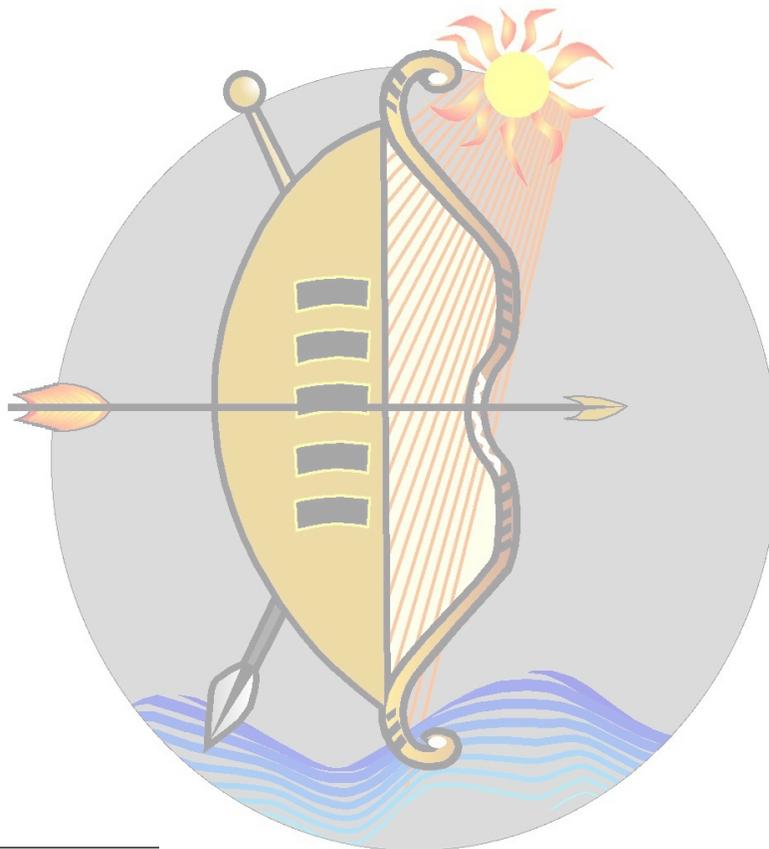


‘Green Gold or Green Deserts?’

Contestations between the choice of poverty or commercial tree planting by Rural Communities in KwaZulu-Natal.

Introduction

Pitted against agribusiness¹ and destined for poverty, rural communities have no choice left but to commit their land to trees and to worship the god of timber.



¹

In practice, the term agribusiness covers a variety of phenomena that tends to make a definition difficult. D. Glover and K. Kusterer, in Small farmers, big business: Contract farming and rural development. London: MacMillan, 1990, defined agribusiness as ‘referring to a private firm, alone or in joint ventures with public agencies, in the production, processing or marketing of agricultural or agric-related goods and services.’

This paper summarises the limited conditions of rural poverty which made the communities in KwaZulu-Natal accept commercial tree-growing schemes as a way to confront the cycle of poverty in which they are trapped. Firstly, it looks at the promises timber giants such as SAPPI² and MONDI have made to rural communities in KwaZulu-Natal when encouraging them to adopt tree growing as an income generating venture. Those people that accepted the contract conditions came into the schemes with very high hopes based on what the extension foresters and company officials had made them believe. However, the growers were soon to notice that all the promises were not forthcoming, but not withstanding the disillusionment, there have not been any withdrawals from the scheme which became more of a survivalist strategy in communities ridden by poverty and a dwindling supply of resources. This can be seen in a statement by one of the first growers to join the schemes, about 17 years after the fact and after two harvests. He had this to say:

What problems? They are numerous; some we anticipated but many we did not. Yet we cannot stop planting trees. ... That is the only thing that we can get to do and at least get some few money to send children to school. It is not as great as it was

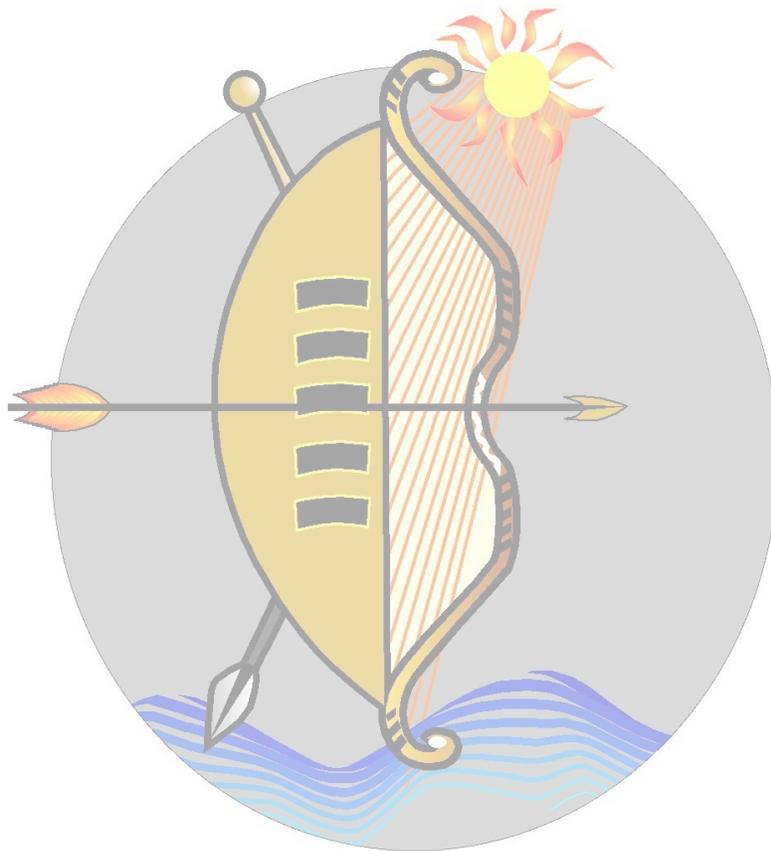
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For the purpose of this paper, SAPPI's scheme, Project Grow will be closely examined. In brief, SAPPI Forest (Pty) Ltd. manages the forestry operations in South Africa and has its core business: "The continued supply of wood fibre to the SAPPI Group to meet its expanding fibre requirements at the lowest possible costs." It manages and owns approximately 492 300 ha of land in South Africa. All fibre is sourced, from what is known as timberlands, which consists mainly of *Eucalyptus*, pine and wattle plantations. SAPPI sub-contracted the silviculture and harvesting activities to over fifty contractors.

Numerous comprehensive evaluations and critical studies of MONDI's Khulanathi Project exist. MONDI's Khulanathi Project will only be referred to where the paper could benefit from comparison. Existing studies of the MONDI Khulanathi include:

1. T. Quinlan, J. B. Adam and J. Zingal. "Environmental impact assessment study of proposed afforestation in the Mbazwana area: the sociol-economic component report". University of Durban-Westville: Institute of Social and Economic Research, June 1991.
2. G. Cellier. "The development potential and impacts of commercial *Eucalyptus* wood lots in selected areas of KwaZulu, South Africa". [PhD Thesis] Department of geography, University of Natal-Pietermaritzburg, 1994.
3. B. Othusithe. "An evaluation of small scale forestry in the KwaMbonambi region of KwaZulu-Natal" [Masters Thesis] School of Environment and Development, University of Natal-Pietermaritzburg, 1997.

suggested but we will continue to grow trees until government comes with a better alternative...³



³

Interview with a Grower at Sokhulu Weighbridge, September 1999.

