

# Pre-feasibility Study for Evaluating the Potential for Diversified Land Uses, including Wildlife in the Shambyu and Gciriku Small-Scale Commercial Farms in Kavango Region

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## List of Frequently Used Acronyms

DoF	Directorate of Forestry
FIT	Fully Independent Traveller
HRM	Holistic Range Management
HWC	Human Wildlife Conflict
KAZA	Kavango/Zambezi Transfrontier Conservation Area
LSU	Large Stock Unit
MET	Ministry of Environment and Tourism
MLR	Ministry of Lands and Resettlement

## Executive Summary

The Shambyu and Gciriku traditional authorities have allocated a large number of individual farms to local farmers on the land to the west of the Khaudum National Park in Kavango Region. The Ministry of Lands and Resettlement (MLR) has incorporated these farms into a scheme to allocate pieces of communal land under leasehold to individual farmers for small-scale commercial livestock farming. There are, however, a number of constraints to commercial livestock farming in this area which raise questions about the viability of the small scale commercial farming scheme.

Discussions with the Minister and senior officials in the Ministry of Lands and Resettlement indicated a willingness to consider alternative development scenarios for the allocated farms. The Minister gave approval for the following approach to be explored:

1. Mobilise the individual farmers to work collectively to manage the land for wildlife, in particular trophy hunting and possibly for high value species such as roan and sable.
2. In conjunction with wildlife, introduce a holistic range management programme that is based on sustainable range management practices such as grouping livestock in one large herd which has advantages for improved productivity through pasture management as well as preventing losses to predators and from theft.
3. Maintain a largely fence-free policy that will enable the movement of wildlife and the sustainable management of the rangeland for livestock.

This report is the result of a pre-feasibility study supported by the WWF Namibia Office carried out to explore the real potential of this approach and to ensure that there is sufficient support among the leaders and farmers, before any implementation is embarked upon. The findings and recommendations of this pre-feasibility study are as follows:

### General finding and recommendation

In general this study indicates that there are sufficient grounds for continuing to pursue the implementation of alternative development scenarios for the small-scale commercial farms in the Shambyu and Gciriku areas. There is potential for the development of holistic range management approaches to livestock farming that:

- Virtually eliminates HWC from predators and elephants.
- Allows good management of animals and rangeland
- Reduces infrastructure development and maintenance costs especially the costs associated with opening cut lines for fence construction and maintenance.
- Allows diversification options

The small-scale farms if operated conventionally are unlikely to be profitable. With improved production through holistic range management combined with wildlife as an additional land use, profitability should be increased. There is clear potential for trophy

hunting as an additional land use and game farming should also be viable. Although the reaction by farmers to the alternative development scenario was mixed we believe there is sufficient potential to try to work with a few farmers in an initial plot activity.

*Recommendation:* Identify a group of farmers in priority areas with which to explore the practicalities of joint management, and develop a draft agreement of how they might cooperate. Identify the resources/activities they wish to manage jointly. At the same time explore with them their preferred institutional arrangement (i.e. trust or company).

In addition, before implementation is undertaken the following issues need to be addressed:

- a) All of the 271 farms have been surveyed but few have been developed. The lack of fencing and boreholes on most farms provides opportunities for developing approaches such as unfenced holistic range management and wildlife utilisation options. Once fencing and boreholes are installed management and land-use options become limited. It will be much more difficult to diversify the farmers' economic activities through wildlife and tourism as land uses.

*Recommendation:* In order to ensure that options are not lost, agreement should be gained from the MLR and KfW regarding land use and land management on the farms and regarding the scheduling and nature of the provision of infrastructure.

- b) There are many people already living on the allocated farms. Before any development of the farms takes place, it is necessary to know who these people are and whether they will lose access to the land as a result of the allocation and development of the farms.

*Recommendation:* Before any implementation is carried out, a survey should be undertaken to identify existing occupiers of land, their relationship to the leaseholders, their means of making a living and the impacts on them of any development of the farms.

Specific findings and recommendations are summarised below:

### Holistic Range Management

- a) Holistic range management is an appropriate approach that could be implemented on the Gciriku and Shambyu small-scale farms. In order for this approach to be developed further, direct work with farmers on the ground needs to be carried out. The HRM approach has the potential to reduce overheads whilst increasing productivity as well as providing the necessary management approach that enables and promotes diversification of income options, which will be important in these remote areas. Various models may be trialled under various conditions.

*Recommendation:* A group of farmers should be identified who are interested in holistic range management and work should begin on land and infrastructure planning with the farmers and MLR.

## Wildlife

- a) The area to the west of Khaudum National Park bounded by the regional border in the south, the Samagayi-Gayi to Xeidang track to the west and the Khaudum omuramba to the north is a relatively undeveloped area that is the main area for trophy hunting and is an important wet season dispersal area for wildlife from the Khaudum National Park. Hunting is not viable in areas further west at current wildlife numbers.

*Recommendation:* Any plans to focus on trophy hunting and other forms of hunting should focus on this area close to Khaudum.

*Recommendation:* The implementation of HRM should be pursued here to mitigate negative wildlife impacts as well as improving productivity and profits.

- b) Based on existing data game farming with high value species is likely to be a viable additional business option in the focal area. However the most recent research done on the topic (2003) requires updating in light of extreme inflation in building costs, as well as escalation in interest rates, and the more remote location of the focal area. These factors stand to affect the minimum scale of operations required in terms of land, infrastructure, management, and initial wildlife populations etc.

*Recommendation:* That more detailed research be done on the financial feasibility of wildlife farming in this area.

- c) If game farming is developed, the siting of a fenced game farm must be carefully considered. A large game fenced area on the land immediately west of Khaudum could have negative impacts on wildlife movements and lead to conflicts if elephants try to access water points in the fenced area.

*Recommendation:* Careful planning must be carried out to ensure the compatibility of different forms of wildlife use including hunting, game farming and photographic tourism and that wildlife movement is not negatively affected.

## Forestry

- a) There is potential for the sustainable harvesting and sale of various forestry products. The harvesting and marketing of these products would also benefit from the economies of scale presented by cooperative management of large areas of land.

*Recommendation:* Forest products should be integrated into the management of the land and into business planning.

## Tourism

- a) Generally in the area covered by the small-scale farms, the tourism potential is low due to the fairly flat landscape, lack of large numbers of wildlife and difficult access. The area of best tourism potential is in the area immediately west of Khaudum west to the Samagayi-Ggayi to Xeidang track and north to the Khaudum omuramba. Further, tourism is increasing in surrounding areas and could be stimulated by the development of the KAZA TFCA.

*Recommendation:* The main form of tourism that should be pursued in the short-term is trophy hunting. However, remain open to any interest that might arise from a tourism investor. In the medium to long term remain open to new opportunities as tourism increases in the region.

## Potential institutional arrangements

- a) The most appropriate means for the small-scale farmers to obtain rights over wildlife would be as lessees of land in terms of the Nature Conservation Ordinance of 1975. In order to obtain commercial rights to use forest products, the farmers can either form a community forest or carry out joint management in a cluster of farmers.

*Recommendation:* If a group of farmers wishes to engage in wildlife utilisation they should form a management institution similar to a freehold conservancy and pool their individual rights and resources.

- b) Opportunities exist for farmers that wish to collaborate to obtain commercial use rights over forest products. DoF would prefer groups of farmers to obtain rights and manage forest products jointly.

*Recommendation:* Farmers wishing to carry out joint land management should also obtain commercial use rights over forest products either through formation of a community forest or collaboration as a group of individuals to carry out an inventory of the forest resources on their land and develop a joint management plan.

- c) There are several options for a group of farmers to combine to operate a joint business including forming a business trust and company.

*Recommendation:* Once a group of farmers has been identified, they should explore the different business institutions and decide which would most appropriately fit their circumstances and intentions.

- d) The farmers will need to carefully work out the details of their cooperation and incorporate this into any business institution that they form.

*Recommendation:* As part of forming a wildlife management body such as conservancy, the farmers should agree on how they will manage the land and its resources cooperatively. These agreements should also be built into their business arrangements.

## 1. INTRODUCTION

### 1.1 Background to the report

The Shambyu and Gciriku traditional authorities have allocated a large number of individual farms to local farmers on the land to the west of the Khaudum National Park in Kavango Region. The Ministry of Lands and Resettlement (MLR) has incorporated these farms into a scheme to allocate pieces of communal land under leasehold to individual farmers for small-scale commercial livestock farming. There are, however, a number of constraints to commercial livestock farming in this area which raise questions about the viability of the small scale commercial farming scheme.

The soils are poor, grass production is low, and the area is subject to periodic drought. There are no paved or gravel roads and the deep Kalahari sands make travel difficult, even with a 4x4 vehicle. The costs of developing farms in this area will be high because of the need to put in roads, water points and fences. It will be costly and time consuming for the farmers, who mostly live elsewhere, to visit their farms regularly and to manage them adequately. The poison leaf plant (*Dichapetalum cymosum*), which is poisonous to livestock, is common in some parts of the area.

The development of the farms is also likely to lead to increased human-wildlife conflict (HWC) from elephants and predators. Much wildlife, particularly elephants, move out of the unfenced Khaudum National Park in the wet season and along the fossil drainage lines to the west where water collects in pans. The movement of ungulates will be halted by livestock fences and elephants will cause conflict with the farmers by breaking fences and damaging water points. Lions and hyenas are likely to prey on livestock. The development of the land into individual fenced farms will largely preclude the sustainable use of wildlife as a conservation mechanism and a means of generating income for farmers.

Recent discussions with the Minister and senior officials in the Ministry of Lands and Resettlement have indicated a willingness to consider alternative development scenarios for the allocated farms. The Minister has given approval for the following approach to be explored with the traditional authorities and the farmers to whom the farms have been allocated:

1. Mobilise the individual farmers to work collectively (in the same way as in a conservancy) to manage the land for wildlife, in particular trophy hunting and possibly for high value species such as roan and sable.

2. In conjunction with wildlife, introduce a holistic range management programme that is based on sustainable range management practices such as grouping livestock in one large herd which has advantages for improved productivity through pasture management as well as preventing losses to predators and from theft.
3. Maintain a largely fence-free policy that will enable the movement of wildlife and the sustainable management of the rangeland for livestock.

Initial discussions with traditional leaders and farmers to whom land has been allocated indicated interest in this approach and a willingness to explore such an alternative scenario. This report is the result of a pre-feasibility study supported by the WWF Namibia Office carried out to provide more in depth analysis to explore the real potential of this approach and to ensure that there is sufficient support among the leaders and farmers, before any implementation is embarked upon. The report assesses the level of interest in the approach by local farmers and considers the advantages and disadvantages of current and potential land uses. It provides initial assessments of the viability of the planned farming activities and game farming with high value species based on existing data. It also explores some of the institutional options for land management and for farmers to combine to run a joint business.

## 1.2 Methodology

A field trip was undertaken to Kavango from 14-17<sup>th</sup> January 2009 in order to discuss the approach with local stakeholders. A meeting was held in the Shambyu area on January 15<sup>th</sup> and in the Gciriku area on January 16<sup>th</sup>. Meetings were held in Rundu with officials from the Ministry of Lands and Resettlement, the Ministry of Agriculture, Water and Forestry and with the Regional Governor. The January field trip was also used to carry out an aerial reconnaissance of the farming area to assess current land use and settlement distribution.

Separate meetings were held in Windhoek with the Shambyu Chief and senior leaders to discuss the potential for holistic range management on the small scale commercial farms in the Gciriku area. Interviews were conducted with key informants regarding the tourism and wildlife potential of the farming areas. Background documents, including maps and recent aerial photographs of the area, relevant legislation, and tourism concession and hunting agreements, were reviewed. A review was also carried out of national tourism statistics, park entry statistics, and market research conducted in the focal area from 2003 and 2008. Existing data was used to assess the likely viability of the small-scale farms and to assess the potential viability of game farming. A full list of meetings held and persons consulted is contained as Annex 1.

## 2. PLANNED SMALL-SCALE FARMS AND EXISTING LAND USES

### 2.1 Status of Small-scale farms

The Land & Farming Committees of the two tribal authorities have demarcated 271 farms west of the Khaudum National Park, 41 of which lie in an area claimed by both authorities. Figure 1 provides an overview of the land uses in Kavango including the planned small-scale commercial farms in the Gciriku and Shambyu areas. All the new farms were originally planned to cover 5,000 hectares each. In planning the farms, both Land & Farming Committees took the southern, east-west border between Kavango Region and Otjozondjupa Region as a baseline, and then simply measured off 5 x 10 kilometre blocks of land progressively north from the baseline border. The farms have subsequently been reduced to 2 500 ha in size.

The Shambyu and Gciriku farms have been incorporated into the small-scale commercial farming scheme of the Ministry of Lands and Resettlement (MLR) which aims to provide rented land to individual farmers who wish to farm commercially within the communal land sector. Under this scheme the MLR undertakes to survey the farms and fund the provision of fencing and boreholes supported by the German Development Bank, KfW. So far all the farms in the Shambyu and Gciriku areas have been surveyed, 13 farms in the Shambyu area have been provided with boreholes and no farms have been provided with fencing. The aim is for each farm to have one borehole serving four water points. The MLR is planning to fence the 13 farms that have been provided with boreholes. In the Shambyu area 71 leases have been allocated. Leases were originally granted for 25 years but a change in policy in the MLR has resulted in more recent leases being given for 99 years. Farmers will be charged a rental of N\$8 000 a year. Currently they are charged N\$250 a year by the Traditional Authority. The farmers are mostly relatively well-off with other sources of income.

The reconnaissance flight over the focal area helped to confirm initial impressions that the farms are located in remote areas with little existing infrastructure, few existing tracks (particularly in the Shambyu farming area) and the farms will be difficult and costly to develop and operate. The flight showed that there has been little development of most of the farms to date. The area consists of deep Kalahari sands with inter dune streets which in some cases form drainage lines known as omurambas. Crop farming takes place on the better soils of these omurambas mainly with dryland crops such as mahango, sorghum, and melons and some maize. Close to Khaudum National Park elephant trails to standing water in the omurambas were evident.

## 2.2 Viability of small-scale commercial farming

GTZ carried out a financial and economic analysis of different land-based development schemes in Namibia, including small-scale commercial farming with livestock (Schuh *et al* 2006). They developed financial and economic models based partly on interviews with farmers on the surveyed Mangetti farms in the Oshikoto Region. The study identified three different production scenarios based on information from farmers:

- a) Low: Where calves born per cow per year is slightly higher than in the communal areas, but remains very low (0.5). Male offspring are kept a long time (four years or even longer) until they are sold (usually when money is needed for exceptional expenses) and so the prices obtained are very low.
- b) Medium: Due to supplementary feeding and health care measures, these farmers achieve a calving rate of about 60% (on average 0.6 calves per cow per year). However, supplementary feeding and health care measures are still below recommended levels. Male offspring are sold sooner than in the low production category, but are still too old to reach higher prices.
- c) High: This category represents a hypothetical scenario under optimal management and inputs. The calving rate is assumed to be 70% and the selling age of male offspring is only 18 months which leads to higher meat prices (better grade).

