Plantations, power and people : two case studies of restructuring South Africa's forestry sector

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Plantations, power and people

Een wetenschappelijke proeve op het gebied van de Sociale Wetenschappen

PROEFSCHRIFT

ter verkrijging van de graad van doctor
aan de Radboud Universiteit Nijmegen
op gezag van de rector magnificus
prof. mr. S.C.J.J. Kortmann
volgens besluit van het College van Decanen
in het openbaar te verdedigen
op woensdag 28 mei 2008
om 13.30 uur precies

door

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geboren op 1 september 1969
te Homa Bay, Kenya

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African Studies Centre
African Studies Collection, vol. 10

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Two case studies of restructuring South Africa’s forestry sector

Alice Achieng Ojwang

This research project was funded by the Netherlands Foundation for the Advancement of Tropical Research (NWO/WOTRO) and the South Africa-Netherlands Research Programme on Alternatives in Development (SANPAD).

Published by:
African Studies Centre
P.O. Box 9555
2300 RB Leiden
The Netherlands
asc@ascleiden.nl
http://www.ascleiden.nl

Cover design: Heike Slingerland

Photographs: Paul Hoebink (cover), Alice Achieng Ojwang (p. 5)

Printed by PrintPartners Ipskamp BV, Enschede

ISSN 1876-018X
ISBN 978-90-5448-079-2

To my parents Rhoda and Walter Ojwang
and to my late sister Mary,
who passed on just as I was about to begin this project.

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Figures

Maps

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Abbreviations

ANC	African National Congress
APS	Afforestation Permit System
BEE	Black Economic Empowerment
CBNRM	Community-Based Natural Resource Management
CFED	Community Forestry Extension and Development
CIDIN	Centre for International Development Issues
COSATU	Congress of South Africa's Trade Unions
CSMR	Centre for Sustainable Management of Resources
CSIR	Council for Scientific and Industrial Research
DA	Democratic Alliance
DBSA	Development Bank of Southern Africa
DDG	Deputy Director General
DEAT	Department of Environment and Tourism
DEP	Department of Economic Planning
DFID	Department for International Development
DLA	Department of Land Affairs
DPE	Department of Public Enterprises
DPW	Department of Public Works
DWAF	Department of Water Affairs and Forestry
EC	Eastern Cape Province
ESOP	Employee Share Ownership Program
FDI	Foreign Direct Investment
FLMU	Forestry Land and Management Unit
FSA	Forestry South Africa
GEAR	Growth Employment and Redistribution
GDP	Gross Domestic Product
HMH	Hans Merensky Holdings
HMF	Hans Merensky Foundation
IDC	Industrial Development Corporation
IL	Imbokodvo Lemabalabala Holdings
IPO	Initial Public Offering
IIED	International Institute for Environment and Development
KZN	KwaZulu Natal Province
LED	Local Economic Development
MERG	Macro Economic Research Group
NEF	National Empowerment Fund
NFAP	National Forestry Action Plan
NLC	National Land Commission
NRM	Natural Resource Management
ODS	Owner Driver's Scheme
RDP	Reconstruction and Development Programme
SACP	South Africa's Communist Party

SAFCOL	South Africa Forestry Company Limited
SANPAD	South Africa/Netherlands Programme for Alternatives in Development
SAPPI	South African Pulp and Paper Industries
SDT	Singilanga Directorate Scheme
SFP	Singisi Forest Products
SFRA	Stream Flow Reduction Activity
SOE	State Owned Enterprises
SQF	Siyaqhubeka Forests
TAIC	Traditional Authority Investment Company
WOTRO	Netherlands Foundation for the Advancement of Tropical Research

Preface

This PhD study began in March 2003. It was primarily motivated by two preceding studies I had undertaken in South Africa's forest industry. The first one, being part of a 1998-1999 MA research in Sociology at the University of the Witwatersrand, was on *Impacts of timber contracts on household gender relations in KwaZulu-Natal*. The second study, which I did in 2000, researched *Community-company partnerships in South Africa's natural resource sectors* and was part of South Africa's CSIR and IIED (UK) coordinated research series on Instruments for Sustainable Forestry Development. With the changing patterns in forestry ownership presented by government withdrawal from 1999 onwards, new forestry trends and relationships began to take shape and informed the questions examined in this research.

Despite these previous undertakings, this research project would not have been possible without the involvement of various entities and individuals. First, I have to thank God for always watching over me. Second, I particularly want to acknowledge and thank the Netherlands Foundation for the Advancement of Tropical Research (WOTRO) and South Africa/Netherlands Programme for Alternatives in Development (SANPAD), for financial assistance. To Manon Schmitz of Radboud University, thank you for the administrative support. The SANPAD side of funding was administered through the Department of Forest and Wood Science, at the University of Stellenbosch, South Africa. I am grateful for the assistance of the head of project, Professor Gerrit Van Wyk, and Mrs. Poppie Gordons. I am also indebted to Dr David Fig, formerly of the University of the Witwatersrand, and Dr Isla Grundy, formerly of the University of Stellenbosch, who were my mentors in the early days when I started thinking about PhD studies.

This study focused on South Africa's forest industry, but more specifically on two new industry players; Singisi Forest Products (SFP) in the Eastern Cape Province, and Siyaqhubeka Forests (SQF), based in KwaZulu-Natal province. I owe a lot of gratitude to these two companies for accepting me into their territory and allowing me to question their activities. I take this opportunity to thank Charlie Scott of SFP and several of his colleagues whom I interviewed. I also want to single out Mr. Satywa for taking some of his limited time to show me around the SFP areas and for introducing me to respondents and informants in different parts of the province. At SQF, I would like to mention Doggy Kewley who facilitated and arranged for my access, and Zenzele Gumede, for allowing

me to accompany him on field trips and community meetings. Zenzele gave me insights into the Zulu way of life, and helped me to understand the local dynamics, especially as they relate to formal establishments and entrepreneurial initiatives. These are aspects of my research that I would have found difficulty in understanding were it not for these insights. At both SFP and SQF areas, I conducted individual and group interviews and held informal talks with several people. This thesis is complete because of the perspectives of all these respondents. Although I am not able to mention all by name, I am very grateful to each and every one of you for agreeing to share with me your views and experiences.

In doing research, one may often come across people who are really interested in the topic, so much so that their keenness inspires and adds energy to the whole fieldwork experience. I am honoured to have met two people who were not only key respondents, but who also had a deep academic and entrepreneurial commitment to local development issues and to industrial forestry. On two opposite ends of my study sites, Simangele Cele in KwaZulu-Natal, and Simpiwe Somdyala in the Eastern Cape, thank you for the invaluable information, for your assistance and for always being willing to listen whenever I had follow-up questions. Other South African institutions and individuals within them also acted as resource points during this study: the Department of Water Affairs and Forestry (DWAF), my *alma mater* the University of the Witwatersrand, and Forestry South Africa (FSA).

At Radboud University, I was for four years affiliated to the Centre for International Development Issues Nijmegen (CIDIN), and the Centre for Sustainable Management of Resources (CSMR). I am grateful to all my colleagues for their company and kind words of encouragement. A special acknowledgement to all past and present members of Young CIDIN, particularly Hein de Haas, Gerben Noteboom, Willem Elbers, Jacqueline van Haren and Nienke van der Veen, for listening to my story and for sharing your research experiences as well. A word of gratitude also to a special section of Young CIDIN colleagues who understood what it means to do a PhD in a foreign land, far away from home, away from the comfort of friends and family and away from the 'priceless' sunshine: Alfred Lakwo, Theophile Djedjebi and A. Kamanzi. To my colleagues Iris Shiripinda and Azza Abdelmonium, it was comforting knowing I could always knock on your door and debate.

I cannot fail to mention the names of my very close friends who have been present with me throughout this journey. For those emails, surprise phone calls from across continents and for just keeping me in your thoughts, my utmost appreciation to Malehoko Tshoaedi, for being a true comrade and a believer in excellence, and to Dinkie Dube, Zanele Khoza, Nontyatyambo Petros, Caroline Kihato, Phumla Yeki, Asanda Benya, Manon Stravens and Rhulani Kubayi, all

for a truly inspiring friendship. To my international connections, my cousins and families Maurice and Dickens Oyuo, my friends Maria Awuor, Hellaine Anyango, Beatrice and Mark Adiedo, you all provided me with love, unwavering moral support, and of course great getaways when I needed to escape.

This thesis would not have been possible without the thoughts and support of my family. Whenever the research became a bit difficult, I simply had to remember my origins, that pool of highly motivated and excellent achievers, most of who had successfully gone through similar academic processes. A big thank you to my siblings and your families; Harrison Kojwang, Kephas, Dave, Isaiah, Philip, Sam and to Dan - especially for letting me move in and out of your Joburg house at whim. And to the last three in the family, my incredible sisters: Aphia, Miriam and Helen, thank you for being the stars that you are! One very special person has come into my life just six months before this graduation, my little son Zuri. For your unconditional love and that smile I say, *asante sana.*

Last and most importantly, a word of appreciation to Prof. dr. Wouter de Groot and Prof. dr. Paul Hoebink, both of Radboud University, for your technical support, and for letting me carve my own space and grow into a better researcher during the four years.

1

Introduction

This study is about changing ownership structures and new business relationships in South Africa's forestry sector after 1994, the post apartheid period. In efforts to move away from a discriminatory past, economic sectors in South Africa have undergone transformation, in line with the broader democratic policies driven by the African National Congress (ANC)-led government. Forestry, like other key economic sectors, has experienced changes in ownership through a process of restructuring, whereby the state has gradually withdrawn from forestry as more private actors have moved in. This double experience, of democratization and government withdrawal, has created new opportunities for inclusion, and new responsibilities for business.

Forestry in South Africa is largely commercial, with exotic plantations cultivated mainly for industrial purposes. Unlike other known forest growing countries such as Nepal and Brazil, South Africa has very minimal natural forests. As such, issues around people and forests mostly revolve around restoration of rights to land due to displacements during apartheid, people's involvement in local processes, and beneficiation in proceeds from activities in these environments.

Restructuring is not unique to forestry, but is generally congruent with broader change processes elsewhere in South Africa. The big policy issues in South Africa are replicated in forestry. These are manifested through certain policy practices such as Black Economic Empowerment (BEE), whereby government has encouraged business actors to change the way they operate, so that their composition and outlook is more reflective of South Africa's demographics. Although these processes are basically similar across sectors, the forestry case stands out and makes an interesting study for several reasons. First, plantations are located away from urban centers in rural areas, where developmental challenges such as unemployment and inadequate infrastructures tend to be higher. Hence forestry companies are strategically placed to offset some of these developmental issues through the opportunities that are availed in their operations. Second, in international environmental discourses, the idea of people and forests has gained significance, especially since the 1992 Rio summit on environment and development. Local people gained a central focus, particularly where environmental resources were concerned. In this regard, certain pro-people practices in natural resources management have been intensified as instruments through which local actors become more involved in the way their environments are managed. South Africa's forestry has adopted, in varying degrees, some of these ideas as part of their restructuring and transformation efforts. Third, forestry in South Africa is a test case of how multiple actors with diverse objectives and values can co-exist and benefit from a single, common commodity. Government, through policy directives, has ensured that as they sell their forests, both developmental and business aspirations are addressed. The business sector is bound to experiment with ways that are beyond their traditional practices, and at the same time, work with other non-business interest groups.

In light of the above scenario, the central question this study attempts to answer is how such diverse interests can be addressed and represented through a single process of forest restructuring. In tackling this main question, I rely first on the theoretical concept of policy implementation, as a primary lens to capture the way government withdrew from forestry. It also helps to highlight how this withdrawal set the pace and nature of change in forestry, and how implementation objectives were delivered under the auspices of not one, but several government departments. Natural resources management (NRM) is the second lens applied to examine and position the question of local communities in forestry within this process of restructuring. How do they organize to form business relationships with private actors? The final and the dominant concept that underpins this study is empowerment, which is contextualized as Black Economic Empowerment (BEE). Empowerment captures the essence of transformation, necessitated by the legacy of both political and economic disenfranchisement. It also helps to highlight how the forestry actors diffuse their wealth, skills and knowledge to those who previously had no access.

This study is generally about new structures and relationships at the micro-sector level, with forestry chosen as the case study as qualified above. Within the forest sector itself, there are two further cases, one featuring the Eastern Cape Province and the second in KwaZulu-Natal. The assets in these provinces were sold by the state in the year 2000 and 2001, to Singisi Forest Products (SFP) and Siyaqhubeka Forests (SQF) respectively. Other provinces, particularly the

Western Cape, Limpopo (formerly the Northern Province) and Mpumalanga, are the only other three regions with plantation forestry. At the time of the study, government withdrawal was not complete in these latter areas hence they remained out of the scope of this study. The remaining four provinces of Gauteng, North West, Northern Cape and the Free State do not possess any commercial plantations. These forest-free provinces are drier than the rest, but rich in other minerals.

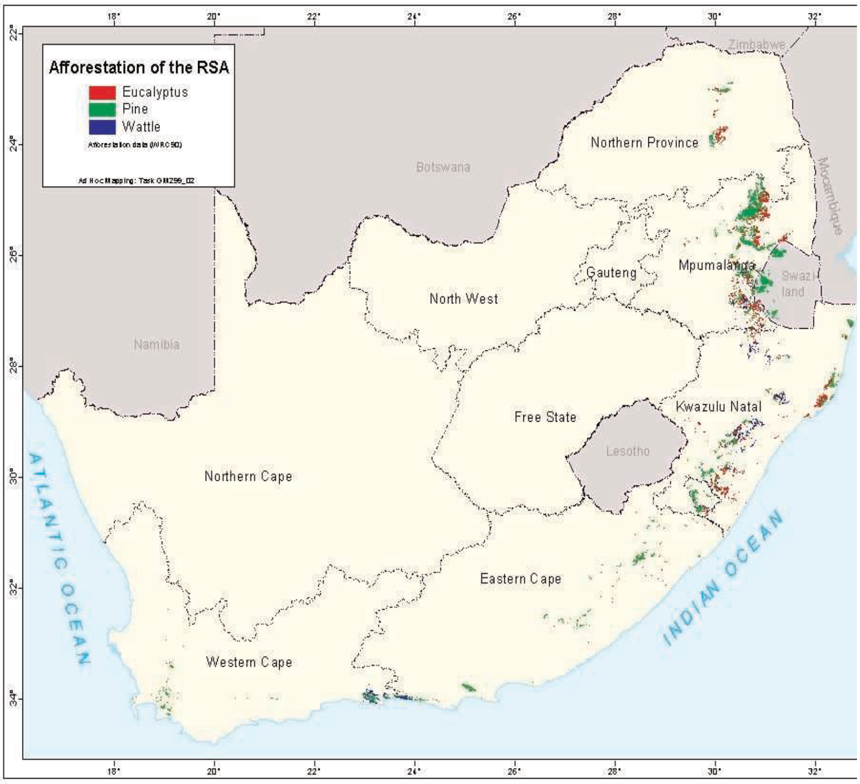
Map 1 shows the distribution of plantation forests in South Africa. The dotted areas indicate the combined presence of Eucalyptus, Pine and Wattle plantations. The subsequent Picture 1 shows what these plantations look like against the backdrop of the natural environment.

The policy challenge in South Africa

South Africa is a country of disparities and contrasts in more ways than just the physical. Its physical nature can be juxtaposed to the social and economic spheres where gaping differences exist, mostly as a result of the past racial discrimination instituted by the previous system of apartheid. As one important central policy paper summed it up,

> The economy (South Africa) was built on systematically enforced racial division in every sphere of our society. Rural areas were divided into under-developed Bantustans and well-developed white-owned commercial farming areas. Towns and cities were divided into townships without basic infrastructure for blacks and well-resourced suburbs for whites. Segregation in education, health, welfare, transport and employment left deep scars of inequality and economic inefficiency (The Reconstruction and Development Program 1994)

Inasmuch as the policies of apartheid were dismantled in 1994, its legacy persists with the majority of the black population still faced with abject poverty. As is common in political speak in South Africa, it is a country of two nations, one rich and the other poor or rather, there are two economies existing side by side; a first economy with all the modern infrastructures and competing in the global economy and a second, that is lacking in skills and therefore unable to become part of, or benefit from, the advanced infrastructures of the first economy (Montlanthe 2005). The two economies are still visibly characterized along the artificial dichotomy drawn out at apartheid, and which was based on race. The first economy is largely white and rich, with a few black people making in-roads, while the second is mostly black and poor. This two dimensional conception of the economy of South Africa is mainly urban and does not adequately capture the essence of what I would term the third economy of South Africa. The third economy is rural and poor with very limited access to the first economy. It is



Map 1 Map of South Africa showing provinces and afforested areas
Source: Forestry South Africa 2004

constrained by distance, lack of skills and basic infrastructure. Unlike the second economy that feeds the first economy with labour and a growing consumer market, the third economy comprises a population that has limited opportunities to sell their labour and skills, and relies mainly on pensions and subsistence farming for their livelihoods. The presence of any industrial activity in the rural areas is limited, and where an industry exists, it is often the single significant employer in an area where thousands of unemployed people compete to sell their labour. It is because of these disparities that the post apartheid policy is a transformational one that started with a constitutional overhaul as well as policy changes across the various economic sectors.

Picture 1 An exotic plantation and an indigenous forest in the background
Picture taken by author at SFP (2006)

Whilst policy challenges in any sector in South Africa, by and large, are quite similar to those of any other young developmental state, its recent history of colonialism and apartheid makes it peculiar, since these defined the policy atmosphere for over three centuries, until 1994. In this respect, South Africa has to deal not only with basic issues such as job creation, social security and improved infrastructures, but also with problems of societal transformation, and these traverse each and every economic sector. Transformation in this sense implies a wide range of changes, including the ownership structure of South Africa's economic assets, in management and other cadres of employment, in the procurement business, and perhaps even a change in prejudiced attitudes that were the bedrock of previous discriminatory policies. Broadly, these new policies aim to change the economic landscape in a way that integrates the two economies, and that ensures that those population groups previously dispossessed and whose wealth was confiscated or stifled by apartheid policies, productively engage in the economy. However, change is a contested process, and while it could be argued that in South Africa, there has been an understanding that apartheid policies had to be replaced, it is the instruments employed in their implementation and the pace of it that is under contestation.

Research problem

This project takes the forestry industry in South Africa as a case study, and looks at the changes that have permeated it over the years, but especially since the advent of democracy in 1994. These include, but are not limited to, changes in the ownership structure of the forest assets, gradual changes in the composition of the workforce to reflect the majority of the population, and attempts to include other interest groups, especially the rural population who in many ways are affected by forestry activities. While the forest industry in South Africa is largely an economic enterprise given its nature of plantation forestry, like any other sector, since 1994 it has had to deal with other important socio-political and environmental issues posed by policies of the new democratic government. This in itself has created new challenges first for government as the driving policy maker, second for the industry that is perceived as a sector in dire need of change, and third for black people generally, and rural people in particular, who may have new or increased opportunities for entering the forest sector, either as owners, workers, entrepreneurs, or managers.

In the midst of difficulties inherent in such a broad process of change, one policy mandate that may have either facilitated the process or complicated it, as debated in the later chapters, is the fact that restructuring, which involved the privatization or sale of state-owned forest assets, was part of the change process in the forest industry. On the surface, this would appear as an opportunity to solve the problem of concentration of ownership, thus fulfilling the political aspiration of, at least, balancing the skewed, racial nature of ownership within this particular industry. But the objective of the sale itself was also an economic one, aiming to boost the competitiveness of the sector both domestically and internationally. What this meant is that in floating the assets for sale, it was still attractive and logical, at least in a financial sense, to have the highest bidder take up the state assets. At the same time, due to the history of poverty, systematic dispossession, and stifling of business within the black population, black entrepreneurs were only just emerging, and they did not yet have significant financial clout to take on such huge industrial assets. It is because of these contradictions in the needs and objectives of such a process that the main thrust of this research attempts to answer the questions below:

Research questions

Central question: How are diverse interests in forestry reconciled, represented and addressed within a single process of restructuring? More specifically:

- How do actors in forestry whether government, private mostly white-owned companies, emerging black business interests, local community groups and individuals, organize themselves to handle the inherent tensions in the restructuring process?
- What policy objectives and instruments are applied to facilitate the forest restructuring process?
- How do these policies work out in practice?

In this thesis, the questions will be tackled within three areas of tension and these are exemplified in:

1. The processes of policy implementation, as government withdraws from forestry and divests its forest assets to private actors,
2. The application of the concept of Natural Resources Management (NRM), where communities organize to collabourate with private actors in managing and benefiting from forestry and finally:
3. The operationalization of the idea of Black Economic Empowerment (BEE), as forest companies and communities attempt to share ownership, as well as improve and exchange knowledge and skills.

In engaging the three areas above, and based on local circumstances (SFP and SQF case studies), I focus on the application of three theoretical approaches: The first core issue in this thesis tackles discourses around policy implementation especially in the context of societal transformation. What bearing does the nature and pace of implementation have on subsequent actions such as community organizing, and the establishment of community-company relationships? What policy objectives have been achieved through restructuring, and which have been compromised?

The second approach examines the notion of co-management in Natural Resource Management. How do actors, especially community groups, organize? How do actors negotiate and handle possible conflicts in co-management processes?

The last point of analysis tackles empowerment, contextualized as BEE in South Africa, and relates the differences between the case studies where, on one hand a community trust is a shareholder in the private enterprise, while the other case presents a black business enterprise as partner. Hence, how does empowerment as practice unfold in each case and what are the implications for the actors? How do actors handle the tensions inherent in empowerment processes? How do such differences inform the way actors negotiate and organize, and the choice of instruments they institute?

Whilst this study broadly focuses on institutions and alliances between them, the primary focus of investigation are individual actors and how they perceive interrelationships between their respective organizations. The unit of analysis is the individual.

The rest of this chapter gives an insight into South Africa's forestry in terms of size, ownership patterns, positioning amongst other economic sectors and contribution to the Gross Domestic Product (GDP). The last section details a complete layout of the rest of the thesis.

Background of South Africa's forestry

Commercial forestry within South Africa's economy and land use

Statistical data indicate that by 1995, South Africa had indigenous forest cover amounting to some 346,516 hectares, compared to 1,761,649 hectares of planted or commercial forests (Statistics South Africa 2004). Evidently, indigenous forest cover in South Africa is relatively small compared to areas that are planted for industrial purposes, mostly with exotic tree species. However, Forestry South Africa (2004) reveals that by 2003, the commercial forestry sector had a total of 1,351,402 hectares with annual, albeit minimal, increases in afforested areas in the recent past. Of the total land cover, planted forests take up just over 1%. The discrepancy between statistical detail from Statistics South Africa and FSA is probably the result of one body including unplanted land falling under control of commercial forest owners.

Although commercial forestry, based on its relatively small size, is not considered to be a major land use activity, its contribution to the Gross Domestic Product of South Africa has been significant (Figure 1). In the year ending 2002, forestry contributed 1.3% to the total GDP while forest products contribution to manufacturing GDP stood at 7.3% and at 8.7% of total agricultural share of GDP (Figure 2).

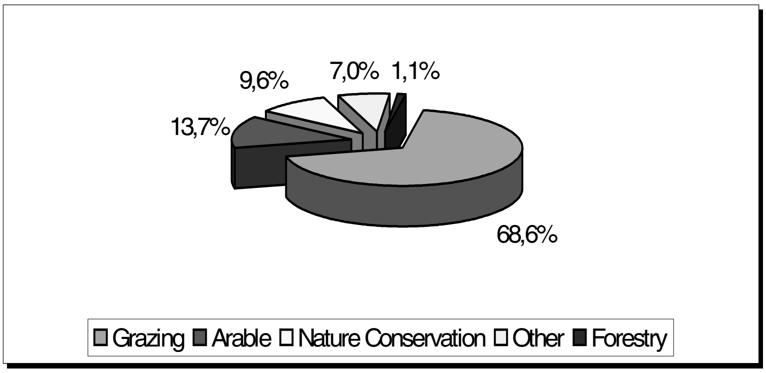


Figure 1 Land use in South Africa
Source: Forestry South Africa, 2004.

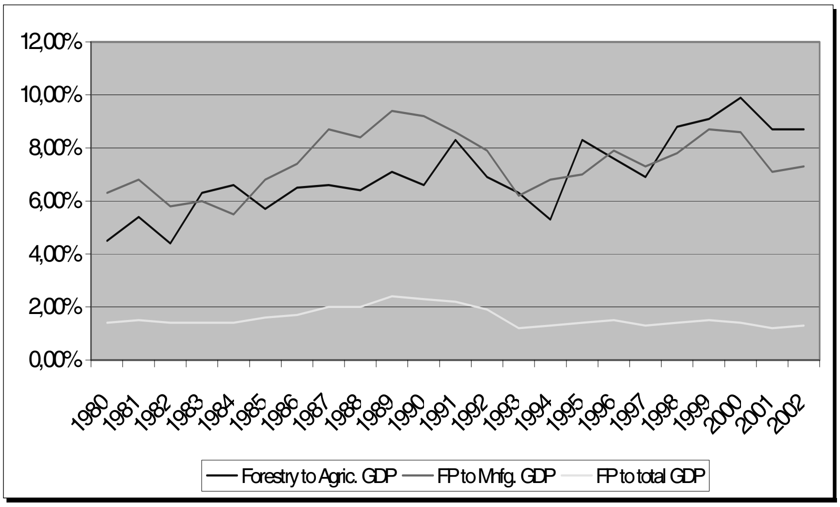


Figure 2 Contribution of forestry to GDP 1980-2002
Source: Forestry South Africa, 2004.

In terms of meeting domestic demand, the different strands of forestry-related manufacturing sectors that produce pulp, paper, and wood supply 90% of local consumption needs (Mayers *et al*. 2001), but products from the sector are significantly geared toward foreign markets. Export earnings from the sector in the year 2002 accounted for 4.14% of overall export earnings excluding those from gold,[1] while imports of forest products stood at 1.99% of total imports.

The industry has also become internationally competitive and the pulp and paper sector, as Mayers *et al*. (2001) report, has a global presence producing 2.8 million tons (1.63%) of global pulp, 2 million tons (0.76%) of global paper and 1.3 million m^3 of sawn timber (0.3% of global production).

Changing ownership patterns in the forestry sector

The first batch of state forest assets was transferred to private enterprise in 1999. Before then, as mentioned earlier, the state had been a main actor in plantation forestry, owning a combined 30% of total assets in the country. By 2002, private ownership had increased to 62.3% as state ownership decreased to 23.6% (FSA 2004) after selling portions of its Eastern Cape and Kwazulu-Natal assets (Figure 3). Mondi and SAPPI remain as the major private actors, owning a combined total of 47% (Mayers *et al*. 2001). The rest of the forest assets are under the ownership and management of medium sized companies, individual entrepreneurs, trusts and municipal councils.

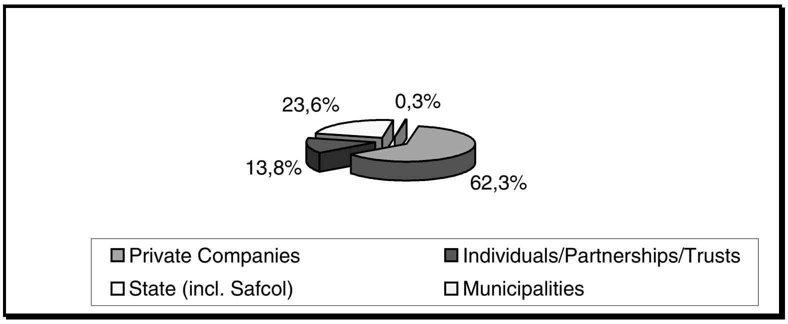


Figure 3 Plantation area by ownership 2002
Source: FSA, 2004 "Forestry and Forest Products Indus try: Facts and Figures 1979/1980 to 2002/2003.

Contrary to the objectives of South Africa's forest restructuring, the recent sale of state forests has not significantly broadened the ownership base in

[1] See FSA 2004, table 25C. In 2003, gold exports totalled 12.74% of all exports (see FSA, 2004) qualifying as the single biggest export from South Africa.

forestry. In KwaZulu-Natal for instance, Mondi forests, already a major player in the industry, acquired majority shares in the divested assets that are now held as Siyaqhubeka Forests. In the case of Singisi Forest Products that took over the Eastern Cape North forests, the major shareholder, Hans Merensky holdings, is not a newcomer in forest activities, having had saw milling operations in the area. While state's forest assets have shrunk, and will continue to do so until it has divested all its plantations to private enterprise, patterns emerging from the sector show increased ownership by existing players rather than newcomers. The current status of ownership in the sector is illustrated in Figure 4.

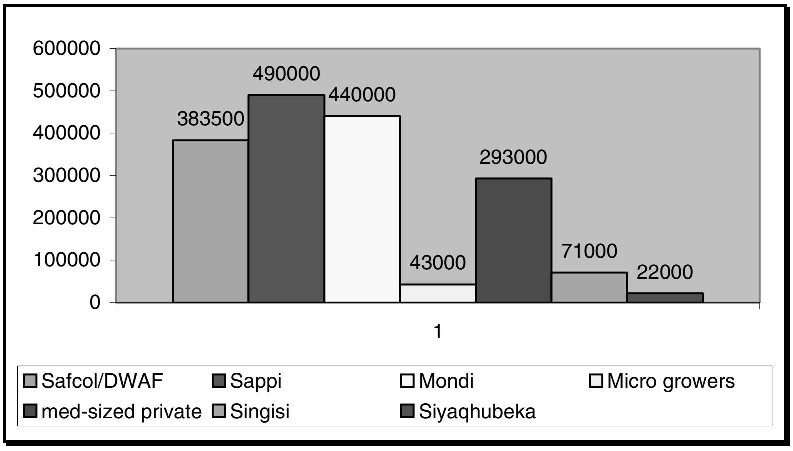


Figure 4 Plantation area by ownership
Data Source: Forestry South Africa (2004)

Plantation forests are spread mainly across five provinces (see Map 1) in South Africa: Mpumalanga and Limpopo (formerly the Northern Province), Eastern and Western Cape provinces and Kwazulu-Natal. These provinces record, on average, annual rainfall of over 500 mm[2] and forest plantations are mostly located on the slopes of the escarpments. Mpumalanga province has the highest concentration carrying over 40.4% of total planted forests followed by KwaZulu-Natal province at 39.2% and Eastern Cape at 10.9% (Figure 5). The latter two provinces were selected as study areas.

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2 http//www.environment.gov.za/enviro-info/prov/rain.htm

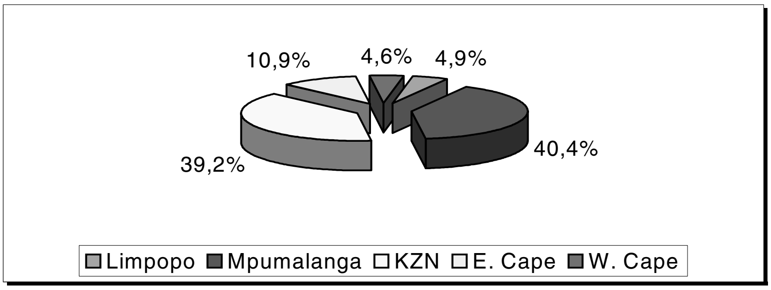

Figure 5 Plantation area by Province
Source: FSA: 2004

The provinces possess both softwood and hardwood plantations; some private companies operating in the areas are vertically integrated, and supply their own processing factories with raw timber. However, other smaller companies over the years have received their supplies of raw timber from state forests. Hans Merensky was a case in point before they bought into state assets in the Eastern Cape.

Forestry also contributes to the rural economy through significant employment. Talking of employment in forestry includes those in the primary sector, for instance in the plantations, and also in the value-added industries, mainly the pulp and paper producing sectors, and in saw milling. Because there is an increased tendency to outsource primary activities such as silviculture and transport, a number of people working in forestry are not in permanent employment (Mayers & Vermuelen 2002). However, an estimated 13,000 people are directly employed in the pulp and paper sector, as well as an additional 17,000 workers in the contractual sectors, especially in plantation management and transport. What is of significance is the fact that forestry is one of the non-agricultural industries that contributes to rural employment. Increasingly, and within the discourse of pro-poor strategies as argued by Ashley & Ntshona (2003), forestry in South Africa is now viewed as one of those avenues through which investment can flow into marginal local areas.

Set-up of the thesis

This thesis is structured in nine chapters. Chapter two delves into three main theoretical concepts that act as the pillars of this study. These are: policy implementation, Natural Resource Management (NRM) and power and empowerment. The first section presents key elements of implementation theory, re-emphasizing the proverbial gap between policy pronouncements and actions. The second section on NRM highlights the progression of natural resource management systems from traditional management systems to state management, and more recently, the introduction of the market into resource management. These periods are respectively captured under three dominant approaches namely the classical, neo-populist and neo-liberal approaches. The concept of co-management is argued to have survived through these changes to result into mixed systems, in which elements of the old are carried over into neo-liberal systems. Under the section on power and empowerment, the discussion traces two main conceptions of power as *power over* and *power to.* It observes that there is a thin line between the two conceptions, as power is cyclical in its influence. The chapter ends with a justification and a reflection on the case study method, as applied in the study. The method of analysis involved labelling the responses according to the three main theoretical concepts that the thesis builds upon. A comparative analysis between the two cases is done where necessary.

In chapter three, a detailed background is presented into South Africa's policy history. This chapter is important to understand the political context upon which the whole thesis is based. It outlines the early ideological convictions of the ANC, and how these changed from the early 1990s in light of the imminent new political dispensation. The chapter also presents an account of the forest policy and how this has changed, especially since 1994. Lastly, it gives a contextual conceptualization of empowerment in South Africa, and the key debates that BEE has raised within South Africa's development discourse.

Chapter four introduces the two case studies, SFP and SQF, in their respective provinces of Eastern Cape and KwaZulu-Natal. It describes briefly the study areas and the shareholding structure of each company. In each case, the main approach to NRM and BEE is highlighted. The more interesting aspects of these case studies are found in subsequent empirical chapters.

Chapter five is the first of three empirical chapters. This chapter is grounded by the theory of policy implementation and tells the story of forestry restructuring as it evolved. The roles of key actors are discussed as well as their overlapping nature and the bearing of these on the overall restructuring exercise. The discussion revisits the original objectives set out at the beginning of restructuring and examines which were achieved and which were dropped along the way, and implications for the choices made.

In chapter six, a presentation is given of the management systems employed by both SFP and SQF. Of central interest in this chapter is how in both cases relationships were established with surrounding communities, either as business partners, or simply for outreach purposes. The chapter also highlights key issues that challenge these processes, such as the question of land and community rights, the marking of operational boundaries, problems of identification, and definition of community actors. The distinction between the cases is found in the way they approach the idea of community engagement. While SFP has a community Trust as a shareholding junior partner, SQF avoids this route but engages in a straight business with a black entity, and uses this entity to find solutions to the problems of skills and entrepreneurial development at community level.

Chapter seven is the last of the empirical chapters and describes the notion of empowerment and how it is operationalized in both cases. It presents the case study view of empowerment against the backdrop of the normative meaning as outlined in policy papers. Both cases have employed their own strategies in advancing the ends of empowerment. The chapter highlights these while presenting reasons for progress or stagnation. The idea behind most empowerment activities is to enhance skills and entrepreneurial capacities in the communities that both SFP and SQF employ. Once again, the notable difference in the two approaches is found in the ownership structure of the companies, but the empowerment activities show similarities. Both cases target potential individual entrepreneurs rooted in the community, for mentoring.

Chapter eight serves as the conjunction where all the key findings are analyzed. In presenting this analysis, the chapter revisits, in individual sections, the three theoretical lenses of implementation, natural resource management and empowerment. Hence it applies secondary information and the broader South Africa's political and economic context to explain the findings.

Chapter nine is the concluding one and gives a summary discussion linking the findings to the original intentions of the research.

2

Theory and methods

Introduction

This study is grounded in three theoretical concepts, which this chapter discusses in three separate sections. The research is primarily embodied in broad economic transformational policies in South Africa and the specific implementation of the forest policy, in relation to forest restructuring. In this respect theoretical debates on policy and their implementation are explored and presented as the first topic upon which the thesis is structured.

The second concept under debate and use is natural resource management (NRM). Under NRM, I trace the trends in resource management systems over the years citing Blaikie & Jeanranaud's (1997) use of three distinct approaches: the classic, populist and neo-liberal. These are further identified as having been dominant under certain political systems. The classic approach denotes the fortress system of resource management, where state agencies practiced paternalistic management and local users were restricted. The populist era saw increased agitation and adoption, in varying degrees, of community-based management of environmental resources. The neo-liberal period involves the entry of the market as a key player, but also the retention of some elements of the populist agenda. In this progression, I single out co-management as an approach that has, to some extent, survived the neo-liberal inroad on NRM. The cases discussed in this thesis are examples of hybrid practices in resource management.

The third and last section deals with the concept of empowerment. To a large extent, empowerment as a concept has been used particularly in the context of gender, race relations or indigenous populations disenfranchised in one way or the other by virtue of their status within their contexts. While this study will draw upon such examples, its specific context is South Africa where segregation and inequality were based on race. The targets of empowerment are those disadvantaged by apartheid. What also distinguishes the application of the concept here is that South Africa presents an empowerment case of a majority coming out of suppression by a minority. In other instances, the reverse has often been the case where minorities are on the margin, and empowerment, as an approach, implies concerted efforts for their increased access to social and economic structures. More often than not, as with minorities in North America for instance, notions of identity and multiculturalism are core discourses in empowerment literature (Yon 1999). As discussed in the latter part of this chapter, in a case like South Africa, while such discourses may surface, post-apartheid debates on empowerment take a different angle as they specifically deal with access to mainstream economic structures of power.

