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Table of Contents

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Table of Contents

HISTORICAL CONTEXT: AN AID IN DEVELOPMENT SUPPORT

Daan Toerien

ABSTRACT

Integrated development planning (IDP) is a required process for local authorities in South Africa. It is, however, not required that historical analyses should form part of IDPs. This paper examines the consequences of this omission by comparing the historical development of the southwestern Cape, South Africa with the recent history and development planning of Hessequa municipality, a local authority in the southern Cape. A number of important recurring trends are identified: imported technologies, once adopted, foster economic development; initial reluctance to adopt new technologies has to be overcome; the development of own technology creates new economic opportunities; improved transport systems open up new markets to local producers but they also promote competition; animosity between original residents and new arrivals contributes to the shaping of later socio-economic problems; and there are hidden resources in municipal areas, which if identified can contribute to further economic development. These are all matters that should be considered in IDPs and the inclusion of historical analyses in development planning is recommended.

1. INTRODUCTION

Development economists have referred to the term 'development path' in a number of ways, for example, in terms of sustainability (Spangenberg, 2005), enterprises (Eyre & Smallman, 1998), regions (Meyer-Stamer, 1998) or countries (Bellak, 2000). The term implies a point of departure (or origin), some future destination, and momentum in a certain direction. The possibility of inertia or resistance to change might even be included.

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David (1999) commented about the predisposition of many economists to seek the cause of present conditions exclusively in the present, if not in expectations of the future. The geographic dimension of economic history is not simply a meditation on the influence of initial conditions; the timing of events along the path of a region's evolution also matters for its spatial development (David, 1999). Many dynamic processes in the economy are path dependent, in the sense that their evolution cannot shake free from the influence of their history, and this is a bothersome complication for many economic model builders (David, 1999). It is, however, an aspect of reality that theorists and empirical analysts in this field can hardly afford to ignore (David, 1999).

'Integrated development planning' (IDP) is the prescribed process that drives the development planning of local and district authorities in South Africa (DPLG, 1998). However, the prescribed IDP process does not include instructions to carry out historical analyses. Given the dynamics outlined by David (1999), the IDP process appears to be incomplete and lacks an important component.

The 'null hypothesis' tested here is that it is not necessary to do historical analyses as part of IDP formulation. To test this a number of historic development challenges are compared with modern ones. The paper is organized in four sections. Section 2 briefly visits the history (pre-colonial and colonial) of the southwestern Cape (including the southern Cape, an area across the mountains and about 200 to 300 km east of Cape Town) up to the end of the 19th century and emphasises historic events in the southern Cape to detect important economic impacts and drivers, particularly recurring themes. In the third section the current development challenges of the southern Cape are briefly examined using the Hessequa municipality as an example. Parallels and similarities between 'then' and 'now' are discussed in some detail in the final section where the analysis is also drawn to a conclusion.

2. The Economic History of the Southern Cape

The southern Cape has been inhabited by modern man for at least 70 000 to 134 000 years (Henshilwood, d'Errico, Yates, Jacobs, Tribolo, Duller, Mercier, Sealy, Valladas, Watts & Wintle, 2002; Giliomee & Mbenga, 2007; Marean, Bar-Matthews, Bernatchez, Fisher, Goldberg, Herries, Jacobs, Jerardino, Karkanas, Minichillo, Nilssen, Thompson, Watts & Williams, 2007) making it the region in the world with the longest record of occupancy by modern man. For almost the whole period the occupants were stone-age hunter-gatherers who practised no herding or farming.

About two millennia ago this changed drastically and initiated several trends in the southwestern Cape. These are explored in the following subsections.

2.1 The impact of new arrivals bringing new technologies

Khoikhoi herders (sometimes referred to a Khoikhoi) moved some 1600 to 2000 years ago into the southwestern Cape from the north (Boonzaaier, Malherbe, Berens & Smith, 1996; Giliomee & Mbenga, 2007) and their presence changed the long established way of life of the hunter-gatherers because they brought a new technology (animal husbandry) in. This pattern of new arrivals exploiting technologies not at the disposal of existing residents and impacting on their way of life would repeat itself over time.

The Khoikhoi were herders of sheep and cattle. Their animals were rarely slaughtered but male Khoikhoi used the milk of cattle and females the milk of sheep. Cattle also served as pack animals and were ridden. Herds expressed personal wealth rather than commercial utility and land was communally owned (Boonzaaier *et al.*, 1996). To find good pastures the various tribes moved around according to climate and season.

As elsewhere in the world (Diamond, 1999) animosity developed in the southwestern Cape between the hunter-gatherers and the herders (Boonzaaier *et al.*, 1996). The herds of the latter utilised areas that were the traditional hunting grounds of the former, and the former saw the herds of the latter as legitimate prey. Diamond (1999) has dwelt in some detail on the difficulties of hunter-gatherers all over the globe to adapt new technologies. The southwestern Cape proved to be no exception.

In 1487/88 Europeans came into contact with the Khoikhoi when Bartolomeu Dias and his men set out to discover a sea route to India and first circumnavigated the southern tip of Africa. They landed at a point close to the present Mossel Bay, which they called Angra dos Vaqueiros ('Bay of Cattle Herders') and where they bartered with the local Khoikhoi (Boonzaaier *et al.*, 1996). However, when Dias' landing party helped themselves to water from a spring the locals defended it by throwing stones and a Khoikhoi was killed by Dias with a crossbow (Boonzaaier *et al.*, 1996). The Portuguese technologies to design and build ships, to navigate the oceans (De Kock, 1968) and having more advanced weaponry once again led to animosity and loss of life.

It took some time after Dias' voyage for the Portuguese to capitalise on his discoveries. It was only ten years later that Vasco Da Gama passed the Cape and opened the sea route to India (De Kock, 1968). After that the Portuguese rapidly established a trade empire in eastern Africa and India (De Kock, 1968). Thereafter European sailors sometimes landed at Mossel Bay in the southern Cape to trade and barter beads and metal for meat with the local Khoikhoi (Giliomee & Mbenga, 2007). Trading and bartering were obviously already well-established technologies in the Khoikhoi groups and did not lead to strife.

Thus a first 'export market' for agricultural produce developed in the form of ships passing the southern Cape en route to and from the East (Wickins, 1983a). Henceforth the southern Cape would depend on external markets to absorb some, if not most, of its agricultural produce.

For the Khoikhoi having livestock then became more than just an expression of personal wealth. Livestock could be traded for useful or beautiful goods such as metals and beads. The possibilities of trade started influencing behaviour and the Khoikhoi moved beyond mere subsistence livestock husbandry.

Bartering could however, in the long run, not meet all of the needs of the mariners and their masters. The employers started directing events in the southwestern Cape.

2.2 The first European settlers

The Dutch East India Company (VOC) decided in 1650 to establish a fortified refreshment station at the Cape of Good Hope to promote the profitability of trade between the Holland and the East Indies by providing fresh produce and meat to their scurvy-ridden crews during long sea journeys (Guelke, 1979; Giliomee & Mbenga, 2007). Thus European settlers established a permanent presence in the southwestern Cape and once again the new arrivals would have a huge impact on the way of life there. However, the new settlers also brought a direct link with a distant power (the VOC and behind it, the Dutch government) and far away markets.

Despite abundant rainfall and reasonable soils the Khoikhoi of the southwestern Cape had never, as had certain groups in other Mediterranean-type climate zones (Diamond, 1999), developed agricultural technologies for planting crops, except for *dagga* (marijuana) (Elphick, 1979). For a long time the Khoikhoi did not have cultivators as competitors. The VOC settlers, however, brought farming technologies to produce vegetables, grapes, fruit and wheat and started farming in the vicinity of the settlement. They also kept a herd of cattle and sheep (Wickins, 1983a). In addition they brought transport technologies (horses, wagons and carts) that could ferry goods and passengers. The new agricultural and transport technologies brought irrevocable change to the southwestern Cape.

The Dutch occupation of the communal land of the Khoikhoi herders led to animosity between the settlers and the Khoikhoi, over time leading to the first of a number of Khoikhoi-Dutch wars (Boonzaaier *et al.*, 1996).

2.3 Colonial expansion

The means of the settlers to produce enough meat and wheat for the fleets soon proved to be limited and cattle and sheep had to be sourced from the Khoikhoi (Giliomee & Mbenga, 2007). The VOC started exploring beyond the immediate vicinity of the settlement. Its thrust into the more distant domains of the Khoikhoi consisted of three distinct, though overlapping, phases (Elphick, 1979) and led to a series of further Dutch-Khoikhoi wars (Boonzaaier *et al.*, 1996).

2.3.1 A trading frontier

The first phase was a 'trading frontier' that expanded steadily until about 1700 (Elphick, 1979). It started with excursions to the inland areas that included the southern Cape to barter livestock (Elphick, 1979). Hieronymous Cruse led the first expedition of 25 men in 1667 to the southern Cape for such bartering (Briel, 2002). Over time the 'market' for Khoikhoi livestock became more organised and the Khoikhoi literally were the first South African commercial farmers (Giliomee & Mbenga, 2007). However, their production proved to be insufficient for the VOC needs and additional plans had to be made. The needs of a far off market, the VOC in Cape Town, again directed development in the southern Cape and elsewhere.

2.3.2 An agrarian frontier

The VOC reassessed its problems to obtain sufficient supplies. They decided to produce more through so-called free burghers (*vry burghers)* (Guelke, 1979). Without consulting the Khoikhoi, the VOC started allocating land that had traditionally fallen under Khoikhoi control (Wickins, 1983b) and allowed free farmers to settle on this land. This promoted further animosity (Boonzaaier *et al.*, 1996) and reaffirmed the trend of a distant government determining developments in the southern Cape.

The first free farmers were settled behind Table Mountain in1657 and an 'agrarian frontier' started expanding, always well behind the trading frontier (Elphick, 1979). This expansion fuelled yet more hostility between the European settlers and the Khoikhoi and San (Boonzaaier *et al.*, 1996).

The Cape Colony's first export market was the crew of the ships calling there. In the time of the VOC the staples were wheat, wine, livestock, meat, butter and vegetables (Wickins, 1983a). The first free burghers were largely engaged in arable farming. Livestock had to be sourced from the Khoikhoi and by the 1670s trading expeditions went far inland (Elphick, 1979). At times a lot of pressure was exerted on the Khoikhoi to provide stock even if they were unwilling to trade (Boonzaaier *et al.*, 1996).

2.3.3 The trekboer frontier

The third frontier was one of semi-nomadic European pastoralists ('trekboers') who moved inland (Elphick, 1979). The trekboers adopted the agricultural technologies of the Khoikhoi, i.e. the herding of fat-tailed sheep and cattle adapted to local conditions. This was a case of a reverse flow of technology: from original inhabitants to the new colonists.

The third frontier came about because of freehold land grants by governor W. A. van der Stel, at first in the '*Land van Waveren*' (Breede River valley) and later also the southern Cape (Böeseken, 1975). Van der Stel owned 18 farms in the Overberg area of the southern Cape before his discharge in 1707. His farms and their success made other people aware of the benefits of having 'loan places' in the Overberg and after his discharge the area rapidly filled with colonists who obtained loan places (Burrows, 1994; Briel, 2002).

The southern Cape's plentiful grazing lands, adequate water supply (especially near the mountains), fat animals and experienced Khoikhoi herdsmen provided evidence of a successful agricultural cycle (Burrows, 1994). The European colonists coveted the sleek cattle and the fat-tailed sheep of the Hessequas that lived in the southern Cape (Burrows, 1994). Between 1702 and 1780 trekboers moved across the Hottentots-Holland Mountains into the southern Cape (Burrows, 1994; Briel, 2002).

Life in the southern Cape was, however, not easy. Long hot and dry summers made access to water very important and limited the extent of farming on the coastal plain (Burrows, 1994). Such subsistence level stock farming held the early Overberg farmers in a trap of poverty from which there was no escape (Burrows, 1994). The further they were from Cape Town the more difficult was transport, the greater were their expenses and the poorer were they (Guelke, 1979; Burrows, 1994).

These farmers had to be self-reliant to survive. The indigenous Cape sheep with its fat tail and coat of mohair was their lifeline. It provided the farmers with meat, fat, skins and currency (Burrows, 1994). The by-products of animal husbandry: butter, fat, tallow, hides, hooves, horns, candles and soap were of sufficient value in relation to bulk to bear the high costs of transport.

Technological knowledge, for example the knowledge of how to produce soap, enabled value addition to primary agricultural produce. The soap made from the fat of fat-tailed sheep and soda ash from salt plants, could be bartered or sold to pedlars who travelled through the rural areas (Wickins, 1983a). It became a profitable home industry for stock farmers, also in the southern Cape, until farmers' soap encountered competition from much cheaper mass-produced

imports from England (from the 1820s) and factory production in Cape Town (from the 1830s) (Wickins, 1983b). The cold winds of global manufacturing competition were experienced for the first, but not the last, time in the southern Cape.

The market for livestock was fairly stable and, though prone to fluctuations in demand, it was rarely glutted (Guelke, 1979; Wickins, 1983a). Livestock (often purchased on the spot by butchers' agents from Cape Town or bartered for the wares of travelling pedlars) could be driven to market at negligible cost even if roads were mere tracks and mountain passes were almost impassable and dangerous (Burrows, 1994). Wheat or other crops had to be transported across these passes in ox wagons, a dangerous and costly operation (Burrows, 1994).