The study found that individual cattle farming on a low or medium productivity level can only be financially and economically viable where carrying capacity is less than 10 ha per Large Stock Unit (LSU). For less favourable areas, production and marketing strategies should be improved to secure profitability (high level productivity). If carrying capacity is 15 ha per LSU or more, despite improved production and marketing, cattle farming will only be profitable with subsidies. This is the situation in much of Kavango. The profitability and returns on investment for different production scenarios including livestock farming on open access communal land are provided in Table 1 below.

With regard to the size of the farming unit the study found that in less favourable areas, a unit size of 1 500 to 2 500 ha would be insufficient if the farm is run on a low production basis, but this unit size could potentially generate sufficient income if production and marketing processes were improved. If more than 15 ha per LSU are needed, a profit could only be achieved under improved production and marketing conditions – but even then, the income generated could not compete with farming under communal conditions. In areas with a carrying capacity of 15 ha or more per LSU, communal farming can provide a profit of

N\$23 431 a year compared to a profit of just N\$3 378 on a small-scale commercial farm in low production mode and N\$5 868 in medium production mode. A high production mode could lead to a profit of N\$23 709. Profits in all modes of production are considerably higher where carrying capacity is 10 ha per LSU or less. The GTZ model is based on development and operating costs of a small-scale farm but does not include vehicle purchase and operating costs or the costs of transporting livestock to market.

The GTZ study suggests that from the perspective of financial profitability the small-scale farms will not be viable unless carried out in areas with an appropriate carrying capacity and with appropriate methods to boost productivity. If farmers simply wish to keep the leased land as a weekend farm or as a form of investment then other viability criteria would apply. If the analysis is applied to the Shamyu and Gciriku small-scale farms the indications are that these farms are unlikely to be profitable under the existing proposals by the MLR.

**Table 1. The major profitability coefficients for different production scenarios for small-scale commercial farming ( Source: Schuh et al 2006)**

		Carrying Capacity:15ha/LSU				Carrying Capacity:10ha/LSU			
		Communal	Low	Med.	High	Communal	Low	Medium	High
Assumptions									
Calving rate	Per year	0.4	0.5	0.6	0.7	0.4	0.5	0.6	0.7
Marketing age of male offspring	months	60	54	48	24	60	54	48	24
Meat price for male offspring	N\$/kg	14	14	14	20	14	14	14	14
Annual income per 1,000ha									
Gross Margin per cow	N\$/cow y	973	1,093	1,194	1,446	973	1,093	1,194	1,446
Number of cows kept*)	(Ø/y)	36.41	34.76	33.77	40.33	54.61	52.14	50.65	60.50
Total Gross Margin of herd	N\$/y	35,431	38,005	40,312	58,336	53,146	57,007	60,469	87,504
Profit of farming	N\$/y	23,431	3,378	5,686	23,709	41,146	22,381	25,843	52,877
Return on investment									
Financial Rate of Return	%	-	2.15%	2.88%	8.24%	-	6.28%	7.09%	12.95%
Economic Rate of Return	%	-	6.59%	7.26%	12.42%	-	9.82%	10.58%	16.40%

### 2.3 Existing uses of the land

It is clear that many people already live on many of the allocated farms in the area west of Khaudum National Park carrying out both livestock and crop farming and there are some long established settlements such as Samagayi-Gayi (see Figure 4 below). What is not clear is how the new farm owners will treat the people already living there. During discussions with farmers as part of the field visit we were told that most of the people living in the area where farms have been allocated were related to the farmers. However, we also heard reports of some long-established residents being evicted. Government policy on the matter is also not clear: will previous residents be compensated for eviction or provided with alternative land and accommodation in some other way? In the case of the Shambyu/Gciriku farms, a detailed examination of high-resolution aerial photographs, supported by our aerial reconnaissance, suggests that there are at least 310 existing households within the area now allocated for the 271 new farms (see Figure 4 below). Examples of these households, and the settlements in which they are grouped, are shown in the photographs below. More information is required on the people already living on the allocated farms before any further developments take place.

From the presence of cultivated fields and the structure of the houses, it is obvious that many of the homes belong to people of Kavango tribes. However, there are also San people resident in the area. The San still depend on access to natural resources on the land: "Several recent studies indicate that many San in Kavango still depend on the seasonal harvest of some forest products (mangetti) in particular especially when little work is available" (Suzman 2001:37). In addition some continue to hunt opportunistically (Jones 2001).

According to Denker (*pers. comm.* 2009)<sup>5</sup> the south eastern portion of the focal area remains largely unsettled and unutilized, except for some seasonal hunting and gathering by San communities living south of the Kavango regional boundary. Denker (2009) explains that San people currently living within the south eastern portion of the focal area are predominately there as employees of Kavango livestock farmers, and that there are no permanent San settlements.

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<sup>5</sup> Denker K U (2009) Personal communication on 28<sup>th</sup> March 2009. Windhoek, Namibia.



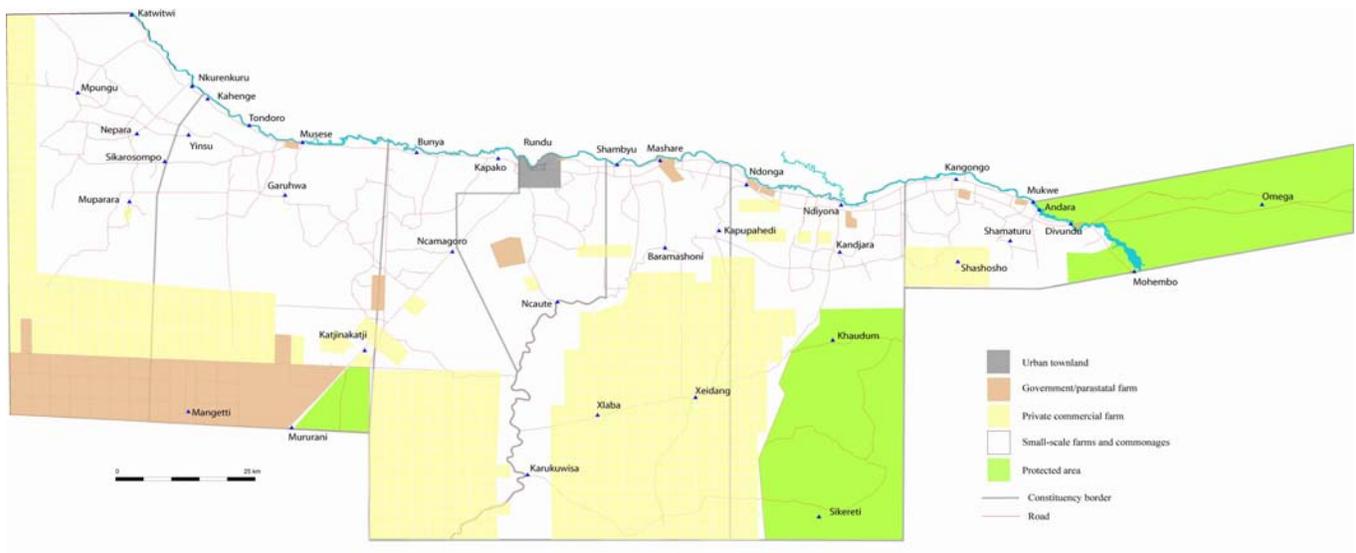
**Figure 1 Small Kavango settlement with cattle kraal and cultivated fields**

Clearly the planned farms will have impacts on existing residents, including the San. Many of the impacts are likely to be negative if this leads to reduced access to land and natural resources. There is likely to be public criticism if these residents are forcibly moved away from these areas. More needs to be known about the situation of the existing residents in the area before any further developments take place.

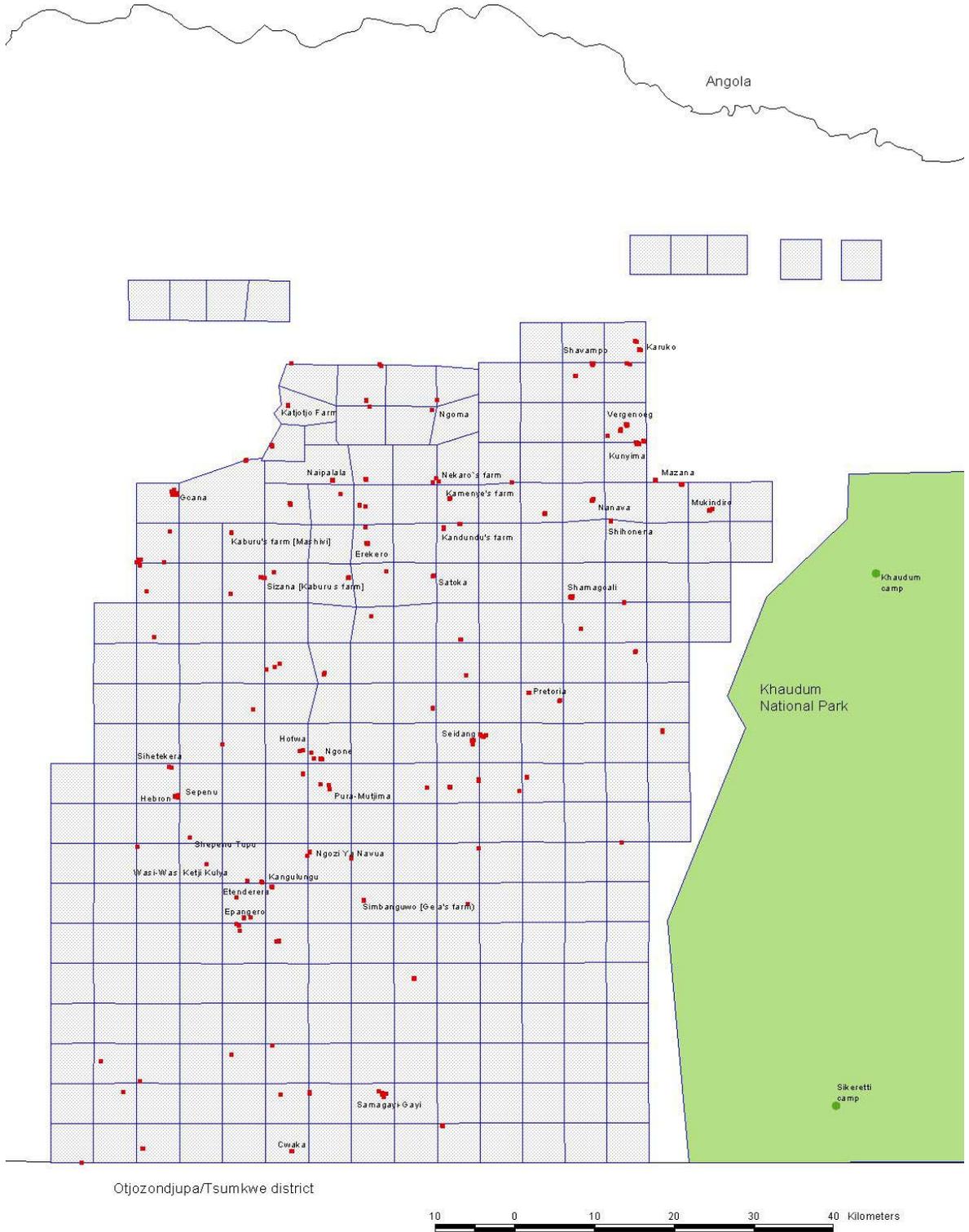
For some years up to 2003 the area west of Khaudum was allocated as a trophy hunting concession by the Ministry of Environment and Tourism (MET). The area was re-allocated as a hunting concession for the December 2008 auction (which was subsequently cancelled by MET and was due to take place in April 2009). The area of the concession advertised for 2009 stretched from close to Khaudum almost to the Omuramba Omatako in the west – an area which encompasses nearly all of the allocated farms.



**Figure 2 San settlement with no kraal or cultivated area**



**Figure 3. Land uses in Kavango including the planned small-scale commercial farms in the Gciriku and Shambuyu areas west of the Khaudum National Park.**



**Figure 4 Existing Settlements on the Gciriku and Shambyu small-scale farms**

### 3. POTENTIAL FOR NEW/ADDITIONAL LAND USES

The current plans for land use on the Gciriku and Shambyu small-scale farms are limited to mainly conventional livestock farming (fenced units with smaller fenced camps) with some small-scale crop growing on the more fertile soils of the omurambas. This section considers the potential for a) the development of livestock farming using holistic range management techniques and b) other forms of land use such as wildlife and tourism. It should be emphasised that throughout this report the scenario being investigated is for a combination of livestock farming under improved management with different forms of wildlife use. Such a mixed or “multi-species” form of farming is not new to Namibia and is common on the freehold farms. Many freehold farmers combine livestock farming with trophy hunting and small-scale tourism in order to diversify their farming activities as a means of coping with Namibia’s dry and uncertain climatic conditions. In times of drought, when income from livestock is low, various forms of wildlife use are able to ensure the farmers’ continued survival. Mixed livestock and wildlife is also a common form of land use in communal area conservancies.

Holistic range management is an approach that focuses on improving the soil surface and grazing quality over time without reducing animal numbers as the foundation for livestock farming. It is an approach that is increasingly being adopted in the dryer climates of the world, on freehold farms in Namibia and in communal areas. Where this approach was introduced to communal farmers in the Kunene, Omusati, Otjozondjupa and Caprivi Regions some individuals have questioned it, but the majority of farmers and all leadership have accepted it and committed themselves to supporting it.

#### 3.1 Holistic Range Management

##### 3.1.1 Background

###### *Rangeland Management Challenges*

As a general rule the productivity of rangelands in the dryer parts of the world are in decline. Namibia is no exception to this and rangeland productivity on private land, communal land and within parks is in decline. The economic loss to Namibia associated with decreased productivity as a result of bush encroachment alone is approximately N\$1.6 billion annually.

The reversal of rangeland degradation currently being experienced in Namibia requires a change to existing as well as planned farming enterprises. The planned small-scale farms would benefit greatly from such a review. Two main responses both of which are critical to the success of this venture are required.

These are:

- 1) The large scale adoption and implementation of sound rangeland management principles that promote productivity, rather than detract from it.
- 2) The investigation and adoption of 'new' approaches within the small-scale farms that enables these rangeland management principles to be applied in a way that is acceptable to farmers as well as being more productive and profitable for farmers.

Both challenges mentioned above are relevant to the development of the Shamyu and Gciriku small-scale farming blocks under investigation. If the principles of sound rangeland management briefly outlined below are not applied the farming scheme will fail due to a resource base collapse.

### *Summary of key Rangeland Management principles*

A key part of the development of the National Rangeland Management Policy and strategy was the development of a set of sound rangeland management principles that if applied should result in an improvement in rangeland productivity over time. If our intention is to utilise an area for livestock production, then in general a good indicator of rangeland health and productivity is the perennial/annual grass mix and the nature of the soil surface. Management of rangeland must move us towards a higher perennial grass mix and result in a soil surface with more organic matter on the soil surface as well as in the soil itself. In order to achieve this, sound rangeland management principles must be applied. The most important of these are:

- a) During the growing season perennial plants must be given sufficient time to recover from being grazed/browsed before being grazed once more. The time required for a plant to recover is clearly dependent on the amount and effectiveness of rainfall events within and between seasons.
- b) During the non growing season soil cover should be increased through herding or the concentration of animals in an area for short periods of time.
- c) Animal numbers should be adjusted (upward or downward) depending on the amount of feed available to animals. This again depends on the amount of effective rainfall within and between seasons.