The two major timber companies, SAPPI and MONDI, have for several years entered into contract⁴ relationships with rural communities to supply their mills with additional timber.⁵ To date an estimated 11 000 growers are involved in growing trees in woodlots totalling about 16 000 ha under both schemes.⁶ This paper will briefly look at the problems related to the contract relationships themselves, and then focus on the impact of commercial timber production on the communities involved. The real effects of the participation of rural communities in commercial timber production shall be discussed under economic, social and environmental impacts. It will also focus on the economic logic of the agribusiness-grower relationship.

There are varying views and attitudes towards these agribusiness contract relations with rural communities ranging from those who are in full support of them, those who do not mind them, and those who are highly critical of them. Those who support contracts include the major companies

⁴ E. P. Roy (1972, 4) defines contract farming as 'those contractual arrangements between farmers and other firms, whether oral or written, specifying one or more conditions of production and / or marketing of an agricultural product. Contract farming generally connotes a private sector scheme with small growers. The term out-grower scheme has also been used for contract farming but it tends to describe more of the activities involving government; that is, government schemes, with a public enterprise purchasing crops from farmers, either on its own or as part of a joint venture with a private firm.

⁵ In 1983 SAPPI had initiated project Grow. MONDI initiated the Khulanathi programme in 1989 in northern KwaZulu-Natal from Amatikulu to Mbazwana covering seven districts. The operation of these two projects is already well documented in several academic and non-academic work. These include:

1. A. Vaughan, "Contracts with Capital : The Small Grower Experience in Natal/KwaZulu". University of Durban Westville: Institute of Social and Economic Research, 1995.
2. A. McIntosh and Vaughan, A. "enhancing rural livelihoods in South Africa: Myths and realities" [ed] M. Lipton, F. Ellis and M. Lipton, land labour and Livelihoods in Rural South Africa. (Vol 2) KwaZulu-Natal and Northern Province. Durban: Indicator Press, 1996.
3. R. Cairns, 'Small Grower Commercial Timber Schemes in KwaZulu' [Research Paper] Durban: Centre for Social and Development Studies, 1993.
4. M. Friedman. 'Commercial timber production and basic needs: Organisational potential of small growers in KwaZulu - Lessons from an Integrated Rural Development (IRD) Project'. Institute of natural Resources (INR) University of Pietermaritzburg, 1992.
5. B. Othusithe. "An evaluation of small scale forestry in the KwaMbonambi region of KwaZulu-Natal" [Masters Thesis] School of Environment and Development, University of Natal-Pietermaritzburg, 1997. [etc]

⁶ Sunday Times. April 30, 2000.

(especially their foresters and project managers) and the government. The latter believes that these schemes represent big-business' social responsibility in the areas that they operate in and also that they empower rural communities. The national and provincial governments are in full support of commercial timber and bark production by small-growers. This support was summarised in a report published in 1995 which also indicated that the aim of policy should be to:

Enable appropriate non-governmental agencies to become increasingly involved in actions of direct assistance to members of rural communities, because of their greater flexibility, unencumbered history and simpler mandate and organisation.⁷

The rural elite, chiefs, councillors, local businessmen and headmen, have been convinced of the viability of such schemes and are used to help promote the schemes in their own areas. J. Khosa, Mondi's Khulanathi Facilitator, believes that the relationship between the major plantation companies and the community is symbiotic, fair and reciprocal. According to him:



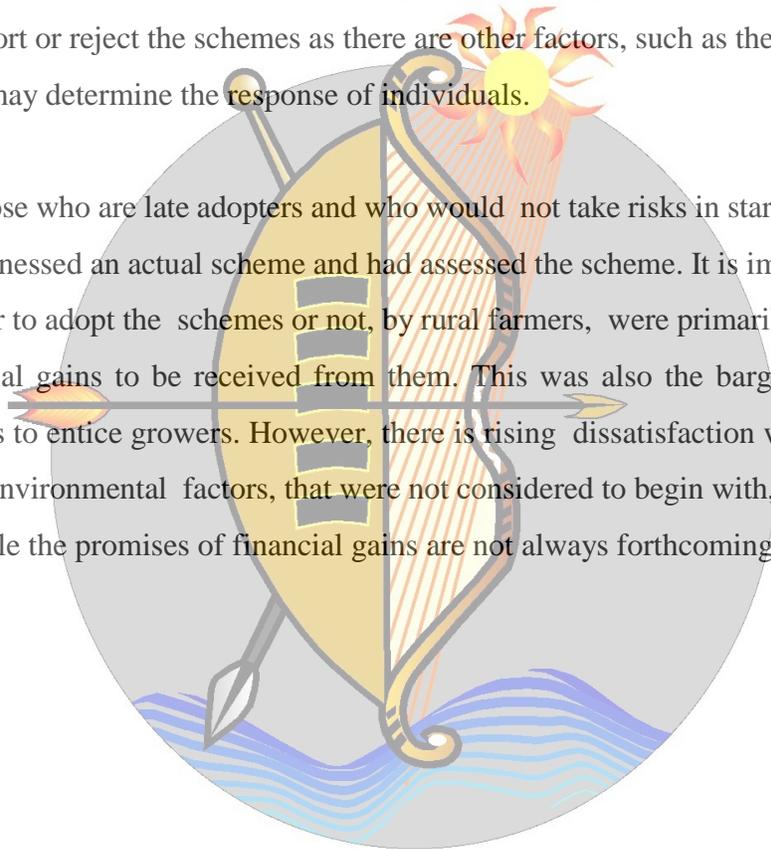
⁷

D. Palin. Social Forestry in South Africa and International Experience: Policy paper 13. Land and Agriculture Policy Center, Johannesburg. March 1995.

These schemes inject capital into marginal areas and provide farmers with timely and appropriate inputs, professional advice, an assured market and local employment spin-offs. In return the timber companies gain free access to land close to the markets, responsibility of labour management and certain production risks are delegated to the grower and the public image of the companies is enhanced.⁸

The rural communities themselves are divided in their attitude towards these schemes from those who are fully convinced of the ability of the schemes to uplift their standards of living to those who are highly sceptical. It is also difficult to say with precision what proportion of participants and non participants support or reject the schemes as there are other factors, such as the availability of land and labour, that may determine the response of individuals.

There are also those who are late adopters and who would not take risks in starting something new until they had witnessed an actual scheme and had assessed the scheme. It is important to note that decisions whether to adopt the schemes or not, by rural farmers, were primarily influenced by the perceived financial gains to be received from them. This was also the bargaining point of the company officials to entice growers. However, there is rising dissatisfaction with the schemes as other social and environmental factors, that were not considered to begin with, begin to affect the communities while the promises of financial gains are not always forthcoming.



8

J. Khosa. 'Private capital's role in rural communities'. Address made by Mondi's Khulanathi Facilitator at a Christmas Party held at Richards bay Minerals, December 1993.

