institutional aspects of the Lubombo SDI and the GSLWP. The creation of a dedicated authority with a clear statutory mandate to promote development and conservation brought advances to an area where development was effectively blocked for many years. But the dynamic nature of the institutional environment remains a key challenge affecting the Park and the execution of the Authority's mandate. The ability of the Authority to continue mediating the multiple tensions and complexities affecting the GSLWP will be crucial if the agenda first set by the Lubombo SDI is to be carried forward in the coming years.

3. A Note on Terminology and Methodology

Greater St Lucia Wetland Park (also GSLWP or Park) and GSLWP Authority (or Authority):

Regulations published in November 2000 in terms of the World Heritage Convention Act of 1999 formally proclaimed the Greater St Lucia Wetland Park and established a new, purpose-designed statutory body, the GSLWP Authority, to develop, oversee and manage the Park.

Spatial Development Initiative or SDI:

Chapter 2 defines the concept by drawing on the extensive literature dealing with the topic. This literature includes both primary texts developed for DTI by key drivers of the programme and a variety of support agencies, most notably the Development Bank of Southern Africa. It also includes secondary literature in which various writers have contextualised the SDI programme in terms of regional policy practices internationally and the new constitutional and macro-economic frameworks nationally.

Region:

In the case of the SDI programme, the term “region” is used to refer to a loosely bounded territory which is the focus of a given SDI. This may be a transnational area such as is in the case of the Lubombo SDI or the Maputo Corridor, or a subnational area such as in the case of the Richards Bay SDI, the Wild Coast SDI, etc. In the dissertation, the term will be used, following Harrison (1998), principally to refer to a subnational territory. In the discussion of the Lubombo SDI, the focus will be on the South African component of the programme, i.e. a subnational territory situated in the far north of KwaZulu-Natal which largely coincides with the boundaries of the new uMkhanyakude District Municipality.

4. Methodology

As the Lubombo SDI project manager and Chief Executive Officer of the GSLWP Authority, I have been intimately involved in the subject of this study from the conceptualisation of the Lubombo SDI to the present. I have therefore been, and continue to be, a participant in the process which the study analyses. My position brings some advantages. It has meant that I have immersed myself in the subject for many years and that I have access to key documentary material related to the SDI process and the establishment of the GSLWP Authority, some of which is not in the public domain. This literature constitutes the main source of primary data for the study.

However, my involvement in the Lubombo SDI and GSLWP also brings certain limitations. The most obvious is the question of possible bias – the threat that my objectivity has been compromised by my participation in the subject of the study. I am a player in an initiative that has attempted to stimulate new development in a region that has stagnated for many years. This has involved a political dimension, which is discussed at some length in the study. The point here is that I acknowledge that my involvement in a complex regional development initiative brings with it the possibility of limited perspective and bias. I have attempted to counter this by considering various views on the topic. This includes a review of the now extensive SDI literature written by a wide range of thinkers as well a series of interviews with key players involved in the SDI programme in general and the Lubombo SDI in particular.

The study considers the data collected from these sources within the conceptual framework provided by contemporary regional development theory, which I review at some length in the following chapter.

Chapter 2

THE SOUTH AFRICAN SDI PROGRAMME

1. Introduction

This chapter places the SDI programme within the context of regional policy development in South Africa, particularly as an instrument of post-apartheid regional planning. It briefly locates the SDI programme in general, and the Lubombo SDI in particular, within the context of globalisation and regionalisation, twin processes that have recently spawned an international resurgence in the study of regionalism.

It does so by drawing on Harrison's useful overview (1998) but also by referring extensively to the work of Amin (1999), Morgan (1997) and Storper (2004). These writers have brought an "institutionalist" turn to the regional development literature, which draws attention to the broadly conceived institutional structures that underpin regional economies and development paths.

Thereafter, the chapter examines the SDI programme within its South African frame, referring to a range of primary texts developed by individuals and institutions associated with the SDI programme. This includes the definitive work of Jourdan (1997), Goldin and Jourdan (1996), Jourdan et al (1998) as well as other SDI managers and practitioners (including Platzky, 1998 and Altman 2001a and b). It also includes internal documents – many unpublished – prepared for the Lubombo SDI. In placing the SDI programme within its South African context, the chapter also draws on a second – fast expanding – category of literature. This work, which reflects on the broader SDI programme as well as individual initiatives, may be considered secondary literature prepared by writers not directly involved in the implementation of the SDIs. It locates the programme within South Africa's new macro-economic and political frameworks, and brings a critical perspective to the programme and its individual initiatives. The chapter draws extensively on this writing including the work of,

amongst others, Harrison, 1998; Platzky, 2000; Rogerson, 1998; Adebayo and Todes, 2003; 1998; and Söderbaum and Taylor, 2003).

2. The Return to Regional Theory

Recent years have seen an international revival of interest in the “regional question” (Keating and Loughlin, 1997:1). This upsurge may be considered a theoretical response to the multiple processes of regionalism which, together with globalisation, may be considered a qualitatively new phenomenon rapidly transforming the contemporary world¹. “The new regionalism is a truly world-wide phenomenon, taking place in more areas of the world than ever before” (Söderbaum and Taylor, 2003a: 11).

According to Harrison, writing in the late-nineties:

There is now, internationally, a clear return to full recognition of the inevitability and desirability of regional policy. This renewed awareness of regional policy is partly a result of innovative and progressive thinking emerging from the European Union, although there are important contributions from other parts of the world. The other key reason for heightened awareness of the role of regional policy is resurgent regionalism as regional policy is often a response to the demands (and, sometimes, threats) of regionalism (1998:2).

One example of the thinking from within the European Union is the work of Guerro who argues that the recent period has witnessed a resurgence in regional theory and practice after the “crisis” following the global economic downturn of the 1970s. However, unlike the relative consensus of the two post-war decades, the period since the 1980s has not seen the emergence of “a well-established alternative regional development ‘paradigm’” (1997:3). Harrison concurs: “In the 1980s, there was some talk of the ‘death of regional policy’ but

¹ “With regard to context, the new regionalism needs to be related to the current transformation of the world: regions are not formed in a vacuum. Here globalisation is a key to further understanding. Globalisation and regionalisation are intimately connected, and must be understood within the same framework, together shaping the emerging world order” (Söderbaum and Taylor, 2003a: 11).

what was meant, in fact, was the abandonment of a particular form of regional policy and of specific instruments of regional policy (e.g. the growth pole)” (1998:2). Instead, regional policy currently mixes “new models and old strategies” and displays remarkable variety within Europe and across the globe (Guerro, 1997:73)².

Despite its “remarkable variety”, thinkers such as Amin stress certain commonalities in the new writing on regional development. Until recently, Amin argues, regional policy was “firm-centred, incentive-based and state-driven” (1999: 365). This is true of both the Keynesian approach that dominated regional policy in the majority of capitalist economies after the 1960s as well as in the pro-market neo-liberal experiments that have come to the fore more recently:

The common assumption in both approaches, despite their fundamental differences over the necessity for state intervention and over the equilibrating powers of the market, has been that top-down policies can be applied universally to all types of region. This agreement seems to draw on the belief that at the heart of economic success lies a set of common factors (e.g. the rational individual, the maximizing entrepreneur, the firm as a basic economic unit and so on). (Amin, 1999: 365.)

Partly in response to the failings of both these approaches – which have by-and-large failed to stimulate self-sustaining growth based on the mobilization of local resources and interdependencies, especially in the so-called less favoured regions (LFRs) – thinking on regional development has recently shifted:

² However, despite their innovation and diversity, the new frameworks are sometimes criticized for their focus on the developed world, especially Europe, to the exclusion – or at least the neglect – of Africa and “the dynamic processes of regionalisation on this continent”. According to Söderbaum and Taylor, much of the new regional theory was developed first and foremost for the study of Europe, which forms the “standard case” against which other regionalisms are measured – “a particular reading of European integration influence(s) the description and prescription of regionalism in the rest of the world” (2003a: 10).

... more innovative policy communities have begun to explore an alternative ... centred on mobilizing the endogenous potential of the LFRs, through efforts to upgrade a broadly defined local supply-base. It seeks to unlock the 'wealth of regions' as the prime source of development and renewal. This is not an approach with a coherent economic theory behind it, nor is there a consensus on the necessary policy actions. However, its axioms contrast sharply with those of the policy orthodoxy, in tending to favour bottom-up, region-specific, longer-term and plural-actor based policy actions. Conceptually, against the individualism of the orthodoxy ... it recognizes the collective or social foundations of economic behaviour, for which reason it can be described loosely as an institutionalist perspective on regional development. (Amin, 1999:366.)

This approach recognizes that economic behaviour is embedded in a set of particular local circumstances. Regional development is shaped by regional peculiarities rooted in multi-dimensional societal processes that require careful consideration of their specific circumstances and settings (Söderbaum and Taylor, 2003a: 10). As such, regional development interventions such as the SDIs must link into endogenous potentials in a locally specific manner. This requires a “bottom-up” method which engages seriously with local conditions and actors. It also shifts attention towards a supply-side approach; mobilizing the inherent potential of a region requires a set of interventions designed to improve what Amin calls the region’s “broadly defined supply-base”. In this context, institutions become vitally important³. Institutions are here understood in the broadest sense to include both formal institutions such as rules, laws and organisations, as well as informal or tacit “institutions” such as individual habits, group routines, social norms and other interpersonal networks.⁴ If

³ *In recent years no one can fail to have noticed the growing interest within economics in the role and nature of social institutions, a welcome, if belated, reaction to the under-socialized conceptions of neoclassical economics. At the most abstract level the concept of an 'institution' in this literature refers to recurrent patterns of behaviour – habits, conventions and routines. (Morgan, 1997: 493).*

⁴ See also Storper (2004: 2):

economic behaviour is embedded in a set of locally-specific institutions, then it follows that any attempt to stimulate regional development must take social institutions seriously. It also follows that institutions vary considerably from region to region, and that development interventions must therefore be tailored individually to respond to the specific conditions of a particular region.

The institutionalist perspective has important implications for regional development studies. First, the idea that economic behaviour is embedded in networks of interpersonal relations suggests that “economic outcomes are influenced by network properties such as mutuality, trust and cooperation, or their opposite” (Amin, 1999: 367). Such properties are closely related to the concept of “social capital”, which can be defined in the following way:

By analogy with notions of physical capital and human capital – tools and training that enhance individual productivity – social capital refers to features of social organisation, such as networks, norms and trust, that facilitate coordination and cooperation for mutual benefit. Social capital enhances the benefits of investment in physical and human capital and is coming to be seen as a vital ingredient in economic development around the world. (Putnam, 1993, quoted in Morgan, 1997: 493).

“Robust regions” (Morgan, 1997: 495) are characterised by high levels of social capital that are conducive to fostering the innovation and learning on which contemporary capitalism thrives. On the other hand, LFRs are generally characterised by poor developmental capacity. This is due to the relative absence of physical infrastructure and qualified labour. But in addition to these conventional weaknesses:

“Institutions” refers not only to the formal private and public sector organizations and rules which influence how agents interact, but also the relatively stable collective routines, habits, or conventions that can be observed in any economy. Institutions have many functions, including the redistribution of wealth, definition of property rights, governance of firms and labor relations, the rule of law, and resolutions of disputes. These kinds of institutions vary greatly among countries and have significant impacts on economic performance and socio-economic structures.

LFRs seem to have little or no social capital on which they can draw, a point which turns the spotlight on factors such as the institutional capacity of the region, the calibre of the political establishment, the disposition to seek joint solutions to common problems. These factors – the invisible factors in economic development – are just as important as physical capital. (Morgan, 1997: 496.)

Second, the idea that the economy is shaped by enduring collective forces suggests a degree of stability or “path-dependency”. “Institutions, as networks of human relationships, are to some extent historically path-dependent, in the sense that they develop through repetition, and they are shaped by identifiable pre-existing relationships” (Hall, 1999: 5).

All of these institutions ... are also ... templates for, or constraints upon, future development. It is their durability and framing influence on action by individuals and actor networks that forces recognition of the path- and context-dependent nature of economic life, or, from a governance perspective, the wide field of institutions beyond markets, firms and states which need to be addressed by policies seeking to alter the economic trajectory. (Amin, 1999: 367).

From these strands of thought emerge an understanding of regional economies as “a composition of collective influences which shape individual action, and as a diversified and path-dependent entity moulded by inherited cultural and socio-institutional influences” (Amin, 1999: 368). Of crucial importance are the mixtures of strengths and weaknesses that determine the development paths of particular regions. Certain regions are claimed to be “learning” or “intelligent” regions with the capacity to retain and develop their competitive advantage. By contrast, many LFRs suffer from institutional deficits and are locked into suboptimal development paths:

The LFRs face a daunting task in reconstructing local social capital, damaged as it may be by decades of economic hardship, state dependency, elite domination and so on. (Amin, 1999: 373).

The focus in the new regionalism is thus on building the wealth of regions, which is particularly difficult in the highly constrained LFRs. This involves a broad approach which seeks to upgrade the economic, institutional and social base of a given region:

Thus, local effort might focus on developing the supply base (from skills through to education, innovation and communications) and the institutional base (from development agencies to business organizations and autonomous political representation) in order to make particular sites into key staging points or centres of competitive advantage within global value chains. (Amin, 1999:370.)

The literature focusing on post-apartheid regionalism and regional policy, particularly the various initiatives co-ordinated by the South African Department of Trade and Industry (DTI) within the country's new political and macro-economic frameworks, participate in the international revival of interest in regional planning. The renewed attention to South African regional policy has, of course, taken place against the background of the apartheid state's past manipulation of space in pursuit of its ideological agenda. South African writers reflecting on the spatial characteristics of the country and the post-1994 attempts to address past inequalities inevitably confront the legacy of apartheid social engineering. "South Africa's regional policy experience cannot be understood apart from its political history" (Harrison, 1998: 5). Howarth and O'Keefe argue that a "spatial approach is necessary because of the geographical divisions in the South African economy, intentionally created by the apartheid administration" (2000: 1). Rogerson states:

Apartheid South Africa enjoyed a long history of attempting to organize the spatial system as a tool for social engineering and the management of urbanization [Lemon, 1976]. During the apartheid period an arsenal of policy measures, including regional development planning, were applied to stem the urbanization of black South Africans into the country's large metropolitan areas. One of the major set of changes that has occurred with the shift from apartheid to post-apartheid South Africa is the introduction of a suite of new policies which are designed to restructure the inherited inequalities of the apartheid economy and, correspondingly, to effect a new post-apartheid spatial economy (1998: 187).

And Platzky argues, “Space was, and continues to be, central to understanding South African society... The apartheid state used space strategically to separate, and hence to control people... Consequently a majority government was expected to restructure this unnatural, skewed space economy” (1998:1)⁵.

Many of these writers have been influenced by the “institutionalist turn” in the contemporary literature on regional development. This has meant, for example, that the literature on the various SDIs often gives careful consideration to regional institutional structure and the manner in which the centrally conceived SDI programme links into, and interplays with, local potentials and constraints. Hall summarises this view in his analysis of the Richards Bay SDI:

... differences in regional implementation of the national program reflect regional differences in the outcome of negotiation and bargaining processes between national and local interests. Such a view highlights the importance of research into the similarities and differences between the SDIs, and exploring how the values and imperatives of the national program are communicated to, and mediated by, regional actors and institutions. (1999: 4).

This has led to a rich and varied literature on the different SDIs which is discussed below.

⁵ The spatial impact of colonisation and apartheid was, of course, not limited to South or southern Africa. The African continent as a whole is today characterised by complex processes of regionalisation that are often cross-border in nature rather than contained within the boundaries of a particular nation-state. According to Söderbaum and Taylor, this is due to many factors including “the permeability of national borders and the ‘surface nature’ of most nation-state projects on the continent. These... Afro-regions appear in various guises: they might be sub-national or cross-border; formal or informal; ‘real’/cultural or policy driven and so forth” (2003a: 1). The economic dimension of the Afro-regions is often based in ancient migratory and trading patterns later incorporated into colonial and postcolonial capitalist economies.

The flow of people and goods – both formal and informal – continues to shape the spatial economy of South and southern Africa. Many of the SDIs, particularly the much-cited Maputo Development Corridor but also others such as the Lubombo SDI, may thus be regarded as policy-driven attempts seeking to build on such historically-rooted and cross-border networks, “in a wider attempt to restructure the ...region along certain, more guided, lines” (2003a: 6).

3. The SDI programme

Prominent in the South African literature on regionalism is an examination of one of the new government's most ambitious post-apartheid regional interventions, the so-called SDIs that were launched soon after the transition to democracy.⁶ The SDI programme that followed refers to a package of strategic government initiatives that "potentially may furnish a basis for a radical restructuring of the contours of the national space economy via the spatial consequences or outworkings of new sectoral initiatives" (Rogerson, 1998:189). According to Söderbaum and Taylor: "Since the mid-1990s the SDIs and development corridors have emerged as the most distinct and probably the most interesting form of policy-driven micro-regionalism in South and southern Africa" (2003a:1).

The SDI concept was conceived in 1996 "as a way of generating growth and investment in regions where there is significant potential for growth which was not realized for historical and political reasons" (Adebayo and Todes, 2003:5). The programme was initially located in the Department of Trade and Industry with support from the Development Bank of Southern Africa, although the Department of Transport and, in later years, the Department of Environmental Affairs and Tourism, also sponsored certain SDIs. By 2001 the programme had been largely dismantled and replaced by the Regional SDI Programme, which now operates in various parts of the Southern African Development Community (Adebayo and Todes, 2003: 3).

The SDIs have been extensively discussed by a group of practitioners based in the major government departments and parastatal agencies involved in the design, implementation and evaluation of the programme. Conceived as "a short-term fast track programme" (Platzky, 2000: 7), the SDI concept draws on a miscellany of international examples without being clearly rooted in any international best-practice model (Jourdan, 1997:1). In this sense, the

⁶ A bibliography prepared for the DTI in 2001 noted 641 titles dealing either with the SDI programme in general or with one or more of the individual SDIs (DTI, 2001). Since its publication, the list has grown as the various SDIs mature and writers gain the distance to reflect on their outcomes.

SDI programme is one of the many examples from across the globe of the re-emergence in regional planning: it mixes a broad understanding of international practice with a set of domestic requirements to forge a national (and international) programme of regional interventions.

From the outset, the SDIs were explicitly positioned within the context of South Africa's new macro-economic strategy, particularly as embodied in the Growth, Employment and Redistribution (GEAR) plan (RSA, 1996a). Indeed, the SDI programme is often presented as one of the South African state's key interventions in support of its post-apartheid industrial policy objectives:

This initiative must be placed in the context of the new paradigm adopted by the government of South Africa. A key component of this paradigm is the move away from the protected and isolated approach to economic development towards one in which international competitiveness, regional co-operation, and a more diversified ownership base is paramount... This form of targeting is considered to be particularly appropriate in the current period of major shifts in our overall industrial strategy, from a predominantly import substitution driven manufacturing sector, to outward orientation through international competitiveness.

