

Community-company
Partnerships in
Forestry in
South Africa
An examination of trends

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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:

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1. Introduction

Partnerships between communities and private companies have been tried and tested in various regions within Africa and the world. Community-Private-Public Partnerships exist in various sectors such as mining, agriculture, tourism and forestry. These relationships are often attempts to promote equity of benefits accruing basically from land-based resources between the private sector, and/or government and communities. In Africa and in southern Africa, various tests and trials have involved natural resources and more specifically, Community-Based Natural Resource Management hence partnerships have mostly been discussed in the context of CBNRM (Katerere, 1999). Players in partnerships are often motivated differently by such ventures depending on the needs and aspirations of each party in the particular region. Partnerships are also influenced by national policies. The government, the private companies and the communities all have distinct roles to play. The main focus of this report will be to examine partnerships in the private forest sector in South Africa. However, similar ventures existing in sectors such as tourism and agriculture within South Africa will be examined as well as in other regions of Africa and elsewhere.

1.1 Why Partnerships? In South Africa's forestry sector, various factors continue to motivate community-company partnerships. Apart from existing relationships between forest companies and communities, there's still potential for partnerships on existing commercial plantations, community woodlots, indigenous forests and on newly afforested communal land (DWAF, 1999). For the private company, contract partnerships with communities for instance, is an accumulation strategy and an alternative way of acquiring supply of wood and fibre raw materials. Partnerships are encouraged in areas closer to the mills for easy access and to minimise transportation costs, which from the growers point of view, is the most costly aspect of the outgrowing schemes (Ojwang, 1999). Partnerships thus makes it possible for companies to avoid fresh investments in land, labour as well as other costs of managing and harvesting the forest resource. It is seen as a way of allocating risk between the companies and the communities that they work with. Production-related risks are transferred to the communities while the private companies retain the risk of marketing.

The fragile land situation in South Africa is also influencing the move toward partnerships. The current land debate has already implicated existing private companies as claims are made on some parts of their plantations. Partnerships that involve outsourcing from individual-owned or community-based land resource shields the forest companies from tenure disputes as they do not have to continue with investments on the land. Since these private companies may lose to the benefit of land claimants, it is imperative that the private companies strengthen partnerships with communities to maintain and improve on raw material supplies.

In addition, due to the previous land policies of apartheid South Africa that denied blacks ownership of land and often subjected them to displacement, forestry activities have in the past, been viewed with suspicion and hostility by communities. As a result, there have been cases of conflicts often resulting in destruction of forest resources. The private companies realised the need to forge close relationships with communities adjacent to their projects by involving them in forestry activities to allow benefit flow to the communities. Through community involvement in forestry activities, it is presumed that conflicts would be minimised, thus partly seen as a security measure against arson and

other prohibited uses of the forest resource. South Africa Pulp and Paper Industry (SAPPI) also acknowledges that through integrating small-scale farmers and integrating black individual farmers into their projects, they are fulfilling a social responsibility of creating development opportunities for the impoverished rural communities adjacent to their projects and thus view their contract partnership with the communities as a tool for rural development (Ojwang, 1999).

To the communities, partnerships with private companies assist in building local capacities through training and exposure to technical and managerial skills and improved decision-making. It also gives them a chance to participate in the management and use of local resources, provides income as a tool for poverty reduction and contributes to the overall development of the rural areas. Benefits to the community as a whole comes in the form of improved infrastructural initiatives as private companies develop schools, medical centres and roads in areas where they work. More often than not, communities with land resource are ill equipped in terms of access to credit facilities necessary for production, technical expertise and markets for their produce. Their association with private companies gives them access to such incentives.

The government on the other hand, views partnerships as a mechanism for facilitating the social and economic empowerment of rural communities. The government's role is to create an enabling environment for the development of the sector in a way that is equitable and sustainable. The government of South Africa acknowledges that in addition to other sectors, the forest industry has a significant role to play in rural development (DWAF, 1996) through providing opportunities for the emergence of Small, Micro and Medium Enterprises (SMMEs). However, SMMEs in the forestry sector has been minimal though it has received attention in other areas such as marine resources (Shackleton and Willis, 2000). Equity sharing and joint venture between the private sector and communities is another mechanism for enabling partnerships to balance the unequal distribution of wealth, land and capital.

Partnerships between the communities and private companies emerge because of various reasons. Some partnerships are the initiative of the private companies for the purposes of accumulating raw materials and to a lesser extent, as a means of contributing to social and economic development of the rural areas. An example is the Mondi and SAPPI contract schemes that are discussed in more detail later in the report. Others are spontaneous, with little or no negotiations as is the case of the groundnut schemes in Tzaneen while a number of partnerships in the Southern African region have emerged out of conflicts and claims to land and management of the land resources. Examples are the Makuleke and the Kruger National Park (see Box 2), and the Mahenye and Gonarezhou National Park (See Box 1). Some partnerships have been established after legal battles involving communities, the state and private companies. A good case in point is the legal battle over mining of platinum won by the Royal Bafokeng Nation (RBN) against Impala Platinum (Implats) (see Box 5). Whilst some partnerships have had significant government involvement such as the Madikwe Game Reserve in South Africa (see Box 3), others have been voluntary efforts by private players to contribute to social and economic empowerment of their workers and adjacent communities. An example is Whitehall Farms Equity Sharing Scheme whose success has been attributed to the cordial labour relations between the owners of the farm and workers (see Box 6). In Madikwe, weak participation of the community and their unclear roles has contributed to the slow progress of the partnership. The government is also facilitating Spatial

Development Initiatives (SDI)¹ and this is steadily progressing especially in the Tourism sector; the objective being to promote community-based eco-tourism opportunities in scenic and underdeveloped rural areas of the country through private sector investment (Shackleton and Willis, 2000). SDI are being developed in Wild Coast areas of the former Transkei and in KwaZulu-Natal for example the Lubombo SDI of the greater St Lucia Wetland Park (see Box 4).

Some of the contracting arrangements in certain countries have been seen as a broader attempt by Trans-National Companies to integrate peasants, new small growers and workers into the modern agrarian sector (Van Rooyen, 1999). The Kenya Tea Development Authority (KTDA) created by the Kenya Government, the Commonwealth Development Corporation (CDC) financed by the World Bank, OPEC and the former European Economic Commission (EEC) has been described as one of the most sustainable contract arrangements (*ibid*) in terms of transforming the small-scale farmers to be financially and economically independent. However, this scheme hasn't escaped from inadequate understanding by the financiers of the underlying social dynamics within the communities and contracting households. As a result, household conflicts have characterised the scheme mostly arising out of land tenure issues (Sorensen, 1993). Male heads of households often hold titles to land and are the direct legal beneficiaries of the scheme leading to conflicts with their female counterparts reported to provide most of the labour input. In her study, Sorensen (1993) identifies a link between low productivity in smallholder tea production to the gender relations in the household.

2. Models of Partnerships

Within the Southern African region, the most common types of community–company partnerships are²:

2.1 Joint ventures – The private investor and the community enter into an agreement with the community holding an **equity stake** (Katerere, 1999) and the proceeds are shared according to the value of each party's input (du Preez, 1998). Where the land belongs to the community, it is valued and this forms part of their stake. Processes of negotiations where roles and ambitions of both parties are discussed and agreed upon often characterise joint venture partnerships. Most importantly, it is based on trust, transparency and on equity and mutual benefits (*ibid*). A forestry joint venture is under implementation in the Eastern Cape, South Africa; the first of its kind on South Africa's communal land. Recently, a successful joint venture partnership has also been negotiated in South Africa's Mining Industry between the Royal Bafokeng Nation (RBN) and Impala Platinum (Implats) (see Box 5). The partnership has been established after a long legal process as the RBN fought for better dispensation of benefits from Implats and their recognition as the legal landowners and not the state. After winning the legal battle,

¹ Spatial Development Initiative (SDI) is an "investment facilitation strategy driven by the Department of Trade and Industry in collaboration with other national, provincial and local government department and agencies. Its objective is rooted on the utilisation on inherent potential for growth and sustainable job creation. This objective is derived from the new industrial strategy, which promotes competitiveness and export orientation as well as value-adding resource-based industries" Mahlati, V (1999:1).

