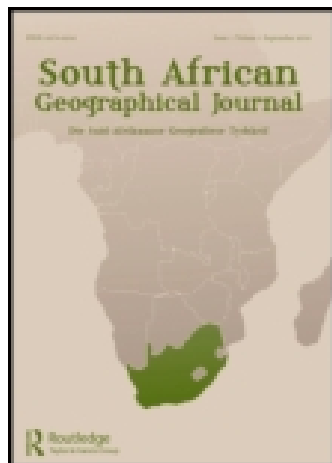


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### NEW INDUSTRIAL SPACES: EVALUATING SOUTH AFRICA'S SPATIAL DEVELOPMENT INITIATIVES (SDI) PROGRAMME

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# NEW INDUSTRIAL SPACES: EVALUATING SOUTH AFRICA'S SPATIAL DEVELOPMENT INITIATIVES (SDI) PROGRAMME

J. CRUSH and C.M. ROGERSON

## ABSTRACT

The Spatial Development Initiatives (SDI) programme was launched in South Africa in 1995 and subsequently extended throughout Southern Africa by a series of regional SDIs. This article seeks to provide an introduction to the changing policy debates surrounding SDIs from the period of their birth to their current maturation and possible onset of decline. Three major sections are presented. First, an examination is undertaken of the origins, fundamental strategies and principles of the SDI programme. Against this background, the focus in the second section turns to an assessment of the progress and contemporary directions being taken by the SDI programme. Finally, the paper summarizes the findings of the research conducted by the New Industrial Spaces Project in relation both to the potential and actual impacts of SDI's on corridor communities and peoples, and to those marginal to the new space-economy.

## Introduction

For a period of over thirty years from the late 1950s to 1994, the apartheid state implemented a programme to reconfigure spatial patterns of manufacturing investment and promote industrial decentralization (Rogerson, 1994). This grand exercise in spatial engineering aimed to shift geographical patterns of investment away from the country's metropolitan areas into several designated peripheral growth centres situated in the former homelands or bantustans. Rhetorically, the programme was promoted and justified in terms of the discourse that framed the apartheid vision of "separate development" (Crush, 1995). "Post-apartheid" industrial policy was designed to break decisively with this past and to engineer a new industrial geography supposedly more appropriate to the new dispensation. At the same time, there were considerable continuities, not least in the idea that spatial engineering was the key to successful economic growth.

The post-apartheid Spatial Development Initiatives (SDI) programme was conceived in 1995 with implementation beginning in 1996. Since then, the South African government has promoted the SDI programme with great vigour (Jourdan, 1998; DTI [1999, 2000]; Rogerson, 2001). During their short life, the SDI's have generated a considerable amount of positive media and public interest. They have also spawned a growing research literature spanning themes and disciplines.<sup>1</sup> Overall, however, the SDI programme has had a somewhat chequered history to date. Only six years after its inception there are now strong signals that its star is already waning and that in future the major activity surrounding SDIs will be regional initiatives taking place outside South Africa within the wider SADC region (Platzky, 2000; Moyane, 2000a; Smith, 2000).

Although it is far too soon to pronounce definitively on the success or otherwise of the programme, the earliest SDI's, such as the Maputo Development Corridor, have been around long enough to permit a preliminary evaluation of their social, economic and spatial impacts. The basic dilemma for any systematic evaluation of the new industrial strategy is this: should SDI's be judged simply on the basis of their stated intent to attract tender and create jobs or should they be measured against the subsidiary claims of social and economic "development" and "empowerment"? Here we suggest that a geographical evaluation of this project needs to reach beyond the documentation of shifting spatial patterns of growth and industrial change. To argue that the state's SDI program should be evaluated against narrowly economic objectives is a convenient way to

avoid the question of what impacts and opportunities – positive and negative, planned and unintended – spatial engineering projects of this magnitude actually have for the ordinary people and communities who live within their reach.

Our aim in this paper is, first, to provide an overview of the changing policy debates surrounding SDIs from the period of their genesis in the mid-1990s to their current maturation (and possible onset of decline). Three major sections of discussion are presented. First, an examination is undertaken of the origins, fundamental strategies and principles of the SDI programme. In the second section the focus turns to assess the progress and contemporary directions being taken by the SDI programme. Then attention turns to the issue of evaluation of the impacts of the SDI programme through a summary of the research presented in this special issue.

