

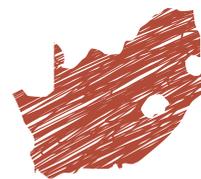


Strong community partnership through long-term land leasing

Executive summary

As a luxury tour operator active in 19 countries worldwide, andBeyond provides extraordinary experiential tours and operates 33 lodges in six countries across Africa and South Asia. One such destination, the Phinda Private Game Reserve, encompasses six lodges on rehabilitated land in rural South Africa.

Phinda represents a transitional partnership model in which the private-sector partner continues to operate, manage and market the reserve and its lodges, although a portion of the land and asset ownership has been transferred to the community. This case study demonstrates how this kind of partnership, together with philanthropic activities carried out by Phinda’s Africa Foundation, can strengthen an inclusive business approach.



COUNTRY
South Africa

NAME
Phinda Private Game Reserve

COMPANY
andBeyond

TYPE
Luxury ecotourism

FIELDS OF INCLUSION
Maintenance and services,
food and beverages,
construction,
activities



How the business model works

“Care of the Land. Care of the Wildlife. Care of the People.” These are the principles underlying andBeyond’s sustainable partnerships with local communities. With Phinda Private Game Reserve, andBeyond maintains a formal partnership with the reserve’s neighbouring communities and has implemented award-winning conservation programmes.

A high-quality safari experience

Being able to provide a luxury safari experience of the highest quality is essential to Phinda’s success. It benefits from andBeyond’s more than 25 years of experience, which began with the Londolozi Private Game Reserve in South Africa. Emphasising low-impact, high-yield tourism, the company creates mutual value for all involved stakeholders. This transitional partnership model is commercially successful, benefits poor, rural communities and contributes to conservation. In 1991, the company purchased land at Phinda and began restoring farmlands that had been degraded through years of cattle farming and the cultivation of exotic tree species. Since 1991, andBeyond has also identified a farm suitable for wildlife restocking and built several ecotourism lodges.

Reclaiming ancestral land

In 1994, local communities in South Africa were legally empowered to reclaim ancestral lands that had been expropriated under apartheid. In 2002, the Mngobokazi and Makhasa communities filed their claims to land within the Phinda reserve. andBeyond did not challenge the claim, and received approximately USD 34.5 million from the South African government in compensation for the land and its infrastructure. In 2006, the titles to the territory and two of the six lodges located on it were transferred to the Mngobokazi and Makhasa communities.

Indicative of the strong relationship built over time between andBeyond and the Mngobokazi and Makhasa

communities, both communities invited the company to continue its operations at Phinda. This resulted in andBeyond signing a 36-year lease with an annual lease fee. The company is also committed to providing locals with solid employment opportunities. In addition, andBeyond has the option of renewing the partnership at the end of the 36-year period.

Creating jobs for local community members

As formal partners, local community members are included in the value chain as employees and providers of products and services. Phinda employs 308 permanent staff members, approximately two-thirds of whom live in the communities immediately neighbouring the reserve. In addition, locals are contracted for construction and maintenance work. The company also sources a variety of services from members of the community, including staff transport, staff catering and shops, cultural entertainment, community tours, bush clearing and alien plant control, refuse removal, supply of fresh produce to lodges, and the production of artisanal crafts from local weavers.

Additional community support through the Africa Foundation

andBeyond is also committed to empowering local communities as business partners in the value chain. The company pursues this through its Africa Foundation, which provides up-skilling, training and business development support to locals in rural communities adjacent to the conservation areas comprising andBeyond’s businesses. The community development support officers hired by the foundation also hail from the surrounding area. Suppliers who consistently deliver with the quality required can then provide products to other lodges within the andBeyond family. As andBeyond’s philanthropic arm, the Africa Foundation helps ensure the success of this inclusive business model.

