

Borderlands – The Impact of Regional
Integration Initiatives in a Southern
African Cross Border Region: Maputo
Development Corridor

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**Borderlands – the impact of
regional integration initiatives in
a southern African cross-border
region: the Maputo Development
Corridor**

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1: INTRODUCTION

1.1: Background and Context

This paper is part of a broader interest in the role and impact of South African business and state in Africa and the responses of the host countries to this new presence. The research for this project is divided into two phases. The first phase is to establish to what extent the Maputo Development Corridor (MDC), as part of a broader regional borderland integration initiative, has acted as a catalyst and common resource for provincial, local government and the private sector to cooperate across the international border between Mozambique and South Africa. This paper is the result of that process. The second phase is to examine how the regionalisation process kick started by the MDC Spatial Development Initiative (SDI) is panning out within the tourism sector. This phase will involve looking at how the MDC in conjunction with the Great Limpopo Transfrontier Park as regional borderlands collaborative initiatives, have acted as catalysts for tourism development. Questions such what related tourist developments have resulted on both sides of the border, who the main beneficiaries are, and how these developments have been shaped by local perceptions and resistance, and the relationship of these regional initiatives to shifting state positions (South Africa/Mozambique/SADC/NEPAD), will be examined.

Much of the debate on South Africa's new wave of post-Apartheid investment in Africa centers on the impact on host countries, namely, its beneficial or deleterious nature. While these concerns are important, the sub-national regional effects of this investment are less well researched. Provinces within national boundaries are affected in significant ways by the cross-border flows of South African and other investment, particularly the cross-border cities and towns that benefit from the increased interaction.

The cities of Nelspruit in the Mpumalanga region of South Africa and the Mozambican capital Maputo are examples of cross-border cities whose character has been dramatically transformed by their connections with their neighbours. State-led investment in the Spatial Development Initiative (SDI) of the Maputo Development Corridor (MDC) has acted as a conduit in facilitating cross-border flows and has created a dynamic set of social processes within the cities and the sub-national region (Mpumalanga and Maputo Provinces). Even though many of the grandiose spin-offs promised in the early days of the MDC have not materialized, there is no doubt that it has acted as an economic catalyst for the local economy. For example, in December 2006 there was a 44% increase in passenger flows through the Lebombo/Ressano Garcia border post and a 10% increase in traffic volume on the MDC toll road (N4) compared to December 2005 (MCLI, 2006:1).

The flow of capital both ways, although different in nature, is considerable. South Africa is Mozambique's biggest foreign investor, accounting for 58% of the foreign direct investment in the country in 2005. This represented a 34% increase in total foreign investment over 2004, amounting to \$164.5 million (BuaNews 2006). Mozambicans in turn spend approximately R70 million a year in on goods and services purchased in South Africa, most of it in Mpumalanga (LCBT 2003:2).

The Spatial Development Initiative (SDI) program between the Mozambique and South African governments emerged from an agreement in 1995 to re-establish the transport axis between Maputo and Johannesburg as part of an attempt to revitalize southern Mozambique. The SDI concept grew to encompass a range of targeted interventions by central governments, initially within South Africa, but soon extending into the whole of southern and east Africa, for unlocking economic potential and facilitating private investment and job creation in a localised area or region. The Maputo Development Corridor was the prototype SDI development corridor, and to date the most advanced in the region.

At the same time that the SDI program has been promoted, the governments of both South Africa and Mozambique have been implementing inter-governmental reform that broadly speaking

involves a process of devolution of powers and functions to the local government level. The aims of this process appear to give particular municipalities the powers, in conjunction with organizations of civil society and neighbouring municipalities, to plan in an integrated way to mobilize resources to stimulate development. The South African Local Government Transformation Program (LGTP) started in 1999. In Mozambique the Local Government Reform Program (PROL) was established in 1992.

The Maputo Development Corridor SDI was the first of the SDIs to be implemented in 1995, following the peace agreement in Mozambique and the election of a democratic government in South Africa. The transport ministers of the two countries, Mac Maharaj and Paulo Muxanga, set in motion the MDC initiative as a joint undertaking of the governments of South Africa and Mozambique, within the framework of SADC.

The Maputo Development Corridor is an economic corridor linking the Gauteng province in South Africa, and the city of Maputo in Mozambique. Gauteng province is the economic heartland of the South African economy and Maputo the closest port city. In common with the other SDI initiatives in the SADC region, the MDC is based on an existing transport axis, albeit one that due to the civil war in Mozambique had been in a state of decline for a number of years. Peberdy and Crush state that central to the success of the MDC is strengthened links between Gauteng and Maputo – “reinventing connections which were destroyed during the apartheid years” (2001:115). Before the troubles in Mozambique, in the 1970’s, 40% of exports from Gauteng went through Maputo and some 300 000 South African tourists visited Mozambique annually (SATCC Vol. 2, 2001:8).

The MDC process focused on the rehabilitation and upgrading of the traditional trade and transport links as a basis for broad economic development of the corridor area. The main focus was on private sector participation and included as core elements the upgrading and construction of a toll road linking Johannesburg in South Africa to Maputo in Mozambique and the improvement of rail and port operations in Mozambique to re-establish competitiveness of the transport route. According to David Arkwright the ex-Deputy CEO of the Maputo corridor Company, “people saw it as a set of integrated development initiatives”¹ In an interview Arkwright stated that the MDC had four key objectives:

- To rehabilitate the core infrastructure along the Maputo Corridor with minimum impact on state coffers. This involved the awarding of long-term concessions to the private sector for the development of new infrastructure including:
 - the upgrading into a modern toll road of the N4 linking South Africa’s landlocked northern provinces to their nearest port in the Mozambique capital of Maputo;
 - the upgrading of rail links between the two countries;
 - the upgrading of the Lebombo border post between Mpumalanga and Mozambique;
 - modernisation of Maputo port; and
 - Improvements in electricity supply lines between South Africa and Mozambique.
- To maximise investment in both the inherent potential of the Corridor area and in added value opportunities which the infrastructure rehabilitation will create;
- To ensure that the development impact of the investment is maximised, particularly for disadvantaged communities; and
- To ensure sustainability by developing policy, strategies and frameworks encompassing a holistic, participatory and integrated approach to development (1999:11).