A further reaction is that of NGOs including environmentalists and rural development specialists, among others, who strongly believe that the schemes are more detrimental than beneficial to rural communities and their environments. These also propose that the negative socio-economic effects of the schemes override their proclaimed benefits, and conclude that therefore the small grower schemes are not worthwhile.⁹ This position is also supported by agricultural economists and academics who condemn the schemes on the basis of their inherent weakness and inability to uplift rural communities. According to calculations by Bob de Laborde the claimed employment effect of timber is much less when compared to the employment effect of sugar schemes by small growers, for example.¹⁰ Other areas of contestation include effects of these schemes on rural land tenure, the entrenchment of dependency relationships on the companies, through entering the contracts and development of social differentiation without necessarily creating a rural agricultural class.

Arnold, correctly points out that for big companies, contracting is rated together with partial mechanisation and improved utilization of men and machines, as a way in which big companies set out a continuous effort to increase labour productivity as a part of the process of containing costs.¹¹ He contends that further from being inspired by the need to “develop” remote communities and give them a blood-line for survival, contracts represent:

A new model of labour use in forestry operations which forms part of a wider process of spinning off operations that can be better carried outside the company, so that the latter can concentrate on its core business.¹²

There are different reasons for agribusiness’ involvement in contracts with small growers. These include access to otherwise inaccessible land and also to secure an additional input for production

⁹ R. Carrere and L. Lohmann Pulping the South: Industrial Tree Plantations and the World Paper Economy. London: Zed Books Ltd, 1996.

¹⁰ Personal Interview with Bob de Laborde, Hilton - Pietermaritzburg. April, 2000.

¹¹ J. E. M. Arnold. ‘Employment and Small Business Options in the Forestry Industry in South Africa’. [Unpublished] Oxford Forestry Institute. 5.

¹² J. E. M. Arnold. ‘Employment and Small Business Options’. 7

of pulp and paper for their mills or for the market. In entering the contract, small growers aim to receive loans, technical assistance and a guaranteed market for an otherwise volatile market. However, in these contract relations the weaker partner tends to be at a disadvantage and is usually responsible for absorbing the risks involved. According to Glover and Kusterer:

The basic goal of the small farmers is to increase the security and income of their families while, retaining their independence as owners and operators of a farm enterprise ... yet the pursuit of this goal has been threatened by the increasing demands of the market and state, pulling them into a nexus of relationships that extend beyond the farm to the national and international level.¹³

Critics have noted and pointed out that the size, complexity and 'impersonality' of the organisations affect the nature of the small holder's relationship with the outside world. It introduces the rural people into a complex world system which they are not socialised to operate in and at the end of the day they get a raw deal.

In timber contract farming, the firm supplements company production of agricultural commodities with purchases from local farmers through contracts. The contracts specify conditions of sale and obligations and the proponents argue that, contracts provide advantages to both the firm and its growers. In reality however, they led to increased dependence of growers on the firms. Growers are always at a disadvantage as there is no mechanism for conflict resolution, the growers have no bargaining power and any organised structure for handling complaints. Arnold observed that growers do not exercise more control over the process of producing trees and do not identify with the decisions made on their land. Contracts give the company control over the production process. Grower associations should be formed and trained to reduce grower dependency on outside inputs and further improve the profits obtainable from tree growing.¹⁴

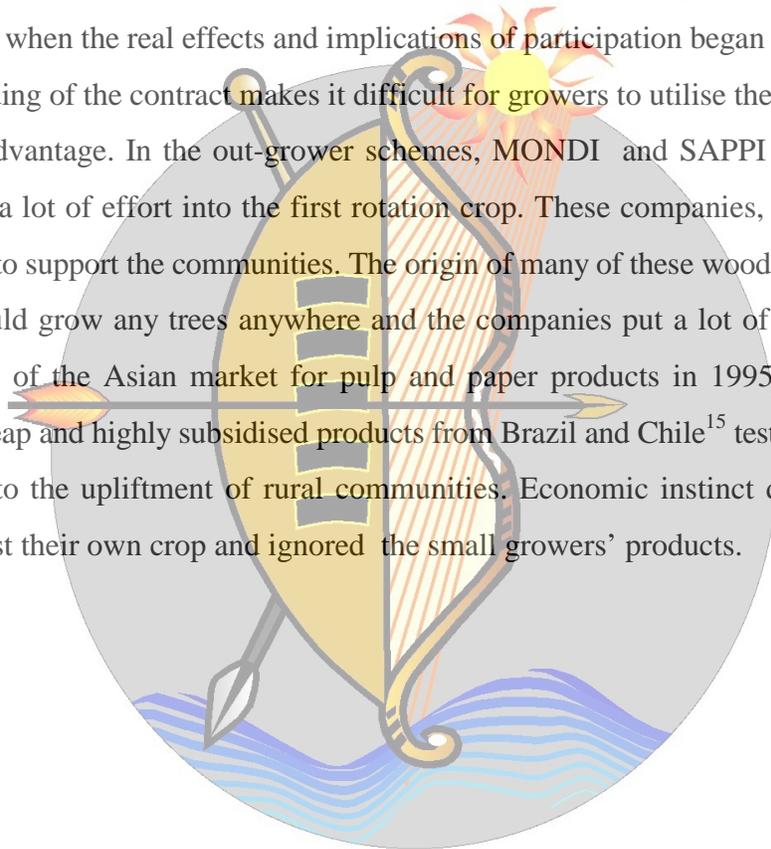
The contract specifies that the company purchase the harvests of the independent farmers. Purchases

¹³ D. J. Glover and K. Kusterer, Small farmers, Big business: Contract farming and rural development. England: McMillan, 1989, 1.

¹⁴ J. E. M. Arnold. 'Employment and small business options'. 19.

from small growers only supplement and do not substitute company production as the companies are bulk producers of the timber crop themselves. The implication is that when there is a fall in market demand or an oversupply on the market, companies will prioritise their own timber at the expense of the small growers'. Contracting is, theoretically, expected to distribute risks between the firm and its growers. In this instance, the grower would take risks associated with production, while the company takes market related risks. However, growers carry all the risks as in the case of a market fall, the company ignores their product.

Companies exaggerated the benefits accruable by communities who adopted the contracts. This led to dissatisfaction when the real effects and implications of participation began to surface. The lack of full understanding of the contract makes it difficult for growers to utilise the contract to the best of its potential advantage. In the out-grower schemes, MONDI and SAPPI have fundamental interests and put a lot of effort into the first rotation crop. These companies, in these first years, definitely appear to support the communities. The origin of many of these wood lots is in the 1980s, when anyone could grow any trees anywhere and the companies put a lot of effort in the initial rotation. The fall of the Asian market for pulp and paper products in 1995 and 1996 and the availability of cheap and highly subsidised products from Brazil and Chile¹⁵ tested the commitment of agribusiness' to the upliftment of rural communities. Economic instinct determined that the companies harvest their own crop and ignored the small growers' products.



¹⁵

“Director’s end of Christmas Statement”. SAPPI News. [Corporate Magazine] December, 1996.

Growers are however, not passive onlookers under such circumstance. For instance, in 1996 the growers embarked on an industrial action blocking haulage traffic and threatening to burn down weigh bridges and depots in their areas.¹⁶ The logic of the major companies was that out-growers schemes were supplements, not the main business. While the growers capacity to resist or level the playing field is very limited, they have responded in many ways when they felt threatened. One example is the fact that some growers default by selling their trees to MONDI instead of SAPPI as per contract. There are many reasons that explain growers defaulting. Some of the reasons include the price differences at the MONDI and SAPPI weigh bridges and delays in payment by SAPPI. For instance, 17 out of 25 growers interviewed indicated that they would default on their contract if they stood to benefit by selling to the competitors. They also admitted that they knew they had to sell their trees to SAPPI instead of MONDI. While, 8 out of the 17 mentioned that they needed money urgently and their wood lot was considered pre-mature for harvest by SAPPI and therefore could not take the trees. Eleven other growers, cited that their main reason for defaulting was to avoid paying back the whole of the loan due to SAPPI. One main concern common to all respondents was what they claimed to be the protracted delay in payments by SAPPI after the delivery of trees.