The application of sound rangeland management principles allows government as well as farmers an opportunity to review and consider significant changes to the implementation methods and infrastructure developments. For example - fencing of each resettlement farm is a major development cost as well as a significant running cost for individual farmers to maintain over time. However, in order to apply the sound rangeland management principles outlined above many internal fences (camps) are required or the livestock must be herded daily

according to a grazing plan. Large numbers of internal fences become prohibitively expensive and are a less effective management tool than herding.

This example indicates that management and infrastructure options need to be considered by the government as well as farmers as herding according to a grazing plan is cheaper and more effective than fencing. Budgetary savings are then best re-allocated to the development and execution of a land plan for each farm and each block of farms. This land plan will identify what infrastructure (particularly additional water points) is required and where this must be done in order to make the operation function optimally. Services required by several farmers in a block can also be considered at this point in time. This allocation of funds if applied properly has the potential to reduce enterprise running costs, whilst increasing stocking rates over time (as a result of an improving resource base) as well as being more comprehensive in dealing with the farmers needs.

### 3.1.2 Potential for holistic range management to be applied on the Gciriku and Shambyu small-scale farms

In order to investigate the potential for holistic range management (HRM) the pre-feasibility study considered the following:

- 1) Identification of farmers interested in HRM in the proposed farm blocks;
- 2) Assessment of the HRM potential in the farming blocks;
- 3) The extent to which this potential might be enhanced by farmers pooling their land and resources to jointly manage larger areas of land, thereby also creating economies of scale for other enterprises (eg tourism, trophy hunting etc).

A field trip was planned and confirmed for the 23<sup>rd</sup> to the 26<sup>th</sup> February 2009. It was then learnt that the Gciriku Hompa and other key stakeholders had to go to Windhoek at short notice to attend meetings with the Ministry of Environment and Tourism (MET). The field trip could not be rescheduled within the timeframe of the project. It was agreed that a meeting would instead be held with stakeholders when they were in Windhoek. A lunch meeting was arranged on the 24<sup>th</sup> January but only the Shambyu Hompa, Mrs Angelina M. Riberde, and prominent farmer, Mr Alfons Siyere, could attend. However they were shown the DVD on holistic range management 'Herding the Future' and the applicability of HRM was then discussed.

Both the Hompa and Mr Siyere were very supportive of the HRM approach and principles. Both felt that if the concept was introduced in the correct way to farmers then adoption of the principles was likely. Herding of livestock is already an integral part of many people's management strategy to minimise loss and theft. HRM requires fine tuning of current herding practises to enable planned grazing to be applied that will enable perennial grass plants and the soil to

benefit. The concept of changing livestock farmers to livestock and rangeland farmers was well taken. This is a shift that most communal and private livestock farmers need to make.

The application of HRM principles does however require modifications (where water delivery allows) to the water infrastructure, storage and troughs as well as kraaling facilities. These need to be well understood by the engineers and contractors during the design phase as there are design and cost implications.

Adoption of these principles needs to be supported by various implementing ministries at a high level as large cost savings can be made if herding and planned grazing are adopted. Adoption during the design phase will enable the portions not to be fenced which will greatly enhance other land use options, allow a more effective allocation of infrastructure funds and reduce ongoing maintenance costs of farmers. Most importantly it will prevent poor management resulting from the assumption that fencing and 'ownership' will result in adequate rangeland management. Fencing in this area without herding will result in large scale degradation of the landscape, reduced productivity and failure of the scheme. However herding (in a fenced or open area) can result over time in increased stocking rates, an improved resource base and relatively low operating costs. In this scenario the extent to which farmers combine their land it is less important as wildlife will be able to move freely between land units.

If however land units are fenced, the extent to which land owners combine their portions is more important for the livestock and wildlife and tourism enterprises. The extent to which farmers will do this cannot be gauged as this is a complex social process that requires trust and co-operation between parties. However it was discussed that absentee land owners may benefit from sharing land, herders and overheads and additional benefits may be seen by increasing recovery periods by having fewer herds. In order to investigate this, a farmer needs analyses will need to be done where these kinds of synergies can be identified and pursued.

It is felt that farmers will support the HRM process and principles if introduced correctly. The HRM approach has many strong attributes in that it is a socially and culturally acceptable practise that was done in the past and is ecologically sound. It is also economically sound and appropriate and addresses the weak link in most farming enterprises in Namibia today.

## 3.2 Wildlife and wildlife farming

### 3.2.1 Wildlife in the focal area

The unfenced Khaudum National Park lies immediately to the west of the Gciriku small-scale farms with a small buffer of unallocated land separating the park from

the farms (see figure 4). Khaudum is unfenced and wildlife moves freely in and out of the park. The area to the west of the park as far as the Samagayi-Gayi to Xeidang track and north to the Khaudum omuramba forms a wet season dispersal area for species such as elephant, roan and giraffe (Beytell, *pers. comm.* 2009)<sup>6</sup>. There are an estimated 4 000 elephants in the Nyae Nyae Conservancy and Khaudum National Park combined (Beytell, *pers. comm.* 2009). Figures 5, 6 and 7 below indicate the movements of tracked elephants outside the park during the wet season. Khaudum and the surrounding area is one of the last sanctuaries for wild dog (an endangered species) in Namibia and these animals move over large areas of land including as far as Samagayi-Gayi. Khaudum is also home to other predators such as lion and hyena. The area from Sikereti in the south of Khaudum west to Samagayi-Gayi is good habitat for roan antelope and from the park westwards to Xeidang is good habitat for tsessebe, both of which are “high value” species (see sub-section 3.2.2 below).

The development of the small-scale farms to the west of Khaudum as planned has a number of implications for wildlife and the park. A major consequence will be an increase in human/wildlife conflict (HWC), particularly if holistic resource management is not applied. There will be increased predation on livestock and increased damage to fences and water points by elephants. The wildlife that exists in the farming area is likely to disappear, including roan, tsessebe and wild dog. The removal of wet season dispersal areas from the park is likely to increase the need for more intensive management within the park because its ecological viability will be reduced. This could result in the need to develop additional water points, cull elephants, and could lead to an overall reduction in the numbers of some species, particularly roan and tsessebe (Beytell *pers. comm.* 2009).

However, the presence of the Khaudum National park and existing wildlife in the focal area also present opportunities. The opportunity to engage in wildlife farming is explored in sub-section 3.2.2 below and trophy hunting as an economic opportunity is explored in sub-section 3.3.8. By adding wildlife as a land use to improved livestock farming through holistic range management there is an opportunity to increase the profitability of the farms as well as assist in maintaining the ecological viability of the Khaudum National Park.

### 3.2.2 Background to wildlife farming

The value of certain (particularly rare) wildlife species in Namibia, and the broader southern Africa region has increased dramatically since independence. Species in highest demand include rhino, disease free buffalo, sable, roan and tsessebe. According to Davies & Hofmeyr (2003), the increased value of certain species is caused by their high demand, relatively limited availability and high purchase and hunting costs. A further driving force for the value increase is the

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<sup>6</sup> Beytell, B. (2009) Personal Communication. Director of Parks and Wildlife, MET.

limited ability for private individuals to own and therefore sell these species. This has been mostly caused by restrictions imposed due to diseases in the sub-region.

On 25th July 2008 a live game auction conducted by MET netted a record N\$19 million. In total eight black rhino, 40 disease-free buffalo, 90 black-faced impala, 16 sable antelope, and 21 giraffe were sold in less than an hour. The rhino were sold for N\$500,000 each, while the sable netted an average of N\$110,000 each, and buffalo N\$140,000 each. During recent private auctions in Namibia roan antelope have returned on average N \$90,000 each and tsessebe N\$20,000 each.

Davies & Hofmeyr (2003) state that the wildlife industry in South Africa is particularly strong, and is valued at hundreds of millions of Rands. South Africa is thus the largest export and import market for game in the region. This is because of well defined import and export regulations and the ability to move species within the borders of South Africa. Both Namibia and Botswana have much stricter movement regulations, especially relating to movement of game from controlled areas like the foot and mouth control zones. Both in Botswana and Namibia movement of cloven hoofed wildlife is heavily restricted and this influences their value as a commercial game species.

Given the focal area is traditional home range for the high value species, such as roan and tsessebe, and would be suitable for other species, wildlife farming should be evaluated as a possible land use option.

### 3.2.3 Viability of wildlife farming

According to Weaver (*pers. comm.* 2009)<sup>7</sup>, planning for and then managing veterinary restrictions is one of the most important considerations when establishing a new game farming business, particularly if being done north of the veterinary cordon. According to Davies & Hofmeyr (2003) and Weaver (*pers. comm.* 2009) some of the requirements for farming high value game species in the focal area include the following:

- a) Sufficient land, which according to Weaver (*pers. comm.* 2009) should be between 10,000 and 20,000 hectares to achieve scale of production to make the farming operation economically feasible. It is reported that around 400 hectares is required for individual roan / sable camps accommodating optimal herd sizes of between 12-18 animals each, while larger areas of between 2,500 to 5,000 hectares are required for buffalo herds of between 80 to 160 animals.

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<sup>7</sup> Weaver C (2009). Personal Communication. WWF, Windhoek, Namibia.

- b) Veterinary standard perimeter fencing (double fence with livestock fence on outer)
- c) Internal fencing to create camps for individual herds (especially for roan and sable)
- d) Capture and release facilities
- e) Quarantine facilities inside and outside of the farm (as animals need to be quarantined twice)
- f) Staff housing for farm manager and workers
- g) Office and storage facilities
- h) Boreholes and water provision
- i) 4x4 vehicles
- j) General tools, equipment and furniture

After assessing the relative strengths and weaknesses of different wildlife farming methods in the Nyae Nyae and Mangetti areas (both large scale and small scale intensive farming), Davies & Hofmeyr (2003) proposed an optimal game farming system for these areas. This would include 6 sable and 6 roan camps (400 hectares each), as well as a 3,600 hectare buffalo camp, which would accommodate initial populations of 60 roan, 60 sable and 82 buffalo, and optimal populations of 108 roan, 108 sable and 150 buffalo. In 2003, this project was estimated to cost approximately N\$7.5 million to establish, with annual fixed costs of about N\$550,000 and variable costs peaking at N\$770,000 in year 12.

With the above assumptions and achieving an average herd growth rate of 15% and average selling price of N\$80,000 per head, Davies & Hofmeyr (2003) deemed the project to be feasible with an internal rate of return of just under 16%, and a positive cash flow achieved from year four. Under these conditions the project would remain viable at prices of N\$50 000 per animal but not below N\$43 000, if the cost of capital is included.

However, both the cost of capital and construction costs have escalated tremendously since 2003. For example building costs are reported to have increased by around 20% per annum since 2005, and interest rates have increased by around 3%. It therefore becomes questionable whether such a project will be feasible in the current economic climate, especially if the cost of capital is to be fully borne by the developer.

Also, the focal area is situated to the north and east of project sites identified by Davies & Hofmeyr (2003), and accessibility to this area is extremely challenging due to the lack of roads and other infrastructure. It is therefore likely that the construction of wildlife farming infrastructure and actual farm management in this area will be considerably than initial estimates, over and above inflation adjustments.

Nonetheless, there are several opportunities that may negate these constraints. The focal area is vast and has ideal habitat for high value species. Also, a project of this nature will be high profile and therefore attractive to potential donors. Furthermore, it is possible that MET may donate game under its wildlife translocation programme for communal land and wildlife loan schemes. Together, these opportunities warrant further research to be done on the possibilities of wildlife farming in this area, taking into account more recent capital costs of such projects.

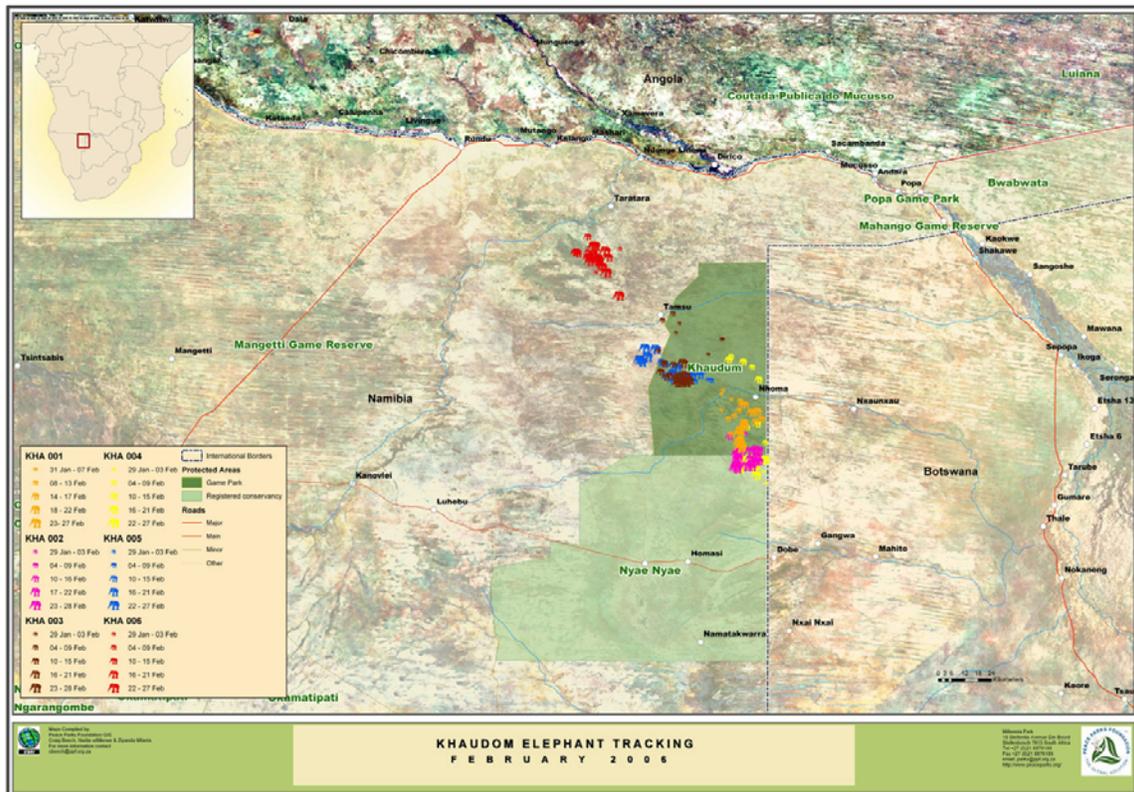


Figure 5 Movements of elephants outside Khaidum National Park in February 2006

The Movements of Six Elephants in the Kavango-Zambezi (KAZA) Transfrontier Conservation Area  
06 January 2009 – 04 March 2009