The latter two objectives are ones that have been least implemented. At the same time, it should be kept in mind that it is intended that the MDC will eventually form part of the Coast-to-Coast SDI, a corridor that will stretch from Walvis Bay in Namibia, through Botswana, South Africa (North-West, Gauteng and Mpumalanga Provinces) to Maputo in Mozambique. The present study is concerned only with the Mpumalanga and Maputo Provinces. It is defined in terms of a primary

¹ Interview, 22 January 2002, Nelspruit, South Africa.

corridor area, a secondary corridor area, tertiary resource nodes and feeder links, and sub-corridors.

1.2: International trends in terms of borderlands developments

This study may be situated within the broader framework of what is known as “borderland studies”. The following section is based largely on a study by the Maputo Corridor Company entitled “Development options for the Southern African Borderlands, completed in 1998. It starts by quoting Clement: “recent changes in the structure of global economic and strategic relationships are dramatically transforming the functions of international borders and presenting new challenges and opportunities for cities-regions located near them” (1997:47). The major changes include the long-term tendency toward increased internationalisation of the world economy, including the General Agreement on Tariffs and Trade (GATT), and the International Monetary Fund (IMF). This was reinforced by the formation of regional trade blocs in Europe and North America. Second is the dissolution of the Soviet Union, and finally the emergence of supply side economics in the United States and Mexico’s debt crisis in the early 1980s which not only influenced North American economic policies, but provided added impetus to market-oriented, liberalisation, and privatisation policies throughout the globe (MCC1998:2).

The study argues that this new economy is driven increasingly by technological innovation and an open and competitive international economic environment. Businesses throughout the world are now experiencing changes in both structure (how they are organised) and function (how they do business). An important aspect of this process is that it is increasingly important for such firms to locate their research and development facilities in an environment that supports innovation while the production phases are located in lower cost locations throughout the world. Ganster argues that this provides new economic opportunities for regions that were previously condemned to the periphery. (1998: 5-6)

What the MCC study reveals is that despite their many differences, border regions throughout the world exhibit many similarities. Historically borders have operated as instruments for the maintenance of national sovereignty and for providing a space for the implementation of national policies. From an economic point of view, borders were used to regulate the entry of goods and services, and as a result of this ‘control’ function borders were often seen as an impediment to international trade and commerce. International borders are often the subject of dispute and often politically unsafe. This has led to the perception of these areas as high risk in terms of investment. According to the MCC study “this lack of investment has in turn hindered the development of economic activities in the borderlands” (1998:3). This viewpoint is borne out by the European Charter for Border and Cross Border Regions:the nation state developed as the predominant entity in the context of tensions between regions. Many of the new borders of these nation states, often as the result of wars, became ‘scars of history’ that cut through Europe’s historical landscapes with their regions and ethnic groups, whereas the latter never ceased to exist. The South African–Mozambique border area prior to 1994 is a classic example of this type of situation.

The lessons from Europe are informative. Two scenarios emerge. The first is where borders continue to function as objects of conflict with the related human tragedy, or as objects of peaceful cooperation “characterised by commitment to regional integration, trans-border cooperation, and the simplification of the border” (MCC:3). The MCC study points out that Africa is no different. Asiwaju argues that “Africa cannot respond effectively to current challenges without directly confronting the question of the borders of the nation-states, which have given rise to the need for regional integration in the first instance. There has to be a concerted effort at converting those borders from their prevailing postures as ramparts into a new function as bridges” (1998:3).

The MCC study points out that regional cooperation and integration could offer African nations distinct advantages in terms of the development of physical and social infrastructure, the

mobilisation and utilisation of scarce human and financial resources, and potentially put African nations in a stronger bargaining position. However, they concede that Africa's past record with regional economic integration is not particularly good. As Barkindo pointed out in the early 1990s: "Africa's problem does not lie in fashioning well-articulated treaties or agreements but in mastering the political will to implement them. Africa's record in regional and sub-regional cooperation and integration is illusionary" (1993:21).

The emergence of borderlands development has much to do with the currency of neo-liberal economic theory, especially the emphasis on open borders, unrestricted trade and export orientation. The MCC study supports this view by arguing that with the growing acceptance of free market policies the new borderless global economic environment is now eroding the previous functions of borders and opening up new options for the development of border regions. More contentious is their assertion that many border regions that have traditionally been regarded as part of the economic periphery may be able to attract new investment and socio-economic development. The reasons they give is that such locations could be attractive to transnational corporations since they are relatively low cost locations, particularly in terms of labour, and environmental regulations. In keeping with other studies such as those of the International Division of Labour theorists they point out that these factors will not on their own guarantee future economic activity. Other key determinants that will favour certain border regions and/or cities in the new economy include a diverse economic base, a well trained work force, links with research institutions, modern telecommunications and transport facilities, and a functioning system of trans-border cooperation. Unfortunately it is precisely these commodities that are in short supply in most peripheral borderland locations. Clement notes that it would be incorrect to conclude that, because of these new conditions, economic development for border regions is now assured... many border regions are likely to continue to remain in the periphery, both geographically and economically (1998:3).

The MCC study suggests that under the correct circumstances, a number of changes potentially occur: *Firstly*, increased trans-border flows of trade, investment and labour. *Secondly*, changes in the level and structure of trade, investment, output, consumption and employment. *Thirdly*, changes in the location of economic activities. In the U.S.-Mexican case, which is highly relevant for the South African-Mozambique scenario, high technology skills coupled with investment capital tend to be located on the U.S. side of the border, while relatively low wages, a large labour pool, and quick access to U.S. and Canadian markets are found on the Mexican side of the border. With Ganster, they argue that if these factors are taken together, they can constitute a competitive advantage for the border region in the global economy, relative to interior parts of Mexico or of the United States (1998:4).