2.4 The breakdown of Khoikhoi society

The Khoikhoi society, also in the southern Cape, broke down in the period 1672 to 1701 and most Khoikhoi became dependent on European colonists for their livelihood and security (Elphick, 1979). The VOC contributed to the breakdown but to some degree the Khoikhoi society simply fell apart as its age-old weaknesses were exacerbated by interaction with an alien society (Elphick, 1979). The decline of their herds, partly because of actions of the VOC, led to a loss of self-esteem. Pastoralists without herds and land felt useless (Elphick, 1979). In addition a smallpox epidemic in 1713 devastated the Khoikhoi (Boonzaaier *et al.*, 1996). Faced with reduced security and a disintegrating economy, Khoikhoi naturally gravitated to colonists' farms and worked as labourers (Elphick, 1979).

The final outcome of the second and third phases was that the Khoikhoi lost most of their traditional land in the southern Cape (Elphick, 1979). Most of the 'first farmers', if not killed by smallpox, had become serfs on the farms of the new landowners. History had repeated itself – the stronger group took over the land of the weaker group.

2.5 The coming of the British

In September 1795 a British force took command of the Cape and put an end to almost 150 years of VOC rule (Freund, 1979; Giliomee & Mbenga, 2007). Between 1795 and 1814 the Cape Colony changed hands three times, finally coming permanently under the control of the British (Freund, 1979; Giliomee & Mbenga, 2007). Once again new arrivals would have a huge impact on life in the western and southern Cape because of their technologies (and knowledge) and their links to an external power (the British government) and external markets.

Britain's rise as an industrial power and empire created new opportunities for the Cape colony (Wickins, 1983b) and the southern Cape (Burrows, 1994). It also had other impacts. The scale of trade increased greatly, but so did inflation. The old system in which certain Cape Town families had trade monopolies changed to a system with traders who were agents for British firms (Freund, 1979).

New agricultural technologies brought new opportunities. For instance, the arrival of Lord Charles Somerset in 1814 heralded the golden years of racehorse breeding in the Cape Colony (Burrows, 1994). The southern Cape also became a source of remount horses for the British Army in India. In 1858, the year after the Indian Mutiny, a total of 3000 horses were shipped from the Cape. However, this market soon declined and then vanished (Burrows, 1994).

Raw wool was a staple British product in the 18th century and Britain's principal export (Adams, 1996). Conditions favoured its production. No other country had such an abundant supply of raw wool, particularly the long wool required for the lighter, harder worsted fabrics (Landes, 1969). Rural manufacture in a cottage industry largely unhampered by guild restrictions or government regulation, was in a position to make the most of the resource advantage (Landes, 1969).

The epoch-making invention of the steam engine (Adams, 1996) offered new opportunities in manufacturing. By the end of the 18th century problems with production, quality and theft in the cottage industry turned the minds of textile employers to the use of workshops where the workers could be brought together to labour under watchful overseers, and to machines that would solve the shortage of manpower while curbing the insolence and dishonesty of the workers (Landes, 1969). The number of power looms operating in Britain's textile industry increased from 2400 in 1813 to 14 150 in 1820 to 55 500 in 1829 and 250 000 by mid-century. This huge textile industry needed wool from other sources.

Wool production in the southwestern Cape was negligible up to the end of the 18th century. Colonel Gordon of the VOC first clandestinely introduced merino sheep in the Cape in VOC times (Burrows, 1988, 1994). Three van Reenen brothers acquired some rams from Gordon and used them to improve fat-tailed ewes and by the sixth crossing the advantages were evident (Burrows, 1988, 1994). However, by 1804 fewer than 8000 sheep out of a total population of 1.34-million were wool-producing merinos.

The most important contribution in the southern Cape to establish merinos came from a farming partnership between two brothers-in-law, J. F. Reitz and the younger Michiel van Breda. Van Breda introduced the principle of free running sheep within enclosures. He became South Africa's first scientific farmer. His

neighbours soon adopted his practices and over time the Overberg became the prime wool production area in the Cape Colony, an activity that boosted its economy (Burrows, 1988, 1994).

According to Burrows (1994): "During the next fifty years wool farming became the staple economy of the countryside. The merino sheep provided farmers with a secure and rising income, which released them from the poverty of subsistence stock farming. It spawned markets and banks, even villages such as Bredasdorp….". In 1830 the Cape exported 33 000 pounds of wool, by 1860 nearly 6-million pounds and by 1872 48-million pounds. The sheep farmers were by the mid 19th century firmly linked into the Colonial and global economies.

Once again an imported technology and a faraway market created new opportunities for the southern Cape farmers. Initially the conversion from fat-tailed sheep to wool sheep encountered a lot of resistance, however, and the process took decades to complete (Burrows, 1994). Farmers had to be convinced that they would benefit from wool and not carry undue risks.

British markets would also benefit an existing agricultural product, wine. The Dutch settlers initiated wine production (Wickins, 1983a) and by the time the British occupied the Cape, wines had been produced there for more than 100 years. At the time of the VOC Cape wine generally had a poor reputation abroad because it travelled badly (Guelke, 1979). A British tariff concession in 1813 for Cape wines led to a doubling of exports between 1814 and 1824. Later, however, the total abolition of Imperial preference and stiff competition from better French wines resulted in a significant drop in wine exports. Once again a distant market first created and later removed business opportunities for the farmers of the Cape.

2.6 Transport and mobility

As pointed out earlier, significant obstacles confronted travellers travelling from Cape Town to (or from) its hinterland in the Overberg (Solomon, 1983). Firstly, the 'Cape Downs', a dreary waste of drift sand some 40 km in extent, hampered the movement of wheeled vehicles. Even by the 1840s there was no properly constructed road across this sea of sand.

Secondly, the formidable Hottentots-Holland Mountains prevented easy access to the interior (Solomon, 1983; Burrows, 1994). The Gantouw was the crossing used by the Khoikhoi over these mountains (Burrows, 1994). European settlers used this 'pass' for more than 170 years. People, a century apart, commented on the dangers of using the Gantouw pass with its 1-in-4 gradient

(Burrows, 1994). To contribute to the maintenance of the road and pass, the VOC set a toll, the *Cloofgeld*. This elicited a howl of protest from the people of the southern Cape.

From the start of the 19th century, the southern Cape was no longer just a destination where the main road, the 'Caepse Wagenweg', petered out in a large number of farms. The Overberg became a corridor for the high road to Grahamstown and the eastern frontier. Horse-drawn transport had replaced the ox-wagon and better roads were required. A report by a Major Holloway gave impetus for a new pass to replace the Gantouw. Sir Lowry Cole, at personal risk, forced the decision through to build an entirely new road across the Hottentots-Holland Mountains. In 1830 the Sir Lowry's Pass was opened to traffic. This pass effectively guaranteed the future of the southern Cape (Burrows, 1994).

The use of ships by the Barry trading empire provided a maritime link with Cape Town and even further afield (Burrows, 1988). This is discussed more fully later.

The Cape Central Railway Company completed a railway line from Worcester to Ashton in 1887 but the company went into bankruptcy in 1892. In 1893 the NCCR was established and it completed the railway line between Ashton and Swellendam in 1899. In the early 1900s the line was extended to link with Heidelberg, Riversdale, Albertinia and finally Mossel Bay (Briel, 2002). The farmers of the Overberg now had a new and efficient way in which their produce and goods could reach the Cape Town market and harbour. They were firmly part of commercial farming in South Africa and were effectively linked internationally.

Better roads, and the use of shipping and railways finally cracked the isolation of the southern Cape. Improved mobility was the key to unleash economic development and the area prospered in the period leading up to the 1860s. The impact of the quality of roads and transport systems had been an issue from the earliest days of commercial farming in the southern Cape, and this is still true today.

2.7 The advent of the mining industry

South Africa has a long tradition of mining dating back to prehistoric times (Giliomee & Mbenga, 2007). The 'Lords Seventeen' tasked Van Riebeeck to search for and exploit mineral deposits. However, the discovery of the first diamond in 1867 at Hopetown opened the door for the exploitation of South Africa's huge mineral wealth and started a new development trend (Webb, 1983; Giliomee & Mbenga, 2007). By 1869 the first rush to Klipdrift on the banks of the Vaal River had begun and soon alluvial diggings spread for 130 km along the

riverbanks. The discovery of diamonds at Kimberley started the transformation of South Africa from an agricultural to an industrial country (Oppenheimer, 1976; Roberts, 1976).

The economic implications of the discovery of diamonds for South Africa were huge (Webb, 1983). It stimulated growth, created profits and the industry could develop through reinvestment. Within a year Kimberley had a population of 50 000, was the second largest town in South Africa, and provided a new market for labour and every necessity and convenience of life (Webb, 1983). The diamond mines provided a huge new market for primary agricultural products from the southern Cape but also enticed settlers from the southern Cape to the new economic opportunities (Burrows, 1988). This process was exacerbated by a terrible drought in the southern Cape in 1866 that reduced economic opportunities (Burrows, 1988).

Kimberley was the first example of mining acting as a huge engine for growth in South Africa. However, it had positive as well as negative implications for the southern Cape. Once again the development of a remote market influenced the economy of the southern Cape.

3. Economic Development in the Hessequa Municipality

The modern Hessequa municipality covers an area more or less bounded by the Gouritz River in the east, the sea in the south, the Langeberg Mountains in the north and a north-south line about 20 km west of the town of Heidelberg. This is also more or less the area that the Hessequa Khoikhoi tribe occupied before arrival of the Dutch settlers in the Cape (Briel, 2002).

The Hessequas were pastoralists and so were the colonial settlers that slowly but surely replaced them in Hessequa from about 1725 onwards (Hopkins, 1955). The end of this phase involved the wide adoption of wool production, a new agricultural technology for the southern Cape. J. F. Reitz of Rhenosterfontein near Heidelberg and his Van Breda cousin (see earlier) played an important role in getting this technology adopted whilst the commercial firm, Barry and Nephews, played an important role in the trading of wool from the southern Cape (Burrows, 1994). Because of bad roads, Barry and Nephews used a ship, the *Kadie*, to transport goods between the Breede River (Port Beaufort and Malgas) and Cape Town (Burrows, 1988). The comparative advantage in wool production in the southern Cape really enabled the start of commercial agriculture in Hessequa (Hessequa Municipality, 2005).

The need for the establishment of new parishes contributed from the mid 19th century to the development of Riversdale, Heidelberg and Albertinia, the inland towns of the Hessequa municipality. These are all 'church towns' (Fransen, 2006) that developed after the establishment of the parishes and which served the needs of strong agricultural communities, served excellently by Barry and Nephews.

By the 1920s settlers arriving from the Overberg started producing wheat commercially in the 'renosterveld' of the 'rûens'-area of Hessequa (Hessequa Municipality, 2005). This new (for the area) agricultural technology gradually started to replace wool as the foremost commercial agricultural product. These Overbergers were derisively called *inkommers* ('incomers') indicating that tensions existed between the wool farmers and the new breed of grain farmers. The age-old trends were still firmly in place. Settlers from the outside brought in new technologies that were reluctantly adopted whilst tensions existed between the groups.

Grain, especially wheat, production lent new vigour to the Hessequa economy. For decades wheat production would remain the mainstay of the local economy (Hessequa Municipality, 2005). The inland towns, very dependent on the agricultural sector, blossomed. However, dangers were on the rise.

Improvements in road and transport infrastructure had enabled the grain producers to serve markets further away. But the improved transport technologies also opened up these markets to other grain-producing areas (e.g. the Swartland) (Hessequa Municipality, 2005). Hessequa farmers learnt that improved mobility increased economic opportunities but also competition.

By the turn of the 20th century Hessequa wheat farmers found themselves under increasing pressure to remain profitable (Hessequa Municipality, 2005). Vink, Kleynhans and Street (1998) showed that the Hessequa region had the lowest wheat yields in the Western Cape and did not fare well in international comparisons.

Several factors contributed to this. Firstly, the wheat price was determined by the international price and wheat trading took place on the South African Futures Exchange (SAFEX). The exchange rate influenced the SAFEX price and a strong rand made imports from other grain-producing countries such as the USA, Australia and Argentina cheaper (and *vice versa*). Secondly, subsidies paid in those countries to wheat farmers distorted competition. Thirdly, local production volumes influenced wheat prices. Fourthly, the so-called 'price:cost pincer' over the last four decades had reduced the profitability of South African farmers in general (Hessequa Municipality, 2005).

Grain producers, including the wheat farmers of Hessequa, had become price takers. Their only alternative to remain profitable was to increase their yields whilst keeping variable costs and debt low. Many farmers increased their productivity, which depended strongly on the application of new technologies. Particularly mechanisation, computerisation (using smarter machines) and the use of biotechnology (new plant strains) were used. In addition many farmers also increased their economies of scale. Larger farmers bought out smaller ones and in the process workers were made redundant. The inland towns felt part of the brunt. Farmers were spending less in the towns and an influx of redundant agricultural workers added to socio-economic problems that included high unemployment, a lack of adequate housing and rising crime levels. Increased mobility allowed government departments and businesses such as banks to rationalise their activities, resulting in a reduction of the spending power in the inland towns. On the other hand large national traders saw trading opportunities in these towns, putting traditional, and often family-owned, businesses under huge pressure (Hessequa Municipality, 2005).

Coastal development, however, helped to offset the decline in the inland towns. European colonists started using the Hessequa coast for summer holidays in the second half of the 19th century (Steyn, 1992). Favourite places included Still Bay, Jongensfontein, Witsand and Gouritsmond. At first, vacationers travelled to the holiday destinations by ox wagon and brought most of their supplies with them. However, some supplies were bought from local farmers such as meat, milk and vegetables (Hessequa Municipality, 2005).