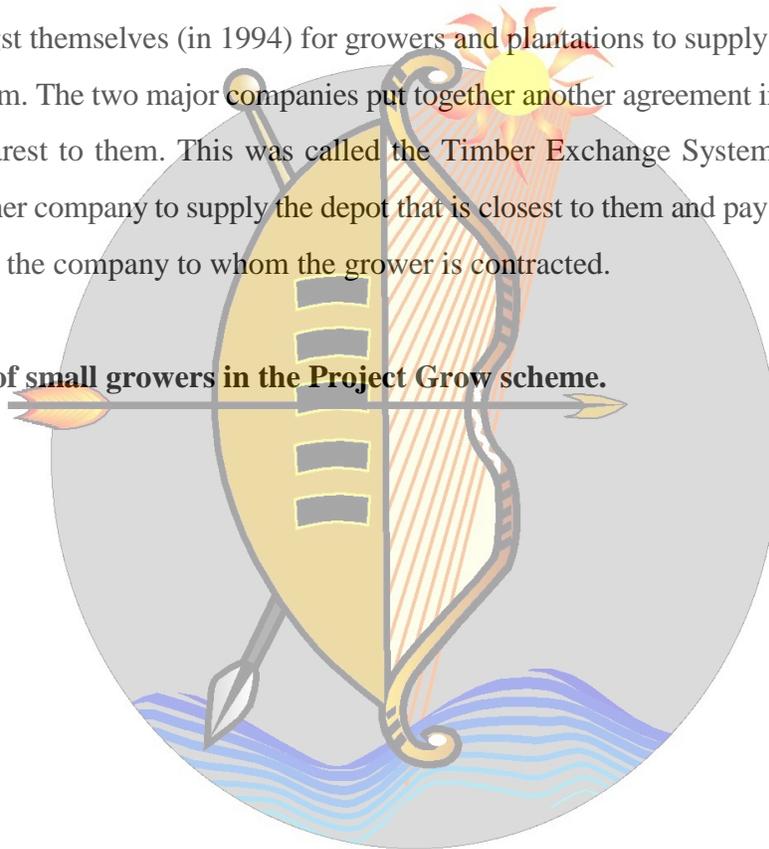
To try and curb the defaulting problem which affected SAPPI more because of its earlier involvement with the communities, an understanding was arrived at by the companies. The agreement was that either company should not buy trees without verifying their origin. A Certificate of Timber Origin was introduced. This document had to be signed by the iNkosi or iNduna of the area. Both, the iNkosi and Induna are also involved with the allocation of land for tree growing and as a result they know which grower is affiliated to which company. The agreement stipulates that defaulting growers will have their payments forfeited to the iNkosi who can use the money in community development projects. However, Mr Gumede, the Project Grow manager, reiterated his concern that the agreement did not improve the situation much because it depended on the good will of both parties. According to him, MONDI continued to demonstrate lack of interest in enforcing

¹⁶ Zululand Observer, The Mercury.

the agreement and continues to buy from defaulters.¹⁷

A further reason that led to growers defaulting to MONDI is the proximity of growers to the MONDI weigh bridges and collection depots. This is particularly so around the Sokhulu and KwaMbonambi area where SAPPI has no weighbridge nor collection depot. Twenty-one out of 35 growers interviewed in this area about defaulting pointed to the significant cuts on transport costs they could realize by selling to MONDI even if it is risky. After realising that it would not be economically viable for both companies to establish weighbridges and depots in all their areas of operation they negotiated amongst themselves (in 1994) for growers and plantations to supply the weigh bridge or mill closest to them. The two major companies put together another agreement in 1997 to supply the depot or mill nearest to them. This was called the Timber Exchange System. This is a mutual agreement for either company to supply the depot that is closest to them and pay a holding fee or pay for the product to the company to whom the grower is contracted.

The experience of small growers in the Project Grow scheme.



¹⁷

Personal interview with Mr B. Gumede.

SAPPI's Project Grow was initiated in 1983 in conjunction with the Gencor Development Fund and the KwaZulu Department of Agriculture and Forestry in Zululand as a corporate social responsibility programme. Since the first harvest, it has yielded more than 120 000 tons of timber a year. The scheme has attracted more than 8 000 subsistence farmers, who are growing trees on about 9 700 ha of communal land. In its October 1999 to October 2000 financial year, SAPPI expects Project Grow to contribute 82 000 tons while its own plantations yield 134 000 tons, representing close to 25 per cent of the total.¹⁸

The benefits accruable to the small growers have been highly publicised by SAPPI, nationally and internationally in journals, magazines and on its web-site.¹⁹ SAPPI has used Project Grow which they regard as part of their 'corporate responsibility', to win itself an international image as a company with social responsibility towards the communities among which they work, an image which allegedly won them their recent European acquisitions.²⁰ The project has been advertised as a community development project. According to Bheki Gumede, the current manager of Project Grow, the project initiative reflects:

A significant 'economic empowerment co-efficient' for rural communities and offers returns far greater than a farmer would earn farming sheep, cattle or maize on the same piece of land.²¹

18 Project Grow Annual Report, Year-ending December, 1999.

19 www.za.SAPPI.com

20 www.za.SAPPI.com/projects/Dec99.html.

21 "Corporate responsibility: Subsistence farming empowerment grows with SAPPI" in The Earthyear Magazine: The essential environmental guide, [Edition 20] December, 1999. 104.

He also pointed out that 80 per cent of the project farmers are women, which allows them to perform maternal duties while supplementing their household income in a situation where many of the men are migrant workers. It is also seen as part of the government's broader empowerment programme and Gumede pointed out that:

Project Grow requires no subsidy from the government and is contributing to the government 's programme of wealth redistribution, in terms not only of immediate benefits but of long-term job creation and training.... it helps to transfer skills and develop a culture of entrepreneurship in rural communities where lack of training and skills have, in the past, been a major stumbling blocks to progress²².

In the first year, SAPPI provides an interest free loan of R432 a hectare to establish trees, seedlings worth R320 a hectare, and R90 a hectare for fire protection. Thereafter, each year, farmers receive R90 a hectare fire protection and a profit advance of R108 a hectare. Total assistance amounts to about R842 a hectare in the first year and R198 a hectare annually until the trees are harvested. According to Gumede, a participant "can realise a profit, after costs have been deducted, of R5 600 per hectare after seven years". At the same time, "the farmers provide SAPPI with 80 000 tons of timber a year, worth R12 million, mainly for the SAPPI Tugela and Saiccor mills"²³.