Ganster's research found that in many localities international borderlands cooperation efforts are sub-national and/or local development initiatives. He found that residents of areas adjacent to international borders that were formerly isolated, under populated and poor are in many cases searching for development policies that often include collaboration with localities on the other side (1998:4). The MCC study contends that within an African context similar trends exist, and economic cooperation at the intergovernmental level normally results, according to Asiwaju, from the formalisation of the informal network of relations that have existed for decades and, in some cases, centuries at the level of communities or cultural areas astride bi-national boundaries. Asiwaju maintains that such communities have suffered more than their counterparts in other sub-national areas from the obstructionist effects of borders; they are, therefore, better situated to appreciate the value of trans-boundary socio-economic planning and development (in MCC study 1998:4). Certainly the Southern African Regional Development Corridors and Spatial Development Initiatives program is based on this premise:

...the selected regional corridors are not new creations. In all cases there is a particular emphasis placed on the rehabilitation and/or expansion of existing transportation and economic infrastructure, and on enhancing the operational efficiency and effectiveness (SATCC Vol 12001:2)

The MCC study contends that the increasingly dominant role of local and sub-regional players as opposed to central government authorities is one of the effects of the global economy. They argue that the so-called new economy, heavily influenced by conservative neo-liberal ideology that stresses the benefit of market mechanisms, has also meant a diminished role for the central state in generating employment and economic growth. Thus, as is the case in South Africa at present, devolution of powers has meant that local/regional governments are increasingly forced to accept more responsibility for the economic development of their own jurisdictions.

Case study: Impact of Ressano Garcia/Komatipoort borderlands area

Ressano Garcia and Komatipoort are towns that straddle the border between Mozambique and South Africa. Both are small, 8500 inhabitants in the former and 12 500 in the latter. The MDC runs through the towns and the border post lies between them.

The population of Komatipoort is growing at a rate of 5% per annum, substantially higher than the national and provincial average. Local authorities ascribe this to real and perceived economic growth and employment opportunities in the area. The demand for commercial and residential land has increased by 50 % over the last few years. Within the town growth is being driven by anticipated tourism, commercial and industrial developments. Many Mozambicans drive from Maputo and Matola to do their shopping here and in Nelspruit. It is estimated that they spend over \$20 US per month.

Ressano Garcia by contrast continues to be depressed. Unemployment is estimated at 80%. Local infrastructure development is limited and water and sanitation are a problem. It is estimated that over 100 vans cross the border from Ressano Garcia a day. The flow of trade is one way. Many skilled Mozambicans who are prepared to work for lower wages than South Africans enter the country illegally every day.

The increased flow of traffic and people is placing increased strain on the existing physical and social infrastructure in both towns. (Source: De Beer et al 2001:64-65)

2: ANALYSIS OF THE MAPUTO DEVELOPMENT CORRIDOR

2.1 The MDC: A Spatial Development Initiative

Lefakane (1999:1) sees the SDI program as an attempt by the government of South Africa to engender sustainable economic development and attract investment. He argues that the rationale for these strategies is to stimulate “global competitiveness, job creation, infrastructural development and socio-economic upliftment”. The aim of the SDI program is to “identify areas with potential for substantial economic growth and to unlock this potential with a combination of government and private investment in both infrastructure and projects” (Ibid). The SDI program started off as an interdepartmental investment strategy led by the national Department of Transport (DoT) (later the Department of Trade & Industry (DTI)) and involved strategic initiatives by government aimed at: crowding in of investment; public-private partnerships (PPPs); inherent economic potential; rapid planning and delivery; restructuring the ‘apartheid’ space economy; generating sustainable employment; maximizing private sector investment and exploiting South Africa’s under-utilized locational and economic advantages.

An important stated objective is the economic empowerment of the apartheid-disadvantaged through the impact of new investments on the development of the small, medium and micro-enterprises (SMME) economy. Finally, the exploitation of under-utilized local resources in SDI

areas that might provide the basis for modern industries and export-orientated growth, are touted as an objective (Crush and Rogerson 2001:86).

Another aspect of the SDI program that is worth mentioning is the concept of Industrial Development Zones (IDZs). This is defined as “a specialized industrial area within a SDI” (Lefakane 1999:2). IDZs are based on best practice internationally. This involves a change from traditional Export Processing Zone strategies with their enclave status to the development of zones with a closer integration with the local productive sector. Lefakane, quoting a source in the Department of Trade & Industry (DTI), states that the South African government believes that shifts in the international economy have changed the nature of global production in such a way that investors now seek a very different set of advantages than mere wage and other regulatory discounts. They now seek an advantage in the speed, quality and cost of production in a continually innovating business and manufacturing environment. International development zone strategy has shifted in response to these changes in global production, from a mere processing for export activity to strategies aimed at integrated manufacturing activity (1999:2).

Crush and Rogerson (2001:86) point out that in 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”. De Beer et al state that the approach is increasingly being pursued by the members of the Southern African Development Community (SADC) “as a priority policy and strategy for the promotion of development corridors (based on the rehabilitated regional transportation routes) and to a lesser extent in the context of certain resource rich areas that the participating governments believe have a high inherent but as yet under-utilised development potential for mining and related processing activities, and for tourism and agriculturally led development”.

The SDI approach being pursued within the SADC region is an attempt to develop a more competitive regional economy, in the fashion of the European Union, within the global economy. Member states share a number of common socio-economic problems. Foremost of these is the need to increase the rate of economic growth and employment creation. In addition there is the need to develop the regional economy in a way that would make it more diversified, stronger, and internationally competitive. Priority is being given to the creation of sustainable low-cost employment and the identification and development of viable business opportunities for small and medium scale entrepreneurs (De Beer et al. 2001:1).

Nowhere within the SADC/COMESA approach are the institutional implications for sustainable partnerships with local communities spelt out. In fact in Volume 1 of the SATCC document setting out an overview of Southern African Regional Development Corridors and Spatial Development Initiatives, no mention is made of local communities – the focus being primarily on transport investment opportunities and project profiles.

It is difficult to state categorically that the MDC has acted as a catalyst for development, that many of the investments in Mpumalanga and southern Mozambique associated with the MDC would not have happened anyway. As David Arkwright MDC SDI Project Manager in the early 2000s said: “Much of the investment may have taken place without the intervention of a special investment promotion initiative such as the MDC. However, there can be no doubt that the processes instituted by the initiative have significantly influenced not only the logistics of the region; but also the overall attractiveness of the area for investment” (DBSA 2000:6). The MDC was a nationally driven infrastructure and investment program with a narrow focus and an emphasis on speed of implementation, aptly symbolized by its most visible product, the humming tarmac of the N4 toll road.

A report on the MDC completed in November 2000 sets out the nature of the process:

The vision of the initiative is to achieve accelerated rehabilitation of the core transport infrastructure through public/private partnerships, thereby opening up

un-and underutilized economic opportunity. Underlying this vision is the desire to see this initiative contribute to other key policy areas, notably regional economic integration, international competitiveness, and a broadening of the ownership base in the economy of the corridor. The planning process adopted reflected the unique elements of the MDC, namely its transnational character, the short time frame, and the project driven approach (Mbenyane 2000:4).

