

Private-Sector
Community Forestry
Partnerships in the
Eastern Cape
Umzimkulu case study

L. Sisitka



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About this report: This report is one of a series prepared as part of a collaborative research project on instruments for sustainable private sector forestry in South Africa. The reports in this series are listed below.

Instruments for sustainable private sector forestry, South Africa – report series

Overview and synthesis

- Mayers, J., Evans, J. and Foy, T. 2001. *Raising the stakes: impacts of privatisation, certification and partnerships in South African forestry*. This report draws on all the studies below and widespread consultation in South Africa. It analyses the impacts to date of privatisation, certification, outgrower schemes and company-community partnerships and presents conclusions and a set of options and next steps for all the main stakeholder groups.

Redistribution of opportunities and assets in forestry

- Khosa, M. 2000. *Forestry contracting in South Africa*. This study of trends in outsourcing and contracting in the South African forest industry seeks to deepen understanding of the national context within which contracting is an increasing practice, and examines possible options for outsourcing.
- Heyl, L., von Maltitz, G., Evans, J. and Segole, R. 2000. *Issues and opportunities for small-scale sawmilling in South Africa: an Eastern Cape case study*. This report describes the scale, structure and market niche of the small sawmilling subsector, with a focus on the Eastern Cape Province.
- Horn, J. 2000. *The role of small-scale sawmilling in household and community livelihoods: case studies in the Eastern Cape*. This study focuses on the livelihoods of small-scale sawmillers in the Eastern Cape, using a case study approach.
- Bethlehem, L. 2001. *Bringing democracy to the forests: developments in South Africa's forestry policy and legislation*. This paper describes the policy and legislative changes in the forest sector, and sets recent initiatives in the context of a drive towards sustainable and equitable forest management.

Forest certification in South Africa

- Frost, B., Mayers, J. and Roberts, S. 2002. *Growing credibility: impact of certification on forests and people in South Africa*. This is an overview of all the certification studies with additional supply chain analysis.
- Scott, D. 2000. *Environmental aspects of the forest management certification process*. This report by a member of FSC certification audit teams examines the audit inspection instrument and provides commentary on how it is used.
- Clarke, J. 2000. *Social and environmental aspects of the forest management certification process: a discussion of social assessment components in South Africa*. This report, drawing on audit experience, tackles the ability of FSC certification and the certification process to improve the wellbeing of workers and communities dependent on plantations.
- Hamman, J. 2000. *Forestry certification: social aspects*. Also by a member of FSC inspection teams, this report analyses the composition and focus of the audit teams and highlights issues which can compromise the positive impact of certification.

- Dunne, N 2000. *The Impact of Environmental Certification on the South African Forest Products Supply Chain*. This study traces the route of FSC certified timber from mill to market, seeking to understand the impact of certification on traders and retailers in South Africa and the UK.
- von Maltitz, G. 2000. *The impacts of the ISO 14000 management system on sustainable forest management in South Africa*. This is a study focussing on one company's decision to adopt ISO accreditation, comparing the impacts of the ISO system with those of FSC certification.
- Crawford Cousins, C. 2000. *The impacts of stakeholder consultation in the FSC certification process on sustainable forest management in South Africa*. Focussing on the Stakeholder consultation process within FSC certification, this report highlights key assumptions about the efficacy of consultation.

Outgrower schemes and community-company partnerships

- Zingel, J. 2000. *Between the woods and the water: tree outgrower schemes in KwaZulu-Natal - the policy and legislative environment for outgrowing at the regional level*. This report discusses the environment surrounding trends in outgrower development, both past and future.
- Cairns, R. 2000. *Outgrower timber schemes in KwaZulu-Natal: do they build sustainable rural livelihoods and what interventions should be made?* Focussing on case studies of outgrower households, this examines the role played by schemes in rural livelihoods.
- Ojwang, A. 2000. *Community-company Partnerships in forestry in South Africa: an examination of trends*. This is a broad overview of types of partnerships in Southern Africa, with comparisons between forestry and other sectors.
- Andrew, M., Fabricius, C. and Timmermans, H. 2000. *An overview of private sector community partnerships in forestry and other natural resources in Eastern Cape*. Focussing at a provincial level, this report captures partnership trends in the Eastern Cape, drawing on five case studies.
- Sisitka, L. 2000. *Private sector community forestry partnerships in the Eastern Cape: the Lambazi case study*. This case study examines the relationships between stakeholders and actors in a corporate-initiated scheme
- Cocks, M., Matsiliza, B. and Fabricius, C. 2000. *Private sector community forestry partnerships in the Eastern Cape: the Longweni woodlot case study*. This report examines community preferences and options for the use of a woodlot in the context of opportunities provided in the forest restructuring process.
- Sisitka, L. 2000. *Private sector community forestry partnerships in the Eastern Cape: the Umzimkulu case study*. This is a study of a corporate-community joint venture project in a part of the province that has good afforestation potential.
- Cocks, M., Matsiliza, B. and Fabricius, C. 2000. *Private sector community forestry partnerships in the Eastern Cape: the Manubi woodlot case study*. This study examines issues around partnerships and joint forest management around a state-conserved indigenous forest
- Ham, C. 2000. *The importance of woodlots to local communities, small scale entrepreneurs and indigenous forest conservation*. Comparing issues and opportunities arising around two woodlots, this study highlights the relative importance of government-planted woodlots to different community interest groups.