The three conceptual areas have been chosen due to their relevance to contemporary development debates in South Africa. In addition, they inform the research from multiple angles while at the same time giving a synthesized and adequate direction for the case studies.

Policy implementation in theoretical discussions

Policy implementation as a distinct part of the policy process in the recent past has received its own focus within development debates. Attempts to isolate this element of policy in theoretical discussions are seen in writings by Hill (1993), Ham & Hill (1993), Hogwood & Gunn (1993), Hjern & Porter (1993), Minogue (1993) and Sabatier (1993). These writings have arisen out of concerns that implementation has been neglected in theoretical literature (Minogue 1993) despite its perceived importance in the overall policy process.

Policy implementation is an arena where political decisions are constructed into practical actions. It is the administrative or management aspect of the policy process, or the sphere where "decisions are translated into events" (Minogue 1993: 18). At this stage, policy pronouncements are translated into solutions hence failure and/or success would be most visible. The success or failure of policy decisions may not only be a failure at the implementation level, but as Masiza & Mangcu (2001) suggests, these could also be symptoms of poor theoretical grounding at the design stage.

In Minogue's (1993) analysis of the discrepancy between theory and practice, he discusses the gap in knowledge between the theoretician and the practitioner. His point of view assumes that policy decisions are made at an upper level, far removed from the reality of the practitioner. The knowledge of the policy maker is theoretical while that of the implementer is based on actual issues and constraints. It also implies that those who implement policy have little direct influence on theoretical aspects of policy making. Minogue's analysis further contradicts notions that presume the policy process as cyclical, assuming that information from practitioners may feed back into the process, and could be used in their revision. His analysis suggests that the policy maker is politically inclined, and strives to deliver certain promises through crafting solutions that remain theoretical until they undergo the actual processes of implementation. Due to the political nature of his/her mandate, it will not always be desirable to receive critical input, especially in regard to the techniques that he/she proposes as crucial to realizing outcomes. In the end he argues, the policy maker, by virtue of his more powerful position, may overrule the ideas and input from the practitioner. These differences arise out of the separate worlds from which the policy maker and public managers originate, and also because they have different uses for policy. As the policy maker struggles to promote particular techniques in order to reach the desired policy outcome, the public manager may not be so much preoccupied with theoretical orientations and methods that inform the process but rather, how practical and workable the proposals are on site. The tensions that arise out of these discrepancies inherently turn into power struggles, and in the end, he asserts, "power dictates what truth is" (*ibid.*). The knowledge held by the practitioner may be manipulated or discarded, especially if it challenges interests of policy makers. Crosby (1996: 1404) summarizes this by indicating that:

> Policy implementers are generally excluded from the process of formulation and policy selection, have little ownership of either the policy or the process, and have minimal control over the diverse resources needed to carry out the policy mandate, lack the appropriate organizational resources and often operate in an environment hostile to the changes mandated.

The lack of connection between policy makers and implementers seem to be over-emphasized. Where the policy process is understood not to be a one-directional hierarchical process, policy can be revised or reformed especially when it faces implementation hurdles, or when it is considered obsolete. Such revision would be based upon feedback that often emanates, though not always, from implementers themselves.

The implementation arena is wrought by contestation, but it is also a stage at which new ideas come into play, and where technical prescriptions from the policy making stage is advanced, challenged or discarded. Many policy scientists acknowledge the divide between policy decisions and implementation, but the problems are not always attributable to inadequate understanding of reality by those who craft policy. Practitioners are guided by own preferences and personal beliefs as well, and these can affect their understanding, interpretation and execution of policy. Minogue (1993: 21) challenge the views that presume policy to be a state-led process, devoid of influences from other non-powerful apolitical entities or individual interests along the execution line. They argue, rightly so, that politics exist even within organizations, and individuals in those entities also compete for control of resources and manipulate these processes when it suits them. Therefore, analyses that tend to portray organizations as non-political are narrow, as "the internal world of the organization cannot be isolated from the world external to the organization".

Earlier studies on policy-making and implementation portrayed the processes as linear and one-directional. Implementation in particular was analyzed as employing either a top down or bottom up approach (Sabatier 2000). The top down approach implied a political process where policy decisions were made in the upper echelon of the political structure. These decisions were in turn channelled to the implementation levels without consideration of local input, perceptions or interpretation. In reverse, the bottom up approach assumed that policy was crafted with ample consideration of local views and perceptions of their problems. Within this view, it was understood that the perspective of a wide range of actors with varied interests in the policy process had been incorporated (Birkland 2005). More recent analyses have discredited these assumptions and argue that implementation processes involve different interests, organizations and different subsystems within them (*ibid.*). Due to the diversity of the numerous entities, negotiation and bargaining becomes a core characteristic of these processes. Hence Birkland (2005: 188) argues that contrary to the top down or bottom up perspective, "implementation is as much a matter of negotiation and communication as it is a matter of command".

Hjern & Porter (1993) and Brinkerhoff (1996) reinforce this dimension to the debate while they challenge previous approaches to the study of policy implementation, particularly the methodological challenges explicit in policy analysis. Instead of using the organization or individual actors as a unit of analysis, they advocate the study of implementation structures. This focus acknowledges that across several entities that partake in implementation, there exist clusters of actors. Implementation of policy may involve several different organizations ranging from the private to public, profit and non-profit, and small and large entities. Within each organization, a cluster of actors exists who may create a network with clusters in the other organizations. Combined, they form the implementation structure.

The implementation structure as an alternative administrative unit of analysis, serves to recognize that no single organization is responsible for policy management, but that the tasks cut across several organizations both public and private. Secondly, the proponents of this method argue that previous strategies focused broadly on the organizational unit and, in the process, neglected information and data from the smaller functional units within the organizations. The role of informal networking that takes place between these clusters is also ignored and when the focus is almost solely on one organization as the implementing agency as well, external forces that shape the direction of implementation are excluded, resulting in inadequate analysis through loss of data.

Hence the debate on implementation so far tackles three major issues: the divide in knowledge and understanding between the theoretician and practitioner and its consequences, the political and power dynamics in policy making, and the search for appropriate methods of analysis when studying the implementation aspect of policy. Underlying these issues are two distinct assumptions: that implementation is initiated from the top and led by the state. The second assumption, although not refuting the state facilitation of the process, seems to disagree with the linearity or the downward movement of policy and recognizes the existence a number of organizations and networks that are not necessarily public, but who also contribute to processes of implementation.

The divide between the policy maker and the policy implementer may exist, but not in a clear, unambiguous way as the literature suggests. There is still inadequate analysis on the extent to which implementers may influence policy making and even policy mending.

Co-management and models of natural resource management

The notion of co-management is difficult to determine. Most literature on co-management highlights the element of plurality of actors, especially the sharing of power between supra-local government and local actors in resource management. The presence of supra-local involvement is deemed necessary, especially where the empirical scale of the resource is large, to the extent that monitoring and coordination becomes difficult for local users. Fisheries, forests and wildlife are good examples of these. Secondly, a custodian role of government may be necessary when the resource contains biodiversity of special value (for instance endemic or globally threatened species); it cannot always be expected that local users necessarily share this special motivation.

In this scenario, resource management that incorporates plural actors becomes a process that goes through various levels of maturity, negotiated and renegotiated when necessary. Before a detailed description of the concept, I first trace its origin and the influences that have stimulated its emergence both in theory and practice.

The evolution of co-management is closely linked to changes in policies that have a bearing on issues of natural resources. Such policies do not change in a vacuum, but are outcomes of political and economic dynamics at the macro level whether nationally or internationally. In environmental politics, for instance, local resource users have increasingly demanded more say in the way their environments are managed, while pressure groups with local and international networks have supported such lobbying. These have evolved as struggles for self-determination, supported by a vibrant civil society pushing the local agenda in the national and international arena, thus creating a wave of change. Uhlig & Jordaan (1996: 59) opine that redefinition and changes in natural resource management (NRM) could be partly attributed to the emergence of "new social agendas driven by diverse cultural values" that increasingly question previous or existing management systems that are perceived as deficient. Such sentiments question previous practices of resource management that isolated environmental issues from social and economic ones, and argue for their increased interconnectivity.

Changes in political systems in the developing world, especially the move toward plural politics, have also played a role in the creation of co-management practices. Notions of pluralism are essentially rooted within principles of democratization. Venema & van den Breemer (1999) capture this political influence to co-management, observing that democratization that has paved the way for co-management practices is a direct result of pressure from western countries and institutions such as the World Bank. Internal political struggles have also influenced political changes in developing countries to a significant degree. These political actions create enabling legal and administrative conditions necessary for engagement in contractual relationships between government and local communities. Yet analyses around co-management still would benefit from a broader assessment that unravels ways in which 'external' ideas interconnect with local ones, and how these are received and reconstructed by actors at various levels.

Co-management has been applied extensively in resource management where there exists multiple and often economically unequal interest groups. In the context of fisheries management, Sen & Nielsen (1996) grapple with ambiguities that characterize such discussions. In their attempt to provide clarity to the debate, they categorize co-management practices according to types, which themselves are based on the level of involvement of interest groups, especially government and local users. The level of interaction between government and local users varies from a situation where government makes all decisions regarding resource management to one in which information is shared between both parties.

For this thesis, two types of resource management systems are relevant, Sen and Nielsen's "fortress type" and a hybrid system in which co-management broadens to include market parties as a key actor (see Blaikie & Jeanrenead 1997). In deviating from the traditional use of the concept of co-management that referred only to practices between government and local resource users, I concur with Notzke's (1995) argument that co-management should be studied as a system that integrates two or more resource management systems. Such an approach leaves open the parameters of debating co-management and other evolving theories of collective action.

Streamlining the concept of co-management can be approached through different paradigms that have dominated studies on resource management. It can also be positioned within certain periods of time, but at varying degrees, depending on prevailing circumstances or socio-political convictions in specific regions. Early systems of resource control were mostly community-based under traditional tenure systems. Later, these were undermined by the removal of authority from the local to state agencies. The peak of romanticizing the nation-state, roughly from the mid 1960s to the 70s, saw the state assume ownership and control of local resources among other economic sectors. The reasoning behind such moves was that local inhabitants were assumed to be unable to manage natural resources without causing their degeneration (Ostrom 1990). However, state ownership and control of resources also came under scrutiny as this take-over created instead "open access resources where limited access common-property resources had previously existed" (1990: 23). In basically all areas except in strictly protected national parks therefore, over-exploitation was given free reign. Subsequent trends in the 1980s saw relegation of management back to local inhabitants, but these were often in the presence of already eroded resources and weaker norms of use and access. Erosion of local rules during the tenure of the state undermined the resumption of workable local control systems.

In the face of the failure of the state to manage local resources outside the strict national parks, theorists and policy analysts were crafting other paradigms as alternatives to single entity control, whether by the state or sole community management. The late 1980s saw the coining of discourses of joint management or co-management. Fisheries are still the major areas of experiment, but in forestry practice popular examples are the joint management programs in India and Nepal (Agarwal 2001; Kumar 2002; Ballabh *et al.* 2002). The concept thus visualizes the interdependence of diverse interest groups in resource management, and importantly, it acknowledges that not only is local knowledge critical in resource management, but that local resources ideally should respond to issues of social justice.

To conceptualize co-management as another model of resource management requires an understanding of theories that have preceded it within discussions of collective action. In presenting an understanding of the various key approaches to the analyses of resource management, I borrow Blaikie & Jeanrenaud's (1997) three distinct categories as a benchmark. These are the classic, populist and neo-liberal schools of thought.

The classic approach to NRM

The classic school of thought advanced the idea of single-entity control of resources as a solution to problems of over-exploitation. This point of view entrenched the central state as the justified and capable manager of natural resources such as forests and fisheries. Empirical analyses around this type of control suggest it was often accompanied by systematic alienation of local users and inhabitants by state agencies (Blaikie & Jeanrenaud 1997). In this model, the focus was on the environment, and particularly in protecting that environment from local inhabitants through exclusion from the resource in order to solve problems of conservation.

One of the more prominent students of the classic school is Mancur Olson and in his 1965 book *The Logic of Collective Action*, he posits a challenge to assumptions of group theorists who state that members of a group make logical decisions that contribute to the overall interest of the whole group. Olson argues that collective action for the common good, such as natural resources, would be minimal, especially in cases where the group is large, and that compliance to group requirements would only be obtained if there were some amount of coercion or incentives. He further challenges traditional group theorists to re-assess the relationship between group size and their effectiveness, pointing out that

> Though all members of the group therefore have a common interest in obtaining this collective benefit, they have no common interest in paying the cost of providing that collective good. Each would prefer that the others pay the entire cost, and ordinarily would get any benefit provided whether he had borne the cost or not (Olson 1965: 21).

Olson implies that in achieving group objectives, there is always a tendency by some members of the group to shirk, (Hara 1999; Ostrom 1991) hence preventing the achievement of optimum returns from collective goods. The problem of free riding in groups is also echoed in Hardin's (1968) 'Tragedy of the Commons' who suggests the intervention of an external agency as a solution to the dilemma of rational actors, while Olson prescribes coercion or some form of incentive to enable consumers to be responsible users of collective goods.

Hardin underscores self-interest as a driving factor in the exploitation of common resources. He implies that common property users are devoid of collective responsibility and choose not to exercise restraint in access and use of available resources, leading to an overexploited and degraded resource (Hara 1999). The underlying scenario was that if there were a resource to which everyone had access, individuals would consume without considering that there were others relying on the same resource. This would result in an overexploited resource recklessly consumed for individual gain, but having all users jointly sharing in the negative consequences posed by the resultant scarcity and eventual collapse of the resource. The solution to such a situation as advanced by Hardin was either a centralized or a privatized control of the resource (Ostrom 1990; Hara 1999).

However, Hardin's assumptions have since been challenged, as the fortress-type state control regimes have led to many practical and moral failures. Fortresses may work, but with minimal sensitivity to issues of equity, especially in the longer term and where there are inadequate resources. In his analysis, Hardin failed to create distinctions between open access property and common resource situations (de Groot & Persoon 1998; Hara 1999) ending up with generalized conclusions that are dangerous to apply in natural resource management.

Both Hardin and Olson ignore, and therefore undermine, the ability of community groups to make decisions that add up to their common good, and at the same time elevating, without concrete evidence, the ability of the state or private entities as better managers of natural resources. They also make no reference to other societies where there have been successful practices in common-pool management (Klooster 2000).

Consequently, there has been a massive pool of writers unpacking and criticizing Hardin and Olson's line of thought, but ironically also, an incredible amount of attention paid to these theories in the design of policies for managing natural resources. Several developing countries, for instance, have gone through periods of state intervention in which natural resources such as forests were declared state property, and therefore under direct management of the state. These actions often undermined common property regimes and created open-access situations (Klooster 2000: 2; Ostrom 1990). The intrusion of modernizing states and their economic relationships is thus argued to create the "real Tragedy of the Commons" (The Ecologist 1993; Monbiot 1993). Consequently the discourse has become more populist in nature, with theorists increasingly supporting plural interests in resource management, but with a radical focus on local people as resource managers.

The neo-populist view

Contrary to the thinking of classical theorists, the neo-populist view tends to give weight to the ability of local resource users to establish institutions capable of managing their common resources. Elinor Ostrom has come out as a remarkable proponent of local users as resource managers supporting locally crafted institutions. In her intense analysis based on various case studies (1990), she disagrees with the classical views of Olson and Hardin on external intervention as a panacea for achieving sustainable use of natural resources. Instead she takes a supporting view of community-based institutions in resource management, while she warns of the dangers of prescribing and relying on absolute solutions to natural situations that are quite diverse. She observes that institutions are embedded, and neither the state nor the private sector exists in isolation to each other (1990: 9).

Secondly, in making a further contribution to theory-building regarding common-pool regimes, Ostrom (1990) underscores the fact that users make choices about what kind of rules to employ in resource management, and when it is necessary to craft these rules. The suggestion that common resource users would establish and re-establish institutions when necessary to govern their resources, contrasts with the views of Olson and Hardin, who imply that users of collective goods engage in uncontrolled consumption until the resource is completely depleted or destroyed. But Klooster (2000: 3), while acknowledging that institutions, as Ostrom says, are constructed rules guiding behaviour, adds that analysis should not be confined within such a narrow framework, as institutions are also heavily laden with cultural content and meaning. He maintains that the contexts within which the commons are embedded are not only historical and economic structures, but include complex cultural sets of "meanings, symbols and values". Such complexities are often susceptible to misinterpretation, or are entirely missed by both researchers and policy analysts.

One of the more remarkable observations made by Ostrom (1990: 21) is the need to build theory from practical cases and to move away from the tendency to manufacture single theoretical solutions to common problems without paying "attention to how diverse institutional arrangements operate in practice". Actors make such institutional choices. Because establishing these institutions is a choice, the implication is that they can be changed, modified or improved over time depending on the circumstances. De Groot & Persoon (1999: 18), complementing Ostrom, argue for openness in theory building to "avoid the risk of conflicts and failures inherent in a fixed approach". From the viewpoint of the populists, contextualizing and comparing practices, picking out factors responsible for success or failure among others, is the key to building an appropriate theory. Ostrom (1990: 22) calls it inductive theory making, building upwards from individual cases. According to Ostrom, the critical question when building a theory regarding common pool regimes should be what makes some institutions work while others fail, and not necessarily trying to find a single answer to numerous problems of collective action. Klooster (2000: 3) criticizes Ostrom's route as being "contextually thin" as it "minimizes or eliminates considerations of history and processes outside the community of resource users", such as power relations existing in the regional, national or international sphere. Ostrom's fascination with local communities as effective managers in the presence of 'institutional arrangements that work' can be said to lead her towards the extreme side of the populist debate. However, in her later writings (see Ostrom 2000), she acknowledges the role of the state in a more balanced manner.

Unlike centralized or community-based approaches to resource management, co-management brings the element of balance to the debate where earlier approaches have either taken extreme ‘left’ position, as in Ostrom’s community-based system, or far ‘right’ as proposed by the state-based approaches of Hardin and to some extent Olson. Co-management is still in its early stages of evolution, evidenced by various available case studies. Such arrangements are therefore often unique, either according to the place of resource, type of resource or political and cultural contexts. Their definition, use and meanings are also as fluid.

Sifting through ambiguities to create distinctions: Co-management as a loaded concept

Due to the current acknowledgement of diversity of interests in natural resources, as well as the intertwined roles of various parties, discussion and application of the concept of co-management have intensified. Although a major portion of the literature on co-management practices is derived from case studies on fisheries management (Pinkerton 1989; Hara 1999; Sen & Nielsen 1996; Kuperan & Abdullah 1994; Jentoft & Kristoffersen 1989; Dryer & Goodwin 1994), the model has become popular in restructuring management of other resources such as wildlife and forests (Notzke 1995; Mayaka 2001; Klooster 2000; Lynch 1997; Venema & van den Breemer 1999; Ballabh *et al.* 2002; Kumar 2002; Agarwal 2001).

Because co-management arrangements are often unique to their contexts, whether cultural, economic, or political, and also depending on the resource in question, their definitions are justifiably varied. Pomeroy and Williams 1994 (in ICLARM 1994: 2) point out that it is not a single strategy but one that should be viewed “as a set of alternative management strategies, appropriate for certain areas and situations”.

Pinkerton (1989: 4), avoiding a straight definition of the concept and choosing to concentrate on its characteristics, sees co-management as negotiated agreements where “all parties give to get in arrangements which last”; Sen & Nielsen (1996: 406) define it as “an arrangement where responsibility for resource management is shared between the government and user groups”. All these writers view the evolution of co-management practices as responding to problems of resource over-exploitation and/or depletion. Perhaps Borrini-Feyerabend (2000: 7) gives the most comprehensive definition so far. She regards co-management as a

> situation in which two or more social actors, *especially from the local and supra-local level* negotiate, define and guarantee amongst themselves a fair sharing of the management functions, entitlements and responsibilities for a given territory, area or set of natural resources (*emphasis added*)

One notices that in most attempts to define co-management, the recurring theme is that of sharing or the search for a balance, and this is a departure point from the earlier models of Hardin (1968) and Olson (1971), and to some extent Ostrom (1991). Ideally the notion of sharing in a co-management arrangement would not be confined to a single aspect of the process, but would encapsulate main functions such as decision-making, redistribution, and resource enhancement and protection. The creation of management situations that involve multiple actors is therefore a direct response to the declining sole control by the state, private or other user groups, whether voluntarily or due to exerted pressure. Instead, there is a relative appreciation and consolidation of management knowledge and skills of both local users and the powers-that-be, hence Borrini-Feyerabend (2000: 7) also views co-management as "a political and cultural process *par excellence*: seeking "democracy" and social justice in natural resource management". Therefore co-management is perceived here as an essential element of empowerment processes at the local resource level.

Pinkerton (1989) further opines that these processes evolve when government fails in terms of providing adequate data in management of fisheries, thus facing pressure from users who demand a part in the decision-making process. On the other hand, government still perceives users as responsible for stock depletion, especially when left unchecked by external authority. Lack of trust is a part of the relationship and culminates in the two parties engaging in a process which results in a power-sharing scheme that enables each to represent their own interests, while at the same time ensuring that previous problems, believed to have been perpetuated by the opposite camp, are kept in check to avoid recurrence.

However, research and analyses have moved beyond simply looking at checks and balances in situations characterized by diverse objectives and perspectives, toward the resources in question. Recent literature on institutional theory increasingly recognize informal networks within groups as crucial in building strong and lasting institutions, in reducing internal suspicion, and also capable of spilling over as causal effect in building trust with external groups (Evans 1996). Such networks are based on notions of norms, trust and reciprocity that cement reliable relationships among those involved. The concept of social capital has been used to refer to similar networks of social relations (Putman 1993; Evans 1996; Baron *et al*. 2000).

Putman (1993: 167), who has significantly advanced the debate on social capital to the sphere of political analyses (Baron *et al*. 2000), defines social capital as "features of social organization, such as trust, norms and networks, that can improve the efficiency of society by facilitating coordinated actions". This perspective again seems to challenge the general assumptions of rational choice theorists through advancing analyses that explain why certain groups have overcome the dilemma of collective action. In fact, it also counters the liberal economic position that sees the market as a solution to all economic questions. Instead it projects the significance of informal social relations as crucial in building developmentally relevant institutions (*ibid.*). When concentrated amounts of trust exist within a group, it is presumed that free riding or shirking would be minimized (Ostrom 1990). The behaviour of individuals is self-regulated by the informal understanding within the group, but which obligates actors to be reliable in their decisions and to act in the collective good, while at the same time also expect to benefit from similar behaviour from other members. This increases the density of trust amongst members.

Perhaps one other significant dimension to the discussion on social capital that has relevance to the debate on co-management is the element of embeddedness and complementary of actors. Evans (1996: 1120) refines the definition of these two concepts, and understands embeddedness to be "ties that connect citizens and public officials across the public-private divide," while the idea of complementarities recognizes that the public and private (government and communities) play different roles, which are interdependent with mutually beneficial end results. The underlying and connecting logic between the two concepts is the enmeshing of efforts from different actors to produce stronger results that would otherwise not be if parties acted independently. Cooperation is a crucial component in understanding 'complementarity and embeddedness'.

Whilst different authors have based their analyses of social capital on different units, for example public and private institutions (Evans 1996) and civic communities (Putman 1993), they agree on the point that just as dense amounts of social capital are capable of enhancing cooperation within groups of people, so they can also cause social exclusion. People who have cultivated such amounts of trust of each other are likely to have been brought together before for certain purposes, or could already be members of an existing social organization, such as a church group or a water management/use group, and have developed a certain group culture. Because building such a relationship is a continuous process and may take a long time, potential new members would likely find it difficult to catch up, just as existing members may also view them as outsiders and be reluctant to integrate them.

Therefore in a co-management situation, it is assumed that a group with strong internal cohesion and trust is likely to engage better within the group, and also organize in a more advanced way should they decide to cooperate with external groups. Putman (1993) captures this element of the debate clearly when he coins the concepts of bonding and bridging social capital. To bond social capital is to consolidate it within the group for stronger internal relationships, while bridging social capital becomes relevant when such internal stock of social capital facilitates a collective strategy in relating to external groups of actors. Existing social capital then becomes a platform for exploring social relations beyond the group's original borders for reasons that add up to the collective benefit of the whole.

While social capital can also be constructed in communities with no existing stock, Evans (1996) argues that though lack of any amount of prior stock of social capital can be a constraining factor in enhancing group objectives, the main problem lies not in construction but expansion of such existing capital to higher political and economic levels.

Besides internal unity that is vital for engaging external actors in collective action, such processes are characterized by continuous negotiations. In a co-management arrangement, because of interests that may often conflict, negotiations often end up in trade-offs where parties give up certain aspects of their involvement to external actors, who, in turn, acquire new responsibilities for purposes of influencing the direction of management of the resource. The projected situation is one in which all actors fairly gain, and where the sum of joint efforts is greater than if players had acted independently. Axelrod 1984 (in Pinkerton 1989: 5) contends,

> co-management systems set up a game in which the pay-offs are greater for co-operation than for opposition and/or competition, a game in which the actors can learn to optimize their mutual good and plan co-operatively with long term horizons.

The give and take scenario as a central characteristic of the process of co-management is based on the presumption that different actors in resource management are embedded, and need each other in order to benefit from their diversity.

Whilst sharing of management responsibility between actors is an integral part of co-management, the extent to which management functions are shared is not fixed across different cases, and power-sharing arrangements not necessarily balanced (de Groot & Persoon 1999). Pinkerton (1989: 5) continues to argue that ideally, co-management denotes situations where management functions are shared; therefore she refers to non-compliant situations as incomplete but open and susceptible to positive upward movement toward completion. Co-management is an evolving process the construction of which is bound to experience changes through continued negotiation and trust building (*ibid.*), and even through community struggles over norms (Klooster 2000).

Therefore distribution of functions in a co-management situation is determined by the management stage at which other actors come on board, whether at planning, implementation or evaluation (Sen & Nielsen 1996). This process also depends on the negotiating ability of user groups and their management knowledge, as well as their level of cohesion and internal trust. The extent to which a co-management arrangement would be fair in terms of distribution of functions and tasks as well as other tangible benefits is likely to be influenced by the intensity or lack of bargaining at this crucial stage in the process. Though an ideal co-management situation would imply that key user groups start at the same level and approach major issues of distribution more or less at the same time, this might not be practical as more often than not, at least one user group is already fairly organized and has some vague or valid experience in the business. There are cases where local groups of users either begin from scratch, or refine existing local institutions to engage with external groups in co-management. The case studies in this thesis could well be examples of such cases, due to the general undermining of local capacities that was part of the apartheid system.

The classic and neo-populist approaches are all basically regulatory in conceptualization of action. Recently, also more market-based approaches have developed especially with the diminishing role of the state in NRM. Hence the concept of co-management seems to envelope a new identity. Within the new political economy where the market rules imperfectly, while still argued to be better than 'imperfect states', (Carney & Farrington 1998; Blaikie & Jeanrenaud 1997), there are attempts to harmonize roles and interests of various actors, including public, non-governmental and local inhabitants. Because of the multiplicity of interests, the focus moves away from natural resources as a simple form of livelihood for local communities, a revenue generator for governments, and a conservation sphere for environmentalists, to a business venture where each party gives to get a proportional return. The emphasis underlying these shifts in NRM is placed within the recent promotion in development circles of sustainable use as a way of ensuring that all actors benefit from natural resources.

In privatizing natural resources, concepts such as public-private-community partnerships have emerged to define the current political economic reality through the separation of roles of the state and the market, and more recently the acknowledgement of their interdependence. However, these recent approaches have not been without debate and intense criticism on their intentions, processes and impacts.

The neo-liberal approach: General aspects

Economists have dominated the debate on what the relationship between the state and the market should be. The general view of neo-liberal economics renders the state as inferior, inefficient or sometimes incapable, when compared to the market, in managing key economic sectors of a nation state. While the market boasts huge finances and advanced human resource capacities all focused on making enterprise more profitable, the same cannot be said of the state, especially when it purports to own, produce, and market, and at the same time regulate and advise. These dual roles are seen as conflicting by opposing critics and observers, and are subsequently a hindrance rather than a benefit to the dynamics of the market. Hence proponents of the market economy advocate reduced regulations to facilitate easy movement of trade and finances across borders, as well as the removal of state subsidies and price control on certain goods. Simply, the neo-liberal school of thought demands less state in the economy, a process they recommend, can be achieved through divestment of state-owned enterprises to private hands, thus rendering more power to market forces. With such autonomy, the market is believed to have the ability to self-regulate, set commodity prices and make available products in line with prevailing demands. The market also generates the most efficient allocation of resources hence it is the best guarantee for economic growth. This does not necessarily generate equity, however, as in many cases the poor become poorer in the process. The usual balancing act for most governments therefore involves the market operating within state regulation, while state-based safety nets are instituted for the poor.

Privatization per se involves a redefinition of the roles and responsibilities of the public sector, and the question of ownership of assets is central to the process. Sheshinski (2003) identifies a wide range of objectives for privatization. He asserts that fundamentally, privatization seeks to enhance micro-economic efficiency, which he argues, is seldom achieved in public-owned enterprises because of lack of competition, and hence the absence of the threat of takeover due to non- trading on the market, unlike their private sector counterparts. Inefficiency translates to poor turnover and undermines the extension of incentives necessary to motivate management. The assumption of privatization theorists is that turning these potentially productive assets from public ownership into private property is a necessary first step in increasing efficiency and profitability. Recent literature, interestingly from the World Bank, indicates that this is not always the case (Stigliz 2002).

Public ownership of enterprises often means that there is a degree of political influence on management. Sheshinski (2003) argues that such political influence negatively impacts on management, their performance, motivation and decision-making processes. The second assumption maintains that since private enterprise does not have to be subjected to political patronage, they are more likely to adhere to set objectives and achieve their goals, a view that further validates the transfer of ownership to the private sector.

While several states in both developed and developing countries have applied these theories to their macro-economic policies, privatization exercises have often been undertaken in stages, sometimes cautiously since there are acknowledged downsides such as loss of employment that would lead to unfavourable political consequences for government. Certain countries have avoided blankettype privatization exercises, instead concentrating on partial privatization in the midst of criticism that such firms have recorded lower profitability and productivity when compared to fully privatized ones (Sheshinski 2003). However, there are often competing demands, both economic and political that are more often that not, a dichotomy rather than a complementarity, and therefore requires that a balance is found while setting privatization objectives in specific countries.

The neo-liberal approach in natural resource conservation

In natural resource conservation, there has been significant progression from the paternalistic fortress systems where preservation of nature enjoyed prominence over their use for livelihoods. Blaikie & Jeanrenaud (1997) note that this shift away from strictly protected and state-managed (classic) approach to conservation changed, to recognize people as partners (neo-populist) not only in efforts to preserve biodiversity, but also to use these in a sustainable way for their livelihoods. Within the realm of neo-liberal economic approach to conservation, the element of a people-inclusive process is borrowed from the neo-populist school, but at the same time, the commercial value of such resources are also emphasized: hence, the neo-liberal position goes further to assert the role and hegemony of the market in natural resource regulation and management.

The neo-liberal view therefore requires that the state, in light of its presumed inability to manage natural resources, transfer these to the market, preferably through outright sales or privatization. The market in turn would inject the required capital that the state lacks, and at the same time use economic incentives to entice acceptable human actions and thereby control unsustainable exploitation.

The incentive-based neo-liberal approach to conservation seems to address some of the issues related to “productive use values” (Blaikie & Jeanrenaud 1997) of natural resources, but does not engage how non-marketable species and systems can be protected. It also perpetuates a rewards system in which actors conserve and use wisely because of the tangible, tradable benefits they derive from the resources. To a point, therefore, the multiple actors and their multiple uses of the resources are acknowledged as opposed to the equally, if not more, beneficial but non-valued aspects of biodiversity.

The said changes from state control to market-based approaches cannot be explained by a single reason. Although there are numerous cases of the state’s failure in managing natural resources, either due to inadequate capital and incentives, inefficiency, or corrupt practices, political changes towards democratization in developing countries have also helped to open up areas such as the natural resource sector to multiple uses (see Venema & van den Breemer 1999). Democratization is then perceived not only as affecting the political space but the economic sector as well. Changes in conservation strategies are then intrinsically linked to political and economic change both nationally and internationally (Blaikie & Jeanrenaud 1997).

Subsequent broadening of the conservation arena to include more actors ignites competition between the needs of the market as well as socio-political imperatives. As clearly summarized by Blaikie & Jeanrenaud (1997: 52), "different actors appropriate different values from different aspects of biodiversity, and gain access to different functional benefits". But the financial and technical ability of the market elevates it to a more advantageous position to secure the role of owner and manager. The capabilities of the market do not generally make it a better natural resource manager when compared to other systems such as state or community-based ones, as issues of graft and unacceptable resource utilization also occur in market-led entities. However, the strength of their combined resources gives them an edge over the ideological debates.

In conclusion, if we take into account the growth of co-management in natural resource management and the direction it has taken, there is reason to enrich its meaning and scope in order to have a holistic understanding of the concept. The fact that the market has infiltrated an arena in which the state had been the main player for a period of time, justifies this redefinition. Jeanrenaud & Blaikie (1997: 61) present a three-stage model that details the three major approaches to conservation; the classic approach, the populist and the neo-liberal approach. In this thesis, I modify this model by first creating a distinction between the regulatory and economic approaches, the classic and populist schools belonging to the latter, and the neo-liberal view corresponding to the former. Secondly, I demonstrate where along the actor-continuum the concept of co-optation of community fits, taking into account the progression from classic through neo-populist to the neo-liberal economic approaches. In the end, I redefine the concept of co-management to encompass dynamics beyond the state and local-based actors to include supra-local economic actors as well. Figure 6 simplifies:

	Classic	**Populist**	**Neo-liberal**
Style of policy	Regulatory	Regulatory	Economic
Focal sector	Supra-local	Local	Market-based
Policy psyche	Paternalistic	Community optimism	Market and NGO optimism
Community relations	Outreach to community	Community as central actors	Co-optation of community

Figure 6 NRM paradigms

Source: modified from Blaikie & Jeanrenaud (1997).

A Review of empowerment literature and theory

The notion of empowerment can be best understood within the broader concept of societal transformation. Broadly it implies a diffusion of power, whether social or economic, through concerted instruments and strategies to those who lack it or are unable to access it due to certain structural barriers. The assumption here is that somewhere along the social processes, a particular social group has been left out of the mainstream processes of development, and lost the capacity to re-enter this process. Empowerment efforts seek to restore equity and social justice for those who have undergone a certain amount of exclusion.

In literature debating empowerment theory, writers have approached the discussion from different perspectives. While some have laid emphasis on empowerment of the individual through increased conscientization and knowledge (Batliwala 1997; Sen 1997), other writers have prioritized a focus on collective empowerment as opposed to an 'atomized' individualist approach (Herrick 1995). There have also been attempts to bridge the two approaches by portraying them as interconnected parts that require simultaneous attention (Rowlands 1997). Simplified, the collectivists maintain that the individualist view of empowerment ignores the role of structures that facilitate access and control of resources. Individualists question the effectiveness of material access and control, when unaccompanied by improved self-consciousness and knowledge that would sustain material acquisition. These arguments seem to regard actors and structures as isolated, autonomous parts and hence they both downplay the linkages that may exist between the two.

This diversity in the discussion is also manifested in the fact that several academic disciplines have analyzed and applied the concept within their own fields of analysis. While the disciplines of social work and psychology pioneer the focus on the individual's self-consciousness as a way to empowerment (Lee 2001), organizational studies tend to narrow it down to human relations and increased delegation of work and authority at the workplace as a means to empowerment (Boje & Rosile 2001). Development theorists perhaps have a wider space for this discourse, encompassing empowerment in the general context of gender studies (Batliwala 1997; Rowlands 1997), race relations (Bobo & Gilliam 1990), poverty (Sen 1997), or governance (Stewart 2000).

The tendency to discuss empowerment from numerous perspectives suggests that definitions, meanings and operationalization are not only different, but also relatively unique to their individual spaces. In concurring with writers who have emphasized a clearer understanding of empowerment, such as Batliwala (1997) and Rowlands (1997) who argue against the perpetuation of its ambiguity through definitions that are inadequate or too general, it is also equally important in this understanding to isolate and identify the type of power in question, as explored later in this section. Evidently empowerment by its semantic construction implies a process where power is central. To understand the process of empowerment first requires a critical understanding of power. From a broad perspective, I first review some debates of empowerment as theory, before indulging in its pragmatic reconstruction and positioning within this thesis.