Official calculations suggest that, "the turnover generated by Project Grow is split 42% to the grower, 30 per cent to the transporter, 20 per cent to the harvester and 8 per cent to SAPPI in loan payments."²⁴ The figure 30 per cent for transport was calculated for those growers who are within the radius of 30km from the mills. Transport costs are obviously far higher for those who are above this radius. Thus for the growers in areas such as KwaNgwanase, further north, which is about 280 km away much of the profit is eroded by transport costs which are above 50 per cent. Even though there is an extra R10 per ton to these growers, profits are as low as 17 per cent of total turnover for them. This undermines the extent to which income can be substantial and critical for the grower to

²² "Corporate responsibility". 104.

²³ "Corporate responsibility". 104.

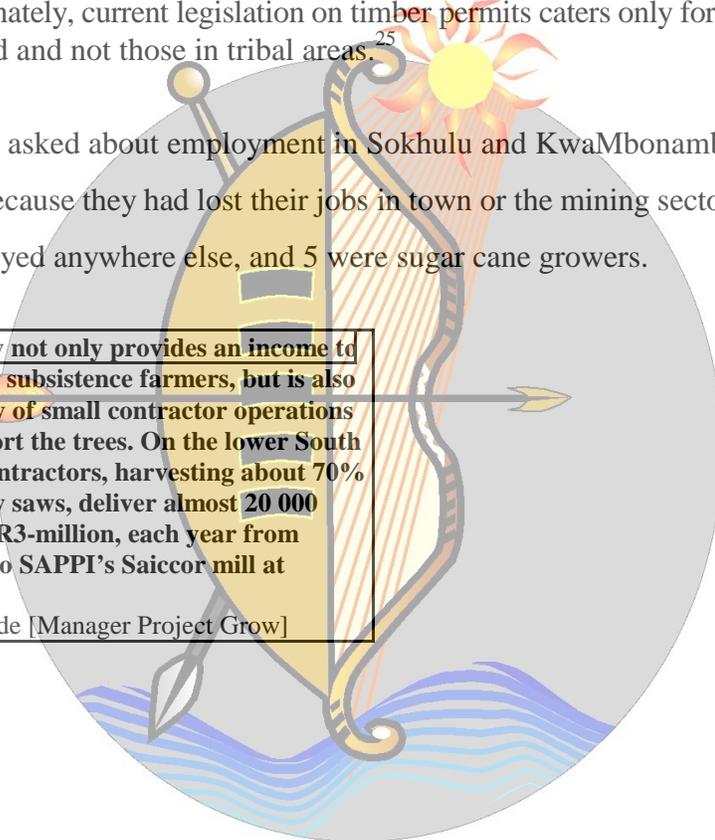
²⁴ "Corporate responsibility". 106.

the point of improving his or her livelihood.

It is also argued that the scheme is a fundamental alternative source of employment to the communities. According to Rory Marc, SAPPI's Forest Projects Manager:

As many jobless people return to their homes in rural KwaZulu-Natal, pressure is increasing on the limited resources in the area. The areas that are suitable for trees are benefiting enormously through Project Grow and as people there see the advantages and job opportunities, we are seeing greater demand to plant additional areas. Unfortunately, current legislation on timber permits caters only for people with title to the land and not those in tribal areas.²⁵

Out of the 40 growers asked about employment in Sokhulu and KwaMbonambi areas, 23 of them started tree farming because they had lost their jobs in town or the mining sector, while 12 of them had never been employed anywhere else, and 5 were sugar cane growers.



SAPPI's Project Grow not only provides an income to nearly 8 000 KwaZulu subsistence farmers, but is also cultivating an industry of small contractor operations to harvest and transport the trees. On the lower South Coast, 66 emerging contractors, harvesting about 70% of the timber with bow saws, deliver almost 20 000 tons of timber, worth R3-million, each year from Project Grow forests to SAPPI's Saiccor mill at Umkomaas .
Interview: Bheki Gumede [Manager Project Grow]

25

“Corporate responsibility”. 106.

One of the most quoted example of the development effect of the project is the emergence of contractors. The first Project Grow trees were harvested in 1991 and the company did not have the capacity to incorporate the harvesting and transporting of Project Grow timber together with the demands of SAPPI's traditional plantation sector. As a result the gradual development of small contractors to take up harvesting, short- and long-hauling, transportation of logs to the processing plant, developed. This was also the time in which SAPPI's traditional plantation sector was moving into privatising its service functions in line with its new challenges as a globalizing company.²⁶ According to Bheki Gumede, "a transport contractor can earn up to R20 000 a month and provides jobs for about four people, and a harvesting contractor employs as many as 15 people".²⁷ However, this has led to differentiation within rural society. Those growers who had previous savings and some significant capital investments in the form of tractors and backies were able to take advantage of this development. Given that harvesting and transporting give larger returns when compared to growing, contractors are much better off than growers. Of the 15 contractors handling short-hauling and transportation, 9 of them have either stopped expanding their hectratge or are no longer concentrating on growing at all.

Can contract farming initiate rural development?

Traditional plantation agribusiness has an 'enclave' nature and therefore an inherent inability to provide linkage effects such as demand for local inputs or services which would promote the development of the economy. According to Frank Ellis, the linkage effects of plantation agriculture and contract production are very slight.²⁸

Box 2.

²⁶ Interview with SAPPI Forests (Zululand) General Manager, Mr Dinga Mncube.

²⁷ Interview with Project Grow Manager, Bheki Gumede.

²⁸ F. Ellis. A Study of Employment in the Banana Export Industry of Panama and central America, Geneva: ILO, Dec 1977.

I have been growing trees for the past 20 years now even before SAPPI's project was initiated. When SAPPI introduced their scheme we were happy because we received fertilizers and assistance to make fire breaks. The problem is that the money comes after a long time and by that time you have borrowed to send children to school and to cover other demands at home. When it does come, you have obligation to pay back and before you think about it, you have nothing left. Then you go back to get more loan instead of funding the next production cycle.
Mr A. Mpangeni, Nduna KwaMbonambi and Grower.

The KwaZulu government accepted and encouraged contract farming in the belief that it would produce greater spin-offs or linkage effects within the local economy. This has not materialised as apart from employment of people into a couple of contracting

relationships, in the weeding, harvesting and haulage of timber, there is no evidence of a spillover for the out-growers themselves into other areas of development. There is also little evidence of increased household consumption as the money which they receive after a long period of time, about seven years, is all spend on repaying back accrued credits and the education of children.

There is no commitment on the part of the companies to directly contribute to the development of the communities. Arnold agrees with Cellier in that “timber companies still feel that their job is to promote tree growing and that human and other developments will occur as spin-offs”, and that, “using the rule of spin off, sugar gives more advantages to the grower when compared with timber.”²⁹

Proponents of contracts, argue that there is great room for capacity building to participant communities. However, this is not true as the companies carry out all the tasks on behalf of the grower through the use of emerging contractors. Growers accuse extension officers of exhibiting high handedness in their arrangement of work by contracting people to perform jobs on the out-growers plots without consulting with them, resulting in jobs being done at a more expensive rate than had the grower sought his/her own contracts. There is also a fear that this leads to favouritism in the case where foresters award piece-jobs to contractors who they like.

