Rural enterprise development: growing a biodiversity economy

While the emergence of a pro-poor biodiversity economy is at an early stage, efforts to mainstream conservation into local economic development in the Cape Floral Region show that our rich biodiversity heritage can provide viable economic opportunities for disadvantaged communities. Wendy Crane suggests that CSI can play a significant role in protecting both the environment and local livelihoods, thereby fostering sustainable rural development.

BY WENDY CRANE

THE RELEVANCE OF A BIODIVERSITY ECONOMY for responsible companies is to place it squarely in the context of the two core sustainability challenges: the fight against poverty and exclusion, and a growing environmental crisis. In South Africa, these two challenges coalesce in a particularly unique way. South Africa is distinct in that its world-renowned biodiversity, which is under significant threat, co-exists with a history of land dispossession that produced widespread rural poverty. A strategy to address both issues is now being pursued in the Western Cape and parts of the Eastern and Northern Cape, and may offer novel opportunities for CSI practitioners in supporting enterprise development in rural contexts.

Two problems in a nutshell
South Africa ranks third in the world in terms of its biological diversity. It also has the
The highest known concentration of threatened plants, and the highest extinction estimates anywhere in the world. The Cape Floral Region (CFR), with its spectacular coastal and mountain fynbos and other botanical treasures, attracts millions of visitors each year. It is a global biodiversity hotspot, because of its exceptional natural diversity on the one hand and dangerously high levels of habitat destruction on the other. Major threats include loss of habitat to agriculture, rapid and insensitive development, indiscriminate burning, over-extraction of water and the spread of alien species. At least 70% of the 9,600 plant species in the CFR are found nowhere else on earth. Conserving this natural heritage is essential not merely for its aesthetic beauty but also for its economic contribution.

As elsewhere in South Africa, the region reflects a legacy of enormous disparities in access to land and resources, and a highly skewed distribution of population and wealth. The land that makes up the CFR is mostly agricultural land, owned predominantly by white people. Interspersed in this landscape are scattered rural communities of mostly coloured people. In addition, a significant number of farm dwellers live on commercial farms, in insecure circumstances on land that does not belong to them. These communities have been hard hit in recent years by a declining agricultural economy, associated job losses and evictions. Unemployment runs high, and many people live below the poverty line.

In a bid to tackle both challenges, the government has initiated an ambitious long-term programme – known as Cape Action for People and the Environment (C.A.P.E.) – to protect the CFR in a manner that recognises and addresses the livelihood needs of poor communities in the area. Fundamental to its approach is a commitment to ensure that biodiversity conservation is mainstreamed into local economic development and poverty reduction efforts.

A biodiversity economy

Conservation used to be equated with 'fences and fines' whereby nature reserves were fenced off and people kept out except for entrance fee-paying visitors. This has attracted much criticism for ignoring the plight of poor people, or worse, bringing them significant costs as a result of displacements or lost livelihoods. The current strategy adopts a very different approach. David Daitz, former CEO of Cape Nature Conservation, says "there has been a general perception that conservation, or the work of preserving biodiversity, is non-productive; that it is not profitable and takes away much-needed revenue from other socio-economic imperatives like education and housing. We want to change this perception because we think conservation work is highly productive."

This means looking beyond protected areas in terms of planning, conservation and economic development.

The concept of a biodiversity economy is quite simply that local economic development should be supported in a manner which does not harm biodiversity, and in which biodiversity resources are developed into economic opportunities. In the CFR this is being attempted by stimulating partnerships with private landowners to promote alternative productive land uses and the sustainable utilisation of biodiversity assets. This can include ecotourism and associated enterprises, sustainable harvesting of fynbos wildflowers, dried fynbos flower enterprises, production of plant extracts, essential oils, herbal teas and others. The vision is to create a range of business and employment opportunities which collectively support the development of an environment-based economy.

Helping the rich or helping the poor?

Most development professionals agree that poverty reduction requires economic growth. But there is a growing recognition that growth alone is not enough. What is needed is economic growth that specifically benefits poor people. Pro-poor growth is
possible if it increases the flow of income poor people derive from their assets, or increases the number or value of their assets.

One of the difficult challenges faced by advocates of the biodiversity economy approach lies in the fact that most entrepreneurial opportunities in the CFR are land-based, and most of the land belongs to a small privileged group. A key issue therefore is how to ensure that the economic benefits flowing out of such enterprises accrue to the poor, rather than merely relying on assumptions that the benefits will eventually ‘trickle down’ to the poor. The critical question is how to make pro-poor commercial activity an integral part of normal business operations.

Sustainable rural livelihoods
While a biodiversity economy approach is still relatively untested, several promising initiatives in the Western Cape point to an emerging model. The examples below highlight some of the key issues and potential solutions.

Flower Valley Conservation Trust
Situated in the Agulhas Plain, the FVCT was founded in 1999 when it acquired Flower Valley Farm. Since then, the Trust has worked together with previously disadvantaged local communities to integrate business, conservation and community development, based on the sustainable harvesting and marketing of wild fynbos products. Local picking teams harvest wildflowers under strict sustainability guidelines, not only from the farm at Flower Valley but also from a supply network of privately owned farms and state conservation areas covering 20,000 hectares. Without this income farmers would most likely sacrifice the natural flora for other agricultural uses.