Copies of the CD containing the above reports can be obtained from:

Forestry and Land Use Programme, International Institute for Environment and Development, 3 Endsleigh Street, London, WC1H 0DD, UK.

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and The Librarian, Environmentek CSIR, PO Box 395, Pretoria 0001, South Africa.

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1. Context of the Case Study

This Umzimkulu case study forms part of a broader investigation into community – private sector forestry partnerships in the Eastern Cape. This provincial study in turn, contributes to one of the three major research themes of a wider national research project referred to as ‘Instruments for Sustainable Private Sector Forestry in South Africa.’ This national investigation is co-ordinated by the CSIR, in collaboration with DFID and IIED. It’s aim is to understand how the private sector is involved in forestry in South Africa, how it is changing and how it can help to achieve sustainable forest management in the future. The three themes include: redistribution of forest assets, impacts of certification, and company-community forestry partnerships.

Partnerships between communities, government and forestry companies have existed in South Africa in various forms, the most visible of which to date have been the commercially-focused outgrower schemes operating in KwaZulu-Natal, followed more recently by state-sponsored efforts towards building joint forest management relationships around managing state forest resources in the Eastern Cape and elsewhere. Private companies have recently started to explore new forms of partnerships in collaboration with communities. The State is also exploring a new brokerage role in facilitating partnerships between communities and other actors in developing small-scale enterprises. Thinking around different types of partnerships has been recently spurred to some extent by potential opportunities afforded through the state forest restructuring process. The broad objectives of new individual partnerships may vary, and the roles that participant actors assume towards achieving different sets of objectives within partnership relations need to be understood.

The objective of the research into partnerships in the Eastern Cape is to understand key issues in the evolution of new forms of partnership between private companies and communities in forest management, as well as their operation in the context of empowerment and redistribution processes, and the lessons that can be learned for forestry from other related sectors in South Africa. The case studies of the woodlots investigate the potential for the development of such partnerships around woodlots. In the Eastern Cape there are about 150 woodlots totalling some 12 000 ha and employing some 1300 labourers. As part of the process of restructuring state forests, DWAF is planning to transfer these woodlots to the neighbouring communities. It is hoped this will create new opportunities for community development and community-private sector partnerships.

2. Brief Description

Location

This project is located in the Eastern Cape enclave within KwaZulu-Natal between Kokstad in the West and Umzimkulu in the East.

There are three Communities involved at present with the potential for a couple more to join.

The Communities are:

- \$ Mabandla - 2900 households out of approximately 3400
- \$ Zintwala - 380 households out of approximately 450
- \$ Sigidi - 1400 households out of approximately 1600

Type of Forest

The forests involved will all be fully commercial plantations, mostly of Eucalyptus species. They are being planted on grasslands currently used for grazing of the communities’ livestock.

Ownership of Forest Land

All the land involved is Government owned, with the Minister of Water Affairs and Forestry as the nominal owner. A Leasehold agreement between the Minister and the communities is currently being finalised to give the communities a 25-year tenancy on the land.

Project Initiation

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The project was initiated in 1995 by Mondi Forests. At that time they had already successfully developed partnership forestry schemes with individual landowners in Zululand, and were looking to increase areas under afforestation to supply timber for their Richard's Bay Sawmill. They had forecast a future shortfall in the availability of timber for the sawmill and had identified areas where timber production could be viable.

Stage of Progress

All three community projects are at almost identical stages of development. The final organisational structures are almost in place, including:

- \$ the Community Trusts, each with 12 trustees
- \$ the Development Companies under the communities' names, with all the trustees initially acting as directors of the boards
- \$ the Managing Agency (Peter Nixon and Partners)

Land Surveys, Environmental Impact Assessments, and Forestry Viability Studies have been carried out, Afforestation Permits acquired, and forestry plans produced.

Each project has an established work base in the forestry areas including shipping containers for storage of materials and equipment, sheds for meetings etc., small nurseries for holding tree seedlings, and water supplies from dams.

Planting has been carried out in phases since 1997 covering the following areas:

Community	Total Area of Land	Area under Afforestation Permit	Area Planted
Mabandla	3500ha	1354ha	86ha
Zintwala	600ha	286ha (130 more applied for)	20ha
Sigidi	600ha	476ha	39ha

Contractors from the community have been engaged, members of the community are being employed, and work is progressing

Forestry roads have been built and some firebreaks established.

Financial arrangements including the allocation of SLAG funds through the DLA, and securing loan availability from the land Bank, have been finalised. Mondi has provided all necessary funding to date in the form of a loan, which is to be repaid immediately on establishment of the Development Companies.

Consultants have been engaged to carry out studies into the improvement of the road infrastructure in the three areas, and also to look at water reticulation for the communities.