(Jourdan, et al, 1997: 1,2)

The shift towards an outward-oriented economy lies at the heart of GEAR. The new policy calls not only for "a concerted expansion of export industries" (Rogerson, 1998: 188) but for the removal of a series of constraints which will "catapult the economy to the higher levels of growth, development and employment needed to provide a better life for all South Africans" (RSA, 1996a:2). It seeks "to plug into ongoing globalisation processes and craft South Africa as a 'competition state' i.e. exploit South Africa's perceived competitive advantages and develop its international competitiveness" (Taylor, 2000:5). Key to the achievement of GEAR's objectives is private sector capital formation: against a background of escalating public expenditure and declining foreign direct investment during the closing years of apartheid, GEAR explicitly recognises the limitations of the national fiscus, commits

Government to rapid deficit reduction, and targets private investment as the major driver of economic growth.

Against this background, the principal architect of the SDI programme, Paul Jourdan, described the SDIs as “a set of initiatives concerned with unlocking the inherent un/under-utilised development potential of certain strategically important spatial locations in South Africa” (1997: 2)⁷. Individual SDIs vary spatially and structurally “depending on the nature of their underlying economic potential and existing economic activity” (1997:2). All SDIs however share a clearly defined set of objectives. Jourdan et al (1997: 2-3) describe these as:

- *Firstly, to generate sustainable economic growth and development in relatively under-developed areas, according to the inherent economic potential of the locality.*
- *Secondly, to generate long-term and sustainable employment for the local inhabitants of the SDI area and for the nation in general.*
- *Thirdly, to maximise the extent to which private sector investment and lending can be mobilised into the SDI area.*
- *Fourthly, to exploit the spin-off opportunities that arises from this relative crowding-in of private and public sector investments.*
- *Finally, to exploit the under-utilised locational and economic advantages for export-orientated growth of the SDIs.*

(Jourdan et al, 1997: 2-3)

The SDIs thus participate in the contemporary approach to regional development described above. They are region-specific interventions explicitly designed to mobilize endogenous potential “through efforts to upgrade a broadly defined local supply-base” (Amin, 1999: 366).

⁷ Elsewhere, Jourdan et al write: “The SDIs are aimed at unlocking economic potential in specific spatial locations in order to create jobs, grow the economy of the area, and to contribute to restructuring the ownership patterns in the South African economy, in line with the objectives set out in the government’s macro-economic strategy (GEAR)” (1997: 3).

By contrast to the earlier Keynesian regional policy and apartheid-style decentralisation “both of which subsidized private sector investment in economically marginal areas, the focus was on areas of high potential, on supply side interventions, and on “crowding in” of private sector investment” (Adebayo and Todes, 2003:5).

Although initially emerging in policy formulation around “development corridors” – notably the so-called Maputo Development Corridor – the SDI programme rapidly expanded to encompass different types and areas. These included regional industrial SDIs, “agri-tourism” SDIs, mixed industrial and agri-tourism SDIs, focused Industrial Development Areas and metropolitan corridors (Jourdan et al, 1997). At its height, the programme included 14 initiatives including several that had cross-border elements.

Methodologically, the SDIs were designed as “fast track” interventions “meant to take place over a short period of approximately one year. National government would help to push forward or fast-track the development process, and then local or regional institutions would take over” (Altman, 2001: 27). Söderbaum describes the rapid approach thus:

This planning process emphasises speedy implementation and the removal of bottlenecks and constraints to investment, which are often infrastructural in nature (roads, ports, railways) or trade-related (border posts, trade procedures). ... There is considerable emphasis on “fast-tracking” project implementation, and the set-up, appraisal, packaging and launch of a SDI at the investors conference is supposed to be completed within 12-18 months. The exit strategy is given longer time, up to two years.

(2004: 60-61)

During this limited time frame, the SDI methodology seeks “to identify and then facilitate economic potential in particular locations in South Africa by enhancing their attractiveness for investment” (Taylor, 2000:2): It does this by:

- *Identifying an SDI that fits the required profile, particularly an area of inherent, but under-utilised, economic potential;*
- *Appointing a small project team backed by a senior political champion and employed by the national DTI;*

- *Identifying major factors constraining investment and mounting a concerted effort to remove these “bottlenecks”, often through public private partnerships (PPPs) such as the Maputo Toll Road and various tourism development projects.*⁸
- *Identifying, appraising and promoting potential investment opportunities, particularly one or more propulsive ‘anchor’ projects designed to serve as magnets to additional downstream or related investments, thereby expanding the size and scope of [a given] sector within the SDI area.*

(Jourdan, 1997: 2).

The SDIs were thus conceived as limited programmes of central involvement during which national government intervenes at the regional level to change the development trajectory of high potential but under-performing areas. During the phase of national involvement, key tasks of individual SDI managers include not only investment promotion but also embedding the programme at the local level. This latter requirement – engaging local institutional realities and bridging the gap between the national and regional levels – is a crucial issue which is discussed further below. In the mean time, it suffices to note that the SDI methodology envisages a phased approach during which an initial intervention from the centre “hands over” to local champions and institutions:

The first phase of the SDI process – which is national government driven – is conducted within a short space of time, typically 12 – 18 months. The second phase of the SDI programme is the project implementation phase, during which local and provincial institutions become the key drivers of the SDI. SDIs are then driven from the local or provincial investment promotion agencies, whose main brief is to facilitate new investment into the region. A further mechanism for embedding the SDI processes locally is through the

⁸ Typically, these constraints were perceived to be infrastructural in nature involving deficits in ‘hard’ infrastructure such as roads, ports, rail systems, etc. “The SDI project management teams work closely with the various line departments responsible for implementation – at local, provincial and national levels of government – to ensure that those items of infrastructure which are strategic to the success of the SDI are prioritised” (Jourdan, 1997: 2).

establishment of local or regional cluster processes, which brings firms across the supply chain together to develop strategies to enhance collective efficiencies.

(Jourdan, 1997: 4)

4. Critical Perspectives on the SDI Programme

The emergence of an extensive body of scholarly work focusing on the SDIs provides fertile ground for those wishing to reflect on some of the key policy questions and outcomes relating to the spatial distribution of resources and activities in contemporary South Africa. Within the emerging literature, it is increasingly possible to identify some broad themes, which often bring a critical perspective to the SDI programme and its methodology.

4.1 Developmental impacts

4.1.1 *Overstated economic targets*

It is now widely accepted that the SDI architects vastly over-stated the potential of the SDIs, particularly in making bold claims about the programme's ability to attract investment and create jobs in the short-term. The following quotation from Altman is typical of a broad consensus that early and official SDI literature overreached in stating the probable impacts of the programme:

The SDI office made great claims in regard to potential investment that would be forthcoming. There was much exuberance in the office, but also a need to communicate confidence in the programmes to bring forward this interest. The web site announced that: 'Seven of South Africa's SDIs have identified nearly 800 investment opportunities worth \$32,4 billion with the capacity to create 85,000 jobs and are currently marketing these projects to potential investors through a variety of mechanisms'.

This was a very ambitious claim in a context of slow economic growth, and certainly there was far less interest in South Africa by foreign investors than was initially envisaged.

(Altman, 2001: 24)

This emphasis on large-scale economic outputs quantified in terms of investment and jobs focused attention on these outcomes rather than progress in laying the foundations for broad-based shifts in areas of economic under-capacity. “In fact, regional development is almost always very risky, and requires many years to really bear fruit with employment and investment multipliers. This is even truer in relation to under-developed regions and in the context of slow economic growth at a national level” (Altman, 2001: 24).

This overstatement of potential outcomes was probably at least in part the result of an implicit – but misguided – assumption by SDI planners of widespread informational market failure in the targeted regions. The programme was in large part predicated “on a belief that concentrated investment promotion activities, supported by key infrastructure investments, can deliver much-needed jobs” (Hall, 1999: 7). This unstated assumption fundamentally underestimated the constraints blocking investment and economic growth at the level of South Africa’s historically neglected regions:

In the context of striking structural imbalances in the South African economy, the SDIs set itself a very difficult task: to focus on less-developed regions, rather than areas with agglomerations; and to emphasize private finance in public goods, rather than to ensure that programmes moved forward with clear public sector commitment. The SDIs were implemented over a period of tight spending controls, and so the programme was not backed by strong infrastructure spending programmes.

(Altman, 2001: 24)

Another way of stating this, is to argue that – although the SDI were region-specific interventions designed to unlock local potential – the SDI planners underestimated the institutional constraints operative in the regions targeted by the programme. Many of the SDI-target areas are indeed LFRs which, as was described above, suffer from severe shortages of social capital that lock them into low growth development cycles. In such areas, the delivery of “physical capital” in the form of hard infrastructure combined with investment promotion activities are unlikely to catalyse sustainable new development. In addition to such delivery, catalyst projects must address “the invisible factors in economic development” (Morgan, 1997: 496) – the social capital and institutional capacity – that impede innovation

and renewal. If the gains are to be sustainable such interventions must develop unique strategies based on deep assessment of a region's institutional and cultural specificities. The SDIs planners may have failed to properly understand the sources of local disadvantage in the areas targeted for intervention, which lie not only in the absence of physical and human capital but also – at least in part – in the character of the local social, cultural and institutional arrangements.

4.1.2 *Growth, equity, job creation and sustainable development*

Officially, SDIs were primarily about promoting growth in areas with untapped potential, particularly those areas that have the potential to contribute to a new, outward-orientation in the South African economy:

The SDI strategy assumes the advisability of spatial targeting and a far-reaching consequence of this targeting for international competitiveness is that economic development will not necessarily take place where people are concentrated, but rather where the array of factors that determine international competitiveness are strongest... There is constant pressure for the selection of SDIs to be politicised in the interests of provincial equity or other local constituencies. This poses the greatest threat to the future of the SDIs because, if investors suspect that the process is moving away from sound economic principles, the key aspect of investment 'crowding-in' will rapidly be lost and the whole strategy will be seriously compromised.

(Jourdan et al, 1997: 3)

In this formulation, SDIs are “not necessarily” about redressing spatial inequalities. Indeed, according to Jourdan et al, a focus on “provincial equity or other local constituencies” poses the “greatest threat” to the integrity of the programme and there is thus a need to “vigorously oppose” equity considerations in favour of “sound economic principles” when selecting areas for SDI-style interventions. This “emphasis on areas of potential rather than need” (Adebayo and Todes, 2003: 5) is characteristic of the view that SDIs were primarily about the stimulation of growth and investment, and only secondarily about local linkages, poverty alleviation and job creation.

However, much of the literature stresses that the SDI programme seems an uneasy policy blend seeking to combine improved economic efficiency and growth on the one hand with spatial equity and redistribution on the other. Several writers have argued that – despite the stated intentions of SDI officials – the extreme imbalances of the South African situation inevitably inveigle their way into regional initiatives such as the SDI programme. Hall for example points out that “the spatiality of the SDI policy reflects a recognition of the profoundly unequal historical pattern of spatial development in South Africa” (1999: 7). Platzky inserts the SDIs into a policy arena characterized as “economic growth *with* social development” (my emphasis), (1998: 1). And Rogerson argues that the “broadened sectoral focus of the SDI programme away from industry was admitted to be the result of political pressures with the inclusion of agri-tourism specifically conceded as linked to issues of poverty alleviation” (Rogerson, 1998: 189). Altman concurs: “The wide variety of SDIs is partly explained by political pressure from each of the provinces” (2001: 26).

This view of the SDIs as a programme balancing growth *and* development is interrogated by the most extensive analysis of an individual SDI produced to date. Söderbaum and Taylor’s book on the Maputo Development Corridor (MDC) questions the developmental agenda claimed by some SDI planners and analysts (2004). Theirs is probably the most extreme example of a widespread critique that views the SDIs as little more than a “neo-liberal” programme that abandons – or at the very least profoundly compromises – equity and developmental impulses in favour of a rolling back of the state and helter-skelter privatisation.

In their analysis, the MDC becomes emblematic of the SDI programme in general, which is viewed as little more than an anachronistic expression of an outdated “big-bang” approach prevalent in the 1950s and 1960s “but minus the guiding role of the state in mediating between the interests of capital and labour and, in the contemporary world, between the transnational and the national”. Under the new orthodoxy (of which the SDIs are a prime example), the state gives up its role as a mediating influence seeking to craft beneficial partnerships that promote equity and development; rather it becomes an “investment promotion agency” functioning as a “transmission belt for economic globalisation”

(Söderbaum and Taylor, 2004: 49)⁹ in the naïve *hope* that this will bring jobs and other developmental spin-offs:

Thus, the SDIs programme is explicitly connected to perceptions that in an era marked by globalisation, liberal forms of macro- and micro-regionalisation are a crucial means by which states may come together and tap into the globalisation process in order to maximise their pulling power with regard to international capital. Though part of a wider regional and global process, the SDIs in general and the MDC in particular, can thus be seen as concerted attempts by state-society elites to reconstitute micro-regional spaces along lines favouring private enterprise, particularly externally-oriented fractions of capital, with an eye to the global market.

(Söderbaum and Taylor, 2004: 2)

⁹ Elsewhere, Söderbaum and Taylor speak of the state “as the disciplining spokesman of global economic forces” (2004:53). The stridency of their critique is also evident in the following passages:

The neo-liberal forces behind the Corridor’s inception can only push for further privatisation and the rolling back of state involvement. What we are suggesting here is that the state is in danger of being relegated to becoming simply a transmission belt for transnational capital. Such strategies cast everything within a profit-seeking and ‘bankable’ framework, which allows very little space for tackling the social and ecological implications that the various projects engender. (2004:49)

What is emerging is not a partnership between state and capital in the service of the public good, but rather a deal between the political elite and transnational capital, supported by the International Financial Institutions and the donor community, to rush headlong into liberalisation... In doing so, the pay-off is predicated on the belief that ‘development’ will inexorably proceed growth – in short, ‘trickle-down’ theory. According to this dominant paradigm, good governance is defined as less government. (2004:53)

Although the MDC is surrounded by the rhetoric of people-centred development, in reality the main concern is infrastructural development through PPPs and the encouragement of private ‘mega projects’. In effect this public governance mechanism is simply to boost new bankable and commercially viable investment projects, often of gigantic proportions, rather ensure local participation in design, policy-making and implementation. (2004: 73)

In this perspective, the SDIs are “founded on a capital-intensive, big business and top-down development strategy, with the real intention to increase export growth and gross domestic product rather than people-centred development” (Söderbaum and Taylor, 2004: 49). The emasculated state all but abandons the economic sphere, withdrawing from its role of actively guiding the engagement between capital and labour or endogenous and foreign capital in favour of a facilitatory role designed to pave the way for more efficient capital accumulation. This abdication, the authors argue, is “totally inappropriate to the kind of investment the region ... needs” (2004: 50).

The main thrust of Söderbaum and Taylor’s book is thus corrosive. There is a normative argument which develops a highly critical perspective of the SDI programme without offering much in the way of positive prescription. They do argue consistently for a more interventionist state but their recommendations remain at the level of vague generalities. If poverty alleviation and development are to accompany commercial private investment – if the developmental *reach* of SDI-initiated economic activity is to stretch beyond national and transnational capital – the state must retain “an active role” as mediator and regulator. It is clear that they do not recommend a return to the earlier *dirigiste* stance of the Mozambican state during its era of socialist experimentation, nor do they “willy-nilly dismiss private investment within the initiatives currently reconfiguring the region” (2004: 54). However, what exactly they mean by a more “active role” remains somewhat hazy. They argue for “selective interventions” designed “to guide and harness the market to promote local, national and regional developmental goals” and to ensure a more equitable outcome than the *laissez faire* typical of the transmission belt scenario (2004:56). The following quote is perhaps the closest they come to a set of precise recommendations:

Specific contractual obligations to involve local partners on the ground, particularly those managed by and with a strong labour component comprised of disadvantaged persons, such as indigenous Africans and women, would be vital to any such positive spin-offs from private sector development.

(2004: 54)

Söderbaum and Taylor's analysis is hampered by a number of shortcomings. In general, they participate in what Ferial Haffajee recently called the "predictable arguments and sketchy research" of South Africa's "new left". Haffajee's précis of this group's set piece goes like this:

Ten years on, the revolution's been sold down the river. The African National Congress is neo-liberal shadow of its former self – it has implemented a Thatcherite economic policy and left its comrades out to dry as it has supplicated before a wealthy coterie of elites. (2004)

Moreover, Söderbaum and Taylor's critique remains mostly at the level of general assertion. While littered with references to the shortcomings of the SDI programme, they provide very little empirical evidence to support their analysis. Their work is also countered by others who argue that, although the MDC did deliver capital intensive mega-projects, the programme also gave serious attention to its developmental objectives, especially from 1997 onwards:

... since 1997 there were certain shifts in emphasis and priority between objectives and strategies... Firstly, as progress was made with implementation of the core infrastructure and economic development projects (also referred to as the "mega-projects"), greater emphasis was placed on .. the objective .. to ensure that the development impact of this investment was maximised, particularly to disadvantaged communities. Underlying this shift in priority was an acceptance that these "mega-projects" were unlikely to produce large numbers of low cost jobs, or spontaneously (i.e. "trickle-down") to promote large numbers of sustainable entrepreneurial development opportunities... Neither were such projects likely to provide opportunities for community based empowerment projects. Within this context, greater emphasis was placed on the identification of potential pilot demonstration projects in the agriculture, forestry and tourism sectors; small, micro and medium scale enterprise development programmes; and local economic development.

(De Beer and Arkwright, 2004: 21.)

This view is supported by others who have analysed the developmental impacts of the MDC (cf. Adebayo and Todes, 2003). While the mega-projects did indeed have very significant growth impacts that clearly served the interests of "big capital", Söderbaum and Taylor's

analysis almost certainly underestimates the efforts of the MDC to improve its developmental reach even if the more developmental projects associated with the initiative were somewhat disappointing.

Söderbaum and Taylor also have a tendency to generalise uncritically from discussions of the MDC to the broader SDI programme. In their view, the MDC becomes emblematic of the entire SDI programme. This manoeuvre tends to elide the vast differences between the various SDIs. In reality, the SDIs have ranged from large-scale, capital intensive projects to rural, tourism-based initiatives, such as the Wild Coast SDI and the Lubombo SDI, that involved smaller scale investment and a much greater focus on local linkages and poverty alleviation. Even if one accepts Söderbaum and Taylor's view of the MDC (which I have argued above is open to challenge), it is highly questionable whether their critique applies in any generalised sense to the SDI programme as a whole. The debate on the developmental impacts of the SDIs needs to move away from general assertions rooted in critiques of private sector-led investment strategies to a much more detailed examination of the various individual cases, especially those that have invested considerable effort in the promotion of forms of locally integrated economic development.

These critiques bring a valuable perspective to the SDI programme. It is widely admitted – even by senior SDI practitioners – that the number of upstream and downstream linkages stimulated by the SDI processes have generally been disappointing (De Beer et al, 2001). Nevertheless, most SDIs – including the MDC – have committed significant resources to the development of local linkages. The case of the Lubombo SDI will be discussed at length in following chapters. But there are other cases where local development programmes have been at the core of the SDI programme. The Richards Bay SDI was, for example, predicated on the need to diversify the local economy through improved linkages between the established large-scale industries and the town's relatively underdeveloped small business and service sectors.

4.2 Governance and institutional issues

4.2.1 *Limited public resources and time frames*

The SDIs were intended to be rapid interventions from the centre designed to by-pass slow bureaucratic processes by injecting national expertise and resources into local contexts characterised by weak human, institutional and financial capabilities. SDIs thus operated as highly flexible “special agencies” able to access high level political support and “to link to a range of stakeholders, to different levels of government, and to communities. They could reach beyond existing local government, and even provincial and national boundaries” (Adebayo and Todes, 2003: 39). This was particularly important in the early years after the end of apartheid when local and provincial governments were being extensively reorganised resulting in weak capacities at the local level, particularly in the peripheral areas where many of the SDIs operated.