A Community Forum, comprising elected representatives from every component of the project, enables the community to take part in the decision-making process. Development activities include a thriving community organic vegetable garden, an Early Learning Centre for young children, and training for women. There are plans for a Community Arts Programme in which theatre, music and dance is used to address social and environmental issues.

The core business operation of the FVCT is contracted out to a private company. Other than the employment it creates, the commercial benefit of the fynbos business therefore accrues mainly to the farmers who generate income from the flowers harvested on their land, and to the company from any profits it makes. To redirect some of this commercial benefit to the community, the Trust is now trying to raise capital to purchase a shareholding in the company.

Heiveld Co-operative
The Suid Bokkeveld in the northern reaches of the Greater Cederberg Biodiversity Corridor is a poor remote area where wild rooibos, locally known as ‘veld tea’, has been harvested for generations amongst the local people. What they lacked was markets and business skills. That began to change in 2001 when they formed the Heiveld Co-operative. With support from NGOs and other programmes, business is growing rapidly. Due to a profitable European market, this historically marginalised community is for the first time benefiting economically from the sale of certified organic rooibos tea. External support also includes research aimed at promoting sustainable harvesting practices and preventing over-harvesting of the natural veld.

When the Co-op was founded the members wanted to build up an organisation that promoted social justice. Its Constitution specifies that 30% of the Co-op’s profits will be used for the benefit of people who have been disadvantaged on account of their gender or race. Members are currently developing a scheme to employ women in the community to produce packaging materials.

Blossoming business
Longmore Flower Estates was started by four dynamic black people – three women and a man – who pooled their severance packages to buy a failed state-owned flower plantation from their previous employers in November 2004. Within eight months the new owners turned the business around. The Longmore team is not just passionate about producing rare, export quality flowers; it is committed to growing people. With government support, the team has launched satellite training programmes in the region to equip previously disadvantaged farmers to become flower producers. While adding capacity to Longmore’s export business, these satellites are producing some of South Africa’s rarest Protea cultivars and form an integral part of a planned tourist flower route.
Significantly, the majority of members own the land they farm. Unlike elsewhere in the Cape, land in this area was considered of such low value that even under apartheid African farmers were not dispossessed. Ownership is one of the factors enabling Co-op members to increase their income flow from this vital asset.

Stimulating ecotourism

No discussion of the economic value of the natural environment would be complete without reference to ecotourism, particularly for South Africa where tourism is the fastest growing sector, and for the Western Cape where nature-based activities feature on the top of the ‘to-do’ list of most foreign tourists. Certainly ecotourism can offer job and enterprise opportunities, as well as direct access to potentially profitable tourist markets. Examples of such initiatives include training and employing local people as field guides, or enabling local women to run a tea garden such as in the Diepwalle Forest near Knysna.

But without active intervention, opportunities for poor rural people to benefit from ecotourism are easily missed, especially since they are often physically separate from the private land where tourist accommodation is located. Location is critical: communities must rely on selling complementary goods and services, and tourists need to be close by for this to happen. Commercial activity has to be proactively stimulated and to ensure a sustainable local income local people must have easy access to tourist markets.

CSI and a pro-poor biodiversity economy

The emergence of a pro-poor biodiversity economy is at an early stage, but initiatives like these provide pointers for corporate participation. Donor support to the CFR tends to be directed more to conservation, and there is room for CSI programmes to focus more specifically on the economy side of the equation. CSI can make a vital contribution to building grassroots models of pro-poor enterprise and employment development connected to biodiversity.

In contributing to sustainable rural development, corporate grantmakers should consider initiatives that:

- Support the development of business and marketing skills, infrastructure and systems of small-scale producers involved with nature-based enterprises,
- Develop commercial activity in rural communities in proximity to ecotourism establishments,
- Build community organisations and leadership that can increase poor people’s participation in the biodiversity economy,
- Focus on innovative ways of increasing ownership of economic assets by previously disadvantaged communities – including land, property, businesses,
- Support skills development especially of young people in ecotourism and other nature-based industries.

The business case

Corporate social investment can leverage the kinds of resources that can achieve what governments and public giving seldom can. The potential of CSI to marry commercial expertise with the sustainable use of natural resources in ways that give black economic empowerment a new dimension is there for the taking. In supporting enterprise development, CSI departments can build synergies with other business functions, such as preferential procurement in the case of retailers, so contributing to a company’s overall BEE Scorecard rating. What is more, stimulating local markets is good for business in that it unlocks greater purchasing power, creates potential BEE suppliers and fosters social as well as environmental sustainability.

Wendy Crane is an independent analyst and consultant in the field of sustainable development. Contact: wendycrane@telkomsa.net

For CSI practitioners interested in supporting the biodiversity economy concept, C.A.P.E.’s database of action projects and partners provides a useful point of departure. See www.capeaction.org.za for further information.