² For more information on existing partnerships within the region, see text boxes at the end of the report.

the RBN were now in a strong position to negotiate a new partnership with Implats that made better provisions to the community in terms of higher royalties, free shares and social benefits such as employment, training of skilled workers and education materials among others (Khunou, 1999).

2.2 Contracts – The private company provides individual growers with incentives such as loan advances for establishment, technical expertise and subsidised inputs. The community or individual provides land, labour and is conditioned to sell the matured product to the private company (Ojwang, 1999). Unlike joint venture partnerships, contracts often lack joint decision making of both parties whose interests could be diverse. In South Africa's private forestry sector, this enterprise has been the most widely practised and involves thousands of small-scale timber farmers in KwaZulu-Natal with Mondi and SAPPI as the major private players. By January 2000, SAPPI's 'Project Grow' had 3134 members on an average size of 2.1 ha around Richards Bay and up to an average of 6.25 in Maputaland totalling to 9031 ha of planted area (Cairns, 2000). Similarly, Mondi's 'Khulanathi' had 2854 members by January 2000 on an average plot size of between 1.5 and 2.0 ha covering a total of 5904 ha (*ibid.*). The South African Wattle Growers Union (SAWGU) operating in areas of KwaZulu-Natal also employs similar partnerships for the production of bark and timber. SAWGU members own close to 90% of all small wattle plantations in this region (Cairns, 2000, Zingel, 2000). There are also Sugar outgrower schemes in parts of KwaZulu-Natal and the former Transkei.

2.3 Leases - The investor signs an agreement with the community based on use of communal land develops the facility and pays a lease fee to the community. Depending on the agreement, the community may or may not have any involvement in the running of the enterprise. An existing example with no community involvement in the running of the business is the wildlife venture in Zimbabwe involving the Mahenye community, Zimbabwe Sun Hotels (ZIMSUN) and Communal Areas Management Programme for Indigenous Resources (CAMPFIRE) (see Box 1). A similar venture is likely to take place in South Africa's forestry in the context of restructuring, especially in areas of the former homelands in the Eastern Cape, believed to have the highest potential for reforestation. Unlike the Zimbabwe case, the community is expected to play an active role and benefit not only economically but also in terms of improved local institutional capacities.

2.4 Co-Management – Involves a joint management of resources by an agency and a community. In this case, rights and obligations of each party are clearly spelt out. A recent example is the joint conservation management initiative of the Makuleke region of the Kruger National Park (see Box 2) by the government and the community. Private investors are expected to join the partnership for further development of the area. The community now owns the land after a highly successful claim from the Kruger National Park through negotiations (Koch and Massyn, 1999).

3. Forestry contracts in South Africa: In the South African forestry sector, various kinds of partnerships between private companies and communities have been in existence since the early 1980s. Due to increased market opportunities, this period saw an increase of black small-scale timber growers especially within the former homelands. To the private companies, this signalled improved opportunities for outsourcing and the creation of partnerships with new and potential timber growers. The most established of these partnerships is the contract timber growing in KwaZulu-Natal involving the communities and Lima Development Foundation (contracted by SAPPI), and SAPPI and

Mondi companies respectively. Mondi's runs *khulanathi* scheme while SAPPI runs a similar one called *Project Grow*. The partnerships were introduced to the communities to supplement fibre production for the companies. In essence, production-related risks are transferred to the individual grower while the company bears the risk of marketing. The private companies engage in a binding contract with individual farmers within the community and provide incentives such as loan advances and technical expertise. In return, the individual growers provide land and labour. This has largely been a business venture with the companies under no obligation to deliver social and economic rural development.

On the contrary, studies reveal that community members enter into the agreements to earn cash income at harvest while others see their involvement in growing trees as a security over unused land (Cairns, 1993; 2000, Cellier, 1994). Others are lured into the schemes after seeing benefits from neighbours who signed the contracts at inception (Ojwang, 1999) while some growers decide to join after being persuaded by extension officers (Cairns, 2000). Obviously, the needs, objectives and motivation of parties in engaging into contracts are diverse. For the contracts to work and for each contracting party to reach their goals, clear roles, obligations, rights and liabilities are spelt out and all parties are expected to understand and adhere to these.

Table 3.1
Responsibilities of parties in Contracts

Community/Individual grower			
Rights	Obligations	Duties	Liabilities
-Loan advances -Technical expertise -Extension services	Provide land & Labour	-Prepare land -Develop firebreaks -Protect trees against theft & fires -harvest -Deliver raw timber to weighbridge/ mill	-Poor yields due to inconsistencies in rain patterns and climatic changes - Theft, arson, livestock damage to trees - Non-acceptance of raw timber by company due to oversupply or low quality -Breach of contract
Mondi/SAPPI			
-Raw timber supplies -Loan recovery	-Provision of technical expertise -Loan advances -Extension services	-Processing and marketing -Develop local infrastructure	-Defaults in loan repayments -Fluctuating market prices -Breach of contract by grower

Despite the differences in needs and motivation of parties, the schemes have managed to provide income generating opportunities to marginal areas with limited opportunities for

creation of local employment as well as making available credit and marketing services necessary for the success of the projects. Certain individual growers, especially those with larger pieces of land have experienced substantial financial returns. As a result some of these beneficiaries have become contractors in the timber industry and are involved in other rural entrepreneurial activities (Ojwang, 1999). With the increasing number of outgrowers, the private companies continue to secure additional sources of timber to supplement raw timber from their own plantations.

3.1 Weaknesses of the Contract Model

As in any partnerships, weaknesses and constraints are unavoidable. Various concerns have emerged from this experience. The contract document has often been seen as a one-sided document with no input from the individual growers hence they are relegated to a position from which they are unable to negotiate timber prices as well as other terms of the contract. This exemplifies power imbalances between the contracting parties. Lack of participation in decision-making by the communities involved has had a direct impact on their relationship with the private companies. As a result, the contract document is often violated if not misunderstood and this gives rise to further conflicts and mistrust between the two parties.

Escalating dependency by individual growers on the timber companies has been another significant concern arising from the partnerships. The contract binds the grower for long periods of time commensurate with the long tree cycle as the grower is insulated from alternative markets (*ibid*). Cash flow problems as a result of the long maturity period are major constraining factors coupled with high transport costs at harvesting. Continuous loan advances to the growers though necessary at various stages of the production cycle, have exacerbated economic dependency on the companies as the majority of growers can only pay back with proceeds at harvesting.

3.2 Community-based forest partnerships in South Africa: Apart from the contract model of partnerships, other kinds of partnerships have emerged in the sector. A community-initiated scheme involving the planting of groundnuts in Mondi's established tree plantations in Tzaneen is a good example of an unplanned integration of food crops within commercial forestry plantations. Though spontaneous and not negotiated with Mondi, this community activity, which emerged in the early 1980s, was observed by Mondi for a while, and noted to pose no threat but benefits to both the community and the company. Mondi benefits in terms of reduced costs of weeding and management of the tree coppice while the community gain is economic returns from the groundnut produce which has a short rotation period. The venture has been encouraged and lessons learned applied to Mondi's other projects in Piet Retief and White River (Kruger, 1997).

More recently however, attempts have been made to initiate community-based partnership schemes as opposed to contracts with individuals as is the case in KwaZulu-Natal. The North East Cape Forests (NECF) comprising Anglo American Corporation, De Beers Holdings, Industrial Development Corporation (IDC) and Mondi Limited in conjunction with the rural communities in the former Transkei, have initiated a joint venture model for the purposes of growing timber for processing within the Eastern Cape Province (Keet, 1997). The communities involved hold an equity stake based on the value of their land that is earmarked for the afforestation scheme. The land value stands at 20% of the input costs (*ibid.*) while the remaining 80% is the contribution from NECF. Proceeds will be distributed at harvesting according to the ratio of each party's inputs

though communities will from time to time receive other direct benefits accruing from operation-related payments. The community's stake is quite low and calls for rural financing initiatives. Without financial grants to improve the community's equity stakes, their only opportunity for increase would be at harvesting when they could plough back the proceeds in to the project to boost their share at which time, there would be other competing demands for downstream entrepreneurial activities. The NECF recognises the need to increase the community's ratio of inputs if empowerment goals are to be realised. As a result, the NECF is assisting in exploring other funding opportunities, which would subsequently increase the rate of benefit flow to the communities. Until the local management and economic capacities have been strengthened, NECF will continue to inject to the project, forestry and management expertise as well as funding and the operations of the project.