## Developing the Discourse of SDI's

With the re-insertion of South Africa into the global economy critical changes have taken place in the macro-economic context for spatial planning. At the outset, therefore, it is necessary to acknowledge the SDI programme as a support pillar for South Africa's controversial Growth, Employment and Redistribution (GEAR) macro-economic strategy (Republic of South Africa, 1996). As the Department of Trade and Industry has noted:

The Spatial Development Initiatives (SDIs) are integral to South Africa's macro-economic policy of Growth, Employment and Redistribution (GEAR). Their objective is to attract inward investment to the region as a basis for economic development and growth (DTI, [2000]).

The architects of the SDI concept emphasize that it must be appreciated as an integral part of GEAR's new policy focus upon strategic targeting at the sectoral (industrial clusters) and spatial levels in South Africa (Jourdan *et al.*, 1996).

GEAR is itself an explicit acknowledgment of the power of globalisation, seeking the full reintegration of the country into the global economy, making it an attractive location for foreign investment, enhancing the role of the private sector, and reducing the role of the central state (Pycroft, 2000). The SDI architects argued that a "paradigm shift" had occurred in macro-economic policy from the formerly "protected and isolated approach to economic development, towards one in which international competitiveness, regional cooperation, and a more diversified ownership base

is paramount" (Jourdan *et al.* 1996, p. 2). The emphasis in SDI's on "targeting" was viewed as particularly germane to the shift in trade policy and national industrial strategy from a predominantly import-substitution manufacturing focus to a new outward orientation through international competitiveness.

The specific genesis of the SDI concept emerged in policy thinking around the reconstruction of Southern Mozambique and the decrepit Maputo harbour (Harrison and Todes, 1996; Rogerson, 1998a). At a 1995 meeting in Maputo between the Ministers of Transport in Mozambique and South Africa, the two governments agreed to a process to re-establish the transportation axis between Johannesburg and Maputo. Out of this process emerged the SDI programme. The regional development experience in the European Union was particularly influential in South African SDI planning, sharpening the focus upon upgrading infrastructure, human resources, and involvement of the private sector (Ashauer, 1989; Button, 1998; Platzky, 2000). SDIs were specifically characterised by government as intensive interventions into an area to "fast-track" private sector investment; stimulate the growth of SMMEs and enhance the empowerment of local communities (Jourdan *et al.*, 1996; Hirsch and Hanival, 1998). The term SDI sought to characterize a package of strategic government initiatives "aimed at unlocking the inherent and under utilised economic development potential of certain specific spatial locations in South Africa" (Jourdan *et al.*, 1996, p. 2). In the case of Southern Mozambique and the adjacent Mpumalanga Province of South Africa, "under-utilised potential" was a direct result of the ravages of apartheid and South Africa's 1980s war of destabilization on Mozambique.

Almost from its inception, the concept of the SDI became virtually synonymous with that of the "development corridor" (Harrison and Todes, 1996). The latter idea crystallized at a 1996 national workshop on Provincial Growth and Development Strategies. Initial SDI project documentation contains extended discussions on the concept of corridors and their functioning. The SDI concept widened to encompass a range of additional spatial entities, all having in common "targeted interventions by central government for helping unlock economic potential and facilitate new investment and job creation in a localised area or region" (Jourdan, 1998, p. 718). In this process "bottlenecks" to investment, such as inadequate infrastructure are removed, and strategic opportunities for private sector investment identified.

Hall (1998, p. 6) notes that SDI planning combines "notions of corridor or polarised and infrastructure-led development with an implicit assumption of considerable informational market failure in the investment area." Another criterion for SDI designation relates to the "aberrations" caused by South Africa's past, especially the negative legacy of the Bantustan policy (Platzky, 1995; Lewis and Bloch, 1998). The SDIs were thus, in part, conceived as vehicles for addressing the spatial distortions of the apartheid era (Platzky, 1998). Bloch (2000, p. 235) rightly argues, however, that the criteria for defining SDIs have always been "broad and rather imprecise" and lacking in the more explicit spatial criteria used in the European Union to define "less favoured regions" or in the USA of "economically distressed areas."