It is clear that the SDI program (and by definition the MDC) has undergone conceptual changes from when it was first mooted in 1995. Initially it was conceived as primarily an investment mobilisation initiative rather than a comprehensive development approach (De Beer et al 2001:9). Further changes occurred when the SDI process was adopted by SADC, with the emphasis on transforming transport-based corridors into “multi-sectoral economic development corridors” combined with the “planning and investor mobilisation approach embodied in SDIs” (SATTTC Vol. 1, 2001:20). Within South Africa there was also pressure to make the SDI program part of a “broader and formal development approach”, pressure that resulted in the SDI process being enhanced by the “addition of industrial cluster processes as a mechanism to overcome SDI shortcomings” (De Beer et al. 2001:9). Academics and researchers were especially critical of “the speed at which the processes were pushed, the top-down (nature of the) process without participation, the focus on resource-based mega projects ... and the fact that the SDI program was not acknowledging the important issues variously referred to as ‘social capital’, ‘institutional capacity’, or ‘rules of the game’ ” (Ibid: 9).

From the Mozambique side the emphasis was primarily on the “flow of goods and services” between itself and South Africa, the upgrading of the Maputo harbour and the establishment of the Mozal aluminium smelter and the proposed Maputo iron and steel plant. The Mozambican Minister of Transport and Communications, Mr Paulo Muxanga described the MDC as follows:

Corridor development must, of course, work in all directions, and we look forward to developing with our neighbours strong ties that promote multilateral trade, maximize the use of our port and rail facilities and encourage cross-border joint venture investments (Muxanga in Carlson 1997:3).

The original importance given to infrastructure and investment was in no small part due to the fact that the process was conceived of and driven by the transport ministries of the two countries, then subsequently (in South Africa) by the Department of Trade and Industry when the larger SDI program came into being.

In 1995 the department of Transport established a technical team drawn from the Development Bank of South Africa (DBSA), the Industrial Development Corporation (IDC) and the Council for Scientific and Industrial Research (CSIR) that worked with an inter-departmental committee at national government level. Mozambique developed a similar inter-departmental working committee, but drew on consultants for the technical work and interface with South Africa. Not much has changed in the new millennium. The current driver of the MDC, the Maputo Corridor Logistics Initiative (MCLI) is primarily focused on logistic issues, on improving the efficiency of the MDC as a transport import/export corridor².

In spite of the nationally driven and infrastructure and investment focus of the MDC, there has been some effort to integrate it with provincial and local development planning initiatives. There was on the South African side an attempt to involve the provincial government, albeit at a technical level, in the MDC process. In 1996 the Department of Transport assisted in establishing a technical unit in Mpumalanga, providing funding for a technical support program. Mozambique did not pursue a similar process. The Northern Province (now Limpopo) became involved through a forum known as the Joint Technical Committee. The forum allowed the national departments to inform provinces about the processes and about the progress. The establishment of the Maputo

² Interview, Brenda Horne, Nelspruit, April 6, 2006.

Corridor Company (MCC) in mid 1997 gave additional impetus to involving local government and disadvantaged communities. This will be discussed in more detail below.

However, the real business of the corridor as an investment and infrastructure initiative continued to dominate as its *modus operandi*. At the same time, as the MCC was set up the broader SDI program, both within South Africa and within SADC was taking off. This coincided with the shift of the program from the Department of Transport in South Africa to the Department of Trade and Industry (mid 1997). The Department of Trade and Industry in developing a centralised administrative, financial and technical support capacity, based at the DBSA, took “a hard line and non-negotiable stand on the planning of SDI projects, particularly when it comes to issues of grassroots participation, given the fast-track nature of the SDI process” (Schneider 2000:9). Clearly, no direct attempt was made to create local capacity to manage the process or to involve the broader community. Mozambique set up a dedicated unit to manage each of their corridors, as well as a centralised technical support in the Department of Transport and Communications for all of them. However, Soderbaum and Taylor (2004) point out that the Maputo Corridor Unit in the department is not really functioning effectively and is battling with inadequate resources.

2.2 The Maputo Corridor Company

In 1997 South Africa and Mozambique agreed to establish the Maputo Corridor Company (MCC) as a facilitating entity, comprising the public and private sectors of South Africa, Mozambique and immediate SADC neighbours. The MCC did not develop as originally planned but became instead a largely public sector driven facilitating process - based mainly but not exclusively on the South African side of the initiative after Mozambique decided not to participate in the exercise. It seems that there was a difference in approach between Mozambique and South Africa as to the purpose of the MCC. For South Africa, with an initial R1.2 million startup committed to the company, the purpose was “a three year program of training and investment promotion”. According to the deputy CEO (in 1997), David Arkwright:

Some of this activity will be purely facilitative, such as working with Trac. In other cases we will commit funds to specific activities. For example, senior management training and training in public finance for Mozambique and Mpumalanga government officials (Carlson 1997:59).

Mozambique on the other hand saw its role as working with the private sector in promoting investment. This sentiment is expressed clearly by Minister Muxanga: “It will be important for the private sector to feel that the MCC is their thing ... right now we need the visibility and leadership of a corridor company” (Ibid: 59).

Although there had previously been general references to participatory community-based development projects and to gender issues (MDC Interim Coordinating Committee 1996:64), this aspect had never really been part of the SDI MDC process.

With the establishment of the MCC and the appointment of David Arkwright as deputy CEO (Mozambique was supposed to appoint the CEO) the MDC for the first time articulated a specific commitment to integrated development, participation and disadvantaged communities. Arkwright expressed this through three objectives (apart from the aforementioned ones of infrastructure development and private investment), i.e.:

- To ensure that the development impact of the investment is maximized, particularly for disadvantaged communities, and;
- To ensure sustainability by developing policy, strategies and frameworks encompassing a holistic, participatory and integrated approach to development (DBSA 2000:6); and

- Building institutional structures and programs in support of long-term sustainability for the initiative (Mbenyane 2000:2; De Beer et al. 2001:76).