Several writers have however pointed to the fact that – despite their “special agency” status and their links to the centre – the SDIs individually and collectively failed to commit significant public resources in pursuit of their development agendas thus compromising their ability to deliver on their ambitious aims. This may be partly explained by the constraints imposed by GEAR. “The implementation of the GEAR macro-economic policy limits the public resources that may be applied to the SDIs, and thus in part explains the aggressive private investment orientation of the policy” (Hall, 1999: 8). Given its commitment to a fiscally restrictive macro-economic policy, national government could not pledge large-scale public resources to the promotion of regional interventions such as the SDI programme. This is particularly limiting in contexts where individual SDIs required heavy investment in infrastructure to unlock underlying economic potentials but market conditions militated against such delivery through partnerships with the private sector. The problem is of course not limited to SDI programme. Amin argues that it generally afflicts contemporary regional development interventions in the so-called less-favoured regions. This is particularly true in the current era of monetary austerity:

...something has to be done to secure the less-favoured regions sufficient time and resources to implement boot-strapping reforms. So entrenched is .. state commitment to macro-economic prudence – from monetary stability to reduced public expenditure – that manipulation of the rules in favour of the LFRs is a dim prospect. For example, inflationary or deficit-inducing expenditure programmes steered towards the less favoured regions are likely to be blocked. (Amin, 1999: 376.)

Closely related to this point is the short time frame of the SDIs, which were conceived as “short term, fast track” interventions. One of the axioms of the new regionalism – which, like the SDIs, seeks to promote solutions based on the mobilization of local resources – is that action has to be not only contextually relevant but also medium- to long-term (Amin, 1999, 375). Endogenous regional solutions thus require a longer-term horizon if they are to shift development paths that are embedded in deep and locally specific institutional structures. In this context, the short time frame envisaged for the SDIs provides an insufficient horizon within which to engage local conditions and overcome socially entrenched impediments to economic renewal, especially in the historically neglected regions targeted by some of the initiatives. This may be considered another symptom of the underestimation of the institutional challenges faced by regional development interventions, which I have argued above afflicted the SDI programme in its planning and design stage.

Altman points to a second level at which national government allegedly failed to mobilise the resources required to implement the SDI programme:

In a context of fledgling local structures and weak provincial finances, national Government could provide useful injections of capital and fast-track processes. However, this would require a prior decision by Government to spend on infrastructure and to put in place political and bureaucratic processes that would enable this fast-tracking. Neither of these was done...

The key decision-making processes at a national level that would have released resources, were not really in place. So, the [project managers] that were successful at getting resources for the key infrastructure projects, such as in Lubombo, were simply highly skilful at ‘scavenging’ for funds and garnering political support at the national level.

(Altman, 2001: 31)

This seems to imply that SDI delivery was not just constrained by the fiscally restrictive approach of national macro-economic policy. Rather, delivery was also systemically undermined by a failure of governance at the national level. Having launched a national policy initiative with ambitious delivery targets, the sponsors in DTI and the other key departments involved in the programme, seemed to have failed to secure the political, bureaucratic and financial will required to implement the programme at the scale and in the time frame envisaged. This failure was not only due to a lack of sufficient funding; it was also the consequence of “weak integration between government departments, and the absence of clear national strategy in certain areas” (Adebayo and Todes, 2003: 39).

This led to a “colossal waste of scarce professional energy” (Altman, 2001: 31) as individual SDI teams lobbied for support and resources in the absence of clear commitments and processes at the national level.

4.2.2 *Micro/macro linkages*

Another factor inhibiting the smooth implementation of the SDI programme may, in the first instance, be located in South Africa’s post-apartheid constitutional order which sets in place a new framework for regional policies such as the SDI programme. Harrison argues that “the principle of co-operative government, which affirms the integrity of each sphere of government (i.e. national, provincial and local), but which also requires a level of co-operative decision-making and co-ordination across these spheres, means that South Africa’s regional policy will mature through an elaborate process of experimentation, negotiation and multi-lateral readjustment” (1998: 4). Further:

The Constitution ... sets the scene for a complex admixture of top down regional policy and bottom-up regionalism in other areas of policy by specifying that certain key competencies [such as the environment] are the concurrent responsibility of national and provincial government (Harrison, 1998:5).

In distributing powers between the three spheres of government “the constitution has created the possibilities for aggressive territorial competition at various spatial scales... Given that

certain key regional development decisions have been moved into the inter-governmental arena, the constitution forces national policy-makers to enter into relationships with local agents” (Hall, 1999: 8).

The new – and unsettled – constitutional order thus creates the framework within which the tension, often discussed in regional policy theory, between the national (or supranational) and the regional (or local) levels – sometimes argued as a tension between regional policy and regionalism – will play itself out. “Differences in regional implementation of the national program reflect regional differences in the outcome of negotiation and bargaining processes between national and local interests” (Selznik, 1984, quoted in Harrison, 1998: 4). According to Harrison the key question in this regard “is whether there is an adequate institutional mechanism to accommodate these differences and achieve the necessary compromise without destructive conflict” (1998: 3).¹⁰ This shifts the analysis towards the institutional terrain which I have argued above characterizes much of the recent regional development literature.

The problem was exacerbated during the early stages of the SDI programme when, as noted above, local and provincial government was in a state of flux. SDIs often operated in a context of weak (or non-existent) local government which complicated the development of local linkages. On the other hand, their flexible “special agency” status allowed them to facilitate interventions at the local level in a period when local level capacity was inadequate. In addition, their location outside the established bureaucratic structures and line responsibilities gave them an extraordinary degree of flexibility which sometimes enabled the facilitation of greater integration between the various line departments and spheres of government.¹¹

¹⁰ And Söderbaum argues the need for “a sound balance between centralised and decentralised policy-making, which allows a certain degree of provincial and local participation at earlier stages in the process” (2004: 73).

¹¹ Adebayo and Todes have argued this point well:

In some respects the ‘special agency’ form of SDIs was extremely effective. They were able to link to a range of stakeholders, to different levels of government, and to communities. They were also able to push through a

Much of the recent secondary literature on SDIs has in fact dealt with this theme either explicitly or by implication. While recognising the “special agency” gains of the SDIs, much of this literature argues, in one way or another, that the various SDIs have largely failed in their attempts to address Harrison’s “key question”. So for example, Söderbaum has argued that the Maputo Development Corridor’s (MDC) use of a “fluid, loosely structured and informal network structure” (2001: 19) has seen the emergence of an innovative governance mechanism, which has enhanced interdepartmental coordination and a flexible response to local conditions. On the other hand, this “minimalist or even ‘non-institutional’ perspective” (2001:12) – while allowing rapid design and decision-making – has proven problematic in contexts of low institutional capacity (such as those in Mpumalanga and Mozambique) and a time frame that dictates a short-term intervention from the centre.

The national-provincial relationship has ... proved to be a flaw in the design and implementation of the MDC. Central government institutions have pushed the project, but due to capacity constraints on the provincial and local level the assumed ‘urgency’ has left these actors outside of any real design and implementation.

(Söderbaum, 2004:69.)

In practice, this has meant that the MDC has failed to embed itself institutionally at the regional/provincial level with grave consequences for its ultimate success¹².

Essentially the MDC has been designed at the drawing tables of Gauteng and quickly enforced in a top-down manner, without ensuring that provincial and local actors are integrated and consulted or that it can work for the people living in the corridor area.

range of development projects, and to move with changing conditions. They could operate beyond existing local government, and even provincial and national boundaries.

(2003: 39).

¹² “Instead of a multiplier effect and a kick-start, a fast-tracked SDI faces the risk of being yet another project with no or few local links and thus disentangled from the realities in the ground” (Söderbaum, 2004: 73).

(Söderbaum, 2004: 68.)

Others have argued that the “failure” of the MDC to embed locally was not so much a result of its failure to “consult” at the local and provincial levels but rather the consequence of technical and financial capacity constraints at the provincial level and the loss of political support in the province at a crucial time. The latter had less to do with the lack of a participatory process and more with the succession cycle in the province (as leadership passed from a pro-MDC to an anti-MDC premier) which saw a collapse of political support for the programme in the province. Its “failure” was thus not so much that it was an imposition from above, but that it depended on particular local conditions, and once these changed, things fell apart. (See De Beer and Arkwright, 2004, and Adebayo and Todes, 2003.)

Others, including Bek and Taylor (2001) and Kepe et al (2001), have made similar claims for the West Coast Investment Initiative (WCII) and the Wild Coast SDI. Broadly, the argument is that these SDIs involve top-down programmes driven from the centre that have largely failed to integrate productively with local conditions.

One of the most thoughtful of the recent SDI analyses has come from Hall (1999). His argument has not so much been that the SDIs have failed to embed locally; rather, “SDI policy has been constrained by regional institutional dynamics operating in the places where the policy is to be implemented” (1993:3). Hall thus brings an explicitly institutionalist perspective to his analysis of the SDIs in general and the Richards Bay SDI in particular.

In Hall’s (1999) view, “existing regional institutional structure acts as a filtering mechanism that shapes the local implementation of SDI policy”. In the absence of careful attention to regional institutional structure, SDI-style interventions are likely either to be resisted or “to reinforce existing, and problematic, development trajectories” (1999:3). The burden of his paper is to demonstrate the latter point in relation to the Richards Bay SDI where he argues SDI policy has failed to fundamentally shift the town’s institutional structure and its associated development path. “Richards Bay, as a growth pole, has grown on the basis of inward investment of large manufacturing concerns and infrastructural investment” (1999: 14). This has meant that the town’s economy, while growing rapidly since its inception, has considerable structural problems; it is “dominated by a few low value-adding large firms

which offer limited employment opportunities and limited backward and forward linkages [Lewis and Bloch, 1997], while the small firm sector is undeveloped” (1999:10). This structure is underpinned by close relationships between the port authority, key sectors of local industry and local government all of whom have an interest in precluding “development forms that require other ‘inputs’, or a different institutional environment” (1999:14):

What the institutional analysis highlights is that the ability of local actors to capture resources of national government and parastatal agencies, to seek and attract investors, to efficiently and rapidly develop land, and provide certain well-run infrastructure is not the problem. (1993: 14.)

The problem is that the SDI program reflects, rather than challenges, the institutional structure of the region and thus the decision frameworks of agents. Put simply, the SDI program currently does not contribute to substantial economic diversification, the creation of an entrepreneurial and innovative climate, a shift in the operating environment for small businesses, the development of a new skills base, or the strengthening of rural-urban economic linkages. (1993:15)

This is a very different proposition to that made by Söderbaum and Taylor (2004). In the case of Richards Bay – due to the peculiar circumstances of that “growth pole” – local conditions have shaped the outcome of the SDI intervention causing it to reinforce rather than shift the existing development trajectory. Nevertheless, the argument remains that the SDI intervention failed to mediate productively between local and national interests. Again, the SDI proved an inadequate institutional mechanism (to adapt Harrison’s phrase), but here the top-down hierarchy was reversed. At Richards Bay, it was not the failure to involve “bottom-up forces” and facilitate local participation that was the problem. It was rather the cohesion and durability of the local institutional networks – including local government – that effectively reworked the central intervention into a reinforcement of local development patterns. Here it was therefore not the “top” forcing through a development agenda with no regard to the local citizenry and institutional landscape but the “bottom” effectively resisting,

or reconfiguring, an interventionist push from the centre.¹³ According to Hall, the Richards Bay SDI failed to address the “endurability and framing influence” (Amin, 1999:367) of existing institutional structure and therefore failed to significantly alter the town’s economic trajectory.

5. Conclusion

This chapter examined the SDI programme against the background of recent regional policy development. It emphasised the “institutionalist turn” in the regional development literature, particularly the emphasis this writing brings to endogenous growth solutions and institutional issues. Key institutionalist axioms were noted, especially the idea that regional development solutions have to be context-specific and sensitive to local path-dependencies (Amin, 1999: 368). Against this background, the chapter surveyed the South African SDI programme noting its affinity with the “new regionalism” described above. This includes the programme’s emphasis on region-specific interventions as well as its efforts to upgrade the supply-based of the targeted regions.

However, much of the literature surveyed in the chapter argues that the SDIs have, in general, had limited developmental impacts. The scale of their delivery as well as the developmental reach of initiatives such as the MDC have – despite strenuous efforts – been somewhat disappointing, especially when measured against the ambitious claims made during the programme’s early days.

A closely related theme in the SDI literature is the idea that some of the initiatives – despite the gains of their “special agency” approach – seemed not to have developed “adequate” institutional responses to the specific conditions they faced in their various localities. They failed to “embed” themselves at the local and provincial levels, which meant that they could not mediate productively between national, provincial and local interests. This resulted in

¹³ Of course, as in the MDC, the Richards Bay SDI essentially served the interest of “mega-capital”. The difference being that in the case of the latter, the local landscape was *already* dominated by big firms and their allies in government and the parastatal agencies.

little local grounding (such as in the case of the Maputo Development Corridor) or, where local institutional cohesion was strong, in the reinforcement of existing development trajectories (such as in the case of the Richards Bay SDI).

These “failings” seem to be due to a number of factors, including an underestimation of the constraints – including institutional factors – operative at the local level, especially in the historically neglected areas targeted by some of the SDIs. Given the very considerable impediments operative at the local level, individual SDI interventions were compromised by short time frames, limited financial resources and lack of sustained political support, especially from the centre. In this sense, the SDI programme contradicted one of the key institutionalist principles which argues that regional interventions designed to shift the development fundamentals require both long-term horizons as well as sustained political and fiscal support (see Amin, 1999, 375 –376). If SDIs such as the MDC were to be devolved to the local level and spread their developmental reach, they required longer time frames, greater resources and deeper political support. In the words of Paul Jourdan: “If an SDI is to succeed it needs to be driven from a level that can bring all the requisite resources to bear to create ... an enabling environment” (Jourdan, 2004). Given that the stated intention *was* indeed to devolve the programme, it would seem that not enough resources – temporal, financial and political – were made available to root this devolution in local conditions and make it effective over the long term.

The limited developmental impacts and the difficulties encountered by various individual SDIs in developing an adequate institutional response to local conditions provide the background to the discussion of the Lubombo SDI in the following chapter. It examines the Lubombo SDI as a specific case to test and expand the generic discussion – including the critiques regarding the developmental and governance aspects of the SDI programme – presented above.

Chapter 3

THE LUBOMBO SDI

1. Introduction

This chapter builds on the previous discussion of the regional development literature and the SDI programme by examining how an individual initiative – the Lubombo SDI – conceived nationally but designed to intervene regionally operates under conditions shaped by factors such as systemic underdevelopment, acute institutional deficits, wide-ranging infrastructural shortages, and a history of political and social conflict.¹⁴

The region targeted by the Lubombo SDI has suffered a long history of neglect and economic stagnation. Not only does it face severe shortages in physical infrastructure but also certain institutional characteristics that have contributed to long term economic decline in the region. The chapter will refer to the multiple tensions between and within conservationist groups, local communities, tribal groups, political parties and levels of government which have locked the area into a low growth development path.

The Lubombo SDI emerged in a post-1994 arena, which was characterised, on the one hand, by institutional transition at the local and provincial levels and, on the other hand, by tensions between the principal political parties. Frikkie Brooks, Acting Deputy Director-General: Department of Traditional Affairs and Local Government, KwaZulu-Natal, describes the transitional context in which the SDI operated as follows:

¹⁴ The Lubombo SDI was a trilateral initiative involving the governments of South Africa, Mozambique and Swaziland. The focus in this chapter is however mainly on the South African component, where the programme has progressed farthest. The transnational aspects of the initiative are briefly sketched where relevant but are not described in any detail. A broader assessment, which more fully describes the history of the initiative in Mozambique and Swaziland, is important but falls beyond the scope of the current study.

... it is of particular significance to note that progress made with the SDI and the GSLWP was achieved during a complicated national, provincial and local transformation phase, during which time new policies were developing and institutions transformed. New relationships had to be forged at difficult times. (Brooks, 2004.)

Chapters 3 and 4 attempt to illustrate that the Lubombo SDI (and the GSLWP Authority) were to be able to use these circumstances to create the political and institutional “space” it required to implement its mandate. At the institutional level, the flux in local and provincial government after 1994 meant that the SDI could use its “special agency” to reach into the local arena and rapidly advance its agenda. At the provincial level in particular, the merging of the old KwaZulu and Natal institutions – especially the conservation agencies of the former KwaZulu and Natal apparatuses – with the attendant disruption and uncertainty of transition also provided manoeuvring space for the SDI.

Politically, the period was characterised by complex tensions between the IFP and the ANC at the local, provincial and national levels. Again, the chapter will attempt to show that the SDI was able to use this dynamic to advance implementation. So, for example, the momentum created by the delivery of infrastructure and other “flagship projects” as well as the high level reconciliation between the two principal political parties in the mid- and late-nineties meant that the SDI could build and maintain visible bilateral support for the Lubombo project at the highest level. This in turn could be used to defuse opposition from gate keepers and detracting political forces at the local and provincial levels. In short, the chapter argues that the institutional and political conjuncture in the latter half of the nineties provided the space that the SDI needed to advance its programme.

From the outset, the Lubombo SDI believed that delivery in an area afflicted by extreme poverty, infrastructure deficits and economic stagnation, had to be shaped not only by the grand logic of the SDI but also by the other priorities of government as well as the immediate social and economic needs of the area’s inhabitants. This required a “framework” rather than a “blueprint” approach that allowed the SDI sufficient flexibility to align the delivery of the prioritised interventions with local interests and government’s broader social agenda. In this sense, the Lubombo SDI actively “mediated” between national interests as embodied in the

SDI objectives with local priorities. Programmes such as the building of roads or the control of malaria thus provided opportunities to pull together a range of actors into co-operative ventures that showed the complementarity of national and local objectives. These programmes demonstrated that national, provincial and local interests were not necessarily in conflict. It was possible to simultaneously deliver immediate benefits to rural residents and improve conditions for longer term economic efficiency. But they also required careful management to ensure that the conflicting agendas of the various actors did not paralyse delivery. A flexible approach was needed that engaged different stakeholders differently based on their interests but without jeopardising the strategic thrust of the programme.

It is beyond scope of the current study to map this process in any great detail. Instead, Chapter 3 starts by providing a brief overview of the background to the Lubombo initiative, particularly the land use debates and the associated mining controversy of the late-1980s and early-1990s as well the entrenchment of a “low-road” development trajectory which saw the stagnation of the northern KwaZulu-Natal economy during the latter decades of the last century. It stresses that the underdevelopment of Maputaland was entrenched not only by the lack of physical infrastructure but also by multiple tensions between various social actors.

Thereafter, the focus shifts to a review of the Lubombo experience. First, the early history of the Lubombo SDI, its underpinning analysis and its institutional structure are sketched. After this, the suite of interventions promoted by the Lubombo SDI during the first phase of its implementation are described. These were designed to lay the basis for a broad-based improvement in the region’s development fundamentals. They included “classic” SDI-style interventions such as key infrastructure delivery but also a range of other longer-term measures intended to shift the region’s development prospects onto a higher plane. In a region characterised by stagnation, it was considered particularly important to establish a track record of delivery to build momentum and new networks. This process is illustrated in the discussion of the infrastructure and malaria eradication programmes implemented under the banner of the Lubombo SDI.

