

Business Trust Community Investment Programme restores land value and creates jobs in poor communities



Jack Brotheron (Hippo Hollow), Riebs Khoza and Henry Mabunya (Sandford Trust) signing their landmark partnership

One of the gains of South Africa's new democracy is the restoration of land to poor communities who were deprived of their land rights under apartheid.

But in deep rural areas, the land claims process is in many cases resulting in the land becoming dead capital. How can this be?

Most commercial land has been the subject of claims. Once the process starts, owners are reluctant to invest further, and valuable assets begin to lose their value. The

new owners are invariably co-operative entities or trusts. Very often they are local people without the skills and capital to manage valuable commercial farming or tourism assets and businesses.

Because of their communal structure financial institutions are often unwilling to make capital available as there is no single person who will stand surety for loans. With limited access to commercial capital, and the limited and complex grant funding available, communities are put in a position where they do nothing or very little to the assets they have acquired. Thus the value of their assets are reduced to the point where they often become of no value at all. This is in addition to other constraints and challenges such as policy and skills.

Reversing the trend



The Business Trust, through its Maruleng and Bushbuckridge Economic Development Initiative (MABEDI), is seeking to reverse this trend by facilitating partnerships between co-operative owner groups and commercial investors. The Business Trust encourages the joint venture partners to invest in skills and training. They become the pivot around which financial institutions will invest necessary development capital. The commercial partner accepts the financial risk and hence loans become available.

MABEDI is a joint initiative of the Business Trust and the Department of Provincial and Local Government. MABEDI is a four-year local economic development initiative being managed by a consortium led by ECIAfrica and Technoserve on behalf of the Business Trust.

The overall goal of the programme is to contribute to the reduction of poverty in the area. Through a variety of market-based initiatives, it helps establish an environment conducive to investment. This in turn is based on strong business partnerships between commercial investors and communities that historically have been excluded from participating in the mainstream local economy.

To read more about the Business Trust MABEDI programme, visit:
http://www.btrust.org.za/index.aspx?_af68&sid=4

First partnership

The Business Trust has now announced the first such partnership to be set up by MABEDI. It is in the Maruleng region of Limpopo and the Bushbuckridge area of Mpumalanga – two areas that lie side by side, adjacent to the Kruger National Park.

In terms of its mandate from the Business Trust, MABEDI structured a deal between the Sandford Trust, representing 1500 people of the Mapulana community, and the Hollow Group, a private investor group in the Hazyview area. In terms of the contracts, the Sandford Trust will enter into a partnership for 51 years and own 49% of the shares, with the Hollow Group owning 51%.

The plan includes the redevelopment, upgrading, expansion and re-branding of the Tembi Guest Lodge, which will now be known as the Hazyview Hollow Convention Centre and Hotel. The estimated project cost is R22-million. The partnership will upgrade and refurbish existing structures, while applying for the necessary planning permissions and environmental approvals for the development of a 300-delegate convention centre and an 80-bed hotel.

A restaurant as well as a hotel training facility will be developed on the site, and discussions with the University of Johannesburg School of Tourism and Hospitality are underway in this regard.

The partnership has appointed Seasons in Africa to market the new facilities to local and international tour operators, travel agents, professional conference organisers, incentive houses, and corporates. Seasons in Africa's current portfolio of properties includes a number of five-star private game lodges as well as top hotels across southern Africa.

Job creation targets

It is estimated that the project will create over 120 permanent jobs, along with numerous outsourcing opportunities for SME contractors and service providers from the Bushbuckridge area. Agreement has been reached on preferential employment and training for members of the Sandford community and, after appropriate training has been given, 80% of all employment opportunities will be given to members of the Sandford community from the first year of operations.

Restoring asset value

As a result of this groundbreaking project, a substantially under-utilised and decaying asset will be transformed into a high value tourism facility. But most of all, this project will set the standard and create a precedent which can be followed by other groups in the region and elsewhere in South Africa where land claims are taking place. In this way, valuable assets will not be lost, and growth industries such as tourism and agriculture will continue to create skills and employ more and more people.

To read more about the Business Trust's portfolio of programmes, visit:

<http://www.btrust.org.za/>