The MCC initiated a number of projects. These included:

- A Public Sector Support Program. After the departure of Premier Mathews Posa (Mpumalanga), this program was put under a new head in the DTI, a Mr B. Sibisi.
- Policy Research and Capacity Building Program with funding from DFID of R2, 594 million. This comprised an applied research, pilot project and applied training program that ran on both sides of the border from the beginning of 1998 to the middle of 1999. However, it appears that because of possible disagreement between MCC and SDI leadership in South Africa, DFID funding was withdrawn.
- Assisting with the setting up of the Borderlands Committee. This committee involved Mpumalanga, Mozambique and Swaziland. KwaZulu-Natal is also involved in the broader initiative. This is an ambitious attempt to set up a tourist-driven trans-national project that involves a bio-diversity corridor, the Songimvelo Circle and the Royal Route stretching from Barbeton in Mpumalanga, through Swaziland, Mozambique right down to Richards Bay in KwaZulu-Natal. It includes the Lembombo SDI that is now virtually part of the MDC. An interesting aspect for this study is that this initiative involved the beginnings of cross-border collaboration (Barberton, Badplaas, Bulembu, Pigs Peak, Mananga. and Namaacha).
- Support to the Mpumalanga Management Centre (MMC), which under the leadership of Professor Christo de Coning, with the support of the Mpumalanga government and the University of the Witwatersrand's Graduate School of Public and Development Management, aimed to develop management skills to run government more efficiently and to facilitate development along the MDC. Courses included a Master's degree in Public and Development Management, a six-month program for senior government managers, an 8-month management course specifically designed to meet the needs of public servants involved in MDC projects, and sector specific courses. These courses were attended by both Mpumalanga and Mozambique government officials, giving them a good opportunity to develop cross-border ties.
- Commissioned research on "borderlands" and asymmetric economies by researchers from the United States of America - research that has contributed to a better understanding of the problems and promises of cross-border collaboration.
- An attempt by the MCC leadership to move the MCC in the direction of a Trans-border institute. It seems that stronger political will was needed from both South African national departments and the Mpumalanga government for such a venture to materialise. The MCC closed down in the early 2000s.

2.3 The Role of the Provinces and Local Government

The Mpumalanga Provincial inter-departmental Technical Committee, established in 1996, developed a comprehensive program to make possible a number of projects aimed at maximizing development opportunities along the corridor. These projects were aimed at the province's key economic sectors and with a focus on disadvantaged communities. These projects include:

- A strategic environmental management plan;
- A capacity building in local governments program with a focus on local economic development involving 23/26 local authorities;
- A small, medium and micro enterprises (SMMEs) study by the Bureau of Market Research at UNISA to assist the Mpumalanga government to ensure optimum participation of SMMEs in business opportunities emanating from the MDC initiative; and

- The development of private sector investment packages in tourism and agriculture.

The Provincial Technical Committee continued through to the beginning of 2000, when it was decided to transfer the South African SDIs to the provinces “for further development” (DBSA 2000:2). As Dr Miriam Altman put it: “SDIs are a spatial development program, introduced by national government. The idea had always been to “hand over” the program to the regions. Hence, local and regional capacity would be essential to the sustainability of SDI initiatives” (Ibid 65). Mpumalanga scrapped its original inter-departmental structure, the Provincial Technical Committee, and set up a full time Dedicated Project Unit (DPU) in government. With the growth of the Corridor the Technical Committee had become bloated and it lost its focus. It had completed its original mandate of policy formation and the supervision of research work into local economic development. Through this process a number of anchor projects had been identified.

The DPU was formed following a Cabinet Memorandum that required a total number of twelve members seconded from relevant departments. The idea was that these people would be provided with training that would enable them to deal with the packaging of projects in totality. The institutional arrangements were not well worked out, mainly due to the uncertainty surrounding the conditions of service for those seconded to the DPU. This has resulted in very few members moving to the unit.

This incapacity of the DPU was largely as a result of a need for stronger political will on the part of the provincial government since the second election when Mathews Posa, the first Premier, was replaced by Ndaweni Mahlangu. Posa, who had been in exile in Mozambique during the apartheid era, was a major supporter of the MDC and his personal connections in Mozambique were invaluable in establishing and maintaining cordial relationships to speed up the process. It is common currency in Mpumalanga that after his election Mahlangu had a rather modest impact on the project. In this regard Schneider (2000:4) concludes that Mahlangu’s infamous statement that it is sometimes acceptable for a politician to lie “poured scorn on a province which needs good governance to raise its image as one of Africa’s most desirable investment destinations”. In addition, it seems that competence and support for the MDC declined, and subsequently there has been a lack of interest and vision in regional integration on the part of government (Ibid: 4). This was confirmed by many of the people I interviewed in 2002 as part of an ongoing research process leading to this study.³

2.4 Private sector initiatives post MCC

By 2003 the closure of the Maputo Corridor Company and the lack of governmental support for the project had led to problems developing in a number of areas. These impediments to increased cross-border trade and investment were identified by the Lowveld Chamber of Business and Tourism (LCBT) (LCBT 2003:3) to be in seven main areas: the border post, rail and road links, visa requirements, port/harbour infrastructure in Maputo, cross-border trade and investment between Mpumalanga and southern Mozambique, lack of socio-economic development of communities along the MDC, and the lack of promotion of tourism and investment in the region. Concern over the lack of progress in tackling these problems led to a “stakeholders forum” being convened at the end of 2003, at which meeting the LCBT presented a draft business plan to set motion plans to work towards eliminating these perceived bottlenecks and to set up what it called the Maputo Corridor Initiative (MCI) (Mommen 2004:1). The objective of this initiative was to open up the trade, transport, tourism and export route between Maputo and Southern Mozambique and the Mpumalanga lowveld (LCBT 2003:2). These “stakeholders” met again early in 2004 at a workshop to consider the LCBT business plan, to give substance to the problem areas outlined above and to agree on a methodology and process to take the initiative forward (Mommen 2004:1).

³ Interviews with David Arkwright, ex-MCC; Ettiene Garnett-Bennet, Lowveld Info editor, Lidia Pretorius, LED and tourism Councillor - Mbombela Municipality, Kirsten Walker, Mpumalanga Tourism Authority, Nelspruit, 24 January 2002.

At present the promotion and development of the corridor has become largely the preserve of the Maputo Corridor Logistics Initiative (MCLI), which although billed as being "...established in the true spirit of public-private partnership" (MCTK, 2004:24), was originally funded by and established by private infrastructure investors, service providers and other MDC users from South Africa and Mozambique to promote and develop the MDC. The driving force behind this initiative is Brenda Horne, formerly Logistics Manager for the Manganese Metal Company, now the Chief Executive of the MCLI. The MCLI has two strategic objectives (MCTK 2004: 25):

- To coordinate the views of service providers and users of the Maputo Corridor and to promote development and change in order to make the Corridor the first choice for the regions importers and exporters;
- To market the strategic benefits and opportunities offered by the Corridor.