2. The roots of the Lubombo SDI

2.1 The mining controversy

The roots of the Lubombo SDI lie, in the first instance, in one of the most significant and publicized debates on land use options and environmental values ever to have taken place in South Africa. The forested dunes that run the length of Maputaland's eastern coast are rich in ilmenite (titanium ore). Further south, in the vicinity of Richards Bay, these deposits are mined commercially by Richards Bay Minerals ("RBM"), the largest single producer of titanium products in the world¹⁵. In 1989, as part of a major expansion drive, the company applied for authorization to mine deposits along the eastern littoral of Lake St Lucia¹⁶. Conservationists, various public lobbying groups and, to a lesser extent, some resident communities viewed the prospect of dredge mining at St Lucia as a serious threat to the conservation of the area's biodiversity, its splendid landscapes, its special "sense of place" and

¹⁵ Richards Bay Minerals is jointly owned by Billiton Plc and Rio Tinto, two of the largest mining houses in the world. RBM is one of the largest stand-alone mining operations in SA. (<http://www.mbendi.co.za/orgs/cfq8.htm>).

For 20 years RBM has mined the dunes along the northern Kwa Zulu-Natal coast, extracting heavy mineral concentrates from the sands and then rehabilitating the dunes. The four mining plants are split between two lease areas - the 17km x 2 km Tisand lease area and the larger 20 km x 2 km Zulti north area. RBM now accounts for about 25% of world output of titanium feedstocks (titania slag and rutile), 33% of world zircon output and 25% of high purity pig iron. RBM is SA's major source of high-quality pig iron. Only 10% of RBM's pig iron is sold locally; the balance is exported worldwide. (<http://www.mbendi.co.za/orgs/cfq8.htm>).

¹⁶ In 1977, RBM began with one dredge mining plant and two furnaces, producing 400 000 t/year of titania slag. In 1986 an extra furnace and mining plant were added, raising production to 750 000t/year. The largest major investments in capacity expansion was in the early 1990s, when a fourth furnace and mining plant were installed at a cost of R1,2bn, lifting RBM's titania slag capacity to 1Mt/year and its pig iron production to 550 000 t/year.

its potential to support a world-class tourism product.¹⁷ The debate became very heated and the South African government was eventually forced to intervene to resolve the dispute. An environmental impact assessment was undertaken and an independent Review Panel (chaired by a judge of the Supreme Court) appointed to review the outcome and hold public hearings. The Review Panel concluded that no mining should be allowed in the greater St Lucia area on the basis that the ecosystem is a “strategic environmental asset” recognised internationally as having exceptional conservation values¹⁸. The Review Panel recommended many of the actions later taken up through the Lubombo SDI. These included the arguments that:

- St Lucia was an asset of international importance that should be afforded World Heritage status;
- The complexity of the issues facing St Lucia required intervention via a dedicated national act and independent authority;
- St Lucia should be a “people’s park” that contributed to poverty eradication and social development.
- Restitution for local communities removed from the area should ensure that

Those who have historic connections with the area, those local communities who live in the area and those who have been displaced from the area, have a significant role in the management and operation of the area and derive direct economic and other benefits therefrom.

(Review Panel Report, 1993).

¹⁷ By the early-nineties, half a million citizens had signed a no-mining petition including such luminaries as Nelson Mandela and Mangosuthu Buthelezi.

¹⁸ It was noted in the Review Panel’s report that the impoverished communities neighbouring the park were overwhelmingly in support of mining. Although expressing a high respect for nature, these communities perceived the St Lucia wetlands, ecotourism and the area’s management authority (the Natal Parks Board) in a very negative way.

After lengthy debate, the National Cabinet confirmed the no-mining conclusion in 1996 but stressed that its decision was based on an economic argument that conservation-based tourism should be integrated with other land uses to generate regional and national economic benefits in the same order as the mining option. In a joint statement, the Ministers of Environmental Affairs and Tourism; Land Affairs; Mineral and Energy Affairs; Water Affairs and Forestry; and Arts, Culture, Science and Technology set out the Cabinet's decision and its vision for the future of the greater St Lucia area. Together with the recommendations of the Review Panel this statement, in many ways, sets the scene for the Lubombo SDI:

The Cabinet decided that no mining will be allowed on the Eastern Shores of the St Lucia System in KwaZulu-Natal.

The Cabinet also decided in favour of an integrated development and land-use planning strategy for the Eastern Shores and the entire Greater St Lucia region. This will enable various sectors (such as nature conservation, agriculture, ecotourism, forestry and existing mining) to work collectively towards the common goal of eradicating the region's poverty and thus promoting sustainable development. It was also decided that an application to register St Lucia as a World Heritage Site would go ahead urgently.

The Cabinet felt that a decision on mining on the Eastern Shores could no longer be delayed. The uncertainty had a detrimental effect on development. The Cabinet also took the view that mining on these shores and development of tourism were not compatible. The great tourism potential of the region can now be fully exploited.

A task team under the Minister of Environmental Affairs and Tourism including National Ministers and Provincial representation will co-ordinate the development of a land-use strategy for the Greater St Lucia area.

(Government of South Africa, 1999).

Many of the elements later incorporated into the Lubombo SDI are prefigured in this statement. It talks of the need to develop "an integrated land-use strategy" for the greater St Lucia area with "the common goal of eradicating the region's poverty and thus promoting sustainable development." It also talks of the "great tourism potential" of the region, which

“can now be fully exploited”. In stressing these elements, Cabinet was, in effect, setting the agenda for what was later to be called the Lubombo SDI.

The mining controversy and its resolution also foreshadowed the Lubombo SDI in another sense. It illustrated the complex tensions between key social actors – including conservationists (inside and outside the state), various government departments, big business and local communities – over the use of a major natural resource, and the need for a decisive state-driven intervention to break the deadlock and advance the region’s development agenda.

2.2 “Poverty amidst plenty”

The decision to close down the mining option along the far northern coast of KwaZulu-Natal was taken against the background of economic stagnation and extreme socio-economic need in the region. In 1998, a study commissioned by the Lubombo SDI described the situation as follows:

The South African portion of the Lubombo SDI has a population of approximately 500 000 and is one of the poorest areas in South Africa. It has one of the greatest poverty gap levels, as well as some of the lowest literacy levels and highest unemployment levels in KwaZulu-Natal.

Some 90% of rural households earn incomes of less than R800 per month. The region has the province’s highest backlogs in housing, social infrastructure and community facilities.

(Lubombo SDI, 1998a: 33).

The exceptional biodiversity of the area had long made it a target for conservationists. But until the 1990s, conservation efforts in the area generally worked to exacerbate the plight of rural residents rather than contribute to economic growth and poverty alleviation:

The development of the [greater St Lucia area] has been inhibited by many factors, many of which are rooted in the political economy of South Africa’s apartheid past. For example, under the previous dispensation, large tracts of rural land were given over to the formation of nature reserves managed by committed state agencies that ensured a high level of

environmental preservation within the protected areas. Outside the nature reserves, however, land deprivation and systematic underdevelopment caused severe levels of resource degradation and acute poverty among large sectors of the population. This co-existence between protected nature reserves on the one hand and degraded human reserves on the other, forms the broad context that has determined the underdevelopment of the GSLWP.

(Lubombo SDI, 2000b: 82)

This view is underlined in a study on the history of conservation and removals in Maputaland, the Association for Rural Advancement found:

The history of conservation in Maputaland this century has been an unhappy one for many of the local people. In general, conservation in the region has led to forced removals, the threat of forced removals, material loss through inadequate compensation, and consequent social dislocation. As the Centre for Community Organisation, Research and Development has recently claimed: 'Relocation out of areas proclaimed under conservation legislation, has undermined the survival of those [people] moved to areas which deprive them of access to the natural resources they rely on for their livelihood.' This source also maintains that 30% of the people of Maputaland have been removed at least once in their lifetime...

(AFRA, 1990: 5).

This tension between local impoverished residents and conservationists constitutes an important source of social and political tension in the Maputaland and may, as such, be considered a key feature of the region's institutional landscape.¹⁹ This tension has its roots in

¹⁹ The following quotation from Sikhumbuzo Gumede, a community leader and activist in Maputaland, illustrates the deep mistrust with which many Maputaland residents view conservation:

The conservation domain has for many years remained an "Island" which perpetually excluded the local indigenous people from decision making. Perhaps, the mentality of the Nationalist government which originated from the first missionaries that African / Black people were at Intelligence zero still persist in the conservation circles. The original perception was that Africa was vacant. The perception continued, Africans / Blacks were only intelligent when they had acquired and participated in western ways of life (civilization). I firmly believe that conservation has largely been influenced by the above rotten belief. Very

the colonial period but has been carried into the contemporary period. The African biologist Richard Bell succinctly describes the situation that afflicts Maputaland:

...the institutional nature of conservation was established during the colonial period; it has strong paternalistic and racist elements to it, and is itself a large part of the problem. What has happened is that control of natural resources has been progressively taken away from rural communities by central government bureaucracies, and the benefits flowing from them have also been progressively concentrated in national treasuries. In effect, a wall has been erected between rural communities and the resources among which they live. (Bell, 1989, quoted in University of Cape Town, 1990: 2.)

At the time of the mining controversy, the already marginalized Lubombo region was thus mired in a deepening socio-economic crisis, which was partly rooted in deep social divisions such as those sketched above between conservationists and local residents. The mid-nineties actually saw a negative growth rate in regional tourism around the GSLWP. Despite robust growth in the South African tourism sector after the end of apartheid, data from the KwaZulu-Natal Nature Conservation Service²⁰, as it was then known, showed steadily

few, if any of these institutions and structures have effectively embarked on a mission to deal with the fundamental issues of capacitating the people with the legislative framework as it relates to their land rights and other issues. The Island mentality coupled with the missionary belief has significantly influenced original conservation structures and thinking. As indicated, issues (community) remain the same; the only difference is the change in the legislative framework which is not entirely understood by local people. That is why the fundamental issues of 1980's are still being dealt with today by same people and community structures. The people still feel that their land (thought it is legally proclaimed) is still being used for wrong reasons which has not yielded any benefits to them and they are being deprived of their constitutional legitimate right to land. The Land Claims structure has not dealt with this problem and they have neither mechanism nor framework to address this fundamental question.

(Gumede, 2004).

²⁰ The KwaZulu-Natal Nature Conservation Service (sometimes referred to as NCS) was the successor to the Natal Parks Board (the conservation agency of the old province of Natal) and the Department of Nature Conservation of the former bantustan of Kwazulu Natal). It subsequently

declining occupancies in the region (Lubombo SDI, 2000: 65-66). Not only were occupancies at existing facilities declining, but a 1996-survey identified at least 23 new major tourism projects, which had the potential to diversify the tourism product of the region, stalled by a maze of red tape, bureaucracy and local dynamics (Lubombo SDI, 1998a: 29). The 220km-long GSLWP, which is one-third the length of the province of KwaZulu-Natal, in fact continued to sustain fewer than 350 direct jobs in tourism.

The conclusions of a report on development prospects in Maputaland prepared in the late-eighties remained valid a decade later:

... the present situation ... is bedevilled by conflicting policies, lack of co-ordination, inadequate means of implementation, insufficient funds and a severe shortage of manpower. ... The status quo for Maputaland and its people thus represents a progressively deteriorating situation. (Vandeverre, et al. 1988: ii).

At the time of the Lubombo SDI's launch, it was clear that the area targeted by the initiative, or at least its South African component, had become trapped in a "low road" development scenario with little prospect of economic regeneration. This became known as the "poverty amidst plenty" paradox²¹: a poverty stricken human population living amidst an abundance of natural wealth. The region thus exhibited the typical characteristics of a "less favoured region" (LFR) described in the work of, amongst others, Amin (1999) and Morgan (1997). Not only did it suffer from debilitating shortages in physical infrastructure but also a set of social – or institutional – characteristics that locked it into long term economic stagnation. It was into this situation that the Lubombo SDI stepped when it was launched in the mid-nineties.

changed its name and is now known as Ezemvelo KZN Wildlife and is often referred to as simply KZN Wildlife.

²¹ This was first formulated in the speech delivered by President Joaquim Chissano of Mozambique in his opening address at the launch of the Lubombo SDI (see below). It was subsequently quoted in numerous documents related to the SDI.

3. The planning phase

3.1 The Lubombo Framework

The Lubombo region was initially identified as a potential SDI during the broader “scoping” exercise undertaken by the Departments of Transport, and Trade and Industry in early 1996. By the middle of that year, an initial investigation had defined the geographic region to be targeted and a strategy document setting out the principal elements of the initiative completed.

On 17 October 1996, at a high level meeting between the governments of Swaziland, Mozambique and South Africa, a framework agreement was signed setting in place the basic parameters of the SDI as a trilateral programme involving the three neighbouring countries:

This [Framework] aims to address the massive poverty and service backlogs facing the area by unlocking the stifled economic potential of the region through strategic intervention.

The initiative intends to provide an enabling environment for private sector investment particularly in the agricultural and tourist industries. The development of private/public partnerships in the provision of infrastructure is also to be considered.

(Zaloumis and Dreyer, 1996:2).

The agreement recorded several undertakings of the three participating countries including the drafting and implementation of various transnational regulatory frameworks – including border control and access, conservation, infrastructure and disease control – intended to enable socio-economic development consistent with the Lubombo SDI’s objectives. It also established a trilateral Ministerial Committee (comprised of the responsible ministers of the three governments) to implement the Lubombo SDI and a trilateral Task Team to advise and support the Ministerial Committee and assist in the implementation of its decisions. Each country also established its own SDI management structure. In South Africa, this was crafted to ensure a high level of co-ordination and political buy-in. It involved the establishment of a steering committee comprising key national and provincial ministers and an SDI management team that received funding and had direct access to the steering committee (and,

from there, to cabinet) as well as individual line ministers and senior officials such as Director Generals. It also included the creation of several national/provincial working groups for key sectors and a KwaZulu-Natal provincial steering committee. A national SDI co-ordinating committee (OSDIC) further supported the process.

The importance of political management was already evident in the composition of the South African delegation to the SDI signing ceremony. It included the Minister of Trade and Industry (Mr Alec Irwin), the Minister of Home Affairs (Chief Mangosuthu Buthelezi), the Minister of Transport (Mr Mac Maharaj), the MEC for Economic Affairs and Tourism in KwaZulu-Natal (Mr Jacob Zuma) and the MEC for Finance in KwaZulu-Natal (Mr Ben Ngubane). The composition of this group was not coincidental. It was carefully structured to include not only a mix of senior national and provincial representatives but also of African National Congress (“ANC”) and Inkata Freedom Party (“IFP”) politicians. This would be a crucial component of the SDI’s strategy throughout its early years: in order to drive through its programme it required high level political patrons that could bridge the national/provincial divide. This was particularly important in the context of KwaZulu-Natal where the province was controlled by the IFP and where there was always a threat that the initiative could become victim to the larger tensions between the ANC and the IFP. To maintain high level and bipartisan political support, the SDI management invested much time in maintaining close relations at the various political levels. It meant building strong relationships with the key political sponsors. But it also meant an ongoing series of briefings not only to the national cabinet and its various committees, but also to the provincial executive and to various joint meetings of the executive and the amakhosi.

The Lubombo SDI thus recognised from an early stage that a regional development intervention in an area characterised by social and political tension required special management. In this sense, it recognised that the success of the initiative was crucially dependent on the manner in which it engaged and managed the various political and social networks that impacted on development in the region.

3.2 The early logic

The briefing document prepared for the occasion of the framework signing – and the booklet distributed at the launch of the Lubombo SDI two years later – clearly spelt out the underlying logic of the initiative. Unlike most other initiatives, however, the Lubombo SDI did not at the outset develop a detailed plan to direct its implementation. Instead, the early documents set in place a framework approved by the relevant ministers that provided guidance based on a high level strategic analysis. This would be the approach throughout the Lubombo SDI. It allowed the initiative significant flexibility in aligning its key interventions with government’s broad range of priorities including not only investment promotion but also other key commitments including job creation, black economic empowerment, health and the delivery of social infrastructure. This alignment greatly facilitated the raising of funds for the SDI’s key interventions.

Like most SDIs, the regional focus of the Lubombo SDI was loosely defined. The initiative would focus on the eastern regions of Swaziland, the southern part of Mozambique’s Maputo province and the north-eastern areas of KwaZulu-Natal

The area extends from the Umfolozi River near Richards Bay northwards along the coastal plain to the capital city, Maputo, on the Mozambican coast. It then stretches west to the Lubombo Mountains, eastern Swaziland and the surrounding lowlands which run from north to south through all these countries.

(Lubombo SDI, 1998a:5).

The documents then apply an analysis in the classic sense defined by the lead SDI practitioners such as Jourdan (see Chapter 2 above). The Lubombo region is described as an area of inherent, but under-utilized, economic potential. It has “an exceptional range of natural and cultural resources, of national and international significance” which potentially underpin the development of a new regional and international tourist destination with an iconic status “alongside the Kruger National Park and Victoria Falls”. Moreover, the region is well watered by a number of major rivers and a series of natural and built reservoirs. It also

contains a significant portion of South Africa's remaining undeveloped high potential agricultural land:

A wide range of lucrative ecologically adapted crops can be grown. For example, the Makhatini Flats (below the Jozini Dam) has potentially 30 000ha of irrigable land and is South Africa's only tropical climatic region. With a temperature range of 3°C - 48°C fruits ripen two weeks before those in the Mpumalanga Province.

(Zaloumis and Dreyer, 1996: 4).

The mix of assets in the Lubombo region is thus "well placed to stimulate internationally competitive tourism and agricultural industries" (Lubombo SDI, 1998: 5).

The area's "recognised high development potential and clear competitive advantages" have however been stifled by a variety factors. Like most other SDIs, these constraints were, in the first instance, perceived to be infrastructural in nature:

The inadequacy of road infrastructure is a major reason for the minimal tourism and agricultural development in the region. Apart from the N2, which links Richards Bay with Swaziland and Mpumalanga province, there are only minor and often untarred roads running through the area.

(Lubombo SDI, 1998a: 5).

From the start, however, the designers of the Lubombo SDI took a broader view of the factors inhibiting development in the region. Land was recognised as "a major issue of contestation and a major barrier to development" (Zaloumis and Dreyer, 1996: 6), particularly the legacies of apartheid which rendered tenure on communal land insecure and gave rise to complex, and often overlapping, land restitution claims.

A further inhibitor of development was the protectionist approach of the current conservation agencies:

Numerous sites in the region are internationally recognised and therefore protected by the ability of international environmental lobby groups. Environmental concerns and restrictive

conservation policy have been seen to be stalling eco-tourism development. However, these very concerns and policies have protected and maintained the region's clear comparative natural advantages. Trade-offs which recognise priority conservation areas and the developing of high tourism and agriculture potential may need to be made.

(Zaloumis and Dreyer, 1996: 6).

The idea that a protectionist ethic, embedded in various environmental lobby groups as well as the provincial conservation agency, was an inhibitor of economic growth would later become a central plank in the SDI's approach. As stressed in the quotation above, this was not viewed as a simple choice between alternatives. Even in its earliest documents, the SDI argued in favour of a balanced approach between conservation and development that would see a strategic "trade-off" between conservation, tourism and agriculture. Nevertheless, the recognition that "restrictive conservation policy" was perceived as a constraint to development, indicates the seriousness with which the SDI viewed institutional impediments. This question will be further explored in the next chapter when the establishment of the GSLWP Authority is discussed at some length.