The roads to these villages gradually improved and eventually a ferry at Still Bay made river crossings easy. The villages started attracting visitors from further away. More visitors meant that the support infrastructure could expand and small shops started to appear. These developments made the towns still more attractive resulting in yet more visitors (Hessequa Municipality, 2005).

The use of automobiles and the building of a bridge across the Goukou River at Still Bay (in the mid 1950's) further improved the attractiveness of the villages that gradually grew into towns, which became choice retirement destinations of elderly people and owners of holiday homes. This increased the numbers of the permanent population of the coastal towns, which in turn increased the need for further investment in service infrastructure. At the turn of the 20th century, these coastal towns were the fastest growing urban centres in the Hessequa region (Hessequa Municipality, 2005), supporting a large and active construction industry that provided livelihoods for construction workers of the inland towns.

Hessequa developed a dualistic economy that comprises two dimensions namely: (i) the strong growth in the coastal economy compared with a decline in the inland economy, and, (ii) an increase in the divide between those members of the population that have access to production factors such as land, building, equipment and capital, and those that do not have access to these production factors and are mainly unemployed or have to eke out a survivalist existence in the informal sector. Against this background the historic lessons should not be forgotten in developing the next growth path (Hessequa Municipality, 2005).

4. Discussion and Conclusion

Why use the strategic planning of Hessequa as a case in point in this paper? The reason is that Hessequa municipality spent time and resources to consider historic lessons in its planning (Hessequa Municipality, 2005) and it therefore affords an opportunity to examine the hypothesis that IDPs should include an examination of the historical context of a region. What does history teach Hessequa and other rural municipalities? There are a number of lessons not the least of which is that history has repeated itself many times in the southern Cape, including Hessequa, over the past few centuries. Modern economic planners can learn from past events.

New settlers often bring in new technologies that create new business opportunities and have the potential to reconfigure local economies. In the process the old technologies often become outdated and redundant. The hunting and gathering technologies of the San gave way to the herding technology of the Khoikhoi. The latter technology was first adopted by the trekboers and later modified to produce wool commercially. In Hessequa wool production later had to accommodate the production of wheat. Technological renewal rather than just 'more of the same' should form part of technology assessments and planning in IDPs.

However, resistance to new technologies, perhaps as a result of respect for the traditional, are often encountered and can lead to strife. The San and the Khoikhoi were at loggerheads and so were the Khoi and the Dutch colonists (Boonzaaier *et al.*, 1996) and the wool farmers and the wheat farmers (Briel, 2002). In the end resistance was probably counterproductive. Leaders and residents of a region should be willing to consider the potential of new technologies.

This challenge for Hessequa is quite real. Wheat production, which has been a mainstay of the local economy for a long time, is under pressure (see above). The predominant agricultural technologies of Hessequa have changed

dramatically in the past. Such a remedy might again be necessary in the future but which agricultural technology will provide new opportunities? This has to be thought through.

Regions such as Hessequa are seldom technology developers. However, when Reitz and Van Breda developed techniques for Cape Colony farmers to switch from long-tailed sheep to wool sheep farming (Burrows, 1994), the economic base of the region was improved for decades. Technology awareness and development are worthwhile activities and should be encouraged in IDPs.

The improved mobility resulting from better roads and vehicles (Solomon, 1983) is a two-edged sword. On the one hand it provides access for farmers and other entrepreneurs to new markets and new economic opportunities. For instance, the improvement of the original road into the southern Cape (as discussed earlier) hugely enabled commercial farming, including wheat production (Burrows, 1994). Later, the upgrading of the N2 National Road in the southern Cape enabled farmers and other businesspersons to exploit new economic opportunities.

Improved mobility, however, also increases the possibilities of competition. Large trading companies extended their operations into rural areas. Their larger operations and better access to sources of goods and materials enabled them to dominate over traditional family business in rural areas. The deal offered to rural people by these companies causes a real dilemma. The customer gets good quality goods at reasonable prices but money is drained more quickly out of the local economy. This has happened in Hessequa. Government departments and some businesses also leave rural towns for larger regional centres, thereby reducing the spending power in the towns and the health of their business communities (Hessequa Municipality, 2005).

Better transport and road systems provided access for the wool farmers of the Cape Colony to the textile factories of Britain (Wickins, 1983a) but also brought about competition with wool producers in the Great Karoo and Australia. Herein lies a lesson of the globalising world: many businesses will have to be world-class in order to survive in their own markets.

History also teaches that far distant locations with exotic goods attract traders and trading companies. The latter often use new or improved transport technologies to create competitive advantages. For instance, European nations such as Portugal, Holland and Britain used new sea routes to the East to outflank traditional land-based trade routes (Boorstin, 1983). In this way southern Africa, including Hessequa, eventually became linked into the powerful economies of Europe.

Regions often have hidden resources that only become evident much later. For instance, Hessequa was colonised by Dutch trekboers interested in farming. The area adjacent to the coast was not considered prime agricultural land. Today, however, coastal properties are extremely expensive because of their holiday/ tourism potential. History, therefore, teaches that there are hidden resources in rural areas to look for and consider in IDPs.

Finally, Taleb (2007) has drawn attention to the impact of highly unlikely events now termed 'black swan' events. A prime example of such an event occurred during the Dutch occupation of the Cape – namely the smallpox epidemic of 1713 that devastated the Khoikhoi society (Boonzaaier et al, 1996). Modern development planners should, therefore, be aware of the possibility of such events occurring in South Africa and plan accordingly. According to Ferguson (2003): "A country's fortunes are determined by a combination of natural endowments (geography, broadly speaking) and human action (history, for short)" and "there seems strong evidence that history" plays a crucial part. The present analysis supports this contention. IDPs should include an historical analysis of the region in which a municipality resides because the future has to build on the past.

The analysis presented here suggests that the 'null hypothesis' – that history can be ignored in IDPs – should be rejected. Historical analyses help to define development paths – points of departure (or origin) that help to define future destinations and to determine momentum in specific directions. Such analysis helps to extract valuable lessons that should form part of development planning processes. Historical analyses are indeed important in development support.

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"We have plenty": Re-thinking custom and community economic development within Vanuatu

Peter Westoby

Abstract

The past two years have been declared by both the Vanuatu National Council of Chiefs and the National Cultural Centre, the years of the 'custom (*kastom*) economy'. Such a declaration is indicative of many ni-Vanuatu citizens' concerns to do with the (un)sustainable directions of current macro-economic conditions and strategies of the Vanuatu state. The years of the *kastom* economy reflect both a reaction and resistance against such strategies. This article considers the complexities of sustainable economic strategies unpacking key tensions between: individual vs. collective, cash vs. custom, 'subsistence plus' vs. 'not enough' , wealth as land-focused vs. educational-focused and urban vs. rural. It is proposed that practitioners of development who hold a commitment to sustainability will require a 'compass' enabling them to navigate through the kind of tensions discussed.

1. Introduction

As with many other post-colonial states, Vanuatu is facing intense pressures of change in virtually every dimension of social organisation and experience, from the most intimate to the most collective. The country's people and institutions are negotiating the complex push and pull between what remains a reasonably rich subsistence economy and the orthodox market economy, and between what are still vital customary governance processes embedded in that subsistence economy (*kastom*) and the institutions and processes of a liberal state (Pawar, 2010: 90ff; Brown, 2007a).

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Vanuatu is thus in the midst of a dense and difficult dialogue of differences concerning the shapes of cultural, economic and political life. For ni-Vanuatu (the people of Vanuatu), and across the Pacific Islands, individual and collective identities are at stake in the most fundamental ways in this exchange. This 'dialogue' is marked by a lively history of accommodations and creative interpretations as well as conflict (Brown, 2007b) – it is certainly not a simple replacement of indigenous with introduced political, cultural, social and economic systems. Rather, ni-Vanuatu people and institutions are grappling with the deeply challenging, conflictual, but also potentially generative processes of reshaping the way social, economic and political community is lived and institutionalised.

Community development discourses can sit either comfortably or uncomfortably within such settings. Some approaches to community development can intensify the pressures and actually undermine a generative 'dialogue' of differences required to shape a sustainable social, economic and political life. They can be also closely associated with the 'foreign' interventions of the international NGO 'community', state and multilateral actors (such as the Asian Development Bank). Community development then becomes part of the agenda of 'development' agents (Ife & Tesoriero, 2006: 198ff; Westoby, 2008) and for many local people there is discomfort with such an agenda.

With full awareness of this kind of local discomfort the development partnership I have been a part of during the past four years, one called the '*kastom* governance partnership', consisting of the Vanuatu Malvatumauri National National Council of Chiefs, the Australian Centre for Peace and Conflict Studies (ACPACS), and AusAid has attempted to do things differently – one based on dialogue (Westoby & Dowling, 2009). This paper presents a key dimension of that dialogue – one to do with both the 'economic trajectory' and the tensions embedded within a sustainable community economic development approach relevant to ni-Vanuatu lives.

2. Background

Vanuatu as a nation is a string of more than 80 islands once known as the New Hebrides (in the South Pacific Ocean, east of Australia) but which achieved independence from France and Britain in 1980.

The struggle for independence and the formation of Vanuatu was not without difficulty. The newly emerging nation experienced a war of succession and some of the conflicts within that formation process still have an impact on national and community life today. For many policy makers the Vanuatu political system is at best a fragile state and at worst a potential 'failed state' –

often described as 'unstable and fragmentary' evidenced in no fewer than 16 changes in government in the 13 years leading up to the 2004 elections (Cox, Alatoa, Kenni, Naupa, Rawlings, Soni & Vatu, 2007: ii). However, considering the length of time that the nation has been independent there are many positive things to consider particularly in relation to the resilience of community life and customary mechanisms of order.

3. An emergent dialogue about sustainability and economic trajectory

At the centre of the generative dialogue about the economic trajectory of the nation has been a two year national discussion under the guise of 'year of the *kastom* economy'– a national awareness campaign supported by numerous key institutional players, but led by the Vanuatu National Cultural Centre and the Vanuatu Malvatumauri National Council of Chiefs (Regenvanu, 2007; Huffman, 2005). This campaign has been embraced by many.

On one level this campaign is an educational campaign about the kind of economic resources within Vanuatu. It is an explicit attempt to shift the gaze away from an all-colonizing 'revenue and growth' focus of mainstream macroeconomic strategies. On another level it has been an 'act of resistance' against the kind of neo-liberal model pushed for by many multilateral and national institutions. Such resistance can be considered through a short story that accounts for an interesting exchange between a significant leader from Vanuatu, Chief Selwyn Garu, the General Secretary of the Malvatumauri National Council of Chiefs, the author and some colleagues.

Chief Selwyn was visiting a group of Australian colleagues within Brisbane. As a part of that visit he spent a week in retreat at a Gold Coast house, teaching us some of the national Ni-Vanuatu language of Bislama. One beautiful late afternoon a few of us were walking along the beach at Surfers Paradise on the Gold Coast, salivating about a possible fish and chips dinner, when Selwyn paused and said, "Look at all that wealth you have here [pointing at the amazing sky-line of the Gold Coast metropolis] – if we in Vanuatu decide that this is the measure of wealth, we will always be poor. The only way we can re-discover our wealth, and not feel poor, is to re-evaluate our wealth in terms of what we have. And we have plenty" [Hence the title to this article]. In this re-evaluation he was referring to the wealth of natural resources such as shells, pigs, mats, *kastom* and community resilience.

So while the year of the *kastom* economy has been about education and resistance, it has also been about this kind of pause and 're-evaluation' and the resultant dialogue regarding 'development trajectory' of the nation. In the light of such re-evaluation this paper discusses some key points of tension that are embedded within this 'dialogue' between the customary rural economy and more orthodox macroeconomic conditions and strategies for growth and development. The first part of the paper outlines the key macroeconomic conditions and strategies being utilised within Vanuatu – reflecting orthodox national policy. This provides the reader some understanding of the macroeconomic context and some of the sustainability risks associated with this strategy and current conditions. Part Two of the paper discusses the tensions embedded within the 'encounter,' or as local people describe it, the *wasi,* (meaning 'entanglements') (Taylor, 2008) that occur when the more community-oriented economy interfaces with the macroeconomic strategy with its accompanying cultural and social norms. The 'dialogue of difference' requires a disentangling of the tension points, enabling community development practitioners concerned with sustainability to navigate the complex 'swampy terrain' of practice (Burkett, 2001).

4. Part A: Macroeconomic strategy and conditions within Vanuatu

As stated above, it is important to understand the macroeconomic conditions and strategies both as a way of considering the policy context, and also as a way of building an analysis of how more community-oriented economic work is deeply influenced by such conditions.

Economic growth within Vanuatu has been running at an annual average rate of 6.6 percent between 2003 and 2008 (Howes & Soni, 2009). Such growth has been fuelled mainly through foreign investment in tourism (Duncan, 2008: 9) and land development, attracted by a liberal tax regime, successful institutional reform (Cox *et al*. 2007; Howes & Soni, 2009: 1) and macroeconomic stability (Duncan, 2008: 3). Tourism, accounts for 20 percent of GNP (Bule, 2009: 50), and is also a significant provider of jobs for young people, particularly within the capital of Port Vila. Land leasing and accompanying sub-divisions have also been a significant driver of economic growth – but are also resultant in about 90 percent of coastal land on the main island of Efate now being alienated to foreigners, combined with the loss of land for agriculture. Furthermore, there is pressure to increase the export orientation of primary products, such as copra, kava, and processed fish, as agriculture currently accounts for about 13 percent of GDP.