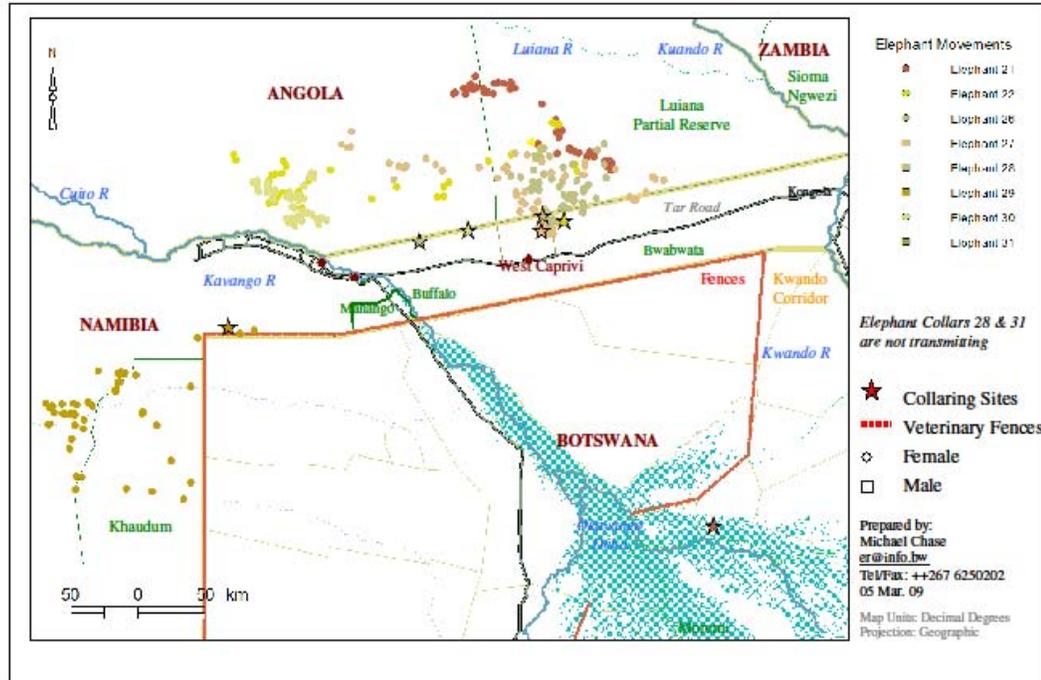


Figure 6 Movements of a collared elephant outside Khaudum National Park January to March 2009 (source: Conservation International, 2009)

The Movements of Six Elephants in the Kavango-Zambezi (KAZA) Transfrontier Conservation Area  
04 March 2009 – 25 March 2009

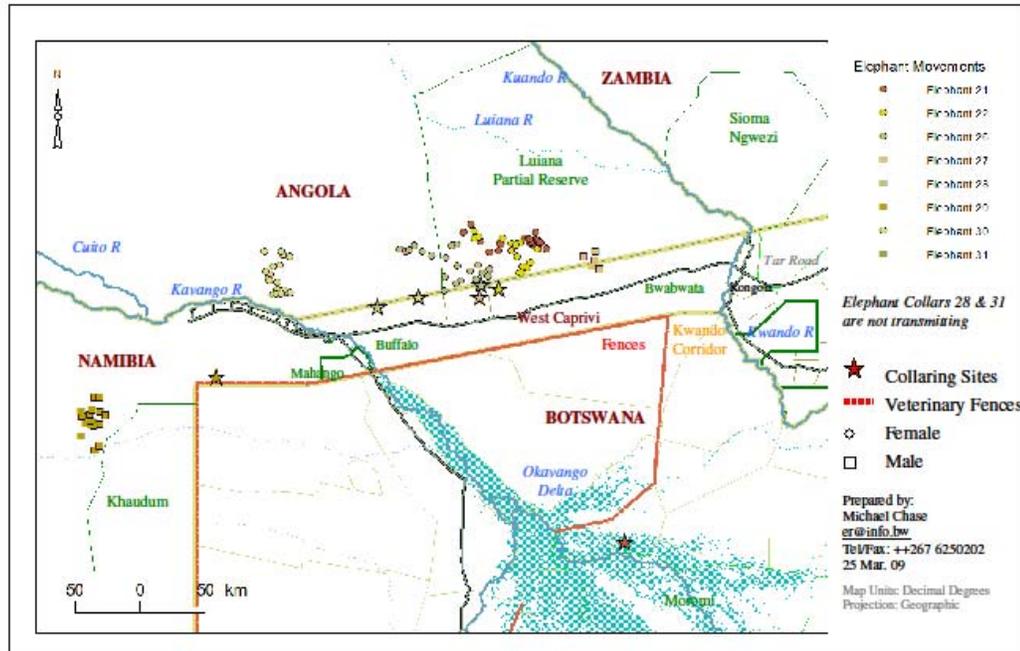


Figure 7 Movement of a collared elephant outside Khaudum National Park March 2009 (source: Conservation International, 2009)

### 3.3 Tourism

#### 3.3.1 Background

The focal area is currently not used for tourism purposes, largely due to its extreme remoteness and difficult access caused by widespread deep and soft Kalahari sands, and lack of transport infrastructure. Furthermore, except for some attractive drainage lines (Omurambas), the landscape is generally monotonous and characterized by dry broadleaf Kalahari woodlands, consistent with that seen throughout eastern Kavango and western Caprivi.

Nonetheless, the area is known for its healthy wildlife populations (for example elephant, eland, giraffe, roan, sable, lion, cheetah, hyena, wild dog and leopard), which migrate to and from Khaudum National Park, Nyae Nyae conservancy and N#-a-jaqna conservancy. As a result, up to 2003 the State awarded trophy hunting concessions in this area.

The focal area borders a larger Southern African conservation area that includes iconic destinations such as the Kwandu / Zambezi / Kavango / Linyanti and Chobe Rivers, Victoria Falls, Okavango Delta, Tsodilo Hills, Chobe National Park, and the Mahango Core Area of Bwabwata National Park.

This greater ‘five-countries’ region is widely perceived to be vastly underdeveloped and to have significant untouched tourism potential. In order to tap this promise, the region has recently become the focus of the Kavango Zambezi Trans-frontier Conservation Area (KAZA), an ambitious initiative that will have far reaching implications for the future of the region’s tourism industry. KAZA encompasses an area of ±300,000 square kilometres, straddles the international boundaries of Angola, Botswana, Namibia, Zambia and Zimbabwe, and includes numerous proclaimed national parks, National Parks, forest reserves and wildlife management areas (see Figure 8 below). In addition the focal area is bordered to the south by the Nyae Nyae and N#-a-jaqna conservancies.

As KAZA matures and stimulates trans-boundary benefits and opportunities, tourist numbers passing through the Kavango region are likely to grow. This will have a positive impact on tourism in the focal area.

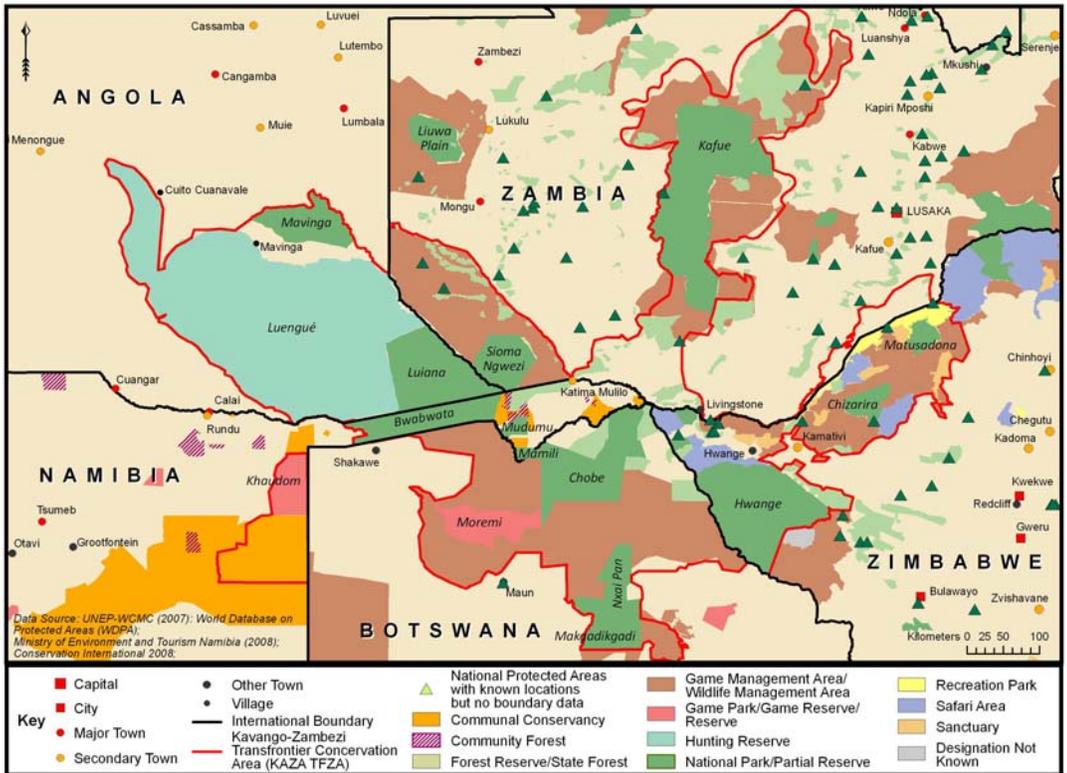


Figure 8: Location of the focal area in relation to the KAZA TFCA (source: Conservation International, 2008)

### 3.3.2 Access and support infrastructure

Accessibility to the focal area is extremely difficult due to the absence of transport infrastructure. There are no registered airstrips within the focal area and no scheduled flights in the broader region. Within the surrounding areas a few registered airstrip exist, but these are of varying standards. These airstrips, their location and condition are summarised in Table 1 of Annex 2.

All access roads into the focal area originate from the excellent B8 tarred road from Otavi to Katima Mulilo via Rundu, and the reasonable C44 gravel road beginning on the B8 50km north of Grootfontein to the Botswana border via Tsumkwe. Road access into the area from these main roads is only possible by 4x4 vehicle. There are six proclaimed roads, and a number of un-proclaimed tracks stemming from them. The main access tracks and roads are described in Table 2 of Annex 2.

There are only two formal border posts in the region that enable direct access for foreign visitors to the focal area. These are at Rundu (with Angola), and east of Tsumkwe (with Botswana). There are also several informal checkpoints that allow short term cross border movement by local people (24 hours access for up to 30km on either side).

In terms of new regional transport infrastructure that will have an impact on tourism in the focal area, Botswana has recently approved the construction of a tarred road from Maun to Kasane. This will create the conditions for a major triangular tour route linking Victoria Falls via the Caprivi with the Okavango Delta and Chobe. Botswana also plans to upgrade the border road linking with Tsumkwe from Nokaneng.

Furthermore, the international airport at Livingstone is undergoing major expansion and is set to become KAZA's principal entry point. Once Livingstone is upgraded, air entry into KAZA is likely to escalate with road and air charter traffic fanning out from the Livingstone/Victoria Falls hub into neighbouring countries. A new bridge across the Zambezi River at Katima Mulilo connects the Caprivi and Kavango regions with western Zambia, and Botswana intends building a bridge over the Zambezi River at Kazangula, which will improve direct linkages between Kasane with Livingstone.

In summary, poor accessibility due to a lack of support infrastructure is a major constraint to tourism development in the focal area. However, certain types of tourism are attracted to such remote or inaccessible areas, and these are discussed in later sections.

### 3.3.3 Tourism attractions

The tourist attractions within the focal area can be summarized as follows:

- A “wilderness” appeal characterised by the area’s challenging accessibility and an absence of man made features or alterations, which in turn offers a sense of remoteness or isolation
- Unique wildlife, including big game and rare species (such as elephant, wildebeest, eland, giraffe, roan, sable, wild dog, lion, cheetah, hyena, and leopard)
- Other iconic environmental attractions such as baobabs, omuramba / pan systems, unique dry woodlands, and birdlife
- Cultural attractions such as traditional homesteads and way of life of different tribes (especially the San), graves, historical graffiti (such as on Baobabs), historical routes of Dorslandtrekkers and missionaries

There are tourism attractions in the Kavango and Otjozondjupa regions that bring visitors to the broader area. These include:

- The wide and attractive Kavango river with its associated islands, backwaters and floodplains, which offers a variety of activities such as boating, *mekoro* trips, fishing, and bird watching
- Khaudum National Park, which offers most of the above listed attractions, but in greater number. Khaudum is especially well known for its concentration of large elephants
- Bwabwata National Park’s Mahango Core Area, which is the most visited park in North-Eastern Namibia (received more than 17,000 visitors in 2008)
- Successful San cultural products (display villages, dancing, veldt excursions, and craft markets) in the Nꞛa-jaqna and Nyae Nyae conservancies
- The Nyae Nyae pans, a well known wet season birding destination
- The Okavango Delta and pan-handle, as well as the Tsodilo Hills World Heritage Site situated in Botswana
- Retail trade opportunities in Rundu attract a great number of Angolans as well as sales representatives from Windhoek and neighbouring countries
- Mangetti National Park, which is currently not visited and is undergoing an infrastructure upgrade, and will thereafter be restocked with wildlife

### 3.3.4 Tourism markets

Tourists currently do not enter the focal area and therefore there are no existing markets. However, the directly adjacent land attracts a limited number of tourists and these are made up of the following markets (more details of which are provided in Annex 2):

- a. **Fully independent travellers (FITs) using their own vehicles:** These types of tourists are very common, for example they represent more than 70% of all visitors to Khaudum National Park.
- b. **FITs using hired vehicles:** While these types of tourists are very common in the northern Kavango region and Caprivi, they are found less in Tsumkwe area and Khaudum National Park. Nonetheless, these numbers are increasing, especially since the Tsumkwe border post recently opened allowing circuits and linkages with Botswana.
- c. **Small sized (2 to 8) vehicle-based tour operators:** These types of tourists are fairly common in the region, and also travel through Tsumkwe to the Okavango Panhandle.
- d. **Medium sized (9 to 24) vehicle-based tour operators:** These operators are only common along major routes such as the Trans-Caprivi B8 highway, and rarely venture into the Tsumkwe area.
- e. **Large sized (25 to 44) vehicle-based tour operators:** These operators are only common along major routes such as the Trans-Caprivi B8 highway, and rarely venture into the Tsumkwe area.
- f. **Luxury fly in safari operators:** These types of tourists are not common in the area, but a market is being explored in the Tsumkwe / Khaudum area by existing operators.
- g. **Sport and trophy hunting outfitters (big game):** Trophy hunting has operated in the focal area in the past and operates in the Nyae Nyae conservancy to the south and the Muduva Nyangana and George Mukoya conservancies to the north
- h. **Special interest groups (film crews, birders etc.):** Bird-watching groups are common in the Mahango area, and film crews regularly visit the Tsumkwe / Khaudum area primarily for cultural and wildlife documentaries.
- i. **Business and retail tourists:** These tourists are very common in major centres such as Rundu and Grootfontein, but are also found in lower densities in Divundu and Tsumkwe.

### 3.3.5 Tourism routes & flows

There are currently **four main tour routes** that visitors use to travel through the focal area:

- a) The **Trans-Caprivi Tour Route** links Victoria Falls to Etosha via the Caprivi Strip and Rundu. It has a high quality tarred road (B8) and is the most heavily used tour route through the area. It has recently seen an increase in coach traffic, but is also popular with overland tours and self-drive tourists from overseas and South Africa.