The growers have no representation at a higher level in the running of the company business leading

29. G. A. Cellier. ‘The changing landscape: Is there room for forestry in the new South Africa?’ in South African Forestry Journal (No 167, Dec 1993) 59. & in J. Anorld, “Employment and small business options”. 13.

to two main problems. One is that they have important decisions made for them and that, secondly they do not get to share in the profits of their work. The fact that, the scheme provides the company's mills with 25 per cent of its input should be good enough reason for involving grower representation and also for the distribution of a percentage of profits to growers. In the wattle industry for example, small growers have a 15 per cent representation in the South African Wattle Growers Union (SAWGU) and therefore share in the net-profits of the organisation after selling wattle products. Suggestions have been made that SAPPI, in conjunction with other timber giants, establishment a Small Growers Development Trust, aimed at funding training and human resources development programmes as well as facilitating the funding of general development programmes in the community at large.

The promise that schemes would enhance the upliftment of the rural economy remain distant as there is no meaningful investment in other areas of the rural economy, instead there is tendency to truncate the dominant rural land uses; food production and cattle farming. The most common investment for income from timber projects is in the education of dependants. Children are sent to secondary school and to receive tertiary education to earn credentials that would qualify them (hopefully) for non-farm employment. According to Ellis, this could be a result of a judgement by family heads that its economic future would be better served by human capital investments which get members out of agriculture, rather than by farm investments.³⁰ There is no evidence of the income earned from timber sales being re-invested in timber production or in any other aspects of the productive rural economy.

Greater income expenditure is on the purchase of food, medicine and other consumer non-durables. Only those growers with other sources of regular income are able to use the accumulated capital for the purchase of consumer durables or the purchase of cattle, building of houses, equipment such as tractors and pick-up trucks, lorries and to establish themselves as 'grower-contractors'. It is these few who manage to take advantage of the schemes as there is more money from harvesting and transporting timber than from growing it. The end result of this has been a further socially

³⁰

F. Ellis. Peasant economics: Farm households and agrarian development. [2nd Edition] London: Cambridge University Press, 1993. 251.

differentiated community, on the basis of growers and contractors. In the MONDI-SAPPI models, there is no case where the contract-based investment was sufficient to make the family farm a 'full-time' business. There is very limited scope for creating a rural farm-based macro-economic enterprise and communal business venture. Theoretically, through the establishment of small-scale tree-growing contract farmers, the increased income is expected to permeate to the household and surrounding communities. There is however, no evidence of sufficient capacity to raise growers' income in absolute terms while significantly increasing income as a proportion of total household income. Instead, the scheme has led to an increased burden on women who have already been 'beasts of burden', carrying all the drudgery of rural life. As the *eucalyptus* trees that are grown, have more value for their commercial value than as fire wood, women still depend on natural wood lands for their daily energy needs.

The task of growing trees for sale further compounds their already difficult work. Some of the women who claimed to officially own wood lots, by virtue of having entered into contract with SAPPI, complained that they could not use the proceeds from tree selling as it was taken away from them by the male household heads. Rural family life is patriarchal and the importance of the male head is unchallenged and it is the male who will make the important decisions in the family.

Some of the supposed benefits of the schemes are not forthcoming, yet for Mncube, the scheme has endless advantages. In a statement to a newspaper he pointed out one advantage as being the fact that tree growing is compatible with other land-use activities that contribute to a more efficient tree growing regime. In practice the above activities are rarely possible. In the first two years of the tree growing cycle it is not permissible to allow cattle grazing because they destroy the small trees. That means two years of denied access to grazing land. In order to economise on space and to increase the number of trees per hectare, small growers tend to grow trees much closer together. This means that in the next four to five years the trees shield the ground from the sun and effectively stifle the growing of grass. In any case, Foresters discourage growers from removing dead wood and from grazing cattle in the timber fields as it disturbs their growth and quality. As a result, grazing in the

woodlots is not a common practice.³¹

Fire is another a problem which the company has only responded to by encouraging the establishment of fire breaks. The complacency of the company to the problem of fire in the small grower sector is reflected by Mncube's suggestion that fire is not a problem and can be dealt with by the neatness of women in the woodlots. He said:

An unexpected feature of the project has been the meticulousness of their [women] farming technique. The practices of grazing cattle between the rows and collecting kindling for firewood, combined with a woman's natural inclination to tidiness, have led to the ground being virtually free of any debris or weeds. The risk of fire - the biggest problem in forestry - is non-existent in the scheme".³²

This attitude is regrettable. SAPPI has been very lucky in the northern region as none of its small growers had their trees destroyed by fire. But they are aware of a MONDI contracted grower who lost trees planted on 3 ha of land to fire. According to a grower contracted to SAPPI who stays in the same area, the fire crossed the road. This shows that even fire breaks at their best are not adequate measures against the dangers and loss that fire can cause. In the event of a fire, the growers will lose all their seven years work as the companies do not insure growers against fire outbreaks. Not only will the crop be destroyed but also villages will be razed as the trees are grown in close proximity to houses which are often thatched.

The Forest Owners Association (FOA), on the other hand, takes the increasing number of participants joining the project annually to mean that the industry is offering a commendable level of support to the communities. As a result Roger Godsmark, the FOA's economist submitted to the forestry survey

³¹ From interviews with various growers.

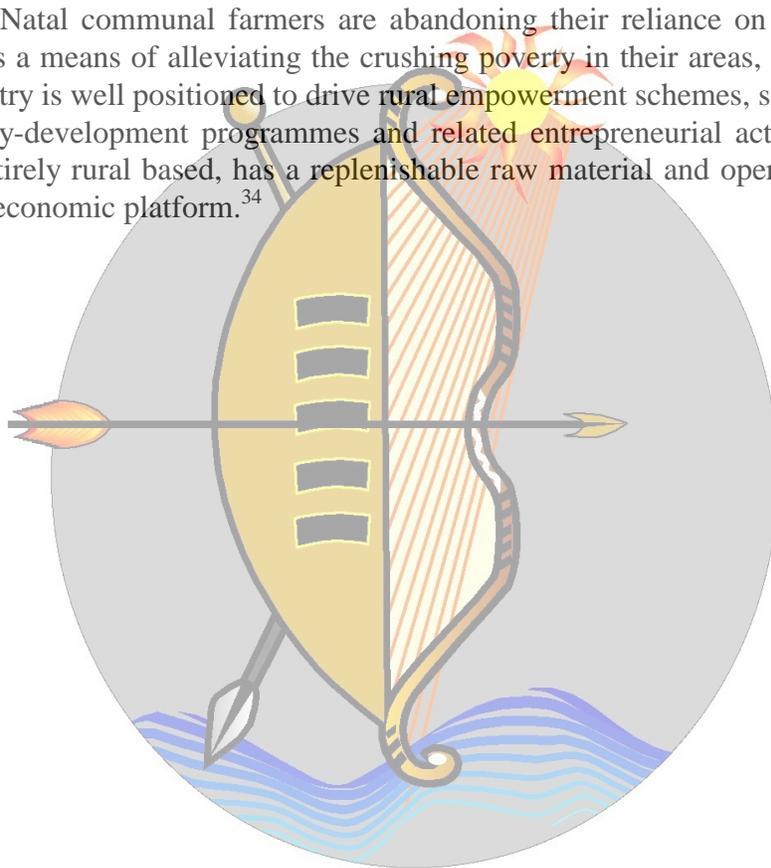
³² Sunday Times Business Times, [Forestry Survey]. 'Beating poverty with tree-farming'. 30 April, 2000.

by the Sunday Times that:

The small grower schemes are well on the way to becoming one of the most important resource bases for the future of the forestry industry, let alone being one of SA's most exciting developments in the context of employment creation strategy, providing economic stimuli for disadvantaged communities.³³

Company respondents to the forestry survey also claimed that:

KwaZulu-Natal communal farmers are abandoning their reliance on subsistence farming as a means of alleviating the crushing poverty in their areas, [contending that] forestry is well positioned to drive rural empowerment schemes, small grower community-development programmes and related entrepreneurial activities. It is almost entirely rural based, has a replenishable raw material and operates from a powerful economic platform.³⁴



³³ Sunday Times Business Times. 'Beating Poverty'.