The focus of the MCLI is primarily to make the MDC a cost effective and efficient transport route. According to Brenda Horne the prime areas of concern are the lack of capacity of the Komatipoort/Lebombo border post and the Maputo harbour, and the fact that the railway line is primarily geared towards the transportation of coal.⁴

2.5 Mozambique and Maputo Province

In Mozambique the arrangements appeared to be more *ad hoc*. In 1997 Minister Muxunga outlined plans to bring the Maputo Province structures into the MDC process in a support role, with responsibility for small projects at provincial level, and for the first stages of environmental impact assessments (EIAs). A special publication on the MDC reports that a considerable amount of training and dialogue was needed to make this a reality. A meeting at provincial headquarters in Matola of district administrators revealed the need for intensive training and the establishment of guidelines and responsibilities to bring the provinces more fully into the process.

Part of the problem is the dual system of the mixture of decentralised and centralised structures of government, and the lack of coordination between the devolved city municipalities and the deconcentrated provincial/district government. Mr. Victor Antonio, the Head of the Department of Planning and International Cooperation in the Ministry of State Administration, states that one of the many issues deserving attention is the misunderstanding between the municipalities and the state organs at various levels.⁵ At the same time, Mr. Paulo Tarmamade, the MDC Project Manager in Mozambique, is of the same opinion:

The provincial level in Mozambique does not have the same autonomy as the provinces do in South Africa. Policy is defined at the central level. There is a need for harmonization. There is no consensus at local level, and people do not have the means to implement projects at a local level.⁶

The majority of the initiatives to promote investment and small business opportunities in Mozambique have thus occurred at a national level, mostly in collaboration with the South African national government or with the Mpumalanga provincial government. Three initiatives are illustrative:

- The Mozambique investment promotion centre (CPI) has entered into a partnership with South Africa's Department of Trade and Industry (DTI). The DTI will work with Mozambique to attain international industrial accreditation standards. In turn CPI will facilitate partnerships between Mozambique and South African companies to set up supply and service industries for the Mozal aluminium plant in Matola. Two to three hundred small business opportunities have been identified, mainly upstream of production, as virtually all production has been sold

⁴ Interview, Nelspruit, April 6, 2006.

⁵ Interview, Maputo, 8 February 2002.

⁶ Interview with Mr. Paulo Tarmamade, MDC Project Manager along with Ms. Francisca Soares, Director, Department of Transport and Communications, Maputo, 8 February 2002.

forward into the market. A support program set up by CPI, Mozal and the Africa Project Development Facility (APDF) will develop work packages, training and mentorship to support local entrepreneurs in Mozambique (De Beer et al 2001:63).

- The Mpumalanga Investment Initiative (MII) signed a five-year agreement, that may be extended, to work together to promote investment opportunities.
- The Mozambique government has agreed to work with the Mpumalanga Department of Economic Affairs to develop the “cluster” process in the South African province, where they could possibly be developed on a regional basis. The cluster process is designed to develop industries that will add value locally to primary products produced in the province. Mpumalanga has started cluster developments in stainless steel, tourism, wool, forestry and in the agricultural sector.

As has been pointed out above, it is difficult to say with certainty which developments in Mpumalanga and Mozambique occurred as a result of the MDC or whether they would have occurred anyway as a natural outcome of the end of apartheid and the civil war in Mozambique. However, there are some initiatives, such as the MCC and TRAC, which were/are an integral part of the MDC.

2.6 Trans African Concessions

The governments of South Africa and Mozambique, as part of the SDI commitment to encouraging private investment in infrastructure provision, decided that the reconstruction of the Witbank - Maputo road (N4 Toll road) should be realized as a build-operate-transfer (BOT) concession. They awarded the 30-year concession to Trans African Concession (Trac) in 1997, with a total anticipated investment of US \$ 250 million. The projects contribution to SMME development (710 contracts in construction to a value of US \$ 35 million), to job creation (approximately 5000 permanent, temporary and casual) and to training (some 8500 people through various training programs to date) has already been significant (SATCC 2001:24; Mbenyane 2000:5).

There have been a number of criticisms with regard to the development (training) centres at Matsulu and Machadodorp, as well as the Trac SMME process in general. The two development centers trained local people both in technical and life skills. In fulfilling the requirement on black empowerment, TRAC appointed Silulu Investment, an empowerment company to assist the SMME contractors financially and with technical backup. They also set up the Mpumalanga Trust which was to benefit local communities from a portion of the profits of the toll fees.

Mbenyane argues that the centers were only set up once the road construction was already underway. The training program was discontinued at the end of 2000 (at the end of the construction term). In line with the general lack of support from the Mpumalanga government for the MDC at present, there is no certainty on how these facilities will be used by the provincial department that has inherited them. According to Lydia Pretorius, the Mbombela Municipality Councillor for LED and Tourism in the early 2000s, the training centers had very little directly to do with the MDC. People learnt skills such as welding, carpentry, baking: “it was mainly a social responsibility initiative”.⁷

Trac was also required to award up to 20% of the value of work to SMMEs. This work was divided into about 710 manageable work packages of which only about 20% went to women contractors.

⁷ Interview Lydia Pretorius, Mbombela Municipality Councillor, Nelspruit, 24 January 2002.

The National Gender Commission has completed a study that is very critical of the lack of benefit to women. Due to the speed of implementation of the building of the road, SMME contracts were mainly on guardrails, kerbing, channeling, road signs, road marking and cleaning.

A promised socio-economic impact study on the local community in the vicinity of the toll road, that was to be financed by the DTI, took a long time to materialize. Justice Mbenyane, the Provincial MDC Project Manager points out that the issue of maintenance work has to be followed up at a political level as "hundreds of jobs would emerge from this as well as the empowerment process could be strengthened" (2000:4). The project has, because of its top-down implementation and the fact that it benefits certain areas and communities more than others, resulted in a number of concerns from communities down its length.