A number of scholars have approached empowerment as basically concerned with the "forces of discrimination and oppression as they impact individuals and groups" (Deutchman 1991: 1). While this approach challenges existing social relations, empowerment theory particularly responds to "society's failure to adequately and equally meet the needs of all its members". Deutchman has further argued that empowerment refers to people's abilities, whether at individual or group level, to access and control resources. However, this conception of empowerment as a struggle for access and control of resources is found to be problematic, with some empiricists arguing that there is no obvious relationship between access/control of resources and increased empowerment (Batliwala 1997). Batliwala's observation refutes simple changes in ownership and control structures without a meaningful re-examination of the ideology that informed the perpetuation of inequalities in the first place. Without confronting such ideologies, which are entrenched in the thinking of both the powerful and the powerless, being resourceful alone is not effective; even those dominated can perpetuate their own subordination and that of others around them. The point Batliwala makes, although she argues within the framework of gender analysis, is similar to that advanced in other disciplines, such as social work that calls for self-consciousness of those who perceive themselves to be oppressed as a prerequisite to understanding and subsequently resisting ideologies that inform such discrimination. Resisting and dismantling unequal power relations, she says further, is a complex process as inequalities are reproduced at several levels whether through the family, education system, religion and even economic, political and legal structures.

Batliwala's understanding of empowerment in the light of such complexities demands a multi-level approach, whether in theory or praxis, to the question of empowerment. Thus she asserts that empowerment "is a process which changes existing power relations by addressing itself to three dimensions: material, human and intellectual resources." While it is arguable from the literature if access and control of resources is a central component of empowerment, the point of intellectual resources that Batliwala (1997: 2) adds in her analysis has not received as much attention. Intellectual resources in this case imply "knowledge and information (…) and the capacity to have ideas and think in new ways". In this thesis therefore, while I try to apply the concept I rely, to some extent, on Batliwala's three-dimensional levels while arguing that in the case of South

Africa, and specifically based on evidence from my case studies, acquisition of intellectual resources seems crucial to sustain access and control of material resources. I argue that raising the level of skills, concentrating on improving competency and encouraging innovation would boost economic integration and sustain empowerment of black people in South Africa. Therefore views of empowerment as only, or mainly, concerned with control and access are inadequate, especially when discrimination has been extended to the point where it destroys or stifles structures of producing and reproducing knowledge, and when it has been internalized within the existing social order. Perhaps the missing link in these contributions is a critical look at notions of will, individual or collective self-efficacy and motivation. If empowerment is a strategic process that involves developing a sense of added responsibility, then those perceived as powerless need to be motivated, willing, and interested in changing their social or economic status. If empowerment can be transferred or given to a people then are they ready for it and all that it entails?

The notion of 'internalized oppression' is a psychological issue that may emanate from prolonged domination and subsequent attempts to survive within one's subordinate circumstantial reality. Rowlands (1997) develops this argument, postulating that while oppression can be internalized through consistent messages passed to the oppressed by the powerful - messages that try to justify discrimination - this does not necessarily amount to a situation in which there is no resistance, but one in which conflicts are suppressed either directly or through manipulation when they arise e.g. when the oppressed attempt to develop new notions of power.

The debate on empowerment can also be related to three system levels; the individual, the collective and the interface level (connecting the individual and collective). It can also be related to types of capital, including economic and human capital. Economic capital refers to wealth, ownership of productive assets such as land, shares in companies, and reserves of finances. Human capital is equated to individual or collective acquisition of skills and capacities, and the drive to improve one's well being.

Debating power

In contemporary discussions on power, it is common to encounter references to Michel Foucault as a dominant postmodern power theorist. Foucault himself, in his earlier writings, for instance in his 1974 book *The Order of Things*, argued that the theme in his writings was "subject and not power" therefore implying that the question of power was incidental, and simply a result of his discussions of subject. Szakolczai (1998: 1402) rejects the understanding that Foucault formulated a theory of power but found rather "his work was an ongoing process of reflection". Nevertheless, Foucault's conception of power becomes clearer in his later works and published interviews, when he postulates that there exists an intricate link between knowledge and power (1988: 106). He argued that 'truth' for instance is a form of power. In addition, power did not exist in isolation but was enmeshed in different types of human relations and actions.

Foucault's analysis went beyond Weberian understanding of power as A having or exercising power over B, or by definition "the ability to exert control over people, even against their will" (Calhoun 2002: 511). Foucault understood power as a more complex web of relations, which could not be confined to agency and the state. Moreover, the preoccupation with the issue of power, especially in terms of who exercised power, was not sufficient, if at the same time there was no understanding of how such power was exercised (Foucault 1988: 103). To Foucault power was a concept that in its manifestation employed certain techniques and these called for analyses. Resistance was also a central element of such power relations. Power permeated all relations whether between the sexes, different races, state and subjects or generally in any system where some exercised authority over others. However, his contribution to contemporary social theory, which he approached from several angles depending on what his subject was at a particular time, presents a point from which writers have managed to depart or reconstruct discussions on power. Other writes that have acknowledged the role of agency in power relations include Giddens (1984), Rowlands (1997; 1998) and McGettigan (2002).

The predominant explanation of power before Foucault's theoretical 'reflections' was reliant on Weber's (1948) notion of power as dominance or as 'power over' (Bachrach & Baratz 1970). Recent writers, particularly on empowerment, while acknowledging that power as controlling and authoritative permeates human relations, also add that this discursive space can be broadened to include other specific problems of human relations that do not necessarily have to be analyzed through the lens of 'power over.' To Rowlands (1998: 13), the idea of 'power over' denotes a situation where others must have less for the rest to have more; this kind of power is exercised either overtly through coercion, or covertly through manipulation and creation of other conflicts to deflect direct threats to the status quo. Empowerment in a context where 'power over' is dominant, in essence is inherently threatening to those who are powerful. The justification of advocating the use of other lenses for analysis seems to be based on the understanding that if power can be understood as a process and conceptualized differently, then this would amount to less conflict than is inherent in the 'power over' model. Besides, looking at power through one dominant lens is limiting and may exclude other significant variants.

Hence the other dimension of power as 'power to' refers to the enhancement of capacities of individuals or groups to improve their situation whether socially, intellectually and even economically. The notion of 'power to' as discussed by Rowlands (1998) challenges the understanding of empowerment as something that can be transferred or given, and posits empowerment as a personal process of self-discovery, with subsequent resistance to oppression and the structures that support it. This conception, therefore, contradicts the idea that access and control of resources on its own can constitute power, but resonates Foucault's notion of power as consolidated through knowledge. It also departs, however, from Foucault's understanding in the sense that it views power as not necessarily adversarial. The idea of 'power to' presents a broader understanding of power than the notion availed through the 'power over' model as it encapsulates the acquisition of a wide range of capitals, whether intellectual, social, cultural, self-efficacy or economic.

Rowlands (1998) further examines the notion of 'power to', which she understands as intrinsic to the individual, and by extension the collective, and as being able to present possibilities to those lacking power, and enabling them to organize on their own terms and based on their own agenda. In other words, it is power as creating or facilitating motivation, as well as the drive to achieve goals without necessarily dominating another. Rowlands' optimistic view ignores the implications that would arise as a result of spin-offs emanating from exercising 'power to'. These may enable individuals or groups to emerge as a relatively powerful group in their contexts, and hence use this position and influence either to enhance their lives differently, or to reproduce a scenario of control and authority as described in the 'power over' model. Secondly, if this type of power is capable of 'generating' confidence and drive, recipients become more aware, and are likely to confront existing structures that perpetuate inequality. Such a situation inherently provokes conflict and resistance against the status quo.

This notion of power is backed up by Sen (1997), who categorizes the two dimensions of power as 'extrinsic,' referring to controlling power or 'power over', while referring to 'power to' as the 'intrinsic capability' that emanates from increased sense of self-worth and awareness, but which expands to enable the acquisition of more capitals, whether intellectual, social, cultural or economic. He maintains that whichever type of power is consolidated first, they may have cyclical influence on one another. Underprivileged groups who acquire increased access to resources may develop improved consciousness as a result, and vice versa.

Discussions on 'power over' tend to suggest that this dimension of power is limited and can be exhausted while 'power to' is more sustainable. Distinctions in the different types of power may be elucidated in the way that power evolves or in the way it is consolidated (means), but delineations in their end result is thin given its cyclical nature.

Pulling the concepts together: Policy implementation, NRM and empowerment

The connecting logic between the three concepts is the capacity of actors to influence processes of empowerment, NRM or policy implementation. These are manifested through agitations to diffuse power, as seen in efforts at creating other alternative forms of power, such as ‘power to’. The agency of actors is also evidenced in the shifts in NRM paradigms, and the move from paternalistic styles of resource governance to styles that co-opt local users. In processes of policy implementation, actors redefine policy resulting into non-linear influences from below.

Research methodology

Case study approach- a justification

In helping to understand the choice of case study as the main approach in this research, I employ Yin’s (2003) three criteria that he proposes as a possible benchmark when choosing an appropriate method of research.[3] The way a question is phrased, coupled with the kind of output a researcher intends, may determine such choices. Hence the first factor to consider when deciding on a method is the nature of the research question. Questions that require explanatory results and which involve ‘how’ or ‘why’ tend to suit the case study and/or historiography as the method. Quantitative methods, in fact, may also be put to work for explanatory questions. Inductive statistics that connects behavioural phenomena, for instance tree choices for growers, to explanatory factors such as prices and soil suitability, may be a case in point. Such studies can interconnect phenomena that are well known and isolatable. In contexts such as this present study, where concepts and phenomena are ambiguous, complex and overlapping, explanation requires a conceptually much more careful qualitative approach.

Secondly, Yin intimates that the choice of method should also be guided by the amount of control a researcher has “over actual behavioural events” (2003: 7). Where there is little or no control over events because they are in the past, a historical method may be appropriate. This may include reliance on secondary historical material in order to access past information, hence contemporary events can also be studied as grounded in their historical contexts.

The third point, which overlaps with the second, indicates that case studies are relevant when an investigation involves contemporary events, but where the

3 Although Yin (2003) discusses the case study as a method, other methodologists (see Hamel, Dufour & Fortin 1993) prefer to view it as an approach since it has the capacity to apply several methods within a single study.

researcher is not in a position to influence or manipulate behaviours. Yin observes that the two main points of difference or advantage that the case method has over history is the option to engage in participant observation, as well as gain access to individuals and/or groups for in-depth interviewing. The problem of subjectivity and manipulation in participant observation as a method is highlighted as a possible weakness.

In designing this research, a case study approach was selected as the most appropriate based on factors similar to the ones above, and also on certain unique contextual circumstances. The research aimed to gauge the challenges that emanated during the forest restructuring process through the perceptions of individual actors across diverse interest groups. Questions around perceptions are explanatory, and are best captured through in-depth interviewing using open-ended questions, either with individual actors or small groups of actors. The intention of the research was to add knowledge to certain theoretical concepts rather than to provide statistical generalization. Yin (2003: 10) refutes critiques of case studies as inadequate for scientific generalization, stating that like experiments, case studies "are generalizable to theoretical propositions and not to population or universes", thus the final intention when employing a case study should be "to expand and generalize theories (analytic generalization) and not to generalize frequencies (statistical generalization)". Also, because forestry is only a minor economic sector in South Africa, analyzing the events through the general lens of BEE, NRM and policy implementation - concepts that are not unique to forestry but also relevant to large sections of South Africa's society - makes all the more sense for an analytical generalization.

The policy phenomenon studied in this research is a current, on-going process that began at the end of Apartheid in 1994, and exists within a broader context of societal transformation. Individual actors and institutions that continue to shape the process were accessible for information. Because the process is current, there were numerous other available sources of information, including frequent debates in print and electronic media, in contemporary government policy papers, as well as current organizational policies of participating private companies. Such varied wealth of information involving multiple interests is best captured by employing a mix of research techniques in the confines of a case study.

The case method was also necessary in helping to limit the operational scope of the research. The questions posed in this research could be applicable to several economic resource sectors, as transformation traversed each economic fabric in South Africa. The forest sector was chosen as a case for two main reasons: it presented a rural angle that has been identified, within the context of South Africa, as weak or marginalized when concepts such as empowerment through alliances are debated and practiced. The researcher also had prior research knowledge and work experience in the forest industry thus making it a logical choice.

Within the forest sector, the restructuring has been a national exercise with several forest businesses competing for state forest assets, making it necessary to select only cases that most suited the research questions. To a great extent, the pace of the policy process also limited these choices, as only restructured forest assets were delineated for research. This gave way to two case studies SQF and SFP (see chapter 4 for details on cases) within the forestry sector. The two cases differed in terms of the creation of alliances between private companies and empowerment entities. While SQF partnered with a black business outfit to advance its empowerment credentials, SFP got into agreement with a large group of communities neighbouring its forest assets. Based on this difference, the research not only feeds into available knowledge on concepts of empowerment and natural resource management but to some extent, also presents this knowledge through a comparative perspective.

In summary, the case study method was the appropriate design for this research due to its flexibility in the use of several methods necessitated by the multi-layered nature of actors in the policy process. A strict approach to data collection that treats respondents on the same level through a uniform questionnaire would not have been justified in a case with multiple and often subjective perspectives on the phenomenon under study. The nature of the inquiry also demanded a deeper understanding of the challenges posed by restructuring forestry, and called for an in-depth study in addition to the varied secondary materials available from diverse sources. The restructuring exercise unfolded in real time and the research ran simultaneously, ensuring a continuous amount of information and twists in public debates particularly around the key concepts of empowerment and natural resource management. Yin (2003: 13) defines a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context especially when the boundaries between phenomenon and context are not clearly evident”.

Pre-existing knowledge and preparation for research

The primary data collection was conducted from July 2003 to November 2004. This task was preceded by a theoretical study that explored the concepts upon which the guiding questions are formulated. Research interest in commercial forestry and communities began earlier 1998, when I was enrolled for a Master of Arts degree at the University of the Witwatersrand in South Africa. The research output was an analysis of the impacts of contract forestry and their bearing on gender relations in participating households. This previous study was conducted at forests managed by Mondi and Sappi forests; located in northern KwaZulu-

Natal, an area that once again makes up one of the two case studies in this research. In 2000, I undertook a second related desk study for the Centre for Scientific and Industrial research (CSIR-Pretoria) in which I analyzed trends in community-company partnerships across several sectors in South Africa, including mining, agriculture, wildlife conservation and forestry. Ideas for the current study emerged from these two projects. This particular study differs somewhat from the previous ones in the sense that it is limited to new forestry cases that have come up since the state has devolved its forest assets to the private sector, and it is guided by development concepts that have become relevant within the new political dispensation of South Africa.

The groundwork for this research therefore relied to a great extent on existing contacts at the CSIR and DWAF: the latter helped in approaching the two private companies SFP and SQF. Yet acquiring approval to study the two cases took several months and even with the go-ahead in hand, it was still difficult to agree on a schedule convenient for the companies. In case study research, the researcher has no control over the behaviour of respondents, or of the environment where data collection occurs (Yin 2003). It is the researcher who gets into the territory of the interviewee hence the one who needs to fit into the lifestyle and schedule that is made available to her/him.

Nature of respondents and problems of identification

The research, being policy-oriented, demanded a multi-level approach in identifying respondents. The targeted participants included the public sector as policy administrators across different government departments, particularly those responsible for forestry (DWAF), restructuring of state assets (DPE), land affairs (DLA), and local government. The primary focus was on two private forest companies SFP and SQF who make up the case studies, but information was also sought from Forestry South Africa (FSA), an association representing large private entities and smaller individual interests within the forest industry.

Due to the relational nature of the research aims, black representation in private forestry was considered an important focus, and these included participating groups of communities as well as small emerging black-led companies. In their localities, groups of communities interested in forestry activities were diverse, as they consisted of ordinary people, those in authority under local government or traditional structures, and groups with similar associational networks, such as teachers, taxi owners (local transport), and workers unions, particularly those with memberships in the forest sector.

Both cases, Singisi (SFP) and Siyaqhubeka (SQF) approached the issue of community representation in their businesses differently, and their categorization and definitions of community, although often problematic, also had a bearing on the identification of the respondents. SFP had a whole group of communities as a business partner which was brought together under the auspices of a community trust called Singilanga, and which is fed by two sub-trusts Singisi and Langeni; this meant that regardless of diversity of interests or association in the locality, these interests would have to be consolidated through one channel, Singilanga Trust. This kind of representation makes sense for business, but at the same time it attempts to create a sense of community of interest where there may be little or none. As discussed in chapters 5 and 6, the haphazard definition of a community to lay the foundation for a business partnership, in itself, was problematic and slowed down these processes. The identification of respondents relied on this broad membership and Singilanga was used as an organizational unit of analysis where community issues were concerned.

In the SQF case, as opposed to SFP, the structural issues were much less complex as there was a clear distinction of the business partner, being a black operational business entity, and the neighbouring local community, who were not business partners, but were engaged within broader social corporate outreach activities. The interviews therefore involved both partners in the business as well as selected local respondents as interested parties, regardless of their non-direct participation in the enterprise.

In both cases, the research technique involved direct in-depth interviews using a semi-structured question guide with key participants in the processes that have created the companies and alliances, as well as group discussions especially where local interested residents were concerned.

In-depth interviews

In each case study, I employed a multi-level approach to interviewing given the diverse nature of actors. At SFP case, I conducted 18 direct interviews. Out of these, five were managerial staff members at SFP, five were officials representing the community trust, two black contractors and six ordinary members of the community.

In the second case study, SQF, I conducted a total of 15 interviews. six of them were staff, two contractors on training and seven members of the local community. In both instances, the questioning was flexible, depending on the interviewee. Although the overall inquiry was guided by two key conceptual issues in the research design - empowerment and natural resource management - questions that were posed to actors at each private entity differed in content on certain issues that were specific to the company, and not necessarily relevant for the community trust. This also applied to community issues that were not suited for the private actors.

It is important to mention that in conducting the research, none of these groups was considered homogenous entities. Diversity in perspectives exists not only within community members represented by the community Trust, but across the different managerial lines within each private company as well.

At the government departments mentioned above, the combined direct interviews amounted to seven. Each government side was involved in the restructuring process differently, while others like the DLA influenced the pace and direction of the exercise. In certain departments, I was allowed to talk only to the relevant head of department and even then, getting permission to conduct the single interview often encountered strict bureaucratic requirements such as demanding to see the questions upfront before considering an interview.

In total, in-depth interviews undertaken were 40, across a wide spectrum of actors.

Group discussions

Between the two cases, six group discussions were conducted (two with SFP affiliates and four at SQF). In both cases, the discussants were local community members. The results of the group interviews were aimed at complementing the direct interviews, as well as to gain knowledge of issues that were relevant for the community as a collective. All the groups comprised both men and women but few younger people attended.

At the SFP case, the low availability of the younger people was attributed to out-migration to the cities to seek employment and a better life. The few who attended were only interested in issues that had a bearing on job creation. In the later chapters, I will deal with the view of the youth towards alliances and the concept of empowerment that are driven by what they can get out of the venture in the short term, and not in the future.

Each group interview was scheduled for between eight and twelve people, but at times the number expanded rapidly as other people in the vicinity got interested and joined in.

In addition, I collected information and took notes where relevant at community meetings. Such meetings were scheduled for other purposes i.e. those called by the traditional authority or community development meetings convened by area councillors or the development wing of the private companies.

In the group discussions at both cases, a combined total of 120 individuals participated although not everyone always contributed to the discussions.

Print media as a source of information

The print media acted as a significant source of information that has been used to support analyses in the later chapters. The issues upon which this research is based are contemporary, and elements of empowerment and partnering between established white and new black business have realized enormous media coverage since 1994. Over a period of one and a half years between July 2003 and December 2004, I monitored the trends, as well as views and perceptions of different writers and key personalities as presented in debates around empowerment and partnerships. The newspapers whose articles were reviewed include the Financial Mail, Business Day, the Mail and Guardian, the Sunday Times, the Star and City Press. Archival material particularly on the process of forestry privatization that is available on Business Day website has also assisted in the analyses.

Secondary sources

The research also relied on secondary material sources. These included relevant government reports and policy documents. Also reviewed were policy documents and annual reports of SFP and SQF. Forestry South Africa (FSA) provided information and statistical data specific to the forest industry.

Problems of research execution and impacts on methodology

Access to study sites

As mentioned earlier, acquiring permission to conduct research in a case study site is a different task from seeking and obtaining an appropriate schedule of interviews with respondents and actually gaining access to them. The question of access can be discussed at two levels. First, it is imperative in case study research to seek permission from the broader actors, whether it is an organization or individuals, before actually arriving for data collection. Due to the flexible nature of research methods that are modifiable as research unfolds, it becomes impractical to schedule each and every interview before arriving at the study site. Therefore the second process involves using information received from the first key informants to redesign the data collection procedure and to further streamline the identification of more respondents.

Drawing from experiences in this research, the said process required reliance on people who were familiar with the areas of operation and who had knowledge of the type of respondents the researcher sought to interview. Inasmuch as using a research guide is often necessary, the strategy inherently transfers certain decisions from the researcher to the guide. Due to lack of knowledge of the area and the people, the researcher often had to rely on the choices of the guide for interviews. It also followed that, because of the spontaneity of certain interviews, the data collection strategy also had to be as flexible.

Access to information

The interviewing process itself posed other unique challenges. Although only one government department had requested the interview schedule upfront, which I explained would clash with my own methods of using guiding questions rather than a strict questionnaire during interviewing, and that relied on further probing based on answers obtained, respondents from the company SFP seemed to have a sense of the questions I had posed in the preceding interviews. Hence there was a lot of pre-empting in at least three of the interviews I conducted at SFP. The impact of this tendency was far-reaching, given that even within one company, I exercised a lot of flexibility in the types of questions I asked, based on the nature of work my respondent undertook. For instance, when talking with the manager in charge of community engagement, the bulk of my questions tended to do with understanding the relationship unravelling between local communities and the private company. On the other hand, when interviewing a forester, I would ask questions pertaining to access to the resource, their management systems and issues of compliance to environmental standards. An interviewee, assuming that he or she knew upfront what I would be asking, complicated and prolonged the process as in some instances, I was interrupted and not allowed to finish a question, and hence got answers for questions I was presumed to be asking, but which I did not actually ask.

The experience above could generally be explained by the corporate culture that seeks to speak to 'outsiders' with caution and a united voice to avoid contradictions from within the rank and file. Secondly, when the historical and political context of South Africa is taken into account, the fact is that it is still difficult to bring down the invisible walls that divide black and white South Africa. As a black researcher in a predominantly white company, I was considered, by virtue of being black, to be pro-government: but this was a contradiction of sorts, given that one government department was also reluctant to grant me an interview, and asked directly to see the questions upfront. Hence, in the early period of my research, especially with the private companies, I was given responses that were sugarcoated and not necessarily reflective of the reality of the issues that I was researching. Later on, as the research matured and I got to interview other local actors, it was easy to understand the political dynamics of the various categories of actors and reasons that explained their inclination towards certain viewpoints.

The private sector is under pressure to realign with new government policies, especially those to do with transformation in the new South Africa, hence the level of suspicion when one is doing research tends to be high. The misconception is that one could easily be checking on areas where the companies are underperforming, and that may contravene government policy. Since 1994, new policies, such as those dealing with labour issues, occupational health and safety, and employment equity have been instituted. One respondent later admitted that they were practicing extra caution as there had been instances where other people had approached their companies posing as students, but later turned out to have been investigative journalists.

Relevant government departments on the other hand, were struggling to implement the many policies in the face of numerous challenges. At DWAF, there was sensitivity around the process of privatization, since parts of it had been marred by irregularities in the procedure and allegations of corruption that saw the cancellation of the sale of the largest of the forest assets (Komatiland forests). A second time around, the sale process was cancelled due to projected uncompetitive behaviour that would arise from the sale of the whole asset to a single entity. They also had their share of journalists especially interested in the forest privatization exercise that had been marred by alleged corruption and court battles during the exercise.

The problems above were partly overcome by continuously explaining the purpose of the research as purely academic and promising feedback sessions where I would share the contents of the draft report. I also asked for follow-up interviews in cases where I thought I could still get more information. The repeat interviews were much more fruitful and by this time, I had made more progress in winning more confidence of respondents.

The question of language, the use of translation and tape recording

The researcher’s inability to understand and converse in Xhosa and Zulu, the two languages mostly used in research areas affected the research process to a certain degree. The nature of the research questions enabled discussions and follow-up questioning that would have been much more effective if done solely by the researcher instead of receiving this through a translator. The use of a translator in in-depth discussions is susceptible to omissions of certain information or phrases that could be significant to a researcher during analysis. Often, the line between translation and interpretation becomes thin, as the interview progresses and the translator gets too familiar with the research. There emerges a tendency to summarize to the researcher or to give an interpretation instead of a direct translation.

In order to minimize the limitations posed by the language barrier, the discussion processes were recorded for a complete transcription to be made later. It also made it possible to isolate direct quotations that are relevant for analysis and write-up.

Analysis of research material

The guiding questions for interviews were categorized according to their relevance to the three issues that are the pillars of this study, management, empowerment and implementation. In analyses, the responses were similarly labelled and coded along the three main issues. Direct empirical quotes are often cited in this text as evidence to support the findings. The empirical chapter 5 on implementation for instance, relies more on historical and documentary evidence since most of it is an account of the restructuring process. In comparison, chapter 6 and 7, on management and empowerment both rely mostly on respondents' accounts, opinions and perspectives. Since there are two case studies, a comparative analysis has been done where necessary.

3

Policy making and rethinking the development agenda in post-apartheid South Africa

The year 1994 serves as a watershed when discussing contemporary policy processes in South Africa. The end of apartheid and the dawn of the democratic dispensation ushered in an era of vigorous policy overhauls and major adjustments in the way South Africa was run in both political and economic terms.

This chapter is dedicated to the historical and policy changes and debates that form the context of the case studies. It first analyzes the broad policy context that embraces all policy issues in South Africa. Because the commercial forestry sector is the case study, the chapter follows its origins and growth up until 1994, and the changes that have permeated it since then to the present day. One of the key issues that South Africa's forestry faces, like all the other economic sectors, is the imperative to transform in a way that is broad and inclusive of all population groups. These efforts are aimed at responding to the skewed nature of ownership of capital, skills and access to resources. This process is known locally as the Black Economic Empowerment (BEE). Therefore, the chapter ends with the debates that surround the process of BEE. It gives a brief insight into its antagonistic understanding and shows how the concept deviates or is similar to other empowerment practices that have taken place in South Africa in the past, and particularly during apartheid.

A search for balance: the ANC's changing policy direction

Specific sector changes do not happen in a policy vacuum, and other macro policies have informed the way that individual sectors change and operate. In terms of economic policy, South Africa has seen several shifts in thought since the lifting of the ban on the African National Congress (ANC) in 1990. In this respect, I give a brief insight into three documents unveiled by the ANC and these are MERG, RDP and GEAR. I also present a range of existing and possible explanations for these changes, including a brief look at the role of the ruling party's alliance members (the Congress of South Africa's Trade Unions: COSATU and South Africa's Communist Party: SACP). In part, the influence of these left-aligned organizations explains the earlier sentiments that emphasized nationalization. Other factors especially pressure from the domestic and international business community, in addition to the general prevailing economic thinking of the western world, also contributed to the ANC's shift toward a more neo-liberal oriented economy. Hence South Africa embarked on a privatization exercise that has resulted in a partial sale of certain major state enterprises like Telkom, and a major restructuring of what it calls its non-core assets like commercial forestry. Apart from unpacking debates that dominate such a versatile policy environment, this chapter presents mainly an assessment of how the broader frameworks of transformation have influenced sector policies and the role that the ruling party, the ANC, its allies and other key actors have played.

As entailed by the Freedom Charter launched in 1955, the ANC and allies had long been associated not only with the quest for equal human rights in South Africa, but also with the ideology that the attainment of freedom would require the consolidation of South Africa's wealth under the control of the state. Sentiments on nationalization are entailed in the Freedom Charters' preamble:

> The people shall share in the country's wealth. The national wealth of our country, the heritage of South Africans shall be restored to the people; the mineral wealth beneath the soil, the Banks and monopoly industry shall be transferred to the ownership of the people as a whole; all other industry and trade shall be controlled to assist the well being of the people; all people shall have the right to trade where they choose, to manufacture and enter all trades, crafts and professions

It was not until 1990, when apartheid government lifted the ban on the ANC, that a macro economic research group known by its acronym MERG was convened by the ANC. Its aim was to train black economists and to produce a document that communicated thought on the economic policy route the ANC would adopt on assuming political power. In the late 1980s however, the ANC emphasis on nationalization must have been weakening since the idea of redistribution was excluded in its 1988 constitutional guidelines (Davis 2003). The ANC was already ideologically divided on this issue given its broad constituency who, although united in the quest for freedom, held more diverse aspirations. The make-up of the ANC support base stretched from workers organized under the umbrella of the labour unions to upcoming black elites who were interested in private enterprise. Padayachee (1995: 2) remarks that the ANC was never a "monolithic party" and members often espoused different viewpoints on substantive policy issues. However, it is of no doubt that the fight against apartheid united a large number of oppressed black South Africans, and this is further seen in the creation of a successful ANC alliance, bringing together support from the labour unions under COSATU and the similarly left-aligned SACP.

The 1993 MERG document was developed by a group of economic experts (mainly of academic orientation), working under the auspices of the ANC department of economic planning (DEP) that in 1991 had moved its headquarters from exile in Lusaka to Johannesburg (Padayachee 2003). Although it was not an official macro economic policy framework, it envisaged a situation where growth would be stimulated at a rate of 5% annually, with 300,000 new jobs created. MERG prioritized the development of social and physical infrastructures in addition to a strong industrial policy (*ibid.*). According to Webster & Adler (1997: 12), this was a "two-phased crowding-in approach to a growth strategy for South Africa". At the heart of the Mass Democratic Movement was the imperative to create jobs and to redistribute wealth. Some of these sentiments are expressed in the MERG document through a focus on the labour market, improving skills through increased education and training, and also an assessment and improvement of wages (Davis 2003).

Although there were already reports of some ANC members reneging on the idea of nationalization per se, Davis (2003) argues that the document still entailed strong elements of state interventionism, especially in the minerals sector, and in the future structure of the private sector, particularly in relation to the way mergers and acquisitions would be practiced and monitored. Due to immense interest in the policy process at this time in South Africa, it did not come as a surprise that the document was read and analyzed in quite different ways. Some saw strong leanings to the left and support for state involvement in the economy, as it entailed "hopes for a social democracy" or "left-Keynesianism" (Webster & Adler 1997: 13). Other analysts saw a reduction in the role of the state and the creeping in of neo-liberalism. The document broadly espoused an economic path that would be achieved through rigorous redistribution that would stimulate growth.

The MERG document was never adopted by the ANC as its official economic policy. The demise of the document has been attributed to the shifting stance in ANC economic thought and to some extent on tensions between DEP and the MERG secretariat (Terreblanche 2002).

By 1994 another document called the Reconstruction and Development Program (RDP) was unveiled. The RDP became the first official macro-economic policy framework of the new democratic South Africa. Unlike the MERG that was drawn up by a team of researchers mostly from academia, RDP was a joint effort of COSATU, SACP and ANC. COSATU was understood to be the mastermind behind the RDP, and commitments were made to reform the labour market, entrench rights for collective bargaining, and organized strikes by workers. Fronting the interest of workers and mostly poor people, the RDP reflected on specific issues and set targets for their achievement. For instance, it stipulated that after five years, one million houses would be built, targeting those who did not have proper shelter, and that 30% of arable land would have been transferred back to black people. Specifically, the RDP was concerned with deep-seated poverty and inequalities that characterized South Africa. It was fundamentally inclined towards an economic path that was redistributive in nature, and that recognized that economic growth and general development were interdependent and 'mutually reinforcing' (RDP 1994).

In essence, the RDP implied that its priorities and objectives in achieving change would be met alongside growth, as opposed to waiting for economic growth first in order to reconstruct society. In this respect, the RDP extended the line of thinking that had prevailed in its predecessor, the short-lived MERG document. Alternative voices that held the view that redistribution should only take place after economic growth were rebuffed, basing the argument on earlier evidence from apartheid years when there had been significant growth without redistribution (Terreblanche 2002). It seemed that the concept of growth through redistribution that had dominated ANC economic thought since the advent of the Freedom Charter in the 50s, but that some analysts believed ANC was slowly abandoning, had been significantly re-ignited in the RDP document. This reemphasis can be attributed to the strong involvement of COSATU and SACP. According to Webster & Adler (1997: 12), "the RDP originated in an attempt by labour to produce an accord that would tie a newly elected ANC government to a labour-driven development programme".

In spite of this, the RDP entailed significant ideological strides from the left to the right, especially where business interests were concerned. Where earlier leftist sentiments favoured an upward revision of corporate tax and increased domestic savings in order to release funds for reconstruction and redistribution (Terreblanche 2002), the RDP talked of "appropriate tax reforms and a review of exchange controls along with fiscal discipline (…) to facilitate growth" (RDP 1994: 9). Again, as in preceding economic papers of the recent past, the document reaffirmed the "independence of the South African Reserve Bank, so as to ensure that it is insulated from partisan interference and is accountable to the broader goals of reconstruction and development" (RDP 1994: 25). In the same vein, while increased investment in the public sector was earlier understood to be complementary to the private sector in stimulating growth, RDP plans were to cut down on public expenditures, especially through trimming down on personnel and only replacing 5% of vacated positions.

Although there were numerous changes, the RDP when read carefully, reflected a certain degree of compromise with the major players, especially industry, COSATU and ANC were prepared to give and take on various issues. The making of economic policy became quite a contested process, since each interest group was advocating its own agenda that was, more often than not, uncomplementary to the rest. The ANC and allies managed to push through an agenda for affirmative action, targeting those previously marginalized under apartheid. They also advocated anti-trust laws to regulate unfair competition from economic monopolies. The latter was realized through the enactment of a Competition Act (No. 89 of 1998) and the launch of a competition commission to deal with such cases.

Business won to the extent that government toned down its intentions to increase its role in commercial enterprise, and they also managed to get promises for relaxation of exchange controls for easier movement of capital. The labour unions under COSATU fought for redistribution and 'redirection' of the country's wealth to the needy masses, but most constructively, and making a break with the past, a Labour Relations Act (No. 66 of 1995) was established that legitimized collective bargaining and the right to hold legal strikes. In a nutshell, it was clear that in a case like South Africa, one ideological way would not necessarily work; hence a whole-scale importation of what had worked elsewhere would most likely fail. From the RDP, one can discern attempts at a mixed economic system in which no particular interest reigns supreme, there is a give and take scenario, and an economic policy constructed from various aspects advocated by each interest: but could such a route hold in a historically and economically divided country like South Africa, and within a global context of neo-liberal hegemony?

Unsurprisingly, the RDP, like its unofficial predecessor MERG, was 'replaced' in 1996 after two years, when the Minister of Finance introduced another macro-economic policy in the name of GEAR (Growth, Employment and Redistribution). The ANC argued that the new document was not a replacement but rather, a complementary strategic document that would be applied to realize the goals set out in the RDP. COSATU and other analysts (see Marais 2001; Webster & Adler 1997; Davis 2003; Knight 2001) read this differently, regarding it as a total turn-around from the RDP that, despite its flaws, had tried to accommodate the interests of labour, government and business. GEAR seemed to blatantly challenge the very foundation of the RDP; that economic growth would be realized alongside redistribution.

In GEAR the sequencing, as in the RDP, seemed to reflect the order that the country's economic path was intended to follow. In accordance with free market principles, employment and redistribution would be realized as a consequence of economic growth. Thus the ANC had finally succumbed to pressure both from within its ranks, and from domestic and international business: the proponents of the neo-liberal economic hegemony. According to Davis (2003), the ANC's gradual move from the left to embrace the 'Washington Consensus' had culminated in GEAR, which unlike other post-1994 policy documents that were opened for public scrutiny, was not up for negotiation, as stated by the Minister for Finance.

While the goals entailed in GEAR were not so different from those in the RDP i.e. to stimulate economic growth at a rate of 6% annually, redistribute income and land, create employment amounting to at least 400,000 by the year 2000, to provide housing and other services, Webster & Adler (1997) observe that it is the means through which these goals would be achieved that became controversial. GEAR indicated that government would institute tighter fiscal and monetary policy, reduce the country's budget deficit, keep inflation at a minimum, engage in a gradual relaxation of exchange controls: amongst measures most contradictory to ANC earlier sentiments was the decision to reduce taxes and tariffs, relax the labour laws, as well as to restructure a number of state-owned enterprises. In GEAR, the ANC government clearly committed itself to moving out of enterprise. The economy would also be outward bound through increased exports: but the core of its intentions was to make South Africa appear attractive for foreign direct investment (FDI).

The ANC alliance partners COSATU and SACP particularly resented government's emphasis on the relaxation of labour laws, fiscal austerity and the decision to privatize major state-owned enterprises. The government had carefully evaded the use of the term 'to privatize' instead opting 'to restructure' its enterprises. In part, this pointed to an acknowledgement of the unique situation in which South Africa found itself, based on diverse results that would be expected from such processes beyond the conventional reasons that motivated other countries to privatize. For instance, through restructuring, government would promote BEE, enable transfer of skills, promote equity ownership and diversify procurement to allow previously disadvantaged entrepreneurs to enter the market (see Jerome 2004). Alternatively, the selective use of words was meant to confuse, ward off criticism and keep at bay potential discontent, especially that which would be emanating from its key ally, the umbrella trade union COSATU.

Tightening public expenditure conflicted with expected processes of redistribution to the poor segment of the population. The alliance partners projected that privatization would most likely pose negative impacts for workers through job losses. On the contrary, more government in the economy would ensure a targeted redistribution of resources that was believed to be one way of solving apartheid-fuelled economic divisions.