- b) The **Khaudum Tour Route** links the B8 and C44 via Khaudum National Park. The route is a sandy track that is only passable with heavy duty 4x4 vehicles. It is currently recommended by the Namibia Tourism Board and Roads Authority that tourists should travel this route in groups of two or more vehicles. This route is most popular with the Namibian and South African FIT markets due to its remoteness and challenging accessibility, but experiences very low volume (1,526 visitors in 2008 of which around 14% or 220 were day visits).
- c) The **Divundu - Western Ngamiland Tour Route** links the Divundu area to Maun and the Okavango Delta via Moheumbo border post and the Okavango Panhandle. This route is of minor road standard and is not suitable in its current form for large tour coaches. It is popular with self-drive tourists, microbus-based tour groups and overland trucks on trans-African journeys. A number of medium-priced lodges south of Divundu and along the Okavango Panhandle serve this market. The Panhandle is also a popular fishing destination that draws visitors from many areas. It is anticipated that this route will grow in importance – attracting new markets, notably tour coaches – as general tourist volumes escalate, the roads are upgraded and the new tarred link between Maun and Kasane is completed.
- d) The **Tsumkwe - Western Ngamiland Tour Route** links the Etosha / Grootfontein / Tsumkwe to the Okavango Panhandle / Delta, and also Divundu. This route is of minor road standard, with sections only passable by 4x4 vehicles (i.e. east of Tsumkwe border post). It is therefore not suitable in its current form for mini-buses or coaches, and receives a very low volume of traffic. This route is popular with self-drive tourists on regional journeys, particularly those from Namibia and South Africa. It is anticipated that this route will grow in importance and thus attract new markets once the road east of the Tsumkwe border post is upgraded and the new tarred link between Maun and Kasane is completed.

### 3.3.6 Tourism products

#### *Accommodation*

There are no accommodation products situated within the focal area, however a number exist on directly adjacent land within the broader region. These are summarized according to area (and thus markets) in tables 3-8 in Annex 2. In summary, there are 34 accommodation providers in the broader focal area (not including Botswanan lodges), with 357 rooms providing 797 beds and 196 campsites. About 110,000 bednights and 41,000 camping nights were sold to a total number of 78,000 guests in 2008. Of these guests it is estimated that around 44,000 were visiting the region for leisure purposes.

#### *Activities*

There are no tourism activities currently taking place within the focal area apart from the planned trophy hunting. Activities on directly adjacent land include vehicle based game viewing; trophy hunting; walks; fishing; boating; cultural; bird watching; self-drive 4x4 tourism and camping. These activities are described in more detail in Table 9 in Annex 2.

### 3.3.7 Tourism to Protected areas

A total of 33,422 tourists visited the North East parks (see Table 10 in Annex 2) in 2008 (i.e. excluding transits and official visitors), and of this number only 1,526 visited Khaudum National Park. Unlike most other parks in the North East, Khaudum National Park attracted an even mix of markets between overseas, Namibian and SADC. The Namibian and SADC tourists visited Khaudum in their own vehicles whereas most of the overseas market visited the park on guided activities or tours. This information is summarised park by park in Table 10 in Annex 2.

### 3.3.8 Trophy hunting

Trophy hunting is currently taking place in on private hunting farms south west of the focal area, as well as community conservancies to the south, south east and north of the focal area. The community conservancy quotas and their respective values for 2008 are listed in Table 11 in Annex 2. The trophy hunting quota for the focal area which will be auctioned in April 2009 has an estimated value of N\$1 364 160. Details of the quota are provided in Table 12 in Annex 2.

According to Denker (*pers. comm.* 2009)<sup>8</sup>, within the area designated by MET for trophy hunting, only the eastern side bordering Khaudum National Park is of high potential. Of highest value is the area between the Kavango regional boundary, the Samagayi-Gayi to Xeidang track and Khaudum omuramba to the north. According to Denker (2009) this area is well populated with different wildlife species. There are just more than 60 farms in this block and seven settlements excluding Samagayi-Gayi and Xeidang (see Figure 4).

The inherent natural value of this area is because of its more fertile soils (more clay interspersed with sand dunes), which in turn provides more diverse and thus conducive habitat for wildlife. The area has several omurambas and pans that hold water for long periods (up to September in good years). These omurambas provide critical arteries for seasonal wildlife dispersal from Khaudum National Park, which in turn allows the park to “rest”. Furthermore, the absence of permanent water in this area means that wildlife moves back into Khaudum National from September / October, which also provides it with an important recovery period. Denker (2009) believes it is crucial that this seasonal migration is not upset by providing artificial water, as this can result in wildlife settlement (particularly of destructive species such as elephant) and thus overgrazing and heavy impacts on the forests.

Due to its remoteness, difficult access, seasonal wildlife occupation, and wilderness appeal Denker (2009) believes this area is ideal for trophy hunting.

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<sup>8</sup> Denker, K. U. (2009). Professional Hunter.

Furthermore he believes that a well structured hunting contract could return around N\$2 million annually to the landlords of this area, as well as meat, training and employment that come with trophy hunting in such areas.

Regarding the potential of other parts of the focal area, Denker (2009) states that the soils become sandier and less productive to the north of Khaudum omuramba and to the west of the Samagayi-Gayi to Xeidang track. It is very unlikely that these areas will sustain much trophy hunting, as illustrated by the current low quotas set by MET for the N#-a-jaqna, George Mukoya and Muduva Nyangana conservancies. Furthermore, these areas are already more heavily settled by livestock farmers that have moved in from the north.

The current trophy hunting fee of N\$1 364 160 would bring just over N\$21 600 to each of the 63 farmers that potentially fall within the hunting block without deducting anything for management costs.

### 3.3.9 Tourism trends & issues

Some of the key regional tourism trends and issues affecting tourism in the broader area include:

- Trophy hunting in Namibia, and more specially big game hunting in North East Namibia, is a major revenue earner for community conservancies;
- There is growing demand from international hunters to visit Namibia because of the quality “wilderness” experience on offer and the opportunities available for big game hunting;
- There is a strong shift from scheduled tours to custom-tailored tours and packaged self drive itineraries for the international market.
- Visitors are becoming more adventurous and demanding better quality, more authentic activities and experiences;
- Traditional culture, particularly that of the San communities, is seen by visitors as a major attraction for their visit to this region, but there are too few authentic and responsible cultural activities available;
- Strong seasonality remains a major challenge for the tourism industry in north eastern Namibia, especially with the overseas markets. This is largely due to the extended wet season (in comparison with the rest of Namibia), and the corresponding risk of malaria. Having said that, Namibian and SADC visitors are less affected by this;
- The tourism industry in this region has seen unprecedented growth between 2007-2008, however this is likely to plateau or even decline over the next two years due to global economic issues;
- Visitors are attracted to the “natural, undeveloped, wilderness appeal” of the North East parks and some conservancies such as Nyae Nyae, and this should not be comprised through over development;

- The Namibian and SADC FIT market demands a degree of freedom of movement through the parks and conservancies. Areas should to be set aside for these adventure / isolation seekers, but on a regulated basis.

### 3.3.10 Tourism opportunities

Tourism development opportunities within the focal area lie with its main attractions (wilderness appeal, environmental features, wildlife and culture), and their corresponding potential for activities and accommodation. The KAZA initiative and its associated regional infrastructure developments also present a unique opportunity. The following activities and accommodation should be considered for future development:

#### **Activities:**

- Trophy hunting, including its derivatives such as sport and premium hunting in the area west of Khaudum National Park and south of the Khaudum Omuramba. As illustrated in Table 12 in Annex 2, the estimated value of MET's planned hunting quota for this area is N\$1 364 160 although Denker (2009) suggests this could become as high as N\$2 million annually if the quota and hunting contract were well structured
- Guided game drives and walks, particularly along omurambas and pan systems, and into Khaudum National Park. As visitor volume increases, these could include "step-on guides" at key locations such as the northern entrance to Khaudum National Park
- Cultural activities, particularly with San communities, including home-stays, bush walks, traditional hunting and gathering, festivals, dance and other demonstrations
- 4x4 touring and camping along a well planned, properly demarcated route that passes by iconic attractions and points of interest such as pans, omurambas, baobabs, San settlements, historical sites and places known for their number or variety of wildlife

#### **Accommodation:**

- Campsites or small self catering tented camps specifically tailored for the trophy hunting market
- Unserviced (or limited) bush campsites in remote areas suitable for the local / regional FIT market, as well as small special interest tour operators (birders etc.). These should be situated at attractive omurambas and pans carefully positioned along a well planned and marketed, multi-day 4x4 route, that may interlink with Khaudum National Park and Nyae Nyae / Nꞑa-jaqna conservancies. Tour operators require "private, booked sites" rather than sharing with the public.

- Small luxury tented camps catering for the international fly-in safari market that offer authentic “wilderness” appeal, nature, wildlife and cultural experiences. These should be situated close to the Khaudum National Park boundary and San settlements where both game viewing and cultural activities may be possible

**Other opportunities:**

- As explained throughout this report, under the KAZA initiative a number of infrastructure projects are being planned. It is likely that improvements to roads in western Botswana, the construction of the Kasane / Maun link road, the bridge over the Zambezi River at Kazangula, and upgrade of Livingstone international airport, will result in increased visitor flow throughout the region. It is expected that the focal area, despite being on the periphery of KAZA, will benefit from this increase
- Craft production for sale outside of the focal area at neighbouring lodges or via bulk wholesalers and retailers working regionally or nationally

### 3.3.11 Constraints for tourism and trophy hunting

While many of the existing routes through the KAZA region are experiencing growth, the focal area still faces major challenges to becoming a viable tourism destination. These include:

- Despite the area’s opportunities and potential outlined above, it is still likely to be considered a secondary destination to Khaudum National Park and Nyae Nyae / N#a-jaqna conservancies, which have established tourism products, better attractions and are more accessible. Given the short length of stay in the area, it is not feasible for tourists to visit both areas
- The area has poor accessibility due to its extreme remoteness and deep sandy tracks, which in places become muddy in wet season. It is also remote in terms of location from existing tourist routes and flows. Consequently there is currently no movement of tourists through this area. New routes, linking various attractions need to be established and marketed
- Seasonality, especially for the international market, is exaggerated with the presence of malaria during the wet season. Furthermore, the area’s major attractions are heavily seasonal. Both the local people and wildlife migrate depending on water availability, grazing, wild fire, and the availability of veldt foods
- All required support infrastructure needs to be established from scratch (i.e. roads, water supply, electricity etc.)
- There are no established tourism attractions within the area, and these need to be created and marketed. New developments will need to link with attractions and activities in neighbouring areas such as those listed in Table 9 in Annex 2.
- The area is not known to tourism industry, except for the trophy hunting community
- Tourist flows through surrounding areas such as Tsumkwe and Khaudum National Park currently have very low volumes (except for along B8 road and towards Rundu / Mahango)

- The basic infrastructure in Khaudum National Park, both for management (i.e. wildlife water points, staff housing, management stations etc.) and tourism (i.e. entrance stations, campsites, game viewing hides etc.) is of an appalling standard and urgently needs upgrading
- Growth in tourist numbers during the foreseeable future is very likely to be absorbed by existing products as well as those already being planned or built, so new opportunities identified in this report will take some time to become feasible

The planned sub-division, fencing, infrastructure development, and small scale farming in the focus area, if implemented, would exacerbate all the above constraints, and most likely make any tourism development or trophy hunting in this area unviable. Furthermore, if such a programme was to be implemented in the wilderness area west of Khaudum National Park and south of Khaudum Omuramba it would severely affect game movements from the park, which could in turn affect the viability of the park itself.

### 3.3.12 Recommendations

Due to the success of trophy hunting in neighbouring community conservancies, and the focal area's success as a trophy hunting concession up to 2003, it is expected that this form of consumptive use will have immediate viability, and should be pursued.

Given the constraints outlined in sub-section 3.3.11, it is currently not recommended to pursue photographic tourism as an alternative livelihood option in the focal area. As Khaudum National Park, and Nyae Nyae and Nꞑa-jaqna conservancies become more accessible through improved accommodation, more activities, and better cross border accessibility under various KAZA initiatives, photographic tourism will escalate and become more viable. This recommendation should therefore be reconsidered in the future.

Due to the extremely low volume of tourists in the immediate area at the moment, and the fact that local accommodation products are in the starting phase of their product cycles, or are only now being developed, it is likely that new accommodation will only be feasible in 5 - 10 years (2010-2015). Having said that, it is possible that tourism operators with captive markets and carefully researched business proposals may be interested in developing this area. If this is the case, in the short term it is recommended to consider any reasonable unsolicited offer.

The area between the Kavango regional boundary in the south, the track from Samagayi-Gayi to Xeidang and the Khaudum omuramba to the north is the most suitable for trophy hunting and future tourism use. If trophy hunting is adopted as a land use on the allocated farms, it should take place in this area.

Consideration will then need to be given to what other forms of land use would be compatible with the trophy hunting and any other tourism activities that might be developed. Consideration also needs to be given to the importance of this area as a wildlife dispersal area for Khaudum National Park. Ideally in order to maximise the trophy hunting and tourism products this area should not be used for other purposes. Even game farming in this area would need to be carefully considered because of the potential negative impacts of fencing and provision of artificial water, which could be problematic if the fencing around a game farming area was not adequately maintained.

### 3.4 Forestry

Although forestry was not included in the scope of this pre-feasibility study, it is clear that the focal area has potential for the sustainable harvesting and sale of various forestry products. These include construction poles, devils claw, mangetti nuts, and thatching grass. The harvesting and marketing of these products would also benefit from the economies of scale presented by cooperative management of large areas of land. Forest products should be integrated into the management of the land and into business planning.

#### 4. INSTITUTIONAL OPTIONS AND REQUIREMENTS FOR GAINING RIGHTS OVER WILDLIFE AND OPERATING AS A BUSINESS

If the farmers from the Gciriku and Shambyu small-scale farms wish to farm with wildlife and use forestry products commercially they need to obtain the necessary users rights. Existing legislation provides for such rights to be given to freehold farmers and communal area residents, but the situation of leased individual farms on communal land did not exist at the time the legislation was written. The sub-sections below consider the applicability of the existing legislation to the situation of the small-scale farms. Consideration is also give to the options available for a group of small-scale farmers to jointly operate a business.

##### 4.1 Options for gaining rights over wildlife/forest resources

###### 4.1.1 Wildlife and tourism

Provisions exist in legislation for freehold farmers and communal farmers to gain rights over wildlife on their land. In the case of freehold farmers either the owner or lessee of the land gains these rights. In terms of Section 29(2) of the Nature Conservation Ordinance, No. 4 of 1975:

The lessee of

(a) a farm which is enclosed with a game-proof fence or an adequate fence;

(b) any piece of land which is not less than one thousand hectares in extent and enclosed with a game-proof fence,

shall, subject to the provisions of this Ordinance, and unless the contract under which he leases such farm or piece of land specifically provides otherwise, be the owner of all huntable game huntable game birds and exotic game on such farm or piece of land as long as such huntable game, huntable game birds and exotic game are lawfully on such farm or piece of land and as long as such farm or piece of land remains to be enclosed in that manner.

In terms of the Section 31(1) of the Ordinance a lessee as defined in (a) and (b) above may use huntable game for his or her own use throughout the year without a permit and in terms of Section 30(5) may charge others to hunt a specified number of huntable game in the hunting season as long as the hunters have a permit from the MET. The same provisions apply to the hunting of game birds.