A significant aspect of this joint venture is the creation and application of Communal Property Association (CPA) seen as an appropriate legal instrument that has been used to define the community, who is the actual landowner. The CPA is endowed with the responsibility of mediating in the forestry project which includes among others, to take precautionary measures to prevent damage to trees, prevent use of trees for purposes not agreed upon as well as oversee the creation of other community subcommittees (*ibid.*). Involving the communities in the daily operations of the project and allocating certain decision-making responsibilities to the CPA and other subcommittees is in itself an option that could inform the development of other emerging community-based partnerships in the forestry sector.

The CPA thus has a significant representative role of the wider community because of the common land resource, no doubt, the most valuable asset in a forestry enterprise. However, it would be important to note that sharing a common resource such as land does not make a community entirely homogeneous. Various smaller groups exist within communities such as women groups and youth who have similar values and common interests that could make them more functional as a group (Ham and Theron, 1998).

This particular joint venture initiative in the Eastern Cape differs from the contract model employed in KwaZulu-Natal not only in dealing with a whole community as an entity but also in the design of the agreement document. All stakeholders jointly drew the agreement and this could be used as a sound foundation for developing a strong relationship based on a clear understanding, trust and commitment of all parties. The land in question has been used for grazing but within the first three years of tree planting, grazing in these areas will be prohibited. A few community members own livestock and the majority view of the community members within the project area is that the forestry project will benefit more members as opposed to livestock rearing (Keet, 1997). Without alternative grazing ground for the few who own livestock, the growing stock would be exposed. There is potential conflict of interest between livestock owners and those supporting afforestation. It is imperative that the whole community is mobilised to support the project and avert potential conflicts.

Certain risks could still be anticipated during the project cycle. NECF is the sole provider of funds and will bear the financial risks during the project period until harvesting time when the funds will be recovered from the proceeds. On the other hand, in the event that NECF terminates or are unable to continue with financing, the other stakeholders will be affected in terms of time and other resources that have been injected into the project

during the implementation period. The model is being tried in South Africa's forestry sector for the very first time and it would be wrong to assume that it would be devoid of unanticipated obstacles.

The community is also exposed to certain risks. As it is, some of the land earmarked for afforestation has been used as grazing ground and during the early period of the crop cycle, this land will not be available for grazing. Disruption of previous uses of land is likely to breed dissent and opposition to the scheme from livestock owners and other previous individual beneficiaries. It would be inappropriate to assume that the project, though intended to benefit the whole community, would be unanimously supported. Replacing an existing activity supporting individual households and livelihoods with communal-based long-term rotational crop such as trees may not make much economic sense to poor communities whose immediate concerns are to meet their daily livelihoods. However, in the short term, benefits to the community are expected to be in the form of labour returns while the rest of the proceeds to all stakeholders are expected at harvest.

**Table 3.2.1
NECF Forestry Joint Venture - The Risks**

Risks	Affected Party	Mitigated Factors
Fire	Both	Fire Protection planning, Community vigilance, insurance
Livestock damage	Both	Community pressure, JV agreement
NECF defaults	Community	JV agreement, Low risk
Community defaults	NECF	JV agreement, wide acceptance, relationships
Processor not built	Both	Mondi's other interests, small processor options
Community conflict	Both	Wide acceptance, transparency of process
Timber theft	Both	Community vigilance, NECF involvement
Poor crop	Both	NECF expertise, community care and vigilance

Adapted from Nardus du Preez, (1998) North East Cape Forests – Community Forestry Joint Ventures

Adherence to the various roles and responsibilities of both parties would minimise the risks and strengthen the level of trust between them. Like the timber contracts in KwaZulu-Natal, the Joint Venture between NECF and Communities is based on an understanding of their respective rights, obligations and consequences arising out of the failure to adhere to these. Table 3 below summarises the responsibilities of parties.

**Table 3.2.2: NECF Forestry Joint Venture
Responsibilities**

CPA

Rights	Obligations	Duties	Liabilities
-Employment	-Provide labour	-Selection of employees	-Damage to trees

<ul style="list-style-type: none"> -Training in management and administration skills -Proceeds from equity shares -Collection of forest products such as firewood, mushrooms and pine needles 	<ul style="list-style-type: none"> -Land -Security and vigilance -Protection and adherence to JV agreement and CPA Constitution -Liase and give feedback to wider community and NECF -Spread benefits to wider community 	<ul style="list-style-type: none"> -Protection of growing stock -Daily administration of the project -Financial management and control -Delegation of members to the Community Forest Management Committee -Safekeeping of equipment 	<ul style="list-style-type: none"> through forest fires and livestock -Theft and diversion of trees for other uses not agreed upon -Low yields due to poor rains and unfavourable climatic conditions
NECF			
<ul style="list-style-type: none"> -Raw timber supplies and proceeds commensurate with shares 	<ul style="list-style-type: none"> -Develop fire protection plans -Facilitate transfer of skills in management and administration to the CPA -Develop local infrastructure -Liase with donors -Expose external funding to communities to improve their stake 	<ul style="list-style-type: none"> - Secure finances to offset the project - Provide training in silvicultural education and in small-scale entrepreneurship -Manage and administer the project until CPA is ready to take over -Provide extension services -Monitor and evaluate project -Process and market the products at competitive prices 	<ul style="list-style-type: none"> -Financial losses due to fire, theft and livestock damage - Low crop yields - CPA defaults

4. Role of actors in Partnerships

Different actors in partnerships have distinct roles to play. Well-defined and clear roles as well as their recognition are contributing factors to the success of partnerships. The actors have various needs, diverse information, human resources development status and knowledge (Katerere, 1999). Due to these differences, creating workable partnerships to address the needs and aspiration of all stakeholders makes it a delicate process. In this regard, governments have become more proactive in facilitating policies that are able to create situations where both the communities and the private players would fairly benefit.

4.1 The state: In South Africa, as in many countries in the world, the state is gradually withdrawing from ownership and management of the key sectors of the economy including forestry. Thus the role of the state is being redefined and confined to that of regulator and advisor. This is in recognition of the conflicting role of the state when it is the owner, marketer, regulator and advisor. Therefore, the state is looked upon to create an enabling environment that attracts private investment through establishing legal frameworks for development such as clarity in property rights, economic, political and social rights. The state also provides a regulatory framework to guide labour rights, safety, administrative laws and the provision of physical infrastructure. In new community-company partnerships, the government will act as a broker between the communities and private investors while placing a strong emphasis on sustainable livelihoods. To accomplish this role, a Forestry Development Office (FEDO) has already been set up in the Eastern Cape to act as a one-stop shop (co-ordinating with other

interested government departments, the community and private sector). The state will facilitate the creation of forest partnerships between communities with suitable land and willing investors with capital and expertise. Thus the government is expected to facilitate the process of partnerships in an open and transparent way. The White Paper for Sustainable Forestry Development (1996) summarises the role of the state as follows:

- To promote equitable access
- To assess trends in the sector
- To facilitate the entry of small farmers and entrepreneurs into the industry
- To negotiate with finance companies access to industrial forestry

4.2 The private sector: The private investors major responsibility is to mobilise finance and facilitate the transfer of technical skills into the country and to local communities where they operate. The private sector is also expected to adhere and comply with the legislation and requirements regarding the sustainable use of the natural resources. Through private sector investments, employment opportunities are created and the local human resource is improved through training of local managers and skilled labour. The New Forest Policy further encourages the private sector to be agents of social and economic development in the impoverished and marginalised rural areas while integrating the local communities into mainstream economy through financing and encouraging downstream rural entrepreneurship. It is also the responsibility of the private sector to look for suitable markets and sell the commodities at competitive prices. Due to the high level of financial involvement of the private players, it is understandable that they prefer to negotiate partnerships with well-defined entities having legitimate representative structures and clear property rights.