The early documents also show a clear recognition of the institutional complexities faced by the SDI. Not only did the SDI have to negotiate political support that spanned the national/provincial and party-political divides, it also faced huge complexity at the local level:

Non-governmental organisations and community-based organisations are dispersed, and local government weak. All are poorly resourced. There is a lack of co-ordination between them and often contestation.

(Zaloumis and Dreyer, 1996: 6).

This is an early statement of what was to become one of the SDI's key challenges.

Cutting across, and reinforcing all the constraints to development, was the sheer extent of social and developmental neglect in the Lubombo region. At the outset, the SDI planners recognised that the greatest threat to the development potential of the area was in fact the extreme, and deepening, poverty of most of its inhabitants:

The consequences of poverty and unsustainable development initiatives are likely to destroy the region's ... comparative natural advantages and negatively impact on the socio-economic fabric.

(Zaloumis and Dreyer, 1996: 4).

This perspective recognises that conservation and development are closely linked in a relationship of mutual interdependence. The development of the region depended on the conservation of its natural resources (which underpin its economic potential); likewise, the continued conservation of the region's superlative biodiversity assets depended on the development of its people.

3.3 Launching the SDI

Having pinpointed the undeveloped potential of the Lubombo region and identified the major factors constraining its realisation, the SDI planners then took the next step prescribed by the SDI methodology: They identified and appraised a number of potential investment opportunities. The tourism and agriculture sectors were prioritised and a number of lead projects, thought to have the potential to significantly alter the development path of the region, were identified. At the official launch of the SDI in 1998, these projects included four tourism "clusters" or nodes. Three had a transboundary focus: an integrated development spanning the Mozambique/South Africa boundary at Kosi Bay/Ponta do Ouro; another focused around the Mlawula and Hlane reserves in north-eastern Swaziland and the neighbouring Libombo Pequenos in Mozambique; and a third "transfrontier complex" centred on the Jozini Dam and linking Lavumisa in south-eastern Swaziland with Pongola and Jozini in South Africa. The fourth project fell squarely within the South African component of the SDI. It involved consolidating various parcels of land, loosely known as the "Greater St Lucia Wetland Park", into a single integrated park which could provide "a framework for mobilising significant private sector investment that will facilitate major job creation" and drive "large-scale tourism development." (Lubombo SDI, 1997a: 13 – 22).

Agricultural projects identified in this early stage included a small cane growers project on the lower Usuthu, a sugar project at Ngwavuma, an irrigated agricultural node on the high value

soils of Makhatini, another irrigated project in Railway Valley, and an agricultural node on the Maputo River. (Lubombo SDI, 1998a: 25 -30).

With the Lubombo Protocol in place and a number of lead projects identified, the SDI was ready to present itself to the public as a “strategic programme” of interventions designed to release “the stifled potential” of the Lubombo region.. However, unlike many of its counterparts, the launch of the Lubombo SDI was not so much an investors’ conference as a high profile public endorsement of an initiative that took a longer view of the development process. This contrasted with the “official view” described in Chapter 2 (cf. Jourdan, 1998). Fast-tracked SDIs were supposed to culminate in such conferences. By contrast, the *launch* of the Lubombo SDI was just that: the start of a process rather than its conclusion.

In May 1998, the heads of state of the three participating countries officially launched the Lubombo SDI. Presidents Mandela and Chissano and King Mswati III outlined the vision of the initiative and pledged the support of their respective governments. President Chissano referred to the area’s “abundance of natural wealth” and stated that the aim of the Lubombo SDI was: “to end the paradox of poverty amidst plenty, deprivation despite potential prosperity and severe backlogs in basic social services despite the inherent potential of the area.” President Mandela spoke of a cooperative approach to put “in place a secure and viable investment framework, one that will allow us to put an end to this cruel legacy of poverty amidst such a wealth of resources.” He sketched the main interventions designed to remove the constraints to private sector-driven growth in the region:

Government recognises that the upgrading and construction of transport routes are vital to a viable scenario for investment. This is therefore a core component of the development initiative strategy...

[We are taking] steps to create stable and co-operative governance in the region as well as standard transnational protocols...

[Our] technical teams are looking at issues such as health and the control of malaria, a critical issue for the development of tourism. Border posts will be streamlined and visa requirements minimised. And we are working through the land laws of the three countries

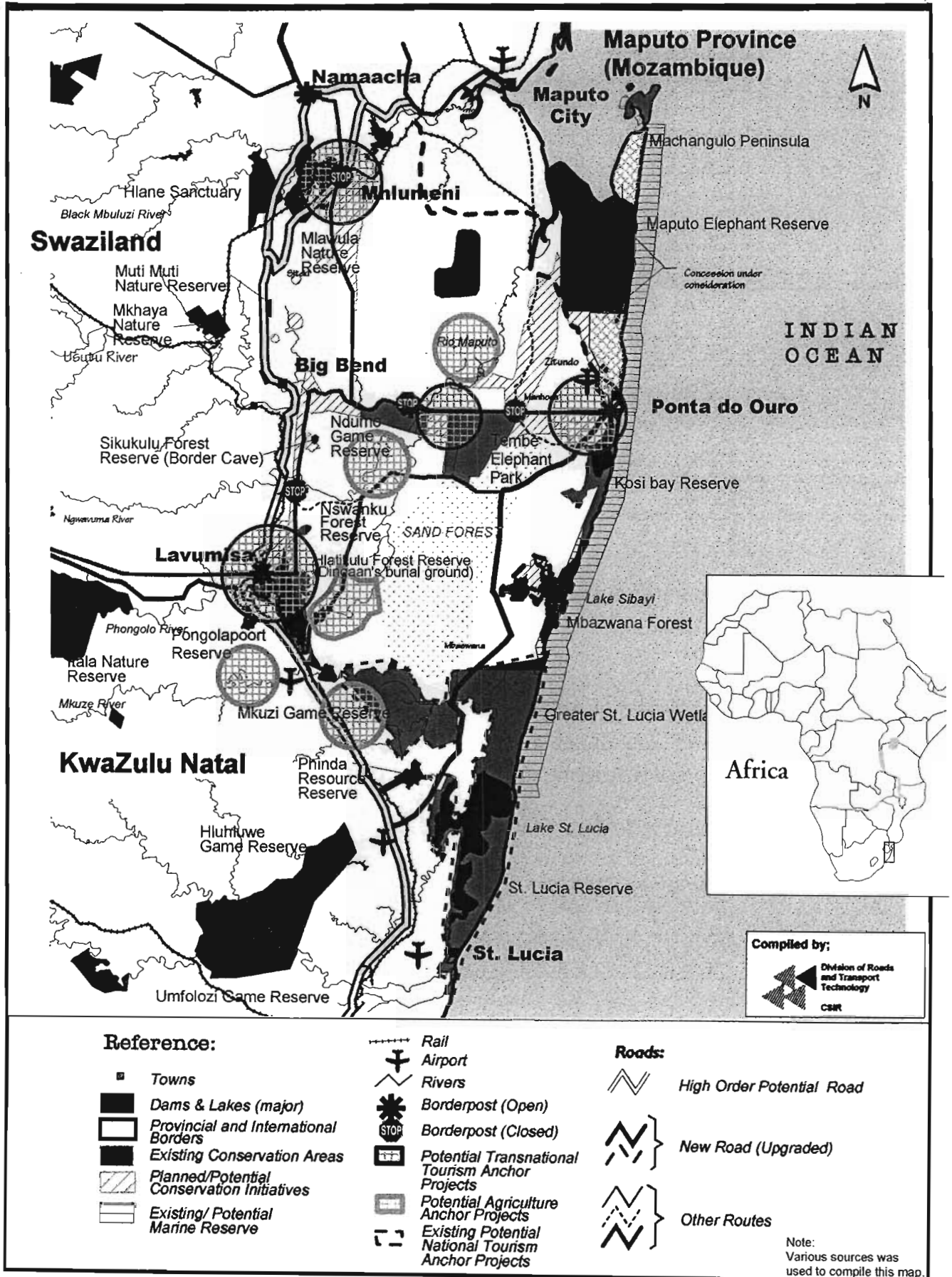
to ensure that land disputes are resolved in a way that facilitates secure forms of tenure for local communities and investors alike.

(Lubombo SDI, 1998b).

4. Shifting the fundamentals

President Mandela set the agenda for the first phase of the SDI's implementation in his speech at the SDI launch. The focus during this stage would be on laying the basis for development by systematically addressing the major blockages identified during the preparatory phase of the SDI. This required a programme of interventions designed to shift what the SDI team called "the development fundamentals".

Before implementation started, however, the Ministerial Committee took a decision to suspend the Lubombo SDI's agricultural component. This followed the completion of feasibility studies and meetings with various local stakeholders that indicated higher levels of complexity than initially thought. The Ministerial Committee took the view that the limited resources of the Lubombo SDI would be better deployed in the tourism sector where conditions for large-scale delivery were more favourable. Thus, the Lubombo SDI narrowed its approach from its initial agri-tourism brief to an exclusive focus on the tourism sector. Henceforth, the initiative would prioritise a set of specific interventions designed to stimulate the development of the region's tourism economy.



Conceptual map of LSDI's economic potential showing new road and Greater St Lucia Wetland Park as the national anchor tourism project
 (Lubombo SDI, 1998a)

4.1 Infrastructure delivery

The SDI vision includes the emergence of the Lubombo region, particularly the Greater St Lucia Wetland Park, as a major branded destination on a par with other southern African icons such as the Kruger National Park, Cape Town and the Okavango Delta. The strategic analysis conducted during the SDI's planning phase indicated that infrastructure deficits – particularly roads – were a critical constraint to the realisation of this vision:

The infrastructural deficit in much of the SDI region may ... be considered a major factor contributing to the underdevelopment – in certain cases, the near sterilisation – of the tourism potential in large areas of high intrinsic quality in the north and east of the SDI region.

(Lubombo SDI, 1998a: 5).

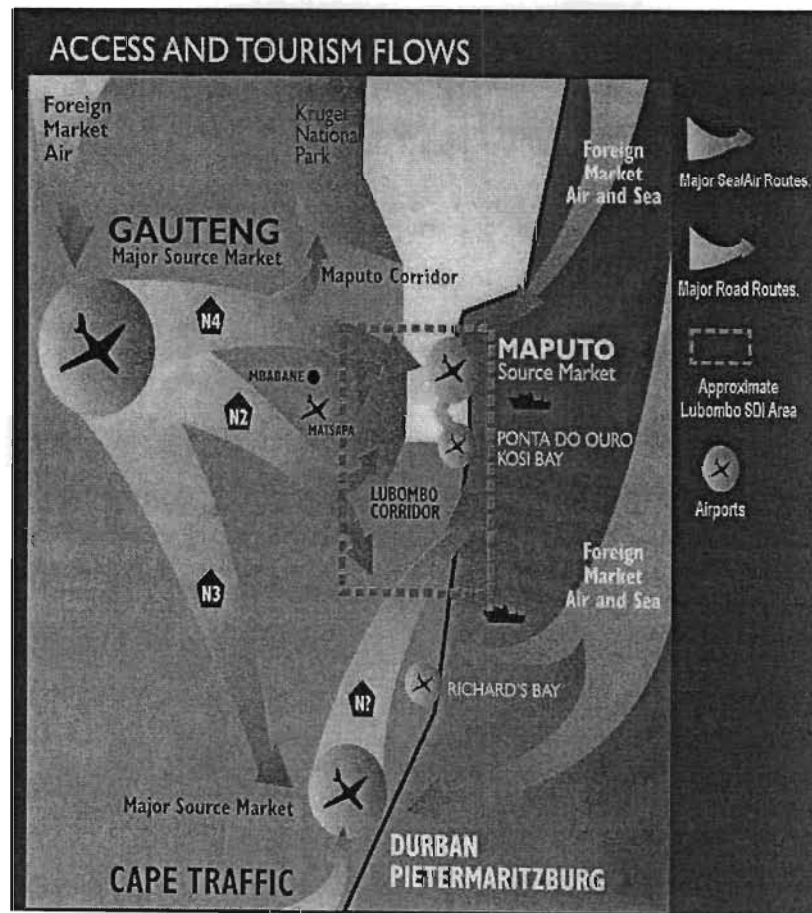
For the Lubombo's tourism potential to be released, the region needed to be fully integrated into the tourism circuits of southern Africa. In the short term, this required two major interventions:

- First, the upgrading of the national road (N2) linking the region north to Gauteng and Mpumalanga (via eastern Swaziland) and south to Richards Bay and Durban. Improving the existing N2 corridor would enhance the region's linkages to the major source markets of Durban and Gauteng, and improve the existing tourism circuit linking KwaZulu-Natal (including the Lubombo region) to the well-established – and complementary – tourism economy clustered around the southern Kruger National Park (via eastern Swaziland).
- Second, the construction of a new road linking the N2 at Hluhluwe to Ponta do Ouro and, eventually, Maputo in the north. The Lubombo Spine Road, as it became known, was designed to bring paved access to the hitherto inaccessible north-east of Maputaland. This area – particularly Kosi Bay and the coastline north of Sodwana – was widely considered to have high tourism potential hitherto stifled, at least in part, by the absence

of reliable road access. In the short term, the spine road would thus stimulate tourism in the far north-east of KwaZulu-Natal; and, once the link to Maputo was complete, it would create conditions for a new flow of tourists between the Lubombo region, Maputo itself and, from there, to Mpumalanga and Gauteng via the so-called Maputo Corridor (along the upgraded N4):

A direct road link between Northern KwaZulu-Natal and Mozambique will provide the foundation for building regional integration and strengthening the regional economy such as the cross-border tourism and retail sectors.

(Lubombo, 1999d: 10).



(Lubombo SDI, 2000b)

From the outset, the SDI argued that the design and delivery of infrastructure such as roads should take into account not only the economic logic sketched above but also the social needs of the region's residents. This involved aligning the hard deliverables with the broader social objectives of government. Thus, the EIA commissioned at the start of the project included detailed assessments of the social impacts of the proposed infrastructure. Following the recommendations of the EIA, the Lubombo Spine Road was carefully aligned to optimise rural resident's access to social infrastructure such as clinics and schools. Moreover, 11 secondary roads were commissioned to give approximately 75 000 people, who had been cut off from development opportunities and health services in the past, all-weather links to the new spine road. It, for example, provided access to 47 schools and placed 50% of the population in the high-risk malaria area within 3km access of a tar road. (Lubombo SDI, 1999d: 10).

The tenders for the road included stringent local participation requirements including targets for the use of local small contractors. The road was tendered in four phases to enable residents from four sub-areas along the route to benefit from the construction. The phased approach also enabled a progressive increase in the local benefit targets incorporated in the tender requirements.²² In the event, more than 50% of the work was taken up by small businesses led by local entrepreneurs and the Lubombo Spine Road became an early example of a preferential procurement approach that has since become standard practice in many government infrastructure contracts.

Road building thus became one of the centre pieces of SDI delivery after its launch in 1998. In the medium term, upgraded infrastructure offered the promise of increased tourism flows, greater economic efficiency in general and better access to services for the residents of the Lubombo region. However, in the short term, road construction also offered an opportunity to demonstrate "hard" delivery on the ground and to consolidate political support for the SDI at the national, provincial and local levels. The proposed route of the Lubombo Spine

²² The phasing of the road was also used strategically to secure funds its completion. Phases 1 and 4 (the start and end of the road) were commissioned first, thus creating pressure to complete the middle sections!

Road was reviewed by the same team of ministers that had attended the signing of the Lubombo framework three years earlier. A national cabinet decision authorising the construction was obtained via a submission from the Department of Transport. A steering committee under the guidance of the Lubombo SDI was formed involving not only national and provincial players but also representatives from local government and the local communities (via the so-called “road forums”). A high-profile sod-turning ceremony was organised at which both former President Mandela and Minister Buthelezi spoke. The symbolism of the two major ANC and IFP figures together raising their hands in support of the Lubombo road was a powerful endorsement which built momentum and made it difficult for lesser figures in either party to obstruct the progress of the initiative. A local project committee, comprising representatives of local government, the tribal authority, the road forum and the Lubombo SDI, was formed to oversee the construction of each phase of the road. And throughout the process, the Lubombo SDI engaged with an NGO forum consisting of various organisations with an interest in the development of Maputaland, particularly those that had been involved in the mining debate and whose primary interest was in the protection of the area’s conservation assets.

Overall, the road projects enabled a positive engagement between various actors at the national, provincial and local levels. This lay the groundwork for a more cooperative approach to the development of a long-neglected region. Thus, the road became an example of positive, area-based project management that drew together actors that had in the past often engaged in damaging infighting onto a common platform. This “joining up” operated not only horizontally (pulling together local government, tribal authorities, other community organisations and NGOs) but also vertically (along the local/provincial/national axis). This was particularly important in the context of the deep social and economic tensions that – as discussed earlier – afflict the region.

However, it is important to stress that the participatory process was carefully managed to ensure progress in an environment where political infighting had in the past paralysed delivery. The strategic intervention – the principle of the new road – and the timeline for its delivery were not opened to consultation (the high level intervention was directed by a cabinet decision and endorsed by political figures from both the ANC and IFP at the national and

provincial levels). Instead, the participatory process was focused on issues of local importance – the alignment of the road, the participation of local contractors, etc. Also, different actors with different interests were not consulted in a single open forum. So, for example, the environmental NGOs, who had taken ‘ownership’ of St Lucia during the mining debate and who remained largely focused on an environmental agenda, were engaged through a series of separate meetings where the environmental issues surrounding the road were extensively discussed. Local communities, on the other hand, whose primary interests lay in shaping the implementation of the project to their social and economic benefit, were consulted through the road forums and other local meetings. Bottom-up engagement was thus prioritised allowing the different interest groups an opportunity to shape delivery at the project level. But this engagement was not at the level of principle – the high level strategic intervention was endorsed at the appropriate level and was not opened to discussion in the local arena. Moreover, a flexible approach was developed that engaged different interest groups differently based on their unique characteristics and interests without allowing the strategic thrust of the programme to become bogged down by the conflicting agendas of the local actors. Gareth Coleman, former CEO of the KZN Tourism Authority describes this approach in the following terms:

The SDI ... carried out ... consultation on their terms and did not allow themselves to get drawn into the myriad of issues that would have held back delivery. Whilst they did this, they also relied very heavily on political support to drive through their programme ... (Coleman, 2004).

The approach sketched above also involved “the ‘bending’ of line department funds and activities to the local environment” (Adebayo and Todes, 2003: 30). In this case, R654-million from the national treasury was applied to simultaneously deliver the conditions for tourism-led growth (a national priority) and improved livelihoods for the impoverished residents of the region (a provincial/local priority). For an initiative whose primary aim was to shift the development trajectory of a stagnant region, it was crucial that infrastructure delivery demonstrated a new, cooperative approach to development. In a region with a long history of tensions between and within conservationists, local communities, tribal groups,

political parties and levels of government, high profile co-operation around a major project did indeed have a powerful demonstration effect.