³⁴ Sunday Times Business Times. 'Beating Poverty'.

This romanticisation of the small grower forestry sector exaggerates and falsifies the reality of the situation on the ground. Furthermore, when particularly viewed in the light of the definition of sustainable development which guided the Government National Forestry Strategic Plan “development that delivers basic environmental, social and economic services without threatening the viability of natural, built and social systems upon which these services depend,” a lot is left to be desired.³⁵

The expansion of tree monoculture in KwaZulu-Natal, is particularly favoured by the combination of inexpensive land, low labour costs, fast tree-growth and the poverty trap in which the majority of the people find themselves, together with the lack of government pro-activeness in reducing poverty. One of the most negative impacts of tree monoculture is the negative impact on the environment. As small growers woodlots were originally expected to remain at a low average of about 1.5 ha, it was not thought that they would have any large impact on the environment. As a result there was no effort from either SAPPI or the government to audit and take care of the likely environmental impact.

Contrary to this supposition, wood lots turned out to be very large particularly after the first harvest in 1991 and 1992. Wood lots grew to be as large as up to 10 ha while in Mbazwana the iNkosi, for example, has more than 80ha of *Eucalyptus*. There is also the cumulative impact as a collection of small pockets of wood lots add up to vast tracts of plantation. These large wood lots, coupled with poor land management by the communities brought about negative effects on the environment. The World Rainforest Movement is of the opinion that:

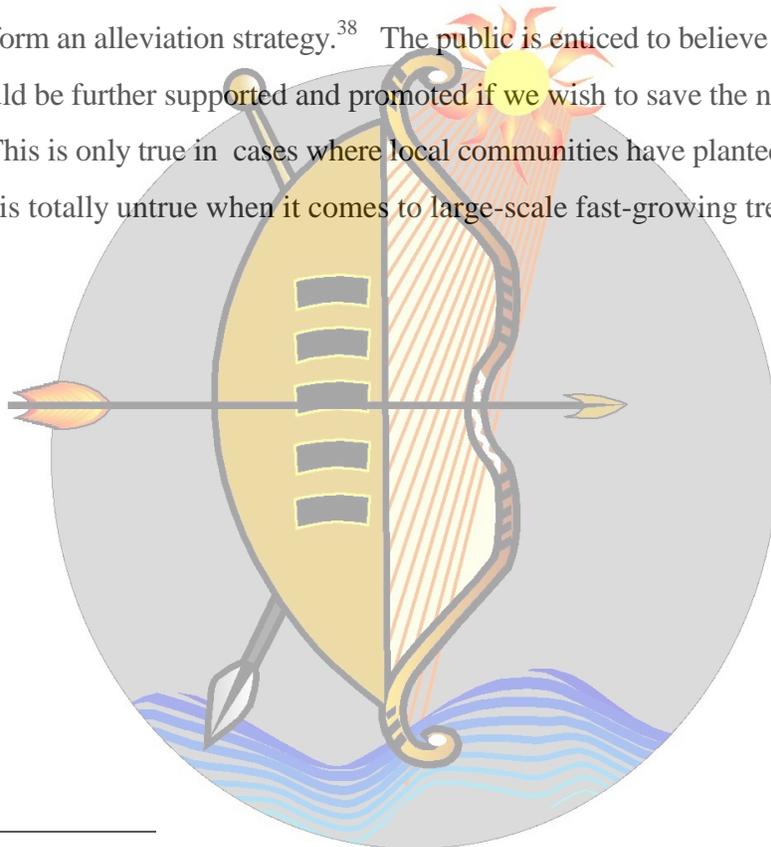
Such substitution of natural ecosystems by large-scale tree plantations usually result in negative environmental and social impacts such as the decrease in water production, modifications in the structure and composition of soils, alteration in the abundance and richness of flora and fauna, encroachment on indigenous forests, reduction of land available to the communities and loss of livelihoods.³⁶

³⁵ ‘National Forestry Action Plan’, Department of Water Affairs and Forestry, 1997.

³⁶ Statement of the World Rainforest Movement for the Intergovernmental Panel on Forests (IPF) meeting. New York, February 20th, 1997.

KwaZulu-Natal, like South Africa as a whole, is very poor in indigenous forests. The planting of exotic trees in the woodlands and grass lands of KwaZulu-Natal poses a threat to the little natural forest that exists.

Many foresters, from companies and government alike claim that, "tree plantations help alleviate pressures on natural forests, thereby contributing to halt deforestation."³⁷ Mark Gandar, who worked with the Institute of Natural Resources as an Agro-forester, also promoted the idea of wood lot development arguing that native forests are being depleted by firewood seekers therefore planting wood lots would form an alleviation strategy.³⁸ The public is enticed to believe that tree plantations are good and should be further supported and promoted if we wish to save the natural woodlands of KwaZulu-Natal. This is only true in cases where local communities have planted trees to serve their own needs, but it is totally untrue when it comes to large-scale fast-growing tree mono-cultures.



³⁷ C. Ham and J. M. Theron. "Community Forestry and Wood lot Development in South Africa: The Past, Present and Future" in Southern African Forestry Journal No. 184, March 1999. (71 - 79)

³⁸ M. Gandar, "Wood lots - A New Role" *Paper presented at the Plant For Life Conference*, Pretoria. 1994. 12.

There is overwhelming evidence to prove that plantations either increase deforestation directly or -in the best of cases- that they don't play any role at all regarding forest conservation. At Duku duku forest, for instance, extensive areas of the forest have been cut down by invaders who have started to plant *Eucalyptus* for the SAPPI and MONDI pulp mills so as to earn the promised income. Also, afforestation based on exotic crops which are primarily grown for sale makes it difficult for growers to cut down such trees for fuel, as the trees have a greater commercial values as a commodity when compared to its energy value. The World Rainforest Movement argues that, even if South Africa has more than 2 million hectares of *Eucalyptus* and pine trees planted in non-forest areas, the few remaining native forests will continue to be degraded and concludes that, “commercial/industrial tree plantations are in no way an answer for the survival of the world's forests and in many cases constitute a direct cause of deforestation.”³⁹ Commercially planted plantations and wood lots cannot be depended on to help alleviate pressure on natural woodland because they are not used for the reason that people cut wood. People would not use the wood in their wood lots for firewood and for construction. They still go to the forests/bush velds to get wood for such purposes. Therefore to address the problem of woodland depletions, solutions should consider the main causes underlying the process.