2. Outline of Persons and Groups Interviewed

- \$ *Peter Nixon* - a professional forester currently still employed by Mondi, who has been the crucial link between the Company and the Community and who has been central to the facilitation of the process. He has been responsible for much of the financial planning and the organisation of surveys and development of the forestry plans. He will be the Managing Agent for the Project for the next 15 - 20 years as skills are transferred to the communities, and their capacities

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developed to enable them to manage the project themselves. In this role he will be directly contracted by the Development Companies.

\$ *Themba Radebe* - a forester trained by Mondi, and also currently employed by them, who has worked very closely with the communities as a field worker, and developed a strong and productive relationship with, particularly, the trustees of each Trust. He has been involved with all aspects of the practical implementation of the projects. Themba will be part of the Peter Nixon and Partners Managing Agency and continue to work with the communities on this basis. He, too, through the agency will be contracted directly by the Development Companies.

\$ *Queen Filani* - the Project Co-ordinator from the DLA. She has only been involved in the project since February 2000, but will provide a continuing service to the community on behalf of the department.

\$ *Chairs and Trustees of the three Community Trusts* - these have been elected by their communities to act as the 'interface' between the communities and the other project partners. They are responsible for keeping the communities informed of progress and developments, and representing their wishes to the other partners. They also currently oversee the running of the projects under the guidance of Peter and Themba. They have been elected to serve a two-year term after which they must stand down. They may stand for re-election. Trustees are paid from R65.00 (Mabandla) to R85.00 (Sigidi) for each day they are required to work for the project, either attending meetings or workshops, or being involved in any fieldwork.

\$ *Community members employed by the Projects* - members of each community Trust are employed, supposedly on a three-monthly rotational basis, to carry out the work in the forest. They are all paid R21.00/day.

3. Methods used

All discussions were held in the form of informal interviews with individuals or informal meetings with the groups. Themba was present at all meetings with the various trustees, and Queen Filani and Peter were also present during the discussions with the Mabandla trustees. There was no sense of the trustees being particularly constrained by Themba's presence, although there seemed to be more tension at the final meeting with everyone present as we talked with the Mabandla trustees.

4. Nature of the Partnership

This has changed considerably over the course of the project's development, with the initiator, Mondi, taking less of a lead role, although Peter and Themba are still central to the process, and the company itself continues to provide a technical and material support role.

a) *The Main Role-players*

\$ The Communities themselves – within each community a high proportion (80-90%) of households have committed a proportion of their R16,000 RDP grants, through the Settlement and Land Acquisition Grant (SLAG) funding to the projects. The amount they have contributed has varied according to the number of households involved in each community, in order that sufficient capital is raised for each Trust, through the Development Companies, to provide adequate funds for the project development and access sufficient loans from the Land Bank. The amount required was calculated after financial forecasts and budgets were prepared giving details of the capital requirements for each project. Initially households were asked to contribute R3000.00 of their grants, but this was seen to be insufficient, and the contributions now stand at Mabandla R5000/household, Zintwala R9000/household, Sigidi R6000/household. The Communities are represented by the community Trusts, and through them by the Board of Directors of the Development Companies. The Chiefs, although not trustees, have important roles to play, and they were the initial contacts with the communities.

\$ Mondi - still very central through the roles of Peter and Themba, and with a commitment to date of R2 million, which is to be repaid. With the finalisation of all the arrangements and structures their role will decrease to one of provision of technical support for the Managing Agency.

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\$ The DLA - very involved in the facilitation process, principally through the involvement of a consultant, Frickie De Waal, who worked, with Peter, very closely with the communities, and also in accessing the essential capital funding through SLAG. The DLA has now a major supportive role to play in ensuring that the process is fair and open, and monitoring the progress of the projects, particularly in relation to the effects on and benefits to the communities. They will also act in a networking role, particularly in relation to other government departments such as DWAF, and the provincial government structures. They are also very interested in the capacity building and training elements of the project.

\$ The Land Bank - originally our information was that the Ithala bank would hold and invest the capital funds, but we subsequently learned that the KZN government preferred that Ithala limited its activities to KZN itself and not the Eastern Cape, so the Land Bank now both holds and invests the funds, and provides loans when required to an agreed limit.

b) *The Objectives of the Partners*

\$ The Communities – they are principally concerned with the provision of employment, thereby generating income, and the development of their communities. Dividends that will be paid out by the Development Companies will not go to individuals, rather to agreed community projects. Those mentioned include schools, clinics, roads, water, electricity, and other employment generating projects such as agriculture and small-scale manufacturing. They are also keen that there is increasing activity in the villages, and the creation of opportunities that will encourage the youth to remain in the communities rather than becoming disaffected and leaving to seek jobs in the cities.

\$ Mondi – they have recently acquired a massive forestry estate, which will provide the forecast shortfall in timber supplies. They are therefore less dependent on the timber produced through the projects. They have undertaken to buy any timber if other markets are not available, although they have no binding agreement that the communities must sell to them. Mondi (probably) are keen to recoup their financial inputs and to leave the main supporting role to the Managing Agency, while continuing to associate their name with the projects. They will almost certainly not enter into such a complex process with other communities. Peter Nixon and Themba Radebe both have a strong personal commitment to see that the projects succeed.