The road thus provides an example of how delivery of a key SDI intervention was aligned with a broader set of priorities. By ensuring that the road served not only the economic development goals of government but also its social priorities, support for the SDI was consolidated outside the core departments (Trade and Industry, and Transport) and resources mobilised from other line budgets. So, for example, the Departments of Public Works as well as Arts, Culture, Science and Technology contributed to the project because it was perceived to be aligned with their priorities.

4.2 Malaria control

Research conducted for the Lubombo SDI showed that high rates of malaria infection in the Lubombo area were one of the major causes of ongoing underdevelopment and poverty.

There is no doubt that malaria has had serious detrimental economic effects on development in the [Lubombo] area and will continue to so if it is not managed in a co-ordinated manner, for which we have the tools. The latter is highlighted by the extremely low malaria risk (<2 cases per 1000 head of population per annum) in many formerly high risk areas in KwaZulu-Natal and Mpumalanga Province.

(Regional Malaria Control Commission, 1999).

The research showed that malaria was closely linked to the high incidence of other killer diseases, especially diarrhoea and chest infections. Combined with HIV-AIDS, the disease had devastating health impacts on the residents of the Lubombo region. Moreover, the high prevalence of malaria was a deterrent to tourists, thus further undermining the potential growth of the SDI's target industry. South Africa's environment and tourism minister, Valli Moosa, said in his opening speech at the signing ceremony of the malaria control protocol:

Currently, South Africa is enjoying the biggest and most prolonged tourism boom in its history. The year 1998 marked the twelfth successive year of increased visitor arrivals... But we all know that malaria can have very serious negative impacts on tourism and the

Anopheles can, quite easily, chase away the foreign and domestic tourists upon whom we are pinning our hopes for growth and jobs in this country and also in the region as a whole.

(Lubombo SDI, 1999a).

The matter had become particularly acute during the second half of the nineties when malaria infection rates in the region escalated dramatically. In the far northern KwaZulu-Natal section of the Lubombo SDI, the annual number of notified cases more than doubled after 1995 and reached an all-time high in the first half of 1999 when more than 30,000 cases were reported, some as far south as Richards Bay (Department of Health, 1999). Without more effective control measures, the diseases had the potential to spiral out of control and to frustrate economic development in the region despite the gains in infrastructure.

To combat this threat, the Lubombo SDI decided to reinforce an existing initiative. It launched an expanded cross-border malaria control programme. Working in close collaboration with the relevant health authorities, the SDI submitted a briefing document to a trilateral ministerial meeting in 1998, outlining the negative effects of malaria on development and proposing a new malaria control programme for the Lubombo region. The proposal was accepted and a process launched that culminated in the signing of an agreement by the three Lubombo SDI member countries in Johannesburg on 14 October 1999.

The General Lubombo SDI Protocol envisaged the creation of specific regulatory frameworks to advance the socio-economic objectives of the initiative. The Malaria Control Protocol was one such agreement that took the general commitments of the earlier protocol to a level of specific intervention. It was designed to build on the undertakings of the general protocol by committing the three countries to a programme of action in the health sector²³. The malaria protocol thus enjoined the Lubombo SDI partners to co-operate closely towards

²³ In paragraph three, the Malaria Control Protocol states:

Pursuant to the undertakings in the General LSDI Protocol, the Governments are signing a Malaria Control Protocol...

(Lubombo SDI, 1999b).

the goal of significantly reducing the incidence of malaria morbidity and mortality in the region. Importantly, the protocol put in place an institutional mechanism, the Lubombo Regional Malaria Control Commission (LRMCC), encompassing a group of scientists, public health professionals and malarial control managers, to co-ordinate the programme. It also set clear delivery targets for the programme:

The RMCC aims, within five years after initiation of the programme, to reduce the incidence of Plasmodium falciparum in Maputo province – perhaps the hardest hit area of the Lubombo SDI – from 400 per 1000 to less than 20 per 1000. It plans to reduce the incidence of such infections in the South African and Swaziland parts of the region from 250 per 1000 to 5 per 1000 within five years.

(Lubombo SDI, 1999a).

The RMCC operated with an initial R40-million budget, which included significant grants from the South African Business Trust and Mozal, the company responsible for the development of one of the world's largest aluminium smelters in southern Mozambique. It developed a detailed five year malaria control programme for the region including:

- An extension of the existing malaria control programme to southern Mozambique. The programme, which had demonstrated its efficacy in northern KwaZulu-Natal, involved regular spraying of homes with an effective insecticide.
- Increased primary health care service to proactively identify and treat malaria cases, and thus reduce the reservoir of parasites.
- Inclusion of malariologists as part of planning teams in water resource developments.
- A transnational programme to monitor and evaluate interventions, including active use of geographic information systems.
- A training programme to share regional expertise and give members of rural villages skill in malaria control.

(Lubombo SDI 1999a and b).

The work of the programme began immediately, and by 2004 had achieved remarkable success. The reduction targets set in the protocol were exceeded with infection rates on the South African side of the border dropping by more than 90% and the whole of Lake St Lucia being declared a malaria-free area.

As in the case of the Lubombo road, the malaria control programme offered an opportunity to demonstrate delivery, build political support and forge new co-operative relationships between formerly disconnected or hostile actors, including cross-border linkages. It again combined the removal of a major obstacle to economic growth with the delivery of much-needed and immediate social benefits. It also strengthened transnational linkages thus providing a platform for co-operation between the three partner countries in the Lubombo SDI. This was important at the time because the Mozambican and Swazi components of the Lubombo initiative had lagged well behind the South African initiative. Also, the programme was able to galvanise support from organised business in the form of grants from some of the region's biggest firms. This brought the private sector into the initiative, thus raising the profile of the Lubombo region, building confidence and generally laying the groundwork for longer-term public-private partnerships in the region. Again, the programme offered an opportunity to draw together disparate groups – including national, provincial and local political leaders; the private sector; and other local actors – onto a common platform under the banner of the Lubombo SDI.

4.3 The Lubombo Transfrontier Conservation and Resource Area

Another subsidiary agreement envisaged in the General Lubombo SDI Protocol related to the establishment of transfrontier conservation areas (TFCAs) spanning the borders of the three partner countries. The implementation process was initiated shortly after the launch of the Lubombo SDI with a series of technical meetings between the three countries including representatives from the various conservation agencies, provincial and national departments, as well as donors and multi-lateral development agencies such as the World Bank. As in the case of malaria control, a concept document was prepared and submitted to the Trilateral Ministerial Committee for approval. This was followed by the preparation of a Lubombo

Transfrontier Conservation Protocol that was signed by the three countries in 2000. The Protocol set the following broad objectives:

- To promote regional integration with a focus on tourism and conservation in accordance with the goals of the New Partnership for African Development;
- To consolidate protected areas across the region; and
- To create a regional ecotourism node that is linked to adjacent tourism nodes in southern Africa.

In May 2002, the ministers established a trilateral commission to implement the protocol. The commission has formed task teams, comprising representatives from the three countries, that are currently working on four transfrontier nodes:

- Ndumu-Tembe-Futi (South Africa/Mozambique);
- Ponto do Ouro-Kosi Bay (South Africa/Mozambique);
- Nsuabane-Pongola (South Africa/Swaziland); and
- Lubombo Conservancy-Goba (Swaziland/Mozambique).

Although progress on the Lubombo TFCA has been slower than in other areas of delivery, the programme has nonetheless provided a platform for the three countries to work together in pursuit of a larger regional vision that is important in the long run if the gains made by the SDI in South Africa are to be carried across the borders in future. It encourages the trilateral partners – Mozambique and Swaziland – to participate in the regional vision and ensures proper planning on both sides of the border, which is a vital part of building long term confidence in the Lubombo region²⁴.

²⁴ It is also important to note that the co-operation with especially Mozambique was encouraged by what might be called informal networks between some of the major figures in the SDI programme in South Africa and their counterparts in Mozambique. People like Mac Maharaj and Paul Jourdan

The adoption of the TFCA project by the Lubombo SDI also allowed the strong conservationist agenda that dominated it before the SDI's intervention to be redirected. By supporting and fast-tracking the TFCA, the SDI could advance an economic agenda based on the latter's mandate.

The TFCA also became a mechanism to house areas that the Lubombo SDI had not completed including the upgrading of border and the extension of the Lubombo road from the Ponta do Ouro to Maputo.

Finally, the Lubombo TFCA was an international programme and therefore clearly fell under national jurisdiction in South Africa. This allowed the SDI – which became the major sponsor of the TFCA – to avoid being incorporated into provincial structures where it would become bureaucratized and lose the flexibility of its 'special agency' approach.

5. Conclusion

The Lubombo SDI built on the momentum created by the mining controversy, the Review Panel Report as well as the decision by Cabinet to prioritise conservation and tourism as the drivers for economic regeneration in an area mired in a deepening recession. As the SDI programme emerged from within the Departments of Transport, and Trade and Industry, the Lubombo region was targeted and cast as a classic agri-tourism initiative. Its underpinning analysis initially showed all the hallmarks of standard SDI thinking:

- An area with inherent, but underdeveloped potential, was targeted.
- An array of factors stifling development were identified.
- An institutional framework, including a trilateral protocol, a ministerial committee, a task team and a project manager were appointed and resourced.
- A concerted effort to remove the constraints, particularly in South Africa, was mounted.

had spent much of their exile in Mozambique and were strongly integrated into the political networks there.

However, from an early stage, the Lubombo SDI took a longer view of the development process. It recognised the importance of building a track record that demonstrated government was serious and could deliver on the ground while at the same time shifting the fundamentals. Its earliest documents already stress the need to systematically address the root causes of underdevelopment including the institutional tensions that bedevilled the region. Shifting the development fundamentals in an area such as that targeted by the Lubombo SDI would require a much longer process than the “fast track” envisaged by mainstream SDI planners.

The Lubombo SDI also understood the need to build political support for the project not just at the highest level but also at the provincial and local levels. Programmes such as the building of roads or the control of malaria thus provided opportunities to pull together a range of actors into co-operative ventures that showed the complementarity of national and local objectives. These programmes demonstrated that national, provincial and local interests were not necessarily in conflict: it was possible to simultaneously deliver immediate benefits to rural residents and improve conditions for longer term economic efficiency. But they also required careful management to ensure that the conflicting agendas of the various actors did not paralyse delivery. A flexible approach was needed that engaged different stakeholders differently based on their interests but without jeopardising the strategic thrust of the programme.

It may thus be argued that the Lubombo SDI exhibited an “institutionalist logic” in the sense discussed in Chapter 2. Like other SDIs it was a regional development intervention designed to mobilize the inherent economic potential of Maputaland through an upgrading of the region’s broadly defined supply-base. This involved the delivery of hard infrastructure as well as sponsoring health measures and establishing appropriate regulatory frameworks including transnational protocols on malaria control and transfrontier conservation. But the delivery of these measures were also used to address “the invisible factors in economic development” (Morgan, 1997: 496) – the broadly defined institutional features of the region – that impeded economic renewal. Thus, these measures were used to harmonize national, provincial and local agendas and to bring a range of social actors into new cooperative alignments. They

were also used to build sustained political support for the programme which was crucial to its ongoing success.

Chapter 4

THE GREATER ST LUCIA WETLAND PARK

1. Introduction

One of the fundamental tenets of the SDI approach is the identification, appraisal and promotion of “potential investment opportunities, particularly one or more propulsive “anchor” projects designed to serve as magnets to additional downstream or related investments, thereby expanding the size and scope of [a given] sector within the SDI area” (Jourdan, 1997: 2). As noted in Chapter 3, the Lubombo SDI early on identified several lead projects with the potential to deliver tourism development at various locations in the Lubombo area. However, only one of the projects fitted the required profile of an anchor project in the sense advocated by Jourdan. The Greater St Lucia Wetland Park (GSLWP) offered the scale and “propulsive” qualities that could deliver significant economic growth in the Lubombo area.²⁵

The current chapter provides an overview of the GSLWP anchor project from its initial conceptualisation to its eventual implementation. The focus is mainly on the period between 1997, when the Lubombo SDI first defined the concept, and approximately 2002 when the GSLWP Authority became fully operational. The main concern in this chapter is to describe how the Lubombo SDI sought to put in place the fundamentals required to implement its anchor project, particularly an institutional structure with the capacity to drive the economic renewal of the GSLWP. This involved managing a complex set of tensions with the incumbent conservation agency. In delivering on its agenda, the SDI concentrated not only on the building of political support but also the passing of new legislation to enable the consolidation of the GSLWP and the creation of an independent management institution

²⁵ The other lead projects, identified by the Lubombo SDI and described in Chapter 3, lacked the required scale and faced higher barriers than St Lucia.

with the organisational structure, resources and commercial expertise to undertake the challenging and complex task of optimising the tourism potential of the GSLWP.

The achievements of the Authority since its establishment and the many challenges it currently faces are largely beyond the scope of the current study, and are therefore only briefly sketched in the concluding sections of the chapter. Nevertheless, the chapter does raise some of the key risks faced by the Authority in carrying forward its mandate. The major challenge for the Authority will be to retain its ability to deliver in an increasingly complex institutional environment, particularly at the local level where it is engaging with fledgling local government structures that are involved in negotiating their respective spheres of competence, as well as their relationship with the Authority.

2. Developing the concept

2.1 The NPB/CCA proposal

A study assessing the feasibility of establishing a company to develop the ecotourism potential of the GSLWP was co-sponsored in 1996 by the Natal Parks Board (NPB), as it was then known, and Conservation Corporation Africa (CCA), a private company that owned a property known as the Phinda Resource Reserve on the south-eastern fringe of uMkhuze. The study – known as the NPB/CCA proposal – recommended the creation of a company that would acquire use rights to the greater St Lucia area (from the Natal Parks Board) and the Phinda Resource Reserve (from Conservation Corporation Africa). Against these assets, the company would raise capital and undertake infrastructure development (including ecotourism facilities). The management of these facilities would be offered to the private sector and the NPB at commercial rents, while the latter would be contracted as the natural resource manager for the entire park. (Leo-Smith, 1997).

As part of its early appraisal of the tourism potential of the region, the Lubombo SDI assessed the NPB/CCA proposal. The SDI argued in favour of the idea that a consolidated greater St Lucia park had the potential to drive the economic reconfiguration of the Lubombo region:

The Greater St Lucia Wetland area has certain key advantages that positions it as an anchor opportunity for the KwaZulu-Natal SDI region. It represents a large-scale development opportunity that can be rapidly implemented, create a significant number of new job opportunities, link in with other sectors of the local economy and promote economic growth in a way that does not destroy the natural and cultural assets of the region. The scale of the development combined with the region's exceptional natural attributes ... suggest that it has the potential to establish a strong market image and attract the significant market share it requires to be successful.

(Lubombo SDIa, 1997: 33).

The SDI thus endorsed the concept of private sector-driven development in a GSLWP consolidated under the management of a single authority, but it also noted some key concerns with the Leo-Smith proposal:

- It was unclear how the proposed company would deal with the complex land issues that affected the proposed park. For example, state-owned land earmarked for incorporation into the park comprised 11 separate parcels, all designated for conservation purposes under different legislative provisions; large sections of the proposed park were subject to conflicting land claims from former beneficial owners evicted during the apartheid era; and key areas were ecologically compromised by commercial afforestation and other detrimental land uses.
- It was also unclear whether, or how, other parties, including land claimants and holders of communal land rights on the fringes of the park, could acquire an interest in the proposed company. This created the risk of “a new form of spatial segregation between a core development monopolized by large institutional interests and low benefit peripheral developments on communal land whose competitiveness is severely compromised because they do not have adequate access to the prime resource” (Lubombo SDI, 1997a: 35).

- Finally, the SDI questioned the preferential position of a private partner in a development company that would hold monopolistic rights over a substantial public resource that was widely considered a national asset.

2.2 The concept defined

After this initial assessment, the SDI debated its own proposal for the development and management of the GSLWP. Initially two models were considered. Both accepted the importance of the private sector in providing the capital and expertise to unlock the economic value of the GSLWP. But differences emerged regarding the role of the state. Some key figures in the national SDI programme proposed an aggressive privatisation approach that would see the “concessioning out” of the entire Park with the state retaining only a minimal regulatory role. The Lubombo SDI management and others argued in favour of a stronger role for the state as an active mediator and regulator. This was considered of particular importance in a region that faced a unique set of ecological, economic and social challenges. This was essentially a continuation of Lubombo SDI’s view that the specific conditions in Maputaland – including the highly complex institutional arrangements described in the previous chapter – required a strong institutional solution.

In the event, the Lubombo SDI opted for the second approach. Based on a commitment to a robust developmental role for the state and the recognition that the particular circumstances of GSLWP, like the broader Lubombo region required active mediation, the SDI drafted a proposal for the GSLWP that was “designed to deliver a co-ordinated planning and regulatory framework for rapid, large-scale and efficient private sector driven development in the greater St Lucia area” (Lubombo SDI, 1997b: 5).

The Lubombo SDI’s thinking, as articulated in the initial proposal for the establishment of the GSLWP, was underpinned by the key principles that would set the agenda for the development of the Park in the following years:

- *The GSLWP is considered a national asset that requires an efficient, state-controlled institutional structure to consolidate its physical cohesion, and regulate its development.*

- *The key factor determining the economic potential of the Park is its status as a relatively pristine nature conservation area, recognised both nationally and internationally as an underdeveloped natural asset which is unique in Africa. It is therefore essential to maintain and enhance the environmental integrity of the area. This means that the Park must be managed according to sound conservation practices by a competent land manager such as the Natal Parks Board or its successor.*
- *The surrounding local communities must benefit directly and materially from the proposed developments in the short, medium and long term. [This includes] ... successful land claimants [who] must be accommodated in whatever is planned for the Park.*
- *In order to maximise economic benefits for ... communities... it is necessary to ensure that sufficient capital and expertise is attracted to the area to unlock its full economic potential. This means the involvement of the private sector as the primary force in the commercialisation of the Park. It also means that development opportunities cannot be monopolised by the conservation agency and should be awarded on a most efficient basis through an open and competitive tender process.*
- *The South African public must be guaranteed continued affordable access to the park and its recreational opportunities.*

(Lubombo SDI, 1997b: 4-5).

Based on this thinking, the SDI developed a precise set of recommendations to deliver its vision of developing a world-class park that could transform the economic landscape of the Lubombo region.

2.3 Institutional arrangements

The SDI recommended that a dedicated statutory Authority be created to drive the management, administration and economic development of the GSLWP:

- *This would be in line with international best practice where national environmental assets are placed under the control of such authorities.²⁶*
- *The Authority will be charged with the optimal development of the economic potential of the park in the form of tourism, hunting, utilisation of natural resources and other opportunities.*
- *It will produce and retain long-term responsibility for the effective implementation of an Integrated Development and Management Plan for the Park in collaboration with the provincial conservation service. The IDMP will provide a regulatory framework and guide all future development in the Park including the scale, range and distribution of tourism facilities.*
- *The Authority will appoint the Natal Parks Board or its successor as environmental manager within the framework of the IDMP...*

(Lubombo SDI, 1997b: 6).

The new authority would be governed by a two-tier structure: a representative and suitably skilled advisory board tasked with policy development and oversight; and a small, professional, executive arm responsible for the day-to-day management of the park. The board would be appointed by, and accountable to, the national Minister of Environmental Affairs and Tourism, and comprise key stakeholders from the national, provincial and local levels.