A spatial vision of South Africa's past and future was thus a central element in SDI thinking. So, too, was the idea that the manipulation of space by the state would bring significant benefits not only to the areas targeted, but to the

national economy as well. Investor-friendly characteristics were deemed to adhere to certain inherited spaces and not others. SDIs became part of a revamped spatial lexicon in which the new "regions" became actors; they were now "potential winners in the new economic reality" (Platzky, 1998, p. 14). State efforts, in turn, would no longer be thinly spread, but rather concentrated in areas with "capacity to perform" (Platzky, 2000).

The key principles underpinning the SDI programme become apparent in a reading of planning documents prepared for the South African SDI Programme based at the Development Bank of Southern Africa (for example, de Beer and Arkwright, 1997; de Beer *et al.*, 1998; Elliffe *et al.*, 1997; Elliffe, 1999). The primary stated objectives of the programme are summarized as follows:

- ✧ sustainable job creation involving long-term and sustainable employment for the local inhabitants of the SDI area and for South Africa in general;
- ✧ sustainable and internationally competitive economic growth and development in relatively underdeveloped areas of South Africa configured to suit a particular locality's inherent economic development potential;
- ✧ maximising the extent to which private sector investment and lending can be mobilised into the SDI area. The mobilisation of the private sector would bring the additional benefit of "lessening the already unachievable demands on the Government finances for the implementation of much needed development projects" (Jourdan *et al.*, 1996, p. 2);
- ✧ economic empowerment of the apartheid-disadvantaged through the impact of new investments on the development of the small, medium and micro-enterprise (SMME) economy;
- ✧ exploitation of under-utilised local resources in SDI areas that might provide the basis for modern industries and export-oriented growth;
- ✧ in the most recent statements on the principles governing the SDIs, considerable stress is placed upon their wider importance in the SADC region and on issues of "regional co-operation and economic integration in the African sub-continent" (DTI, no date, a).

SDI language is thus strongly derivative of the core spatial concepts and imagery of western developmentalism (Escobar, 1995; Crush, 1995). In addition, the pivotal role imagined for the private sector in "development" is consistent with the key tenets of neo-liberal development doctrine (Brohman, 1996; Simon, 1997). SDI programme statements also set out to convince those skeptical of the prescriptions of neo-liberalism. As Platzky (2000, p. 7) observes, the "SDIs were as much an attempt to demonstrate to different spheres of government and line functions that a fast track, integrated approach which focuses on unblocking potential is viable, as it was intended to leverage private sector investment." In other words, the SDI's were to demonstrate to all the infallibility of neo-liberal prescriptions for economic growth and to bring sustained "development" to the chosen few (regions).

Most commentators and SDI advocates see the planning of SDIs as a radical departure from the previous government's regional development policy, which was overtly designed to enforce apartheid's racial policies (Lewis and Bloch, 1998). The former government's regional planning was "on the whole characterised by the near complete absence of a long term development strategy" (Hirsch and Hanival, 1998, p. 27). In contrast, the SDIs sought to undo

these flawed regional policies by addressing distortions from the apartheid era and, in so doing, contribute to a restructuring of the post-apartheid space economy of South Africa and its neighbours (Jourdan *et al.*, 1996). Yet SDI's had to be more than a historical corrective. The identification and promotion of "winning regions" was not an abstract exercise, but occurred within the context and constraints of the existing space-economy. While the new government could resolutely abandon the failed regional development policies of apartheid, its choice of what would and would not constitute an SDI was inevitably determined by one hundred years of prior geography.

### Designer SDI's

In the original thinking on SDIs most attention was given to manufacturing investment (Rogerson, 1998a). The continued emphasis on manufacturing as the lead agency of spatial reconstruction was still apparent in 1999, with the planning and launch of the export-oriented Industrial Development Zones (IDZ) programme. The IDZs are seen as an integral part of the planning for several SDIs; their role is to create jobs by directing investments into South Africa's internationally competitive industries. IDZs are not overtly premised upon considerations of cheap or sweated labour in the manner of many international export-processing zones. Rather, they are designed to offer modern industrial infrastructure, state of the art telecommunications and transport links and a clear administrative human resource and environmental management framework (Rogerson, 1999). More recently, too, the planning of SDI projects has broadened to incorporate a range of other economic activities, especially agriculture and tourism.