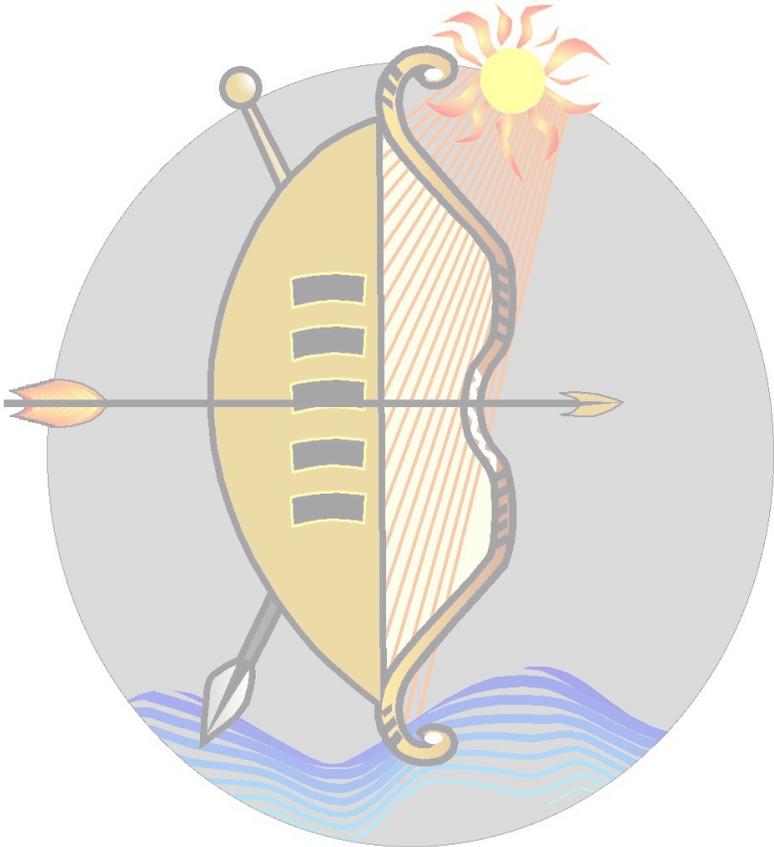
The conversion of grazing or other agricultural land into *Eucalyptus* plantations was driven by SAPPI and MONDI in their eagerness to obtain control of suitable land. After acquiring the land available in so-called white areas that were available on the market the timber companies embarked on a course that encroached on communally owned land without having a direct claim to it, but using it without renting, under the auspices of contracts with the communities. This, for example, brought eucalypts onto community land which belongs to the Ngonyama Trust, representing His Majesty, King Goodwill Zwelethini (monarch of the Zulu people). As a result wood lots, which total thousands of hectares were established without being subjected to planting permit applications,

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Statement of the World Rainforest Movement for the Intergovernmental Panel on Forests (IPF) meeting. New York, February 20th, 1997.

which were only applied in 1999.⁴⁰ As a result of the contracts, wood lots, are *de facto* the property of the large plantation companies, but stand on land that they have neither purchased, nor paid any rent for. The timber companies concerned do not only refuse to take responsibility for the negative social and environmental problems arise, but even to acknowledge them.

Positive engagement: A model for agribusiness contribution rural development.



⁴⁰ Permits in South Africa have been applied since 1972.

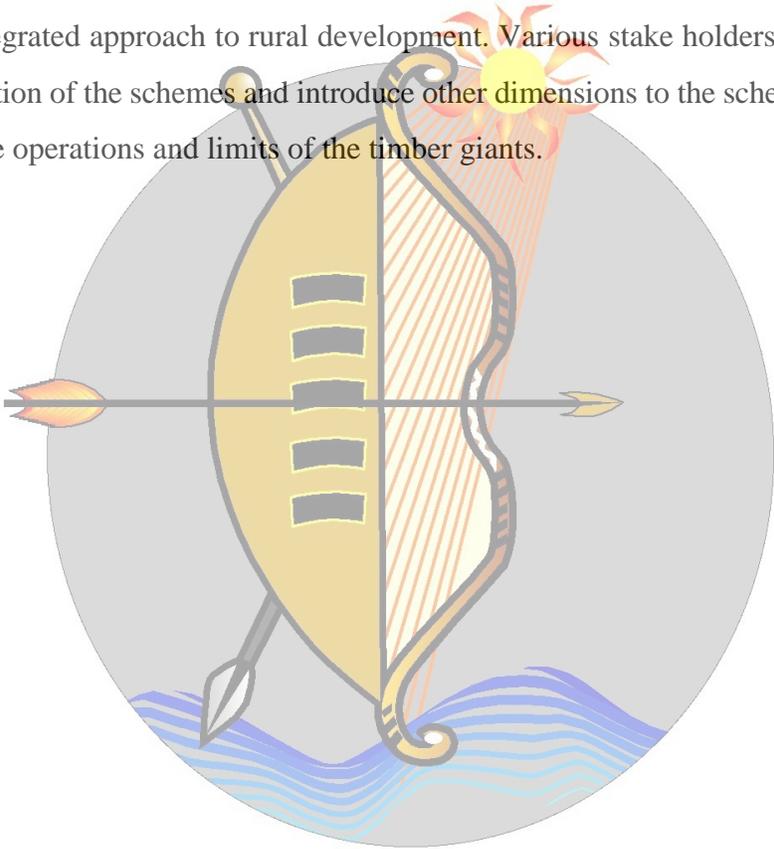
Sokhulu, Mbazwana, Kwa-Mbonambi tribal areas, situated near Empangeni and Richards Bay, are good examples of areas where the dominant land use is *Eucalyptus* plantations. SAPPI is not alone however in promoting these wood lots. Besides MONDI, the government also promotes out grower schemes by providing seedlings to rural communities and extension services, although it does not give loans or fertilizers and nor does it provide a market. Wally Mene noted that in this regard, the South Africa's Department of Water Affairs and Forestry also failed to recognize the monstrous problems arising from such "proliferation of so-called wood lots, using nice-sounding names like 'community forestry'."⁴¹

SAPPI has the responsibility to warn growers not to plant in wetlands or close to rivers and streams. The company has a duty to warn growers that their water supply may be affected negatively if they do not use good farming methods and even enforce that by refusing to buy trees from those who are growing in wetlands and along stream banks. It is sad to note that even if the company had to implement this effectively, already harm has been done on the environment.

The choice to grow or not to grow trees should be based on full information from the company so that it does not constitute a bribe. Many participants were not adequately informed about the costs of services provided by the company. Such information includes the right of the growers to be told how difficult and expensive it will be to convert their land back to pastures or other crops. Also the grower should be made to understand how the pulp and paper industry and the market works as well as that there is no guarantee that the company will buy their trees when they are ready, if there is no market. Government and Non-Governmental Organisations (NGOs) should join hands with the timber giants to research and find ways to realise multiple land-use potential within the tree-growing regimes.

⁴¹ W. Menne, "South Africa: What are the true costs of woodlots?" in World Rainforest Bulletin, December 1999.

In conclusion, it is clear that commercial tree planting by local communities does not constitute 'green gold' for them. Yet it has a tendency of initiating a 'green desert' scenario in which people have trees surrounding them but they do not have enough wood for energy, they do not have money, conditions of living do not significantly change for the better and water also dwindles, among other problems. However, it is difficult to dismiss rural communities' involvement in these schemes as totally destructive and therefore unnecessary and exclusively retrogressive to the aim of development. The rural communities have no other choices to them given government aloofness to rural development and the general urban biases in development thinking of the ruling bureaucrats. There is need for an integrated approach to rural development. Various stake holders should come in to regulate the operation of the schemes and introduce other dimensions to the schemes, which are out of the scope of the operations and limits of the timber giants.



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