\$ The DLA – they are very keen to see that there is real long-term benefit to the communities as a whole, and also to ensure that there is real skills transfer enabling the communities to manage all aspects of the projects in the future. The DLA would also like to see considerable developments in areas other than forestry in the communities.

\$ The Land Bank – there was no direct contact with any Bank representatives, but they will surely be very concerned that the financial basis and development of the projects is sound. They will be keeping a close eye on the financial management of the projects.

c) *The Rights and Responsibilities of the Actors*

\$ The Communities – each member of the communities has a right to become a member of the Trusts. In the initial phase a number were found to be without the necessary documentation (new ID cards) which would enable them to access their RDP funds. The Trustees have been tasked with helping these people acquire the documents, and a further tranche of members can join in one year's time (this may be extended), after which no more individuals can elect to become members. At each of the meetings with the trustees from the three communities it was noted that there was an almost equal representation of men and women with 5 women and 7 men in two of the Trusts, and 3 women and 4 men present at the third meeting. All members have to right to participate in all full Trust meetings, they can nominate and elect their trustees, and they can work for the project for 3 months on a rotational basis. At AGMs and other full meetings they can decide on the rates of payments to be made to the trustees and to workers.

\$ They must agree to terminate their employment at the end of their 3 month stint (there is a problem with this at Mabandla where the same people have been employed for a year and are refusing to stop). They can also submit proposals for community projects for funding through the

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dividends paid by the DC. Each member is responsible for supporting the project and not doing anything that could be to its detriment. Trustees have the right to serve for 2 years, unless they breach any conditions of that position, they can also be elected to become Board members of the DC. The Chair of the trustees will automatically become the chair of the Board. Other than their stipends, they have the same rights as other members.

\$ Mondi – the responsibilities currently attached to Mondi will be transferred to the Managing Agency, including the financial management, planning and budgeting, production of work schedules, ensuring adherence to relevant legislation and permit conditions, compliance with national and company policies and standards.

\$ The Land Bank – has rights to access to all financial records and audited accounts of the DCs. There exist formal contracts between the Land Bank and the Trusts stipulating a number of conditions attached to the provision of the loan facilities. These contain a condition that the Land Bank "...retains the right to impose further conditions, as deemed necessary from time to time, should changed circumstances warrant it to protect the Bank's security."

\$ The DLA – will be responsible for the monitoring of the social and economic impact of the projects on the communities, and assisting in facilitating the capacity building of community members.

5. The Nature of the Relationships

These are inevitably complex, but the underlying feeling is that the relationships are fairly strong, with a high degree of trust between the trustees and the company representatives. This relationship is, however, not one of equals, with almost all aspects of the project management having been initiated by the company, and increasingly by Peter and Themba (although there appears to be some lack of communication between these two on occasion). The levels of skills and experience brought to the project by the company and other advisors and facilitators are not matched by skills within the communities.

This, in itself, does not necessarily present a problem at present particularly as there is considerable evidence of real achievement involving the employment of community members, and the undoubted development of trustees capacities in regard to the organisation and management of aspects of the highly complex business of establishing commercial forestry plantations.

There is, though, perhaps some doubt about whether some of the more complicated documents and agreements are fully understood by all partners. The trustees have the responsibility of ensuring that the Trusts members are kept fully informed about all activities and developments, yet they may not themselves have a comprehensive grasp of some of the subtleties involved. There seems to have been something of a rush to finalise and sign documents relating to the establishment of the DCs, the appointment of auditors etc, and there has been insufficient time for the trustees to read the papers before signing. All papers are in English (and Afrikaans), and are couched in fairly arcane language, which makes comprehension by Xhosa speakers extremely difficult. It is hard to understand why there are not copies in isiXhosa.

The trust that has undoubtedly been built up over the years does allow the trustees to have confidence in the managers, but it does also perpetuate a gentle paternalism that all parties wish to end.

Relationships between the trustees and the other community members are difficult to gauge, with talk of jealousy and some resentment in some quarters. This does not appear to be a major problem as yet, but the refusal of workers in the Mabandla project to hand over their jobs to others does indicate that more of these problems could arise. If perhaps 40 community members are employed for just 3 months at any one time from a membership of 2900, they would have to wait for 70 'shifts' (some 17 years) before their next period of employment. This is obviously unsatisfactory, particularly since becoming a trustee or being employed are the only ways to gain direct personal financial benefit from the projects. In addition some workers (and a trustee) are already saying that they are being paid too little, and some

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workers believe that they should be provided with work-clothes and transport to the sites which are some distance from the villages. Several trustees also voiced this latter concern.

The contractors, employed to implement the work-plans and oversee the work force, are entirely self-employed and must provide and be responsible for their own equipment. They are therefore only employed while there is work to be carried out. To date this seems to be a perfectly reasonable system, and perhaps it is these contractors who will gain the most direct personal financial benefit from the project.

Another area of tension within the communities has been, and in some instances continues to be the perceived loss of grazing land to the plantations. While this has been resolved to a large extent, and so far there has been little impact, given the scale of planting, on the availability of grass, there were initial worries, and some community members, particularly those not subscribing to the project, continue to express their dissatisfaction at having their grazing areas reduced. Several trustees themselves had initial concerns on this score. In the longer term it is considered by the managers of the project that, as only a relatively small proportion of land available to the communities will be afforested, there will always be sufficient grazing, but those whose main or sole interest is in rearing cattle will probably continue to feel unjustly treated.