A few other key drivers of macroeconomic development include institutional and policy change such as privatisation, competition and the Governance for Growth initiative of AusAid (Duncan, 2008). For example, within the telecommunication industry privatisation has recently opened up the market to the introduction of the mobile phone company DIGICEL – providing, for the first time, almost complete coverage of the nation with mobile phone connectivity, unlocking lots of economic potential (Pacific Institute of Public Policy, 2008a). Finally, the 'Aid industry' should be mentioned – Vanuatu is the fourth largest aid recipient in the world per capita with sound political stability making it attractive to donors. The Pacific Institute of Public Policy (2008a: 3) argues just how important the aid industry is within Vanuatu stating that, 'the only reason why Vanuatu's economy grew at all …. was that US$20-million in foreign-currency loans suddenly landed in the economy, an amount worth half of the annual government spending and nearly a tenth of GDP'.

However, such macroeconomic conditions and strategies have only impacted on a minority percentage of the population - except for the introduction of DIGICEL, which has a significant impact on the broader population with a rapid take up of mobile phones (Duncan, 2008: 11). Only 15 percent of the population are engaged in formal employment and there is a 'highly over-crowded micro-business sector' (Cox *et al*, 2007: i). Furthermore, the tourist and offshore finance and land industries are controlled by expatriates, and there are very few ni-Vanuatu owned businesses in the formal sector (Cox *et al*. 2007: 6) with the regulatory environment not geared towards equitable private-sector development (Nagarajan, 2008).

While not wanting to focus on a critique of these macroeconomic conditions and strategies it is worth noting that for many people consulted during May 2009, and people worked with during the past four years of development practice, these conditions and strategies are leading to a 'social, economic and environmental sustainability disaster'. For them this disaster is specifically due to factors such as: land alienation; the inequities that result in 'white-fella led tourism' (their dominance in ownership and investment), and increased foreign ownership of the best coastal land; the dependence on external investment; the undermining of food security as more and more people participate in the cash economy and concurrently lose their gardening skills - and also become more reliant on imported food such as rice and tinned fish; and finally, a burgeoning young population - for example, 3500 young people, as school leavers, enter the workforce each year but no more than 1000 jobs are created (Cox *et al*, 2007: 6).

Amongst those observers who see this potential sustainability disaster there is a strong alternative focus on building community-centred economies (Mathie & Cunningham, 2008). I now move onto a discussion about the tensions embedded within such community-centred economies as they interact with both customary economies and also the diffused norms accompanying the macroeconomic conditions and strategies outlined above.

5. Part B: Navigating the tensions for sustainable community economic development

In shifting the gaze towards the kind of sustainable economic activity that really supports the greater percentage of ni-Vanuatu livelihoods, most people consulted during 2009 argued that the focus should be on two economic development strategies. The first strategy involves strengthening the subsistence economy (basically gardening/agriculture for food, and selling a small surplus) or 'subsistence plus' economy (whereby the gardening is supplemented by seasonal or occasional wage labour, or one member of the family works as a professional teacher or nurse and so forth, and disperses their cash through the kin-networks). The second strategy involves fostering co-operatives, micro-finance initiatives, small and medium sized business, land-trusts, and so forth.

Several of these strategies will be presented, but are located within discussions about five key tensions emerging from the interface between community-centred economic development, customary life and 'introduced' social and cultural norms resultant from the more orthodox macroeconomic conditions and strategies.

In many ways the first strategy mentioned above could be imagined as minimalist and brings marginal change – retaining the basic economic structure currently in place, which provides a base supporting the emergent economic structure – with the net effect of the latter corroding the former. The second strategy, apart from land trusts, could be identified as a way of injecting alternative external economic norms to compete with capitalist ones. They also reflect an external structure to the customary economy, and yet have injected the notion of 'community' into the constellation of forces at work.

Several tensions have been distilled from some years of observations in the field, literature and key informant consultations within Vanuatu. One can imagine the 'idea' of a community-centred economy being subject to many pressures, or enmeshed in a kind of force-field that is holding many tensions.

For the purposes of this article the following five tensions have been distilled:

1. Individual vs. collective
2. Cash-oriented vs. customary-oriented
3. 'Subsistence plus' vs. 'not enough'
4. Wealth as land-focused vs. educational-focused
5. Urban vs. rural

Each is now discussed in turn.

5.1 Individual vs. collective

For many people within Vanuatu customary life is still central, albeit with very different interpretations of what this means. Clearly customary life interfaces with divergent community-oriented economic activities in myriad complex ways, and in many ways this interface is deeply connected to how the strategies understand the role of the individual, the family (kin-structures) and the collective (sometimes discussed synonymously with community).

To get to the heart of the issue, it is important to understand what is understood by the term 'community'. For ni-Vanuatu 'community' is about social relations, often described as 'maintaining the peace,' 'dealing with disputes,' or 'keeping harmony and the respect'. For example most people argue that for them the role of customary leadership, usually *jifs* or chiefs, should be focused on these dual imperatives: dispute resolution and maintaining customary social norms - often oriented towards clan, tribe or nation customary law. For many people listened to during the past four years, other activity, particularly economic activity, should be individual, family or household focused – not 'community' focused. Furthermore, such informants argued that economic activity should only become a community affair in relation to issues or moments such as when someone in the community is suffering (due to sickness, or a 'garden-failure') and the community needs to support them, or when there is a need for something like common space to be put aside for a community market space (for people to sell produce). Many people consulted during my four years of work in Vanuatu argued that once economic activity focuses on 'community' it fails – it either becomes co-opted by one person, or one family, or simply no-one takes care of the enterprise due to lack of clear governance and management systems.

Melanesian economies can be understood as a 'networked economy' with the emphasis on individual effort embedded within reciprocal networks of exchange and obligation. Customary economic activity therefore focuses on individual

effort – people working in their gardens, or fishing, and then exchange. When individual endeavours require the help of others then reciprocal relationships of exchange are utilised – with a kind of "I'll help you now, you help me later" ethos. Such relationships were networked across wide geographical areas. Such exchange was often mobilised to build new gardens, houses, churches and so forth (Ponter, 2002: 220).

This raises significant dilemmas and tensions for community development practitioners, who are usually oriented towards some kind of collectively-oriented project of social change.

A key strategy of rural economic development within Vanuatu has been the development of the Rochdale model of co-operatives. Co-operatives are by their very design group or collectively oriented, and have therefore been a key part of the community development practitioners strategic 'tools of intervention'. However, the interaction between the collectively-oriented design of co-operatives and the Melanesian customary economic norms has been fraught. In western urban contexts, co-operatives have sometimes been used to secure existing community assets, but in the international context, the structure is both unfamiliar and can sometimes put individual household resources into common hands – in ways that appear unnatural in the indigenous context.

Historically within Vanuatu, co-operatives have been a major instrument of rural economic development. Initially they were established in the 1960s, and there was an explosion of growth during mid 1970s. Currently there are some 300 registered within Vanuatu (Department of Co-operative and Ni-Vanuatu Business and Development Services, 2009: 3), with between 20-100 members in each.

However, there are some key problems when considering the future of cooperatives within Vanuatu. Firstly, they have in many ways lost the trust of the 'community' – they became significant vehicles for political parties in the lead up to/and post independence. Many people see them as aligned with 'big-fella' politics and since 1985 have struggled with legitimacy; albeit that their number continues to grow reflecting at least a level of familiarity as an economic development vehicle. Secondly, cooperatives within Vanuatu have historically been set up as 'community co-operatives' – a vehicle for a 'whole' village community to develop an enterprise, usually around the business of copra, coffee, fish or transport, with all community members selling their produce to the co-operative which would then sell onwards to the federation (for export); or as a retail co-operative with members selling their produce to other members of the community via the co-operative. The problem with this 'community co-operative' model is that despite the ideal of one-member/one vote and

member participation in governance and decision making, the governance structures have been subsumed by customary governance norms – often left to chiefs, 'big-men' or a particular family – so reinforcing inequitable community social relations. This is not to say that co-operatives do not have a potential future within community-oriented economic development – after all within the Vanuatu Cooperative Act you only need seven members, so seven people, rather than a so-called 'community' could set up their own co-op for business purposes. A good example might be a group of people growing kava in their gardens, and rather than each person worrying about transport to P. Vila they could form a co-op of seven families to work together for transport purposes.

A recent response to the individual vs. collective tension, embodied in Vanuatu's experience of co-operatives has been the uptake of micro-finance schemes which resource individuals to access capital to start their own individual businesses. In many ways this is the crux of what many people seem to want – access to opportunities to start their own micro-enterprises. This is where access to telecommunications, via DIGICEL, is proving to be a significant factor, unlocking people's business potential. Such schemes seem to 'fit-well' with Melanesian customary norms – although their emphasis on women's economic development could be construed as reformist in purposefully favouring those who are marginal within the social and economic hierarchy.

One of the best case studies of a micro-finance institution within Vanuatu is the non-profit NGO VANWODS. (Although there are significant other micro-finance providers – such as the National Bank of Vanuatu, resourced by the Asian Development Bank). VANWODS was initially established in 1996 as a project of the UNDP with a focus on what was officially called 'human-centred development.' The original impetus came from a network of women affiliated with the Department of Women's Affairs, and the UNDP project was situated within this department. However, in 2001 VANWODS, as an independent NGO, was started and despite going through some difficult times has emerged as a self-sustaining organisation. Currently the organisation has lots of goodwill in the community and has some 4000 members, mostly women. This membership has grown through the central program known as the 'Solidarity Micro-credit program for Women' – requiring seven women to each join a group, and five groups coming together to form a 'Centre' (with a total of 35 women/Centre). All loans, savings, and training are administered and conducted at this Centre level. Such micro-finance initiatives have been significant in moving away from 'community-oriented' economic strategies previously embodied in the co-operative model that is struggling for legitimacy, but also resisting the completely individualised focus of some micro-credit schemes. Such micro-credit is seen to

unlock individual enterprise, but within a context of peer-networks of on-going obligation and support, therefore still supporting some remnant of customary kin norms.

However, whereas cooperatives embody communities as enterprises and micro-credit focuses on individual enterprise (albeit the savings and loans circles are subject to the peer pressure of the group), there are also alternative new methodologies of thinking about community-centred economic development that attempt to bridge the individual vs. collective tension more creatively – focused more on human-scale economic development models (Max-Neef, 1992). One example of the kind of methodology that has emerged is the International Labour Organisation (ILO) 'Training for Rural Economic Empowerment' (TREE) program (Baldemor, 2009). This methodology aims to unlock local community enterprise, but within an explicit community-oriented methodology. Some of the key characteristics of this methodology, somewhat simplified for this article, include creating a 'Community Fund' that provides capital to local enterprise, enhancing participants' understanding of a 'local community economic system' to develop local community enterprises.

5.2 Customary vs. cash economy

While the above discussion highlights the tension between the individual and collective within co-operatives, micro-enterprises and other forms of cash-oriented economic development this second discussion focuses on a contemporary push in the opposite direction – towards reviving the customary economy. While many people within Vanuatu are looking for a job, or at least starting to think about how to create their own jobs through enterprise, there is also a revival among some segments of the population to forget cash-wage labour, and instead focus on reviving and strengthening the customary economy. As noted within the introduction to this paper, 'the year of the *kastom* economy' is both an act of resistance and an act of re-evaluation – a re-evaluation of western influences, and an act of resistance as people critique the economic model that appears to produce inequalities, endemic corruption, and environmental disasters. Many people are simply feeling left out of the benefits of unfair and uneven economic growth – they increasingly see more new vehicles, large houses and so forth – but they are not benefiting. One response is to re-position and reassess the *kastom* economy as a way forward.

Without wanting to offer a critique of this re-positioning and reassessment two examples of the revival will be focused on. The first is the Melanesian Institute of Philosophy and Technology (MIPT) '*kastom* model of economic development' and the second is the Vanuatu Cultural Centre 'Young People's Project (YPP) *kastom* School'.

The '*kastom* model of economic development' promoted by the MIPT is focused on rural settings, emerging from its location on North Pentecost Island. It works in the following way. Firstly, each *nakamal* (closely translatable as tribe) organizes work groups within their community. Workers are then compensated by a payment using *kastom* currency (a mango in Pentecost, but varies across Vanuatu) which is deposited into a *kastom* bank. That can then be used to purchase other goods, services, marriage (bride price), or be exchanged for *vatu* (the national currency as cash). As of 2008 one shell equaled one *vatu*, one red mat equaled 9000 *vatu*, and for pig tusks it depended on the size of the tusks. As of early 2008 there were some 2000 workers involved in the scheme.

The goal of the MIPT is to achieve economic self-reliance. The Institute works through the networks of the 43 indigenous nations within Vanuatu. As of 2008 the Institute had the equivalent of 53 million *vatu* within the *kastom* bank. The bank issues bank accounts and cheque books. The goal is to build a bank on each island and therefore create a network of banks. Another objective is to pressure the Vanuatu state to include the *kastom* economy within their national development goals. The MIPT also sees the setting up of *kastom* schools as critical to its strategy and advocates that if you have two children, send one to a modern school and another to the *kastom School*. Their school on N.E. Pentecost has seven levels and 60 subjects. Anyone can come for short or long periods of time. However, it should be noted that several people I spoke to during the research were uncomfortable with this Pentecost school – and saw it as part of the on-going process of Pentecost culture being diffused through the nation. Someone told me how they knew of young people returning from the school to Santo – proudly walking around in Pentecost *kastom* clothing (as opposed to Santo *kastom*).