4.3 The community: Communities may provide land, and are often the users, custodians and managers of the land-based natural resources. In the past, rural communities in South Africa have been marginalised from uses and decisions regarding local natural resources. The history of alienation, dispossession and subsequent displacements from the more favourable land bred mistrust and wariness of the communities in taking part in forestry activities. With the New Forest Policy (1996), encouraging the entry of communities into forestry as active stakeholders and the Land Reform Policy (1996) ensuring the redistribution of land, the role of the community is set to experience tremendous improvement. In the Eastern Cape for instance, the transfer of DWAF-managed woodlots to the ownership of the communities will improve outgrower opportunities as well as partnerships between the communities and the private forest sector. The land becomes the community's stake in the partnership while at the same time they benefit through the transfer of skills, employment and improved decision-making capacities.

5. Alternative instruments for management of communal resources

Private companies desire strong and sustained relationships with the communities adjacent to their projects. Engaging communities in deals and partnerships is a complex undertaking legally and operationally and the companies are often ill equipped to understand underlying social dynamics within communities. Notwithstanding Such constraints however, with the growing demand of wood expected to double by the year 2025, it is likely that private forest companies will continue to forge new partnerships with communities for continued supply of timber. Also, as a result of the New Forest Policy encouraging partnerships and the opening up of the sector to various private players through restructuring, certain communities will have access to land resource transferred

from state ownership i.e. in the Eastern Cape. Some of these plots are suitable for afforestation and partnerships seem eminent. For workable partnerships to be established between communities and the private sector, it is necessary that more collective legal mechanisms be explored for effective representation of the community.

Other than the CPA Act that has been used as an instrument to define the community and enable them participate collectively in the NECF partnership, other mechanisms could be explored to facilitate partnerships between private companies and communities as a whole. The essence is to have a communal entity that has constitutional support that enables it to collectively enter into negotiations with private investors while enabling a secure environment for both parties. The defined community entity would also manage the flow of benefits to the larger members of the community.

5.1 Community Trust

Apart from CPA, communities could organise themselves through a **community trust** governed by a trust deed (Foy, de Beer and Pitcher, 1998). While such an arrangement is flexible and trustees and beneficiaries may often change, the trust will continue. However, there are no strict rules that guide the trust and could be prone to mismanagement and lack of transparency (*ibid.*). Such flexibility is likely to discourage some community members and even private investors who prefer to invest with minimal risks.

5.2 Section 21 Company

Other options would be for the community to form a **Section 21 Company**³ under the companies Act “which is an association not for gain, limited by guarantee” (*ibid.*). It has a unique Memorandum and ‘Articles of Association’ which details its regulations and objectives. Like a Community Trust, the changes in membership do not affect its existence. However, the process of establishing a company is understood to be “complex, time consuming and expensive” (*ibid.*), and usually, the management are employees and not the owners. For communities still grappling with issues of empowerment and lacking in both technical and managerial skills, having such a Company may inhibit their participation, as they are likely to employ skills from outside their locality.

5.3 Co-operatives

Co-operatives can also serve as an institutional option though many known Co-operatives like South Africa Wattle Growers Union (SAWGU) and the Kenya Tea Development Authority (KTDA) for instance, are made up of individual growers and not representative of a community as a block. They are democratic structures comprising of a recorded number of members with voting rights, a capital structure and methods of distribution of profit and loss (*ibid.*). Members are responsible for losses incurred. Co-operatives are sometimes set up to ease transportation costs from the growers to the processor through joint transportation. An example is the NCT Contractor Co-operative in Nkandla (see Cairns, 2000) while others like the KTDA processes and markets the produce.

³ The bulk of the information entailed in the section that explores the options for managing communal resource and benefits has been borrowed from Foy, de Beer and Pitcher, (1998) “Existing and Potential Approaches to Creating Partnerships for Forestry Development in South Africa” (unpublished)

5.4 Interest Groups

It would also be worthwhile to explore certain interest groups such as women groups and youth groups within communities as the target for community-company partnerships. This is because communities comprise different interest groups who are likely to function effectively as a group because of their shared values but fail when lumped together with other members of the wider community (Ham and Theron, 1998). The functional target group could manage the project on behalf of the rest of the community. However, this calls for accountability, trust and openness with the rest of the community.

6. Key diverging aspects of Partnership models

Whilst there are distinct differences between partnership models i.e. in instruments and mechanisms applied, commodity, objectives and principles of parties involved e.t.c, lessons learned in one model could still be useful to emerging as well as other existing relationships. Private forest companies in South Africa are said to prefer engaging in individual contracts to communal-based ventures because it is easier and safer both legally and operationally. However, power imbalances that usually characterise individual contracts are presumed to be minimal in communal-based relationships. This is because constitutionally recognised entities like the CPA (as applied in the NECF in the Eastern Cape and in Makuleke and the Kruger National Park) or co-operatives⁴ (KTDA, representing Tea Outgrowers in Kenya) are platforms for collective representation that if effectively used, could ensure stronger negotiation of partnerships.

In addition, through communal-based partnerships, the communities benefit not only financially but also in terms of improved decision making and managerial capacities. Social and economic empowerment of rural communities is one goal of South Africa's New Forest Policy as the private sector is encouraged to get more involved in developing areas where they operate. Empowerment has been defined as a "process whereby previously disadvantaged communities or individuals benefit from taking effective control and responsibility for the decision-making, over the assets that they own" (Foy, de Beer and Pitcher, 1998:2). This implies that benefits to the community transcend financial gain but communities retain control over assets such as land, are responsible for decisions regarding management and use of their resources (trees) and have access to value added benefits accruing from further use (processing) of their resource (*ibid.*). This would be in contrast to the mostly practised contract partnerships, where benefits are commensurate with the quality and quantity of the produce at delivery. Value addition would also enhance continuity of interest in the partnership on the part of the growers and strengthen the often-fragile relationship between the community and private investors. The inter-mediation of the government would be necessary during the partnership negotiation process to ensure a win-win situation for both parties.

7. National Policy Influences on the Emergence of Forestry Partnerships

South Africa's New Forest Policy commits the state to withdraw from ownership and management of forests and forestry assets (DWAF, 1996). Restructuring of the state forest assets has provided opportunities for the greater diversity of ownership of forest

⁴ Unlike CPA that represents a defined community with benefit flow to the community as a whole, Co-operatives consists of voluntary individual growers and benefits accrue to the individual member.

resources. With the sale of SAFCOL-controlled forests as well as those under DWAF, the forest sector is opening up and is expected to be more inclusive as new private players, black communities as well as emerging black business initiatives are likely to take an active part in forestry activities. The New Forest Policy provides a number of opportunities and creates an enabling environment for the timber industry, individual growers, and communities to form forestry partnerships.

The involvement and participation of black communities and emerging black business initiatives is clearly supported by the terms of the sale of the state forest assets to the private sector. The private sector has been offered 75% shareholding of which 10% has been reserved for black economic empowerment entities as a further 10% is allocated to the National Empowerment fund and the remaining 15% divided between the government and the employee share ownership schemes (Business Day, 1999). This kind of affirmative action as demonstrated in the tender documents is a further indication of policy intervention in the forestry sector. The potential new private forestry players are expected to forge new partnerships with the rural communities adjacent to their operations as a way of contributing to social and economic development of the rural areas.

The National Forestry Action Programme outlines strategies for accomplishing policy initiatives as contained in The White Paper on Sustainable Forestry Development in South Africa (1996). The forest industry is recognised as being central in fostering rural economic development while remaining competitive, efficient and profitable. The New Forest Policy reiterates diversity and competitiveness, both for the purposes of consumer benefits and for creating opportunities for economic improvement especially for the previously disadvantaged communities.

The government also acknowledges the history of mistrust and suspicion between the existing forest owners and managers and the rural communities. It calls for the establishment of conflict resolution mechanisms and the accommodation of the needs and aspirations of all stakeholders to minimise conflict (*ibid.*). Land has been the source of major conflicts between the communities and forestry players and tenure insecurity has contributed to rural poverty. The on going Land Reform Programme provides legislative, financial and administrative support and is expected to resolve some of these land conflicts and enable individual families and local communities access to land that could be suitable for various activities including forestry. The black community and individuals previously dispossessed are likely to acquire more land through redistribution and engage in partnership activities.