Section 24A of the Nature Conservation Amendment Act of 1996 provides rights over wildlife to communal area residents who form a conservancy. The Act spells out a number of conditions for being registered as a conservancy. In terms of the Act “any group of persons residing on communal land and which desires to have the area which they inhabit, or any part thereof, to be declared a conservancy, shall apply therefore to the Minister...”.

The legislation does not, however, cater specifically for the situation of the small-scale commercial leasehold farms on communal land such as those in Kavango. Although the farmers are leasing the land, the land itself is still communal land and it would have been a useful option if the farmers could have joined together to apply to be registered as a communal area conservancy. The communal conservancy model would be particularly useful as the legislation does not require an area to be fenced for it to become a conservancy. However, the provisions of Section 24A(2) of the Nature Conservation Amendment Act mean that a conservancy may not be registered if the area concerned is subject to a lease. This would seem to preclude the small-scale farmers acquiring rights over wildlife as a communal area conservancy.

It could be possible however, for the farmers to obtain rights under the original provisions of the Nature Conservation Ordinance quoted above that enable the lessee of land to gain rights over huntable game. Although the intention of the Ordinance was to give freehold farmers rights over wildlife, the wording of the Ordinance does not limit the leasing of land to freehold land i.e. it refers to a “farm which is enclosed with a game-proof fence or an adequate fence” or “any piece of land which is not less than one thousand hectares in extent and enclosed with a game-proof fence”. However in order to gain rights over wildlife using this mechanism the farmers would have to maintain cattle proof fences or game proof fences. In addition, the Ordinance makes it clear that a lessee may be the owner of huntable game as long as the lease contract specifically provides otherwise. It is important therefore that the leases issued by the Ministry of Lands and Resettlement for the small-scale farms do not limit the use of the land and prevent the transfer of rights over game to the lessees. It is also important for the development of tourism activities that the terms of the lease do not prevent tourism as a land use. According to a senior official in the MLR, the leases do not prevent other land uses (Kasita, M. *pers. comm.* 2009)<sup>9</sup>.

If the farmers obtain rights over the wildlife as individuals in terms of the Ordinance, in order to cooperate to manage wildlife on a large area of land, the farmers would need to pool their individual land, their individual wildlife rights and their human and financial resources in the same way as individual freehold farmers have done to form freehold conservancies. These conservancies are not recognised in law but MET treats these areas as one unit for wildlife management. The individual farmers are bound by a constitution that sets out the way they will cooperate, defines their rights and responsibilities and the nature of

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<sup>9</sup> Kasita, M. (2009). Ministry of Lands and Resettlement.

their relationship with each other. The constitution also provides legal status for the conservancy so that it can sue and be sued. Members choose a committee or Board which represents the conservancy to outsiders and takes operational decisions. Members decide on rules and procedures for jointly managing wildlife and on levies and fees that should be paid to the conservancy as a body corporate. Apart from the founding members of a conservancy, membership is acquired through application, payment of membership fees and in some cases, signing the constitution (Jones 2005).

The operation of freehold conservancies indicates how wildlife and tourism might be managed if the Gciriku and Shامbyu small-scale farmers cooperated in the same way. Freehold conservancies are involved in a range of wildlife utilisation enterprises (Jones 2005). These include trophy hunting, sport hunting, meat production, live sale and game purchases. Freehold conservancies are also involved in different types of tourism including lodges, guest houses, and camp sites. Not all conservancies have this full range of enterprises, and not all farmers within a conservancy are necessarily directly engaged in either tourism or wildlife utilisation.

Tourism opportunities vary according to the location of the conservancy. Factors that increase the potential to develop tourism as a major component include proximity to established tourist routes, proximity to national parks and National Parks or other existing tourist attractions, the presence of a variety of wildlife species, and scenic attractions. Non-consumptive tourism and hunting are not always compatible in the same area and conservancies need to separate these activities spatially and/or temporally. Many farmers combine wildlife and livestock management, and in some areas crops are grown as well. Cooperation over wildlife management in conservancies enhances the ability of a farmer to balance wildlife numbers and livestock numbers. Even where a farmer does not engage in hunting himself, hunters from farms within the conservancy can hunt on his land. There is potential for conservancies to set stocking levels for wildlife and livestock for the whole conservancy.

No freehold conservancies have converted totally to wildlife and tourism as their only forms of land use although there are examples of companies purchasing a number of farms and developing them as private National Parks. Zoning of land uses within a conservancy depends largely on the existing land uses that individual farmers carry out. As yet, members of freehold conservancies have not combined to manage their livestock in the same collective way as they are managing wildlife.

#### 4.1.2 Forestry

Residents of communal land are able to obtain rights over forests through establishing a Community Forest. Under the Forestry Act, No. 12 of 2001 (Section 15):

“The Minister may, with the consent of the chief or traditional authority for an area which is part of communal land or such other authority which is authorized to grant rights over that communal land enter into a written agreement with any body which the Minister reasonably believes represents the interests of the persons who have rights over that communal land and is willing to and able to manage that communal land as a community forest”

This paragraph effectively defines the members of the community forest as the persons who have rights over the communal land where the community forest is being established. This definition appears broad enough to include individual farmers on communal land who have a right to the land through a lease.

The written agreement with the Minister is the main mechanism by which rights to use forest resources are afforded to the community forest. However, these rights are further defined by a management plan which must be included in the agreement. An important part of developing a management plan is to carry out an inventory of forest resources in the area concerned.

The Directorate of Forestry (DoF) usually assists residents of communal land in carrying out the forest inventory and developing the management plan. DoF has informed the farmers allocated the Gciriku and Shambyu small-scale farms that in order to gain forest rights (i.e. the right to use forest products commercially) they have two options. One is to combine to form a community forest; the other is to form small clusters of at least 10 farms so that DoF could assist with an inventory and management plan for the cluster. DoF has suggested this approach because it does not have the capacity to carry out an inventory and work on a management plan for each individual farm. According to DoF officials, because the farms are on communal land, they do not have automatic commercial use rights.

#### 4.2 Options for collective/corporate business management

Annex 3 provides a summary of the various options available for the farmers to combine to operate a joint business. The two main options are the formation of a trust or a company. Under Namibian law a trust can operate as a business. The Deed of such a business trust will spell out the powers of the trustees which can include the following:

- Opening a trust bank account
- Buy and sell goods on behalf of the trust
- Invest trust income
- Negotiate loans in favour of the trust
- Employ staff
- Sell or lease property of the trust
- Institute or defend legal actions
- Carry on any form of business operation, including farming, for profit
- Form companies
- Exercise all the powers which directors of a private company have in terms of the Companies Act
- Apply to the Land and Agricultural Bank for loans against security of trust assets
- Distribute the profit of the trust to named beneficiaries

A business trust is probably more suitable for a small number of people who run a small business or a family farming enterprise and where it is easy to determine how profits will be distributed. If there are a larger number of people involved in the business, then a company is probably the better option. The shareholding nature of the company ensures the distribution of any profit according to the number of shares held by each individual, and provides for each shareholder to have a vote when it comes to decision-making.

In addition to forming a trust or company, the farmers would also need some form of agreement regarding the joint management of the land and its resources. This would need to specify the activities which they would undertake jointly and those which would be carried out separately on their own farms. For example, farmers may decide to pool their land for extensive holistic range management and wildlife management, while retaining the right to grow crops on a certain area of their own land. Such an agreement would also need to clearly indicate that individuals are not giving up the 'ownership' of their land but have decided to pool their land to manage it jointly. At the same time it will be necessary to agree on how other individuals can join the enterprise and how individuals can withdraw. Such agreements can be incorporated into a Deed of Trust or into the articles of a company.

## 5. INTEREST OF KEY STAKEHOLDERS IN DEVELOPING A NEW APPROACH TO LAND USE IN THE AREA

### 5.1 Results of meetings with farmers and community leaders

#### Meeting with community leaders, Wednesday 14.01.09

A meeting was held with members of the Shambyu Land and Farming Committee, Farmers' Association and Traditional Authority and the Regional Councillor for the constituency within which the Shambyu Traditional Area falls at their request for them to gain greater clarity on the issues we wished to discuss at the public meeting the following day. A representative from the Gciriku Traditional Area was also present. This meeting was mostly used to inform the leaders of the key issues we wished to discuss with farmers and was spent answering questions from the leaders. It had a positive outcome as the leaders felt they were better informed and could provide direction to community members at the public meeting. A number of those present already understood a number of the constraints to developing and operating the allocated farms and were interested in hearing new ideas on how the land could be managed.

#### Public meeting in the Shambyu Traditional Authority Area, 15.01.09

The meeting was attended by members of the Shambyu Traditional Authority, members of the land and farming committee, members of the local farmers' association and local farmers. The Deputy Director for Kavango Region in the Ministry of Lands and Resettlement was also present as was the chief Regional Officer for Kavango who has been allocated a farm. Total attendance was 42 people. After the team explained the key constraints regarding development and operation of the farms, team members discussed the suggested approach of joint management of the farms which would also include wildlife, tourism and holistic range management.

At this meeting there was mixed reaction to the proposed approach. Some farmers showed interest, but others felt it would be better to work as an individual farmer. Concerns were raised about loss of control over one's land through a joint approach and whether cooperation with neighbours would really be possible. It was also explained by farmers that the idea of joint management was not new to them. The MET and DoF had suggested before that the farmers combine to gain rights over forest products and wildlife, but again people were not sure how they would be able to cooperate. However, despite these concerns, the outcome of the meeting was agreement that the team should continue with its information gathering and development of the concept and should report back to the community at a later stage. It was later explained to the team that there is some ethnic division in the Shambyu community between the

Shambyu and another group that had moved in from Angola in the past. This could have explained the reluctance by some farmers to cooperate with their neighbours.

Meeting with the Gciriku Chief, Senior Councillors to the Chief and leaders of the local farmers association, 16.01.08

A total of 14 people attended this meeting. In contrast to the Shambyu meeting this meeting was confined to decision-makers within the community and was not an open public meeting. Again there was mixed reaction to the presentation by the team but overall the responses were more positive than in the Shambyu areas. There was interest in hearing new ideas and exploring them. The meeting also agreed that the team should continue with its work and report back to the farmers on their ideas and findings.

## 5.2 Results of meetings with government officials

Meeting with the Deputy Director for Kavango Region in the Ministry of Lands and Resettlement, 14.01.09

The team explained the reason for its visit and the ideas it wished to discuss with the farmers. The Deputy Director, who is the senior MLR official in the region, provided an update on progress regarding development of the farms. He expressed interest in the ideas presented by the team.

Meeting with the Regional Governor, 16.01.09.

The Governor was positive regarding the ideas presented by the team and had a good grasp of the constraints to developing and operating the proposed farms. He was also interested in developing wildlife farming as an additional land use on the farms. He was personally interested in finding ways in which groups of farmers could cooperate.

Meeting with Regional Forest Officer and staff and Deputy Director of Lands, 16.01.09

A meeting was held with the Regional Forest Officer and staff (including the DED community forestry advisor) and the Deputy Director of Lands. The Forestry staff was interested in the overall approach and explained the legal requirements for farmers to obtain rights over forest products.

### 5.3 Conclusions

Although there was mixed reaction to the team's presentation at the meetings in the Shambyu and Gciriku areas, there was sufficient interest (particularly amongst the leadership) for the team to be given a mandate to continue with its investigations and to report back to the farmers on our findings. There was recognition that it might take time for farmers to think about and adopt new ideas. Some farmers were deeply concerned about how joint management could impact negatively on their individual ownership rights and opportunities to benefit. People also pointed to the repeated failure of cooperative-based businesses (such as fish farms) in the region. This raised some very important queries regarding how the practicalities of joint management might work. These might be best explained or demonstrated through a "real life case study" that could be performed together with interested farmers to develop a joint management system so that the means and methods can be debated and tested.

The farmers were generally sceptical about the possibility of wildlife utilisation on their farms, pointing out that wildlife is mostly a problem instead of a benefit. However, at present, as individual leasehold farmers they do not have any rights over wildlife and are unable to realise any income from legal wildlife use. Some farmers showed more interest when informed about the auction prices for high value wildlife species.

## 6. SUMMARY OF MAIN FINDINGS AND RECOMMENDATIONS

### 6.1 General finding and recommendation

In general this study indicates that there are sufficient grounds for continuing to pursue the implementation of alternative development scenarios for the small-scale commercial farms in the Shambyu and Gciriku areas. There is potential for the development of holistic range management approaches to livestock farming that:

- Virtually eliminates HWC from predators and elephants;
- Allows good management of animals and rangeland;
- Reduces infrastructure development and maintenance costs especially the costs associated with opening cut lines for fence construction and maintenance;
- Allows diversification options.

The small-scale farms if operated conventionally are unlikely to be profitable. With improved production through holistic range management combined with wildlife as an additional land use, profitability should be increased. There is clear potential for trophy hunting as an additional land use and game farming should also be viable. Although the reaction by farmers to the alternative development scenario was mixed we believe there is sufficient potential to try to work with a few farmers in an initial plot activity.

Recommendation: Identify a group of farmers in priority areas with which to explore the practicalities of joint management, and develop a draft agreement of how they might cooperate. Identify the resources/activities they wish to manage jointly. At the same time explore with them their preferred institutional arrangement (i.e. trust or company).

In addition, before implementation is undertaken the following issues need to be addressed:

- c) All of the 271 farms have been surveyed but few have been developed. The lack of fencing and boreholes on most farms provides opportunities for developing approaches such as unfenced holistic range management and wildlife utilisation options. Once fencing and boreholes are installed management and land-use options become limited. It will be much more difficult to diversify the farmers' economic activities through wildlife and tourism as land uses.

Recommendation: In order to ensure that options are not lost, agreement should be gained from the MLR and KfW regarding land use and land management on the farms and regarding the scheduling and nature of the provision of infrastructure.

- d) There are many people already living on the allocated farms. Before any development of the farms takes place, it is necessary to know who these people are and whether they will lose access to the land as a result of the allocation and development of the farms.

Recommendation: Before any implementation is carried out, a survey should be undertaken to identify existing occupiers of land, their relationship to the leaseholders, their means of making a living and the impacts on them of any development of the farms.

Specific findings and recommendations are summarised below:

## 6.2 Holistic Range Management

- b) Holistic range management is an appropriate approach that could be implemented on the Gciriku and Shambyu small-scale farms. In order for this approach to be developed further, direct work with farmers on the ground needs to be carried out. The HRM approach has the potential to reduce overheads whilst increasing productivity as well as providing the necessary management approach that enables and promotes diversification of income options, which will be important in these remote areas. Various models may be trialled under various conditions.

Recommendation: A group of farmers should be identified who are interested in holistic range management and work should begin on land and infrastructure planning with the farmers and MLR .

## 6.3 Wildlife

- d) The area to the west of Khaudum National Park bounded by the regional border in the south, the Samagay-Gayi to Xeidang track to the west and the Khaudum omuramba to the north is a relatively undeveloped area that is the main area for trophy hunting and is an important wet season dispersal area for wildlife from the Khaudum National Park. Hunting is not viable in areas further west at current wildlife numbers.

Recommendation: Any plans to focus on trophy hunting and other forms of hunting should focus on this area close to Khaudum.

Recommendation: The implementation of HRM should be pursued here to mitigate negative wildlife impacts as well as improving productivity and profits.