The second example, the YPP *Kastom School*, was set up in 2008 as a response to a significant piece of research conducted within the capital Port Vila that identified young people's desire to learn about *kastom* ways (Vanuatu Young Peoples Project, 2008). This school was supported financially by OXFAM and New Zealand Aid during that period. The school operates from the Vanuatu Cultural Centre and is run in three week blocks: the first week focuses on life-skills, the second on 'kastom and identity' (run by chiefs brought in from the relevant island) and the third on 'traditional practices and skills' such as carving, agriculture/gardening, cooking and food preparation, weaving and so forth.

The third week is repeated five times during the year with each week dedicated to a particular traditional practice – ensuring that each young person can learn five skills. The school also supports the participants in thinking about how to utilize the newly developed traditional skills for business purposes. This school has proved to be both very popular and successful.

Both of these initiatives - with the former being more radical in the sense of imagining and reifying a complete 'alternative' economy to the cash-labour economy – reflect a growing disillusionment in relation to both the lack of access for many to the cash economy and also the negative impacts of the social and cultural changes associated with the impact of the cash economy. It could be conceptualised as both a conservative reaction to modernity with its accompanying economic norms, or/and a progressive resistance to globalisation and its all-encompassing tentacles.

5.3 'Subsistence plus' vs. 'not enough'

Building on the previous discussion – a kind of counterpoint to the direction promoted by the MIPT – is the pressure in recent years resulting from both the need to earn more cash and the shifting aspirations of many people, particularly young people. I have characterised this as 'not enough' meaning that the 'subsistence plus' economy (sometimes characterised as 'subsistence affluence' but accompanied by 'poverty of opportunity') does not provide enough cash to meet these changing needs or aspirations. This 'subsistence plus' economy was geared towards most people spending time in gardens growing food, and other crops necessary for community life (building houses), and also selling some surplus for cash so they could buy soap, sugar, clothes, kerosene and so forth. For example, 70 percent of rural populations grow food in a garden, and 26 percent grow excess food to sell (Cox *et al,* 2007: 12). However, added pressures such as needing to pay school or health fees (it is a user-pay system), means people have to earn more cash than they have had to in the past. There has also been the increasing pressure of growing aspirations (diffused through increased mobility – to the capital of P. Vila, or the second largest urban centre Luganville; and media (DVDs, phones). 'Subsistence plus' economies were situated within the norms of customary life – with clear roles, responsibilities and rituals. However with the pressure to generate and earn more cash there have been significant challenges to customary norms. As people move towards a wage-labour and cash economy there are fractures, and what we have been calling entanglements within different visions of the 'good life'.

This pressure for change has been a driver behind the decision to include and trial the labour market programs to New Zealand and now Australia. These programs are indicative of many ni-Vanuatu desires to earn more cash. And they are popular. Some 2600 people have already participated in the New Zealand program. We know very little about the impact of these programs although initial World Bank evidence points towards this money coming back to the communities and being spent on education and home improvement (actual building infrastructure such as water tanks and tin roofs) – which appears to be good. However, discussions with local people again indicate some negative impacts – for example, the program takes young men away from the gardens in rural areas (leaving more work for women), and de-skills the young men in these traditional gardening skills. Also, these young men come back to the islands having been exposed to many new ideas, new thoughts about authority and so forth (remember these men have often seen little – many have to buy their first toothbrush when setting off). This increases the rate of change in communities and undermines the existing, and already fragile governance systems. Furthermore, many of the participants are leaving their money in New Zealand bank accounts due to customary obligations to disperse wealth that is brought back to Vanuatu.

So again, while this kind of program certainly ensures cash that can support the higher costs of living and growing aspirations, it also erodes the customary norms of ni-Vanuatu society.

5.4 'Wealth' as land or education

Considering the tensions discussed above it becomes clear that land requires consideration. While land is central to any form of customary and subsistence economy it can be, and is also being, utilised in a more capitalist sense. Within Vanuatu land has played a significant role as the resource base for an export economy – initially focused on copra, but increasingly directed towards other commodity crops such as coffee, beef and kava. Some of this land is owned under freehold or public forms of tenure, but the majority is still owned by customary owners. The characteristics of customary tenure systems are significantly different, managed according to unique processes, and usually linked to underlying social and spiritual belief systems (Fingleton, Naupa & Ballard, 2008: 2). However, customary land owners are also finding ways of unlocking their asset for other economic activity such as eco-tourism ventures or land-speculation through leasing land managed by village land Trusts. Two classic case studies are Mele and Ifira Land Trusts, both near P. Vila (Fingleton, Naupa & Ballard, 2008).

Unlocking land for economic potential in the Pacific is complex. For example, one of the key issues within rural areas within Vanuatu is trying to build more co-operative relations between customary land owners and villages that reside on custom land that is not theirs. One of the problems is that sometimes a custom land owner agrees to something happening on the land, such as logging, or leasing land to outsiders, without informing the villagers who reside on that land. Alternatively villagers might start some enterprise without getting permission from the custom land owner. This is an example of where building more collaborative governance agreements and structures are critical to unlocking sustainable economic potential to either such community (the custom land owner or the villagers residing on their land).

While many in the Pacific would still see land as the key to wealth there are also signs of change bringing to the fore tensions around the role of education. In many of the workshops I have facilitated one key criticism of 'development' has been the role of education in undermining communities' capacity to educate their young people in the way that supports the kind of 'life-project' (Blaser, Feit & Mcrae, 2004) they adhere to. When referring to education they are talking about formal education systems as opposed to customary forms of education. For many customary leaders in rural areas there is a felt tension between an education system that teaches knowledge that is hardly relevant to the subsistence-plus or customary economy, and a customary education system that takes place in the gardens and within ritualised life. Hence, the Melanesian Institute resolution of the tension through developing the mantra, 'send one child to a modern school and one to the *Kastom School*.' Furthermore there is presently an intense debate going on within Vanuatu about the place of indigenous languages within the modern formal education system – with many arguing that Bislama (the national language) and English are inadequate as the mediums of education, gradually undermining indigenous languages and all the customary stories and knowledge immersed within the language.

However, despite this debate many young people want access to an education, and with that I am referring to a formal 'modern' education. This brings us to our final discussion.

5.5 Urban vs. rural gaze

Within many rural communities in Vanuatu there are hardly any young people resident - they have 'migrated' to the urban centres of P. Vila and Luganville. While much of the focus on community-centred economic development gazes on the rural area – where 80 percent of Ni-Vanuatu people live, this migration of young people poses a particular challenge. This is not to say that one can distinctly

separate the urban and rural economies – both urban and rural economic spheres have been deeply connected for a long time – with urban people having to send cash back to rural areas regularly, and people moving fluidly between the two. For example, since DIGICEL has been established with full coverage around the nation urban family members now often have to send phone credit to their families back in the rural areas.

With such rapid change young people are flocking to the urban areas. And to talk about community-centred economics in the light of the growing youth population of Port Vila or Luganville, is really to talk about three things: jobs, jobs and jobs. Despite all of the above discussions – with many young people in P. Vila talking about the *kastom* economy; and some of them trying to access micro-credit (although in no way close to the degree that mothers/women are); and some of them talking about the 'easy life' back in the village (but which they rarely return to) – they want jobs. And jobs that give them more dignity than the 'house-girl' kind of job provided by expatriates running the tourism industry. I suspect this is the challenge of the donor community – moving away from 'rural community' and away from 'welfare' and towards unlocking this economic potential of young people.

One INGO doing significant work in this area, and they are close to being the only one, is Youth Challenge Vanuatu. Based in P. Vila they have a large youth centre in the centre of town (in the space also occupied by the National Cultural Centre, the National Women's Centre and the National Council of Chiefs) and run several very important programs aimed at supporting young people to create businesses and/or find jobs. They have a membership of 360 young people who access everything from computers, recreational space, life-skills workshops and resume development; but work intensively with 90 young people per year in job readiness preparation – that is, intensive skill programmes. With this group they have an 80 percent success rate at finding young people jobs or facilitating the creation of successful small businesses (for example, catering, restaurants, sowing, carving, kava bars, and bakeries).

Such work is indicative of the kinds of challenges facing urban-oriented community-centred development. If young people, who have acquired aspirational hopes beyond customary norms, experience social distress (Bourdieu, 1999) – whereby there is an enduring disjuncture between hopes and structural possibilities - then the 'youth bulge' will be transformed into a social and political crisis. To rely on growth-oriented macro-economic strategies will be nothing short of foolhardy – it is only growth for a few; and even the more recent emphasis on 'fair-growth' will be sure to short-change the majority.

6. Conclusion

Practitioners of 'development' who hold a commitment to sustainability will require a 'compass' enabling them to navigate through the kind of tensions discussed in this article. The complex forces at work within a society such as Vanuatu, undergoing rapid change within all spheres of life, ensure the requirement of a sophisticated reflexive approach to 'development practice' that incorporates a sustainability perspective, but also a dialogical practice (Westoby & Dowling, 2009). Such practice ensures that 'tensions' are held, forces and entanglements are identified, discussed and analysed, and careful proposals are elicited (Lederach, 2005). Such an elicitive approach could well draw on the principles identified by Lederach, which include:

- People in their setting are a key resource, not passive recipients.
- Indigenous knowledge (or local knowledge) is a pipeline to discovery, meaning, and appropriate action.
- Participation of local people in the process is central.
- Building from available resources encourages self-sufficiency and sustainability.
- Empowerment involves a process that fosters awareness of self-in-context and validates discovery, naming, and creation through reflection and action.

Within this stance conversations about 'development trajectory' and 'community economic development' would be elicited from the context and experiences of the participants, and the journey forward is a mutual dialogical journey (of development facilitator and participants) in co-discovery (Lederach, 1995).

Furthermore, while an emphasis on community-oriented economic strategies would seem to be important I would like to conclude by arguing that in and of itself such an emphasis is not enough unless it is located in a much broader discussion about the kind of sustainable lives people are able to, and want to live – that is, the kind of 'life-project' (Blaser *et al.*, 2004) that defines a people's vision for the good life. Surely it is not enough to simply say 'young people want jobs so let's provide them', nor does it seem adequate not to try and develop jobs because of some 'nostalgic', or reactionary commitment to customary life. Alongside Lederach's methodology described above I am also reminded of Manfred Max-Neef's (1991: 32ff) discussion about the dialectical relationship between 'needs' and 'satisfiers' and wonder if the Vanuatu 'year of the *kastom* economy' is really about this kind of discussion - taking ni-Vanuatu people back to the fundamental question of 'what makes the good life?' It is this kind of

dialogue that needs to take place – one that is an honest account of the old and the new, of change and challenges, of what is unsustainable and what is sustainable. The partnership the author is part of within Vanuatu – discussed in the introduction and in more depth in Westoby (2009) – is a practical example of an initiative that is enabling this kind of grass-roots dialogue to take place.

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A Characterisation of Success Factors of Agricultural Development Projects in the Free State Province

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Abstract

The aim of the Department of Agriculture's (DoA) Comprehensive Agricultural Support Programme (CASP) is to provide financial post-settlement support to the beneficiaries of land reform. To date, no comprehensive, formal evaluation of the Programme has been conducted at project level. In 2007 and 2008, 109 CASP funded agricultural development projects in the Free State province were assessed. This assessment included a questionnaire of which the data was used to develop a rating system on the success and viability of the evaluated projects. The overall aim of this study is to gain insights into the characteristics of successful and sustainable agricultural development projects to ultimately re-focus support rather than predicting success.

A regression analysis was applied to explain the variation in the success ratings. The results show that ten variables have a significant influence on success. Having a comprehensive financial administration system was found to be the most significant variable, followed by the number of small livestock and the number of large livestock. Remarkable are the variables that were found to be insignificant. These included: beneficiary having experience in agriculture; beneficiary having a willingness to participate in the project; receiving support from the DoA; and beneficiary having an interest in agriculture. The estimated model was found to explain 48 percent of the variation in success rate. Therefore, further research is necessary to identify the factors of successful agricultural development projects. However, the results do provide some good guidance for amendments in the agricultural development and land reform policies and programmes of South Africa.

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1. Introduction

The South African agriculture sector can be characterised as dual, consisting of a commercial part and an emerging farming, predominantly black, sub-sector. The emerging sector has arisen as a result of policies and programmes targeting the participation of Previously Disadvantaged Individuals (PDI's) in the food economy through land ownership. The principle behind the policy is that the upliftment of rural households should be instigated by agricultural development. The emergent sub-sector is struggling to develop itself to the stage where it can provide food and income for the poor in a viable manner. Many causes have been identified for this situation, amongst which: poor market access; poor infrastructure; high transaction costs; poor knowledge and skills; economies of scale; lack of land ownership; and lack of finance (Van Schalkwyk, Marais, Distsebe, Fourie, Cloete & Idsardi, 2008).

Little literature has focussed on the assessment of existing support structures for increasing the productivity for emerging farmers in South Africa (cf. Van Zyl, Kirsten & Binswanger, 1996; Everatt & Zulu, 2001; Makhura, 2007). However, few of these studies investigated support programmes and their links to successful agricultural development specifically. Therefore, this study attempts to fill part of that gap.

To cater for the need for post settlement support, in the case of land distribution for agricultural development, the Comprehensive Agricultural Support Programme (CASP) was established and implemented in 2004. This programme focuses on six areas, namely:

- information and knowledge management,
- technical assistance,
- financing mechanisms,
- training and capacity building,
- marketing and business development,
- on- and off-farm infrastructure.

CASP targets PDI's who have been beneficiaries of land reform or who have acquired land through private means and are involved in production or processing activities. The Programme is governed by the National DoA and funds are allocated by the Provincial DoA's.