In order for the SDI programme to work, according to the SDI planners a number of core processes had simultaneously to be at work. First, there had to be "crowding-in" and co-ordination of public and private sector investment in areas of proven, albeit under-utilised, potential. The SDIs are intended to leverage private sector investment on the basis of a 1:9 ratio, i.e. for every one Rand spent by the public sector in SDIs, nine Rand must be brought in by the private sector. Second, SDI's needed political support, commitment and buy-in from the highest levels of government in order to facilitate a fast and focused planning approach. Third, public-private partnerships are essential for SDI programming. These partnerships would be facilitated by the activities of national government in clearing obstacles to investment and contributing to the building of vital infrastructure. Fourth, the government had to identify groups of investment opportunities and persuasively package and present them for the private sector in well-planned and publicised investor conferences, road shows and electronic and print media. Fifth, key industries should "cluster" around strategic "anchor projects" in order to harmonise productive activities and maximise local linkages or multipliers.

In the model, each SDI is allocated a budget from the national government and each appoints a political "champion" and a project manager. Up to one year is then spent on appraising local potential for development, investigating projects and launching the area into the public investment arena, usually through the medium of an international investors' conference. SDI project methodology includes identification of "anchor projects" that might initiate and sustain the SDI in future (Naude and McCoskey, 2000). In the interim, considerable effort must be devoted to a host of supportive planning activities in order to:

Unblock potential related to infrastructure provision, communications, building the capacity of small and medium entrepreneurs, community involvement in projects, appropriate skills provision, environmental scoping, ensuring appropriate regulatory frameworks were available and most importantly, that people in the area were working together to realise the potential (Platzky, 2000, p. 10).

The key objective of the SDI programme is to create an attractive environment for private sector investment and in so doing move away from the apartheid government's protected and isolated approach towards economic development (Hirsch and Hanival, 1998; Jourdan 1998).

In 1996, the first SDI – the Maputo SDI or Maputo Development Corridor – was launched as a joint venture between Mozambique and South Africa (Mitchell, 1998; Rogerson, 2001). Subsequently, the SDI concept spread rapidly throughout South Africa and into the SADC region. A new post-apartheid cartography, denuded of bantustans and industrial growth points, emerged to visualize and give spatial substance to this process. People and communities were bundled by SDI logic into newly-demarcated regions and corridors that bore no resemblance to any pre-existing boundary. Provinces left out of the new geography protested and pressured for their share, often in vain.

As of late 2000, some 13 industrial, agricultural or tourism-led SDIs have been launched or are in the process of being established within South Africa. Some of these initiatives extended into surrounding countries. At least three different types of SDI are now recognized by SDI planners: (a) regional-industrial SDIs (eg Fish River or Richards Bay), (b) agro-tourism SDIs (eg. the Wild Coast, Lubombo initiatives), and (3) mixed-industrial and agro-tourism SDIs (eg. the Maputo Development Corridor).

At the inception of the programme, the firm emphasis was upon industrialization and in particular resource-based industrial development. The broadened sectoral focus of the SDI programme in the late 1990s was due primarily to political pressures, with the inclusion of tourism linked to goals of poverty alleviation (Koch *et al.*, 1998a, 1998b). In response, the potential for tourism-led economic growth in certain SDIs was accorded increasing prominence (Mafisa, 1998). Given the highly-skewed patterns of control and ownership in the tourism sector, there was a certain misplaced faith at work. Nevertheless, the bulk of the envisaged SDI interventions still focus on the so-called "traditional sectors" of the South African economy; mining, manufacturing and agriculture (Naude and McCoskey, 2000). In the case of Gauteng, however, there has been a related shift to knowledge-based or hi-tech activities (Rogerson, 2000).

More recently, the South African government and various international organizations have promoted the concept of SDIs throughout the SADC region. In part, this is because the DTI had a much greater sense of the region and its potential than other organs of state. This "discovery" is rooted both in the protracted trade negotiations with SADC neighbours for a free trade zone and a growing awareness of the investment potential of the region for South African capital. Regional governments, themselves under the sway of Structural Adjustment Programmes and neo-liberal orthodoxy, have responded with enthusiasm to a spatial vision which offers the promise of significant capital investment from the outside. Within South Africa, the idea of regional SDI's has been harnessed to the increasingly jaded idea of an "African renaissance" (Platzky, 2000, p. 11).