The DLA's involvement, although critical, has been at something of a distance, except for the crucial facilitation role played by Frickie De Waal, and they are seen as quite outside the main action of the project. There has not been time or opportunity for any strong personal relationships to develop. The same is probably true for the Land Bank. The DLA will, in the future be working more closely with all other partners in the projects.

There is little doubt that Mondi felt frustrated at the apparent 2 year delay before the DLA identified a representative to work with them on the projects, and the DLA in turn feel that Mondi's commitment faded both as a result of no longer being hungry for the timber, and after experiencing considerable problems with this and other community projects " ...having their fingers burned...".

On the surface at least the personal relationships appear cordial but there are hints of some underlying tension, which again could stem from the vast disparities in experience and capacity between the partners. Themba's role in moderating these differences is crucial to the maintenance of positive relations between the major partners.

6. The Resources

\$ *Natural* – The principal natural resources at stake in the project are the land itself, and the water in the many streams and rivers. The land is all government owned, but provides grazing for the communities' livestock. There is at present little cultivation of the land, and none in the areas for potential afforestation. Some grass for thatching is taken from the land, and there is some taking of game, although there is very little of this left in the open grasslands. Medicinal and culinary plants are undoubtedly collected from the areas but there was little opportunity to assess the levels of such collection, or the potential impact on this practise from the afforestation. The water is crucial to all the communities who use it for all their domestic and agricultural purposes. There is no other source of water to these villages. Some protection of the stream catchments will be afforded by the decision, taken on the advice of consultants, to plant no closer than 35 metres from the water courses. This distance is calculated to prevent pollution of the water from fertiliser and pesticide run-off. The impact of the growing forests on water availability is very hard to determine, but the genetically modified eucalyptus, favoured by the foresters, and which grow at a rate of 1.0-1.5m/year are very water demanding and may certainly impact on water availability in some localities. The relatively low fertility of the land in question limits the potential uses to which it could be put. There is certainly little prospect of any intensive agricultural production, and from this perspective forestry is as viable an option as any. The remoteness of

this area from major tourism centres also militates against any serious tourism development.

The ecological value of the grasslands is in general probably not high, although inevitably there are areas of greater biological diversity within the vast areas of apparently homogenous grassland in this area. The Environmental Impact Assessments carried out for each Trust should have identified these sites, and excluded them from potential afforestation. As the areas available for grazing decrease, the pressure on the remaining grasslands will inevitably increase, with inevitable ecological consequences. Some tracts of indigenous forest occur in the area, although it is probably only within the Mabandla Trust area that these fall within the forestry project boundaries. There are no plans to remove these, although with improved access afforded by the forestry roads, there will be the potential for exploitation of these forests, particularly for the very fine yellowwoods, and stinkwoods that occur in good numbers.

Human – There has been considerable commitment of human resource to the project from all partners, particularly of course the communities themselves. Mondi have allocated two of their staff full-time to the project with a great deal of administrative and technical support, and the DLA engaged a consultant in the negotiation stage and have at least two members of staff with continuing responsibility for the overseeing the development of the project. The Land Bank, too, have inevitably invested staff time and administrative resources to the project. Mondi will hand over the project management to the Managing Agency in the persons of Peter Nixon and Themba Radebe, but continue to provide technical support, while the DLA and the Land Bank are likely to continue allocating human resources at much the current level for the life of the project. Both Peter and Themba have very strong personal commitments to the project and to the communities, and have invested much of their professional and personal selves in the outcome. There is likely to be the need for further involvement of other agencies, particularly those concerned with training and capacity building. This may well include DWAF and the provincial Department of Agriculture who are to be approached to provide some technical and management training. The DLA will be instrumental in involving these and other agencies in the development of the project.

The greatest commitment of human resources will undoubtedly, and rightly, come from the communities. This should increase both as the rate of afforestation increases and as areas become ready for the various phases of harvesting, but also as other projects are developed under the umbrella of the Community Trusts. The commitment of time to the project by community members will be rewarded directly by payment of either wages (for contractors and workers) or stipends (for Trustees), and indirectly by the initiation of projects to benefit the whole communities.

Each of the partners as therefore already invested considerably in the project with only Mondi likely to reduce its commitment while all other partners will be increasing theirs over the years. The project is probably providing a focus for almost all activity within the communities at present, and they now have a tremendous amount at stake, as do both Peter Nixon and Themba Radebe who have their professional and personal reputations very closely linked to the project. The DLA has, after a slow start, invested considerable time in the project and should continue to do so, and given the poor record of rural development projects in the Eastern Cape, they will be very keen to ensure success in this case, and to see real long-term benefits for the entire communities. The Land Bank's interest is inevitably more financially focussed, with its human resource commitment commensurate with the relatively large sums of money involved. Their interest will continue on this basis.