Government marketed GEAR while still clinging, at least verbally, to the economic ideals declared in the RDP. GEAR also magnified the efforts of powerful forces, especially from the business sector, that were working behind the scenes to protect their interests. Views from the corporate world in support of GEAR were consistently advanced through the print media (especially Business Day) with the help of political platforms, especially from the mainly white dominated opposition parties like the Democratic Alliance. On another level, the GEAR debate showed that contested policy arenas have losers and winners, as opposed to the RDP that portrayed situations in which every one wins. In fact one of the reasons cited for the collapse of the RDP was that "it was too broadly formulated and ended with a wish list for too many people" (Terreblanche 2002: 109).

Critics have argued that GEAR worked almost perfectly for the business community that has continued to support it, even in the face of imminent failure in addressing issues that were core of the RDP process that it purported to advance. Masiza & Mangcu (2001) and Terreblanche (2002) give an assessment of GEAR and why it has worked for some interests and failed many others.

By the year 2000, successes of GEAR could be measured, based on self-prescribed indicators that were entailed in the policy document. Terreblanche (2002) summarizes these gains as follows; the government had managed to reduce the budget deficit to below 3% of the GDP. At the end of 2004, the balance of payment was still fairly stable at 3.2%.[4] Similarly in 2000, the annual rate of inflation was contained at around 6% decreasing to 4.3% by the end of 2004. Government had also managed to reduce import tariffs to less than 7.5% of value imports (*ibid*.).

On the opposite side of the equation, the fiscal and monetary stabilization successes did not necessarily translate into real benefits, especially those that would have been welcomed by labour and their constituency. Instead, the failures were glaring, just as had been predicted by opponents of GEAR, especially COSATU and SACP. In the year ending 2000, annual economic growth was calculated at 2.7%, in contrast to the projected 4.2%. To make it worse, this growth was a jobless one as the rate of employment shrank rather than improved at the projected annual rate of 3%.

[4] See South Africa Reserve Bank (2005-04-14) statement of the monetary policy committee.

The imperative to attract FDI into South Africa, regarded by many critics as the reason for ANC's adoption of GEAR even to the extent of risking their political alliance with COSATU, also fell short of expectations. Despite all the changes in fiscal and monetary policy to reflect standards of western free-market based economies, FDI only ploughed in R8 billion instead of the forecasted R30 billion at the end of 2000. Private sector investment, which was expected to receive a boost in savings due to reduced corporate taxes and other incentives, only grew by a minimal 1.2% instead of 11.7%. Surprisingly, investments in state-owned enterprises increased by 13.6% surpassing the GEAR projections of 7.6%.

Masiza & Mangcu (2001) injects more substance to the debate, refuting the basic assumptions upon which GEAR was developed. They question whether there is a causal link between FDI, economic growth and job creation. They argue that contrary to conventional economic wisdom that places a causal relationship between FDI and economic growth, it is a vibrant domestic economy that stimulates or attracts FDI and not the other way round. Investors, they argue, prefer progressive 'profitable economies' rather than move into weak economies to be the engines of growth.

Similarly, they challenge analyses that postulate that increased exports have a causal relationship with improved domestic growth, also noting that most economic activities, even in developed countries, are largely internal: it is domestically successful companies that extend their markets outward, hence it is domestic growth that can facilitate increased exports (2001: 2). Once this happens, increased exports also are capable of intensifying domestic growth hence the effects are cyclical.

The ANC government responded to the disappointments. Changes have since been noticed in terms of increased budget allocation to social welfare and the initial slow pace of restructuring and subsequent reverse decision, especially after the 2004 elections, not to wholly privatize entities like Telkom (telecommunications), Denel (defense equipments), Transnet (transport), and Eskom (electricity).

Although there has been pressure from business and the main opposition party, the Democratic Alliance, to privatize, the move has been approached cautiously if compared to other changes that were envisioned in the GEAR document. So far there has been a partial privatization of Telkom, the telecommunications company, in 2003, with a portion of the shares being offered to the public through an initial public offering (IPO). A unique aspect of this sale was an offer of a discounted 20% on the share price that was only available to persons previously disadvantaged during apartheid. To government, this was necessary in efforts to restructure the economy and broaden the ownership base as well as reach out to the labour unions and the constituency who were still opposed to privatization.

In the recent past however, the pressure for South Africa to privatize has somewhat eased off, and government has changed its stance on the nature of restructuring it would undertake, if any, in the major state enterprises. Since 2004 general elections and subsequent reshuffles in cabinet, the new Minister of Public Enterprises (formerly the Minister of Trade and Industry) Alec Erwin publicly announced a new government stand, declaring in parliament that there were no plans to sell off the four major enterprises as had been expected. Instead, there would be concentration on "concessions, public-private partnerships and joint ventures" (Phasiwe 2004). Government considers the sectors of telecommunications, transport and electricity as strategic in efforts to enhance service delivery to the populace, hence as a justification: it places emphasis on increasing investment levels in these assets to enable better service delivery, rather than entrusting these roles exclusively to a private investor. Boosting this line of thought are recent failures of privatized power utilities in California, scandals and subsequent failures of US Enron (Jerome, 2004), and the dismal performance of privatized rail transport in Britain. The anti-privatization stance gained legitimacy especially since the World Bank admitted that privatization has not always delivered the desired results (Stiglitz 2002).

In summary, the search for a balance in South Africa's post apartheid economic policy has moved from a Keynesian welfare model that was envisaged, to focus on the poorer citizens and their social and economic needs. The state would have a central role in redistribution efforts and generally in restructuring the economy to respond to the needs especially of those who did not previously have such privileges. Due to challenges ranging from the fall of communism as an alternative economic system, a democratic South Africa emerges at a time in the world's history when the capitalist west is able to confidently reaffirm the lack of a challenge to their free-market economic model. South Africa, despite its domestic needs and the question of which policy route would best address these, finds itself in a more complex position with multiple interests both domestically and internationally. Subsequently, it embraces an economic model GEAR that is understood as 'acceptable' to business, donors and international financial bodies. However, because of internal pressures, mostly from labour and SACP as representatives of workers and as alliance partners, and perhaps because of the inability of GEAR to deliver on its promises, recent indications suggest that there are attempts, at least in practice, to re-embrace a mixed approach (neo-liberal and a bit of welfare) to the economy. Whether the search for a middle way will be pursued in a concerted manner and through another policy change remains to be seen.

From the contrasting scenarios presented above, it is plausible to argue that it is a challenge to accommodate multiple interests through a single policy process, and often the more powerful interests stand to benefit due to the influence they are able to propagate, especially with a powerful media at its disposal.

For the next section, I discuss how these dynamics in the macro-policy arena have influenced the re-writing of other sector policies particularly forestry, and I start out with a brief history of commercial forestry in South Africa before 1997.

South Africa's forest policy and commercialization: A history

The colonial and apartheid period

The first forest plantation in South Africa was established in the Western Cape area, then a British colony, in 1876. It was a response to the need for timber in the growing colony, and it was also meant to replace the receding natural forests that settlers had purportedly found in the cape area (DWAF 2003). As the Cape settlement expanded and the mining industry emerged, the construction industry also grew to meet these demands. At this stage, the young forest sector was mainly geared towards local consumption. By 1910 at the declaration of the Republic of South Africa, plans were mooted for further expansion of plantations as a national forest estate; this was motivated by the need to gain self-sufficiency in timber and timber products.

In the 1940s after World War II, continued development of the plantations was regarded as part of that effort to address the unemployment situation of poor whites. During this period, the growing state enterprises and resources were being mobilized, in part to foster the empowerment of whites, mainly Afrikaners, whose poor status had been exacerbated by the post-war economic recession. Secondly, the economy was inward looking, and since there were shortages in paper, timber, and other products, and imports were inadequate, the strategy focused on local production to meet domestic demand. Developing the plantation forest sector also was crucial since South Africa, unlike other countries in the region, did not have significant amounts of natural forests that it could rely on for industrial purposes.

With government directly involved, saw milling operations expanded as well, and by 1950 private interest in the sector was already significant, with Sappi emerging as a major player. Plantation forests by then covered 693,000 hectares with 73% already under private sector (Dlomo & Pitcher 2002).

In the 1950s, as private involvement intensified in the sector, the National Party government was hatching plans of confining black people into separate geographic regions called the homelands.[5] Forestry was again seen as one way of facilitating separate 'development' in these areas. Hence a government commission was set up to assess what role forestry could play in the socio-economic development of the homelands (*ibid.*). Subsequently, during the 1960s and the 70s, areas of the former homelands of the Transkei, Ciskei, KwaZulu-Natal, Venda and other designated areas were planted under the administration of the homeland governments. These forest assets in the former homelands are often cited as having been poorly managed by the homeland administration because they served as an employment instrument, hence becoming overstaffed while they lost their commercial focus (DWAF 2003). Trends in overstaffing were consistently similar elsewhere in South Africa's public service, and this factor as a sole reason is insufficient to explain the poor state of the homeland forest assets. In fact, apartheid employment policy in the public sector enabled overstaffing to solve the white unemployment problem, but this did not necessarily lead to the collapse of such institutions. The homeland areas on the other hand, were over-populated and under-resourced, as well characterized by high rates of unemployment. The poor state of the forests was a reflection of a much broader failure of apartheid policy in general rather than a local organizational problem.

In the then Republic of South Africa, the forest industry continued to grow and Mondi, a member of the giant Anglo-American group, also joined the industry as a major influence in the early 1960s. Alongside Sappi that was relatively well established, they built their own plantations and engaged in the pulp and paper industry: Sappi specializing in pulp and paper while Mondi concentrated more on pulp and sawn wood production (Ojwang 1999). From the 1970s onwards, although there was an overall economic slowdown, the growth of the sector continued into the 1980s, supported by promotional incentives on the bedrock of protectionist policies (Bethlehem 1994). The government had started promoting export-led growth, and was injecting capital into private sector through financial bodies such as the Industrial Development Corporation (IDC).

Private sector forestry also benefited from tax cuts and while import quotas were given and tariff barriers extended, the industry also benefited from export incentives. In addition to and consistent with apartheid labour practices, the forest sector paid out low wages, but unlike other sectors in which certain organized labour practices had been allowed, this was prohibited until 1993. Moreover, education of black people was stifled, using a separate curriculum called the Bantu system of education that was tailored to create an unskilled pool of black labourers. The thinking behind an inferior education system was the belief of apartheid architects that black people did not need to acquire skills that

[5] Homelands or Bantustans were areas declared by apartheid government as self-governing separate settlement areas for black people in South Africa's rural areas.

would be more advanced than the jobs that were available to them. The other major reason was to insulate the white minority from threat of competition for available job opportunities. The effects of Bantu education policy are still felt in South Africa today, including the forest industry and its subsidiaries, which require but lack specialized skills in many areas.

As afforestation gained momentum and the pulp and paper industry grew alongside it, concerns emerged over the impacts it was having on other resources such as water. Because these plantations consisted mostly of exotic pine and fast growing eucalyptus, they were believed to be detrimental to water streams and other riparian zones. The year 1972, therefore, marked a deviation from a rather quiet decade in the forest policy history with the introduction of an Afforestation Permit System. Afforestation was then controlled and was licensed only for areas that were not considered sensitive, and not close to water catchments areas, streams and wetlands (DWAF 2003). Regardless, between 1972 and 1994, afforested areas had increased by almost 400 000 hectares and the forest sector had become competitive hosting some of the world's major industry players (*ibid.*)

Just as forestry was conceived partly to sort out the problem of poor Afrikaners, especially those who were residing in the countryside, it is once again hoped that due to its rural strategic location, it will be a key contributor to rural socio-economics in the post apartheid period.

Reconceptualizing forestry within a new dispensation after 1994

At the dismantling of apartheid in 1994, the forest sector, like all the other economic sectors, had to go back to the policy drawing board to transform and function in a way that reflected the mood of change in South Africa. Change was specifically geared toward achieving a non-racial society and mitigating past injustices as advocated by the first democratic government. The forest sector was also faced with the challenge of reintegrating its different strands of commercial forestry, indigenous and community forestry. These had been separated as emphasis was placed only on commercial forestry to supply the timber, pulp and paper industry. The view advanced in the *White Paper for Sustainable Forestry Development* (1996) and the *National Forestry Action Plan* (1997) was that there had been too much focus on the commercial forestry aspect and a subsequent relegation of the latter two. In addition, many artificial boundaries existed that separated what was then called the homeland forests from the state forests found in the then Republic of South Africa. The new forest policy and strategy had also to try, in terms of management and control, to reconcile the homeland forests with those of the former republic of South Africa that were under SAFCOL (DWAF 2003).

By this time, the sector had grown into a multi-billion rand industry. In terms of ownership, almost 20% of forest plantations were still under public ownership while another 10% was under the administration of the former homeland governments. At the abolition of the homelands, the ownership of the latter forests reverted to the National Department of Water Affairs and Forestry. Thus in total, the state owned about 30% of the total plantation forests with the private sector also holding close to 55% and the other 15% held by several individual small to medium size growers (Mayers 2001).

Forestry was also earmarked to embrace issues that it had not been obliged to deal with during the previous apartheid era. Apart from reconciling the three different strands of forestry mentioned above, the White Paper prioritized the potential role of forestry in rural development. It emphasized the link between the objectives of the RDP and the strategic position forestry held, especially in regional development. The forestry White Paper indicated that in redirecting its programs towards the goals of the RDP, it had singled out community forestry as one area that, although neglected by the previous policy, possessed significant potential especially in terms of rural development and energy supply needs. Wood serves as an energy source for one- third of rural households, and it is estimated that between 9 and 11 million tons of wood is consumed annually, which is nearly the same amount used by the formal forest industry (*White Paper on sustainable forestry development* 1996).

Moreover, industrial forestry, already a significant contributor to the economy, was scheduled to redefine its role, which would be expanded beyond the making of profits to include the facilitation of local economic development (LED). Already the industry was contributing to an overall employment of between 200,000 and 260,000 people, half of who were forestry workers. The vision of the White Paper went beyond job creation, and saw forestry as “an asset that brings with ownership wider responsibilities than the narrow objectives that have been routinely accepted” (1996: 4). These wider responsibilities referred to issues of local economic development.

South Africa’s political changes in the early 90s unfolded at a period when other important world agreements, especially to do with the environment were also taking shape. The Rio summit of 1992 influenced and gave credibility to some of the issues that are contained in the forest policy paper. The idea of sustainability that gained prominence at the Rio Summit was sold to the industry, and encouraged stewardship and a rounded approach to business that was sensitive to environmental and social concerns besides straight business. The approach of sustainable development emphasizes the integration of forestry (and other local industries) in rural development while creating a balance between the social, economic, and environmental needs at both local and global levels (Montalembert 1999).

Locally, the making of policy involved recognizing the link between various sector policies and aimed to promote complementary elements where this was relevant, and avoid contradictions between sector objectives. Again, the objectives of RDP acted as a basis upon which other policies would project their own issues. The rural development strategy as contained in RDP, for instance envisioned the transformation of the rural areas from a situation of poverty, inadequate infrastructures, and inequality to a more prosperous future through substantial commitment and contribution of rural-based commercial industries such as forestry.

The *White Paper on Environmental Management Policy* (1997) was soon followed by the *National Environmental Management Act* (1998), and both reinforced the significance of broad inclusive structures of decision-making where environmental resources are concerned, including forestry practices. The forest policy, then, would not act in isolation, but was complemented by other policies, especially those that had links to natural resources and regional development; but there were also cases where it was clear that conflicting issues and constraining factors were difficult to avoid.

The new *National Water Policy* (1997) entailed potentially direct impacts on the way forestry would be managed. South Africa is relatively poor in water resources, and studies indicate that afforestation activities, especially those that involve exotic tree species prevalent in commercial forests, are capable of significant reductions in natural stream flows (*National Forestry Action Plan* 1997). The forest policy paper observed that in 1986 alone, industrial forest consumption of water was estimated at 1.2 billion cubic meters amounting to approximately 30% of the amount used for urban and industrial activities or about one-tenth of water used for irrigation (*White Paper on Sustainable Forestry Development* 1996). The National Water Act (No. 36 of 1998) provides legislation for the administration and issuance of afforestation permits under the jurisdiction of the Department of Water Affairs. Success or failure of applications to afforest is based on projected reductions in stream flow that individual cases posit. The policy also provided for use of an environmental impact study where this would be deemed necessary.

The forest industry has increasingly found fault with the afforestation permit system (APS), citing numerous hitches and delays in the process that interferes with afforestation opportunities. Further, since forestry, as opposed to other land and water users, is so far the only sector whose activities are monitored, they argue that the law has singled them out in what amounts to discrimination without adequate scientific evidence (FSA 2004).

The *Restitution of Land Rights Act* (No. 22 of 1993) also posed significant influence on the direction of new forest policy. From the Freedom Charter to the RDP, the South African land problem recurred as a key issue that the new government would have to tackle. The land question had long become a human rights issue given the history of forced removals and dispossessions at the height of apartheid. Besides, it has been one of the most emotive issues in Africa's colonial and post-colonial history. The current forest policy recognized the land problem, more so because, in many instances, afforestation had taken place after forced removals of groups of black people from their lands. The Act enabled those who were removed under the racially discriminatory laws to be restituted or paid compensation. Several claims were made both in state forestland and in private forests. For the state, contradictorily, the claims process constrained its intentions to devolve itself from ownership of forests, as the law prohibited sale of any land under claims.

All these policies notwithstanding, the state forests had been earmarked for restructuring that would involve government transferring its assets to private interests, while at the same time fulfilling the RDP objectives of advancing the goals of empowerment, such as broadening ownership of capital, improving the skills of black people, creating more opportunities for enterprise, and enhancing employment equity. Coincidentally the GEAR document that committed government to privatizing some of its assets was released in June 1996, three months after the *White Paper on Sustainable Forestry Development*. While restructuring forestry was already a foregone conclusion, by the time the GEAR document was unveiled, it served to legitimize further the idea of reducing direct government involvement in the sector.

Privatization sentiments in forestry had in fact preceded policies developed within the new South Africa. In an apparent move towards privatization of forestry, a Forest Bill had been introduced in parliament towards the end of apartheid in 1989 to allow for the commercialization of forestry assets that were under public ownership (Dlomo & Pitcher 2002). The assets would remain under the national forests authority, but they would employ acceptable accounting procedures similar to those of the private sector. In 1992, a corporation named South Africa Forest Company (SAFCOL) was created to isolate the commercial components of forestry and to manage its own workforce away from mainstream public service. Some critics viewed this process as less than adequate arguing, *inter alia,* that the Department of Water Affairs and Forestry was ill equipped to manage state forests as a commercial operation, and hence it was important to explore other alternatives. By extension, SAFCOL was also regarded as an arm of the government that it could possibly still use to interfere in the forest business (*National Forest Action Plan* 1997).

Within the new South African context, key reasons for privatizing were similar to other privatization exercises elsewhere, including the need to intensify the competitiveness of the industry, attract needed investment and increase efficiency by enabling more private sector players, while reducing the involvement of the state. However, this particular privatization exercise presented opportunities for not only broadening private sector participation but also an avenue through which to address issues of inequality with which post apartheid South Africa was confronting. In this regard, forestry became important at two levels; like any other asset that government was selling, the process would be used as an instrument to enable entry of interested black business people or entities, and secondly, because forestry was rural-based, local communities had the opportunity to organize themselves and participate in one way or the other in the forest economy.

One particular instrument, among several, that is being used in efforts aimed at transforming the economy of South Africa especially in terms of bridging inequalities either in capital or skills, is the process of a broad based economic empowerment of people who were historically denied these rights. It is also one particular instrument that affects forestry, making it an interesting concept to study because of its broad application in South Africa's society. Locally known as BEE (Black Economic Empowerment), its conceptualization and the debates around it are presented in the next sub-section. Needless to say, it is another contested policy process in transforming South Africa, with opponents generally holding the view that it promotes apartheid in reverse to benefit only black people, and should be discontinued, while its architects insist that the debate should not revolve around whether it should be discontinued or not but on how to ensure a "progressive and democratic agenda for BEE" (Montlanthe 2005). BEE is one particular instrument that affects forestry. Its broader application in South Africa's society makes the forestry sector study more grounded and relevant.

Understanding the concept of empowerment in the South African context

Broad based black economic empowerment (BEE) is a relatively new concept in South Africa having been introduced at the beginning of the democratic dispensation. This subsection introduces its understanding from a policy perspective.

The broad-based BEE Act (2003, p. 5) defines BEE as "the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to

- Increasing the number of black people that manage, own and control enterprises and productive assets;

- Facilitating ownership and management of enterprises and productive assets of communities, workers, cooperatives and other collective enterprises;
- Human resource and skills development;
- Achieving equitable representation in all occupational categories and levels in the workforce;
- Preferential procurement; and
- Investment in enterprises that are owned or managed by black people"

Drawing from this elabourate definition of the BEE process, it is possible to discern underlying elements of notions of development, redress and social justice. Mazrui (2003)[6] equates the process to that of economic democratization, following on the successes of political democracy in the new South Africa. It is this idea of democratizing the economy through legislative processes, being somewhat contrary to principles of predominant neo-liberal economics of market driven processes that has sparked much debate on this model of empowerment.

BEE is marketed as a voluntary activity for business, unless such transactions involve public goods where government has a say and leverage. In this scenario, business has to show that they comply with government's vision for societal transformation. These involve reflecting compliance to the various categories of BEE as outlined in the BEE codes of good practice. Apart from a government initiated scorecard that gives a percentage weight to each component of BEE, industry in association with other interest groups, has the leeway to draw up their own sector charters. These charters outline strategies, detail timeframes and weigh targets for achieving BEE goals for each component, whether in skills development, managerial occupancy, or ownership etc. Companies are also required when tendering for government contracts to show that they comply, and outsource from companies who also comply. Perhaps what is interesting is the idea of, on one hand, the voluntary nature of BEE, and on another hand, its snowballing effect of compliance, especially for those who want to do business with government. Thus government has arm-twisted business into its transformation agenda. However, the strongest motivation, and possibly one that could be more appealing to business, is the fact that the spending power of black consumers in South Africa has significantly increased, and is on an upward trend according market reports (Bisseker 2005; Nieftagodien & van der Berg 2007). Hence it makes business sense to tap into this vast market, and this also includes enabling and supporting entrepreneurial opportunities to groups and individuals within the black community.

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[6] Mazrui, A. cited in South Africa's weekly *Citypress* on 21 September, 2003.

Unlike other debates on power (see chapter 2) that revolve round the prioritization of 'power to' which Sen (1997) refers to as intrinsic power or 'power over' or extrinsic power, South Africa's efforts to transfer economic power is confronted by a lack of skills i.e. intrinsic power necessary for the acquisition of extrinsic or material power. Because the focus is on black people owning and controlling key economic sectors, some of which require specialized expertise, and due to the legacy of an education system that did not produce a pool of skills, contestation has been on whether the empowerment process should not have focused on creating skills first before concentrating on acquisitions.

However, the careful wording of the policy definition of BEE as employing "integrated socio-economic strategies" rebuts arguments that tend to prioritize certain aspects of BEE over others, for instance the issue of ownership vis-à-vis entrepreneurial skills development. In other words, there are multiple simultaneous approaches to advancing the objectives of BEE, and thus according to this political view: arguments that call for skills development before emphasis on ownership and entrepreneurial engagement of black people do not conform.

The concentration of public debate on just the ownership aspect of BEE can be attributed to the earlier stance of the African National Congress (ANC), perceived as eager to nationalize key economic sectors. When ANC abandoned the idea of nationalizing key enterprises in 1994, the concept of black economic empowerment had already been mooted. In fact, when the fall of apartheid seemed imminent in the late 1980s, white business were already looking for ways of surviving under a new dispensation; hence some critics have viewed BEE as a creation of white business to camouflage their continued economic domination (Mbeki 2003). However the non-homogeneity of South Africa's business community was exemplified as the BEE concept provoked fear and anxiety among certain business owners who saw it as simply nationalization by another name. These fears have been exacerbated by the fact that the biggest BEE transactions, especially in mining and financial services sectors, have involved a small clique of black business people who have close links to the ANC government.

At its inception, two opposing views have developed around BEE, with its architects supporting and promoting its merits while dissenting views have likened it to reverse apartheid, and as a practice that disadvantages the white population. Its proponents view it as necessary in mitigating the legacy of discrimination resulting from apartheid.

There are also moderate viewpoints, especially from the trade unions, that although they are in support of economic redress in South Africa, they also view BEE in its current form as inadequate in reaching the black poor who are most in need of such intervention. Instead, they argue, the current BEE selects a few politically connected black individuals and elevates them to the upper class through acquisitions, often multiple, of shareholdings in existing enterprises.

Whether the debate has taken a political or economic dimension, both quite relevant, the central issue that triggers such antagonism is the question of post apartheid power relations and how these are conceptualized at different levels of the political and economic landscape of South Africa.

The divided nature of South Africa's economy along racial categories to some extent has shaped the direction of debates that surround BEE. Such distinctions are also no longer absolutely confined along racial divisions, but are emerging along class lines as well. Further polarization in perspectives are also evident between owners of capital and government, between government and trade unions, or even between different political parties, for instance the ANC as the ruling party and the Democratic Alliance (DA), which is the main opposition party. The process is understood differently depending on one's inclination, and this determines how one visualizes its impact and risks or the costs and benefits associated with it.

To understand empowerment as a political and economic process in South Africa also requires an understanding of the history of South Africa in totality. There have been arguments that empowerment efforts in South Africa are not taking shape for the first time, but comparisons could be made to previous processes during apartheid. The difference now, as mentioned earlier, is on its scope, since previous practices that were geared toward white empowerment focused on a minority. Conversely, black empowerment tilts the trend to benefit the majority population group. Secondly, and arguably, there is an element of negotiation as opposed to coercion and disenfranchisement of one group to favor another, as happened during the period under apartheid. For businesses for instance, adhering to the BEE codes of good practice is a voluntary activity but if the business transaction involves the public sector, then interested parties gain mileage and are advantaged during the tendering process if they can demonstrate compliance to BEE requirements.

The BEE debate thus far perpetuates two controversial arguments. On one side is the individualist view that maintains that the creation of a few influential and rich black business people is instrumental in advancing BEE. Complementing this view is the notion of targeting and creating a black middle class to compete with established white business. The emancipation of the larger black constituency would be done largely, not via the BEE route, but through other poverty alleviation strategies and improved service delivery. This individualist view of empowerment is different from the one Rowlands (1997) discusses, which places primacy on the notion of 'power to', in other words, power that is able to improve people's capacities without necessarily undermining another section of the population. Rather, the individualist notion promotes the concentration of power in the hands of a few influential individuals from the larger population group formerly on the margins of the economy. The individualist perspective also presumes that having a few black business people in a realm that is still largely white somehow validates white business, especially when engaging the predominantly black government. For the white business, supporting efforts of transforming and deracializing the economy, even if in a narrow sense, becomes part of a survival strategy and their continued relevance and legitimacy.

The individualists further argue that for the proper dismantling of the old power structures dominated by whites, a few influential black business leaders are necessary at the macro-level where big economic decisions are made (Macozoma 2004). In other words, while all South Africans, especially those who were disenfranchised at apartheid, may require targeted economic programs, powerful individuals are necessary in the top echelon of business, otherwise these structures remain unrepresentative of the majority population group and the decisions made may not reflect the needs and interests of this group. In fact, the individualists rebut those criticizing the new rich black business people, and view their opposition to new black businesses as attempts to keep intact the privileges enjoyed by established white upper class. On the flip side of the coin, arguments that assume that rich black business people would be representative of black aspirations may also be misplaced, as these ignore the dynamics and workings of a capitalist system, which more often than not, promote class interests as opposed to interests based on race. Again the legacy of racial capitalism in South Africa complicates any rationalization that attempts to ignore race as a factor in its current politics and economy.

The broad view of empowerment emphasizes and prioritizes a wider focus of empowerment targeting black people as a collective, as opposed to singling out a few for personal accumulation of wealth. Efforts at broad-based empowerment have not been absolutely absent in BEE transactions, although these were relatively minor and overshadowed in the media by debates around individual acquisitions and ownership. A broad-based BEE perspective finds favour with trade unions and left aligned political parties. Workplace based strategies such as employee share ownership programs (ESOP) are some of the models that are considered for a more far-reaching BEE.

A more critical look at the process reveals a deeply contested terrain where the media too play a significant role in perpetuating a certain trend of thought within South Africa’s public debate. BEE transactions are selectively reported in the media, with issues of ownership often the aspect making headline news. At the same time, the so-called black elites receive enormous amounts of coverage, especially when they engage in equity transactions, while numerous other business transactions that take place, for instance in government procurement, command minimal mention. One could argue that the media, being a profit-making business, selects stories that sell their merchandise; but one cannot also overlook the fact that the media is owned and run by individuals and conglomerates that have specific interests in economic dynamics at play in South Africa. The power relations then take a complicated twist where each interest group seeks to consolidate their power, using multiple avenues that can validate their sentiments. It is within such selectivity and subjectivity that other aspects of empowerment that are equally significant, even when based on value of transactions, for instance, procurement from government entities or those inherently positive long-term results like skills development, receive no attractive media attention.

There are also perspectives that postulate that the contradictions and confusion posed by the BEE debate emanate from propaganda and power play that characterize most business environments including South Africa's (Terreblanche 2002). While criticisms of the concept of BEE are depicted to come from business, it is the same business community that headhunts the same faces of black business people who are already in multiple deals. Some have analyzed this phenomenon as informed by the need to minimize the risk to business posed by having black inexperienced partners, hence relying on the few experienced ones rather than testing new ground. Again, prominent black business personalities not only bring along their experience into the white companies, but also the political connection with which they are associated. The nature of engagement with the debate is nuanced, and often contradictory because as business voices its discontent, it has at the same time, engaged in individualist type of BEE transactions therefore promoting this model of BEE as the most attractive.

Inasmuch as discussions on empowerment often reflect enormous amounts of emotional and subjective perspectives, the private sector within this trajectory of politics is at the same time recognized as having a significant role in the process. Thus government allays fears and inherent threats to the private sector through presenting BEE as good for business, and therefore an investment rather than a risk. In addition, in the face of conflicts arising due to a disproportionate focus on the ownership component of BEE, there are attempts albeit minimal, in communicating other aspects of BEE, but these do not provoke as much intense debate as the issue of ownership.

The empowerment process in South Africa unfolds amidst immense interest, debate and resistance. Resistance in this case has manifested itself through the media, political sphere, and through practices at business level that are fraudulent and camouflage non-compliance. Commonly known as fronting, businesses that are under pressure to comply in order to gain government contracts give false statistics, which is a form of resisting transformation in their areas. The BEE phenomenon, and especially the way in which it is being enforced using political power to enact economic changes, has intensified the conflicts that already emerged because of the changing power relations since 1994. Businesses that had enjoyed protection during the apartheid period, either directly through access to government contracts or indirectly through benefiting from unfair labour practices, finds themselves in a new unfamiliar arena.

Positioning BEE away from the influences of subjective politics is a protracted task. However, one significant element of BEE that is overshadowed in analyses, and which perhaps would be more integral to the success of the process is the issue of skills development. Focus has been on demands for direct economic redistribution, while economic integration of black South Africa, which would be greatly facilitated through aggressive development of skills for efficiency, is deficient in terms of debate. While black empowerment and affirmative action are an equity and distribution phenomenon, Economic integration would be best achieved through raising competence and skills levels of the populace. South Africa's reality of unemployment, low skills base and general poverty requires a shift in focus away from middle class politics to strategies that place emphasis and resources on education and skills development. Empowerment or the creation of a black middle class remains without a basis if primary issues of encouraging innovation, and boosting the skills base do not receive as much, if not more emphasis. There also seems to be confusion between economic integration vis-à-vis economic empowerment, because the latter comes across as a forced redistribution and a quick-fix solution to deep-seated economic problems.

4

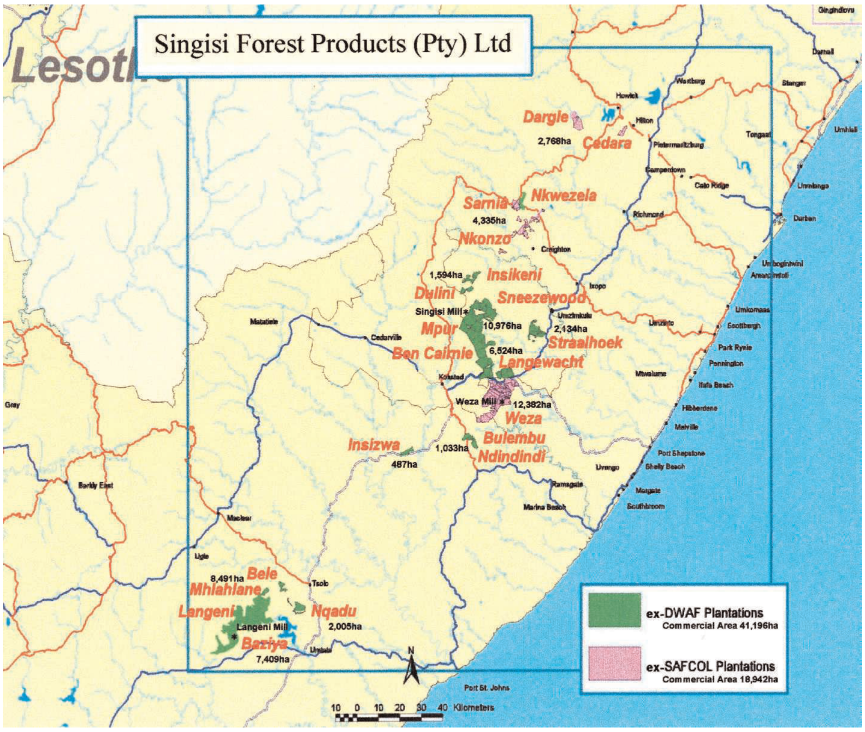
A background into the case studies

The Eastern Cape study (Singisi Forest Products)

The Eastern Cape province of South Africa houses the larger portion of forest assets held by Singisi Forest Products (SFP), the first beneficiary of privatized state forests. The assets that the state sold to SFP include about 60,000 hectares of forestland, mainly consisting of a 25-year rotationally planted pine trees and one sawmill at Weza, which is situated close to the eastern border with KwaZulu-Natal province. The state sold these assets to SFP for R45 million. In addition, SFP would pay the state an annual rent on the land of R6 million. While Singisi's three sawmills (Weza, Singisi and Langeni) fall within the administrative province of the Eastern Cape, their plantations stretch beyond the borders northeastward into neighbouring KwaZulu-Natal province. Map 2 shows the location of SFP's forest assets that were previously managed by SAFCOL and DWAF.

Areas of operation

As mentioned earlier, SFP forests, including those that they have acquired from the state are not only confined within the administrative boundary of the Eastern Cape Province, but isolated plantations are also found in neighbouring KwaZulu-Natal midlands. The districts covered by SFP in KwaZulu-Natal region are Sisonke, Ugu and Umgungundlovu. Patches of plantations extend west into Baziya, which is on the southwestern slopes of the Matiwane range near Umtata in the Eastern Cape (HMF 2004). In the Eastern Cape, SFP assets are found in Alfred Nzo and Oliver R Tambo districts.



Map 2 SFP operation areas

SFP reports that they identified over 165 communities within these districts that would be considered as having certain user rights to the forest plantation areas, or potential legal rights that are being validated by the government's Land Claims Commission. During the course of research it was difficult to gauge the definition of 'communities' as used by SFP when they held the identification meetings. It was used to refer to interest groups, such as taxi associations, and also groupings of villages according to clans. In the final organization of the community trust, these groupings have been streamlined, for SFP's logistical operations, to only 16 geographic communities. The limits of the use of the concept of 'community' for the case studies are elabourated in the next chapter.

History of SFP

SFP is a company whose majority shareholder is Hans Merensky Holdings (HMH). HMH is the commercial arm of Hans Merensky Foundation. HMF was set up in 1972, 25 years after the death of Hans Merensky, a German settler and a minerals prospector turned philanthropist. SFP is just one of several other business ventures that function under the umbrella of HMH. There are timber operations elsewhere in Limpopo and Mpumalanga areas. In addition, an established agricultural arm of the company specializing in fruit processing and other agribusiness also operates in the same region, producing a range of fruits for both local and the international market.