Outside South Africa, several SDIs are now in various stages of implementation. In terms of the cross-border

initiatives, the South African SDI programme involves several surrounding countries: Namibia (the Gariiep SDI and Coast 2 Coast), Swaziland (Maputo SDI and Lubombo), Botswana (Platinum SDI), and most importantly Mozambique (Maputo SDI, Lubombo). Within the SADC region, Mozambique is the most active area for SDI initiatives. Beyond the cross-border initiatives there are proposals for a reinvigorated Beira Development Corridor, a Zambezi Valley SDI as well as a Limpopo Valley Initiative, which was established as a result of the devastating floods that ravaged the country during early 2000.

Political instability in Zimbabwe during 1999-2000 has negatively affected investment and effectively made dormant several of the proposals for an extension of SDI operations into that country. For Lesotho, a new SDI initiative is the Maloti-Drakensberg Initiative which focussed upon inter-governmental cooperation to foster regional growth through the development of sustainable nature-based eco-tourism. Finally, there are discussions taking place for other SDI initiatives in Tanzania (Tazara Development Corridor) and Angola (the Lobito SDI), the latter conditional upon an improvement in the security situation.

### Evaluating SDI's

The advocates of SDI's are certainly not lacking in enthusiasm for the positive impacts and "spin-offs" of the programme. Reflecting the general frontier spirit, Platzky (1998, p. 14) asserted that "the SDIs are playing a fundamental role in the reconstruction and development of South African society." She further noted that SDIs offer South Africa a vital means "to 'leapfrog' over the highly competitive phases of industrial growth experienced by the Asian economies, where poor labour relations and few environmental regulations featured prominently" (Platzky 1998, p. 11, 14).

Early evaluations of the SDI programme highlight progress towards its primary goals. First, new or upgraded hard infrastructure is being delivered in certain targeted areas. Second, strategic marketing and innovative delivery of infrastructure through public-private sector partnerships are heightening the profile of certain historically-disadvantaged spaces of South Africa that formerly had not even appeared on the investor map (de Beer *et al*, 1998). Third, the SDI planning methodology is successfully forging a greater degree of coordination and even joint planning between different spheres of government (Smith, 2000). Fourth, major steps are being undertaken in "unbundling" certain investment projects in order to facilitate outsourcing and to potentially improve opportunities for SMME development (Nobanda, 2000). Finally, in terms of spatial equity, Platzky (2000, p. 14) argues that there are signs that the SDIs are beginning to address the problems that underpin the cumulative disadvantage of certain places for attraction of investment and new growth opportunities.

The coherence of the plan and the hype surrounding its launch undoubtedly raised expectations among senior politicians and their electorates in South Africa. In the last two years, however, disillusionment and disappointment have begun to set in about what is perceived as the slow pace of delivery of the SDI programme, particularly in job creation and investment promotion. In that sense, SDI's have become the victim of their own boosterism. Despite the recency of the programme, and the fact that many of the local SDI's have barely got beyond the stage of promotional cartography, political pressures led in late 2000 to an audit on the progress of the SDIs. The focus of the audit is upon

questions of job creation, levels of new investment, numbers of identified investment opportunities and numbers of investment projects that had been unpackaged in order to identify opportunities for SMMEs (Smith 2000).

The preliminary results of this exercise disclose a total of 688 active SDI projects with an investment commitment of R164 777 million and estimated employment creation of almost 100 000 jobs (Smith, 2000). The largest investments so far have occurred in the Maputo Corridor (R54 563 million), West Coast Investment Initiative (R39 540 million) and Fish River SDIs (R 26 769 million) which together account for nearly three-quarters of all investment commitments. Job creation has been most effective also in these three SDIs which are responsible together for 77 percent of total jobs generated by the SDI programme.

The audit also suggests that the slow take-up of projects by the private sector and the consequent tardy delivery of jobs were significantly influenced by the negative macro-economic circumstances which prevailed from 1998-99 caused by the Asian financial crisis, exacerbated by events in Zimbabwe. In other words the negative global environment, particularly concerning investment prospects in "emerging markets", is used to justify the limited levels of job creation in relation to the high level of capital commitment into the SDI programme. The numbers of jobs created is certainly affected by the lead-in time on the implementation of projects for many of the biggest job creation projects also require the longest lead-times (Smith, 2000).