\$ *Physical* – The physical resources, other than the land itself, have to date been supplied almost exclusively by Mondi in the form of trees, the nurseries, storage containers, huts, dams, water pipes, tools and equipment, roads etc. The costs of all these are to be repaid leaving Mondi with no remaining resources at stake in the project. The contractors have each invested in machinery

and equipment, and will need to do more as the range of tasks increases. Their investment in terms of physical resources is therefore quite considerable, and they will be particularly keen to see the successful development of the project. The physical resources invested by the communities have been principally time and labour as discussed above. The other partners invested little by way of physical resources except for those associated with their administrative functions.

\$ *Social* – Inevitably the greatest social investment has been by the communities themselves. The Umzimkulu area is very much one administered and controlled by the tribal authorities, with the chiefs maintaining considerable authority and influence. The project was initiated through the chiefs who were asked to take the idea to the communities. This ensured that the project would have the support, active or tacit, of the chiefs. Within the communities themselves, with the election of Trustees, and the instigation of the work rotation systems, there has been to some extent the creation of a 'financial hierarchy' with some members of the communities now receiving direct financial benefits from the project. The requirement for the Boards of Trustees to be re-elected every two years and the three-month labour rotation system should help mitigate this to some extent, but as has already been seen, people are reluctant to give up these posts and the associated income. Although all community members can elect to join the Trusts, and only members can be employed as contractors or workers, there are still those who are not members and who have expressed no interest in joining. These people will also benefit from any community projects developing over the next few years, without having invested in any way. How their position is viewed by those who have made the financial commitment remains to be seen. The social integrity (if such a thing really can be said to exist) of the communities will certainly come under some strain as the project develops, but this may be adequately compensated for by the practical benefits accruing to the communities.

\$ *Financial* – The financial commitment of some R2 million, made to date by Mondi is to be repaid by the Development Companies for each of the Trusts. This will remove any financial stake Mondi will hold in the project. Community members who have each invested from R5000 to R9000 per household will certainly be looking for considerable benefits from these investments, both in the form of direct income through employment or small business development, and through indirect benefits via community improvement initiatives. The sums invested represent a large proportion of their individual household RDP allocations and investing these for community rather than purely individual benefit is a major act of faith. The intention with the capital funds is to use these, and the interest accruing from their investment to firstly repay Mondi's investment, and then to fund future development of the projects itself and other community projects agreed by the Trusts. It has been agreed that R300,000.00 will be released in the second year for such project development, and the forecast is that any loans required to support the project will be cleared within 15 years. The Land Bank will only release loans on application, and when required. These will be secured against the large capital represented by the collective investment of the Trusts members, and the bank will be in the fortunate position of being responsible for both the investment of the capital funds and the disbursement of interest bearing loans when required. Their financial security in relation to the project is well assured.

7. Other Factors

Different Decision-making abilities, Structures, and Processes:

There are undoubtedly considerable differences in the capacities, abilities and experience levels between the project partners, and these have been quite influential in shaping the relationships.

Mondi (particularly in the person of Peter Nixon) is a very experienced commercial forestry company with a great depth of technical knowledge and experience of forestry management in all its aspects. There is also considerable expertise in the areas of financial management, budgeting, and planning.

The communities, on the other hand, have effectively no experience and have had no opportunity to develop capacities in these areas. They also lack organisational capacity, certainly in terms of the establishment of formal structures, and more particularly businesses responsible for the management of large sums of money.

There have been, and continue to be efforts made to develop these capacities through training, but it is acknowledged that it may probably be many years before the communities develop the necessary capacities to wholly manage such complex projects. To this end Peter Nixon is committing himself, through the Managing Agency, to work with the communities, manage the project and transfer skills over a 15 to 20 year period.

Much work was done in the early phases of negotiations to both build strong relationships, and involve the communities in the decision-making processes. There is, though, strong evidence in the identical forms that each project has assumed, with identical structures, responsibilities, processes, and logistical frameworks, that not only have the ideas emanated from Mondi, but the methods of implementation also derive from the same source. This is not to say that this has been achieved against the wishes of the communities, but rather that they have not been in any position to propose real alternatives to the Mondi vision. It is expected that greater 'individuality' will develop within each project as new elements, introduced by the communities develop within the overall framework.

Perhaps of greater concern is the role that Mondi has played in negotiating with the other partners, particularly the Land Bank, lawyers, auditors, and other agencies on behalf of the Trusts. These are areas of negotiation, involving contractual law, establishment of the Development Companies, drawing up of constitutions for the Trusts, and dealing with complex financial dealings, that are considerably beyond the skills and experiences of the communities. The language in which these negotiations are conducted, and in which the documents are written is often abstruse, and difficult for many English first language speakers to fully understand, and utterly alien to members of these rural communities. In these circumstances it is difficult to see how a real comprehensive understanding of these processes is achieved. There is no doubt that the broad principles of the negotiations have been discussed, but there seems to have been little opportunity for the details, many of them quite critical, to have been fully explained. The pressure on Trustees to sign documents that they had not had the chance to read, is one example of an assumption by Mondi of an over-riding dominant role. As mentioned previously, the lack of Xhosa translations of major documents is a serious omission, and possibly unconstitutional. One fundamental problem that arises from this situation is that of the extreme dependence that the communities currently have on the other partners, particularly on Peter and Themba.