- e) Based on existing data game farming with high value species is likely to be a viable additional business option in the focal area. However the most recent research done on the topic (2003) requires updating in light of extreme inflation in building costs, as well as escalation in interest rates, and the more remote location of the focal area. These factors stand to affect the minimum scale of operations required in terms of land, infrastructure, management, and initial wildlife populations etc.

Recommendation: That more detailed research be done on the financial feasibility of wildlife farming in this area.

- f) If game farming is developed, the siting of a fenced game farm must be carefully considered. A large game fenced area on the land immediately west of Khaudum could have negative impacts on wildlife movements and lead to conflicts if elephants try to access water points in the fenced area.

Recommendation: Careful planning must be carried out to ensure the compatibility of different forms of wildlife use including hunting, game farming and photographic tourism and that wildlife movement is not negatively affected.

#### 6.4 Forestry

- b) There is potential for the sustainable harvesting and sale of various forestry products. The harvesting and marketing of these products would also benefit from the economies of scale presented by cooperative management of large areas of land.

Recommendation: Forest products should be integrated into the management of the land and into business planning.

#### 6.5 Tourism

- b) Generally in the area covered by the small-scale farms, the tourism potential is low due to the fairly flat landscape, lack of large numbers of wildlife and difficult access. The area of best tourism potential is in the area immediately west of Khaudum west to the Samagayi-Gayi to Xeidang track and north to the Khaudum omuramba. Further, tourism is increasing in surrounding areas and could be stimulated by the development of the KAZA TFCA.

Recommendation: The main form of tourism that should be pursued in the short-term is trophy hunting. However, remain open to any interest that might arise from a tourism investor. In the medium to long term remain open to new opportunities as tourism increases in the region.

## 6.6 Potential institutional arrangements

- e) The most appropriate means for the small-scale farmers to obtain rights over wildlife would be as lessees of land in terms of the Nature Conservation Ordinance of 1975. In order to obtain commercial rights to use forest products, the farmers can either form a community forest or carry out joint management in a cluster of farmers.

Recommendation: If a group of farmers wishes to engage in wildlife utilisation they should form a management institution similar to a freehold conservancy and pool their individual rights and resources.

- f) Opportunities exist for farmers that wish to collaborate to obtain commercial use rights over forest products. DoF would prefer groups of farmers to obtain rights and manage forest products jointly.

Recommendation: Farmers wishing to carry out joint land management should also obtain commercial use rights over forest products either through formation of a community forest or collaboration as a group of individuals to carry out a inventory of the forest resources on their land and develop a joint management plan.

- g) There are several options for a group of farmers to combine to operate a joint business including forming a business trust and company.

Recommendation: Once a group of farmers has been identified, they should explore the different business institutions and decide which would most appropriately fit their circumstances and intentions.

- h) The farmers will need to carefully work out the details of their cooperation and incorporate this into any business institution that they form.

Recommendation: As part of forming a wildlife management body such as conservancy, the farmers should agree on how they will manage the land and its resources cooperatively. These agreements should also be built into their business arrangements.

## 7. KEY INPUTS REQUIRED TO DEVELOP A PROJECT AND NEXT STEPS

### 7.1 Identification of a group of interested farmers

A key issue arising from this pre-feasibility study is the identification of an area where an alternative approach to developing the small-scale farms could be implemented. A number of factors are of relevance. With regard to trophy hunting, it is clear that the area with the most potential is that immediately west of Khaudum up to the Samgayi-Gayi to Xeidang track north to the Khaudum Omuarumba. With regard to game farming the same area would be appropriate as it is good habitat for key species such as roan and tsessebe both of which are found in this area. However, fencing a large area close to the Khaudum National Park could have negative impacts on game movements westwards from the park in the wet season. Further, from a conservation perspective it would be important to have compatible forms of land uses close to Khaudum that can maintain the wet season dispersal of wildlife from the park and continue to provide habitat for species such as wild dog. With regard to implementing holistic range management there is no particular area that is more favourable than another, although it would have positive impacts in reducing HWC to develop HRM in the hunting block west of Khaudum.

At the same time, however, implementation of any alternative development approaches depends very much on the interest and willingness of individual farmers. Although this pre-feasibility study has demonstrated that there is interest in the alternative development scenario among the Shambyu and Gciriku leadership, there is still a need to engage with individual farmers.

In view of the above we propose that the next step should be to work with local leaders to identify farmers who would potentially be interested in an alternative development scenario for their farms. The aim should be to identify interested farmers in both the Gciriku and Shambyu areas. In the Gciriku area the priority should be to identify interested farmers in the area west of Khaudum described above and to establish which resources they are interested in managing. If a sufficiently large group of farmers can be identified, then the specific implementation steps summarised below should be carried out. It is likely that initially a relatively small group of farmers might show interest. In this case it would be worth working with these farmers to demonstrate that an alternative approach can work and aim to expand the number of participants gradually.

It could be that there are not sufficient farmers in the Gciriku area that are immediately interested in an alternative development scenario that includes wildlife management, but there could be sufficient numbers interested in improved livestock farming through holistic range management. If this is the case we suggest that it would still be useful to pursue this as an entry point for moving into wildlife management at a later stage. Once the farmers have begun to implement holistic range management cooperatively then it could be possible to

expose them to wildlife management on freehold conservancies in order to stimulate their interest.

In the Shambyu area the aim should be to identify a group of farmers interested in combining to engage in holistic range management and sustainable harvesting of forest products.

## 7.2 Holistic Range Management

The following are the steps recommended for further development of the holistic range management approach in the Shambyu and Gciriku small-scale farms:

- a) Sensitise government leadership to the management and infrastructure options available and the need for the creation of incentives to encourage adoption of sound rangeland management practises. The option of not fencing individual portions should be pursued as this is cheaper, more flexible and enables diversification options.
- b) Sensitise farmers to management needs and best practise. Investigate incentives to enable the application of sound rangeland principles such as additional infrastructure etc.
- c) Conduct land planning and infrastructure development with farmers. If fencing is not opted for then a more comprehensive land planning initiative can be undertaken. This will have implications on the number of boreholes drilled as well as the siting of the boreholes, to ensure minimum overlap of herds etc.
- d) Hold consultative meetings re-collaboration and sharing land units, resources and inputs.
- e) Sensitise planners, engineers and contractors to infrastructure needs within each farm that enable the application of sound rangeland management principles. Sensitise planners to services required by blocks of farmers.
- f) Sensitise farmers to kraaling and others designs that assist livestock handling as well as low stress livestock handling.
- g) Identify a number of groupings in which a trial (s) could be conducted:
  - i. Areas with high potential for an integrated approach (wildlife, tourism, rangeland, veld products etc.
  - ii. Areas of low potential for diversification and focus on rangeland.
  - iii. Groups of absentee land owners and assist them in setting up a farming structure that works for the triple bottom line.
  - iv. Groups of farms that want to combine their units to improve management.

### 7.3 Wildlife Farming

The implementation of wildlife within the focal area will require the following steps to be taken:

- a) Research done in 2003 regarding the feasibility of wildlife farming in the Nyae Nyae and Mangetti areas should be updated to take into account increases in building costs and cost of capital, as well as any specific issues applicable to the focal area, which is considerably more remote than that initially studied
- b) Planning must be carried out to address appropriate institutional structures, necessary contractual arrangements for development / management, ideal locations, scale, infrastructure, management, initial populations, and veterinary requirements and considerations, and compatibility with other land uses and game movement patterns.
- c) If the project is deemed feasible the above data should be incorporated into a farming business plan
- d) The project would require a standard project cycle including:
  - i. Establishing institutional arrangements
  - ii. Raising capital
  - iii. Environmental assessment
  - iv. Appointment of human resources
  - v. Detailed infrastructure design
  - vi. Construction
  - vii. Wildlife introduction

### 7.4 Trophy hunting

The implementation of trophy hunting within the focal area will require the following steps to be taken:

- a) The necessary institutional arrangements need to be in place so that a group of farmers may obtain the trophy hunting rights.
- b) Agreement needs to be reached by the farmers whether an area will be set aside solely for trophy hunting, which would optimise the value of the hunting.
- c) A concession application needs to be made to MET requesting a wildlife utilization permit
- d) Once granted, a hunting contract will need to be concluded with a suitably qualified and experienced trophy hunting outfitter, who has access to appropriate markets
- e) Specific areas for hunting and establishing hunting camps or lodges need to be decided on and included in the hunting contract

## 7.5 Forestry

The following steps will need to be taken to implement joint forest management:

- a) Farmers will need to decide whether to form a community forest or work as a group of individuals to jointly carry out an inventory of their land and develop a joint management plan that takes into account other land uses such as livestock and wildlife.
- b) Approach DoF for assistance in either developing a community forest or working as a group of individuals
- c) Carry out a forest inventory and develop a management plan which should identify the ways in which the farmers will cooperate in forest management
- d) Develop a business plan for commercial use of forest products that links to the business planning for livestock and wildlife where appropriate (e.g. use of transport for getting products to market).

## 7.6 Land use planning

- a) Once a group of farmers has decided on the different land uses they wish to pursue, they should develop a basic land use plan that includes some spatial zoning to indicate where different activities will take place. For example, whether a specific area will be allocated for trophy hunting and no other uses, which areas will be used for grazing, which for crops, etc.

## 7.7 Business planning

- a) Once the farmers have determined which land uses they wish to pursue they will need to develop an integrated business plan for these uses.

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**ANNEX 1  
MEETINGS HELD AND PERSONS CONSULTED**

<b>Date</b>	<b>Place</b>	<b>Meetings and Persons consulted</b>
13.01.09 & 10.03.09	Telephone	Willem de Wet, managing director, Namibia Country Lodges
14.01.09	Rundu	Alfred Sikopo, Deputy Director: Ministry of Lands and Resettlement
14.01.09	Rundu	Meeting with leaders from the Shambyu and Gciriku farming community and traditional authorities and the Regional Councillor for the Rundu Rural East constituency.
15.01.09	Shambyu	Meeting with 42 people including members of the Shambyu farming community and traditional leaders and the Deputy Director: Ministry of lands and Resettlement.
16.01.09	Ndiyona, Gciriku	Meeting with 14 people including the Gciriku Chief, traditional leaders and members of the farming community.
16.01.09	Rundu	Meeting with the Regional Governor, Mr John Thiguru, and senior officials from the Kavango Regional Council.
16.01.09	Rundu	Meeting with the Chief Forestry Officer for Kavango and Caprivi and forestry officials and the Deputy Director: Ministry of Lands and Resettlement
09.03.09	Telephone	Andries Alberts, warden for MET in the focal area
09.03.09	Telephone	Chris Weaver, Director, WWF in Namibia Office
09.03.09	Telephone	Dorothy Wamunyima, project manager, Every River Has its People Project
09.03.09	Telephone	Arnold and Estelle Oosthuizen, owner, Nhoma Camp
09.03.09	Telephone	Beddies Koch / Dieter Liezel, managers, Roy's Rest Camp
10.3.09	Telephone	Dominic Muema, formally of WIMSA and now IRDNC
10.03.09	Telephone	Stacey Nain, community liaison officer, Namibia Country Lodges
10.03.09	Telephone	Wendy Viall, Nyae Nyae Development Foundation, Windhoek
10.03.09	Telephone	Lara Diez, Nyae Nyae Development Foundation, Windhoek
10.03.09	Telephone	Mark Paxton, owner, Shamvura Camp
10.03.09	Telephone	Chris Louis, owner, Kaisosi River Lodge
10.03.09	Telephone	Valerie Peybers, owner, Nkwazi Lodge and Campsite
20.03.09 & 28.03.09	Telephone and in person	Kai Uwe Denker, professional hunter operating in the focal area
31.03.09	Telephone	Ben Beytell, Director of Parks and Wildlife Management, MET
14.04.09	Telephone	Maria Kasita, Ministry of Lands and Resettlement
14.04.09	Windhoek	Chris Weaver, Greg Stuart-Hill & Richard Diggie, WWF in Namibia.

## ANNEX 2 BACKGROUND DATA ON TOURISM

Table 1: **Location of air strips near to the focal area.**

<b>Place</b>	<b>Location</b>	<b>Condition</b>
Rundu	West of town centre	Tarred, excellent
Tsumkwe	West of the settlement	Surfaced with gravel, in reasonable condition, but problems with maintenance
Aasvoĭnes	North of the settlement	Gravel strip, currently in a bad condition and is not operational
Nhoma Camp	Near lodge	Surfaced gravel strip, good condition, fully operational, even in wet conditions
Mangetti Dune	South of settlement	Surfaced gravel strip, good condition, is fully useable, even in wet conditions

Table 2: **Main access tracks and roads into the focal area.**

<b>Description</b>	<b>Condition</b>
D3308 from the south west, via Kanovlei	Sandy 4x4 track
D3301 / D3311 from the south west, via Nhoma and Tsumkwe	Sandy 4x4 track, overgrown beyond Nhoma due to lack of use
D3400 from the north (either Rundu or Ndonga), via Ncaute	Sandy 4x4 track, but partly surfaced from Rundu to Ncaute
D3424 from the north (Tjeye), via Ncaute	Sandy 4x4 track, overgrown closer to Khaudum National Park
D3309 from the north (Mashivi), via Khaudum National Park	Sandy 4x4 track
Un-proclaimed track from the north (Katere), via Khaudum National Park	Sandy 4x4 track, only passable with heavy duty 4x4 vehicles
3 x un-proclaimed tracks from the east, via Khaudum National Park (Nhoma Omuramba, Sikereti track, Khaudum Omuramba)	Sandy 4x4 tracks only passable with heavy duty 4x4 vehicles

Table 3: Summary of accommodation products in the Tsumkwe / Khaudum area.

<b>Establishments:</b>	7	<b>Occupancy:</b>	21% in rooms 11% in campsites	<b>Length of stay:</b>	1.9 nights
<b>Rooms:</b>	19	<b>Bed nights sold:</b>	3752	<b>Guest numbers:</b>	4368 (2051 in rooms; 2317 campers)
<b>Campsites:</b>	27	<b>Camping nights sold:</b>	2511	<b>Market level (% establishments):</b>	83% budget; 17%, 11% upper
<b>Beds:</b>	48	<b>Purpose of visit:</b>	>80% leisure	<b>Market segmentation:</b>	33% overseas; 34% SADC; 33% Namibian

There are upgrades and new developments being planned or undertaken at the moment in this area. These are summarised below:

- a) **Tsumkwe Lodge:** being upgraded to 25 rooms with 50 beds, to remain trading at the budget level
- b) **Nhoma Camp:** being upgraded to 10 tents with 20 beds, to remain trading at the upper market
- c) **Nyae Nyae Tented Camps:** 2 new camps to be developed, each with 4 tents and 8 beds, trading at the upper market
- d) **Khaudum & Sikereti Tented Camps:** the existing MET campsites to be rebuilt, each with 9 campsites and 4 tents, trading at the middle market

Therefore an additional 33 rooms or 66 beds and 10 campsites are currently planned or being built in this area.

Table 4: Summary of accommodation products in the Divundu area.