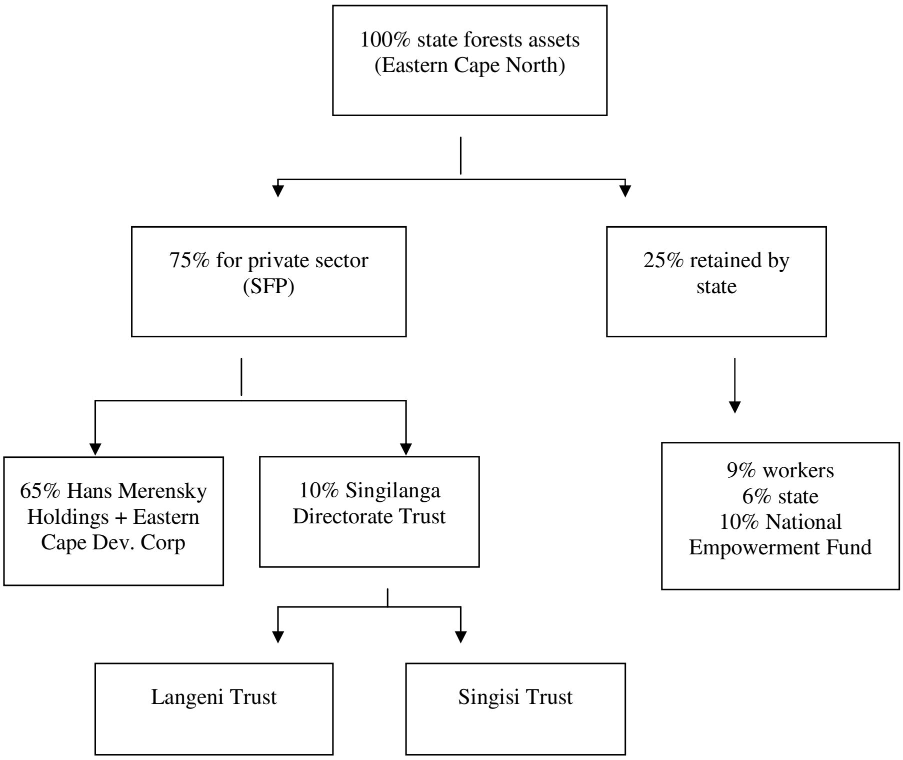
Prior to the new forest acquisitions from the state, SFP already owned two sawmills within the province namely Langeni and Singisi. Production fibre feeding into the sawmills was supplied from the same state forests. The existence of these two factories and a history of fibre supply from the state motivated SFP to compete for the surrounding forests and assets when they went on sale. The implication for failure in acquiring the forests would have been that SFP would lose its fibre supply base, and probably remain with two highly mechanized sawmills and a significant number of employees to lay off. SFP in this respect did not follow the leading forest companies in South Africa like Mondi and SAPPI that place emphasis on specialization oriented towards processing. The more established forest companies were moving away from being vertically integrated towards more specialized and highly skilled activities, not only as part of their own restructuring processes, but also as a way of moving away from the complicated land tenure issues that South Africa was attempting to rectify. SFP had that option, to remain as a processor too and negotiate fibre supply with new forest owners. Against this current, SFP decided to hold on to the ownership of plantations as an assurance of a reliable supply base.

The annual production capacity of the Singisi sawmill on average is 145,000 m^3, while Langeni takes in 170,000 m^3. The newly acquired sawmill at Weza presents an additional capacity of 110,000 m^3 (Somdyala 2004). At the time of the research in 2004, SFP reported that a total of 60,171 ha were under commercial plantations, and the company had 1,845 employees. Before the acquisition of the forest assets from the state, the involvement of people living around the study sites was minimal, and where present, concentrated on casual or low paying positions, both in the sawmills and government forests. Also, those employed were not necessarily from the neighbouring areas, but were often brought in from other regions. Such practices may also explain partially the skepticism from the adjacent communities towards the creation of alliances with the private sector in the period after apartheid.

SFP shareholding structure

Due to forest operations being largely rural, changes in the forest sector also involved addressing the question of the role and rights of communities that reside in close proximity to areas of operation. While forest companies interested in state forest assets could team up with partners of their choice, so long as they demonstrated that a certain percentage of the shareholding would go to an empowerment partner, SFP was the first forest company to opt for communities as partner. To SFP, such a move was groundbreaking and unconventional in the sense that business concerns often did not want to spend huge amounts of time and resources on issues that were basically developmental. On the other hand, it was felt necessary to be in tune with the broader transformation agenda, an idea that the state was continually selling to the industrial sector. The shareholding structure at SFP hence unfolded in the following manner:

Figure 7 SFP shareholding structure



What the state actually sold to Hans Merensky Holdings in this transaction are the forest assets, including plantations and a sawmill. The land on which these assets stand was leased out rather than sold, and this was due to the unresolved land claims. Such claims have affected state land as well as private mainly white landowners in South Africa.

As illustrated, 25% shareholding was retained in state hands, although this is meant to be a temporary arrangement until certain modalities were worked out to administer employee's shareholding. At the time of this research, it was not yet clear how workers would benefit from the 9% shares held on their behalf by the state. The National Empowerment Fund, set up to facilitate loans to black entrepreneurs in order to speed up the empowerment process also draws 10% shareholding from privatized state forests. Over time, the state will only retain 6% shares in each privatized forest. Out of Hans Merensky Holdings' 75% shares, 10% were transferred to neighbouring communities through an established community trust called Singilanga Directorate Trust.

The KwaZulu-Natal study (Siyaqhubeka Forests)

Siyaqhubeka consortium (SQF) became operational in 2001 when it won a tender for a lease of state forest assets in KwaZulu-Natal. It is made up of Mondi Forests, already operating the forest business in the area, and partnered by an empowerment company Imbokodvo Lemabalabala Holdings (IL). Mondi holds the majority stake of SQF at 65%, while IL acquired the 10% empowerment shareholding (Figure 8). As at SFP, government holds employee shares and those earmarked for the National Empowerment Fund totalling 25%. On the other hand, IL, a wholly black-owned company, is 70% owned by a Traditional Authority Investment Company and Koti investments at 30% (Koti is a conglomeration of construction professionals).

SQF as a company cannot be discussed without gaining an insight into Mondi Limited, one of South Africa's oldest and largest forest, pulp and paper production companies. Mondi owns and manages approximately 526,000 hectares of land in South Africa and Swaziland. Mondi's annual production output stands at 6 million tons of timber, or a third of South Africa's total production[7]. With the vast forest knowledge and market share, it did not come as a surprise that Mondi was interested in acquiring the state forests that were up for sale. Because these assets are close to their operation areas in KwaZulu-Natal, it also made logistical sense that they incorporate these into existing business. However, the fact that the bulk of state forests are geared towards the production of saw logs, while Mondi concentrates on pulp making posed limits to Mondi's interests in most of the assets up for sale. Their motivation therefore, was their proximity to assets in KwaZulu-Natal, hence areas under pine will slowly be converted to eucalyptus trees for pulping purposes.

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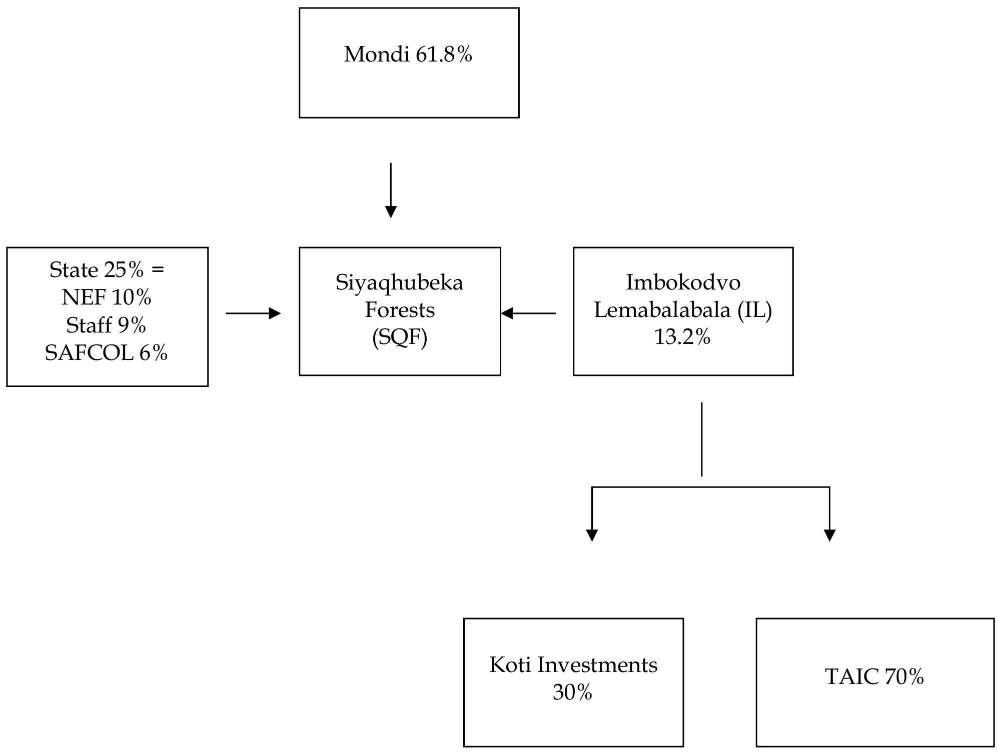
[7] Source: http://www.wetland.org.za/sponsors.htm

Figure 8 SQF shareholding structure



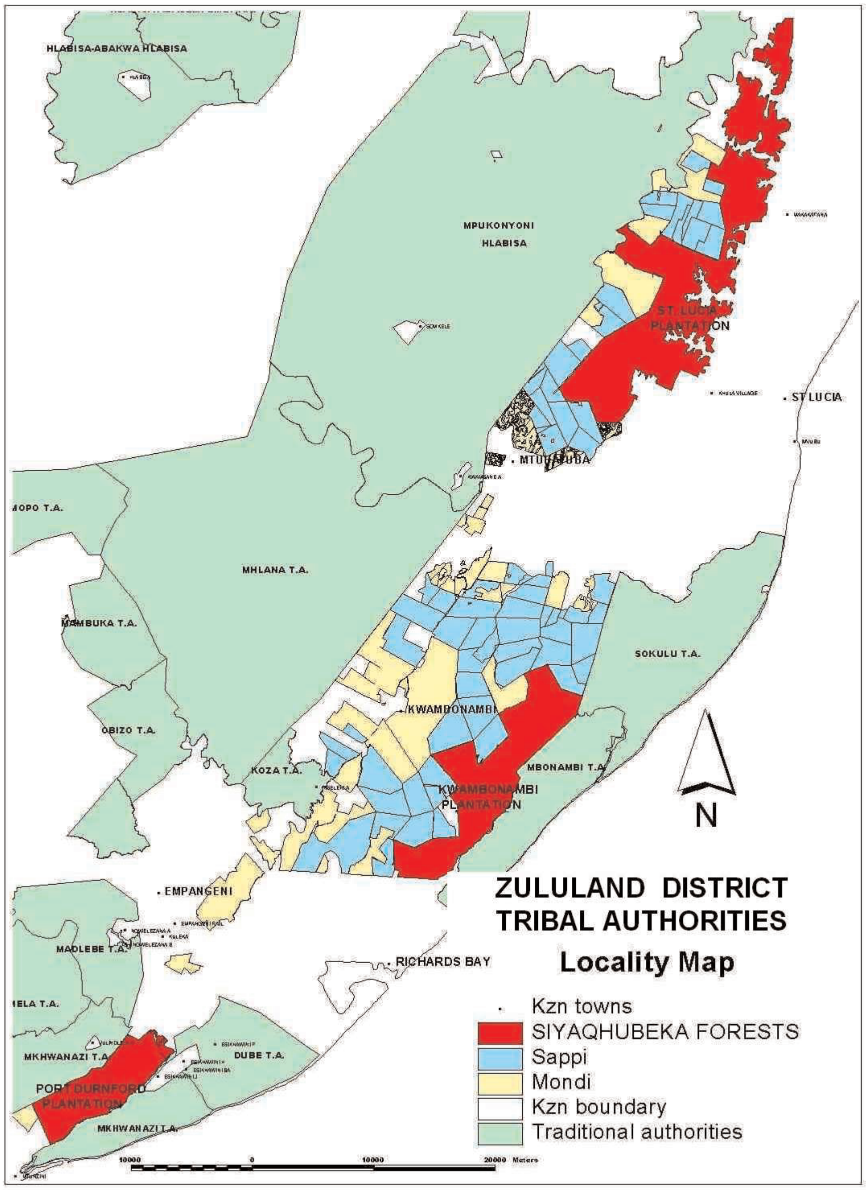
SQF then came forth out of a partnership between Mondi and Imbokodvo Lemabalabala Holdings, a black owned company. IL is the empowerment partner in this transaction, in line with government requirements when they dispose of state-owned enterprises. According to an agreement between Mondi and IL, Mondi undertakes the daily management at SQF through redeployment of its existing and experienced staff. Mondi has assumed this role due to its technical know-how and long time experience in managing forest operations. The owners of IL on the other hand, have more experience in the construction industry and also some interests in eco-tourism. Hence, although SQF has been incorporated as a separate company, there is only a thin line that separates it from Mondi's organizational culture and policies. Mondi Limited is itself a part of the Anglo-American group of companies, and its activities are also guided within the broader Anglo-American framework. One relevant example of this is their approach towards transformation imperatives as discussed in the latter parts of this chapter. Because of the nuanced nature of these companies, it was difficult during the interview for SQF respondents to speak directly about SQF as an independent company. However the focus of the research remained SQF and references are only made to Mondi or Anglo-American when it is necessary for the validation of certain facts and perspectives.

Asset base and SQF unique features

The SQF forest assets cover an area of 26,783 hectares. The assets were bought at a cost of R100 million and as with SFP, the land is leased from the state and therefore commands an additional annual rental. While SQF operates from Mondi's offices at Richards Bay, the assets spread from Kwambonambi and Port Dunford areas and up till the mouth of the Greater St Lucia Wetland Park, a world heritage site. Map 3 shows three main SQF forest blocks. SQF forest activities are an addition to Mondi's core business, intended to increase supply of mostly hardwood eucalyptus for pulp and paper products.

SQF combines conservation and commercial forestry. In conservation, they have undertaken to restore the wetland areas encroached upon by commercial forest activities, at the same time allowing free movement of wild animals into the forests. This activity presents SQF with a unique feature not found in other forestry areas. During the transfer of the forests, an agreement was undertaken involving various role players in public and private spheres that certain areas of the commercial plantations would be discontinued and reclaimed back into the wetland ecosystem. At the time of the research, SQF reported that a total of 9,000 hectares had been added to the wetland area.

An additional unique nature of the SQF areas of operation is the amalgamation of commercial forestry and wildlife activities. This exercise has involved an expansion of the park's boundary into the forests by 15,000 hectares to allow more space for movement by wild animals. Thus there are different kinds of relationships emerging within the SQF areas, and these include those between commercial forestry, a world heritage site and eco-tourism, public and the private and, of more relevance to this study are those associations between local communities, public and the private sector. These varied relationships may qualify as competing interests on one hand, and as mutually reinforcing ones on the other. The expansion of eco-tourism activities for instance, may be argued to have stimulated additional small-scale trade in local crafts as well as other spin-offs, while eco-tourism and conservation imperatives per se, may shift attention away from community development and empowerment demands.



Map 3 SQF operation areas
Source: Siyaqhubeka Forests (2007)

The major difference between the two case studies is that SFP in its business collabourates with a community trust that is also a shareholder in the enterprise. SQF on the other hand, opted for a straight business partnership with a black-owned company. SQF engages the larger community that lives within a 5km radius of their operations in a more traditional relationship in which certain of their activities take place within the local community to fulfil their social obligations and responsibilities. In both cases the identification and prioritization of community groups or groups of individuals to work with has been complicated by the unresolved land tenure issues.

The story of Mandlanzini land claims in SQF areas

For SQF, neighbouring communities have successfully claimed almost the entire area leased out to them. In early 2004 for instance, the KwaZulu-Natal land claims commission declared as valid a claim by the Mandlanzini community (Legalbrief 2004). They were forcibly removed from the Richards Bay area between 1975 and 1976 to make way for the creation of a harbour and the expansion of the city of Richards Bay. Like other black communities who were displaced in different parts of the country, the Mandlanzini community was considered as an island in between the white suburbs, and this was considered inconsistent with apartheid land laws that required black people to live in their own isolated neighbourhoods. Hence they were removed from Richards Bay and transferred 45 kilometres away into Mtambanana, a rural area. In the meantime, Richards Bay grew into a modern coastal city also boasting the largest deepwater harbour in South Africa. The city is also home to industries like Mondi Kraft, and Richards Bay Minerals. The land claim covers an area of 4,856 hectares valued at R390 million and the Land Claims Commission report this as the most expensive claim that has gone through their validation process. The claimants initially covered 570 families but overall, the beneficiaries are now estimated at about 6,000 people.

The entire area of SQF forest assets fall under claimed areas. While SQF does not own the land but leases it from the state, the outcome of the claim is not likely to affect its contract with the state. The same also applies to the city of Richards Bay, and all the business and activities that the city entails. This is because the Land Claims process provides for alternative compensation where there is already advanced development in areas that have been successfully claimed. The properties leased from the state, such as the forests, are also guaranteed by the state as they hold the land in trust for the full duration of the contract. Like the SFP case study, legitimate landowners would receive a rent that is commensurate to the value of the land in question.

The success of one such claim by the Mandlanzini community substantially raises their community's stake in the forest areas too. Had Mondi brokered a partnership deal with them, the issue of financing may not have been as difficult, as they would have had the option to finance their shareholding using their potential ownership rights or rentals that accrue from it. The implication for SQF plans for community engagement arises when we consider that Mandlanzini is but one community that resides in close proximity to SQF areas. Hence, as in the SFP case, the complexity that SQF would have to deal with would be how to engage communities, some of whom possess ownership rights, while the rest are simple beneficiaries based on their local residency.

5

The forestry sale: History and hurdles

> Perfection is the enemy of the good. If you want a deal to be perfect, it probably won't happen. If you are prepared to compromise, then you can achieve the deal.
> (Pitcher 2004)

This chapter concentrates on the role and position of government during the divestiture of its forest assets. It discusses government actors, their roles and how these fast-tracked or delayed the restructuring process. Causes and effects of the delays are sought and explained, as well as their bearing on the start-up and progress of SFP and SQF. The chapter starts by retracing the immediate policy processes[8] that led to forest restructuring.

Toward forest privatization: The immediate policy changes.

The Department of Forestry has been in a gradual change since the early 1980s as the state explored ways of intensifying the commercialization of its forests[9]. It started in 1983 with the apartheid cabinet recommending the establishment of a committee to assess options for transferring commercial aspects of forestry to a corporation. In 1985, the state introduced a trading account, which was meant to enable more accountability and clarity in terms of income and production costs. A Draft Bill on National Forestry Corporation followed this in 1989. By 1992,

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[8] More details on the policy background are given in chapter 3.

[9] Information on the policy process in this chapter is partly sourced from an internal paper by DWAF (2001), *History of the restructuring of state forests in South Africa: The Story so far*.

these efforts had culminated in legislation that would commercialize state forests under an incorporated public entity SAFCOL (South Africa Forestry Company Limited). All state forests in the then Republic of South Africa, excluding those in the former homelands, were placed under management of SAFCOL. SAFCOL started active operations in 1993, with the bulk of its expertise drawn from the National Department of Forestry. In 1994, at the beginning of the new political dispensation in South Africa, the forest policy had to change to conform to the new political and economic order. This involved reformulating a new policy through a consultative forum whose products were the following: a *Forestry Green Paper* in June 1995, a *White Paper for Sustainable Forest Development* in 1996 and a *National Forestry Action Plan* (NFAP) in 1997. It was during the same year that, as these policy processes were taking off, the new government approved a new SAFCOL board. The former forests in the Bantustans were brought under the management of DWAF, while the ones in the former Republic of South Africa remained under management of SAFCOL. In 1995, another agreement was signed between the government and SAFCOL, which reaffirmed that state forestland would be transferred to SAFCOL's management.

Amidst all these changes taking place in forestry at this time, community forestry, which was previously relegated in policy decisions in favour of commercial forestry, for the first time received special attention in the discussion document, the *Forestry Green Paper* of June 1995. Later, in August of the same year, a National Forest Policy Conference was organized solely to discuss community forestry issues, and how the interests of women could be included in the new vision for forestry.

The forest policy paper, the *White Paper on Sustainable Forest Development* was approved by cabinet in 1996 and aimed to promote sustainable and equitable forestry practices as well as reconcile existing discords between commercial, community and indigenous forestry. Around this time as well, SAFCOL was realizing profits from its operations, although there were increased concerns from other sectors of the industry about SAFCOL's monopoly in sawn timber production. The combined SAFCOL and DWAF plantations were producing about 4 million cubic meters that translated to 66% on the total national supply (Dlomo & Pitcher 2002).

Intentions of a complete privatization of SAFCOL-held forest assets were made clear as the White Paper indicated a reduced role of government in the industry, and in the same year a committee was established at SAFCOL to discuss the fate of government shareholding in forestry. The *White Paper on Sustainable Forest Development* (1996, section 2.5) stated:

> The Government recognizes the important role of the industrial forest sector in South Africa, including the wood processing industries. It currently has a major stakeholding in Industrial forestry, as the owner of SAFCOL and the former homeland forests. Restructuring or priva-

tization of these holdings will be treated in line with overall government policy, in consultation with all interested parties.

While the *White Paper on Sustainable Forest Development* voiced the policy intentions, another important document the *National Forestry Action Plan* (1997), presented strategies and tools for implementing these policy objectives. In the NFAP, the government reiterated its intention to move out of core forestry operations and give way to the private sector. This was a fairly straightforward intention, especially for the SAFCOL assets that were in good condition and were realizing profits. The situation of the forests in the former Bantustans that were separately managed by DWAF was more complicated, as they were loss-making and overstaffed. In addition, significant portions of them were degraded and would prove difficult to transfer to private interests.

Apart from the poor state of these assets, there were interests that were uncomfortable with the decisions that government had taken pertaining to forestry. The labour unions for instance, were concerned that their unionized workers would be laid off as a result of government's withdrawal from forestry operations. So as preparations were underway to privatize, there were parallel discussions with labour to reach a compromise on privatization as well.

In 1998, a new Chief Director was appointed to head the forestry department. Within the same year, significant strides were made towards the forestry sale, as an agreement was reached between the labour unions and government that provided for a moratorium on retrenchment of existing unionized employees. The agreement stated that they would remain employed by the new owner, at least for the first three years, but there were also options for voluntary severance packages. The DWAF employees who were managing the assets that were now merged with SAFCOL were absorbed into the SAFCOL workforce as well. A decision was further made to introduce Employee Share Ownership Plans (ESOPS) as a vehicle to enable employees to have partial ownership of the forest companies for which they worked. A 9% shareholding in each sold asset was reserved for this purpose, although the details of these had not been finalized by the time of the research.

During the same year, a new *National Veld and Forest Act* (1998) was instituted and this created a regulatory framework that was needed to move forward with plans for privatization. It also paved the way for the development of certain criteria, indicators, and standards for sustainable forestry management. In the meantime, the viable DWAF forests were categorized as A and merged with the SAFCOL ones. They were initially repackaged into seven different geographic units, but these were reduced to five when the Northern and Mpumalanga, as well as the western and Southern Cape units, were respectively merged into two. The five forest assets were offered to the market in 1999. At this stage, DPE entered the process as the government department with the mandate to sell and restructure state owned enterprises. In essence, where the sale of forests was concerned, DWAF was reduced to a support-role for DPE.

Policy changes and influence on actors

Department of Water Affairs and Forestry

From 1999, DWAF's internal structures included a Restructuring Unit that had been created to deal with its role in the forest sale process. Heading this unit was a director in charge of restructuring, who reported directly to the Chief Director of Forestry, who in turn, reported to the overall Director General of DWAF. Under the Chief Director of Forestry, there were four other directorates dealing with policy, regulations, technical services, and participatory forest management respectively. With at the helm, a powerful Chief Director Ms Lael Bethlehem[10] who was quite active in the sale process, DWAF's Regulation Unit was overshadowed in the process, as the Chief Director took part personally in most of the crucial negotiations. The Regulations Unit got directives from the Chief Directorate during the early processes and in the end, the first two leases signed with SFP and SQF had minimal input from this unit. This meant that they were in charge of monitoring a lease in the negotiations for which they had not taken part and being the legal experts, they found certain inconsistencies with the first leases. In the later leases signed after the internal reorganization of DWAF, (as shown in the organogram later in the section) in particular the Amatola forests in the Eastern Cape, the Regulations Unit was involved throughout the lease negotiations.

The Restructuring Unit on the other hand, benefited from external support through attachments from United Kingdom's Department for International Development (DFID). DFID's first project started in 1996 and its role was to support government in putting in place a new forest legislation that was in tune with South Africa's new democracy and new constitution. DFID was first involved in the drawing of the NFAP (1997), in which it was explicitly declared that government's forests would be sold.

With the NFAP complete, DFID became involved in drafting another document called *the Strategic Options Study for the Forests of the Former Homelands*. The focus of this document was to highlight ways in which DWAF could, as quickly as was possible, divest itself of the loss-making former homeland

[10] Ms Bethlehem had been a member of the task force that was mandated with drafting the new forest policy that culminated in the White Paper on Sustainable Forest Management (1996) and the subsequent National Forestry Action Plan (1997), the latter in which plans for forest privatization had been confirmed. She therefore came into the department with ample knowledge about the policy direction for the department. She was Chief Director of forestry from June 1998 to June 2002.

forests under its management, and concentrate on its core business, which was now understood as regulation and policy-making. Although DWAF needed to let go of these forests, it had to find ways of meeting the developmental demands that would fulfil its policy requirements. A balance needed to be found between the different competing interests, some of which were developmental such as fostering black empowerment, partnerships, and rural development. Others were purely economic, aiming to revitalize the business and enhance its efficiency and profitability by divesting to the private sector. Initially, there was also an assumption that there would be increased competitiveness in the sector if privatization took place, an intention that has not been realized in this particular process, as shall be discussed later. These objectives were seen as conflicting and there was no straight, single solution that could please every interest. At the end, the process involved trade-offs to balance these competing demands. It was after this study was completed in 1999 that DFID got approval to set up and join the restructuring office within DWAF.

DFID was under the impression that restructuring of these assets would follow their recommendations. DFID assumed that the SAFCOL forests would be treated separately from the former homeland forests. This was not to be, as the Industrial Development Corporation (IDC) had also commissioned its own study through Jaakko Poyry, a consulting company, to look into special development issues in the Eastern Cape Province. It is this latter study that recommended that the DWAF viable forests be merged into the SAFCOL ones and sold as a unit, the packages only differentiated according to regional blocks and quality rather than the artificial DWAF/ SAFCOL divide.

Government accepted IDC's recommendations and the two processes were combined. This move confused DFID whose mandate was to support DWAF. SAFCOL entering the equation meant that the cluster of actors that DFID had to deal with had expanded. In addition, in order for DFID and DWAF to make progress, SAFCOL and DPE both needed to give the same process due attention and priority. In as much as the move to merge the two categories of forests brought in more interactions for DWAF, its role was already reducing even before the real sale took place.

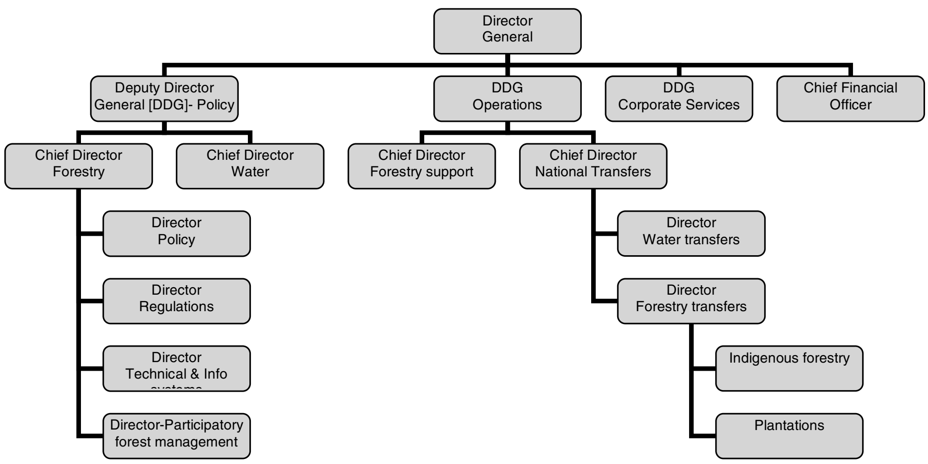
DWAF has maintained the mandate as the government department in charge of forest policy and regulation, and also continues in a monitoring role, ensuring that the lease conditions, particularly those that relate to land and infrastructure, are adhered to. It is monitoring the new leases through a new monitoring cluster, the Forestry Land and Management Unit (FLMU), which operates under the directorate of regulation and was created when DWAF underwent an internal reorganization.

The reorganization of DWAF has seen the restructuring unit, now called National Transfers, moved away from the chief directorate of forestry to DWAF Operations Unit, but directly under a newly created Chief Directorate of National Transfers. The Chief Directorate of Forestry is no longer managing the restructuring of forests, but only maintains an interest through its policy and regulation unit. Indigenous forestry, which in the old DWAF structure was under the directorate of forestry, has been brought under the new directorate of National Transfers.

The recent changes at the department of forestry coupled with the departure of the former Chief Director, saw a slow down in the transfer process. All forest related matters were previously managed under one Chief Director who reported directly to the Director General. Under the new structure, forestry alone (not including the Water department) now has three different Chiefs for Forestry, Forestry Support, and National Transfers.

DWAF (2004), in an issue paper, admits that its internal reorganization, which was intended to streamline the functions of the department, instead confused the various roles of the Chief Director for Policy and Regulation and the Chief Director in charge of National Transfers. Hence the forest transfers were further delayed.

Figure 9 DWAF new organizational structure



Department of Public Enterprises (DPE) and the state forests

The DPE is the government department responsible for all state-owned enterprises, in terms of ensuring that they remain financially viable, competitive, sustainable, and contributing to development objectives in their respective regions. Its mandate is "to coordinate with policy and regulatory departments and ministries and provide oversight and strategic direction for the SOE (state owned enterprises) reporting to the department".[11] DPE is a fairly new department having been established in 1994 with the main purpose of organizing the restructuring of SOE's. It was then upgraded to a fully-fledged National Government Department in 1999 headed by a Minister.

In the case of forest restructuring, DPE became fully involved at the beginning of 1998 with the appointment of transaction advisers that would assist SAFCOL in preparing for restructuring. Initially, DPE did not put in a lot of resources in the process, as even its forestry cluster was working on this privatization only on a part time basis. For DPE, there were other more lucrative transactions underway, such as the partial privatization of the telecommunications giant, Telkom.

The inadequate amount of focus on forestry by DPE worked further to frustrate efforts of DWAF and DFID whose interest was to get rid of the homeland forests as quickly as possible. Apart from the homeland forests being loss-making, there were various forest-related court cases that the DWAF was dealing with, and these became part of the motivation for DWAF wanting the assets out of their hands.

DFID on the other hand, was growing uncomfortable at the pace of restructuring, in part of which they had been involved as donors. Due to the inactivity at DPE, DFID had to move strategically and invest part of the resources earmarked for its work at DWAF to DPE in order to harmonize and fast-track the process. This resulted into DPE dedicating a project manager who was solely responsible for the forest project.

It is only after these DFID-supported moves that in 2002 the DPE finalized the transfer of two of the forests to SFP and SQF. All the other forests that were incorporated into SAFCOL awaiting transfer to private actors had not been sold by 2004. The transaction of Komatiland forests, the biggest and most lucrative of the Category A forest assets spread across Mpumalanga and Limpopo provinces, has been aborted thrice. During the initial offer in 2000, no suitable bidders were identified; after that government decided to re-bundle the two packages together as one. The second offer in 2002 was cancelled after there were allegations of corruption and tender irregularities at DPE. Zama Resources, a fully black-owned consortium, had won the tender. These allegations led to the resignation of the Director of Restructuring at DPE, again putting a strain on an already overdue

[11] http://www.dpe.gov.za/home.asp?id=1

process. These assets were re-advertised in 2003, and successful bids received and awarded to Bonheur consortium in 2004. Once again, South Africa's Competition Commission, on the basis of possible future uncompetitive behaviour by Bonheur, cancelled the transaction after due scrutiny. They were especially uncomfortable with the future of softwood saw log production. The fact that Bonheur was vertically integrated was understood to place the other actors at risk of unfair competition.

These cancellations have prolonged the existence of SAFCOL, which had already reduced its staff in anticipation of exiting the management of state forests. These cancellations have also overstretched the role of DPE and DWAF. DFID on the other hand, was aiming to refocus its attention away from forestry support to concentrate on policy, institutional change, and forest enterprise development.

In the sold assets, DPE still has the role of providing after-service to their new clients. In the lease agreements that they signed with the two new entrants, several conditions were included that were meant to ensure that certain relevant laws and standards were adhered to. These were, among others, laws regulating labour, occupational health and safety, the environment as well as the Forest and Water Acts. In areas where the DPE had included certain clauses, for instance, the moratorium on retrenchments, it still has that responsibility, with the help of the Ministry of Labour, to ensure that such conditions are not broken.

The roles of DWAF, SAFCOL and DPE in the sale process were meant to be complementary. DPE as the agency in charge of state owned enterprises has the mandate to dispose of SAFCOL assets. DWAF on the other hand deals with policy, regulation, and other technical issues. SAFCOL as well have the technical knowledge necessary to guide the transaction process, although their role in this was seen to have the potential to pose a conflict of interest (DWAF, 2004: 26) "between the interests of management and the wider national interest in the restructuring of a State Enterprise".

Department of Land Affairs (DLA) and its influence on forest restructuring

The DLA engages the issue of land in South Africa by working to fulfil three main objectives as stated in the *White Paper on Land Policy* (1996, section 2.3): It conducts land redistribution aims "to provide the disadvantaged and the poor with access to land for residential and productive purposes".

Second, there is the land restitution which "covers cases of forced removals which took place after 1913". This element is steered by a separate Land Claims Commission and Court.

The third and final objective is the land tenure reform that is meant "to improve the tenure security of all South Africans and to accommodate diverse forms of land tenure, including types of communal tenure".

The main role of the Department of Land Affairs (DLA) in the restructuring process is related to the third objective and aims to protect community land rights where these are implicated in the on-going sale processes. Part of this involvement has been necessitated by the presence of numerous claims on forest land that were recorded at the Land Claims Commission, the body that was set up to deal with issues of restitution.

Ideally, DLA needed to work ahead of the other line departments that were involved in restructuring the forests, but the processes often overlapped. Due to the difficulties in synchronizing privatization and land claims procedures, certain agreements had to be reached, especially between DLA, DWAF and DPE. Existing land claims on DWAF and SAFCOL land, coupled with the slow pace of DLA in resolving tenure issues, led to an agreement between these departments that privatization of forest assets, excluding the land, could go ahead even before DLA finished its processes. At the same time, tenure rights would be protected, and as soon as DLA finished their identification and restoration processes, these rights would be transferred from the government to the new rights holders. The lease benefits that would have accrued to government from claimed lands after privatization would also be reverted to the new landowners. In other words, the new owners would receive the land with the privatized trees on them, protected by a 75-year lease arrangement. The yearly lease benefits would be transferred to the new owners, including the lease benefits from before the land transfer.

There were also government and regional bodies that had direct interests in the fate of the forestland that had been claimed. In a key issue paper, DWAF (2004) identifies two other actors, apart from the DLA, with a direct stake in these lands. The Department of Public Works (DPW) is the custodian of state land while the *Ingonyama* Trust Board,[12] like the Minister for Land Affairs, also holds some land in trust for communities. In making forest transfers through leases these two bodies had to be part of the overall consultations as well.

Although the agreement between DWAF, DPE and DLA worked to the extent that privatization occurred, there has been community pressure on private actors, especially SFP, for the process of land claims to be finalized so that communities can benefit from the money that until now, government has generated from the privatized forests. Before this can take place, it is up to DLA to finalize the

[12] The Ingonyama Trust Board holds over 2.8 million hectares of land in KwaZulu-Natal. This land was previously held under KwaZulu authority. The land is held on behalf of communities.

legitimization of the valid claims by completing the identification of boundaries and rightful claimants.

Reasons for restructuring delays

Problems of capacity, regulations and labour

Apart from overlaps in responsibilities[13] across government departments during preparations for sale of the forest assets, certain issues re-emerged to affect the forest assets already disposed to the private sector. These had been compounded earlier, first by a situation of low staff capacity versus a complicated regulatory framework. Second, they had been affected by a high staff turnover that undermined continuity of implementation knowledge, and third, by a strong labour union who was opposed to privatization.

Where DLA was concerned however, its problems were rooted in post 1994 departmental strategies that worked to slow down implementation of key policies, especially on land reform. One observer at DFID explains that the personnel mandated to roll out land reform for instance, often worked within the legislative sphere that specifically guided land reform, but they were less conversant with other laws that were in conflict and that would impact on the same process (Interview 2004). Secondly, he argued that idealists who failed to produce workable strategies for the sector headed the department.

> We had the former Minister Hanekom (the first post-apartheid Minister for Agriculture and Land Affairs) and he had a team characterized by white liberals, who were well educated and allied to the ruling party ANC. These were the people who developed and created quite a complex procedure for land reform that might work in developed countries where law and all the offices involved understand the law and are well-trained. On the other hand, these set of academic and very legalistic procedures were being implemented on the ground by employees who were highly motivated but very poorly trained, with no legal background whatsoever. All they wanted to do was achieve the policy goal and give the land back to the people. They were not objective and not competent to do the necessary research, and they were just guys who were still very young at the National Land Commission (NLC) and the DLA. At the end, because they lacked the basic legal knowledge, they contracted the work out to companies who might do a good job but then the people who commissioned the work don't know what to do with the report. So the land claims and land ownership dynamics in South Africa to this date remains terrible.