Likewise, labour tenants are now protected under the Labour Tenants Act and those in forestry areas are assured tenure security. Tenure insecurity in state forestland and in communal areas is believed to discourage potential private investors and if not resolved, may still inhibit progress with existing and potential initiatives (Shackleton and Willis, 2000). With effective conflict resolutions in place and land redistribution, it would be worthwhile for both the communities and private companies to initiate business relationships able to realise benefits for all stakeholders.

The National Forestry Action Programme also advocate for equity sharing and joint ventures as viable mechanisms and vehicles for enabling partnerships to balance the unequal distribution of wealth, land and capital between large businesses and

marginalised communities. The government's revised role in the context of restructuring, as that of regulator, advisor and broker between the private sector and the community is crucial for the success of potential partnerships and the strengthening of the existing partnerships in the forest sector. Community-Company partnerships are often characterised by power imbalances, as communities are ill equipped in knowledge of legal processes, land value, and enterprise development (Shackleton and Willis, 2000). Partnerships between communities and private companies is critical in improving the technical and managerial skills as well as decision-making capacities of communities, employment opportunities and creating an environment where all stakeholders will share in the benefits accruing from the sector. The government's role in brokering and facilitating the establishment of partnerships is vital.

8. Impacts of forestry partnerships

Impacts of partnerships are often unique to the model, commodity and region under study. However, there are certain crosscutting effects associated with relationships of this kind. Conversion of land to a single crop, common in partnerships has raised various social and environmental concerns.

8.1 Impacts on water resources

Monocropping, especially when it involves exotic crops like eucalyptus (as is the case in KwaZulu-Natal and other provinces of South Africa) have been linked to environmental risks such as reduced running water levels. South Africa has very limited groundwater resources as the surface is characterised by hard rock formations containing minerals but devoid of substantial amounts of aquifers (Steyl, 1999; DWAF, 1997). Extensive growing of eucalyptus and other alien trees has been proven to significantly reduce running water levels. Related studies undertaken by DWAF indicate that plantation forestry covers 10% of the land area that produces 60% of the country's water resources (Warren & Le Roux, 2000). Since timber plantation activity is a higher water use crop and often permanently replaces other land uses with low water consumption, the sector has been the first to attract a 'conservative approach in a water scarce country like South Africa' (*ibid.*). The New National Water Act (1998) empowers the Minister to declare activities that have serious impacts on stream or river flows as a Stream Flow River Activity (SFRA) and to regulate these activities. So far forestry in South Africa has been declared as a Stream Flow Reduction Activity (SFRA) (Steyl, 1999).

8.2 Impacts on biodiversity: Closely associated with vast tree plantations in South Africa are their negative impacts on ecosystems and biodiversity. These include loss of natural grasslands, wetlands and indigenous forests. Consequently, these losses have interfered with indigenous bird, plant and animal species. Studies undertaken by Granger and Weyer (1999) supported by visual and aerial photographs between 1944 and 1999 indicate that afforestation has increased from a total catchment area of 6.8% in 1944 to 36.19 in 1999 representing an increase of 29.31%. At the same time grassland cover has reduced from 68.94% to 31.99% hence raising conservation concerns.

Environmental concerns regarding the impacts of afforestation have previously been linked to commercial plantation forestry but, recently, regulations have been extended to cover outgrower partnerships. Consequently, outgrowers, like forest companies, are required to obtain afforestation permits controlled by the Stream Flow Reduction Allocation (SFRA) branch of the department of Water Affairs.

8.3 Impacts on other land uses: The relatively long cycle of the timber crop makes the underlying land unavailable for existing and other significant land uses that may be deemed appropriate. It is also understood that whenever a cash crop is introduced to a community with loans and other incentives to facilitate the process, there is usually a tendency to replace the growing of food crops. This threatens household food security and creates further indirect impacts such as increased burdens to the women (mostly in charge of provision of household food). However, studies in timber growing areas of KwaZulu-Natal indicate that this activity has not replaced other land uses (Ojwang, 1999; Cairns, 1993). Ojwang's research, like Cairn's, found that other small-scale agricultural activities are practised along streams and in areas very close to the coastline while trees take the less suitable areas. However, Cairns (2000) reports that in many of the coastal areas, trees have occupied areas that are suitable for the production of other crops, which could be more profitable than trees thus limiting other opportunities as it is difficult to convert and use areas previously under trees. The situation in parts of the Eastern Cape province earmarked for afforestation is also reported to be under other uses such as livestock grazing (Keet, 1997). Grazing in afforested areas is prohibited in the first three years of the tree crop and this will affect households who own livestock creating potential conflicts in the absence of alternative grazing grounds. Because it is difficult to determine opportunity costs, it is safer to diversify land use and integrate short-term income generating activities as has been encouraged by various studies on agricultural partnerships.

8.4 Direct economic impacts on communities

Most studies in partnerships have a unanimous view that partnerships open up new income generating opportunities to rural communities often marginalised and impoverished (Cellier, 1994; Arnold, 1995; Ojwang, 1999). With the provision of loans and technical incentives, the capacities of these households and communities to participate are enhanced. Though not a major livelihood activity as reported by participating households, income from tree growing is regarded as a savings and is used for major projects such as building new houses, purchasing cars, paying *lobola* and often pays for children's education (Ojwang, 1999; Zingel, 2000). Disparity in financial benefits between households is closely tied to the size of land under trees, type of soils and underlying climatic conditions. Growers with larger pieces of land and those in the more fertile lands such as Sokhulu in KwaZulu-Natal tend to get better yields and better financial returns as opposed to their counterparts in the more marginal areas like Mfekayi (Ojwang, 1999).

Whilst not all participating households have had significant changes in their livelihood needs, a few growers have invested in downstream entrepreneurial activities such as labour contracting while others have become transporters of raw fibre to the weighbridges and mills. There is a widening gap between these successful growers and other households with little or no land to engage in tree growing (*ibid.*).

Yet participation and short-term financial benefits to the communities is understood to be insufficient. The need to facilitate social and economic empowerment of the participating communities is imperative if these ventures have to fulfil the requirements of the various national policies that stresses on empowerment of the rural communities. This means that the communities have to take part in decisions regarding the use and management of their land and land-based resources. In addition, they should retain control over their assets, have access to value-added benefits that accrue from the processing of what

they produce and gain a substantial amount of independence for their livelihood security (Foy, de Beer and Pitcher, 1998).

8.5 Redistribution of benefits within households

Redistribution of benefits from partnership activities has always been a contentious issue within households participating in partnerships (Ojwang, 1999). Understanding the distribution and effects of benefits at household level is difficult given the underlying cultural controls that endow the male members of the household with decisions pertaining to the use of benefits. Women have been understood to be the losers when it comes to these decisions regarding the flow and use of benefits yet studies indicate that they make a substantial contribution to household labour. As Zulu culture regard women as legal minors (Cellier, 1994), they are undermined when it comes to decisions regarding use and benefits accruing from the timber partnerships (Ojwang, 1999; Zingel, 2000; Cairns, 2000). This is made worse by the fact that the *Inkosi* allocates land to the male head of the household and women members only access this through the male members. Out of this indirect access to land and to the benefits of their labour have arisen conflicts as women members attempt to exert more influence and access to these benefits (Ojwang, 1999).

It is presumed that the flow of benefits would be more complex at communal level if efficient redistribution mechanisms were not put in place. With significant social differentiation within communities (comprising strong and affluent as well as weak and poor members), it is possible that there would be certain risks associated with the benefit flows. Decisions regarding the use of communal proceeds from the partnerships are likely to be dominated by the more powerful members of the community thus further marginalising the poorest from decision-making activities.

8.6 Impacts on private companies

To the private investor, benefits are counted in terms of easy access to commodities at reasonable costs as well as low risks and responsibilities for labour management as this rests with the participating households and communities. In South Africa, forestry partnerships with communities is understood to enhance security on the plots and reduces the risk of arson as the relationship with the communities is strengthened by their active involvement in forestry activities. However, with a number of land claims involving private forestland (DWAF, 1996) and further afforestation strongly regulated through the SFRA, private forest companies are expected to extend their outsourcing operations. This would prevent them from getting involved in further land disputes and heavy investments in land and labour.