The success of the stated objectives is difficult to assess accurately as opinions vary not only between insiders and outsiders, but also between those further away from the centre of the MDC project, for example people in Witbank and Middleburg, and those close to the centre ie. the Nelspruit/Maputo axis. There is a marked difference between official publications promoting the Corridor and the opinions of local government officials who feel that the project has largely passed them by. Issues of concern include constitutionality, toll fees, affordability and impact on the local economy. This is not surprising, given that it is the first true public private partnership on a road in South Africa and Mozambique.

2.7 Cross-border Initiatives between National, Provincial and Local Governments

Mbenyane (2000) points out that the MDC has produced two areas of constitutional uncertainty. The first relates to national versus provincial competencies and the associated legal frameworks, capacities and resources. The essence of the issue is that the MDC international profile often requires the province, and in some cases local municipalities, to operate or respond in areas beyond their constitutional capacity.

The second relates to transboundary relations between Mpumalanga Province, Swaziland and Mozambique. Mpumalanga is required to deal across international borders on many day-to-day issues, but without sufficient mandate or capacity. Mbenyane (Ibid) further argues that this situation is common to other border regions in the world, and that most have gone through similar periods of tension on these issues. International best practice suggests that transboundary dynamics in a globalising situation are better handled at a sub-national level - but obviously with the requisite mandate, capacity and resources.

In spite of these limitations a number of cross-border initiatives at provincial and local government level have occurred. Most of these attempts at regional cooperation have been tentative and of recent origin, but mark an important step in the direction of more fully-fledged integration for economic development. The following initiatives, ranging from national down to local, are some examples of the type of interaction that has/is happening.

2.6.1 National

The national governments of South Africa and Mozambique have in place a high level regular bilateral to discuss issues pertaining to key projects related to the MDC and related issues. There is also a General Agreement of Cooperation between the Republic of South Africa and the Government of the Republic of Mozambique for the establishment of a permanent Joint Commission for Cooperation between the two states. The latter has been established. A number of Sectoral Agreements are in place. The Presidents of the two countries also meet regularly to discuss issues of mutual interest in the region.

2.6.2 Provincial

A Memorandum of Understanding (MOU) was signed in November 2001 between Mpumalanga Province and the Province of Maputo. It replaces an older MOU signed in 1995 between the Eastern Transvaal Province and Maputo Province. This MOU has a number of articles covering objectives, areas of cooperation, the establishment of a Joint Provincial Committee, including its constitution and functioning, meetings between the Governor and the Premier, financial arrangements, liaison and the status of the MOU. The objectives are:

- a) Developing a joint effort in order to enhance the economic potential of the Maputo Development Corridor;
- b) Maximizing the investment opportunities on the Maputo Development Corridor itself as well as in other areas within the two Provinces, through the creation of an enabling environment that promotes and encourages partnerships between investors of both Provinces;
- c) Promoting and encouraging capacity building of Provincial Government Institutions through exchange Programs, Private Sector Organizations, Non-Governmental Organisations, Associations and Communities within both Provinces.

Article 2, which discusses areas of cooperation, states:

1. The Parties agree to prepare mutual co-operation programs comprising not only, but mainly, the promotion of Small, Medium and Micro Enterprises (SMME) within the two Provinces, in the following areas: transportation, environmental conservation and tourism development, agriculture, cattle-breeding, forestry and wild fauna, trade and industry.
2. Other principal areas of co-operation between the Parties shall be in the fields of provision of health services, HIV/AIDS, education, culture and sports, public administration and water management.

The Joint Provincial Committee is responsible for the “development, harmonization and monitoring” of the action plans in Article 2 above. The Joint Provincial Committee consists of two delegations representing the respective Parties to the agreement, as well as the Project Managers of the Maputo Development Corridor. Each delegation consists of not more than five members, as well as an alternate for each of the delegates.

In terms of it’s functioning, the Joint Provincial Committee is supposed to meet quarterly with the venue alternating between the Province of Mpumalanga and the Province of Maputo, “or otherwise as may be agreed upon by the Parties”. The Head of the host delegation is responsible for chairing the meeting and is also responsible for all logistics and the preparation and timeous distribution of the agenda, the recording of proceedings as well as the distribution of minutes to both delegations. The Head of a delegation may co-opt any number of persons as advisers in order to assist his or her delegation in the performance of its functions. All decisions of the Joint Provincial Committee are taken on the basis of consensus, but in the event that they fail to do so, the matter under discussion is referred to the Parties by the Heads of the respective delegations for “further discussion and guidance” in order to reach consensus. In terms of the agreement the Premier and the Governor are to meet at least once a year in order to “evaluate the progress on the implementation of the cooperation program and to raise issues of common interest or mutual concern”. Costs will be borne and venue organized by the hosting party.

The agreement requires the Parties to consult each other in respect of specific implementation of projects and programs emanating from the Memorandum of Understanding. The Office of the Governor of the Province of Maputo and the Office of the Premier of the Province of Mpumalanga, act as Liaison Offices in respect of the implementation of the understanding.

2.6.3 Local Government

Cooperation has occurred between municipalities both within Mpumalanga (on a limited scale and with little success), as well as between municipalities in Mozambique and Mpumalanga. Some examples have already been mentioned, such as the Borderlands initiative centered around Barberton. The following examples are pertinent:

Matola Municipality and Mbombela Municipality

A more positive example of cooperation between Local Municipalities in South Africa and Mozambique is the “Memorandum of Agreement of Cooperation” signed between Mbombela Local Municipality (Nelspruit) and the Municipal Council of Matola (the town adjacent to Maputo and site of the Mozal aluminium smelter) in February 2002. The fairly simple agreement notes the geographical proximity of the two municipalities, the friendly relations between the countries, the cultural links between the citizens and “the need for economic growth, the promotion of prosperity and health to address the challenges of poverty in both areas” and the economic potential presented by the MDC project. The agreement further promotes cooperation (sharing of information, experience and knowledge) in order to promote education and culture, youth and sport, health and environment, tourism and recreation, water and sanitation, economic development and urbanization, and the promotion of joint enterprises and ventures. Importantly, if perhaps a little understated, the agreement also commits the parties to working in partnership with local organizations to achieve their objectives.