Between Peter and Themba themselves there is a good professional relationship, although it appeared on several occasions that Themba had not been kept fully informed of all developments, and particularly some of the background to the external negotiations. In these cases there had clearly been a lack of communication between the two, and as Themba has always been the first and main point of contact between Mondi and the communities it is likely that they too are not fully aware of everything that is happening in their names.

The DLA are inevitably very concerned that the communities interests are properly represented at all stages, and were instrumental in providing an experienced facilitator to assist with the early negotiations and capacity building.

Differing Objectives:

In the initial stages of the project development one of the clearest objectives for Mondi was to secure adequate supplies of timber for their sawmills. This objective no longer stands, and the major imperative driving their involvement has disappeared. Mondi have now stepped back from the project and will recoup whatever investment they have made. Another objective was undoubtedly to be seen to be active in community development as part of their 'social responsibility' programme, and they are unlikely to completely disappear from the scene, as they will continue to provide technical support to the Managing

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Agency. For its part, the Managing Agency seems clearly committed both to the production of timber in a fully professional and commercial manner, and to bringing economic activity and the practical benefits this can support to these rural communities.

For the DLA, it is extremely important that the large sums of money released through the Settlement and Land Acquisition Grant (which can be used, as in this case, for purposes of agricultural production), is used constructively and for real community benefit. They are a little cynical with regard to Mondi's fairly evident commercial focus, and the latter's decision to pull back from the project. The DLA's principal focus, nationally and regionally, is rural development, and in this project they are primarily concerned with the long-term development potential.

Community members interviewed were unanimous in their desire for employment, activity and income, all of which are being provided by the project, if only to a minority as yet. In the longer term they are all looking for broader community benefits, improved infrastructure, better schools and clinics, water reticulation, electricity and roads. These objectives, both individual and collective are entirely compatible with both the 'new' Mondi focus, and the DLA's wishes, and there is no conflict evident between the current objectives of the main active partners.

8. Strategies and Actions (1)

As there is remarkable consensus between the main partners with regards to the overall objectives of the partnership, the fundamental strategy appears to be to follow through with the processes that have been agreed and established. There is no indication that any of the different interests are seeking alternative paths, or to pursue any particular individual courses.

9. Facilitating Mechanisms

The principal piece of legislation affecting the rights of the community members in terms of their access to and development of the land is the *Provision of Certain Land for Settlement Act 126 of 1993*, as amended by the *Development Facilitation Act 67 of 1995*. This lays down how state land can be made available for development, under what situations this may occur, and under what terms such development can take place. This is the Act invoked by the DLA in negotiating the lease of the land by the Trusts from the Minister.

Another important policy document is the 'Policy and Procedural Guidelines Relating to Accessing or Repaying the Settlement and Land Acquisition Grant when Beneficiaries Join and Leave Legal Entities after Land Acquisition'. This lays down the rights and responsibilities of such beneficiaries with respect to their SLAG funds invested in communal projects.

The original intention to form Communal Property Associations was abandoned, as these are applicable only to communities wishing to own land. In this case the formation of Community Trusts was more appropriate as they will only be leasing the land from the Minister. Should there be a change, with the communities wishing to gain full legal ownership over the land, or the DLA themselves see this as an opportunity to pursue the government's land devolution strategy then the formation of CPAs or equivalent legal entities may well ensue.

The most central institution to the project is the DLA itself, with its responsibilities for land transfer and rural development.

Other government Departments have so far played little part in the project although it is expected that they will become more involved as new projects develop, and more training needs are identified. There has also been little involvement of the provincial and local governments, but the tribal authorities, through the local chiefs, maintain their involvement.

No NGOs have so far had any involvement with the project. The lack of involvement of any NGOs has

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been cited by Mondi as one of the reasons for the relatively speedy implementation of the projects. On the other hand, the rather one-sided process with the balance of influence clearly on Mondi's side may have been mitigated somewhat by the presence of a facilitating NGO. (Mondi now, of course, acknowledge that NGOs are, in general, better equipped to handle the complexities of negotiating complex processes with complex communities.)

10. Barriers

There have been few major obstacles to the project development in terms of policies or legislation, much of which is designed to support such initiatives.

One early barrier, from the Mondi perspective, was the length of time the DLA took to respond to requests for their involvement (almost 2 years). Mondi also experienced considerable frustration with the slow rate of progress of the negotiations with the communities. Their previous 'community' experience had been with individual landowners in Zululand, and they had not really expected to encounter the problems they initially faced here.

The most obvious, and most frequently mentioned problem, is that of infrastructure with all communities lying at the end of very long and extremely badly maintained dirt and gravel roads. These are entirely unsuitable for heavy traffic, and are barely passable in good conditions by small trucks and bakkies, and absolutely impassable in wet conditions.

The lack of capacity and experience within the communities themselves has always presented something of a barrier to communication and negotiation, and this is exacerbated by the lack of documents in isiXhosa.

The gaps in communication between Peter and Themba perpetuate something of a 'manager/fieldworker' situation where latter, by having insufficient access to important information is not always in the best position to provide the necessary support to the communities.

