

# South African corporates piloting pro poor linkages: Procurement, partnerships, and products

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# Learning from on-going practical experience with SA corporates

- What do PPT linkages mean in practice?
- How are they doing it? – implementation & challenges
- Lessons re the ‘business case’
- Implications for consumers

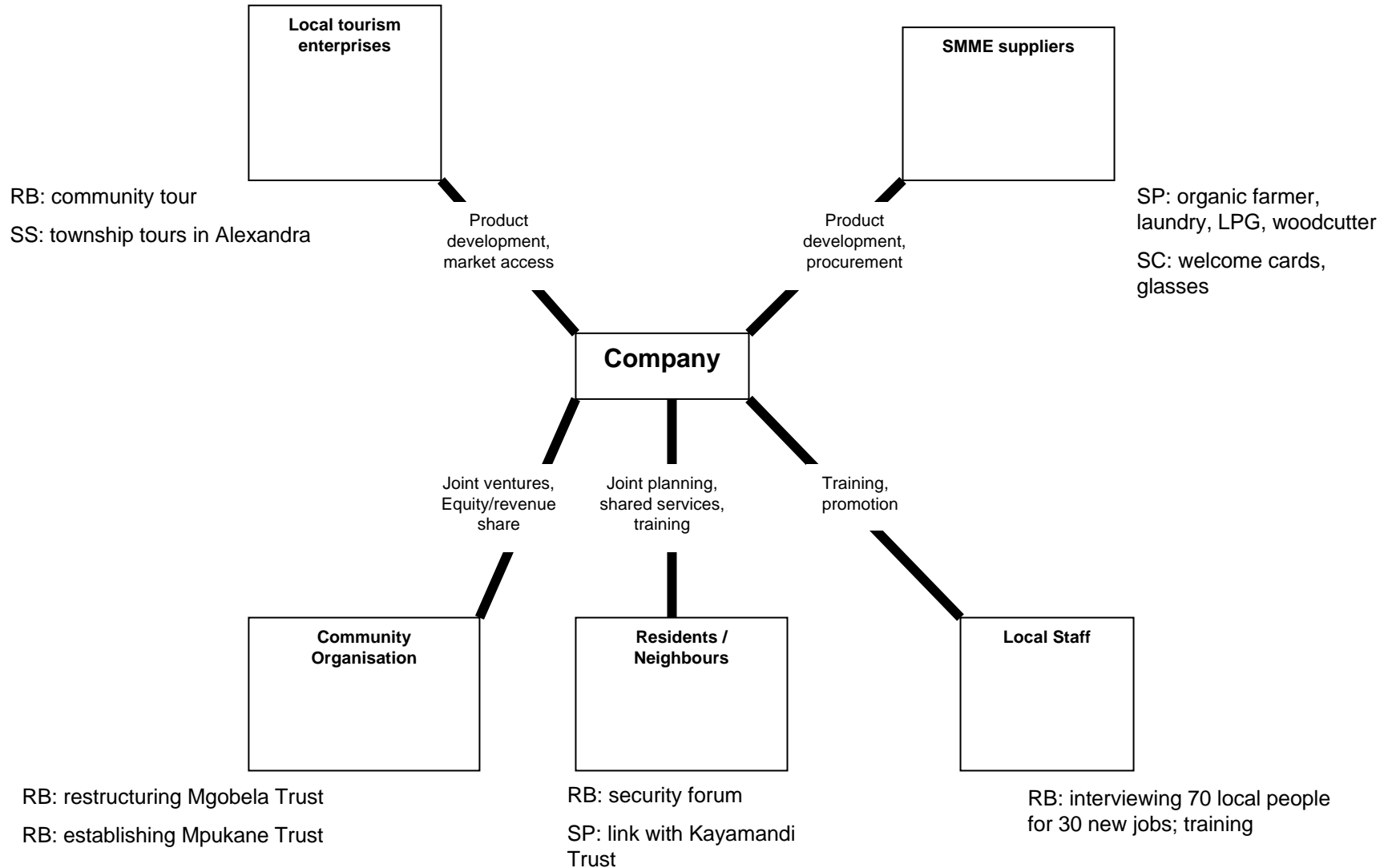
# Starting assumptions

- **Business remains business**, but marginal change of a massive sector could make a significant development contribution
- There are **business cases for action** – long-term returns, vary by case. Outside facilitation helps reduce the costs and secure the benefits

# Background

- Pro-Poor Tourism (PPT) = an approach to increase net benefits to the poor. Not a product. **A different way of doing business**, not just philanthropy
- South Africa post 1994: democracy **grappling with 'transformation'**, expansion of tourism
- Piloting Pro-Poor Tourism with the Private Sector: 3 year programme, **working with companies at Pilot Sites to implement PPT**

# Creating new linkages



RB = Rocktail Bay; SC = Sun City; SP = Spier; SS = Southern Sun

# Local benefits are incremental, diverse & expanding

Different to a large cash donation

- New **enterprises**, jobs, community income
- New **access to markets**, exposure to tourists, expansion of the SA tourism product base
- Changing attitudes, increasing communication
- A dynamic process – one opportunity leads to another

# How? Implementation spans many levels

- Assess option, set goals and priorities
- **Leg-work and communication** – meetings, SMMEs....
- Practicalities – transport, payment, electricity...
- **Changing practice inside the company** – the Buyer, management, ops staff
- Getting Govt **Authorities** on board
- Selling to operators and guests

# There are many challenges and some key ingredients'

- A champion and driver
- Someone who can invest time and legwork
- Top management support, staff incentives
- Change in attitudes
- Managed expectations
- Willingness to turn the first failures into improvements
- Ability to form new partnerships

# The 'business case' is proving strong and diverse

**A more strategic input = more substantial long-term impact**

Beyond ad hoc donations

- **Social licence to operate** – local support, access to Municipality
- Staff morale and motivation
- Customer choice, market appeal, accreditation e.g. 'ethical tourists', Fair Trade trademark, Imvelo awards
- Government procurement, preferred partner, recognition
- **Enhancement of brand and USP**
- Access to responsible financing, e.g. IFC
- **Minimise risk** – of local opposition, global criticism, BEE criticism
- Improved corporate governance
- Keep regulation at bay – at an industry level

Incentives vary by operation. Critical in current day SA.

# For consumers – new opportunities

- **New products** available: filling the gap for *authentic* cultural tourism
- Emergence of brands which include fair/responsible/pro poor practice
- **Enhanced experience** due to staff morale, community friendliness, etc
- Consumers and tour operators *not* demanding change. But seeking? responding? **reinforcing change?**

# Moving ahead ...

- Continued work with companies in South Africa – pilot sites and then via a new company **Business Linkages in Tourism**
- **Share lessons:** avoid re-inventing wheels
- International **communication** through the chain (consumers, tour operators... providers in destination) to reinforce change.

# Thank you!

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