AWEPA – Nkomazi District Municipality – Mozambique

In September 2001, a delegation of mayors and councillors from Mozambique met a delegation of the Nkomazi Municipality at Malelane Council Chambers. The Association of European Parliamentarians for Southern Africa (AWEPA) office in Maputo organized this exchange visit meeting. The main objectives of the meeting were:

- To exchange experience in areas of common interest on decentralization and municipal governance, between South African municipalities in Mpumalanga and Mozambican municipalities, around issues such as community participation, the relationship between municipalities, provincial and central government;
- Review the impact of decentralization and municipal governance on the development of local communities;
- Learn from each others development strategies, especially those “which can successfully and quickly improve the life and overcome difficulties of local communities”;
- To organise visits to relevant places where development has been successful;
- Discuss possible cooperation between South African Municipalities in Mpumalanga and Mozambican Municipalities; and
- Visit by the Mozambican councillors and mayors to the Provincial Association of Mpumalanga Municipalities.

It was also suggested that the Office of AWEPA in Pretoria be consulted to consider the possibility of assisting the Nkomazi Municipality to visit the municipalities in Mozambique on an exchange visit. The Acting Municipal Manager of Nkomazi was also requested to draw up a “letter of intent”

3: CONCLUSION

Conclusion

This study has revealed a number of positive and negative aspects of the implementation of the MDC and the level of involvement of provincial and local authorities. At face value the SDI process, of which the MDC is not only a part but also the prototype, was a top-down nationally

driven process primarily aimed at developing infrastructure and capital-intensive anchor projects with private investment. Local government on the other hand, in both South Africa and Mozambique, is undergoing what is clearly going to be a protracted restructuring process to implement complex processes of demarcation, decentralization, cooperative governance and integrated development planning/local economic development in a situation of chronic lack of both resources and capacity. While Mozambique has the advantage of a far less complex legal framework and implementation program than South Africa, it has greater problems in terms of the dual decentralised and centralised system, as well as a greater capacity problem.

A closer look however, at both the SDI program in general and the MDC in particular, shows that they have undergone considerable refinement since the early days of implementation, refinement that in the case of the latter reached its apex during the era of Premier Posa and the MCC under David Arkwright's leadership. The perception of all but those involved in the top-end of the investment process (Mpumalanga Investment Initiative and the Mozambique Investment Centre and the Mozambican Ministry of Transport and Communications) is that now that the toll road is complete the MDC is dead. This perception is particularly acute amongst those municipalities and communities at the western end of the corridor. The lack of political momentum in promoting the MDC and regional integration and the public perception of a provincial government tainted by the Premier's infamous statement that it is sometimes acceptable for a politician to lie, allowed an air of pessimism to creep in - even in the provincial capital. Under the present Premier, Thabang Makwetla, the project has once again been designated a "flagship project" intended to play a role in growing the provinces economy. This initiative has as its declared objective the implementation of industrial infrastructure projects, a freight logistics project,

These declarations of intent will have to be monitored to separate political spin doctoring from real implementation. In both South Africa and Mozambique, much exists on paper. Everywhere one goes, particularly in Nelspruit, wonderful glossy publications litter reception coffee tables. Reams of investment possibilities and mind-boggling projections of their worth in rand and dollar terms, are bandied about. These possibilities and fiscal projections are uncritically reproduced, often word for word, from MDC, SDI, SADC, right up into COMESA publications.

The benefits that have sprung from the MDC implementation process have been outlined in some detail above. These include the projects undertaken by the Mpumalanga Provincial Technical Committee, the MCC, Trac and others, as well as the increase in cross-border trade and tourists afforded by the new road. On the deficit side is the often voiced but as yet to be scientifically studied effect of the expensive toll fees on local communities and short distance tourism and commerce. At the 2002 unveiling of the Mpumalanga Integrated Spatial Framework (ISF), development planning officials from the Premier's office conceded that the MDC has had little impact on Mpumalanga towns to date.

With regard to local government, the MDC has made a nominal input into the LED planning process in Mpumalanga and provided the beginnings of an impetus towards regional cooperation and economic development integration. Some of the agreements between provincial and local authorities outlined above are of relevance here. However, it is not clear to what extent the MDC has been directly responsible for many of these initiatives. There is no doubt that it has, as David Arkwright put it, affected the logistics of the area significantly. The overall effect of the MDC on the municipalities along the way is basically to say that it may not have done anything for us materially (other than make it more expensive to travel along its route), but we'll use it anyway as a publicity measure to promote our town or area.

If the essence of the problems, promises and challenges as outlined above is extracted, it emerges that the main focus and achievement of the MDC has been infrastructure development (the toll road, the Maputo port, electricity and the railway line) and the Mozal aluminium smelter (large-scale capital intensive with limited employment). Due to the transformation process and lack of capacity, the involvement of provincial and local government and institutions of civil society in local economic development and poverty alleviation as part of the MDC has been

minimal; and a number of cooperation agreements have been signed between national, provincial and local governments across the border of the two countries.

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List of Interviewees

David Arkwright, deputy CEO of the Maputo Corridor Company and later Project Manager of the Mputo Development Corridor SDI.
Musi Skosana, Mpumalanga Investment Initiative.
Justice Mbenyane, Project Manager, MDC Mpumalanga Province.
Francisca Soares, Director, Department of Transport and Communication, Mozambique.
Paulo Tarmamade, Maputo Development Corridor Project Manager, Mozambique.
Ettiene Garnett-Bennet, Lowveld Info editor, Nelspruit.
Lidia Pretorius, LED and tourism Councillor Mbombela Municipality, Nelspruit.
Roelf Kotze, Deputy Municipal Manager, Mbombela Municipality, Nelspruit.
Kirsten Walker, Mpumalanga Tourism Authority, Nelspruit.

Victor Antonio, the Head of the Department of Planning and International Cooperation in the Ministry of State Administration, Maputo.
Paulo de Renzio, Program Officer, Governance Unit, UNDP office, Maputo. Eric Parker, Chief City Planner and Dean Jacobs, Senior Town Planner, Witbank Municipality.
H.S. Malesela, Chief Administrative Officer, Nkomala District Municipality, Middleburg.
Jonathan Mitchell, European Union, Pretoria.
Chico Mafolo, Chairman, National African Federated Chamber of Commerce (NAFCOC), Witbank.
Carlos Manyete, Foundation for Community Development, Maputo.
Brenda Horne, Chief Executive, Maputo Corridor Logistics Initiative, Nelspruit.
Barbara Mommen, Lowveld Chamber of Commerce and Tourism, Nelspruit
Professor Theresa Cruz de Silva, University Alfredo Mondlane, Maputo, Mozambique.
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