²⁶ During early-1997, a technical team from the Lubombo SDI visited Australia to study Australian protected area management models, particularly as they related to large protected areas including World Heritage Sites. It was here – especially in the management arrangements for the Great Barrier Reef and the Wet Tropics in northern Queensland – that the SDI was first exposed to the idea of dedicated management authorities set up under national legislation to look after large conservation assets of global importance.

2.4 Financial arrangements

The SDI proposal argued that the Authority would require substantial capital grants to develop the park as well as ongoing budgetary support to cover its recurrent expenditure. However, it would seek to recover costs aggressively through the concessioning of commercial opportunities on a competitive and most efficient basis. In a first phase, the Authority would prepare and concession a number of “lead” projects designed to demonstrate delivery and build confidence in the commercial potential of the park.

2.5 Local benefit

The SDI argued that the development of the GSLWP should be actively aligned with the government’s broader priorities including its commitments to social and empowerment goals. It was vital that the Park should integrate productively into the broader economy. This was not only considered a developmental but also conservation imperative. Only if the Park become a regional economic asset generating benefit for the region’s residents would its long-term conservation be assured. One instrument to achieve this was a vigorous local benefit programme managed by the proposed Authority and designed to optimise the integration between tourism-driven development of the GSLWP and the local economy:

The Authority will identify potential local equity partners for specific projects. It will also actively promote other benefits to local communities, and will provide and/or secure support to assist potential beneficiaries in arriving at a financial, legal and institutional ordering that would enable them to maximise the flow of benefits they receive from development of the park.

The Authority will also initiate a small business support and development programme in the region adjacent to the park...

(Lubombo SDI, 1997b: 9).

The Authority was thus designed to mediate one of the basic social conflicts afflicting development in the region, the tension between local residents who suffered exclusion at the hands of state-driven conservation discussed in Chapter 3. This would also align the work of

the Authority with the broader social goals of the post-apartheid government thus helping to ensure continued political support.

2.6 Land

One of the important challenges facing the SDI in the establishment of the GSLWP related to land. As noted above, the land designated for inclusion in the Park included several discrete parcels and was subject to conflicting restitution claims:

It is desirable that all the land owned by the State and falling within the Park should be consolidated and made subject to a single designation providing the highest protection and the base for its proclamation as a World Heritage Site.

...It seems that the preferred course would be to leave the land vested in the State, and to proclaim the Park under a law allowing for the designation thereof subject to the jurisdiction of the Park Authority and allowing the management structure to deal with the land as though it were the owner, save as far as alienation is concerned.

(Lubombo SDI, 1997b: 9).

2.7 Key advantages

In the view of the SDI, as expressed in the 1997-proposal, a statutory authority would bring certain important advantages. Amongst other things, it would:

- ensure political accountability and continued state regulation of an important public resource, thus guaranteeing the integrity of the Park as both a protected area and an economic asset.
- facilitate optimal commercial development by ensuring equitable access to opportunities for all potential developers including the private sector.
- prepare and manage an economic and social development plan, closely linked to regional and national development objectives, and designed to integrate spatial and stakeholder interests;

- provide a framework for all stakeholders, including the private sector, local government, communities and successful restitution claimants, to participate in the development and management of the Park; and
- provide an efficient mechanism to achieve restitution of land rights without compromising the conservation integrity or commercial potential of the Park.

3. Establishing a Management Authority for the GSLWP

3.1 Anticipating opposition and building political support

Having clarified the principal elements of its St Lucia proposal, the Lubombo SDI proceeded with its implementation. In the first instance, this required building political support for the proposal at the national and provincial levels. As demonstrated in Chapter 3, the SDI operated within the “space” that opened politically and institutionally after 1994. It also carefully nurtured a political support base that spanned South Africa’s major political divides. The political space available to the SDI at the time proved crucial in carrying forward the St Lucia proposal.

Overall, the importance of assembling strong political support and maintaining the visible ownership by key figures from the national and provincial spheres were considered vital to the success of the SDI and its anchor project. In an area riven with conflict (see Chapter 3), where many development projects had stalled due to political tensions, a vigorous campaign of the sort described above was needed to build the momentum required to shift the Lubombo region’s development fundamentals. Given the ambitious programme of the Lubombo SDI, which was about reconfiguring the institutional and economic landscape of Maputaland, a backlash was expected from various disaffected parties who assumed certain rights in the areas, and others who felt they had not benefited from or did not control the process.

In particular, the SDI anticipated opposition from within the ranks of the KwaZulu Natal Nature Conservation Service (NCS). The NCS, which at the time had just emerged from the merger between the old Natal Parks Board and the KwaZulu Department for Nature

Conservation, was the incumbent conservation authority at St Lucia, and the SDI's proposal would effectively replace it with a streamlined, pro-business authority. The SDI's thinking was informed by the following analysis:

Conservation authorities tend to be staffed by persons selected for their scientific and wildlife management skills, not for their business acumen. ... Moves to involve the private sector in any conservation area activities may be strongly resisted by those charged with the conservation responsibility. ... Given this attitude, tension seems inevitable between those who seek to expand the economic contribution of conserved areas and those who seek to maintain the status quo.

(University of Cape Town, 1990: 3).

The SDI's own thinking was indeed about "involving the private sector" and "expanding the economic contribution" of the GSLWP. And the monopolistic approach of the current conservation authority was indeed seen as a major impediment to the SDI's plans:

Like many other state-owned reserves, the GSLWP was managed and developed by a public agency that combined a protectionist ethic with a monopolistic approach to development. Thus, the commercial development of what is prime tourism estate was dominated by a state agency whose primary task was conservation management and who was institutionally, ideologically and financially ill equipped to optimise the potential of the area. The result has been sub optimal development mainly geared towards the perceived recreational needs of the domestic middle classes, and which, in most instances, imposed a net loss on the public purse.

(Lubombo SDI, 2000b: 82).

This tension did indeed emerge as the Lubombo SDI took its proposal forward and became one of the key institutional features of the GSLWP project. It is explored in greater detail below. At this stage, it is important to stress that the SDI *anticipated* such opposition and moved vigorously from the outset to build the high level political support which was required to drive its proposal forward.

From mid-1997, the SDI management and its political champions therefore embarked on a vigorous campaign to communicate the principal aspects of its proposal to key decision makers at all levels. From the outset, the SDI stressed that the proposal was rooted in the recommendations of the Review Panel and Cabinet's 1996 no-mining decision. It also stressed that the project was not just about delivering private investment but also jobs and a range of other social benefits. By late-1997, the SDI concept for an anchor project centred on the St Lucia wetlands had been presented to various committees of the national and provincial executives, and in principle cabinet approval obtained for the establishment of the GSLWP Authority as a national body, accountable to the Minister of Environmental Affairs and Tourism²⁷.

Once approval was in place, the SDI continued to keep key decision makers informed and involved. Much lobbying of individuals as well as numerous presentations to the board of the provincial conservation agency, the provincial executive, the national cabinet and other key institutions followed. The SDI programme and its major elements were further reinforced by including supportive references in speeches made by important political figures at SDI-organised events (including President Thabo Mbeki, Deputy President Jacob Zuma, Minister Mangosuthu Buthelezi, Minister Pallo Jordan and, once he became Minister of Environmental Affairs and Tourism, Mohammed Valli Moosa).

In Chapter 2 it was noted that the South African constitution "has created possibilities for aggressive territorial competition at various spatial scales... Given that certain key regional development decisions have been moved into the inter-governmental arena, the constitution forces national policy-makers to enter into relationships with local agents" (Hall, 1999: 8)²⁸.

²⁷ The SDI used the momentum created by its principal proposal to also obtain approval from the national and provincial executives for a number of secondary objectives, including the removal of commercial forestry from the GSLWP, the removal of the military base on the Ndlozi peninsula and the development of a national policy on the restitution of land claims in protected areas.

²⁸ See also:

One such area in which there is potential for conflict is the environment. The Constitution vests legislative competence with regard to the environment (and regional development) in both the national and provincial spheres:

The confluence of these two spheres of government and the various enactments passed by them, creates the potential for conflict which, if it does arise, will involve the Province and the National Government in disputes as to their respective competences in the area of environmental control and management in KZN and/or as to which of the conflicting measures will prevail. So, for example, the Provincial Act passed by KZN, charges the KZN Nature Conservation Board with the primary responsibility to direct the management of the development and promotion of ecotourism facilities within certain protected areas within the province, while the Environment Conservation Act 73 of 1989 (ECA) vests the primary authority to determine policy with regard to the environment and to determine norms and standards to be complied with and implemented throughout the country in the National Minister of Environmental Affairs and Tourism. The ECA obliges any provincial authority which has an influence on the environment to exercise its powers and perform its duties in accordance with policy formulated at national level.

(Lubombo SDI, 2000b: 40).

This concurrence, and the conflicting legislation passed at national and provincial levels, meant that the legal basis for the creation of the proposed authority for the GSLWP was in doubt. This was of particular concern given the argument that the *provincial* conservation agency should continue managing the GSLWP (see below for further discussion of this point). In order to clarify the situation and establish national jurisdiction in the case of the GSLWP, the SDI developed an alternative approach.

In July 1997, South Africa had deposited its ratification of the World Heritage Convention, and the Department of Environmental Affairs had nominated the country's first properties,

The Constitution ... sets the scene for a complex admixture of top down regional policy and bottom-up regionalism in other areas of policy by specifying that certain key competencies are the concurrent responsibility of national and provincial government (Harrison, 1998:5).

including the GSLWP, to be inscribed on the World Heritage List²⁹. However, Section 231(4) of the South African constitution determines that international agreements, such as the World Heritage Site Convention, only become part of the country's domestic law when they are expressly incorporated through *national* legislation. Ratification imposed certain international law obligations on the South African state (in relation to other signatory states) to abide by its commitments in terms of the convention but, because of the constitutional provision referred to above, these obligations could not be enforced *within* South Africa until such time as they were made part of domestic law through national legislation. This opened the door for the passing of national legislation incorporating the Convention into South African law and providing national government with the legal means to discharge its responsibilities under the Convention thus effectively "taking control" of World Heritage Sites such as St Lucia.³⁰

The SDI thus developed an argument in favour of dedicated framework legislation to incorporate the World Heritage Convention into South African law and to create the legal basis for the proposed GSLWP Authority. A process was launched in partnership with the Department of Environmental Affairs and Tourism which culminated in the passing of the World Heritage Convention Act in 1999. This Act not only embeds the Convention in

²⁹ A significant portion of the GSLWP – over 85% – was entered on the World Heritage List in December 1999. The natural values in terms of which parts of the GSLWP were inscribed on the List include outstanding examples of ecological processes, superlative natural phenomena and scenic beauty, and exceptional biodiversity and threatened species. In addition to these values, the GSLWP also contains four wetlands of international importance recognised under the RAMSAR Convention.

³⁰ The so-called Kumleben report into the Institutional Arrangements for Nature Conservation in South Africa made a similar point:

Though a protected area is inevitably within one or other province, one is mistaken to regard it as "belonging" to such province. A provincial protected area is essentially a national asset, and in some cases an international asset, in which every South African has an interest. This is confirmed by the fact that the RSA, not the provinces, is party to a number of international Conventions and it is the State that has undertaken to assist in attaining their objectives. (Kumleben et al, 1998:23.)

domestic law but also brings a specifically South African perspective to the management of World Heritage Sites. It combines a fundamental commitment to the protection, conservation and presentation of World Heritage values with a strong emphasis on locally beneficial economic development; by balancing conservation with job creating economic development, the Act thus creates a legal instrument appropriate to South African circumstances – including those in the areas surrounding the GSLWP – where high levels of poverty demand an approach that optimises the economic potential of heritage assets without compromising their natural and cultural integrity. It became the single piece of environmental legislation in South Africa that puts development and conservation into a single, integrated framework, and simultaneously provides the legal basis for the establishment of a management authority (such as the GSLWP Authority) that can drive a balanced agenda (thus correcting the protectionist, anti-development bias of incumbent agencies such as the NCS).

3.2 The Section 8 or 9 debate

Importantly, the World Heritage Convention Act gives the Minister of Environmental Affairs and Tourism the power to intervene to ensure that institutions charged with the management of World Heritage Sites have the capacity to discharge South Africa's obligations under the Convention. Chapter II of the Act provides for two types of authority:

Section 9 empowers the national Minister of Environmental Affairs and Tourism to create by notice in the Government Gazette a new authority to look after a World Heritage Site. Section 8, however, empowers the Minister to, where an existing organ of state is already legally in charge of a World Heritage Site, deem such an organ of state to be an Authority under the Act, and to strengthen or add to its powers.

(Department of Environmental Affairs and Tourism, 1999: 6).

The Minister thus has a choice either to appoint an existing institution as the manager of a World Heritage Site or to create an entirely new authority for this purpose. In the case of the GSLWP, this discretion created the conditions for a vigorous debate concerning the role of the KZN Nature Conservation Service (or NCS as it was then known).

The anticipated opposition from the NCS materialised as the Lubombo SDI's proposal gained momentum. Initially, it would seem, that the top management of the NCS did not take the Lubombo SDI proposal seriously, believing it would not "take off." This is confirmed by the following extract from the so-called Cole report into the restructuring of KZN Wildlife (formerly known as the NCS):

The perception ... [is] that Top Management was "out of touch"... The example of the Greater St Lucia Wetlands Park was held up as a case in point. It is said that the intelligence about the first moves toward the development of the SDI initiative was discounted. "It will never get off the ground" – and no attempt was made to be part of it until it was too late. The attitude seems to have been adversarial...

(KwaZulu-Natal Wildlife Board, 2001: 7).

Gareth Coleman, board member of the NCS at the time of these debates, describes the attitude as follows:³¹

Facing severe financial difficulties, management and governance problems, KZN Wildlife was unable to pay any significant attention to what was happening with the GSLWP. ... in the initial stages, the senior management did not believe that an independent authority would ever be established in the park. The approach of the Board, and elements within the senior management team, proved to be very counter productive. They believed they would receive the political support from the provincial government which would ensure their

³¹ Wayne Elliot, director of the former KwaZulu Department of Nature Conservation and former Head of Department (Conservation) in KZN Wildlife further stresses this point:

There is no doubt that the ... senior leadership of the NPB/NCS/KZN Wildlife had a very negative view of the Lubombo SDI and the GSLWP. It is somewhat difficult to define this negativity other than to assume that the GSLWP Authority was viewed as a threat to the conservation authority at both a regional and national level. This threat could only have been around the tourism potential which [under the NPB/NCS/KZN Wildlife]... was being shown to not be economically viable... (Elliot, 2004).

continued management of the park. ... The Board tried to fight the establishment of an independent authority to the bitter end...

(Coleman, 2004.)

Once the NCS realised the seriousness of the SDI proposal and the impact of the new World Heritage legislation, it argued that it should be appointed as the authority to manage the GSLWP in terms of Section 8 of the Act, on the grounds that it was the incumbent and that the establishment of a new authority would duplicate an already existing institutional structure with adverse implications for the Treasury. These arguments were developed in a long series of submissions, correspondence, petitions and legal opinions. It is beyond the scope of the current study to catalogue this process in detail but the following is an example of a memorandum to the provincial cabinet submitted by the NCS in December 1998:

It is .. proposed that the Cabinet expresses its confidence in the legislation and institutions which have been established in the Province of KwaZulu-Natal, by resolving that the KwaZulu-Natal Nature Conservation Board be appointed ... to be the management authority for the Greater St Lucia Wetland Park. If necessary, a panel of experts/ national advisors could be appointed to provide an oversight role in this respect.

(KwaZulu-Natal Nature Conservation Board, 1998: 9).

The SDI, led by the Department of Environmental Affairs and Tourism, developed a counter-proposal that argued in favour of a dedicated statutory authority for the GSLWP established by the Minister in terms of Section 9 of the Act. Such an authority, it was argued, would put in place a purpose-designed institution with the capacity to manage and optimally develop the GSLWP in fulfilment of South Africa's obligations under the Act. It would remedy the shortcomings of the NCS which, the SDI argued, was incapable of delivering development in the complex conditions faced by St Lucia:

The question is not whether the NCS currently has the powers and duties contemplated in the Act but whether it has the institutional structure, capacity and implementation process to achieve the objectives sketched above. Although the NCS has an undoubted record of accomplishment in the conservation field, several shortcomings suggest that it does not have –

and is unlikely to develop – the capacity to establish the GSLWP as a major tourism destination generating optimal benefits – including jobs – to the region, the province and the nation. In a context where the long-term conservation of the GSLWP is dependent on the optimal development of its economic potential, these shortcomings actually threaten the future of the Park and its world heritage values.

(Lubombo SDI, 1999c).

The SDI argued that the NCS was incapable of optimising the tourism potential of the parks under its control because of the way it was structured, managed and operated. The lack of commercial orientation or a business ethic in the NCS was not something that was likely to prove easy to change. It would almost certainly require a radical overhaul of the NCS's existing structure and a reorientation of its mission and objectives; and it was arguable whether such a reorientation – even if it could be achieved – was desirable or appropriate for a conservation agency such as the NCS. As a result, tourism development in the GSLWP was fragmented and had failed to generate the economic benefits that should have accrued to the region. (Lubombo SDI, 1999c). Moreover, the NCS was in a dire financial position, which fundamentally constrained its ability to drive the process required for the GSLWP's regeneration:

This organisation habitually incurs huge operating losses – in the year under review, R170m of operating losses were incurred on turnover of R137m – and its ability to function as a going-concern is totally dependent on continuing (and increasing) state support, which amounted to R165m in the year under consideration. ... in overall terms the organisation incurs a loss of R1,24 for every R1,00 of operating revenue it generates. ... in financial terms, its condition is deteriorating, and its performance shows no sign of improving.

(GSLWP Authority, 2002b: 1-2)

In the view of the SDI, the Act thus provided an opportunity to put in place an authority with the capacity to secure the twin objectives of optimal development and ongoing conservation in the complex conditions faced by the GSLWP. Such an institution, the SDI argued, should not exclude the NCS from the management of the GSLWP nor undermine its financial

position. It should rather build on the specialist strengths of the NCS by appointing it as the conservation manager of the GSLWP.

In effect, the SDI's view of the NCS amounted to an institutional analysis in the terms proposed by Amin and discussed at some length in Chapter 2. In the view of the SDI, financial, organisational and ideological shortcomings of the NCS blocked the kind of innovation which was crucial to the economic renewal of the GSLWP. The NCS had thus become an example of what Amin calls "institutional sclerosis" which was "a source of economic failure by acting as a block on innovation and the wider distribution of resources and opportunity" (Amin, 1999: 373). The SDI's regional development intervention took this institutional blockage seriously and therefore included the proposal for an institutional reconfiguration that would create the conditions for innovation and renewal. This is a good illustration of the Lubombo SDI's view of regional development, which consistently included not only infrastructure development and investment promotion but also a serious engagement with the institutional realities of the region in which it operated.

In the event, a committee, comprising representatives of the NCS, the KZN Tourism Authority and the Lubombo SDI, was established to advise the relevant provincial and national ministers on the matter. In addition, the premier of the province appointed an ANC and an IFP councillor from the area to work with the SDI in building local level support. After vigorous debate, including two presentations to the national cabinet, the matter was resolved in favour of a new authority along the lines proposed by the SDI. Towards the end of 1999, a memorandum of agreement was signed between the national Minister of Environmental Affairs and the provincial MECs for Economic Development and Tourism, and Agriculture and Environment recognising the need to establish a Section 9 authority for the GSLWP. The agreement effectively provided constitutional sign-off with the province consenting to a national Section 9 authority.