SPOTLIGHT

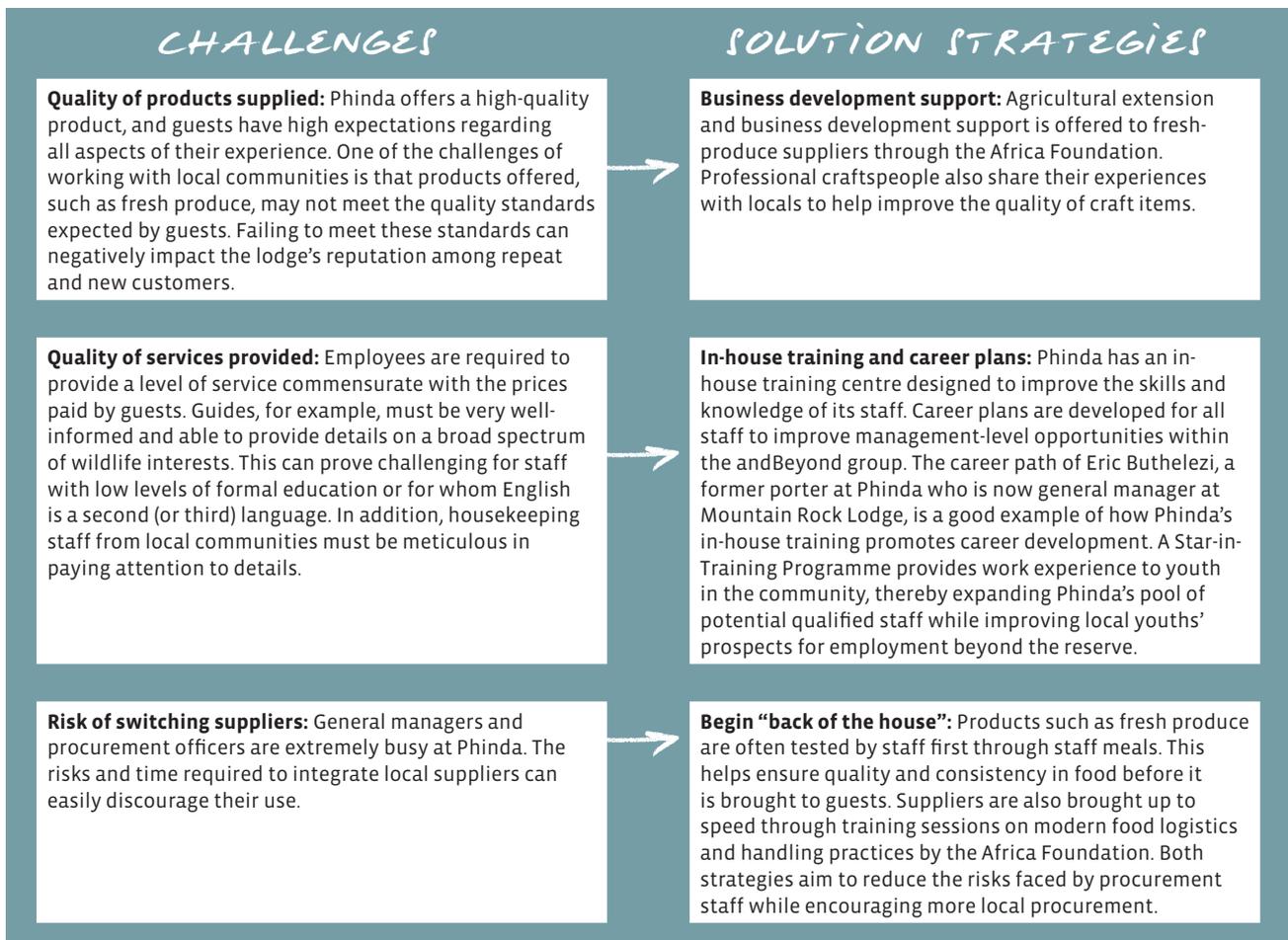
Pinky Lebajoa provides local and reliable food



Pinky Lebajoa is a local farmer who provides fresh vegetables to the lodges. Her experience with the lodges has brought her not only economic benefits, but social and health benefits as well. Noting the need for food-literacy in her community, Pinky Lebajoa says: “I know exactly what the chefs like so I keep different

types of produce for each one. By the end of the month all the produce will be sold. I have now even started a food literacy programme in the community to help explain the importance of a balanced diet to children and families.”

Challenges and solution strategies



Mutual benefits

Business benefits

Phinda provides a number of opportunities for guests to engage with locals and learn about conservation, while always offering a high-quality experience. Whereas the value of this inclusive business approach is less obvious in terms of attracting new customers, it is currently very valuable in terms of repeat business. The primary financial value for andBeyond thus far has been the USD 34.5 million equity sum released and paid out to the company by the South African government.

Including local community members into andBeyond's business model generates other benefits as well. This approach motivates the company's staff and strengthens its relationships with the reserve's neighbours. As Jonathan Braack, andBeyond's group sustainabil-

ity manager explains, the approach has succeeded in getting "communities to buy into the business". This generates benefits in areas such as wildlife poaching, which is on the rise as the region's population and poverty rates have increased. Pointing to locals' vested interest in preserving wildlife and good relations with the company, Braack states: "We have had three rhinos poached; our neighbours had 50. Our communities have warned us (of poaching plans) every time in advance." Partnering with local communities thus provides andBeyond long-term security in terms of its business and wildlife-conservation interests.

Development benefits

For the local communities, this model currently carries a financial value of approximately USD 2.6 million

in lease fees paid from 2007 to 2013. In addition, these communities have benefited from the direct employment of 308 individuals in permanent positions, 52% of which are from the immediate surrounding communities. These communities also benefit from the indirect impact of employment opportunities for a total of nearly 3,000 residents. Staff from the local community receives an approximate total of USD 1.7 million in wages annually.

Phinda also hires locally for security, staff transportation, staff canteen catering and shops, cultural entertainment, refuse removal, and alien plant and bush

clearing services. This has generated approximately 100 additional jobs for local community members through outsourced labour. Procurement of local goods and services (within a 50 km radius) amounts to an average annual sum of USD 627,000.

These efforts, together with the Africa Foundation's activities, demonstrate andBeyond's long-term commitment to neighbouring communities. At the same time, these activities ensure that andBeyond has a reliable partner in its wildlife conservation efforts and in maintaining a profitable business enterprise.

Outlook

A model such as Phinda's only works if the private investor is committed to working jointly with the communities and quantifies the value of this long-term relationship into its bottom line.

Drawing on the experience and mutual trust cultivated through its long-term relationship with local communities, Phinda is developing a sustainability plan for the future. The threefold goal here is to systematically assess the reserve and lodges' economic, social and environmental impacts; to identify opportunities that could improve performance; and to implement initiatives in tandem with neighbours. Should this plan meet with success in Phinda, it could be replicated throughout the andBeyond group and implemented at all of the company's destinations.



Phinda's luxury safari experience rests on the sustainability of natural wildlife preserved by local communities.

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INTERVIEWS

Simon Naylor, Reserve Manager, Phinda Game Reserve, andBeyond

Jonathan Braack, Group Sustainability Manager, andBeyond

Bheki Ntuli, Program Officer, KwaZulu-Natal at the Africa Foundation

Pinky Lebajoa, local farmer at the Phinda Game Reserve

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Research for this case study was conducted in May and June 2014

PHOTOS

Courtesy of andBeyond