Another significant aspect of corporate strategy that impacts on SDI's is that in an environment of globalisation the corporate strategies of South Africa's leading private enterprises (industrial and mining) do not necessarily coincide with the requirement to develop the local South African economy (Platzky, 2000). Many SDI areas are still stigmatised by investors as high risk regions and therefore the withdrawal of direct state locational incentives as well as the limited supply-side investment incentives available to certain sectors (notably tourism) has further impacted detrimentally on SDI performance. Finally, capacity constraints at provincial and local government level have impacted upon the performance of certain SDIs, more especially as regards linking and maximising local economic development planning into the matrix of SDI interventions (Rogerson, 2001).

This style of analysis, while extremely valuable at one level, is largely contingent on a fashionable results-based approach. The success and impact of SDI's is to be measured in terms of various quantitative performance indicators and the programme rises or falls on that basis. Blame for failure is also externalized. There are a number of obvious problems here. First, the approach does not facilitate a fundamental critique of the conceptual and discursive underpinnings of the SDI strategy. If anything, neo-liberalism and its prescriptions are reinforced rather than challenged. Second, from a geographical purview, the viability or value of a spatialized industrial policy is automatically dismissed. For if more and more SDI's fail to "win" then there is a distinct possibility of abandonment of the whole idea of spatial engineering that has been so central to South African industrial policy for decades. Some, of course, might consider this a good thing. But that leaves unresolved the question of what exactly to do about inherited geographies of marginalization and abandonment. Third, quantitative indicators of performance are useful for what they measure, not what they ignore. There is still

such a thing as unintended or unanticipated consequences and many are resistant to quantification. Finally, the evaluation of SDI's can easily be shoehorned into a focus only on the demarcated SDI. The point needs to be emphasized that SDI's are essentially a cartographic figment of the imagination with real effects. These effects extend well beyond the fictional boundaries of the SDI map, to the national and provincial economy certainly, but also to the abandoned spaces of apartheid industrialization and to the home areas of migrants drawn to SDI's by the promise of a new frontier.

As a result of the growing sense of disappointment in government that the SDI programme has failed to live up to its billing, during late 2000 the programme operating within South Africa was downgraded in importance. Major budgetary cuts were introduced during 2000 to dramatically reduce the importance of the SDI initiatives. In line with these budgetary cuts, the SDI programme has experienced a loss of major key personnel who were important drivers of the different initiatives. Accordingly, SDI "exit strategies" or handovers currently are being put in place at rapid pace with responsibility for some SDIs passing to provincial government and in others to local government.

The sanguine will argue that SDIs were always conceived as short-term interventions and that the policy work and agenda of the SDIs was never intended to run indefinitely (Smith, 2000). A key facet of SDI methodology is supposed to be the facilitation of short periods of intensive cooperation across departments and tiers of government in targeted areas. The SDI work plan culminates in the official "hand over" of responsibility for continuing work in progress to other national and provincial authorities. But this does not explain why all SDI's are affected, not just those at the end of the projected life cycle. Others will therefore point to the dramatic loss of political support for the SDI initiative within the Department of Trade and Industry as politically motivated, having very little to do with the viability or effectiveness of SDI's per se.

In final analysis, as Platzky (2000, p. 15) rightly observes, the short-term of evaluation and the high expectations of performance were always unrealistic. The earlier judgement of the potential of SDI's to effect basic transformation is now revised into a pessimistic retrospective: "given time the SDIs could have played a fundamental role in the reconstruction and development of South African society" (Platzky, 2000, p. 19). Indeed, the downgrading of the DTI planning initiative will be seen by many as short-sighted and premature in the extreme. Ultimately the SDI programme in South Africa has been an unfortunate victim of the lack of any long-term political commitment to a policy programme that was beginning to show positive signals.

The loss of political commitment to SDIs in South Africa does not yet apply, however, to the regional SDI programmes. Indeed, it is evident that these regional SDIs are becoming increasingly significant for they are underpinned "by the strategic intent of the South African government foreign policy to play a pivotal role in the overall development strategy of the region" (Moyane, 2000a, p. 9). Moreover, the Office of the President in South Africa champions regional SDIs through periodic bilateral arrangements (Moyane, 2000b). In the next decade, therefore, it is likely that the greatest activity in terms of SDI planning will be in terms of the roll-out and implementation of the SDI methodology, as evolved in South Africa, to the wider Southern Africa region.