Unlike forestry, where the government wanted an exit as quickly as possible, the land question was different as the ANC government was politically motivated to redistribute land and solve tenure issues, but at the same time they were constrained by legal necessities. Due to such implementation setbacks, other

[13] In a self-evaluation, DWAF highlights some of these problems and lack of clarity in roles and responsibilities of different internal functional units. I discuss how some of these issues impact on post-implementation difficulties especially those emerging at the case study levels.
For the above report, see DWAF (2005). Forestry Change Programme: Business Process Analysis Report: Forestry Transfers Process, Version 5.0.

departments, whose functions depended on the success of NLC and DLA, had to work in a vacuum, or resort to other measures like land leases, as in the forest case. The leases served to defer inherent obstacles that may have prevented the private sector from taking ownership of the state forest assets, but they did not serve to prevent post-transfer issues, especially with SFP, as discussed in the two subsequent chapters. Other development agencies such as DFID who were interested in refocusing on issues of local entrepreneurship involving local people, land, and forests felt affected and distracted by the numerous unresolved tenure issues.

In addition to the land question, labour and their unions were reported as another major hurdle for government attempts to rid itself of the forest sector. Despite the moratorium on retrenchment that enabled the first forest assets to be sold, many at the DFID and DWAF were of the opinion that the labour issue stayed unresolved for so long because of their political position within the ANC alliance. The confederation of South Africa's Trade Unions (COSATU) is a member of the tripartite alliance that together with the left-wing South Africa's Communist Party (SACP) and ANC make up the ruling alliance. Due to this relationship, negotiating with the trade unions commenced, but often stuck along the way, and agreements were seldom made. The sale to SFP got the green light from the trade unions because they [SFP] had agreed to take over existing workers and retain them on their salaries.

There was also a lack of political will in privatizing forests. Inasmuch as government wanted to rid itself of forestry, regarding it as non-core to its operations and responsibilities, the process of disposing it had to be driven within existing laws and legal structures, but once the process became connected to the emotive issue of land, this ignited a lack of political interest in the process, as the land question is perceived to be of relative symbolic significance in the psyche of the new dispensation.

The management turnover at DWAF, especially the departure of the Chief Director of forestry who had facilitated the process that saw the sale to SFP and SQF, also affected the process, as her successors had not been closely involved in the process. In fact, the reason for renewed interest of DWAF in restructuring in the latter part of 2003 was understood to follow concerns that there was so much money being lost in the plantations, at the same time there were too many legal disputes that were a hassle to DWAF and they no longer wanted to manage them (Pitcher 2004, pers. comm.).

With the restructuring of the category A state forests, the government departments remain with post-transfer roles that mainly include after-service and monitoring duties. It is this aspect of the implementation process that is defining the direction of the relationship between the new private entrants, SFP and SQF, with other actors such as local communities and government agencies.

The relationship created between government and private forest sector during this restructuring exercise has been on-going for four major reasons: first, ownership of the forest assets were transferred, but the land is still owned by the state, hence the state maintains a monitoring role on how this land is utilized. Second, the state still maintains a minimal shareholding in all the forest assets that it has sold. Third, in divesting these assets, certain developmental roles, such as the advancement of BEE, were entrusted to the new private entrants, and related progress keep the government interested in these activities. Finally, the lease agreement was signed under certain conditions that have a bearing on labour and safety, as well as certain environmental standards. These conditions call for continuous monitoring against set objectives and keep government in the forest business in a regulatory role.

Whilst the role of government in forestry has significantly changed, its relationship with private enterprise has been redefined. Government is no longer a competitor but chiefly a regulator and advisor. In this relationship, there are mixes of new and old anxieties, expectations as well as unfulfilled objectives.

Impacts of government withdrawal on commercial forestry

The case of forest research

Whilst forest private sector in general supported the state's withdrawal from core forestry activities, at the same time they were of the opinion that government needed to maintain a very strong role in research. A manager at Hans Merensky, the parent company of SFP said:

> The government has, to our disappointment, moved out of forestry all together in the following sense; South Africa is a semi-desert country and timber is a strategic resource. All projections say that in the future timber is going to be scarce. The other issue is that government is not issuing planting permits while timber has a strategic role. It takes 25 years to grow the forest again so the government must ensure that the country is well provided into the future and that we have forests with the right genetic material, so they should play a very active role but DWAF has largely pulled out of forestry.

Hans Merensky's sentiments are echoed by Forestry South Africa (FSA), which is a national association of forest owners and timber growers. They too report that the state has withdrawn from forestry more than is necessary. A respondent from FSA opined:

> The issue of the state and its role in research is an absolute disaster. We are at rock bottom in terms of funding and everything else to enable proper research. The budget has been cut left, right and centre from all over the place. We have probably had a reduction in our research expenditure by 60-70% and that is bad because if you don't research and you don't innovate, the industry is not going to grow.

FSA depends on members' contributions for its activities that include supporting research efforts at selected institutions. SAFCOL, and by extension the state pulling out of forestry ownership has apparently posed direct financial impact on FSA through loss of membership fees and levies. As a result of privatization, FSA reported that their research budget is reduced by about R3 million per annum, a contribution from the state that FSA still hoped to maintain even though the state was no longer a forest owner. These contributions to FSA could be replaced by those of the new entrants, if they decided to be members of FSA[14], which SFP and SQF already are, but the fact that the process of privatization has been slow means that the money FSA used to get from these assets will be fragmented over time, and hence have a reduced impact on FSA research initiatives.

In the government policy paper, the *White Paper on Sustainable Forest Development* (1996: 11), the inadequate focus in research activity is acknowledged way before there was certainty on the path to privatization that forestry would follow. The paucity in research was seen as existing more in community forestry as opposed to industrial forestry. The concern government raised in the policy document was that, despite the amount of "purposeful research and technology development" that had occurred in the sector for many years, community forestry, indigenous knowledge, and technology had not been harnessed. Hence while science and technology had benefited forestry, ignoring one facet of forestry meant that these gains were "valuable but not equitable". Government identified a lack of a cohesive vision in the forest sector and one that was exclusive and not sustainable for the long term.

The double stance of the private forest sector as to the role the state should play is a result of possible oversight during the early policy processes and when the decisions to privatize were made. The role of the state was reduced to regulation and policy making, a mantra that private sector used in order to have the assets transferred to them, but the participants at these policy forums (which included both public and private sector actors) failed to push for the state's continued central role in research. Little attention was paid to the fact that when it came to forestry, unlike other sectors such as arms manufacturing or transport and telecommunications, the state regarded these as non-core and not strategic to its operations, and wanted to opt out as much, if not more than the private sector wanted them out.

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[14] FSA is a voluntary association of forest owners and timber growers. It focuses only on commercial forestry, (and) acts as the coordinating body in the industry, and the interface between government and other organizations that have an influence on what happens in the industry. It is the body that sets priorities research or planning activities. It also acts as an information and reference source for the sector. Funding is drawn from a levy, where members are charged according to how many tons of timber they produce annually.

The case of management deterioration

The attention of the forest industry was diverted to the broader debates about privatization per se, and did not take time to discuss the intricate details that pertained to forestry as an area in which the state had very minimal interest. The eagerness of the state to let go of these assets can be seen also in the way the other assets, especially those smaller forest units categorized as B suffered further neglect when all management resources were focused on the sale process of the more lucrative A category. As a result, FSA as an observer views this degeneration as an outcome of the privatization process. He says,

> The mismanagement or the non-management of the plantations is partly due to the privatization process itself because what happened is that the process started 6-7 years ago, it created an awful amount of uncertainty not only from the industry's perspective but from the individuals who were working for DWAF on those forests. They were asking if their jobs would cease because of the sale and because it took long, people became very insecure and management suffered. DWAF itself has been preoccupied with the privatization process that has deflected their attention away from managing the forests that they still own. So the state of the plantations has deteriorated. They haven't performed their pruning, thinning and planting activities. There are a whole lot of technical issues. Some of those yet-to-be sold assets are not viable anymore and they need rehabilitation urgently.

As mentioned earlier, some of these forests were already dilapidated even before the transactions. The forestry private sector was only interested in the commercially viable assets, and did not support the state disposing liabilities. One option advised by FSA was that government could rehabilitate the assets back to levels that are economically sustainable before transferring them to smaller entrepreneurs or communities. The idea behind packaging the B forests into smaller units was to make them accessible to small-scale, and in particular emerging, black entrepreneurs and local communities.

The case of planting permits

It would be incomplete to talk about impacts on South Africa's commercial forestry if this excludes the issue of water consumption, the regulations around it, and why forest owners get uncomfortable with this particular legislation. First time planting of commercial trees requires a planting permit that is issued by Water Affairs, which interestingly, falls under the same ministry and administration with Forestry Affairs. Previously, the directorate of forestry itself issued the permits, which was a conflicting role since they were also the custodians of forest plantations.

The afforestation permit system (APS) is not new having been instituted back in 1972 to regulate forestry, and to try and create a balance between industrial forestry's water needs and other environmental and industrial demands. Impacts of industrial forestry are reported to differ from region to region, depending on the amount of rainfall, the concentration of forests in that particular area, as well as the silvicultural practices that are employed (NFAP 1997). Generally, due to South Africa's low rainfall patterns that average 450 mm annually, the fact that vast forest monocultures occupy areas with at least 800 mm per annum has contributed to the increased need for regulation.

In the *National Water Act* (1998), the Ministry's mandate to regulate water use was renewed. The Ministry is also required to allocate water based on the policy of optimum water use, to strike a balance between the competing demands for water, and charge appropriately. In addition, the Act provided for a category of water use called the Stream Flow Reduction Activity (SFRA), implying that where an activity adversely reduces the level of stream flow or intercepts it, the department of water affairs would declare such an activity as an SFRA and subject it to certain controls.

Forest owners have particularly regarded the part of the regulations that demand that forestry be controlled, unlike other agricultural land uses, through permits, and may only commence new planting on their land through a successful application to the Ministry. The permits are only given on the regulator's satisfaction that the activity will not pose any dire consequences to stream flows and other water catchment areas.

The basis for continued control of afforestation is a 1986 analysis that estimated the forest industry to have been consuming about 1.2 million cubic meters of water, thus diverting these from rivers and streams (*White paper on Sustainable Forestry Development*, 1996). The amount of water forestry alone was consuming was reported to be about 30% of the combined urban and industrial consumption.

The FSA, agitating for its members, views the permit system as part of a victimization of the forest industry without any sound scientific benchmark. They argue that forestry has been automatically categorized as an SFRA because before the *National Water Act* of (1998), forestry was the only land activity that had an existing permit system in place. When SFRA was introduced, only forestry could validate the immediate existence of SFRA, as no criteria had been developed for other sectors. To date, no other agricultural activity has been declared a SFRA because there has not been any scientific research to support such a move. SFA reasons:

> There are other activities that are SFRA. The biggest water user is the agricultural irrigation systems that take up 51%. From dams, sugarcane, maize farming, all qualify as SFRA but why aren't they declared as such? It is because the Water Act (98) section 36 says that to declare an SFRA, it has to be proven that there is significant impact on other water uses. By declaring forestry as SFRA is saying we have a significant impact on other water uses. This is a fallacy of the highest order as in some places we do and in other places we do not. It also says that the Minister may also declare other activities as SFRA. We are now years down the line and no other activity has been declared because they cannot scientifically prove that a certain activity has a significant impact on other water uses for the simple reason that they

> have never kept hydrological data and they have never done hydrological research. So they can't for instance go to the sugar industry and say you are declared SFRA because they don't have the data to do so and if they did this without the data then they would be in contravention of their own Act.

The second argument against planting permits calls for a consideration of the returns from an activity to justify the amount of water it uses. Forestry activity per unit of water consumed, FSA reports, gives a higher return than almost any other agricultural crop,[15] and this fact has not been taken into consideration.

The main issue with the permit system, apart from the fact that the forest industry feels discriminated when compared to other water users, is the slow speed of issuance that has delayed new plantings, hence disrupting plans and schedules of forest owners. In each province there is a License Advisory Committee whose sole purpose is to adjudicate and make recommendations on applications for SFRA. This body involves DWAF and DEAT (Department of Environmental Affairs and Tourism) from the national level, The Department of Agriculture in both national and provincial capacities, as well as Local Government, the Department of Housing, community representatives and a whole load of stakeholders.

The process of application involves submitting soil surveys among other requirements and then DWAF conducts a hydrological assessment to indicate if there is potential for the application to proceed. If results show an impact on a water catchment zone then the application is denied. If it succeeds, it proceeds to the departments of environmental affairs and agriculture for comments after which there are site visits that also extend the application period.

The application exercise costs the applicant about R7000 per hectare. So apart from being an expensive exercise, the prolonged time it takes to go through the whole process and the bureaucracy is a disincentive to forest owners.

The problems that the forest industry faces are due to its general poor image in the public sphere. Coupled with the perception that plantation monocultures do not allow for any other land use: the fact that it is also increasingly understood to compete disproportionately for water, which is very scarce in South Africa, serves to further dent its image, even though forestry contributes to employment, and also significantly to the Gross Domestic Product (GDP), which stood at 1.3% of the total in 2002 (FSA 2004).

The organizational structure at DWAF[16] that has had the forestry executives report to senior officers in charge of water affairs has also not helped the image of forestry. Water affairs regulate forestry at the planting level; and they, as well as the environment affairs (DEAT), regard forestry as an impediment to the

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[15] No hard statistical data to support this assertion.
[16] See organogram at beginning of chapter.

environment. Plantation owners on the other hand, view this as an unfair playing ground.

Increased efficiency in devolved assets (SFP and SQF)

In the National Forestry Action Plan (1997: 77), the problem with the structure of industrial forest sector and its influence on competitiveness was summed thus:

> There is a concern that the existing pattern of ownership in the industrial forest sector may be incompatible with the achievement of an efficient and competitive industrial sector, which fully contributes to national goals and provides new economic opportunities, particularly for the previously disadvantaged.

The idea to enhance competitiveness of the sector, through diversifying and opening up to more players, was envisaged to take place through restructuring. The stated objectives of the privatization of forests were; "to create a framework for high value-added processing activities, to create a globally competitive forestry products sector, to stimulate exports and develop the level and quality of employment while at the same time advancing community empowerment and development and; to achieve an optimum return on the sale of the assets" (Chalmers 1999).

Concentration in the forest sector can be attributed to the nature of activities involved. The industrial production is predominantly for pulp and paper, which requires high amounts of capital and skills and relies on hardwood[17]. The second main area of production is for sawn timber or solid wood, with less capital intensity and skills, and consumes softwood especially from pine trees grown on long rotations. The state plantations were geared towards the production of saw logs for the saw milling industry and the state has not been directly involved in pulp and paper production.

The existing segmentation in the industry meant that parties interested in state assets would continue in the production of solid wood. Due to the high capital outlay needed for the pulp and paper sector, not many entities have the capacity to enter the business; hence the established Mondi and SAPPI have dominated it. The concentration of these two companies in pulp and papermaking might remain so for a long time, and with no likelihood of serious competition.

Opportunities for intense competition are therefore limited to solid wood or the sawmilling sector of the forest industry, but generally greater domestic competition did not emerge from this particular privatization exercise. Changes have only occurred, to a small extent, in ownership rather than in activity. SFP is majority owned by Hans Merensky, which was already a saw miller in the same area. SQF on the other hand, is an extension of Mondi, an established pulp and paper manufacturer. The only newcomers to the forest business, within the case

[17] Eucalyptus is the most common hardwood used in South Africa's pulp and paper industry.

studies, are the minority shareholders Singilanga Directorate Trust and IL for SFP and SQF respectively.

In terms of production or activities, Mondi's SQF have plans to convert to eucalyptus production existing pine plantations that they acquired from the state plantations. This is necessary since Mondi requires hardwood for its operations. Recent trends in Mondi have seen them move out of saw log production, having sold their assets in Komatiland area to Global Forests, an American company. Hence there are no changes either in terms of products, activities or the market place. The remaining and biggest state asset, Komatiland Forests is also predominantly a monoculture under pinewood.

Komatiland Forests presents the best opportunity for increased competition in the sector, but only if government decides to divide its 130, 000 planted hectares into numerous medium sized units. The Competition Commission in 2004, at the request of other forest players, particularly Yorkor[18] Timber, refused the third attempt at selling Komatiland off wholesale, citing disadvantages this would pose to existing smaller saw millers who were already reliant on the same resource for supply of logs. This dissolution of the offer to the Bonheur consortium, the then preferred buyer, helped to extend the time needed to explore other ways of ensuring that such concentration would be minimized when government decides to re-float the package for sale for the fourth, and hopefully in the interest of the industry, final time.

Other observers viewed the opposition to Komatiland Forests as not about competition, but rather it was about security of access to the same resource. Bonheur Consortium consisted of Global Forest Products, who already owned the biggest sawmill in the country. If they were going to also have sole control of the forest resource, other saw millers in the area who also relied on government forests for logs would face an uncertain future. What the opposition was implying when they used the argument on competitiveness of the deal was that they would lose entitlements to logs. A director at FSA opined:

> What those people are actually saying is that it must not go through because then they, because they are also already involved, their resource would reduce if the sale was allowed to go through. So it was not an argument against concentration but rather, that they would lose access to logs and their sawmills would probably close down. They would be dealing with a company that could decide to increase its output, change its product mix and do whatever they wanted in a very short space of time as the market grows and demands change. If the state really wanted to introduce competition into the market, then what should have happened was for them to keep the sawmill owned by Komatiland out of the package and put it separately on the market and then look for 5 or 6 entities to move into the sector and perhaps start saw mill operations.

[18] Yorkor is a listed forest company (on the Johannesburg Securities Exchange) at the forefront of the opposition of sale of Komatiland Forests to a single entity. They won the arguments at the Competition Commission. Government through DPE appealed against the judgment.

The uncertainty caused by the attempted wholesale privatization of Komatiland Forests was also believed to have affected the sawmilling industry in other ways. Sawmilling, with the state being the dominant player, had long lagged behind in terms of technology upgrade and skills development. This stagnation had started to change with saw millers beginning to move toward increased investments in technology and skills. With the sale process having been on for eight years, saw millers slowed down on these investments because of the possibility of risking capital in the event of loss of saw log supplies.

Komatiland Forests is a good example of the failure of government to live up to its objective of enhancing competitiveness in the sector. It is a large asset, in good condition and makes sense for economies of scale. Out of the 130,000 hectares that went for R396 million, the state would also be collecting R14 million in rent annually. This was a money-spinning option for government and other objectives were easily traded off.

In terms of attaining efficiency, the already privatized areas have been able to surpass government's previous performance both in production and in profits. SFP reported to have intensified activity in both areas reversing assets that in government hands were making losses of R100million a year, and had over 10,000 hectares destroyed by fire. Three years into taking over the assets, SFP reported replanting the 10,000 hectares and the company had become profitable.

SQF who inherited some 26,451 hectares of forestland had by 2004 an annual turnover of R135.8 million, was directly employing 29 people and outsourcing most of its operations with more than 1,263 people. It had paid a total of R1.2 million in taxes to the public sector in 2004 (SQF 2005).

Sacrificed objectives

The enactment of any sector policy, like the forest policy, works within the frame of a broader national economic policy. Operationalizing the forest policy had to take into account bits and pieces of other legislation and work in alignment with them rather than in opposition.[19]

The broad-based BEE is one transformation instrument intertwined in almost all the other sector-specific policies. In the draft *Broad Based Black Economic Empowerment Framework* (2004: 6), BEE means "the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies". Simplified, one of the objectives of BEE is to; "increase the extent to which black women own and manage existing and new enterprises, and to increase their access to economic activities, infrastructure and skills training"[20]

[19] See chapter 3 for the cross-sector policy linkages in the new South Africa.
[20] http://www.southafrica.info/public_services/citizens/travelkit-bee.htm

The *White Paper for Sustainable Forestry Development* (1996: 20) also recognized the need to mainstream women in all aspects of the forest economy. It says the "Department will incorporate measures into all its policy instruments to ensure the empowerment of women."

One recurring theme in most policies is not only the transformation imperatives and emancipation of black people, but specifically the role and position of women both in the short and long-term visions. The process of divestiture of state owned entities to private interests was also assumed to take on some of these objectives as pre-conditions of sale. What has happened in the forestry case is that it was very difficult to respond to all the sale objectives, because some of them were in direct conflict with each other. If the government wanted to realize the best price from the forests, then other objectives that were more developmental and not price-oriented would suffer. The South African forests initially attracted foreign investors who did not want a sale with too many developmental conditions attached to them, and these are just some of the reasons given for the withdrawal of a big company like American-based Weyerhouser.

It is evident as well that, although government had the upper hand on how to sell their forests assets and what conditions of sale to attach, it was still difficult in this process to achieve all the objectives they had set out. For instance, it managed to push for a minimum 10% shareholding by black entities in each of the assets they sold, but it was not easy to insist on the composition of the consortia to reflect government's ambition to include women. The same way government hoped that in these processes rural dwellers would come on board. Although SFP managed to include a community Trust in its shareholding, the other private entities have found it easier to have a black entity instead. Hence these objectives have somehow managed to work against each other due to the complexities they would pose if there were no flexibility to drop some of them in favour of others. One respondent who observed the forest sale process had this to say:

> Consideration of gender balance as part of actual empowerment is found in the Constitution and even in the empowerment shareholding strategy but in reality, the economy and the forest sector in particular, is largely a male dominated structure. If you look at the new forest cases, the SQF one that has a traditional authority as part of the BEE entity would have more implications by virtue of the paternalistic nature of traditional authority. The SFP case and the Singilanga Trust within it could be said to be broader based but I suspect it is also still largely male. One comment was made to me that in the community Trust, it is generally the men who made the decisions, signed the documents and are responsible for the budget and anything financial. So men take credit. It is a broad generalization but it still seems to do.

On the implications of pushing for gender balance during the sale, he argued:

> Empowerment and black empowerment in itself is a difficult thing to achieve. To private entities, imposing even greater conditions such as gender sensitivity leads to situations where trade-offs have to come in. It is difficult to achieve everything and the more conditions you

> place on the deal, the more you limit the scales of possibility. If you insist that the forest must be taken over by a female-owned black empowerment firm, it becomes very difficult as this is still very rare. I need to take a view on whether they could have done more but my sense of it is that the economy in the rural environment is not mature enough to start picking and choosing. If you can get a single deal you appreciate that that alone was possible. It is unrealistic at this stage of South Africa's history.

It must be said that the element of gender has been difficult to insist on, especially during privatization of SOEs; employment in the public sector has been better driven, with DWAF for instance having, a staff profile which is about 50% women. Other government departments have reported exceeding their employment equity targets (Department of Labour 2003). The parliament of South Africa and the cabinet are good examples of representation targets having been exceeded and ranking among the best by international standards.

While ownership patterns in the private sector still reflect a male bias, a trend that is difficult to change even when government transfers its assets, there are other practices to which employers have to adhere, such as employment equity. So while transformation objectives may not be met at certain levels, there are other areas where missed opportunities can be redressed.

Efforts toward transforming the economy seem to prioritize and confront the race-based nature of the companies first, while the question of obtaining a gender balance lags behind. The many demands that are placed on business have led to a situation in which some objectives are ignored, based on their perceived weight and importance, as well as certain realistic factors like capital and education. It is also a question of history *vis-a-vis* available capacity that makes it difficult to push forward certain agendas. The nature of apartheid was such that black people were denied access to ownership and management of productive assets. Generally, the position of women was not any better.

The public sector has changed its image and organizational profile to reflect the country's demographics a lot faster than the private sector, partly because it is in the driving seat of the change process. The private sector on the other hand, has to deal with its own entrenched organizational culture, coupled with the fact that its acceptance of government policies is not uniform across the spectrum. The said change has been relatively easier to achieve at the level of employment rather than in ownership, due to resources and structures that have to be considered when ownership is diversified.

Concluding note

This chapter has discussed the events leading to forestry restructuring and how the responsible government agencies coped with new roles that came up. The weaknesses in the agencies approach to restructuring, the problems of capacity, labour concerns, poor cross sector networks, and delays in implementation of land policy all impacted on the forestry process. There were also post-restructuring impacts on the forest industry, such as the loss of government's funding to research, the paucity in issuance of planting permits, and the residual tensions caused when some original objectives of restructuring were dropped in favour of others. These findings, as elaborated later in chapter 8, reveal that in this particular policy arena, those who made gains through privatization were those present, and who wielded power to push through their objectives. The losers were sidelined either by inadequate information, inability to be present at negotiations, and a lack of financial capacity. On a more positive note, the privatized areas both increased in efficiency and became more competitive and profitable when compared to the days of state ownership and management.

6

Analyzing management models: The ways of SFP and SQF

This chapter discusses, in two respective sections, the management models employed by both SFP and SQF in the light of additional policy objectives of community involvement and black economic empowerment (BEE). It examines the strategy of each company as well as issues of representation of community interests. It also gives an account of community organizing, roles of actors/-interest groups and the processes of establishing business relationships with target communities.

The notable difference is the way SFP and SQF approach their developmental objectives. While SFP put a significant emphasis on community as business partner, SQF opted for the tried and tested route of business-to-business, hence creating an alliance with an individual black business group rather than a black community. On a secondary level, there are reverse actions as SFP also experiments with other individual entrepreneur models of business. SQF on the other hand, also attempts to establish business relationships with groups of communities. The main basis of this chapter is SFP and SQF's primary approaches to forest management, which are considered as core to their empowerment actions.

SFP and target communities

The initial process of building rules and relationships

As reported in the previous chapter, SFP relationship with groups of communities neighbouring their forests started in 1999 at the beginning of the negotiations for the sale of forests between government and several private sector actors. The building of this community-company relationship preceded the actual sale of the forests. It was started way a head in anticipation of a successful acquisition of the Eastern Cape forests from government by SFP. In fact, the pre-negotiation for a business relationship with communities and their inclusion as partners in the SFP bid for government forests was meant to make SFP‘s proposal stronger and attractive as part of meeting the developmental objectives that government was advancing as they privatized. SFP’s broad commitment where communities were concerned as outlined in their first post-sale business plan for the period 2001 to 2006 was “to use reasonable endeavours to contribute to the socio-economic upliftment of the community” (SFP 2001: 7).

Bringing in communities required that SFP made known their intentions but this also demanded that they identified and defined the groups of people as well as the boundaries of work. Hence before the sale from government was won and contrary to conventional business partnering, SFP in a strategic move organized meetings with several community groups to sell out their forest business idea. In 2001, after four years of negotiation, the process culminated in the creation of Singilanga Directorate Trust (SDT), an umbrella Trust representing all identified communities.

SDT is further made up of the two regional trusts called Singisi and Langeni that represent the two geographic ends of the project area. Both sub-trusts represent residents in several magisterial districts in their areas. The larger Trust Singisi covers of Harding, Umzimkhulu, Bulwa, Imbedle and Harwick magisterial districts. Langeni on the hand comprises Tsolo, Umtata and Ngcobo districts. Being the larger of the two trusts, Singisi commands a bigger share of the 10% shareholding but these are also commensurate with the amount of forests each region possesses.

Both Singisi and Langeni consist of a team of trust members and are headed by a chairperson. Both chairs are members of the SFP board of directors, but only the overall SDT director has voting rights on behalf of the community. Three other non-voting members also sit at board meetings as observers and are allowed to influence proceedings by raising issues of interest and areas of concern. All trust members are volunteers and are only paid sitting allowances.

The selection of SDT leadership

The creation of the main Trust SDT and its subsidiaries Singisi and Langeni went through certain related steps. SFP went out to find and define the communities they wanted to work with. They found groups of more than 165 communities around their plantations. These groups distinguished themselves based on several attributes such as kinship ties, chiefdoms and even according to certain functional clusters e.g. taxi associations. SFP considered these groupings as too numerous and fragmented. Since they preferred to work with a smaller number of groups, SFP came up with a criterion that saw these groups amalgamated into only 16. These 16 were not communities in any substantive sense nor did the strategy follow existing definitions preferred and understood by the communities in question. The new groups were each represented by two members, who congregated under a task team.

The main responsibility of the 32-member task team was to help establish a stronger relationship between residents and SFP. The task team continued with what SFP had started, explaining to neighbouring communities what SFP was about and how they could in turn organize a Trust as a legal representative unit to administer its shareholding as well as their engagement in business opportunities that would emanate from SFP operations in the area.

The task team was the building block of the streamlined Trust officials. It is out of the 32 members of the task team that respective communities each elected one Trust leader during open forums convened by area chiefs. Hence 16 Trust officials, all picked from the task team represent SDT. The Trusts are legally recognized bodies and are registered under the Deeds of Trust. The Trust therefore qualifies to hold and redistribute to its members money and other benefits that accrue from the forestry deal.

The basic problem posed by this criterion that SFP used to convene the Trust is that the "community" having been reduced to a smaller number ignored the sense of community that members understood. As a result, those picked as community representatives were not necessarily known or trusted by most of the people that they purported to represent.

The primary objectives of the Trust as contained in their 'deed of trust', a legal document, indicate that they:

> Would hold the SFP shareholding and administer the flow of benefits deriving from the shareholding, for and on behalf of the beneficiaries of the Trust; distribute the benefits deriving from the SFP shareholding according to the agreed benefit percentage to the beneficiaries; ensure that the benefits accrued from the SFP shareholding are applied to improve the quality of life of the beneficiary communities; and to appoint a Director, annually, to serve on the SFP Board of Directors as agreed upon at a meeting of Trustees". (Section 4 of the Deed of Trust, Establishing the Singilanga Directorate Trust 2001).

Thus the Trust has specific responsibilities and it does try to act on behalf of the community through promoting their interests at the SFP board of directors for instance, ensuring that they are prioritized in terms of job opportunities that come up at SFP. They also facilitate ideas for investment of dividends to the interest of beneficiaries. SDT plays a double role and acts as a link between SFP and the local community through communicating SFP's ideas and intentions to the beneficiaries. It does the same on behalf of beneficiaries as well.

Part of SFP's motivation of having a local community as partner was to acquire some sort of security for their forest assets. The forest plantations, in the past, have been prone to fires and destruction that were sometimes considered an expression of dissent from local inhabitants who felt isolated from business operations in their own localities. SFP therefore considered it important to enhance, amongst local communities where they work, a sense of ownership of the assets in return for security of the plantations. SDT was part of this scheme to protect the forests against deliberate destruction.

SDT and difficulties of organizing

Engaging the community was a difficult and time-consuming process as the area under consideration is vast. The combined forest and vacant land under SFP amounts to over 60,000 hectares. The Singisi forest area neighbours different groups of people and individuals who, as previously mentioned, do not necessarily consider themselves as a community in the sense SFP could have initially understood them to be. As one local leader stated during an interview:

> The problem we faced in our area [Umzimkhulu] alone was that the community is so big and we do not necessarily know each other. So selecting a representative to the Trust for instance, was a difficult exercise given that only a few would represent us. In the end, the persons who were elected are not necessarily known to most of us. The people here do not know the Chairperson [Singisi Trust Chairperson] very well and hence the problem of trust arises. This meant that we had to do a lot of convincing and explaining and that took a lot of time. It also involved holding several meetings to find clarity on such issues (Interview 25/03/04).

Due to the vast area that SFP was operating, part of the problem was logistical in the sense that as a business, it was easier to deal with as few representative Trusts as possible but this meant ignoring the geographic, cultural and social differences that characterize the region. As indicated earlier, SFP ended up deciding on only two community Trusts and the reasons as given by one respondent at SFP was that:

> the diversity was so great and we knew for instance that the Pondo people would not sit at the same table with the Zulus and the same between the Baca and the Sotho…there would always be a power struggle so we devised a method where they could share in the profits according to the size of the land that they previously owned (Interview February 2004).

Although it made sense for SFP to have only two community Trusts working directly with them, this approach only minimized challenges for SFP that would be posed if they were interacting with numerous entities. It did not solve logistical problems for communities themselves in terms of building new, or strengthening existing relationships in their areas for purposes of engaging SFP. Because the membership of the Trusts expanded over large areas, communication at the community level itself was difficult since the distances between community groups under Singisi Trust alone amounts to over 70 km. This did not work to boost the building of social bonds that would accelerate a more successful engagement with an external private entity.

The idea to set up community trusts came from SFP and not from the target groups of communities. Because SFP was looking to the local residents for a business partner to compete for the state assets, they ended up being the facilitators in this process that also involved understanding the complexities that would emanate from such an unconventional business partnership. As the previous employee indicated:

> We [SFP] went out and identified stakeholders in this forest resource including the owners of the land or those who had certain rights to it thereafter we started our consultations and explained to them what we wanted to do and what was involved in the process. We decided to set up a vehicle that would hold the community's shareholding in our company but from there we had to set up other two regional trusts - Langeni and Singisi community trusts (Interview 2 February 2004).

Part of the problem with this arrangement emanates from the idea to have local residents as partners and the model of that partnership was initiated by SFP and then sold to the local residents. Because SFP is a business and was working within certain time limits, the time they set to do this did not take cognizance of the complexities and diversity in the local areas.

Hence there were difficulties in having the locals not only to understand what SFP was proposing but also to accept it as a an idea that was desirable to them. Problems faced in gaining the confidence of the local people were not only hampered by their internal differences. Within the locality, as in many other rural areas in South Africa, there were contextual issues based on a history of mistrust especially where government projects or private sector interests were concerned. These emanated from policies and events during apartheid years that culminated in displacements to make way for plantation forestry. To convince the same peoples that the new enterprise would benefit them was met with scepticism. As the previous respondent further reported:

> It took us three years to negotiate with various interests, employees and communities. We would have meetings every Sunday where we answered questions from communities and as much as there was interest, there was also a lot of mistrust and uncertainty (*ibid*.)

Some individuals within the local areas themselves saw their lack of experience in collective organizing as part of the problem that undermined their efforts to engage SFP. One particular respondent noted that their history in organizing locally, especially when it came to running small enterprises, had been dismal; motivation to join the SFP was quite low as a result.

> Some people in my area [Ngujini village] had attempted a candle-making project before. They had a market as the stores were ready to buy the products but the project was not successful due to misunderstanding amongst members (Interview 26/03/04).

Project ideas that required involvement of groups of communities were often reported to be unsuccessful: part of the reason being that the more affluent members of the local society were not interested in taking part in group initiatives. The same respondent opines;

> Local projects are problematic and in most cases they are not successful. Problems arise because it is only poor people who do not have the means who are interested. People who are better off are not interested due to their relative independence (*ibid.*)

The reported reluctance by the local elite to engage in such initiatives also works against efforts to deal with issues of capacity and skills within the same areas. At the local level, there are nuanced responses to elitism and the same could be said of the private sector. On one hand, the problem of capacity and skills at the local level is attributed to the less than adequate engagement with enterprise, but in instances where there are skilled and educated individuals, they are again perceived as self-seekers who like to be at the forefront for individual gains, and not as genuine representatives of other local residents. Hence one respondent, a representative of Langeni Trust summed it thus:

> Within the context of village politics, we lack enough people with skills that can take on affluent businesses from outside such as SFP and relate with them more constructively. But there is also a problem with local residents here, there is a fear of the few capacitated people by the incapacitated (Interview 25/05/04).

A respondent, an employee of SFP concurred with the above view, saying that the reasons why certain sections of the communities they were dealing with were not as interested in the business ventures, was because of the self-seeking agendas of individual members, who "have their own aspirations and when they are in positions of authority, they work to advance certain interests some of which are political and not conducive to the good management of the company" (Interview 25/03/04).

The Langeni Trust, whose majority members come from the peri-urban areas near Umtata, were more aggressive and decisive in the nature of the relationship they wanted with SFP. They had proposed, among other things, that they have a say in the way contracts resulting from Langeni operations were awarded. The enthusiasm of Langeni Trustees was attributed to their exposure to the urban areas, hence the relative availability of educated and skilled individuals: in contrast Singisi Trust is further in the hinterland. Langeni members also demonstrated a more united front when agitating or presenting their grievances to their partner, SFP. Such attributes sometimes worked against the expectations of SFP, and even local members represented by the Langeni Trust. During the researcher's second visit to SFP in March 2006, the leadership of Langeni Trust had been dissolved due to alleged non-accountability of funds remitted from their shareholding at SFP.

Generally, processes that involve selling new ideas to large differentiated groups of people inherently pose challenges of a varied nature. In this particular case study, trust leaders said that attendance at community meetings was irregular, and completely new people often appeared at subsequent follow-up meetings in the same area. Hence it was difficult to achieve progress and continuity on issues that SFP was trying propagate. One respondent remembered those preparatory meetings:

> It was very tedious to hold those meetings not only because of the size of the areas but also because it is not always easy to get people together to convince them of a totally new idea, and more so if it is something they have never heard about before. The meetings we held would go on for whole days and still people would have questions and more questions. The biggest concern was how this venture would impact on stock rearing since so many people here keep cattle and how they would benefit from it. They saw it as one new way of dispossessing them of their grazing lands and so they were reluctant to commit the area for the planting of trees (Interview March 2004)

Since attendance at meetings was often low and inconsistent, there was a lack of quorum at meetings when the elections of Trustees were conducted. Despite their apathy in attendance, some residents still voiced dissatisfaction at the outcome when elected representatives were people from other areas not known to them. Such concerns are a product of inaccurate definitions of community, and attempts to streamline diverse geographic residents into smaller but non-cohesive units for easier communication with SFP. They have also arisen due to the vastness of areas where SFP assets are located: this poses administrative and logistical challenges especially where community power-sharing and leadership is concerned.

Some of these challenges arise out of unique local dynamics that private forest interests from outside seldom immediately understand, while others fit in with private companies' attempts to consolidate their influence in a way that is less threatening to its business. A particular example is a case where one of the lead members of the Trust is also an employee and on the payroll of SFP. For some of the community members, having one of their own Directors to the Trust also under the payroll of SFP seemed to pose a conflict of interest, as they argued that he would be compromised in effectively representing his own community's needs and vision. However, others were of the opinion that having a Trust official inside the daily operations of the company could enable insights that the community could use to strengthen its position in the alliance. Such sentiments reflect some of the paradoxes that afflict such collaborations.