Zingel (2000) reports that the timber partnerships currently provide between 3%-5% of the mill throughput, often comes in handy in the periods of shortfall at a relatively low investments in land, labour *and transport* costs. Partnerships are also used as a tool for strengthening relationships between private companies and communities neighbouring their timber assets and may also be useful in helping win bids for adjacent state-owned plantations that are on sale (*ibid.*).

9. Lessons Learned

It is evident that one model of partnership whether successful, may not be used as a blueprint for partnerships elsewhere due to the major differences that exist between

regions, commodities, regulations and guidelines e.t.c. However, certain key issues emerge that deserves attention and lessons learned could be used to inform existing and future partnerships.

- Based on the various case studies cited in this report, it is clear that successful partnerships are highly dependent on the active involvement of all stakeholders right from the planning stages and throughout the lifecycle of the project. A prior assessment of what the communities anticipate in terms of benefits and what the private sectors expect is a prerequisite. Due to the disparities in needs and motivations, it is necessary that there exist an entity with a mediating role between the private sector and the communities. This role could be performed by a Non Governmental Organisation as happened in the Makuleke land claim or through a government agency as has been proposed in the Eastern Cape forestry.
- It is also important that policy guidelines be in place to support and encourage partnership initiatives between the private sector and local communities. Since land is the main investment capital in forestry, there should exist a clear legal resource right. This would boost the confidence of investors and avert conflicts that may arise due to tenure insecurities.
- For the success of community-based partnerships, it is imperative that a clear definition of the community be obtained. Studies have indicated that where communities are lumped together in disregard of their common interests and shared values, it often becomes a breeding spot for conflicts and disagreements (Ham and Theron, 1998). The Madikwe initiative is a case in point (see Box 3).
- Private sector players also need to be aware and recognise divergent views and opinions emanating from the community. Community support and involvement should not be taken at face value as community consists of members with different social and economic backgrounds.
- Identification of an appropriate legal framework for managing the common resource and benefits accruing from the partnership venture is vital. The entity whether a CPA, a user group or any other representative body should have clear roles and responsibilities and clear mechanisms need to be in place for accountability purposes.
- Rural financing needs to be explored in cases where the communities are involved in joint ventures. Often, their stake would be based on the value of their land resource but this is usually low when proceeds are redistributed.
- Communities also need to be aware of their opportunity costs so that they make informed choices. Rural communities have a high preference for invested capital as they attach more weight to a benefit in the present that they do in the future, hence will tend to lean towards short-term investments on high discount rates. In the case of forestry, trees have a long rotation period where land becomes occupied for a long time. Their decision to engage their land in forestry activities should be well informed.
- It has been widely documented that rural communities have rich knowledge in maintaining natural woodlands around them but this may not necessarily be the case

with monoculture forest plantations most of which are planted with exotic species. Where the partnerships involve plantation forests, it would be worthwhile to provide silvicultural training and the pertinent economics of growing timber.

- Although it may be accurate to say that the community's major motivation for negotiating partnerships is because of the anticipated economic returns, there also exist strong aspirations for acquiring skills and improving their own management and decision-making abilities. Hence their involvement in the management of their local resources should be encouraged. Social and economic empowerment of the rural communities is a common goal of Community Private Public Partnerships (CPPS) initiatives.

10. Conclusion

Most practices of resource sharing, partnerships and joint forest management indicate a shift away from exclusive private control and management of forestland and resources. The underlying theme is participation in management and decision-making processes and more importantly, a fair redistribution of forest benefits to all stakeholders. It is as a result of the recognition that inclusive forest practices averts conflict, builds confidence and moves toward creating a win-win situation for all interested parties. As the government lacks capacity in terms of manpower and finances to support adequate development initiatives, facilitating partnerships through policy and other avenues within their jurisdiction helps create enabling environments for investment, poverty reduction and ensuring that communities gain social and economic empowerment.

BOX 1

THE MAHENYE VILLAGE-ZIMSUN-CAMPFIRE PARTNERSHIP AN EXAMPLE OF A MULTIPLE PARTNERSHIP MODEL

Mahenye Village lies along the vast sands of what becomes the Save River, adjacent to Zimbabwe's Gonarezhou National Park, one of the country's major game parks. The Mahenye people belong to the Shangaan clan of the Northern Province in South Africa. They were moved when the National Park was created in the 1960s. Because of the location i.e. near Mozambique border, the community was neglected during the Liberation War. After independence the community suffered because of the civil war in Mozambique.

The CAMPFIRE programme in Mahenye was born out of conflict between National Park authorities and the Mahenye community over ownership of wild animals. In 1891 wild animals were proclaimed the property of the Crown and the Mahenye Shangaan people were denied access to wildlife. They became classified as 'poachers' since the wildlife was no longer the property of the community. In 1966 the western bank of the Save River was incorporated in Gonarezhou National Park and the Shangaan people were evicted and their villages destroyed. A group of the Shangaan people crossed the Save River to the east and settled on what is now known as Mahenye island. This marked the creation of rebel community that continued to hunt for survival.

The conflict between the Mahenye people and the Department of National Parks and Wildlife Management over wildlife ended in the 1980s when a white farmer persuaded the Government to allow the Mahenye community a hunting quota with the proceeds going to the community. With the advent of CAMPFIRE, the Mahenye community has been earning income from consumptive wildlife utilisation.

Threatened with major environmental problems such as the threat of wild animals, and siltation caused by streambank cultivation, the community, who had always prided themselves in their environment readily took up a private sector offer to go into partnership in their conservation war. They also realised that there was an opportunity to make money for themselves through non-consumptive safaris. These partners came in the form of the Zimbabwe Sun (Zimsun) Hotels and the Communal Areas Management Programme for Indigenous Resources (CAMPFIRE). The new development of non-consumptive opportunities are enhanced by the Mahenye's proximity to Gonarezhou National Park and Mahenye Island which has riverine forest of great aesthetic and botanical interest.

The hotel group set up lodges, Mahenye Safari Lodge and Chilo. The two lodges have a total capacity of 40 beds. The community in 1998 raised Z\$448 000 from hunting and Z\$590 000 from photography. It also received Z\$430 000 from Zimsun as part of its annual share from tourist occupancy. A total of 880 households received Z\$640 each. So far Z\$340 000 has been raised to build Mahenye's first secondary school. (1US\$ =Z\$38.00 as of November 1999).

Through funds generated from the Safari Lodge, the community has extended the power line from Chilo Gorge to Mahenye Business Centre leading to the electrification of the clinic and the community run grinding mill.

Mahenye ward also received a donation from GTZ for the installation of a pump and pipeline to the Mahenye Wilderness area. GTZ also provided funds for the proposed Mahenye Ward irrigation scheme feasibility study. More than half of the households in Mahenye ward is engaged in reed mats making. This is an important household economic activity. The reed mats are transported by bus to urban markets in Zimbabwe.

Adapted from Katerere (1999) In Search of Partnerships for Prosperity

BOX 2

THE MAKULEKE AND THE KRUGER NATIONAL PARK. AN EMERGING COMMUNITY, PRIVATE PUBLIC PARTNERSHIP

The Makuleke Land Claim is one of a handful of restitution cases in South Africa that have been settled in terms of South Africa's new land reform programme. This settlement was achieved through negotiation rather than by judgement of the Land Claims court.

The claim thus involves a win-win situation in which the Makuleke people regain formal title to some 20 000 ha of land in the Pafuri region of the Kruger National Park and, at the same time, commit this land - plus an extra 5000 ha of restored communal land on the border of the park - to remain inside Kruger. As indicated above, the Makulekes aim to use nature tourism and their right to commercialise their part of the park - both in a consumptive and a non-consumptive way - as the main vehicle for development, economic growth and job creation.

The Makuleke restitution case creates a common property regime over a prime piece of South African wilderness (one with so many species of trees, plants, birds, insects, fish and mammals that is said to contain some two thirds of the Kruger Park's biodiversity). Collective ownership of this land and its rich arrangement of natural resource are formally held by the Makuleke Communal Property Association. And now the CPA is planning to establish another system - one that sits side by side with their common property regime and articulates with it in a number of ways that is essentially capitalist at its core in that it involves relations between lodge development and operating companies (which the Makuleke collective will have shares in) and workers (who will come from the Makuleke settlements).