## An Alternate Take

The New Industrial Spaces Project (NISP) was set up in 1997 as an IDRC-funded partnership between the University of Witwatersrand and Queen's University, Canada. The primary objective of the project is to monitor and evaluate the changing industrial geography of South Africa. The importance of the SDI programme to the post-apartheid government's industrial restructuring project made it an obvious focus of attention. The centrality of spatial language and concepts to the planning and rationale for the programme made a geographical take particularly germane. The post-apartheid government initially believed, like its predecessors, that spatial engineering was the most effective means to guarantee its albeit very different objectives. The failure of that project to immediately live up to its own publicity has now thrown the future of the SDI vision and programme into doubt. The NISP project proceeded on the premise that the "success" of the SDI's was always less important than the fact that they would have real implications and impacts on the peoples and communities within and beyond each corridor or IDZ. Some of these outcomes (for example those pertaining to employment creation and SMME development) could be evaluated against the stated aims and objectives of the SDI programme. Others (such as those pertaining to informal traders), could not but still deserved to be evaluated.

The NISP has focused primarily on the impacts of the Maputo Corridor, the flagship enterprise of the SDI initiative. The research presented in this special issue reports the results of research on the Corridor but also ranges outside it. The first two papers in the collection are of an overview nature, aiming to situate post-apartheid industrial strategy in international context. Marian Walker directs her attention to the notion of "anchor projects" as a pre-requisite for any SDI initiative. Many of these projects, actual and planned, are associated with the processing and beneficiation of natural resources. Walker reviews international debates over the merits of resource-based industrialization strategies and concurs that such strategies are generally small employment generators and dependent on a highly skilled workforce. The strategy has often been unsuccessful in Africa, Asia and Latin America because of over-ambitious policy design and poor implementation. The theory therefore suggests that such a strategy is incompatible with the stated aims of the SDI initiative. Whether there will be any "downstream" benefits for SMME's and local communities is left an open question but the prognosis is not good.

The second paper, by Christian Rogerson, reviews the turn within SDI strategizing towards the tourism sector. There are still high hopes for this sector as a "key driver of economic expansion and employment creation." In several new SDI's, the tourism sector is seen either as an anchor project per se or of central importance to the functioning of the SDI. In particular, its proponents argue, tourism development can fulfill SDI programme objectives in a way, perhaps, that resource-based industrialization cannot. Rogerson locates the current South African discussion in international comparative experience on SMME development in tourism. He unveils the scholarly consensus that existing power relationships and the domination of large enterprises impose critical constraints on tourism-related SMME entrepreneurship. In many countries, nevertheless, the informal tourism economy is a notable presence around the margins of the formal industry and in some areas is accepted and legitimized as a valued part of the tourism economy. "Alternative tourism" by definition opens up more potential for local entrepreneurs. Rogerson concludes



that in South Africa, without pro-active promotion of business linkages between tourism corporations and SMME's, the benefits of SDI tourism for the latter will be very limited.

The next cluster of papers in this collection focuses more specifically on the Maputo Corridor. The paper by Peberdy and Crush identifies a set of Corridor "users" who often appear invisible in formal SDI planning and policy formulation; the cross-border informal traders. In the South Africa-Mozambique context the picture is complicated by the highly-emotive issue of cross-border undocumented migration. The porous Mozambican border is widely, if misleadingly, perceived as a conduit for mass "illegal immigration." The SDI idea that borders should be bridges not barriers can receive short shrift in such a climate. Peberdy and Crush suggest that informal trading should be viewed as a critical element of the impact and effectiveness of the SDI strategy. Their interview research with cross-border traders suggests that the introduction of tolls and the rigorous enforcement of border controls is undermining not enhancing the economic opportunities presented by the Corridor. They argue for a recognition of the importance of informal trade and a renewed policy focus on the reality and potential of trading in effecting basic SDI objectives.

In the next paper, Rogerson revisits the issue of tourism and SDI's through a case study of the Maputo Corridor. He first identifies the recent SDI-associated shift from the traditional mass tourism model towards forms of alternative tourism – encapsulated as a shift from sea, sand and sun to traveling, trekking and trucking. A central objective of SDI-tourism is to promote SMME opportunities among local entrepreneurs for whom (to put it mildly) tourism opportunities have "not been perfectly accessible" in the past (Satour, 1999, p. 18). To reconfigure the massive domination by white-owned enterprises in the Mpumalanga economy is a major challenge. New casino development has also had limited impact on SMME development. Policy attention is now increasingly directed to ecotourism and cultural tourism in rural sites. After reviewing the more prominent initiatives, Rogerson concludes that key ownership and empowerment issues need to be seriously addressed before there can be any toast to the success of a tourism-led SDI strategy.