Unfulfilled expectations and the perceived role of government in community organizing

Although SFP responded to policy sentiments by including black businesses in their privatized assets, government's facilitation remained at the level of policy decisions rather than at the roots, where actual processes of implementation take place. Hence SFP decided to work directly with the relevant communities without much direction from respective government departments. Respondents both from government and SFP understand this minimal involvement to be a result of very low capacities in relevant government departments at the time the sale process was taking place. One SFP member of personnel, who also originates from the area, described the early processes that brought the area communities on board and the lack of participation of government;

> Initially they [government] did not play a role, and this was a concern since we as community were under the impression that government would ensure that both its interests and our community interests would be covered. It did not happen then and we understood it more as a question of capacity. At the DLA for instance, only one lady deals with this eastern side of the Eastern Cape Province and that is a large area. The DLA is the one that has the mandate to ensure that the rights of communities, especially in relation to land, are upheld when privatization takes place (Interview 29/03/04).

Local communities remained unsupported by the government as well. They were not informed beforehand of the intention of government to sell the forest assets lying close to their environments, or the government policies related to that sale. The result was that local residents failed to explore how they could organize themselves both legally and financially to enable a stronger position during the sale of the assets. The result was SFP running the process according to its own vision and on its own terms.

SFP actually facilitated the community process by employing consultants, and also conducted the identification of those with certain rights to this land, a process that the same under-capacitated DLA said they would not recognize because they found it flawed (*ibid*.).

For the local communities in the forest neighbourhood, who use part of these lands for pasture and other purposes, the efforts of SFP to enlighten them on the sale notwithstanding, the sentiments, as the previous respondent intimated, were that:

> The impression created by the events during the sale was that community assets were being sold without them being consulted and without their rights to these lands being secured upfront (*ibid.*).

Government's lack of facilitation at the time was attributed not only to low capacities within the relevant departments, but also to confusion and loss of information along the chain of cross-sectoral networks between several departments that were either, directly or indirectly, concerned with sale of the forests. In fact, the lack of clear linkages across departments, or even along the various levels within departments, especially on issues that overlap, is reported as a hindrance to service delivery. As a DWAF personnel succinctly observed:

> We have many government institutions looking after the same agreement. My view is that we should have one government unit looking at all related issues, for instance issues of leases, labour and other contracts that are signed with the same people. In one contract, certain promises are made to local communities such as ensuring that they get businesses from these ventures to improve their situations but it is not clear who or which institution has the mandate to ensure this happens (Interview 6 July 2004).

A good example during the forest privatization exercise pitted the Department of Public Enterprises (in charge of restructuring/privatization) against the Department of Water Affairs and Forestry (as custodians of the forest resource), as well as the Department of Land Affairs (as protectors of people's land rights), local government (for regional development issues), and Department of Public Works as custodians of land in the areas formerly under the Republic South Africa[21]. Whilst the major roles and responsibilities of each department in terms of the main forest transaction were defined, there was a lack of coordination between these major government departments on non-core issues, such as the role of rural communities; hence the inaction, especially in terms of which of them should have been responsible for local facilitation and which would address the discontent of local interests that followed in the privatized areas. The DLA explained that inasmuch as certain issues extended to several departments, the schedules of these offices were rarely synchronized.

> We use certain criteria to prioritize our work especially when it comes to community work and particularly those related to issues of land. These priorities are not similar across departments…sometimes DWAF may have access to some information that DLA does not have and vice versa but legislation requires that we consult with the people…(Interview 1 April 2004)

Traditional authority and elected local councils

In seeking access to local residents, SFP worked through traditional authority, particularly the local chiefs. Although the influence of traditional authority councils has waned in most of the Eastern Cape Province, their role in successful and timely convening of meetings and mobilizing local residents is still unrivalled. However, when it comes to development issues at the local level, the local councils, which are headed by elected leaders, are placed in a more influential position. Local councils have the mandate, the personnel, and the finances necessary to oversee and sanction the introduction of economic activities in their areas. In this regard, it is assumed that issues, such as those of financing community entities and creating networks with outside actors and donors, would have been better addressed through liaison at least with the local councils. SFP concentrated more on traditional authority and their mobilization capabilities, and in a way neglected the opportunity to work with the local councils. Hence, they missed out

[21] As opposed to the Bantustans that under apartheid were considered as separate black states (away) from white South Africa.

on resources and perspective of the local councils that would have complemented the community's participation. SFP officer reports,

> Initially we interacted more with local Traditional Authority while there was minimal contact with the local elected leaders like the councillors. Lately, we realized that their role is also important because in as much as money could be flowing to the Trust, this alone is not enough and the local councils has a critical role to play in the process especially through supporting local structures and using the resources that we have to liberate more funds (Interview 29/03/04).

SFP then acknowledged the role of local authority and tried to consult local councils where necessary, and benefit from their input and networks. SFP's earlier scepticism on working with elected politicians resonated views that preferred that government should have no role in business. From interviews with SFP officials, the feeling was that elected politicians did not necessarily share the vision of the company, and their ideas would often be in direct conflict to that of business. In the process, the developmental role and input from the regional authority, especially in facilitating funding for the community Trust, was overlooked during the early phases of creating contacts and building relationships.

Competing activities and resistance to forestry

In selling the idea of an alliance to a local, albeit, diverse community, it was crucial to employ a strategy that would counter the numerous questions and concerns that the residents were raising. Since forestry would be exercised not in isolation but as one of the various local, although small-scale economic activities, one of the areas of concern was how additional forestation would impact on *de facto* communal cattle grazing fields since these are intertwined inside the leased areas. The solution to this particular issue is a contradiction of sorts, especially coming from a business firm that operates within market principles that lay emphasis on individualism. SFP, through the Trust leaders, emphasized the collective benefits that would accrue from community involvement in a private enterprise and argued that this was essentially better for the community as a whole, especially since individual activities like stock rearing benefited specific households rather than everybody in the 'community'. Some community members did not support further forestation on communal land, and did not think that the rest of the members would agree to plant more trees to feed future SFP's increased demands. One community member opined:

> People around here would not agree to forestation due to the uncertainty this would raise about that particular land. There is a place nearby called Lutu where they tried in 1993 to plant more trees. There was confusion and some politics, so the communities destroyed those forests. The company that planted them said that local people would be employed in those forests. Right now, there would still be voices who would say no, but again if they manage to plant, the likelihood of the forests being destroyed is low as people now understand the benefits better (Interview 26/03/04)

In the kind of business alliance that was created in the SFP case study, emphasis is placed on shared objectives of the various actors, but there were more disparities in expectations of the community and SFP than there were similarities. Within the context of a legacy of discrimination, low skills base, and lack of financial might on the side of black people, and specifically the community as partner in the private enterprise, the case presents a scenario in which the community has developmental needs that they expect that SFP can fulfil. SFP on the other hand, prefers the community to instil a sense of ownership and contribute toward building the enterprise that operates on land to which they have legal rights. At the same time, SFP hopes that this sense of entitlement would in turn help to minimize the risk of deliberate fires caused by communities in the forest assets, as is reported to have happened in the past. They expect active support from the communities, in this respect through heightened security and a willingness to watch out for members who could pose security threats. Inasmuch as SFP would hope to have a set of reconciled goals with the community Trust, certain contradictions manifest themselves as they also find difficulties in considering the Trust as partner. Instead, they view them as recipients of benefits that emanate from their compliance to government's affirmative action policies. As the SFP forest manager stated:

> We [SFP] paid for our shares and we are still paying for it…but they [community trust] are living on a gift at the moment. They are getting a dividend without putting anything in (Interview 25 March 2004).

Again this particular statement contradicts other sentiments from SFP, as elsewhere they acknowledge that the land they work on belongs to the neighbouring communities, and hence can be considered as part of their stake in the business. In addition, SFP, like any other business, has certain social responsibilities in areas where it operates. It also perhaps ignites a debate about the value of land as a resource, and how SFP or private enterprises view it; but given that they pay rentals to the state, money that is meant for compensating rightful landowners, should they again be obliged to deal with community issues?

Land, rentals and implications for SFP-Community relationship

The process of building relationships between SFP and neighbouring communities is on going, with certain gains made and potential difficulties envisaged. One recurrent cause for concern emanates from the criteria used when the idea of the Trust was conceived.

In a Briefing Document titled *Transfer of 10% of the shares in Singisi Forest Products (PTY) LTD ("SFP") to Black Economic Empowerment entities ("BEEs")* that was drawn up by SFP soon after, they were declared as the preferred bidders of these state forest asset, SFP indicated that the shareholding that they had earmarked for their local partner would go to communities with “historic rights to the land on which the plantations were originally developed”. It went on to say “of the 10% BEE shareholding, 70% will be offered to communities with beneficiary land rights and 30% will be offered to others who are local, and have interests in the forest sector”. The actual process of singling out which groups of communities to engage was not as clear-cut as expressed in the article. Because the process of identifying rightful land claimants was under the jurisdiction of the Department of Land Affairs, and was yet to be conducted in the Eastern Cape area, the (mis-)timing did not suit SFP who, in order to present an effective bid to the government, had to outline clear strategies on how they would involve local inhabitants. Because SFP had an agenda and a time table that did not correspond to the DLA one, SFP went ahead, and using its own criteria, identified groups of communities to incorporate into the new Trust.

The SFP model of ownership has mandated SDT, the community Trust, to become the administrator of the 10% shareholding by community members. In principle, all the people residing within the geographic area identified by SFP are beneficiaries. On another level, there are people within these areas that had officially claimed for restoration of entitlements to land from which they were unjustly displaced during the apartheid regime. Should these claims be validated, such groups of people or individuals would become the legal owners of the land on which the forests stood. The annual rent of R6 million that SFP currently pays to the state will be channelled to these successful cases. The implication for the already functional community trust, whose primary purpose is to administer the 10% shareholding would be a situation where individuals or groups with both legal claims to the land, but currently having use rights as they await the restoration of their titles, are likely to insist on more influence in the running of the Trust, or would want to see a different representative body for legal owners and not simply people with use rights. Legally, the Trust has no basis to administer compensation payouts or annual rentals that SFP pays, since it was instituted for the purposes of managing community’s shareholding only, but on the ground, the story around rentals was conflicting and different depending on the affiliation of the respondent.

SFP and SDT preferred that SDT should, because of its already existing legal position, take over the administration of the rentals once the state started remitting them back to rightful communities. At a meeting with one community near Umzimkhulu town, a Trust official attempted to clarify the issue of rentals albeit, in contradiction to DLA’s procedures:

> SFP rents land from the communities around here and they pay rent. The rent is supposed to come to SDT and then be transferred to the communities. Everyone has to benefit equally. As it is a government department that is holding the rent that SFP has paid them so far and

> we need as a community to organize so as to address this issue. The company pays R6 million each year and they have done this for the past four years since 2001. We need to know when they are going to start using the funds to the benefit of our communities. (Part of speech, SDT leader on 25 March 2004).

The quote above corroborates the opinion of SFP as it relates to the rentals. An SFP manager had this to say about the rent they pay to the state:

> The government is waiting for DLA to identify beneficiary communities but what we (SFP) are saying is that why can't government pay back in areas where identification has taken place? By delaying these payments government wants the relationship between us and the community to be troubled. (Interview 25 March 2004)

The subsequent impression of local residents that was partly caused by inaccurate information from the SDT and SFP was that everyone would be a beneficiary of the land compensation scheme that the rentals would cover. The second misconception was that SDT would also be the custodians of the rentals when they are remitted back to rightful groups of communities. On the contrary, the response from the relevant government departments indicted that the leaders of the Trust (SDT) would not be endowed with any mandate over successfully claimed land, unless with clear permission from the successful claimants. The department of land affairs (DLA) in particular supported these sentiments, clarifying that inasmuch as there could be plans to re-channel rentals back to local communities, the process should not be confused with the land restitution which targets individuals who had actually lost property and had subsequently submitted successful claims. DWAF reinforced the view of DLA with one respondent explaining that

> They [SFP] want us to take the rentals and pay it to their Trust but that Trust is not the rightful owners of the land…We do not argue with the fact that Trust members are from the communities but they are not the rightful owners. DLA has a process of identifying those communities and legalizing it and before that process is completed, no money will be paid. (…) SFP knows very well that this is the procedure hence the impression that has been created out there is wrong and one that may backfire later as people will be expecting certain things from SFP. The Trust is their business partner and they seem to believe that the Trust is their answer to their problems with the community but it is not. SFP needs to go out and create a relationship with these communities, a conducive relationship with communities that stay around them. The Trust is a business arrangement and some of them do not even stay close to these areas. (Interview 6 July 2004)

The view that SFP and SDT have taken toward the rentals, and that has generated such strong reactions from the government side, is not entirely accurate if one scrutinizes the procedures that guide cases of compensation. The question of rentals has been manipulated and politicized; hence it presents a good example where the relationship between SFP, government and the community Trust is tested. While it is clear that compensation arising out of successful claims on forest or other lands goes to applicant communities or individuals, SFP have pushed for the return of the rents they pay to the state, back to communities through Singilanga Trust, which is their business partner. In this way, SFP hopes that SDT would be in a stronger financial position and a better-resourced partner. The anxiety has sprung forth of the government decision that the money be held in a suspense account, as opposed to the treasury account, so that it can eventually be given back to forest communities without too much bureaucratic procedure. Secondly, inasmuch as a number of people understand that only successful claimants eventually benefit from compensation, and that other people in the neighbourhood may only benefit if the beneficiaries decide to engage in communal projects, government indeed did not explain what happens when there is a situation where the money they receive each year from these areas is more than what is due to claimants. This is likely to happen since just a portion of the forestland was claimed.

Simplified, the story is that the land where the forests lie is either state land or community land. The state leases to SFP and also holds the community's land in trust, awaiting finalization of claims. Therefore, part of the state land will be given back to both successful individual and communal claimants. Hence there will be less rental money going to the state and more to claimants. Where money goes to groups of claimants, there are certain legal procedures to which the state expects them to adhere, and includes establishing a legally recognized entity and drawing up their plans. It could be a Trust or a Communal Property Association. SDT as it was convened did not qualify to represent claimants, but the business interests of SFP communities. Some SDT members are not necessarily affected by the land issue; hence they are not entitled to rental returns. SDT officials are not elected by those affected by the land issue and are not mandated to act on their behalf. They could only act on behalf of the claimants if they got express permission from them

Why the tension then and debate around rentals at the local level? Policy and practices that are intended to transform South Africa's economic sector have redefined the way that business relates to the state. The macro-economic path that South Africa has chosen requires that there is less government say in the way the economy is run. Hence the state has used the few options it has, especially while it sells its assets to the private sector, to ensure that the private sector respond to some degree to the development challenges that are present in South Africa, particularly among the black majority. Some in the business sector, caught in these development dilemmas, feel obliged to create the impression of compliance, even when they know certain promises (such as having community as business partner) would run into logistical problems. Hence SFP hopes that by sensitizing the community around them to push for faster delivery of rents and other services, this would help ease the pressure that they face daily, given that they are a lot closer to the local areas and to the people, more even than the local government itself.

For communities who may have historic rights or current use rights to SFP land, the question of land also means that they have a lot more stake in the area, and by extension at SFP. They are the *de facto* landlords and their new status not only brings them some dignity but power as well. While the leaseholders (SFP) are protected for the period of the contract (an initial 35 years), the new owners of the land will decide whether to let them continue, or repossess the land and reconvert to other uses than forestry. These potential difficulties posed by unresolved tenure issues were envisioned earlier on, when the state was planning the sale of the forests and were a disincentive to investors, some of whom are believed to have withdrawn interest because of the complicated land tenure situation. This was the major reason why the state decided to lease out the land, forest assets and property on it, rather than sell them outright. The state sold use rights rather than the land and property on it. Regardless of the politics around land in the study areas and the position of the communities in question, getting into a business venture with SFP still required that these interested groups of communities came up with ways of funding their shareholding.

On a general level, the question of land tenure in South Africa is a convoluted issue given the history of dispossession and displacements with apartheid. At the end of apartheid and the beginning of the new dispensation in 1994, the question of land and how to restore rights to affected black people became one of the most discussed issues of the decade. It is estimated that between 1960 and 1983 alone, over 3.5 million black people were removed from their land with the support of state apparatus and policies such as the Group Areas Act of 1913 (Kariuki 2004).

While various new policies since 1994 have been written to support the processes that aim to restore or address people's land rights, there are three separate but interrelated practices that have been sanctioned in order to address the post apartheid land question. These are: the Land Restitution, the Land Redistribution and the Land Tenure Reform.

Through the Land Restitution process, the idea has been to identify through a national claims process, those individuals or groups who were forcibly removed from their lands. The claims were done through submitting applications to a Land Claims Commission, a process that ran for a few years and ended in 1998. The Commission has the mandate to process cases and declare them valid when there is sufficient proof that a displacement occurred. Successful applications are then either compensated financially, or where possible people are restored to their original lands.

Land Redistribution on the other hand, aims to address the skewed nature of land ownership in South Africa through enabling the landless to gain access to land. Kariuki (2004) observes the intricate link that exists between land redistribution and the extension of socio-economic rights to black South Africans. Redistribution in itself therefore, is not simply concerned with equity but is a political response to a large section of the electorate who are mostly poor after years of systemic subjugation.

Lastly, the Land Tenure Reform seeks to find solutions to problems of insecure tenure. Examples of people in this category are those who live and work on private or state lands but who did not, under the previous regime, possess any legal land rights.

Processes of this nature are seldom devoid of constraints, regardless of how well thought-out strategies and procedures are. The land question in South Africa is a political issue but one that is being addressed within a neo-liberal economic context where the market is given primacy. This poses contradictions where the land reform process may be seen to interfere with private property rights. Having to deal with such historical issues within current economic paradigms, has posed many legal problems that have in turn contributed the slow-pace, or in certain cases, failure of the reform process.

Within the study area there were numerous land claims by individuals or community groups, and these had not been finalized by the time the lease was signed over to SFP and SQF. Several groups of communities and even individuals in these areas have lodged claims to these state lands. The outcome is still awaited, due to long and protracted procedures by the relevant government departments. On top of that, there is a general acceptance that communities have rights of access to their environments and that they need to benefit from proceeds arising out of the exploitation of local resources. Hence, there is a claimed formal ownership for some, plus an informal right of each community that neighbours the forest. This is the reason that the community Trust recognizes both categories of people as residents. It is around these sentiments that concepts of co-management and empowerment are being refined to suit the South African development challenges. When the land claims are finalized and the successful claimants are notified, they would assume legal ownership of the land. Because this same land is already contracted out to SFP and SQF, they regularly pay rental to the state. The agreement between them and the state stipulates that the state will receive the rentals from SFP and SQF. The state will then re-channel these to the rightful owners. In the meantime the state holds the land in trust on behalf of identified owners until the agreement expires.

At the time of the research, SFP had paid to the state three years worth of rentals, but these had not been disbursed back to the local communities, as the real owners had not been determined yet. There are various reasons to explain the delay, the first one being that inasmuch as the government, through the then

Minister of Public Enterprises, had made the commitment to revert the money to communities, modalities and structures of giving the money back had not been worked out both in government, and at community level. In addition, the department of land affairs (DLA), the government department responsible for identification of right landowners, had not commenced its work in these areas. Money could not therefore be released. The big issue out of this whole debate springs from the fact that some members would be rightful owners and therefore qualify to be paid rent on their land as individual entities. The rest of the community expected to benefit too, based on what the Ministry of Public Enterprises had declared at the local meeting. Despite these statements, it was difficult to ascertain how the non-claimants would benefit from the rentals. What was evident was a high level of anticipation and anxiety amongst residents, given that the Minister had publicly promised to deliver.

For SFP, the debate around rentals served as an opportunity to ease off pressure of the contentious demands arising from their alliance with the community trust. The sentiments expressed by SFP were that there was not much they could do in communities until government remitted the rentals. The argument advanced was that SFP was a business and it was up to government to address developmental and social concerns. Again, this position somehow contradicts the commitment SFP made to community involvement at the time it was gunning for the state assets. The strength of the SFP bid to buy the assets was invigorated by their keen interest in neighbouring communities and the idea of their empowerment. At the time SFP made these promises, government had not made public any commitment to remit the whole amount of rent coming from the leases, other than for those who would win land claims. In other words, government's decision to give back all the money that would accrue from the leases did not have to directly influence plans that SFP might have had in regard to their engagement with Singilanga communities. While having an integrated approach and pooling resources for community enhancement would be a workable option, and government needed to spearhead this strategy, the issue of rentals has gone political, with SFP seeming to use it to point to government failures as they deflect the community's attention away from themselves.

The political dynamics between SFP and their partners, both government and communities notwithstanding, there are numerous attempts that SFP have initiated to intensify their contribution to the socio-economic needs in the project area. Some of these initiatives respond in part to commitments made in the business plan that SFP submitted to government as part of their contract. These are discussed in the next chapter on empowerment.

The problem of financing for communities

The creation of SDT as detailed above involved numerous meetings at different venues with the vast number of neighbouring communities, aimed at convincing them to appreciate forestry and work together with SFP not only as neighbours but also as owners of the land on which the assets stand. However, SDT needed to purchase the shares offered by SFP. This idea ran into problems due to a number of reasons; SDT was a hastily convened entity and although SFP indicates that the wooing process took almost four years, most of this time went into formation and organization, rather than exploration of funding avenues. Secondly, the community had no money, and financing structures favourable for deals like these were few. Although government had indicated they would facilitate the creation of such funds, some like the National Empowerment Fund (NEF) were still in the early stages of conception at the time SFP was established. Existing financial institutions such as Industrial Development Corporation (IDC) and the Development Bank of South Africa (DBSA) were considered for loans by SFP on behalf of SDT, but either the interest rates repayable on the loans were too high, or the applications were unsuccessful against the criteria that the banks use to advance loans.

When SDT could not get financing, SFP offered to purchase on their behalf through the Land Bank, the 10% shares that had been earmarked. The value of the 10% shares was calculated at R3.2 million. Repayment is deducted in stages over a period of about 10 years from annual dividends that would be due to SDT. These decisions by SFP may demonstrate their commitment to the empowerment process that they had started, although the idea that SDT by themselves could not come up with financing may exacerbate a situation of dependency of the community Trust on SFP, which in the long run could be detrimental to the whole idea of empowerment and the business partnership.

SQF’s management approach: Business to business

SQF does not directly involve community groups as partners in the business but separately conducts community outreach programs. Their primary approach in opening up their forest business for empowerment involves Imbokodvo Lemabalabala (IL), a black business group. IL directly purchased 10% worth of shares and partnered with Mondi to create SQF. This is a straight business-to-business partnership, unlike the SFP model. Apart from being a shareholder with voting rights at SQF, the main contribution of IL is manifested in its mentoring program called Fukamela, a business-mentoring program that trains individuals from their target community. A detailed discussion on Fukamela is contained in the next chapter on empowerment practices. The business partnership between SQF and

IL was fairly straightforward at start-up and avoided a lot of organizational challenges that SFP experience with communities as business partner.

SQF and community outreach

Unlike SFP that preferred an alliance with a whole community for purposes of fulfilling their empowerment targets, Mondi's chose a black business group who had the capacity to negotiate, and also look for financing to purchase their own shares in the new company, SQF. Although Mondi opted for a straight business deal instead of going the community route, there is still a substantial amount of community outreach that SQF undertakes.

SQF view the relationship they are creating with communities as going beyond just forestry activities. They regard themselves as facilitators, and the link between local communities and other public and private actors in the immediate region as well as those outside. During the research, SQF was holding meetings and conducting needs assessments in communities who reside within a 5-kilometer radius of the areas that they work. In outreach activities, the problem of community boundaries was not a problem, since it did not involve a lot of resources. Unlike SFP, SQF approach to community issues was specific, clear and not loaded with ambitious targets and promises. As the SQF manager for transformation explains:

> We go to them [local communities], hold meetings and together we identify their needs, then we sit down and work out how we can assist. We emphasize that we are not going to fund everything but that we just initiate. We have started small, but as time goes on we would be doing bigger things especially as relates to job creation. When and if we initiate a project and fund it, we say this is how we are going to recover a portion of our money, it is not all a grant. (Interview 20 May 2004)

SQF cites two main reasons for their reluctance to have the community as business partner. They found it difficult, in light of several outstanding land claims in the area, to discern which community group had a more legitimate claim to the area. Thus they took the decision to wait for the completion of government's land claims process, as this would not only point to the legitimate communities with which to work, but also delineate boundaries or place physical limits to their areas of operation.

Second, SQF claimed that local communities were not organized and prepared to do business when the state made known their intentions to sell. On the contrary, some local residents interviewed also cited a lack of information on the intentions of government and Mondi when the assets were advertised for sale. As one IL interviewee reported:

> The announcement was made even to local communities here and the process was not an overnight thing. IL was interested in another deal in Mpumalanga but when they didn't clinch that one, they were advised by the then Minister of Public Enterprises that they could still have a chance at the KwaZulu-Natal deal so they came here and teamed up with Mondi

> because no one from this area was interested. One person who works for Khulanathi also told me that people here were disorganized until the last minute. (Interview 21 May 2004).

The quote above also opens up another side of the debate that reflects the tensions between empowering business people who have access to capital and political connections, versus peripheral local communities who lack access to such power structures.

Like the SFP case, one other significant reason for non-involvement of neighbouring communities was a lack of access to financing. The 10% shareholding that was eventually sold to IL was valued at R10 million and IL was able to find its own financing. This amount, unlike that of SFP, was too great for low resourced communities to obtain in the absence of proper financing structures targeting such kind of deals. As mentioned earlier, institutions such the National Empowerment Fund, in 2001 were still in the early processes of being established, and the only option was to go through existing banks or development financing bodies whose interest rates were considered to be too high.

The other issue which local respondents were concerned about was in regard to the origin of Mondi's partner at SQF. Although IL is a black business and their interest in the assets does not in any way violate the empowerment practice, local communities voiced dissatisfaction with the make up of IL that is made up from a Traditional Authority Investment Company (TAIC). TAIC, which controls 70% of IL Holdings, represents communities who are residents of the neighbouring Mpumalanga province, and not northern KwaZulu-Natal where SQF operates. Apart from encouraging transformation in both the public and private sector, most policy pronouncements emphasize the prioritization of local people in terms of jobs and other spin-offs in cases where there are investment activities. As said, the explanation for the local people's missed opportunity in this particular deal, as given by SQF staff, pertains to their lack of cohesion and preparedness to venture into the business environment. However whilst the lack of organization into entities that could legally engage the private sector is due to a range of factors mentioned already; Mondi, as the major shareholder at SQF, has a history of engagement at the local level through a once successful outgrower timber scheme (Ojwang 1999). One would assume that similar communication and logistical structures that Mondi used during their outsourcing scheme would have been applied to mobilize communities during privatization. Mondi had ample logistics to partner with communities had they been interested, or if it had been a strict condition of the sale exercise

Although Mondi avoided considering local communities in a direct business deal, it employed other alternative means in outreaching communities in whose environments they operate. SQF classify these as community social investment initiatives. These include key business initiatives like Fukamela, but also encompass support of smaller projects, mostly undertaken by the youth, such as block making, honey production, poultry and horticulture. Other support that SQF extend to these communities includes bursaries, donations to NGOs that target poor children, donations to school libraries, and assistance in school projects such as extension of classrooms.

Such activities are guided by a socio-economic assessment toolkit. The toolkit is a product developed by Anglo-American Group of which Mondi is a member. SQF views these activities as mutually reinforcing to the idea of BEE. Hence the decision to intensify their facilitation of smaller economic activities with communities, rather than pursue a formal business partnership with high transaction costs. Trends in South Africa's larger business environment portray a shift of emphasis away from such conventional social investment activities. Instead, such activities are viewed as a smaller component of empowerment as companies look to the bigger picture through diversifying access to activities such as procurement, ownership, management, and a concerted transfer of skills to the less elite citizens. Both case studies reveal that there is still a thin line, and sometimes obfuscation, between what should be considered as social investment and what constitutes empowerment practice. More significant business activities, like procurement at the micro-level, are understood as reinventing corporate social responsibility, and taking the concept to a higher level. These are done by introducing the target population to mainstream business, as opposed to merely boosting their strategies for better livelihood.

Mondi's non-core business activities have always been clearly defined within the parameters of what such activities contribute to the company's bottom line. In an earlier study by Ojwang (1999), while the other giant forest company SAPPI was keen to market their socially relevant activities as such, Mondi maintained that their involvement, even with local communities, was counted not in terms of what it was giving but on what it was getting out of such ventures. Mondi's once successful *Khulanathi* outgrower scheme, where individual growers were given incentives under contract to sell back timber to Mondi, is one such example. SAPPI at the time also ran a similar outgrower timber project called *Project Grow* but, unlike Mondi, they categorized it as part of their social responsibilities. The Anglo-American social investment framework that Mondi and SQF apply in their community engagement programs also limits this relationship, as they indicate, to one that is mutually beneficial.

As indicated earlier, the major shareholder, Mondi, through a seconded management team carries out SQF daily operations. The agreement was drawn up with IL because of Mondi's vast experience in forestry and IL's lack of it. But IL as a junior shareholder indicated their interest in getting involved in some way, even if it was not in technical operations of SQF. Consequently, a training arm of SQF called Fukamela was established to train potential black contractors.

Beyond community outreach

SQF, having made progress with Fukamela, as discussed in the next chapter on empowerment practices, is trying to expand the shareholding to community groups as well. Like SFP that started its empowerment initiatives through a large group of communities and later mixed this with certain individual strategies, as detailed in the next chapter: SQF is doing the same, but in reverse. SQF started out with an individual black enterprise as partner, but lately it is trying to offer another 10% shares to a community group in its area of operation. In this new attempt to diversify the way communities can benefit from their operations, SQF has run into problems that are of a similar nature to the ones SFP went through during the creation of the community Trust.

SQF's parent company, Mondi, for many years has been situated in the Richards Bay area of KwaZulu-Natal. During this time, it has established a tradition of creating a relationship with local communities through the local traditional authority structures. SQF, since its inception, has also followed the same system of entry. While SQF used traditional authority structures to get to the broader community, they, unlike SFP, did not use this as a springboard to set up autonomous committees or task teams to represent the interests of communities. Four years into its existence, Mondi's decision to offload another 10% of its SQF shareholding but this time to surrounding communities, is challenged by the individual interests of the traditional authority. The problem for Mondi and SQF has been how to access the whole community without being bogged down by the red tape that exists within the structures of traditional leadership. The traditional leadership on the other hand, claims a portion, say 40% out of these 10% shares to go to them directly. This would translate to individual ownership, which is in contradiction to Mondi's intentions of broadening the ownership base via the collective route and offering communities another option for contributing and benefiting from the forest economy. The logic behind the traditional leadership preferring private ownership rather than one on behalf of or together with their 'subjects' contradicts their own role as custodians of land, and also exemplifies further their own role in the erosion of traditional authority system. In the same vein, for Mondi and SQF to seek to engage a community organized under the customary tenure system, and bypassing the leadership structures, makes more difficult an already complex situation.

Both SFP and SQF interact with traditional structures, especially to gain an audience with the rest of the area residents. SQF are experiencing a lot more problems in negotiating with the leadership than SFP. The explanation lies in the fact that the traditional system in KwaZulu-Natal where SQF works is still potent, stronger, and less eroded than that on the Eastern Cape, the base of SFP. SQF therefore faces obstacles in overcoming the local red tape of traditional authority in engaging the people. Hence nothing real, in terms offloading part of ownership of SQF to local communities, has materialized.

Common issues for SFP and SQF: The concept of community

Generally in this study, the application of the concept of 'community' reflects a problem that has been cited in most critiques of community studies. Murphree (1999) argues that since the application of the concept of 'community of place', 'community of interest' or 'community of use', all pose challenges for common property theory, the definitions should be more functional, while still recognizing the significance of boundary delineation in Community-Based Natural Resource Management (CBNRM). The arguments that underlie the struggle with the concept of community are based on the knowledge that generalizing communities, and thus creating an image of homogeneity, masks real differences within such population groups (Turner, 2000).

In SFP case, they chose to work with a 'community of place'. This has made greater the issues that SFP, as a private entity, had to deal with when engaging a community as partner rather than an established business outfit. The community concept in this case was conceived to fulfil a certain function i.e. to help win the state-owned forest assets, and at the same time create the opportunity for the mostly rural residents to enter into the running of the local economy. Because the forest assets are scattered over a large area covering parts of two provinces, as we illustrate below, and because the criteria for identifying communities depended on location of the forest assets, this meant that the communities were scattered and found in different corners of the project area. SFP reports that this factor is a barrier to effective engagement. Secondly, wide differentiation exists in these areas determined by factors such as language and culture. Such issues later affected the way that the community trusts functioned.

Attempts at definition of community for both SFP and SQF did not take into account social boundaries. In the SQF area, local residents considered social ties rather than spatial ones to define their identities. Hence many people identified with others beyond their geographic boundaries, but who had similar social ties, rather than those within their neighbourhoods. Among the Zulu people, the surname is retained along the lineage, and clans are organized under a traditional system governed by a chief. In most cases, these communities can be found within one geographic area. However, there has also been significant movement in the past especially during apartheid, and the haphazard nature of these movements interfered with such spatial units. It is now common to find certain small communities with similar familial ties located in other spaces away from their traditional lands. Although there has been some degree of integration, the tendency to identify with the original social ties is still greater than the geographic ones. In fact, in Zululand for instance, when people meet for the first time, the older person would normally ask for the others surname rather than his or her place of origin, as the surname itself is supposed to tell not only one's place of origin, but kinship ties as well

External actors on the local scene may not all need a detailed understanding of groups of people to execute their business, but when it comes to engaging communities, relying on geographic boundaries alone is inadequate to understand the local social dynamics. Such knowledge is necessary in projecting what activities can be successful at the local level, and which ones are most likely to face difficulties due to certain local beliefs or preferences. The differences in the Eastern Cape for SFP were more numerous than those in northern KwaZulu-Natal. Although, as mentioned before, the traditional authority is still more influential in KwaZulu-Natal, the Eastern Cape north forest region managed by SFP is characterized not only by numerous administrative boundaries in certain areas, but by different languages and cultures as well. The eastern side of SFP area lies on the flexible borders between Zulu land and Xhosa land. Even administratively, these borders were not clearly defined and one could drive one direction from an area designated as being in KwaZulu-Natal province, move farther west into the Eastern Cape Province and once again come across billboards welcoming you to KwaZulu-Natal. The overlapping nature of these boundaries does not pose any unmanageable logistical problems for SFP, but may serve to illuminate the possible issues that inform the manner in which groups of communities may define themselves.

In the SFP area, dissatisfaction of the relationship between local people and SFP has sometimes emanated from the feeling that only some areas or social units are considered for employment, bursaries, or other benefits that spin off from this alliance. Within the area falling under Singisi Trust for instance, there is a specific clan called KwaJali. A lady chief who is known by her title name Ndabezitha Jali leads this area. During an interview with *Ndabezitha* Jali, she had this to say about their involvement with SFP:

> SFP approached us as a community that they wanted to have a joint venture. They thought it necessary to tell us what was going on emphasizing that it was important for us to know what would go on in our area and on our land. But when they mentioned job creation, we got interested as this has been the main concern for this community. After this, our community meetings were well attended and even our hall became too small and we would sit outside. The people were particularly happy about this venture and job creation and they were also hoping that they would be supported by the company (SFP) whenever they had projects that need funding support. This community had been concerned that previously, they were not considered for jobs at the saw-mill (when it was run by the state) and they wanted to know if

> this would change and they inquired this from the company. The company (SFP) indicated that they were going to give the people from our area first priority when jobs were available. But things have not happened as it was initially promised by the company. Our community members are still unemployed and there are no job opportunities for them at the company. Those who had jobs have lost them and most of the people who are getting employed are people from outside our community. These people could be from other places like Singisi.

Washington Jali, a member of the KwaJali chieftaincy and a principal of the local secondary school and also his community's representative at the Singisi sub-Trust corroborated *Ndabezitha* Jali's perspective:

> KwaJali is part and parcel of Weza (where SFP saw-mill and main operations offices are located). So we wanted to have something from Weza that could help the community in terms of development. Of course we got promises from SFP that they would work together with us on some of these issues. In our area we have problems of capacity especially finances and this is what brought us closer to the company (SFP) because we wanted to get financial help that could help us fulfill some of our needs as a community. They, SFP, also told us of the 10% shares and that we would receive annual dividends so we had an idea what we were entitled to. Also there is the issue of scholarships and bursaries from SFP. This is a thorny issue for me because I had a child who had applied for a bursary and who qualified to go and do engineering so he applied to a technology institute. I followed up with SFP but nothing came out of it. The only person I know who got it from around my area is one person whose father works with SFP. About working with other communities, the area targeted by SFP is big. In our case, we have our neighbors at Weza. When I talk about Weza, it is composed of two traditional areas meaning two chiefs but so far we work together. If it was to go beyond Weza, that would be too big and some people would want to have more power, too many people spoil the broth. SFP is situated in KwaJali area and the other area I am talking about is KwaMaxhi.