There are inevitably some symptoms of, as yet, minor internal conflicts, with jealousies developing between those benefiting from their roles as trustees, or as workers, and others who as yet have derived no benefit from the project. The problem of workers refusing to terminate at the end of their contracts is another sign of potential conflict.

11. Strategies and Actions (2)

It is unlikely that Mondi will again enter into protracted negotiations with communities to develop such projects as these, although there may be a few more communities in the Umzimkulu area who had been approached earlier and who now wish to take things further. This does raise the question of how, in the event of the project being obviously and apparently successful, requests from other communities for similar interventions will be dealt with, and by whom. In one document they state that:

"Setting up and forming the community into a structured legal body with the necessary permits, business plans, constitution etc., is an onerous time consuming process which requires skilled dedicated people. In future it will require a dedicated and experienced team...or NGOs.... This group would require the moral technical and financial support of the Government."

In other words they do not see it as a function of a commercial company.

With regards to the roads, consulting engineers (AFRICON) have been commissioned to carry out a survey of and make recommendations for improvements to and upgrading of the most important roads in the three areas. They are also being asked to submit a tender for a study into the provision of water reticulation to the communities. Improvement of these infrastructural elements would in itself radically

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change the context in which the people in these villages live with considerable implications for general economic development of the areas, not only for the project communities but for the many others served by the same roads.

The lack of capacity within the communities, as perceived as much by themselves as by the outsiders, is to be addressed over time by provision of training and general capacity building. It is recognised that this will be a long-term process, but it is probably one of the most important aspects of the project together with the management of the forestry and financial elements.

A redefinition of the professional relationship between Peter and Themba, where the latter is more involved in management decisions, and better informed about the background to major issues would be of benefit, but is not at present under discussion, at least not in any obvious or overt way.

Internal conflicts are expected to be resolved by the Trusts (which represent the interface between the communities and the other partners), through the structures and processes in place for consultation and negotiation with the communities. As this is the area, as already experienced, where many of the potential problems will emerge, training in conflict prediction, pre-emption and resolution will be essential components of the capacity building.

A large part of the future role for the DLA will be to monitor the development of the project and provide necessary interventions to help resolve differences both between the partners and within the communities themselves.

12. Influence of these Actions on Relationships

These actions should help to strengthen the relationships, and over time narrow the gulf in capacity and experience between the partners.

13. Short-term Outcomes for Role-players

For Mondi, and increasingly for the Managing Agency, the establishment of viable commercial plantations, which are well maintained and managed, and adherence to the planting plans and the financial forecasts will be prime short-term outcomes. The continued development of the communities' capacities to undertake more of the management of the project themselves will also be an important outcome for Mondi and the Managing Agency.

For the communities, increasing employment and income generation, together with the development of further projects and activities, are likely to be the foci in the short-term.

The DLA will be primarily concerned that recognisable and tangible benefits accrue to the communities as a result of the project, and that social and economic development are seen to accelerate.

The Land Bank will wish to see the project being managed in a financially sound manner, with adherence to financial forecasts.

14. Short-term Outcomes for Resources

The principal resource, the land itself, will be fundamentally changed in the afforested areas. The loss of grasslands to plantations will increase, with a corresponding increase in economic productivity, and probable loss of biodiversity.

The impact on the remaining grasslands of increased grazing pressure and collection of plant material for foods, medicines etc. will need monitoring.

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There will be increased uptake of water by the plantations, with potentially some affect on the availability of water for other uses. The question of water quality, associated with the increasing use of fertilisers and pesticides in the plantations, will need to be addressed through a monitoring programme.

Impacts on the few remaining indigenous forest areas will also require monitoring, as they become more accessible.

In terms of all other resources, the short-term outcomes are likely to be very much a continuation of the current situation, with perhaps improvements in infrastructure helping to accelerate the initiation of other community projects, funded initially by the capital funds, and later by income from the forestry project.

15. Introduction of Facilitating Mechanisms and Removal of Barriers

- As discussed above, the main barrier to the satisfactory progress of the project is the current lack of capacity within the communities. For very poor rural communities to manage such a large and complex project with very large sums of money at stake will require considerable capacity building, and substantial support for a long period of time. This has been recognised by all parties, and there will be considerable focus on this aspect of the project.
- At the same time it will be necessary to improve real communication between the partners, and between Peter and Themba. The latter should be involved in some of the more conceptual planning processes, and in the financial management of the project.
- One measure that should be taken is to ensure that all documentation is available in isiXhosa, and that sufficient time is allowed for proper reading of all papers before signature by Trustees.
- The very powerful dependence the communities currently have on Peter and Themba will only be reduced as capacities are developed, and as the communities engage more directly in all negotiations with outside agencies. A time frame for transfer of particular management responsibilities needs to be agreed, and appropriate training provided to ensure that deadlines within this process are met.
- The DLA will probably need to take a more pro-active role in facilitating the capacity building, and in careful monitoring of the impact of the project on the social fabric of the communities. Their support will be vital both to help pre-empt potential conflict, and resolve any conflicts that do occur.
- The involvement of other agencies in training and support roles will also facilitate the capacity building, and provide useful fresh input into the dialogue between the partners.