Rogerson and Perseverance Sithole take the analysis a step further in their study of the rural handicraft industry in Mpumalanga. Planners searching for answers to the problem of limited job creation within SDI's now see rural handicrafts as something of a panacea. Rural handicrafts represent a distinct category of SMME enterprise, yet the constraints to a large extent mirror the problems of rural small enterprise development everywhere. The paper reviews the growing importance attached to the handicrafts industry in central and provincial policy debates and then, as a contribution to understanding the actual potential of the sector, analyses the results of a survey of rural handicraft producers. The paper shows that the opportunities and constraints that confront rural handicraft producers are differentiated by location, gender and activity. It concludes that the most ineffectual strategy would be to continue to treat the producers as "an homogenous entity." In particular, the particular needs of marginalised rural women crafters need to be seriously and urgently addressed.

The final contribution to the cluster is by Elizabeth Jansen Van Veuren who reports on her research on cultural villages in the old and new South Africa. If the SDI programme is to economically advantage local communities in any meaningful sense, cultural or indigenous tourism becomes an important issue in a number of SDI's. Since South Africa is not the only country to attempt to

"empower" through cultural tourism, she first reviews the patchy international experience in this area. She highlights the barriers to participation, including centrality of control over resources and the fact that such operations often require substantial capital input. Attention then turns to South Africa's current slate of 29 cultural villages and the fortunes of those located within the Wild Coast SDI and Maputo Corridor. Van Veuren is optimistic that with appropriate measures of support, cultural villages can fulfill the high expectations placed on them.

The final two papers in the collection are based on intensive research in areas distant from the Maputo Corridor. In the first paper, Lindile Ndabeni continues the focus on SMME's with a case study of forest-product entrepreneurs in the Wild Coast SDI. The paper shows that significant numbers of households in the SDI generate a portion of their income from forest product activities that include the gathering and trading of fuelwood and medicinal products, and the processing or making of crafts, wood products and treated poles. Again, the international experience gives clear notice of the challenges confronting producers. A survey of active producers revealed a number of predictable problems including weak marketing channels and difficulty accessing raw materials. Small-scale forest entrepreneurs operate in overtraded and oversupplied domestic markets with low rates of return. Ndabeni calls for a package of training and support measures to overcome the constraints that deter many from developing beyond the one-person or family enterprise.

The final paper in this issue addresses the question of the implications of post-apartheid industrial strategy, especially the SDI-driven spatial framework, for areas outside. In particular, after 1994, the apartheid-inspired programme for industrial decentralization was summarily abandoned. This policy shift served to marginalize certain economic spaces (particularly the former Homeland areas) that had been favoured during the apartheid years for an admittedly highly exploitative form of industrialization. In particular, the phase-out of the generous industrial incentives offered under apartheid has dealt a devastating blow to many of those "industrial spaces" nurtured by decentralization planners. Moserwa Rosina Phalatse's research in North West province provides important insights into the character and problems of such "abandoned spaces" (see also Phalatse, 2000). Her survey of female factory workers in the Mogwase area demonstrates a clear irony. The "march of SDI's" has produced not only abandoned spaces, but abandoned people who now have to struggle in other ways to survive.

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### ENDNOTE

<sup>1</sup> . The existing literature on SDIs includes works on generic issues (Elliffe and Manning, 1996; Jourdan *et al.*, 1996; Hirsch and Hanival, 1998; Jourdan, 1998; Koch *et al.*, 1998a; Lewis & Bloch, 1998; Howorth and O'Keefe, 1999; Naude and McCoskey, 2000; Rogerson, 2000c); the workings and progress of specific SDIs (Aniruth and Barnes, 1998; Driver, 1998; Fitschen, 1998; Hall, 1998; Kleynhans *et al.*, 1998; Mitchell, 1998; Naidoo 1998; Driver and de Barros, 1999; Rogerson, 2001) and research that isolates lessons for South Africa of parallel initiatives taking place in other parts of the world (Harrison and Todes, 1996; de Beer and Arkwright, 1997; de Beer and Wheeler, 1997; de Beer *et al.*, 1997; de Beer *et al.*, 1998; Koch *et al.*, 1998b; Rogerson, 1998b).

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