Provincial CASP Monitoring Units have been established and have the role to conduct site visits and monitor the progress being made. However, this monitoring system is currently not functional and a systematic approach to

monitor the CASP funding is non-existent. Against this background, the Free State DoA initiated an extensive assessment of all CASP funded projects in the province. A comprehensive analysis was critical for two main reasons, namely: to establish a base line on the current status of the projects and to determine the socio-economic impact of CASP funded projects. In total 109 agricultural projects were appraised. The basis of this analysis was an extensive field-survey using two questionnaires covering agricultural, financial and socio-economic issues.

One of the aims of the provincial assessment was to determine the reasons for failure or success. In order to determine to what extent projects are successful and sustainable in the long-run, and on the opposing side of the spectrum, total failures, a project rating system was developed. This rating system was based on four factors, which were derived from the questionnaires completed with the respective project chairpersons of the CASP funded projects. These factors were arbitrarily selected on the basis of their distinctive nature in the verification of the success and economic sustainability of any project. It was agreed to use a combination of factors rather than a single determinant, since success and sustainability is a fairly comprehensive aspect. The categorization gives an indication of the rate of success of the various CASP funded projects in the Free State Province. It has become evident that only about one out of every five projects can be rated as really successful and sustainable.

The developed rating system will be used to determine which factors have an influence on whether a project can be classified as a success. In order to determine the success factors, the relationship between selected variables obtained from the questionnaire and data from the rating system needs to be analysed.

The objective of this paper is to determine which factors have an impact on the success of CASP funded projects. The intention of the study is not to predict success but rather identify significant characteristics of successful projects. In a broader perspective, the results can be extrapolated to the emerging farming sector at large. The outcomes of this study can be used to re-engineer the CASP funding system as well as to set priorities within the institutional framework surrounding emerging farming in South Africa.

2. Data

2.1 The survey

Two comprehensive questionnaires were used to survey the projects. One questionnaire focused on the agricultural aspects and was conducted with the project chairperson. The other questionnaire focussed on socio-economic aspects and was conducted with three beneficiaries per project. For the purpose of this study, we will mainly focus on the results of the agricultural questionnaire. This consisted of various sections with questions about the project background, finances, group dynamics, stakeholder involvement, agricultural production, markets, resources, assets and support. The last section of the questionnaire contains an evaluation by the fieldworker consisting of an assessment of the current assets and on-farm infrastructure, a project report and a project rating system. In addition to the questionnaire the study included a brief evaluation of the business plan and in those cases where data was available, a financial analysis was conducted. With regard to the integrity of the survey, it should be noted that the fieldworkers consisted of qualified agricultural economists.

A total of 109 different agricultural development projects throughout the Free State Province were analysed. Ten agricultural projects on commonages were excluded from the data set for this study, due to their different character (the total sample size thus consisted of 99 projects).

An agricultural classification of the evaluated projects is provided in Table 1. As is evident from the table, most of the assessed projects revolved around livestock production.

Table 1: Type of projects assessed

Type of project	%
Livestock	65
Crops	13
Mixed farming	18
Agro processing	4

2.2 Characterisation of the projects

A comprehensive overview of the project characteristics of the four categories of success can be found in Table 7 in Appendix II. The table indicates the distinction between successful projects (category one) and projects that are marginally successful or less (categories two, three and four). The categorisation process is further explained in the next section.

3. Methodology

3.1 Linear regression

To determine the factors of success, we must first decide what can be classified as success. Determining the success and economic sustainability of agricultural development projects for emerging farmers may be a controversial exercise, as the question, "What exactly is success?" always persists. This does not mean an attempt to quantify the viability, as proxy for success, of each project should not be made. Ultimately, the goal of national agricultural support policies and measures is to improve the livelihoods of the rural impoverished. From this perspective, 'success' must be understood as the ability of the assessed projects to ensure this in a successful and sustainable manner.

A rating system was developed to quantify to what extent a project was currently successful and sustainable, or alternatively, a complete failure. Eight factors derived from the questionnaire were selected to capture the rate of success of each agricultural project. These factors were selected based on their hypothesised distinctive nature in the verification of the success of any project. It was agreed to use a combination of factors rather than a single determinant, since success and sustainability are comprehensive aspects. Table 6 in Appendix I gives an overview of all the relevant factors that were used to calculate the individual project score. In order to include the information of all eight 'success factors' in one dependent variable, a factor analysis was conducted to extract one factor from the eight initial variables. The procedures used to perform factor analysis are well documented by Jordaan and Grové (2007). The factor scores were then used as the values for the dependent variable in the analysis. The average factor score of the sample was 0.00, with a maximum score of 2.12 and a minimum of –1.29.

To simplify interpretation and to allow for dynamics in the sample, the scores were clustered in four groups based on the standard deviation. In consultation with the fieldworkers, it was agreed on a label per category to indicate the status of the project and the amount of future support needed. The outcome is shown in Table 2.

Table 2: Categorisation of success and viability according to the project rating system

Category	Label	% of projects
1	Successful and sustainable	21.2
2	Marginally successful and support needed to ensure long term sustainability	26.3
3	Not successful and extensive support needed to ensure survival	37.4
4	Failure	15.2

Table 2 reflects the deeper incentive for this study; the majority (78%) of the agricultural development projects are currently not sustainable. Obviously one can argue that the evaluated projects are in different stages of development and that some projects are still in their initial stages. However, in-depth examination shows that this would only reflect in a slight adjustment between categories three and two.

Since the dependent variable in this study is continuous, an Ordinary Least Square (OLS) linear regression model was applied to investigate the factors that influence the success rate of the CASP-funded projects in the Free State Province. This model rests on the principle that the best fit is the instance for which the sum of the squared residuals has its least sum. The model can be expressed as:

$$Y_i = \beta_0 + \beta_j X_j + \epsilon$$

Where, Y is the success and sustainable score for project i, β_j the parameters to be estimated, X_j are the factors which influence the rate of success and sustainability and ϵ represents the observational error. The model was estimated using the SPSS statistical software package.

3.2 Hypothesised explanatory variables

Most of the 56 initial variables used in this study have the form of a yes/no question, where a 'no' answer equals '0' and 'yes' equals '1' (see Table 7 in Appendix II). The variables 45 and 46 have been clustered together to create aggregate variables that can be used when underlying factors do not seem significant. The last three variables (54, 55 and 56) were derived from the socio-

economic questionnaire. Per project, three beneficiaries were interviewed. An average of these observations was used to calculate the respective variables for each project. The responses connected with these variables are a little more extensive and are therefore depicted in Table 8 in Appendix III.

The large amount of explanatory variables (56) compared to the sample size (n=99) necessitated the use of a data reduction technique. Closer inspection of the initial hypothesised explanatory variables furthermore showed high correlation between variables 17 to 29. Such correlation causes concerns relating to the multicollinearity problem. In order to include most of the obtained information, factor analysis was used, amongst others, to reduce the dimensionality of the data. Variables 17 to 29 are associated with some form of assistance received by respondents. Based on the Kaiser Meyer Olkin (KMO) measure of sampling adequacy (Berghaus, Lombard, Gardner & Farver, 2005), all 13 of those variables 'belong to the same family' and are suited to be included in a factor analysis. The number of factors to be specified in the factor analysis was determined by performing a principle component analysis (Woodburn, 1993). Only principle components with *eigenvalues* greater than one were accepted. Three principle components had *eigenvalues* greater than one, thus three factors were extracted in the factor analysis. Table 3 shows the factor loadings of the three extracted factors.

Table 3: Factor loadings of the three factors extracted from the thirteen variables representing some form of support received by the agricultural projects

	DoA	**Stake**	**Comm**
Advice received from LED officials (y/n/)	0.2654	-0.2287	0.1370
Financial support received from DoA (y/n/)	0.6370	-0.0225	0.1991
Technical support received from DoA (y/n/)	0.8392	0.1214	-0.0204
Management support received from DoA (y/n/)	0.8330	-0.0295	-0.0533
Training received from DoA (y/n/)	0.8456	0.0180	0.0284
Advice received from DoA (y/n/)	0.6922	0.0485	0.1284
Land bank involvement (y/n/)	0.0991	0.6972	-0.0950
Commercial bank involvement (y/n/)	0.0845	0.6136	-0.0016
NAFU involvement (y/n/)	-0.1235	0.5252	0.2108
Co-op involvement (y/n/)	0.0049	0.7792	0.0680
Producer Organisations' involvement (y/n/)	0.0657	0.2269	0.7141
Community involvement (y/n/)	-0.0483	-0.1710	0.8461
Commercial farmer involvement (y/n/)	0.2030	0.0413	0.4977

Since all of the variables that scored high factor loadings in the first factor have some reference to assistance received from the Department of Agriculture, the first factor was named, 'DoA'. The combination of variables that scored high factor loadings in the second factor refers to assistance received from stakeholders other than DoA, hence the second factor was named 'Stake'. Finally, the variables that scored high factor loadings in factor three refer more to the influence of the community on the project and hence factor three was named, 'Comm'. The factor scores of these three factors were used as values for explanatory variables that tested the significance of support to the success rate of CASP-funded projects in the Free State Province

All the variables included in the regression analysis are depicted in Table 4. The last column indicates the hypothesised sign, thus whether the explanatory variable will have a positive or negative effect on the rate of success of the agricultural development projects.

Table 4: Overview of the explanatory variables used in the regression analysis

Variable	Description	Expected sign
Areafarmed	Area farmed on (ha)	+
Areaharvest	Area harvested (ha)	+
Both	Both an intensive and extensive production system	+/–
Comm	Community involvement	+
Conflict	Conflict amongst beneficiaries	–
Distance To Nearest Town	Distance to nearest town	–
DoA	Support from DoA	+
Eleconn	Electricity connected	+
Experience	Experience in agriculture of the beneficiaries	+
Extensive	Extensive production system	+
IndexFinState	Index of financial statements	+
Intensive	Intensive production system	+
Interest	Interest in agriculture as a sector to work in	+
Leaseland	Land leased out	–
Maizeharvest	Maize harvested	+
Mentoring	Mentoring received	+
Nocropharvest	No crops harvested	–
NumChick	Number of chicken	+
NumLGLvstk	Number of large livestock	+
NumSMLvst	Number of small livestock	+

Variable	Description	Expected sign
Offecon	Off-farm income received	–
Regularmeet	Regular meetings	+
SophBusiness	Sophisticated business structure	+
Stake	Stakeholder involvement	+
Sunflowerharvest	Sunflowers harvested	+
TotNumBen	Total number of beneficiaries	–
Training	Training received	+/–
Wateravail	Sufficient water available	+
Willingness	Willingness of the beneficiaries to participate in the project	+

4. Results and Discussion

The results of the best-fit regression model used to identify the factors that affect the rate of success and sustainability of agricultural development projects in the Free State Province are shown in Table 5. The explanatory variables in Table 5 are ranked based on standardised coefficients to allow the comparison of the significance of their impact. The variables that were not significant were excluded from the final model. As is evident from this table, with a statistical significance of ten percent, ten of the investigated explanatory variables do have a significant effect on the success and sustainability of agricultural development projects in the Free State Province. The F-test suggests that these variables jointly are significant ($p<0.00000003$) in explaining the variation in the success variable. Furthermore, the R^2 of 0.48 suggests that the estimated model explains 48 percent of the variation in the dependent variable. Such a value also suggests that the model is a moderately good fit. However, since about 52 percent of the variation is explained by exogenous factors further research is necessary to identify the other factors that contribute to the success of agricultural development in the Free State Province.

Table 5: Results of the regression analysis of factors affecting the rate of success

Standardized Coefficients			
Variables	**Beta**	**t**	**Prob(t)**
(Constant)		-0.4917	0.6242
IndexFinState	0.3191	3.6135	0.0005
NumSMLvst	0.3126	3.6980	0.0004
NumLGLvstk	0.2585	3.1430	0.0023
Regularmeet	0.2089	2.4852	0.0149

Variables	Beta	t	Prob(t)
SophBusiness	-0.2017	-2.2910	0.0245
Offecon	-0.1844	-2.0916	0.0395
Intensive	0.1504	1.7246	0.0883
Comm	0.1495	1.7584	0.0823
Stake	0.1463	1.6746	0.0977
NumChick	0.1423	1.7253	0.0881
Experience	-0.0563	-0.6128	0.5416
Interest	0.0512	0.5570	0.5790
Willingness	0.0091	0.1028	0.9184
DoA	-0.0045	-0.0578	0.9541
F-test	6.15	Number of observation: 99	
Prob (F)	0.00000003	Degrees of freedom: 87	
R2	0.48		

The index of the financial administration ('IndexFinState') has a significant ($p<0.0005$) positive influence on the rate of success and sustainability, hence the viability of a project. This implies that projects with a comprehensive financial administration have the tendency to be more successful. It can be further argued that this variable can be interpreted as a proxy for sound management practices, stipulating the importance of implementing a financial measurement and performance system for CASP funded projects.

In contrast with popular belief, agricultural experience, interest in agriculture and willingness to participate of the beneficiaries did not significantly impact the rate of success and sustainability. However, the variation in the observations regarding these variables was fairly limited, so these results should not be extrapolated to agricultural development projects nationwide. Furthermore, the measurement of these variables might be contentious. It is therefore suggested that in future assessments these variables should be captured by an index. Such an index should reveal more specific experiences, skills, understanding and interests of agricultural practices. Whether other personal factors like capacity, interests, loyalties, culture and preferences do have an influence remains open for further research.