The agreement between the Makuleke and the South African National Parks stipulates that:

- SA National Parks returns ownership and title to the Makuleke people of some 24 000 ha of land between the Luvuvu and Limpopo rivers.
- The Makulekes in return, guarantee to use the land in a way that is compatible with the protection of wildlife and not to occupy it or farm or undertake any activities such as mining that would undermine the conservation objectives of the park. Also add another 5000 ha of restitution land outside the current reserve borders to the park.
- The Makulekes have full rights to commercialise their land by entering into partnerships with private interests to build and operate game lodges as long as these are consistent with the wildlife management policies of the Joint Management Board (JMB) set up in terms of the SANP.
- The JMB is made up of representatives from the Makuleke villages and the

conservation agency to govern the way in which the wildlife of the area is protected. This institution is being designed in such a way that residents can be trained to take over many of the conservation functions over time.

The Makuleke CPA in close association with its technical advisers and in negotiation with senior officials in the Kruger National Park is in the advanced stages of completing a lodge development plan for the Makuleke region of the Kruger National Park.

The plan envisages the eventual development of seven lodges at key identified sites in partnership with professional operators from the private sector as well as possible hunting concession based on a limited quota of trophy animals that occur in Makuleke area. Feasibility studies conducted for the CPA indicate that these industries will generate revenues and jobs for the community far in excess of other forms of land uses.

Adapted from: Koch, E and John Massyn, P (1999) Challenging Eden: From Rhetoric to Action in Community Public Private Partnerships

BOX 3: MADIKWE GAME RESERVE

Madikwe is an early initiative in state-private-community partnership in conservation and woodland management in South Africa. The park, of 75 000 ha, was established by the North West Park Board in 1991 under the former homeland of Bophuthatswana. It is located on previous white farmland that had been incorporated into Bophuthatswana and redistributed to emerging black cattle farmers. Degradation of this state land resulted in the Bophuthatswana government commissioning a study to assess potential alternative land use options. The development of a wildlife tourism initiative was determined to be the most economically viable and equitable land use with the greatest potential for job creation. Following this, the development of Madikwe moved ahead rapidly. Game was introduced and basic infrastructure established. The management structure consisted of a tripartite "equal" partnership between the parks board (state and landowner), private sector (investor) and the three local communities (major beneficiaries). However, the speed of development and poor definition of the role and rights of "the community" meant that the three villages were essentially neglected and left out of the planning process despite a rhetoric commitment by the parks board to 'work closely with them from the very beginning of the project and thereby build a relationship of mutual trust and benefit'. However, despite this, there is a high degree of awareness of the project objectives amongst local residents and strong support for the wildlife sanctuary, although expectations of what it might deliver are high. The private sector provides the financial basis of the whole initiative to operate. Tourism facilities were established through lease agreements with the Parks Board. Currently there are four lodges with fewer than 100 beds. Progress with tourism development has been much slower than anticipated and consequently the park has been slow to offer significant benefits to the neighbouring communities. Following continuing disillusionment of the local communities, low participation and attendance at meetings, and much time spent resolving conflict, the Parks Board sought funding from DFID in 1997 to build local capacity to allow the villagers to fully participate in the management of the reserve. MAFISO, an NGO was appointed as a management agent. However, even this has sparked problems. Some sectors of the community are refusing to participate in the exercise saying the training was imposed on them and questioning how it will help them obtain jobs. Other villagers in the region seeing potential benefit are questioning their exclusion and the right of the three villages to this funding. Others are calling for division of the #600 000 between the

three villages so each can decide their own development plan.

Important issues emerging include:

- The lumping of the villages into one “community” and a combined community forum contributed to delaying the effective participation of the three villages. Each village is unique with its own dynamics, power structures and needs that affect its behaviour and attitude towards Madikwe and to the other villages. One village took a more leading role and tended to dominate the others.
- Within each community there are opposition groups and political forces that need to be recognised, as these can undermine even the most sincere at community development.
- Lack of clear rights for the communities undermine their position and power.
- The state in the form of the Parks Board still wields the greatest control as principal partner and overall co-ordinator in that it can determine how the other stakeholders operate.
- The above power imbalances have disrupted effective community participation.
- For partnerships to be successful each party including the community should be independent and equal and have the capacity to play their role successfully – hence the capacity building programme.
- Tourism does not give rapid and immediate benefits. The Madikwe needs to run for 30 years to allow all the various cash streams and projections to be in line with one another. Too often the expectations raised do not meet the reality; the time lags result in mismatched scales in partners with different needs.
- Land claims by other communities on parts of the reserve have disrupted further tourism development resulting in conflicts of interest between different communities in the area.
- Introduction of new benefits can erupt in new claims to these, conflicts and power struggles both within and between communities.
- Such projects inevitably lead to the conservation authorities becoming involved in rural development and service delivery especially in more remote areas with poorly functioning local government.
- It is questionable whether equal partnerships in conservation projects are ever possible without tenure reform.

Source: Shackleton & Willis (2000); Magome, Grossman, Fakir & Stowell (1999)

BOX 4: LUBOMBO SDI

The Northern KwaZulu-Natal (SDI area) covers the three magisterial districts of Ingwavuma, Ubombo and Hlabisa. Here demand for infrastructure such as water, roads and electricity exceeds supply. In an area of 12 268 km² approximately is tarred.

The Lubombo SDI – which focuses on northern KwaZulu-Natal, southern Mozambique and eastern Swaziland – is the governments main tool for addressing the social and economic problems in this regions of the country. The SDI will do this by improving infrastructure, creating a stable climate for economic growth and by creating opportunities for investment in sectors where the region can compete with similar industries around the world mainly in agriculture and tourism. However, a number of critical problems such as insecure land tenure, over-regulation and a lack of capacity at some levels of local government need to be addressed before the programme can deliver tangible results.

For the SDI to success, local communities, government at national, provincial and local level will need to co-operate. The aims of the Lubombo SDI are to:

- Promote public sector investment in improvements to the region's infrastructure, mainly by improving transport corridors. A new road linking Hluhluwe to Maputo is being built. Improvement to the N2 between South Africa, Swaziland and Mozambique are being made.
- Establish a small business support programme with relevant agencies that will allow local residents to take up opportunities for new commercial activity along the transport corridor.
- Create an attractive and stable climate for investors in which to operate. Transnational protocols and multinational programmes, improved borderposts, cubes on malaria, crossborder conservation and a regional tourism marketing campaign is in process.
- Develop and support a transnational malaria control programme with relevant agencies that will extend health services, local capacity building and job creation.
- Prepare and package opportunities for private sector investment in tourism and agriculture. A number of nodes that have the potential for high-level growth have been identified.
- Broaden ownership patterns in the regional economy. Create opportunities and support structures for new small businesses and encourage outside investors to form joint ventures with local entrepreneurs and communities.
- Negotiate with institutions to secure affordable loans for local communities to take up shares in such joint venture. The SDI has a programme to negotiate with local communities so that the most appropriate empowerment frameworks for each investment can be identified.
- Build an internationally competitive regional economy.

In order to facilitate direct community involvement in the tourism investment process, government is investigating with it's social partners a fund that will make low-interest capital available for local communities to enter into joint –venture investments with the private sector.

Adapted from Lubombo Spatial Development Initiative: Growth for Jobs

Compiled by Libby Dreyer and others

BOX 5: THE IMPALA PLATINUM AND THE ROYAL BAFOKENG NATION

The Impala Platinum Litigation Settlement: The Royal Bafokeng Nation (RBN) owns both the surface and the mineral rights in respect of the areas that are mined by Impala Platinum. Impala Platinum (Implats) entered into an agreement with George Molotlegi and the then Bophuthatswana government, whilst honourable Kgosi Lebone Molotlegi was in exile. This contract only provided for limited benefits and low royalties to the Royal Bafokeng Nation. Therefore on the return of Kgosi Lebone from exile, he challenged the validity of that contract. A long and often bitter legal battle ensued, as the RBN attempted to obtain a better dispensation regarding benefits and partnerships, whilst Implats was adamant that they had a valid contract. The RBN eventually won an appeal affirming their legal ownership of the communal land (and not the state). As lawful owners of the land, they were now in a position to negotiate a new agreement with effect from 1 July 1998.