Following this agreement, a process was launched to draft regulations in terms of the World Heritage Act for the establishment of the Authority. It involved widespread consultation including interdepartmental meetings, cabinet approvals, and public meetings held under the leadership of the relevant provincial portfolio committee. Finally, on 24 November 2000,

regulations were published in the Government Gazette proclaiming the GSLWP and setting in place the GSLWP Authority as its management institution. (Republic of South Africa, 2000a and b).

The proclamation of the GSLWP and the creation of the GSLWP Authority, effectively entrenched the agenda of the SDI in law and in practice. It set in place a dedicated management institution – the GSLWP Authority – enabled by national legislation but structured to respond to the particular needs of the greater St Lucia area.

4. The GSLWP Authority

4.1 Introduction

The development of the GSLWP Authority and its relationship with a set of local and provincial actors since its establishment is not the main focus of the current study. Its main achievements and challenges are sketched here briefly to demonstrate how the work of the Authority has continued the programme initiated by the Lubombo SDI. In many ways, the Authority is the institutional extension of the SDI, at least as far the SDI's anchor project is concerned.

4.2 Structure

The proclamation of the GSLWP consolidated previously fragmented land into a single protected area covering almost 300,000ha. The regulations proclaiming the GSWLP also established an Authority mandated to undertake effective and active measures for the Park's protection, conservation, presentation and sustainable development. The Wetlands Authority (as it became known) comprises a representative advisory Board and an executive staff component. It reports to the national Minister of Environmental Affairs and Tourism with financial oversight vested in the Auditor-General. The staff component, headed by the CEO, is responsible for its day-to-day operations including relations with others such as DEAT, KZN Wildlife, the KZN Tourism Authority and local government. It was organised essentially along business, rather than bureaucratic lines, characterised by a small, experienced

and specialised management team, and by a flat organisational structure which allows for an efficient flow of information across the organisation and for quick and responsive management and rapid decision-making.

4.3 Institutional environment

The GSLWP Authority continues to operate within a highly complex legal and institutional environment, which involves a large number of government agencies and other stakeholders. It is systematically developing agreements with other agencies in an attempt to clarify the roles and responsibilities of the various stakeholders. This involves negotiations with various local, provincial and national bodies aimed at clarifying roles and streamlining the institutional and regulatory framework within which it operates. One of its first acts was, for example, the conclusion of a conservation management agreement with KZN Wildlife and the KZN Tourism Authority, which spells out the division of duties between the two organisations: KZN Wildlife's functions are day-to-day conservation management and regulatory enforcement relating to conservation, while the Authority is exclusively responsible for managing the Park's commercial activities as well as research, planning, zoning, WHC oversight and the annual preparation of conservation operational plans. The following table illustrates the complexity of the institutional environment within which the Authority and the status of arrangements with various institutions by 2002.

Key Institutional Arrangements		
<u>Institution</u>	<u>Focus of arrangement</u>	<u>Current status & key outstanding issues</u>
EKZN Wildlife	<ul style="list-style-type: none"> ▪ Day to Day Conservation management ▪ Phased transfer of existing <i>EKZN Wildlife</i>-managed camps to Authority 	<ul style="list-style-type: none"> ▪ Agreement signed ▪ Practical implementation in progress
Tourism KZN	<ul style="list-style-type: none"> ▪ Branding and marketing ▪ Investment support 	<ul style="list-style-type: none"> ▪ Agreement signed ▪ Blue Print complete ▪ Practical implementation in progress
Umkanyakude District Municipality	<ul style="list-style-type: none"> ▪ Provision of services (water, waste, roads) to Park ▪ Role in tourism development – development controls 	<ul style="list-style-type: none"> ▪ Negotiations underway
Mtubatuba Municipality	<ul style="list-style-type: none"> ▪ Provision of services to Park (water, sewage) ▪ Integration & joint development of St Lucia Townlands and St Lucia Estuary 	<ul style="list-style-type: none"> ▪ Negotiations underway
Marine & Coastal Management	<ul style="list-style-type: none"> ▪ Management of affected coastal areas (conservation, research & tourism activities) 	<ul style="list-style-type: none"> ▪ Negotiations underway
Department of Land Affairs (RLCC)	<ul style="list-style-type: none"> ▪ Resolution of land claims ▪ Roles of the Land Claims Commission, vis-à-vis Authority, in tourism development 	<ul style="list-style-type: none"> ▪ Negotiations underway ▪ Practical implementation in progress ▪ Working relationship established,

Department of Water Affairs & Forestry	<ul style="list-style-type: none"> ▪ Commercial forestry on Park boundary ▪ Use rights to water bodies in the Park 	<ul style="list-style-type: none"> ▪ National Policy in place ▪ Negotiations underway
Ingonyama Trust	<ul style="list-style-type: none"> ▪ Tourism on, and conservation of, Trust land in Park 	<ul style="list-style-type: none"> ▪ Negotiations underway

A key challenge for the Authority is thus to retain its ability to deliver in a dynamic institutional environment and one in which the Authority is often viewed with suspicion.³² One such area, is the relationship with local government where one district council and five local municipalities are involved in negotiating their respective spheres of competence, as well as their relationship with the Authority. This inevitably creates power struggles, especially in an environment where the SDI and the Authority are still sometimes a national government initiative. Joe Muller, Director Tourism and Planning Department, Uthungulu District Council, refers to this as the “Big Brother” syndrome. Managing such perceptions and formalising agreements with the various organisations noted in the table above are crucial to the long term success of the GSLWP. But this exhausts institutional resources and draws the Authority into ongoing bargaining with young institutions that often do not have the capacity to follow through on their ambitions.³³ Nonetheless, the table above illustrates the extent to which the Authority is systematically developing formal agreements and working relationships with a range of institutions at the national, provincial and local levels.

³² “[Local government] started to see the LSDI/Authority as a threat to their own mandate and political powers and started to resist or initiate their own plans even if they were in conflict with the Park’s plans” (Tooley, 2004).

³³ The relationship of the GSLWP Authority with local government is not discussed in any detail here. The scope of the study is limited to the establishment phase of the GSLWP Authority which occurred during a period when local government was in a state of reorganization. With the emergence of reorganized local government, the relationship is obviously crucial. The manner in which it is structured and managed will be vital to the Authority’s ongoing success but is beyond the scope of the current study.

4.4 Social transformation

One of the principal statutory mandates and core objectives of the GSLWP Authority is alleviation of regional poverty and the empowerment of historically disadvantaged individuals and communities. It has entrenched this objective in its social, economic and environmental development (SEED) programme, which is housed in a separate directorate reporting to the Authority's CEO. Since its establishment, the SEED unit has implemented a range of development strategies to ensure broader spread and reach in integrating the GSLWP with the regional economy. These include:

- An infrastructure programme modelled on the approach developed by the Lubombo SDI. The Authority institutes rigorous procurement policies that foster equity participation as well as the creation of SMMEs and jobs in construction during infrastructure development in and around the park and during maintenance programmes. During the 2002/3, a total of 3000 short term jobs were created and approximately 50% of capital expenditure going to local SMMEs and labour.
- A tourism development programme – The Authority encourages the participation of local, historically disadvantaged mandatory partners through equity, employment and procurement in private-sector tourism investments.
- Tourism-skills development programmes and learnerships designed to prepare local historically disadvantaged individuals for employment in all levels of the enterprises established within the Park. To date, approximately 160 learners from the area are enrolled in the programme.
- Small-scale agricultural programmes designed to enhance livelihoods and to develop linkages between local historically disadvantaged partners and the core businesses of the Park.
- Natural-resource harvesting programmes.
- Craft programmes, which have linked 26 small-scale producers with high value décor outlets in the main urban areas.

- Cultural programmes, which have to date stimulated the emergence of 27 small businesses.

4.5 Land

Former beneficial occupants of various portions of the GSLWP have claimed approximately 80% of the Park in terms of the Restitution of Land Rights Act 1994. The GSLWP Authority co-operated closely with the Department of Land Affairs, the Department Environmental Affairs and Tourism and the regional Land Claims Commission to facilitate the settlement of the three major claims covering approximately 60% of the Park's land surface in a manner that guarantees the continued conservation of the Park within the framework of the World Heritage Convention Act. The settlements transfer title to the claimant communities – providing the legal basis for greater integration between rural residents and the conservation industry – but entrench the physical integrity and conservation status of the Park, as well as the management role of the Authority and EKZN Wildlife. These agreements set an important precedent for the settlement of land claims in South Africa's major protected areas and have provided the basis for the development of a national policy dealing with land claims in protected areas.

The Authority has also developed and started implementing a land incorporation policy, in terms of which it has concluded agreements with private landowners that incorporate approximately 20 000ha of land into the Park. Another 80 000 ha of private and communal land have been earmarked for inclusion. The incorporation of communal land into the Park has the potential to generate significant economic returns to the communal owners and to contribute to poverty alleviation in some of the poorest communities in the region.

The land settlements and incorporations do, however, also create major risks for the Park and the Authority. Major expectations have been created that the Authority must manage on an ongoing basis. This requires not only political management but also maintaining momentum with the delivery of hard benefits to those who have included their land assets into the Park on the expectation that this will bring benefit to their communities.

4.6 Management planning

The regulations establishing the Park require the Authority to prepare and implement an Integrated Management Plan (IMP) to fulfil Articles 4 and 5 of the World Heritage Convention and Chapter IV of the World Heritage Convention Act.

The IMP must integrate developmental, environmental and governance concerns into the management of the Park. The developmental concerns include poverty alleviation and local economic development of communities in and adjacent to the Park as well as the stimulation of tourism development. Where new opportunities or threats arise, or there are changed circumstances in the social, economic and political context, an IMP may be reviewed and amended by the Authority, and submitted to the Minister for approval. The Authority has already developed a draft IMP, a Strategic Environmental Assessment for the Park as a whole, and several other subordinate planning instruments.

4.7 Park infrastructure

Legally consolidated, the various parcels of land making up the Park are presently being redeveloped and functionally consolidated into a game reserve, which is one open ecological area, incorporating Cape Vidal, the Eastern and Western Shores, Mkuze Game Reserve, Lake Sibaya, Sodwana Bay and the Coastal Forest Reserve (Kosi Bay).

The Authority's corporate strategy, phases the development of the Park as follows:

- short-term (5 years) – establishment and redevelopment (see below);
- medium term (5 to 10 years) – maintenance – a focus on maintaining the Park and enhancing the world heritage values rather than investing in new infrastructure – emphasis on monitoring Park's performance, assessing our competitive edge and proactively adapting our strategy and response to the changing environment.

The broad strategy of infrastructure development is sequential:

- firstly, improve the infrastructure in nodes that have established markets or where there is the potential for expanding and broadening the existing markets, by facilitating appropriate new development;
- then focus on the less well-developed areas, where it will take longer to develop tourism demand and markets, thereby generating revenue from the established and more developed sections of the Park, to cross-subsidise the opening-up of less developed areas for appropriate private-sector investment.

To date, approximately R120m has been spent on roads, fences, gates, the reintroduction of game and the development of all weather runways adjacent to the Park. The road-development strategy has generally been built on the logic first developed by the Lubombo SDI: to improve general access to the area (via the N2 and the Lubombo Spine Road), and then to create circuits within the Park that support the development programme and investment nodes. While there has been significant progress in infrastructure development, much remains to be done before the various fragments of land that were consolidated under the World Heritage Convention Act regulations are knitted into a functional park. Outstanding is, for example, the establishment of a regional airport, and the upgrade of further access roads from the N2 & Lubombo Spine to key nodes in the Park.

4.8 Tourism

The Authority's statutory mandate – rooted in the Lubombo SDI's agenda – is to facilitate optimal tourism-based development in the park. It does so by creating an environment that will encourage and induce the private sector to develop and run tourist facilities, operate tourism activities and provide services that support them. There are currently some 6 700 beds in the Park including campsites (most of which will be redeveloped), which will be redeveloped and expanded to ±7 200. It is expected that for every tourist bed in the Park, two are likely to be developed outside the Park on its periphery. It has embarked on a National Treasury-supported commercialisation programme.

The Authority's objective is to create the 'space' and reduce risk for tourism, conservation and community beneficiation to take place effectively. During the first phase of

commercialisation, the Authority offered ten investment sites to the market. Preferred bidders have been selected for eight of the ten sites with a combined value of over R450 million. The successful bidders include exceptionally strong representation from empowerment groups (with average black ownership across the various consortiums of 75%) as well as national and international hotel groups. 20% of the equity in the new developments have been allocated to local mandatory partners including land claimants. And it is estimated that the new developments should create 900 direct jobs – increasing employment in the Umkhanyakude district by nearly 20% – and an additional annual direct spend in the region of R300-million annually.

5. Conclusion

The current chapter provided an overview of the GSLWP anchor project from its initial conceptualisation to its eventual implementation. The focus was mainly on the period between 1997, when the Lubombo SDI first defined the concept, and approximately 2002 when the GSLWP Authority became fully operational. The main concern in this chapter is to describe how the Lubombo SDI sought to put in place the fundamentals required to implement its anchor project, particularly an institutional structure with the capacity to drive the economic renewal of the GSLWP. This again illustrates the seriousness with which the Lubombo SDI regarded institutional issues, in this case the “institutional sclerosis” represented by the provincial conservation agency’s incapacity to drive the economic renewal of the GSLWP.

Chapter 5

CONCLUSION

In their short history, the SDIs have drawn interest from a wide range of writers. This has seen the emergence of a varied literature – surveyed in Chapter 2 – describing the history and principles of the programme and assessing many of its individual initiatives. A widespread critique has developed – especially amongst those writers situated outside the programme – that views the SDIs as falling short in two crucial areas.

1. Developmental impacts

First, much of the literature argues that SDIs have, in general, had limited developmental impacts. The scale of their delivery as well as their developmental reach have been disappointing, especially when measured against the ambitious claims made during the programme's early days.

This view of the SDI programme partakes in a broader debate regarding the limited developmental impacts of high cost investment in developing economies. Many writers have recently argued that capital intensive industrialisation – especially when anchored in resource-based megaprojects – is inappropriate in underdeveloped settings. These projects typically create large numbers of jobs during their construction phases but relatively few long-term positions after the initial development is completed. This tends to draw labour migrants into an area during the development phase with little prospect of sustainable employment during the operational stage. Moreover, these areas are typically characterised not only by labour surpluses but also by skills deficits. This contrasts starkly with the needs of megaprojects, which typically require limited numbers of highly skilled employees. Rural economies also lack the capacity to supply the goods and services required by such projects thus constraining opportunities for local linkages and SMME creation.

Overall, the argument is that there is an asymmetry between the needs and yields of megaprojects on the one hand and the needs and capacities of underdeveloped local

economies on the other; megaprojects may produce spectacular growth when measured in terms of direct investment and returns to capital but contribute little to diversification, job creation and sustainable development in peripheral local economies³⁴. (See, amongst others, Adebayo and Todes, 2003; Bond, 2002, Lewis and Bloch, 1998, Pretorius, 2001; Walker, 2001.)

This dissertation has argued that the Lubombo SDI, after some initial debate, opted for a vigorous approach in which the state maintained an active role in extending the developmental reach of its interventions. This approach was demonstrated in the key infrastructure projects but has also been carried into the activities of the GSLWP Authority. The Lubombo SDI, and its anchor project, thus consistently sought to balance growth *and* development in a manner that challenges the view of writers like Söderbaum and Taylor who view the SDI programme as little more than a “conveyor belt” for big capital. The Lubombo SDI is an example of a practice within the broader SDI programme that is not predicated on the short-term delivery of mega-projects in underdeveloped contexts but rather one that takes a longer view of development and that actively seeks to manage the promotion of private-sector driven economic growth in a manner that integrates into the local economy and spreads developmental reach.

2. Governance and institutional issues

A second major theme in the SDI literature is the idea that many of the initiatives – despite the gains of their “special agency” approach – failed to develop adequate institutional responses to the specific conditions they faced in their various localities. They failed to

³⁴ Adebayo and Todes refer to the Richards Bay where the “long-term negative consequences” is evident:

While economic growth has been rapid, twenty years on, the economy remains characterised by a few large firms with poor links into the local economy, weak local linkages, low levels of job creation relative to investment, and dramatic fluctuations in the local economy and the property market each time major new investment occurs (2003: 36).

“embed” themselves at the local and provincial levels, which meant that they could not mediate productively between national, provincial and local interests. These “failures” were for a variety of reasons – including the lack of sustained political support – which were not examined in any detail.

The study did however argue that the Lubombo SDI, throughout its history, took institutions – in the broad sense discussed in Chapter 2 – seriously. It continually manoeuvred to open the political and institutional space that was needed to deliver on its mandate. This was aided by the particular circumstances of the post-1994 period but it also involved ongoing effort to mobilise and maintain political support at the local, provincial and national levels. Ultimately, the Lubombo SDI’s anchor project was embedded in the GSLWP Authority, an institution specifically designed to deal with the specific complex of factors – infrastructural *and* institutional – that constrained development in the greater St Lucia region.

In driving its agenda, the Lubombo SDI was also not particularly hindered by the limitations of the country’s fiscally restrictive approach to national macro-economic policy. It adopted a flexible “framework approach” which allowed it to align its key strategic interventions with the broad range of government priorities thereby enabling it to raise funds from across the full spectrum of government.

3. A final word

In considering the Lubombo SDI and its anchor project, the two-pronged critique developed in the literature is of vital interest. Has the Lubombo SDI achieved greater developmental reach than other SDIs? And has it, in the words of Harrison “developed an adequate institutional mechanism to accommodate ... differences and achieve the necessary compromise without destructive conflict” (1998:3)?

It is probably too early to give a definitive response to these questions. What is clear is that the Lubombo SDI, from the outset, took institutions seriously and developed a longer view of development. It did not seek to deliver large-scale investment in a short period. Rather, it focused on shifting the development fundamentals of the Lubombo region by establishing a

track record of delivery and concentrating its resources on facilitating a major project capable of pulling the various agencies with a stake in the region's development onto a common platform. This concentration of effort, and the creation of a dedicated authority with a clear statutory mandate to promote development *and* conservation, has brought advances to an area where development was effectively blocked for many years. Moreover, the fact that the Authority was established under national legislation and reports to a board comprising national, provincial and local representatives greatly strengthens its ability to raise resources and political support. Its institutional location – accounting to national government but integrated with provincial and local structures – enables it to function more effectively at the interface between the national, provincial and local levels, which is vital to its role as an effective driver of development in an area previously characterised by economic stagnation and decline. In this sense, the Authority has been able to vigorously take forward the agenda first defined by the Lubombo SDI.

But the dynamic nature of the institutional environment remains a key challenge affecting the GSLWP and the execution of the Authority's mandate. A crucial issue – but one that falls beyond the scope of the study – relates to the emergence of local government and its relationship to the GSLWP and the Authority. The ability of the Authority to continue mediating the multiple tensions and complexities affecting the GSLWP – its ability to maintain the institutional space first opened up by the Lubombo SDI – in a changing institutional environment will be crucial if the agenda first set by the Lubombo is to be carried forward in the coming years and if it is to be adjudged “adequate” in Harrison's (1998) sense.

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