The two variables that play an important role with regards to support structures are 'Comm' and 'Stake'. These variables reflect the community involvement and stakeholder involvement respectively. Support from these groups, in whatever form, is more important for the viability of the projects than relying solely on support from the DoA. The latter, represented in the variable 'DoA', was found to be insignificant. Different types of support, like financial transfers, training and advice received from the DoA were extensively prevalent among most of

the projects. However, the results imply that DoA support does not make a distinctive difference – in contrast to general perceptions. The efficiency and result-orientated nature of the DoA support structures in place for these projects is questionable.

Both the number of small livestock ('NumSMLvstk': pigs and sheep) and the number of large livestock ('NumLGLvstk': beef and dairy cattle) have a positive effect on the rate of success and sustainability. This outcome indicates that the larger the scale of animal production the higher the success and sustainability score. This implies that economies of scale in livestock production do play a role in the determination of the rate of viability. Hence, a viable economic unit does require a certain minimum number of livestock.

As none of the variables on crop production are significant, this type of agricultural production does not affect the viability of projects at this stage. This is underpinned by the fact that only 31 percent of the projects are intentionally involved in crop production of which the majority did not even harvest any crop in 2007.

Those projects which hold formal meetings perform better on the success and sustainability scale than projects which have no regular meetings. The latter comprise 14 percent of all the projects. This outcome is indicated by the significant positive impact of the variable 'Regmeet'. With regard to the frequency of the meetings it is evident from Table 3 that daily meetings are more prevalent with the category 1 projects whereas weekly meetings are more prevalent at projects in the categories 2, 3 and 4.

The variable concerning the legal status of the project, 'SophBusiness' has a significant negative impact on the success and sustainability score. As mentioned the variable included all sophisticated business forms. A trust is the most common legal status in all the categories of success, although relatively more prevalent in the category 2, 3 and 4 projects. In the category 1 projects the solo enterprise was, remarkably, more common, although not significantly so as that variable was dropped in the final model. Why the type of legal entity should have a negative impact on the viability of a project requires further research. One plausible explanation may be that the legal structure is too complex and administering it absorbs too much human capital.

The negative significance of the variable 'Offecon' means that receiving an off-farm income can be identified as a characteristic of a lower rate of success. In more than half of the projects the beneficiaries received some sort of additional off-farm income. It may be argued that the dependency of beneficiaries on these

incomes decreases when projects become more successful. However, on the other hand the low dependency on income from farm activities may also result in a lower involvement in the project.

Within the context of the CASP-funded projects, intensive production systems are more successful. This is reflected by the positive and significant variable 'Intensive'. This variable is closely connected with horticultural, broiler, agri-processing and pig production, so this indirectly implies a positive correlation between these types of agricultural production and the rate of success and sustainability. This is undermined by the fact that the variable 'Numchick', which represents the number of chickens, also has a positive significant impact. This furthermore entails that the scale of chicken production does play a positive role in the determination of the viability of a project.

5. Conclusions

The analysis of the initial dataset of variables and the final model proved to be remarkable in the way that many of the variables, hypothesised to have an effect on success, were found to be insignificant. Especially factors like conflict between beneficiaries, water availability, the total area harvested, and distance to the nearest town were expected to have a significant influence. However, the insignificance of these variables indicates that they cannot be used to characterise a higher rate of success. This does not imply that the underlying constraints identified by these variables should not be addressed, but it does imply that this will not advance the projects on the scale of success and sustainability.

The main findings of the study can be summarised as follows:

- Projects with a comprehensive financial administration structure in place (a proxy for good management practices) are more successful. This factor was identified as the most important characteristic of success and viability. The importance of good management practices are further underscored by the fact that 'having regular meetings' was also found to be a significant aspect of success.
- Agricultural development projects that focus on small or large livestock production are more successful than projects focussing on crop production. Note that the scale (i.e. economies of scale) of livestock production is also an important factor in this regard.
- In conjunction with the previous finding, projects with an intensive production system tend to be more successful. Hence, the number of chickens also played a significant role in the success of the projects. This creates a preference for poultry production in relation to agricultural development.

- The involvement of the community and other stakeholders like banks and co-ops has a positive impact on the success of the projects. However, the involvement and assistance of the DoA was not found to be of any significance. This implies that the efficiency of government involvement is very limited. Hence, this calls for a serious improvement of the government's extension services in terms of coordination, training and monitoring.
- The impact of the type of legal entity of the project on the success remains unclear. The analysis showed that having a sophisticated business structure has a negative impact on success. The rationale behind this finding should be further investigated.
- The impact on success of additional income received by beneficiaries from outside the project was found to be negative. This implies that the beneficiaries of the more successful projects depend to a lesser extent on income from outside the project. This underpins the fact that successful agricultural development projects are able to provide the beneficiaries with a sufficient income.

6. Recommendations

The different characteristics of successful agricultural development should be prioritised by stakeholders according to their significance of impact (thus in line with their respective ranking in Table 5). These priorities should be incorporated in the policies and programmes evolving around agricultural development support (e.g. CASP, LRAD).

The main shortcoming of this study is that it is static in nature and only gives an identification of characteristics of success, rather than identifying pathways to achieve this. Predicting the viability of a project is a more complicated exercise and due to the limitations of the dataset falls outside the scope of this study. Apart from the characterisation, the study provides us with some insights into the factors that may predict success. This becomes evident when assessing the relationship of continuous independent variables like the number of livestock and the index of financial administration.

The model failed to explain more than half of the variation in the dependant variable. This may suggest that the differences of the characteristics between successful and not successful projects are marginal. Furthermore, it implies that other factors not considered in the study also have a significant impact on the viability of CASP-funded projects. In this regard, the effects of environmental, resource, political and climatic constraints should not be underestimated.

From the perspective that CASP was implemented four years ago to provide post-settlement support to enhance agricultural production of the targeted projects; one can argue that the rate of success has been marginal to date. Underspending by local government has been a problem, but the assessed projects did receive funding as well as having improved and established infrastructure and financed inputs. Re-engineering the CASP-funding framework will be essential as many projects lack the incentive to re-invest revenue since the perception is that CASP will provide the inputs anyway. As far as this study tried to determine why this is the case, it succeeded in identifying some of characteristics related to a higher score on the success and sustainability scale. Characterising best practices within the framework of CASP funded projects helps reset the focus on the viability of agricultural development projects and CASP itself.

This study should form the basis for further research to determine the fundamentals of successful and viable agricultural development projects. Taking into account its risky nature, and the marginal returns in agriculture, the proposed research should have an institutional approach rather than a focus just on resources. According to the theory of New Institutional Economics the focus to enhance economic and social performance should be re-aligned to four dimensions, namely: social embeddedness, institutional environment, governance structures, resource allocation and employment. Apart from tackling operational capacity problems, the CASP support framework should be refocused along these dimensions to tackle the root causes of the failure of projects. According to the findings of this study, prudent selection criteria of beneficiaries, a focus on sound management practices, selection of the most suitable agricultural system, an enhancement of extension services and an enduring CASP and LRAD monitoring system are essential in this regard.

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Appendix I

Table 6: Variables used for the "Success and Sustainability Score"

Question
Does the project make a profit? (y/n)
Project rating system: 1. Business plan available (y/n) 2. Assets are well maintained (y/n) 3. Beneficiaries receiving benefits above the minimum wage (y/n) 4. Beneficiaries know what benefits they are entitled to (y/n) 5. Number of animals or areas planted has increased (y/n) 6. Well kept plans for the future (y/n)
Fieldworker's opinion: *Successful and sustainable in the long run.*

Appendix II

Table 7: Overview of explanatory variables and characterisation of the different success and viability categories

Variable	Category 1 projects: successful (n=19)	Category 2, 3, 4 projects: marginally successful, unsuccessful, failure (n=80)
1. Livestock production (y/n)	0.74	0.61
2. Crop production (y/n)	0.11	0.14
3. Mixed production (y/n)	0.11	0.20
4. Intensive production (y/n)	0.32	0.26
5. Extensive (y/n)	0.58	0.48
6. Both (y/n)	0.11	0.25
7. Total number of beneficiaries per project	4.37	4.23
8. Trust (y/n)	0.32	0.56
9. Close Corporation (y/n)	0.11	0.15
10. Partnership (y/n)	0.11	0.05
11. CPA (y/n)	0.00	0.06
12. Cooperative (y/n)	0.11	0.08
13. Sophisticated business structure (y/n)[1]	0.65	0.90
14. Solo enterprise (y/n)	0.26	0.06

Variable	Category 1 projects: successful (n=19)	Category 2, 3, 4 projects: marginally successful, unsuccessful, failure (n=80)
15. Distance from project site to nearest town	30.42	20.48
16. Index of financial administration[2]	0.61	0.20
17. Advice received from LED officials (y/n)	0.05	0.06
18. Financial support received from DoA (y/n)	0.63	0.59
19. Technical support received from DoA (y/n)	0.42	0.55
20. Management support received from DoA (y/n)	0.37	0.49
21. Training received from DoA (y/n)	0.58	0.65
22. Advice received from DoA (y/n)	0.84	0.80
23. Land bank involvement (y/n)	0.37	0.26
24. Commercial bank involvement (y/n)	0.42	0.25
25. NAFU involvement (y/n)	0.53	0.40
26. Co-op involvement (y/n)	0.42	0.33
27. Producer Organisations' involvement (y/n)	0.11	0.05
28. Community involvement (y/n)	0.26	0.10
29. Commercial farmer involvement (y/n)	0.37	0.44
30. Training received (y/n)	0.95	0.89
31. Mentoring received (y/n)	0.47	0.31
32. Is there conflict between the beneficiaries (y/n)	0.05	0.28
33. No meetings(y/n)	0.05	0.16
34. Daily meetings (y/n)	0.11	0.05
35. Weekly meetings (y/n)	0.05	0.16
36. Monthly meetings (y/n)	0.47	0.45
37. Quarterly meetings (y/n)	0.26	0.14
38. Total area of land leased out	11.11	76.18
39. Total area of land farmed on	379.18	248.45
40. Total number of dairy cattle	38.16	2.96
41. Total number of beef cattle	35.74	15.75
42. Total number of sheep	75.47	28.03
43. Total number of pigs	0.00	2.66
44. Total number of chickens	352.63	64.58

Variable	Category 1 projects: successful (n=19)	Category 2, 3, 4 projects: marginally successful, unsuccessful, failure (n=80)
45. Total number of large livestock (beef and dairy cattle)	73.89	18.71
46. Total number of small livestock (pigs, sheep)	76.84	37.99
47. Total area harvested	12.16	21.29
48. No crops harvested (y/n)	0.89	0.76
49. Maize harvested (y/n)	0.11	0.11
50. Sunflower harvested (y/n)	0.05	0.10
51. Sufficient water available (y/n)	0.21	0.40
52. Electricity connected (y/n)	0.42	0.35
53. Receiving off-farm income (y/n)	0.47	0.48
54. Form of agricultural experience	2.11	1.98
55. Level of interest in agriculture as a sector to work in	4.44	4.69
56. Willingness to participate in the project	4.77	4.76

(Footnotes)

1 Sophisticated business structures includes all types of legal entity except for solo enterprise.

2 The index of financial administration was calculated by taking the squared mean of the observations whether an income statement, a balance sheet, a cash flow statement and a production budget are kept for the project.

Appendix III

Table 8: Overview of variables derived from the beneficiary questionnaire

Question	Answer	Value
What form of agricultural experience did you have before joining the project?	None	1
	Less than 5 years experience as labourer on a farm	2
	More than 5 years experience as a labourer on a farm	3
	Less than 5 years of farm-management experience	4
	More than 5 years of farm-management experience	5
Indicate your level of interest in agriculture as a sector in which you would like to be economically active	Not interested at all	1
	Not interested	2
	Neutral	3
	Interested	4
	Very interested	5
Indicate your willingness to participate in the project when you were first asked to submit your details for an application	Very low	1
	Low	2
	Neutral	3
	High	4
	Very high	5

– VIEWPOINT –

THE BASIS FOR SUSTAINABLE BUSINESS IN THE KAROO: BRINGING ECOLOGICAL AND ECONOMIC ISSUES TOGETHER

Sue J. Milton & W. Richard J. Dean

1. INTRODUCTION

Travelers between Windhoek or Gauteng and Cape Town often perceive the Karoo as a 'desert', a badland characterized by heat, dust, overgrazing and marginalized people. This was not the way in which earlier inhabitants viewed its economic and cultural role. The area supported hunter-gatherers for about one million years (Deacon & Deacon, 2003; Smith, 1999), nomadic herders for 2000 years (Penn, 1987; Smith, 1999) and has supported settled ranching for 250 years (Beinart, 2003). It was once considered the economic heart of the country (Shaw, 1875), but the combination of past over-exploitation of grazing that caused land degradation (Talbot, 1961; Dean & Macdonald, 1994; Hoffman & Ashwell, 2001), and current national policies that invest preferentially in the geographical areas with the highest potential for economic growth, have led the current economic slump in the region (Nel & Hill, 2008). However, despite the current local and global economic gloom, the real basis for Karoo business, the natural capital of the region, survives more or less intact. The concept of natural capital embraces all natural resources and ecosystem services that have benefits for people (Aronson, Milton & Blignaut, 2007).

In this paper we will describe the richness of Karoo natural capital, the business opportunities that it provides and the ways in which Karoo business depends on it, the negative feedbacks (threats) to natural capital caused by business development, and the need for sustainability services to be supplied by the public and private sectors.