The new agreement makes provision for the following benefits to the RBN:

- Royalties of 22% on taxable profits with 1% of turnover as a guaranteed minimum
- The RBN has one Director position on the Implats Board.
- One million free shares
- Various arrangements have been designed to enhance the long-term relations and to reduce potential conflict.
- Social involvement (training of skilled workers, employment, funding education materials etc).

Amplats Agreement for Bafokeng Rasimone Platinum Mine: The contracts that were originally entered into with Rustenberg Platinum Mines (RPM) and are currently mined by Anglo American Platinum (Amplats), are not being challenged, although they are being looked into. In the case of the new Bafokeng Rasimone Mine, the Royal Bafokeng owns the surface area in one section, but both the surface and the mineral rights in another. Based on the Implats experience, the RBN and the affected communities are however fully represented and involved in the drafting of an agreement for the establishment of the mine. Negotiations are reaching a climax in a 50-50 joint venture partnership in this new mine. The mine is expected to produce 200 000 tons of platinum reef per month and milling is due to start by 2000, with full production by 2001. Furthermore, a Development Committee, which has full community representation, has been established as a safety net. This committee specifically monitors adherence to community development issues contained in the agreements, such as employment, training and support service contracts. A surface lease agreement has been signed in respect of the Boschkopie farm. Bafokeng contractors have been given the opportunity to sub-contract on construction work and to supply services.

Potential Benefits to the Community: Considering the wasted time and the high legal costs of the Implats court case to all parties (i.e. Communities, Government and the Mining Industry) and the strenuous relations caused between these parties, it is clear that an unbalanced dispensation can never be in anyone's long term interest. Subsequent to the agreements with Implats, relationships have vastly improved, the communities are

now true partners with the mining houses, and as a result, a number of mutually beneficial projects and enterprises have been identified and developed.

The most important benefits that can be directly attributed to the new-found partnership with the mining companies are the following:

- There is a better understanding of the mining industry by the communities
- There is also a better appreciation of the needs of the people by the mining houses
- New social programmes and commercial joint ventures have been identified
- Social programmes of the mining companies are need-based and sustainable
- Greater understanding within the community of particularly the higher-skilled career opportunities offered by the mining industry
- Appropriate training focus by both the students as well as the training support programmes which are also targeted at attracting women to the industry
- Direct income is provided to the RBN from shares and royalties
- Local entrepreneurs are informed of business opportunities

Various sources of income and types of benefits that have been negotiated and/or created by RBN

- Annual royalties from mines
- Dividends from shareholdings
- Income from commercial ventures and partnerships
- Rates from the community for service delivery programmes such as water, electricity and sanitation

The above benefits allow the RBN not only to address a number of social needs, but also to generate a greater economy for the region. The following briefly summarises the mechanisms employed to add value as well as to fairly distribute these benefits to the various communities of the RBN:

- Service delivery programmes as well as bulk services such as roads
- Administration costs of the Royal Bafokeng Nation
- Participation in commercial opportunities associated with the mining industry
- Investment in unrelated businesses as a mechanism to reduce dependence on mining
- Creation of awareness within communities regarding career and business opportunities particularly within the mining industry
- Bursaries to students for particular high-skilled technical courses
- Scholarships for students and persons excelling in research or in the academic field

Lessons learned

The prolonged arguments with Implats prior to the settlement resulted in a number of negatives, including;

- Unacceptably high direct and indirect costs to all parties concerned
- Unnecessary animosities between the RBN and the Implats management
- Reduced benefits through lost opportunities during the period of disagreement

Therefore it is important for the mining houses to accept that communities should be involved in decision taking during the planning phases of a mine in their area. They should be given the opportunity to understand the industry and their options from the outset. Both

parties (the communities and the mining houses) also need to acknowledge their interdependence from the outset. Only then can they meaningfully engage in joint planning and seek synergistic opportunities. Since settlement has been reached:

- Many from the Bafokeng have taken up technical positions in the mines or have been contracted for specialist services
- An improved understanding prevails between leadership and
- Substantial social programmes and services have been funded from the royalties received

It is however appreciated that the RBN cannot become entirely dependent on the mining industry. Therefore, the benefits received are also ploughed back into other industries to augment the mining income. It is however important to recognise that:

- Communities have a right to participate in the negotiation of deals related to mining in their area
- Potential exists for mutually destructive and prolonged antagonisms if this is not recognised by governments and mining houses
- Strong leadership and institutional capacities and mechanisms are however necessary for effective community beneficiation
- Where communities and the private sector engage in joint business ventures, it is likely that mutual understanding and relationships will automatically improve

Prerequisites for successful Community Private Public Partnerships:

- Communities need to understand their legal and democratic rights
- Communities also need to understand the industry that they are dealing with and its business environment before they can meaningfully negotiate or participate in planning
- The private sector and government need to acknowledge existing community structures and authorities should work through such structures, build upon them and where necessary encourage reform, rather than attempting to work around them
- Respective roles of the community structures and leadership, the local authorities and other tiers of government need to be clearly identified
- Governments and the private sector should not give grants, aid fund, community infrastructure or services without ensuring that appropriate and sustainable support mechanisms are also in place
- Community leaders need to play a pro-active and positive facilitating role between the employers and the labour force to create a better mutual understanding and appreciation. Where necessary, the government should act as mediator
- Acknowledge the parties interdependence
- Carefully consider what each party wants from a joint venture before choosing the most appropriate partnership option
- Create business partnerships and this will improve mutual understanding and respect for all players. Partnerships tend to highlight the synergies upon which common goals can be built rather than focusing on the differences.

Source: Khunou, G (1999) "Lessons learnt in negotiating appropriate Community, Private and Public Partnerships in the Mining Industry, based on the Amplats and Implats case studies".

BOX 6

EMPOWERMENT INITIATIVES IN THE AGRICULTURAL SECTOR: WHITEHALL FARMS EQUITY SHARING SCHEME.

Whitehall Farms located near Grabouw in the Western Cape Province is a deciduous fruit farm a little less than 180 hectares. The farm has an established history of very good labour relations, and had also established itself as an industry leader for productivity even before this project was initiated.

The Whitehall Farms Scheme is an equity sharing joint venture. The Farm consists of two entities – the Whitehall Landholding Company (which owns the immovable property), and the Whitewhall Farming Trust (which holds the moveable property). The Workers Trust and the Hall Family Trust each hold half the shares in both entities. Participating employees share equally with the previous owners in profits and capital growth and each group has the same number of directors and trustees.

Participation in this scheme is voluntary and available to all permanent workers. Participants forego their annual bonuses as a contribution to the scheme and receive title to shares in the Whitehall Workers Trust as a result. Furthermore, in order to fund their purchase, the Workers Trust borrowed from two development agencies, IDT and DBSA and a commercial bank securing loans through bonds on the property. By blending financial resources, average interest rates were substantially below the full commercial rate (Eckert *et al.*, 1996). To date, the scheme has achieved the following (Eckert *et al.*, 1996)

- Generally increasing yields
- Substantial gains in labour productivity and reduced absenteeism
- A significant reduction in staff turnover – the average expected length of service rose 250 per cent.
- Increased worker satisfaction with wages and conditions of employment and working conditions

The relevance of the Whitehall scheme is that it demonstrates the benefits gained from facilitating the participation of workers in any empowerment partnership. The enterprise ran far more smoothly and profitably. It is however important to note two things:

- That, in relative terms, Whitehall was already a progressive employer. Dialogue and agreement was therefore probably easier to achieve than elsewhere; and
- The introduction of the scheme only required workers to forfeit their annual bonus. Wages remained unaffected. The application of purely equity sharing based partnerships in the tourism sector (i.e. at the expense of wage payments) in the poorer parts of South Africa have proved to be excessively risky (de Beer and Elliffe, 1997, 8). Poor communities have to concern themselves with survival in the short term, and cannot realistically be expected to wait a number of years for dividends to materialise, if at all.

Adapted from Foy, de Beer and Pitcher (1998) "Existing and Potential Approaches to Creating Partnerships for Forestry Development in South Africa".

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