<b>Establishments:</b>	9	<b>Occupancy:</b>	32% in rooms <sup>10</sup> 22% in campsites	<b>Length of stay:</b>	2 nights
<b>Rooms:</b>	102	<b>Bed nights sold:</b>	26645	<b>Guest numbers:</b>	25021 (13323 in rooms; 11698 campers)
<b>Campsites:</b>	78	<b>Camping nights sold:</b>	23396	<b>Market level (% establishments):</b>	55% budget; 34% middle; 11% upper
<b>Beds:</b>	237	<b>Purpose of visit:</b>	>75% leisure	<b>Market segmentation:</b>	62% overseas; 19% SADC; 18% Namibian

<sup>10</sup> Occupancy among the long established lodges in the area range from 43% to 50%, this is brought down on aggregate by several underperforming and / or new lodges.

Table 5: Summary of accommodation products in the Rundu rural area.

<b>Establishments:</b>	4	<b>Occupancy:</b>	35% in rooms 9% in campsites	<b>Length of stay:</b>	1.6 nights
<b>Rooms:</b>	35	<b>Bed nights sold:</b>	12009	<b>Guest numbers:</b>	10424 (7665 in rooms; 2759 campers)
<b>Campsites:</b>	36	<b>Camping nights sold:</b>	4643	<b>Market level (% establishments):</b>	50% budget; 50% middle
<b>Beds:</b>	94	<b>Purpose of visit:</b>	>80% leisure	<b>Market segmentation:</b>	66% overseas; 19% SADC; 15% Namibian

Table 6: Summary of accommodation products in the Rundu urban area.

<b>Establishments:</b>	6	<b>Occupancy:</b>	35% in rooms 10% in campsites	<b>Length of stay:</b>	2.3 nights
<b>Rooms:</b>	131	<b>Bed nights sold:</b>	49320	<b>Guest numbers:</b>	23689 (21562 in rooms; 2127 campers)
<b>Campsites:</b>	31	<b>Camping nights sold:</b>	4526	<b>Market level (% establishments):</b>	70% budget; 30% middle
<b>Beds:</b>	266	<b>Purpose of visit:</b>	>70% business	<b>Market segmentation:</b>	21% overseas; 12% SADC; 67% Namibian

Table 7: Summary of accommodation products in the Grootfontein rural area.

<b>Establishments:</b>	3	<b>Occupancy:</b>	31% in rooms 8% in campsites	<b>Length of stay:</b>	1.5 nights
<b>Rooms:</b>	20	<b>Bed nights sold:</b>	4928	<b>Guest numbers:</b>	5638 (3111 in rooms; 2527 campers)
<b>Campsites:</b>	15	<b>Camping nights sold:</b>	3285	<b>Market level (% establishments):</b>	100% middle
<b>Beds:</b>	43	<b>Purpose of visit:</b>	>70% leisure	<b>Market segmentation:</b>	69% overseas; 19% SADC; 12% Namibian

**Table 8: Summary of accommodation products in the Grootfontein urban area.**

<b>Establishments:</b>	5	<b>Occupancy:</b>	33% in rooms 4% in campsites	<b>Length of stay:</b>	1.5 nights
<b>Rooms:</b>	50	<b>Bed nights sold:</b>	13126	<b>Guest numbers:</b>	9050 (8741 in rooms; 309 campers)
<b>Campsites:</b>	9	<b>Camping nights sold:</b>	526	<b>Market level (% establishments):</b>	80% budget; 20% middle
<b>Beds:</b>	109	<b>Purpose of visit:</b>	>70% business	<b>Market segmentation:</b>	16% overseas; 11% SADC; 73% Namibian

**Table 9: Tourism activities taking place on land adjacent to the focal area.**

<b>Product</b>	<b>Location</b>	<b>Main markets</b>
Vehicle based game viewing	Khaudum National Park	Local & regional fully independent travellers (FITs)
Trophy hunting (only allowed under special permits)	Nyae Nyae, N#-a-Jaqna, George Mukoya & Muduva Nyangana conservancies	Sport & trophy hunting outfitters
Walks (mainly cultural veldt walks)	Nyae Nyae & N#-a-Jaqna conservancies	International FITs & vehicle based tour operators
Fishing	Near existing lodges on Kavango river	Local & regional FITs
Boating (motorised and with canoe)	Near existing lodges on Kavango river	International FITs & vehicle based tour operators
Cultural activities (dancing, craft display villages etc.)	Nyae Nyae & N#-a-Jaqna conservancies, & near existing lodges on Kavango river	International FITs & vehicle based tour operators
Bird watching	Nyae Nyae conservancy, Khaudum National Park, & on Kavango river	Local, regional & international FITs
Self drive 4x4 touring and camping	Khaudum National Park & Nyae Nyae conservancy	Local & regional FITs

Table 10: **Park entrance data for the North East Parks in 2008.**

Park	Tourist numbers	Market segmentation
Khaudum National Park	1,526	28% overseas; 38% SADC; 33% Namibian
Mangetti National Park	0	Not open to the public
Bwabwata National Park:		
• Mahango core area	17,067	62% overseas; 14% SADC; 24% Namibian
• Buffalo core area	2,440	29% overseas; 25% SADC; 46% Namibian
• Kwando core area <sup>11</sup>	5,971	72% overseas; 17% SADC; 11% Namibian
Mudumu National Park <sup>12</sup>	6,205	83% overseas; 9% SADC; 8% Namibian
Mamili National Park	212	42% overseas; 19% SADC; 40% Namibian
<b>TOTAL</b>	<b>33,422</b>	<b>64% overseas; 16% SADC; 21% Namibian</b>

Table 11: **Trophy hunting outcomes (i.e. game hunted) on adjacent conservancies in 2008.**

Species	Nyae Nyae	George Mukoya & Muduva Nyangana	N#a-jaqna	Total
Elephant	5	1	2	8
Buffalo	2			2
Oryx	2			2
Kudu	1			1
Roan	2			2
Springbok	1			1
Wildebeest	5			5
Steenbok	2			2
Hartebeest	1			1
Warthog	5			5
<b>Value (NAD)</b>	<b>1,249,982</b>	<b>42,000</b>	<b>71,829</b>	<b>1,363,811</b>

<sup>11</sup> Park figure amended to add data from Susuwe, Mazambala & Namushasha that was not included in the MET incident book.

<sup>12</sup> Park figure amended to add Lianshulu guest numbers, as these were not provided to park staff for inclusion in the incident book.

Table 12: **Trophy hunting quota for 2008 cancelled auction and estimate value.**

<b>Species</b>	<b>Number</b>	<b>Unit value (est. NAD)</b>	<b>Total (NAD)</b>
Elephant	8	147,000	1,176,000
Leopard	2	24,500	49,000
Roan	2	53,900	107,800
Spotted hyena	2	4,900	9,800
Blue Wildebeest	2	6,860	13,720
Duiker	2	1,960	3,920
Steenbok	2	1,960	3,920
<b>Estimated value (NAD)</b>			<b>1,364,160</b>

## Tourism markets in the land adjacent to the focal area

- j. **Fully independent travellers (FITs) using their own vehicles:** These visitors are predominantly Namibian and South African residents that have their own 4x4 vehicle, and want to explore the area. They travel with more time, and are normally fully self contained. The preferred accommodation for this market is camping and budget or mid level lodges that provide for self catering.
- k. **FITs using hired vehicles:** These visitors are exclusively international and hire vehicles to explore Namibia. They are more adventurous than those travelling in groups on formal tours, but often lack the confidence to travel too far off established routes. They normally have more time and like to stay in a variety of accommodation during their trip, from camping through to tented camps and luxury lodges. They travel with more time, and are normally fully independent.
- l. **Small sized (2 to 8) vehicle-based tour operators:** These operators specialise in personalised safaris and make use of mid and up market accommodation. Their visitors are exclusively international. Their vehicles are 4x4 and can therefore access the more remote areas, enabling the operator (normally also the guide) to explore and conduct some of their own activities.
- m. **Medium sized (9 to 24) vehicle-based tour operators:** This market makes use of medium sized buses, and visitors are exclusively international. Operators use budget and mid level accommodation, including camping, and offer a more personalised experience.
- n. **Large sized (25 to 44) vehicle-based tour operators:** This market makes use of large buses or overland trucks, and visitors are exclusively international. These operators use budget and mid level accommodation (including camping for overland clients), and run short safaris including key attractions.
- o. **Luxury fly in safari operators:** These operators specialise in highly personalised safaris and make use of luxury up market accommodation such as tented camps and lodges. Visitors are exclusively international and are often on a regional flying safari, including other attractions in Namibia and neighbouring countries.
- p. **Sport and trophy hunting outfitters (big game):** These operators specialise in highly personalised big game hunting safaris. Visitors are exclusively international and visit the area primarily for hunting. While on safari they will often take time off for other activities. They are guided by Namibian registered professional hunting guides, and around 4 support staff. They travel in very small groups of 2-4 guests. These visitors prefer bush camping, away from formal accommodation facilities, however some visitors also conduct hunting on private hunting farms where there are also formal lodgings available.
- q. **Special interest groups such as film crews:** These are groups of up to 8 people that visit the area for special interests such as film making, research, bird watching etc. They normally use alternative routes and don't follow typical circuits. Their accommodation can vary from camping through to luxury lodges depending on their source market and field of interest.
- r. **Business and retail tourists:** These are individuals visiting the area for shopping, work or business related purposes. They are primarily Namibian, South African or Angolan, and make use of budget accommodation.

ANNEX 3  
POTENTIAL INSTITUTIONAL ARRANGEMENTS FOR  
CONDUCTING BUSINESS<sup>13</sup>

### **The Trust**

The trust is a separate legal person which is registered in the office of the Master of the High Court. A trust comes into being with the registration of the Deed of Trust at the Master's office. The Deed of Trust must specify a Trust Donor, the trust assets, the Trustees of the trust and the beneficiaries. The Deed of Trust further sets out the main purpose (the object) of the trust and how the Trustees may use the assets and income of the Trust. If the main purpose of the trust is for a non-profit purpose as determined in Section 21 of the Companies' Act, then the trust can also apply for tax-exempt status with the receiver of revenue.

The Trust donor, who gives the initial donation of an asset to the trust (which can be N\$ 100) can also be one of the trustees. The Deed of Trust will set out how the trustees will hold their meetings, how they will vote and arrive at decisions, what powers they have, how long their term of office is, and under what circumstances they may be removed from the trust. The Deed of Trust will also set out how future trustees will be appointed: by selection by the current trustees, or by election by the beneficiaries of the trust or by appointment by the donor; etc.

An Open Trust can be compared to a conservancy, in that the Board of Trustees will be elected by the beneficiaries of the trust, and can be removed by a general meeting of the beneficiaries, just like the conservancy committee is elected and removed by the conservancy members. The added administrative burden on the open trust is that the general meetings always need to be held, the exact number of current members needs to be determined, so that the quorum for general meetings can also always be determined; all the beneficiaries must get adequate notice of the meetings; if an insufficient number of persons arrives for meetings, then the meeting cannot proceed.

In a closed trust, the trustees are only bound to the terms of the Deed of Trust itself. Their task is always to fulfill the main object of the Deed of Trust. If one of the trustees resigns or for any other reason ceases to be a trustee, then the other trustees themselves elect a replacement. The Deed of Trust can determine whether the term of office is open-ended or limited to a specific number of years.

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<sup>13</sup> Based on material supplied by Uda Nakamhela of Nakamhela Attorneys [mcnak@iway.na](mailto:mcnak@iway.na)  
Tel: +264 61 232 155.

The Deed of Trust will obviously also determine how the deed may be changed by the trustees. When a trust is deregistered, the assets of the trust must also be given to another trust or organizations with similar purposes as the deregistering trust. An auditing company is usually appointed for a trust, however the Master of the High Court also accepts if an accounting office is appointed for a trust, which office must confirm the accounting statements of the trust.

## **The Company**

The company is in law a separate legal person with its own rights and obligations, which are separate from those of the shareholders and directors of the company.

Another important feature of the company is the separation between ownership and management. A company therefore consists of the shareholders and of the directors. One person can of course be both a shareholder and a director. The directors of the company who conduct the day to day business of the company must act in accordance with the directions from the shareholders, who must have an annual general meeting, and can have more meetings per year if they so choose.

The difference between a public company and a private company is that a private company is limited to 50 shareholders, its right to transfer shares is limited and the company may not offer the wider public to buy shares in it.

## **The Public Company**

A public company may have more than 50 shareholders; the shareholders can freely sell their shares to any person who wants to buy the shares. The public company must have at least seven shareholders and at least two directors. A public company must provide a copy of its annual financial statements to the registrar of companies in the Ministry of Trade and Industry, where any member of the public may look at them.

The main purpose for registering a public company is usually to sell the shares and use the money for projects which the company wants to engage in, but does not have the money for, for example buying land or building a restaurant or rest camp, etc. The shareholders then share in the profit according to the number and classes of their shares in the company. It also depends on whether the company in any particular year declares a profit. The company may for example reinvest any income, so that at the end of the financial year there is no profit to share among the shareholders.

A company is of course a purely for profit organizations It sells its product or service and the clients pay for it. Another aspect to consider is that any person

or institution which has the majority of shares can have the majority on the board of the company.

### **The Private Company**

A private company may only have 50 shareholders and those shareholders do not have the right to sell their shares to the public as with the shares in a public company. The exact terms of the limitation of the transferability of the shares can be determined by the company at registration and may for example contain the provision that a majority of shareholders must vote in favour of the person whom the shares are to be sold to, or that the existing shareholders must have the first right to buy the shares of the selling shareholder, etc.

A private company is also formed for the purpose of profit making, but with fewer shareholders, and a limitation to no more than 50 shareholders, the company can stay committed to another main aim, if it is something different than profit making. Here the question of who the shareholders are will be relevant. Another feature of the private company is that it does not have to submit copies of its financial statements to the Registrar of Companies. Moreover, private companies also do not have to provide their shareholders with half-yearly reports and provisional annual financial statements.

### **The Section 21 Company**

Section 21 of the Companies Act provides for the registration as a company of an association not for gain, if the association meets certain criteria:

- a) the Section 21 company must have as its main object the promotion of religion, arts, sciences, education, charity, recreation or any other cultural or social activity or communal or group interests;
- b) the Section 21 company must use its profits (if any) or any other income in promoting the abovementioned main object of the company, and
- c) the Section 21 company may not pay any dividends (profit sharing) to its shareholders.

The above provisions do not prohibit the Section 21 company from paying normal salaries to the managers and employees of the company, but the rest of all profits must be used again in the promotion of the main object of the company.

A Section 21 company must, when it is deregistered, transfer all its possessions to another association or institution with similar objects as itself. Which exact

institution it will be given to can be determined by the shareholders, or if they do not do it, it will be determined by the court. A section 21 company must have at least 7 shareholders, and in most cases the 7 directors are also the 7 shareholders.

In law a Section 21 company is considered a public company. A Section 21 company registered for conservation and rural development for example will also be able to apply to the receiver of revenue for tax exemption.

Both the trust and a company can appoint specialists like lawyers and accountants to their boards, but it is not absolutely necessary, as the services of these specialists can be engaged if and when needed. The services of an accountant will probably be required on an ongoing basis, and this will happen on a normal commercial contractual basis, rather than having an accountant who is also a trustee doing the day to day accounting of the park. The functions of trustees and directors is mostly of an overseeing and direction giving nature, for which they only meet a few times a year. Who appoints the trustees of the trust or the directors of the company can be a matter of agreement between all the relevant parties.