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2. Karoo Natural Capital and its Economic Significance

The Karoo natural capital upon which all biological, cultural and economic activity depends is water. Figure 1 illustrates how Karoo businesses depend largely upon the agricultural, tourism, mining and manufacturing sectors. Mining and manufacturing need large quantities of water as well as support from the agricultural industry (food, vegetation restoration), whereas agriculture and tourism depend both directly upon water (irrigation, laundry) and indirectly upon water through benefits derived from biodiversity (landscape, indigenous plants and animals), which in turn depend on water. Differences in the availability and spatial distribution of this limiting resource in the Succulent and Nama Karoo biomes largely determine the directions that development can take in these regions.

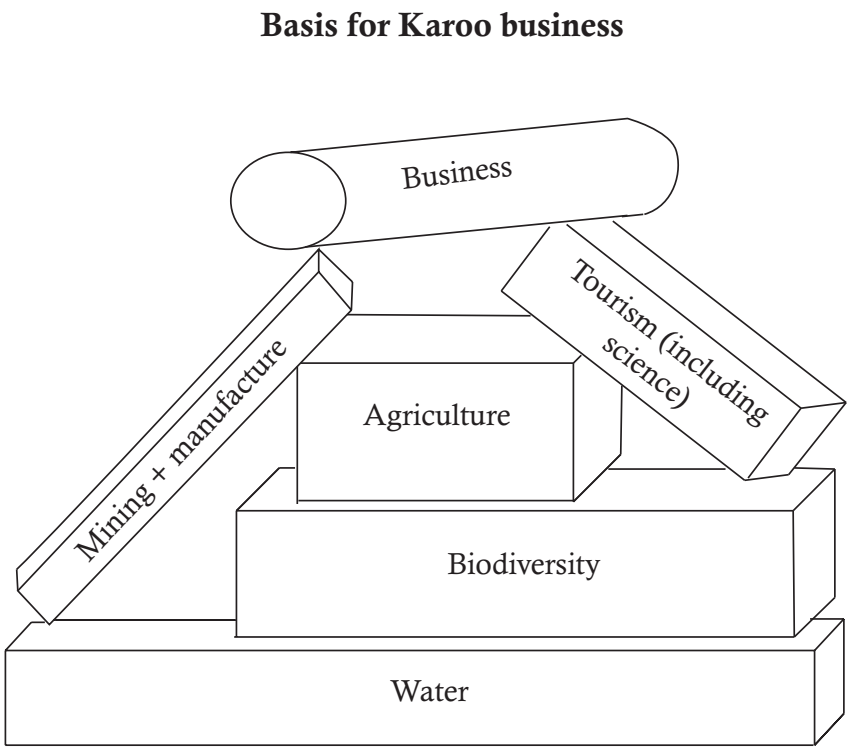

Figure 1: Illustration of how Karoo business depends directly and indirectly upon water and biodiversity

The folded topography in the Little Karoo comprises narrow valleys and high mountains. The mountains receive rainfall from coastal air that cools as it is forced to higher altitudes, and water from the mountain tops seeps through the rock to deliver a fairly constant flow of high quality water via springs and mountain

streams to the valleys. This mountain water and valley bottom accumulations of soil enable the Tanqua Karoo and the Little Karoo to support thriving deciduous fruit, olive and vegetable seed industries despite the hot arid conditions in the valley bottoms. Because of their dependence on mountain ecosystems for water, the intermountain valley businesses (agriculture and tourism) are particularly vulnerable to mismanagement of fynbos vegetation in the mountains where fires that are too hot or too frequent can result in floods, droughts and reduced water quality. In contrast with the folded belt of the Succulent Karoo, northern Namaqualand, the Richterveld and the Nama Karoo are largely dependent upon ground water. Topography is largely flat and soil shallow, actors that limit potential for arable agriculture. Major threats to availability of the ground water that supports agriculture and tourism are declining quality, caused by rapid extraction, climate change that predicts a reduction of winter rainfall in northern and western Namaqualand, and by groundwater contamination through activities such as mining.

The Succulent Karoo is a global biodiversity hotspot, meaning that it has more kinds of plants and animals for its size than any other arid area. Of the 5000 plant species in the region, almost half are restricted to the Succulent Karoo and many of them are succulents – or plant species adapted to store their own water supply in leaves or stems for use in the dry summer. They include vygies (*Aizoaceae*), daisies (*Asteraceae*), aloes (*Liliaceae*), plakkies (*Crassulaceae*), geraniums (*Geraniaceae*), melkbos (*Euphorbiaceae*), kambroo and halfmens (*Asclepiadaceae*) and others. One third of the world's 10 000 succulent plant species are found here (Cowling & Hilton-Taylor, 1999)! There are also some unusual animals: eight of 12 kinds of frogs, 30/94 reptiles and 20/232 birds are also unique to the Succulent Karoo. The number of insects, spiders and scorpions species in the region is less well known, but many, especially the bees, are special to the region (Vernon, 1999). The Nama Karoo with 2200 plant species is less rich and less unique (450 unique to the region) because many of the plant species are shared with the adjacent Succulent Karoo, grassland and savanna.

The significance of the plants and their associated animals to the economy of the Karoo may not be immediately evident to city dwellers, but they are the basis of many Karoo businesses including livestock and game ranching, eco-tourism, science tourism, plant breeding and horticulture, and medicinal bioprospecting, as well as having direct non-commercial use value to local users. The valley bottom grazing in Namaqualand is made up of succulents and soft winter-growing annual plants that fatten livestock in winter. Many die in the dry summer as the valleys become hot and dry, storing seeds in the soil for their

reappearance in the following winter. The more drought-resistant forage plants are on higher rocky ground, so that large ranches or a nomadic lifestyle are needed for livestock to remain in good condition year round.

The spectacular quiver tree and brilliant spring flower carpets are icons of Namaqualand, appearing in artworks, on calendars and screen-savers. Strange dwarf succulents restricted to quartz patches in Namaqualand and the Little Karoo, charismatically called *bokkloukies*, *bababoudjies*, *gansmis*, are popular with succulent collectors and a few small businesses specialize in their propagation. Some plants have made major contributions to horticulture and breeding has resulted in a wealth of popular varieties sold worldwide (*Sparaxis, Freesia, Lachenalia, Gazania*, and the ubiquitous window-box geranium). Plant species, once used by the indigenous people as medicine, are currently being explored as sources of new drugs for treating conditions as diverse as obesity (*Hoodia*), alcoholism (*Sceletium*) and cancer (*Sutherlandia*) (van Wyk & Gericke, 2000). At village level many plants have direct use value. *Acacia* wood and small dry bushes are collected as fuel for cooking and heating. The traditional *matjieshuise* are constructed from mats woven from river reeds. Circular wind shelters (*skerms*) used for cooking are made by uprooting and stacking common, shallow-rooted succulents to form a thick wall.

3. Agriculture, Tourism, Mining: Opportunities and Threats

Agriculture, tourism and mining are the basis for business in both the Succulent and Nama Karoo, and have potential to develop the region; but malpractice in any of these sectors will destroy both mainstream business and subsistence economies.

In the Namaqualand Succulent Karoo tourism and mining compete with and interact with traditional herding. The way the land is managed for livestock production influences the tourist experience. Over-grazing strips away the vegetation and causes unsightly erosion, but patchy grazing maintains an abundance of annual plants in the rangeland whose flowers paint the landscape with brilliant splashes of colour in spring. Surface mining for diamonds, heavy metals, gypsum and marble destroy the vegetation that supports both livestock and tourism. The law requires that the vegetation be restored, and techniques are now available for putting back all the cover and at least half the plant species that were removed, so that a mined landscape can serve a grazing, and possibly a tourism function once again. If mining companies fail to comply with legislation, the business potential of the region will be permanently 'undermined'. Similarly,

if either the herders or the '4 by 4' explorers in the Richterveld National Park scar the landscape with their activities, the losers will include subsistence farmers, tourism business and the National Parks.

Science and science tourism in the Hantam Karoo faces a similar dilemma but on a smaller scale. Large areas are needed for observatories and telescope arrays, as well as associated accommodation – however, any development needs to consider the local environment and minimise destruction of the special flora of the area. In the Little Karoo, where ostrich farming has been the economic mainstay for two centuries, the negative impact of this industry on ecosystem services is now being felt in other sectors. Grazing has been depleted in valley bottoms, the soil-holding lichen crust stripped away, gullies are forming and soil eroded from the foothills is clogging the rivers and favouring invasions of giant reed, Sesbania and saltbush. Changed farming practices, such as removal of breeding ostrich from natural veld and maintaining them on sown pasture are one of the solutions favoured by the industry. In combination with restoration of damaged veld this solution should generate new opportunities for tourism.

Nama Karoo landscapes are spectacular in a bleak and dramatic way. There is plenty of *'niks*' (nothingness) affording wide viewsheds for the crowd-weary traveller and hunter. Opportunities for game- and guestfarms abound. Dinosaur bones, engraved stone artefacts, corbelled houses and early colonial sheep kraals make this an exciting hunting ground for the science and cultural tourist. However, the early settlers also scarred the landscape. The rocky plains are less vulnerable to erosion than the valleys of the succulent Karoo, but the deep alluvial soils along the courses of dry riverbeds were vulnerable. These were the only places that the first European settlers could grow subsistence crops, but damming of these moody rivers, and ploughing of their banks led to silted and broken dams and deep erosion of the silty floodplains. Loss of riparian vegetation and deep soil, and hunting by farm dogs together drove at least one specialised animal, the Riverine rabbit, to the point of extinction (Duthie, Skinner & Robinson, 1989; Collins, Ahlman, Matthee, Taylor, Keith & Van Jaarsveld, 2003). Restoration of the riparian areas will be needed to protect this species and its habitat. The far more extensive problem is the selective grazing of the vegetation, which on these rocky landscapes has done little to reduce cover, but much to change species composition, converting a once opulent rangeland to one dominated by poisonous and spiny plants.

Apart from its grazing resources, the Nama Karoo hides a rich reserve of uranium that accumulated in ancient rivers that may once have flowed from the Richterveld to Rietbron. The mining of this non-renewable capital would lead to short-term mining booms in towns near the ore body and would generate new employment opportunities and skills training. However, risks might include

radioactive contamination of ground water and dust, and localised loss of grazing land. Like all mining-related development the benefits are short-lived – perhaps a matter of decades – before the economy must once again rely on sustainable use of renewable natural resources such as grazing land.

4. Ecological and Economic Role of a Sustainability Service Industry

In this section we propose that business sustainability can be improved by access to specialist services provided by the state and by private enterprise.

Integrated planning is the first step in achieving sustainable development. Integrated planning for rural areas goes beyond the boundaries of urban planning (housing, schools, hospitals) to include such issues as biodiversity corridors (Cowling, Pressey, Lombard, Desmet & Ellis, 1999), traditional transhumance routes, sites of scientific, palaeoecological or cultural significance, solid and liquid waste disposal and recycling, disaster management, subsistence resources (such as woodlots, food gardens) and many other issues. For example, priority areas and corridors for biodiversity conservation need to be identified, demarcated and secured before they are irreversibly transformed by mining or urban development. Town development in the Karoo is water limited and planning for expansions needs to be done with this in mind. Although most Karoo development planning can be done at provincial or municipal level, planning around human population growth and scenarios for providing acceptable education, welfare and health facilities needs to be at national level. Planning of this kind must include strategies for curbing the exponential rate of human population growth whether rural or urban. This is an important issue if quality of life for all is to improve and development in arid Karoo areas is to be truly sustainable. Similarly, exurban development imposes high costs on local municipalities in terms of service provision, and prior zoning rather than ad hoc decisions should determine limits for town sprawl. Integration of the skills of many experts is required to minimise the negative ecological and social impacts of unplanned urban expansion in rural areas.

Environmental impact assessment, planning and management interventions in towns, on game ranches, communal land, mines or tourism developments, often require specialised knowledge or skills. Government agricultural and conservation extension services are at present undersupplied in the Karoo. Extension officers advise farmers on numbers and types of livestock, game or crops appropriate for various farming units, inform them about legislation relating to water use, road making and alien vegetation control, advise on erosion control and restoration, and ensure that environmental and agricultural

resources legislation is understood and complied with. Although these roles are partly served by LandCare, The Department of Agriculture, Cape Nature and other government agencies such as DWAF's Working for Water and Working for Woodlands programmes, private enterprise is now supplying many sustainability services in rural areas.

Well informed and ethical environmental consultants can potentially make major contributions to ameliorating the negative impacts of development. The past ten years has seen the growth of other sustainability service businesses such as erosion control, alien vegetation clearing, indigenous seed production and veld restoration, waste water treatment, composting, recycling, indigenous landscaping, and a growth in the demand for books on these topics (Coetzee, 2005; Esler, Milton & Dean, 2006). Many opportunities exist for the development for example of energy-efficient homes, solar alternatives to use of wood and electricity, composting toilets – all technologies that will contribute to making development of towns in arid area more sustainable.

The sustainability service sector has great potential for providing employment and offers opportunities for micro-enterprise development. Examples of the potential for this business model are the newly trained ecological restoration crews now operating independently on sand mines on the Namaqualand coast (Van Eeden, Lubke & Haarhoff, 2007; Carrick & Kruger, 2007). However, to ensure rapid growth of sustainability service micro-enterprises, it is essential that Karoo towns ensure that children receive basic welfare, health services and education. Safety, security, social welfare, and human resource development are all an essential part of ensuring that Karoo business is ecologically and economically sustainable.

5. Towards Sustainable Development

In brief, the Karoo has potential for agriculture, tourism and mining, but development has water and biodiversity costs. Destruction of the Karoo's natural capital will kill off businesses and reduce future options, leaving damaged landscapes and destitute people.

Sustainability requires:

- Integrated spatial planning and zoning
- Social and environmental sustainability services
- Environmental awareness at all levels

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