From the two statements above, the term community refers to a much smaller unit from which the members draw their identity. The sentiments expressed above also suggest that their trust is built and confined within this cluster of relations. The KwaJali are ready to extend a working relationship to the people of KwaMaxhi, who together with them occupy the Weza area, but any relationship beyond that is believed to expose the community to domination and power dynamics of other areas. The Singisi Trust, of which they are but one among several communities is one such entity that according to KwaJali, such power dynamics are manifest. Secondly, because SFP's operations offices are located in Weza, which is home to KwaJali and KwaMaxhi, there are feelings of entitlement, hence the requests that they be prioritized for jobs and bursaries. The main reason for the complaint is because so far they have not received the benefits such as jobs that they had anticipated; but the forest operations extend to areas further west into Singizi and as far as Langeni in Umtata, hence the people in these areas could also claim similar entitlements. It is due to this extensive scope of the forest assets that SFP's understanding is not confined to social units alone, but covers a much larger area consisting of several autonomous groups.

As a result, SFP's relationship with these communities around Weza has not been cordial. One SFP forester clustered them under 'problem communities' also indicating that fires arising as a result of arson are more frequent in this area than other forest areas. While SFP's assessment of this community may be accurate, based on their investigations and knowledge, the KwaJali readily band around their own in solving issues that commonly affect them. Such a militant and united stance may be a problem for SFP whom the KwaJali have accused of making false promises.

Concluding note

Although there were logistical challenges and incapacities within communities to engage with the forest companies, the community-company axis discussed here acts as another arena where power relations predicate the kind of relationships created. Outstanding government policy processes also cause tensions. It is a case of unfulfilled expectations by communities, and for the private forestry, a problematic and complex environment, where they cannot deliver what they had indicated to communities in their operation areas. What is important in both cases is that actors have the opportunity to learn from these new processes, and due to the flexibilities in these relationships, ideas with good potential can be strengthened while poor ones are discarded or replaced with better ones.

Finally, Figure 10 summarizes the key management styles as discussed, of both SFP and SQF.

Figure 10 Comparative summary of SFP and SQF

	SFP - Eastern Cape	**SQF - KwaZulu-Natal**
Primary approach to empowerment	Community as business partner	Black entity as business partner
Secondary approach to empowerment	Individual focus in skills transfer through outsourcing activities such as transportation, silviculture and cleaning contracts	Business skills training focusing on individuals from the community through Fukamela incubation scheme Community support activities geared towards improving local businesses such as craft making
Community representation	Umbrella community Trust (SDT) and two sub Trusts- Langeni & Singisi One Trust director sits on SFP board of directors	Local committees
Community stake	10% shareholding	None
Motivation for community outreach	To reduce cases of arson and improve security around forest assets Improve on corporate social responsibility	To reduce cases of arson and improve security around forest assets Improve on corporate social responsibility
Local challenges	Identification of local communities Defining local boundaries Unresolved land tenure issues	Identification of local communities Defining local boundaries Unresolved land tenure issues

7

Empowerment in the case studies

> Considering development without power and relationships is like analyzing irrigation without considering water and its distribution
> (Chambers 2005)

The previous chapter presented a discussion of the organizing models of various actors in the case studies and how they create and maintain their relationships within the context of a forest business.

This chapter,[22] whilst loosely reflecting on the key areas that the national empowerment framework outlines,[23] will analyze how these actors approach the concept of empowerment. Four key issues are explicitly discussed in this chapter. It first presents an understanding of empowerment and how the case studies actors perceive it. The second and third sections discuss respectively, the two related elements of employment equity and skills needs. Fourth, I highlight the subject of entrepreneurial ownership, especially by community groups and supra-local individual actors and the challenges that they face in their quest to engage in the forest business. The final section in the chapter revisits SFP and SQF approach to empowerment, as seen through certain entrepreneurial activities that they develop.

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[22] Whilst this chapter relies on combined stories and evidence from both SFP and SQF, there are more empowerment actions at SFP hence more frequency of citations from the SFP case. Comparisons are made between the two cases where they occur, but this is not a strict approach to the chapter.

[23] The BEE Act (2005) indicates six targeted areas for action. These are: first, ownership, management and control of productive assets by black people, second by collective black entities such as communities, workers and co-operatives, third developing human resources and skills, fourth, ensuring employment equity in all occupational categories, fifth, access to procurement, and lastly, improving investment in enterprises managed or owned by black people.

Empowerment: Diversity in views at supra-local level

In an interview with the SQF Social Responsibility Officer in February 2005, he gave a realistic view to BEE practice, especially where rural people were concerned. He explained:

> Our understanding of empowerment is that the process should be able to create opportunities especially jobs. We live in a remote area, people are not enlightened, and they don't jump and take up business opportunities when they arise. They need certain support structures, and they need to be pushed. There may be only two enlightened people around here and you find that opportunities rotate amongst these same people, just like the 'big five' often talked about at the national level. People here wait for something or someone to wake them up. Government should introduce some rollout program or some tools for the rural areas to meet the local challenges. The BEE elite approach has not worked in the rural areas. The rural people have problems of language and can't read or write English. English is a 'murder' language here in rural Zululand. Even provincial reports are written in English. You don't get things written in Zulu. I have seen articles, plans, and preparations on BEE for KwaZulu-Natal written in English but most of the people here are not educated.

SQF's emphasis on jobs is shared at the community level, where respondents gave meaning to empowerment based on what their immediate needs were, and what steps they thought could be taken to increase opportunities toward improving their lives. In the study areas, jobs were perceived to be one of the most urgent needs for most people. The inability of the people to take up available opportunities as the interview above suggests, is directly linked to their relative state of incapacity due to inadequate or non-existent education. This view further suggests that any meaningful attempt at transfer of power to the people through exposure to small enterprises or attachments to larger businesses should be preceded by finding solutions to the problems of illiteracy and incapacities that hinder them. This solution-based approach is likely to work better for the youth and those in their early productive stages, but how then does empowerment work for those who are illiterate, living in the rural areas and no longer of school going age? I revisit this element in the discussion section.

Unlike the pessimistic quote above, other respondents who were enlightened about the government's perspective on BEE were more optimistic and idealized what the BEE practice should entail. An SFP employee, who is also an official of the community Trust (SDT), reported:

> Towards the end of 2005, I attended an empowerment meeting in Durban. The government's intention is for black people to also own some businesses. Companies should look beyond employment but also include ways of facilitating such ownership. At SFP for instance at management level, according to the new government regulation, we should have some black people in top management who also have shares in the company. The directorships also should reflect the same. These people should have power to make decisions. In local areas, people must feel that they own these processes and be able to express themselves without fear and nobody should be dictating to them. If you go to Natal, there are women holding large forests of between 150-200 hectares and they are fully responsible for their management. This is a good example.

The local dimension in defining and operationalizing the concept of empowerment was also advanced by SFP. This view postulated that benefits and opportunities that arise from businesses such as SFP should first and foremost, be targeted at those who live closest to that environment.

> Our position [SFP] is that if you got a mass of forests here and you have communities residing around these forests, you may have a choice to get contractors from elsewhere to come and do the available work but we give such opportunities to the local people. Our view is that we must develop the local people and the local area.

Implementing policies to enable more access by black people to mainstream economic structures, whether they are individuals or groups, residing in urban or rural areas, was not intended to be an antagonistic process, but one that would contribute toward the mutual goals of transformation. SFP and SQF, both operating in the rural areas, reported that it was much more difficult, compared to the urban, to operationalize certain elements of BEE. Despite the challenges, SFP managed to partner with communities. They regarded this process as groundbreaking and pushing the limits of innovation by veering off from conventional BEE practices that target elite partners. One SFP forest manager advanced this line of thought stating that:

> At SFP, we emphasize that there must be black equity but we make a distinction and we say local black equity. We are not interested in NAIL or Johnnic (examples of big, urban corporate owned by black elites) with money but we want *bona fide* Eastern Cape participants.

The local people who are part of this BEE discourse feel entitled to the empowerment process, both by virtue of their proximity to the forest assets and due to their history in relation to the land on which the assets are located. The sentiments are also a result of the customary nature of land tenure in these rural areas, and the fact that some of the black communities and individuals were dispossessed and now feel the need for redress and justice. In this respect it becomes an issue of rights and social justice. While in principle, voices from the surrounding communities and those of the forest company agree on such an entitlement, there was still significant dissatisfaction, especially from the community side, on the way available jobs had been awarded and on the amount of time it was taking to realize gains. One community member, a trustee who represents communities living around Weza sawmill, acknowledged that they viewed empowerment practice as a joint effort between SFP, as the private operator in their vicinity, and themselves as residents. In this respect, he adds,

> Because we recognize our role in dealing with our local problems, we approached SFP for some assistance. Our major problem is the unemployed youth and because we are the closest community to the company, we felt that we should have more access and be given preference when jobs arose. The problem SFP indicated was that these youths were not skilled to the level that they would be taken on by SFP. So we asked them to provide us with certain avenues that we could use to train and impart skills to those who need them so that they

became employable. SFP said they would organize workshops and that our youth would get preference but these have not materialized.

The big question is whether the dominant understanding of empowerment and its operationalization from the existing policy perspective, can equally address the rural challenges, or whether its approach and meaning should be refined, particularly to meet the needs of rural people. SQF and SFP empowerment actions, as discussed in the next sections, suggest that with creativity and a degree of flexibility, it is possible to find solutions for the rural areas. Because of challenges specific to the rural context, these actions are a hybrid between the requirements of BEE policy and traditional forms of corporate social outreach, with mentoring as a common element in most processes.

Employment equity

In the SFP quarterly report[24] for January to March 2004, employment in the salaried positions was skewed in favour of white employees, who held 16 of the 18 combined positions in the top executive and upper-level management category.

The skewed[25] distribution, to the advantage of white employees, is pronounced similarly at the mid-level categories but drastically drops at the entry level and casual categories (Figure 11).

Figure 11 Distribution of jobs according to gender and population groups at SFP in 2004

Level	**White male**	**Black male**	**White female**	**Black female**
A) Top executives	3	1	0	0
B) Upper-level managers	13	1	0	0
C) Mid- level officers	38	23	2	1
D) Admin staff	1	12	16	7
E) Casual labourers	2	949	0	529
TOTAL	57	986	18	537

Source: HM/SFP (2004)

The composition of SFP employees for the salaried positions is not only skewed according to race, but inequality exists along gender lines as well. While the problem of specialized skills, especially in the black population group, was

[24] Singisi Forest Products (PTY) LTD. Meeting of the Directors, Parktown. 25 May 2004.

[25] The distribution of positions is skewed considering that whites constitute only 9.2% of the South African population [www.Statssa.gov.za/census01/html].

cited as the major reason for the disparities, the skills angle does not explain why white female employees in this case study are less than a third of their white male counterparts.

The unequal gender distribution of positions amongst white employees at Hans Merensky and SFP emanates from the organizational culture of the company. The evident general male advantage in employment is not necessarily a skills problem, but a reflection of how broader societal and specific organizational attitudes affect redistribution of opportunities. The fact that these attitudes are not only about gender, but race-based as well, may then discount the popular reliance on the problem of skills alone to explain why the composition of private companies is still mainly white male. While the crisis of skills is a reality, the extent to which it is used as the argument for lack of employment equity, often masks entrenched attitudes. These attitudes work towards promoting and maintaining white male dominance in the upper echelons of management.

One black manager gave his opinion on the trend and state of employment equity at SFP.

> Employment equity is not happening and to me the problem has been that when it started, the Human Resources Department would be the ones in the driving seat, but other people who are at the heart of the company are now active as well and this includes people in finance and marketing, hence the focus has been diluted and overwhelmed from all sides. Secondly, we tend to be content with the usual reasons why it is not happening and I don't think we go beyond that, take an extra mile and seriously ask ourselves how do we change this? You raise such issues at higher-level meetings and immediately people's body language change, faces change. All of a sudden, depending on what you raised, if it is perceived as right or wrong, you are the popular or unpopular guy.

Major inactivity and apathy towards transformation was reported to occur in the middle level management. While they are the ones who were targeted to drive these processes, it is also at this level that there was considerable amount of insecurity, and fear of the potential threat that would result from successful change and integration of more black people into the company. Because the number of positions was not necessarily expanding, especially due to the volatile international timber market and the need to stay competitive, transformation was understood to place white managers at risk of losing their jobs to clear the way for black managers. Those in top management positions on the other hand, were more confident and secure in their positions, as they are the ones who would make the final decisions. They were reported to be more positive about change, but then left this process to the same reluctant middle managers. As one senior level employee said:

> There is realization at top management level that there is a need to change in terms of policy, focus and drive. And the company's view of BEE is that change should be reflected at the company management level, key positions, training and development. So in terms of focus, things have changed. But I think there seems to be a blockade somewhere along the line as

> most people actually targeted for employment equity positions leave. The bigger companies such as Mondi and SAPPI grab them. The argument has been salary but really we need to question this more. Why spend a lot of money training but be unable to retain? At the top management level, there is an understanding but little movement, because even that layer is still very white male and those are the people who are supposed to set an example for the other levels to follow.

In some cases, it was reported that people from designated groups who had found employment in the company received inadequate support from the company. Hence there was a tendency for such people to look for employment elsewhere, or to stay dormant in lower positions without any movement upwards. Psychological war of racism persists in the workplace, and the mental war of perceived superiority *vs.* inferiority between the races has continued. Often using race-based perceptions and stereotypes, there were reports that often employees were judged by these attitudes rather than purely on individual merit and capabilities. One respondent from SFP gave an example to justify this assertion,

> There is a black guy holding a Masters degree in one of our branches. He has been told over and over that he is not a manager material. The truth is that he has believed that he is not. If a company gives you a job but does not accompany this with meaningful responsibility and decision-making, then it is futile. If that guy were given more responsibilities and support, he would perform. He has been on the employment equity list for long and he remains a statistic. Other people opt to leave.

Another white respondent, also from SFP, had this to say:

> The whole transformation process is a tough one. Talking about attitude change, we not only have the task to transform the African people but you also realize that we have to transform whites to accept African people because everyone perceives the other as a threat. It is a threat to your job and that type of thing. Things are deeply rooted in perceptions and you know in business you don't have much time to do this, it becomes a special task and not an easy one. Those who belong to the dominant office culture may project a sense of confidence but if you look at it keenly it is also often very shallow.

SFP also report that their low success in changing the composition of their employees to reflect the demographics is also due to a prevalent practice by other employers to headhunt already trained and experienced personnel. SFP regards itself as a training house in the forest industry that has been the target of other bigger forest actors. One SFP manager explains why their retention approach failed:

> In our apprenticeship program, all the institutions that train apprentices accredit us. These include wire-makers, welders, electricians and all the other areas relevant in our plants. We have about 25 apprentices and all of them do qualify. A guy finished recently and the opposition [competition] offered him R4000 more and he accepted. The way we conceptualized our learnership program was faulty. When a student goes on a scholarship, there is a six-month practical period when we support them, pay bursaries and when they qualify, we always take them into the lowest first line management and leave them there for two years. What happens is that our competitor's takes them into middle level management and pay him at that higher rate. That is the reason we have lost people. They would come back to us if we would pay them more.

SFP further explains that their solution to the drain of people that they have trained and instead boosting their own skills base, will involve moving the focus away from university graduates down to matriculants thus concentrating on traineeships: but this will not solve the skewed distribution of positions at the management level. In light of the factors that SFP management cited as undermining their efforts, they understood the concept of empowerment in the areas that they operate through the lens of the National Empowerment Charter (see chapter 3). One manager stated:

> Empowerment is not only at director/management level but we also look at training. We consider the response to the charter by our sources in other words, where we buy our equipment from, who supplies us with diesel, food and services like that. And our sub-contractors have empowerment targets also that they need to achieve. We consider people who come to us to look for contracts if they are registered and meet all the legal requirements.

In other words, whereas public emphasis has been on directorships but with a slow impact, SFP intensified their focus on areas where they have a leverage to exert change as their internal processes stagnate or slow down. It appears from this study that it is much easier for SFP to put across to their contractors and suppliers a list of demands for transformation, as a condition to qualify for contracts. So depending on how much the contractors want the job, they are bound to comply. Contrary to SFP that employs casual labourers, SQF only directly employs management and administrative staff. For their forest activities, they work through several contractors who employ semi-permanent and casual labourers. Figure 12 shows data on SQF staff only.

Figure 12 Distribution of jobs according to gender and population groups at SQF 2004

Level	**White male**	**Black male**	**White female**	**Black female**
Top executives	1	0	0	0
Upper-level managers	1	1	0	0
Mid-level officers	4	2	0	1
Admin staff	3	6	7	3
Total	9	9	7	4

Due to the small number of employees of SQF relative to SFP, and because it was a company newly created to purchase state forests, it was at an advantage in terms of attempting to achieve equity in employment. This would have been easier in the sense that they were starting from scratch, and had the opportunity to balance employment to reflect the demographics of the country. This was unlike what other companies from the apartheid era had to deal with in order to be in tune with policies of transformation. However, SQF did not hire new management at inception. Instead, they seconded existing staff from their parent company, Mondi, already an established player in forestry. The idea was to kick-start the company by relying on available experienced expertise. SQF had instituted a 5-year skills-transfer plan to train and capacitate more black personnel into management.

SQF do not directly employ casual labourers but contract-out all their on-farm forest production activities. The company has a policy of encouraging black contractors to apply for available jobs. Contractors who are wholly white-owned are also obliged to comply with principles of equity both in employment also in ownership. SQF does this through a process of appraisal. Existing contractors, normally on three year contracts, are required to extend at least 25.1% equity to a black individual or entity. Reviews on progress are done in two stages, and in the absence of results at end of year three the contractor becomes ineligible for a new contract.

Despite these gains in awarding contracts to new black entrepreneurs, SQF in its self-assessment for the year ending 2005 acknowledges that for their empowerment efforts to improve, they need to increase, not only the number of black contractors, but the value of contracts as well. In this process, SQF also intends give more opportunities to supra-local entrepreneurs. At the time of the research, most of the contractors were old Mondi contractors and did not necessarily originate from the neighbouring areas.

Skills and Training Needs

In the SFP Business Plan for the period 2001-2006, the problem of inadequate skills is recognized and SFP declares

> The Company will also establish a Skills Development Centre in the geographic areas comprising the Eastern Cape North Package, to provide skills development training not only for employees but also for selected members of the communities represented by SDT. The Company shall (…) encourage the upliftment of the community by making the Company's training and facilities available to communities, and by contributing toward projects aimed at improving the education, health care and the general standard of living of the communities.

These statements of intent had not translated into many tangible or visible results by the time the research was conducted, and some respondents from the neighbouring areas still counted them as examples of the many empty promises that SFP had made at its inception.

Most discussions on empowerment, its meaning and process were also closely interlinked with the issue of skills and capacity in the study areas, and in South Africa in general. Education and skills acquisition were prioritized as prerequisites to a successful empowerment process, but while there was a general shortage of people with the right qualifications for particular industrial sectors, for instance in saw milling which requires specific expertise, there was little commitment by private forest companies to aggressively head hunt, train and retain available personnel. Few companies in the forest industry were willing to train, while most were ready to hire trained personnel from their competitors. The winners, as reported by one SFP manager, were the bigger players in the forest sector such as Mondi and SAPPI, which were able to lure employees away from smaller players through exorbitant remuneration packages.

> We [SFP] got a very good track record of paying for people to study and be the learning house for others. If you look at the bigger forest companies, every section of their departments, especially in sawmilling and operations, they have African people whose studies have been paid by us and have done their practical work with us but they are working elsewhere because our competitors do not train but lure them with better salaries. So we have become known in the industry as the training house.

The question that remains is to what extent a small company like SFP could compete, in terms of training and retaining staff, especially when pitted against bigger companies like Mondi and its affiliate SQF. One SFP employee was of the opinion that a lot more effort was necessary for smaller companies to retain the staff that they had already trained.

Losing skilled black employees to more established companies could be reversed, if there was a clear strategy to counter the onslaught by the bigger, more established companies. One employee at SFP argued that it is not enough to simply blame the bigger competitors but that it should be a question of fine-tuning the employment and retention strategy. He said,

> It is not a good answer to just say there is a lack of black employees. It should also be a question of strategy because then a company keeps training and people continue leaving. Companies should consider giving out bursaries and although we are already doing this, on top of the educational support, we can sign contracts with them upfront so that they can come back and benefit the company through working here for a minimum period. For instance if the company assisted a student for three years, the minimum period to work for that company could be pegged at three years as well.

Inadequacy in skills and qualifications of those disadvantaged at apartheid has sometimes been used as a reason and often as an excuse, especially in cases where owners or managers of companies are opposed to legislation that enforces employment equity. For smaller companies like SFP, while they may be committed to such policies, the bigger companies who poach those that they have trained undermine their motivation. There are also mixed sentiments as to whose responsibility it is to equip productive people with skills, whether it should be government or the private sector. The government has emphasized the symbiotic role of the public and private sector in ensuring that the ends of empowerment are achieved, and despite the challenges mentioned, both SFP and SQF have made attempts to meet these objectives in their own way.

The lack of skills among the productive segment of people from historically disadvantaged backgrounds is often cited as the reason behind private companies' failure to transform and have a balanced composition of employees to replace the traditional white dominance. These skills are hard to come by in rural areas, according to SFP forest manager who argued that this is the reason why black people are a majority at the unskilled bottom pool, and not in middle and upper management level. He challenges legislation on employment equity in the absence of relevant skills to make this happen.

> It is one thing being a good worker on the ground but it is a totally different thing to managing a business like SFP. You need to have business management skills; you have to legally comply with the government law on business compensation, occupational health and safety among others. There is a big difference between being able to produce 150% a day and you look at this employee and he is doing everything you want him to do, but this would be different if he were to be put in a management position. We have learnt that if we were to help such a person set up a business for instance, we would not let him do it alone but we would support him and put him up with a business manager. It is a totally different ball game and people do not realize this. As a business manager and owner, you have to pay the creditors before your salary and sort out a whole load of things.

Ownership: Challenges at the rural level

Although ownership by black entrepreneurs has been a core part of the BEE debate in forestry, emphasis on BEE is increasingly understood to be more than holding shares in existing businesses. Part of the argument against simple transfers of ownership as a central focus of BEE is due to its inability to enhance skills and knowledge transfer to new black shareholders. Also, when such shareholding is extended to a large group, the higher denominator lowers the impact of the benefits. At SFP for instance, one respondent opined that the 10% community shareholding was insufficient to change the economic status of the members. For the communities around the forests to feel an economic impact arising out of their relationship with private forest sector, the SFP personnel opined:

> The real impact would be more at the level of engaging in businesses that are created through tapping into the company's outsourcing activities, transport, harvesting and silvicultural contracts. If you look at SFP, we are looking at an average of not less than R20 million per annum that goes into outsourcing and currently, these contracts are 70% owned by white businesses. Our challenge now is how to engage our communities meaningfully.

The idea of ownership or having stakes in new or existing business appears appealing and lucrative on the surface, but such transactions do not always result in significant benefits, especially when they are small but spread over a large community, as seen with SFP. As the previous respondent observes, there is much more money to be made in the micro-business and spin-offs that emanate from activities and services in which the forest companies engage. For SFP, the value of the community's shareholding at R3.2 million pales in comparison to the annual value of R20 million that SFP spends on outsourcing alone. The outsourcing side of business, as opposed to being a passive investor or shareholder in the company, requires active participation in the daily running of the ventures. This route has the potential to create more opportunities for small businesses, contribute to skills acquisition, and also their transfer, and may also serve to reduce the problem of unemployment. The constraints for procurement as a fast vehicle for empowerment lies in the fact that many of these outsourced services and activities require a high capital and skills outlay at start up, resources that are not often immediately accessible to new entrants in the forest business.

Community ownership, as evidenced in the SFP case study, qualifies more as a symbolic undertaking rather than a financially beneficial one. It is symbolic in the sense that communities, especially black communities who have a history of disenfranchisement, are now able to take part, even if sometimes passively through shareholding entities like Trusts, in economic processes alongside their fellow privileged white countrymen. It is part of the restoration of a people's socio-economic rights, albeit within a peculiar and contested policy atmosphere. While ownership, as a form of empowering potential business people and groups of communities, has the chance to succeed if soundly designed, as already evidenced in other sectors elsewhere in South Africa: in the SFP case, certain opinions maintain that their model is feasible if only the shareholding can be increased from the current 10% to a larger figure. As explained during one interview:

> Our view (SFP) is to empower local inhabitants that they can share meaningfully in our business and this means that the 10% shares they already hold is not sufficient for them and we foresee that 10% will grow to 49% over the next five years.

At the time of the research, SDT had not finalized the modalities of redistributing the benefits to the respective communities. As said, each community would get an amount commensurate with the size of the forest assets near them. These proceeds varied each year depending on the company's profit. During the 2003-2004 financial period for instance, SDT 10% share of the company's profits amounted to R470, 000 before their loan repayment to SFP. SFP pegs the rate of repayment at 10% of the profits annually until such a time that the initial loan of R3.2 million is completely paid. Initial calculations showed that out of the total final amount of R423,000 after annual loan repayment, some communities would get as little as R1000 as their share of the proceeds, an amount that would make little difference to a community.

The issue of ownership is understood as keystone in the mainstream discourses of economic change in the broader South Africa. In the study areas, the ability to own is understood to have a considerable amount of relevant literacy and knowledge as a prerequisite. At the same time, respondents opined that the processes of acquisition of skills and wealth should run concurrently toward mutual goals of transformation. Hence, the understanding of empowerment from any perspective, whether from SFP side, community representatives or individuals, was always linked to the problem of skills, education, and training, and on rare occasions on financial resources. One respondent from Singisi community plays down the emphasis on ownership and sees the hand of politics in the sentiments of people, especially the youth. He emphasizes the relationship between education, knowledge, self-efficacy and the ability to own and manage an enterprise. He opined,

> Our youth want to own their businesses irrespective of whether they have gained the knowledge or not and that is a problem which is not quite practical. The youth are influenced by politics but education must come first. Without knowledge, little can be achieved. Our youth must be equipped with knowledge and skills, be ready to commit their time and possess the discipline necessary to run a business. They need these things but often they look for shortcuts. Politics should emphasize education, discipline and respect.

Whilst the black youth despite existing implementation challenges, now have relatively better chances of getting an education and benefiting from relevant transformation policies, empowerment at community level and in the rural areas has not taken off at the same level as the urban areas. Other than problems of community ownership that are addressed through vehicles such as Trusts (see previous chapter), the reality of illiteracy in the adult and rural population inhibits the total implementation of BEE. It is practically more difficult to engage this segment of the population without the basic knowledge, skills and physical resources. One respondent from the study community said,

> The old and mostly rural populations who also have little or no education are left out of the BEE process. The only way they can benefit will be through community Trusts as being attempted by SFP. Other benefits might come directly for instance in cases where there are investments in schools, community halls or other local infrastructures. In some cases, especially in the Mining sector, beneficiation is apparently working a lot faster than it has worked in other sectors. For most adults also, if a difference can be made to their children, then they have also benefited even if by extension.

Another respondent argues that the illiterate adults and rural poor can only benefit from BEE's "trickle down effect". They only gain directly when traditional outreach actions of companies take place. She further maintains that BEE related documents were drawn with the middle class in mind and regardless of attempts to make it sound broad and inclusive, it still remains a tool for the middle class, and the use of the English language alone immediately excludes a significant number of people from understanding it (Tshoaedi, pers. comm. 2006).

Despite such criticisms, the deputy President in her speech at the launch of JIPSA[26] acknowledges the possible exclusion of the old and illiterate and says,

> Those adults who are illiterate and poor, particularly, need to be actively drawn into the economy. JIPSA will indirectly support the Department of Education's work in Adult Basic Education and Training (ABET).

While the minister's view suggest that not all is lost for the adult poor and they can also gain some education, most of the sentiments point to a fundamental flaw, specifically with the whole BEE approach. Initially, the creation of a black middle class featured prominently on the national agenda, and BEE was premised on this viewpoint. The question of the position of the poorest segment of the population only gained weight after criticisms of the original concept of BEE.

Outsourcing, procurement and models of sub-contracts

The difference between SFP and SQF in the way they implement practices that support and enhance empowerment is seen in their approaches. According to their resource management styles, each company structures its shareholding in the main forest business differently. SFP entails a 10% collective shareholding as its empowerment equity, while SQF closed a deal with a black business entity also holding a 10% equity stake. In the outsourcing and procurement activities that are the backbone of small-scale enterprises in the forest sector: the focus for both companies is on the individual entrepreneur with a vision of a multiplier effect that eventually spreads out benefits to numerous others. The shareholding structure notwithstanding, both SFP and SQF still practice outsourcing and procurement the conventional way, but at the same time they try to promote local entrepreneurship. As said, outsourcing whether for forestry services or equipment for SFP amounts to an estimated R20 million annually. Although figures were not available for SQF, they engage in outsourcing forestry services in a bigger way, since they do not directly employ casual labourers. Both SFP and SQF promote the entry of new contractors through setting aside quotas and also encouraging established contractors to offer shares in their businesses to new entrepreneurs from black communities. In addition, both SFP and SQF have introduced certain activities in their areas of operation as ways of fostering the

[26] A national agenda to counter scarcity of skills in South Africa, known as the Joint Initiative on Priority and Skills Acquisition (JIPSA) was launched in March 2006 by the country's deputy President. JIPSA focuses only on scarce and critical skills and its task team has members from business, labour, higher education and civil society. JIPSA was introduced a few months after Cabinet unveiled the Accelerated and Shared Growth Initiative for South Africa (Asgisa). In her opening address, the deputy President states "nothing short of a skills revolution by a nation united will extricate us from the crisis we face". The skills situation is threatening to cripple implementation of the many policies established in the current South Africa including programmes like Asgisa, which is specifically meant to halve poverty and unemployment by 2014.

ideals of empowerment. The flexibility in what businesses can engage in to facilitate such ideals is manifested in some of these initiatives. A majority of the activities that are promoted in the two cases primarily target individuals with some entrepreneurial potential and interest in forest-related businesses.

The SFP Dargle plantation

As mentioned earlier, SFP has introduced its own strategies aimed at increasing opportunities to their employees and local communities. The two stand-alone forest plantations of 3,700 hectare and 500 hectare respectively at Dargle in KwaZulu-Natal midlands is one example where SFP has outsourced an entire plantation to the management of two new black entrepreneurs who were former employees. The Dargle trial is a pilot project: the contract runs for a 5 years and is renewable. It involves silviculture and harvesting activities. Transportation of raw timber to the mills is again outsourced to other private entities. The two managers were formerly employed as supervisors in the same plantations. So while they have a vast combined hands-on experience, they had to learn other aspects of management and incorporate business skills. Under the mentorship of SFP, the managers have employed the services of a business consultant who is responsible for ensuring compliance to the various state laws, such as those that regulate labour practices and the remittance of taxes. Silviculture and harvesting need costly equipments like weighting belts and tractors, which were financed by a bank, while SFP provided other equipment for start-up.

At the time of the research, the Dargle operation had only been under new management for nine months, and within this period the number of job opportunities had doubled from 35 to 77, with the same salaries as previously and it was still profitable. This indicated a reverse in trends that usually characterize privatization processes where streamlining is almost synonymous with job cuts.

A multiplier effect of the Dargle project

Whilst the contract to manage the Dargle plantations was drawn up between SFP and the two black contractors, new initiatives have emerged from this contract to benefit other employees at Dargle as well. The employees, the majority of whom are casual labourers, are encouraged to buy shares in the enterprise. The contractors report that the idea of buying shares was not very appealing to most employees at first, since it was their first introduction to the concept. Although a small-scale initiative, the two contractors, who were being mentored by SFP, were also already mentoring their workers.

In light of the early positive progress with the Dargle project, the black contractors aim at enabling a spin-off of other related activities capable of imparting business skills and creating even more entrepreneurs. The emphasis is also on ownership of equipment by local employees, such that if one is a chain saw operator, the vision is to create ways of purchasing the machine rather than being in the employ of one established contractor who owns all the required equipments.

One of the two managers running this enterprise summarizes his experience from being a mere employee to a business owner as follows:

> If you are an employee you know your money is there period! At the end of the month you get paid. You don't worry about how you are going to get paid. You can sit, chat and do nothing but unless someone is checking on you, you are remunerated. When you are on your own as a business person, you are the one who suffers. The employees do not worry. I have to pay the bank as well as pay the employees. Our policy is to pay the employees first and it doesn't matter what happens, you just have to pay them at the end of the month and I am the one who makes sure this money is available. That is the big challenge from being a worker to being an employer. In addition you have to deal with the labour courts as you know South Africa, employees are protected and not the employer. The labour courts call you often and ask after some employees. I was not trained to deal with these labour courts as they cause me anxiety sometimes (…) I had a lot of pressure the first few months but things have settled quite a lot. Secondly, to work with people who were colleagues in the same company but now have to look at you, as their employer was difficult. We had to convince them that we would cope in our new role.

SFP's Owner Drivers' Scheme (ODS)

The ODS is similar to the Dargle project in approach but concerned with transportation of raw timber. In this case the company targets drivers who have been in their employ and facilitates the purchase of new tractors by the drivers through bank loans. The bank loans are granted based on a five-year transport contract that SFP awards to individuals beforehand. In addition, each driver is linked up with an experienced business partner and manager to help run the enterprise. In 2004, SFP already facilitated the purchase of six new transportation trucks and were working on the next phase of the project. By 2006, SFP reported that this had increased to 18 trucks and a similar number of contracts. As in other initiatives, the targeted individual employees are expected to grow and create opportunities for others from their communities

SFP's security and cleaning contracts

One factor that has frustrated sub-contracting to black contractors at SFP is the huge capital outlay needed for certain forest activities such as harvesting and transportation. Other service-based contracts, like provision of security at the factories and around the plantations, or cleaning services at the company, only need a relatively small amount of start-up capital. It is also relatively easy to enforce compliance to service contracts, especially in terms of equity-based employment. In other words, the company gives out such contracts based on conditions that force the entrepreneurs to conform to the national legislation on equity, as well as the company's internal practices.

At Singisi sawmill, SFP has contracted a security firm called Nyathi Securities. SFP awarded the contract on condition that the firm would only use local labour. Progress would have to be monitored periodically and the targets suggested by SFP were that in six months the supervisory position needed to be occupied by a local person, and within one year the contract would also be managed by a person from the locality. In terms of shareholding, the contractor is expected to extend the same to the community members or employees at 30% of the shares in the first year, increasing to 40 and 50% in the second and third year respectively. Failure to conform to these transformation targets would result in ineligibility in tendering during the next round of contracts.

In the second case at SFP's Langeni mill, a 5-year security contract worth R10 million was awarded to Indwe Security Company in 2003 (Ncedo 2003). Like the Singisi case, this team would concentrate on the transfer of skills that would be done through training and employment of community members as security guards. A specialized trainer from outside was employed to train local personnel to take over the operations within the next 18 months. Skills would have been transferred to the local people within the five-year contract period, and at the end of it, Indwe Security would not reapply for the tender but a local company should have been created to take over. Following the trends that Singisi is attempting to enforce, the Langeni community would get 20% shareholding in the first year and this would increase to 50% by the fourth year. The final year of the contract would reassess the community company's readiness to take over the operations

While it is relatively easy to introduce change in cases where contracts are simply labour-based, the same cannot be said of services that require the contractor to own expensive equipment and have huge amounts of operational capital. Many such contracts are still awarded to white established contractors who have accumulated capital over a longer period of time and have vast experience as well. The idea of seeking financing options for new entrepreneurs is one that SFP grapples with, but one that would benefit from closer collaboration between the private sector and government. As it stood at the time of the research, SFP were exploiting their own financing networks to support new entrepreneurs. Expanding the culture of transformation to their own contractors would be checked against targets say, in shareholding or employment equity that they had agreed upon, but SFP could only enforce these rules at the renewal of contracts through disqualifying non-compliant contractors.

SQF's Fukamela Incubation Scheme

Fukamela, a Zulu word meaning to incubate, is the name of a separate project of SQF, directly run by the empowerment partner IL. As the name suggests, Fukamela targets potential contractors from previously disadvantaged backgrounds and coaches them on general business and specific contracting skills. Fukamela develops contractors and supports small businesses with a view to boosting and diversifying the procurement opportunities that emanate from Mondi and SQF. The development process involves learning basic financial management, the details of labour laws and issues related to taxation.

The founding of Fukamela was based on a couple of reasons; first there was an acknowledgement of a lack of black skills to take on the spin-offs such as contracting jobs related to forest activities in the area; there had also been minimal skills transfer from established contractors, and a reluctance to partner with low skilled black forest workers; and finally IL, a wholly black-owned but non-local company wanted to make a direct contribution to communities where their operations were based. The latter was especially crucial since IL was not directly involved in the technical daily management of SQF of which they were a partner; Fukamela was where IL could have its own role in showing that they were not only passive stockholders.

Fukamela then designed training and mentoring model that secures a percentage of contracts available at SQF. At the time of the interview 20% of SQF forest contracts were allocated to Fukamela. At the same time, Fukamela would advertise locally the available contracts and take in successful applicants for intensive inductive training. The mentoring program runs for a period of 2-3 years during which time the particular contract would be managed both by Fukamela and the trainee entrepreneur. At the end of the three years, the trainees are expected to have acquired significant business knowledge and skills to manage contracts on their own, and are able to secure bigger contracts without the help of Fukamela. For those who might still need the guidance of Fukamela after the three-year contract, there would be after-service available but without joint management of a contract.

In terms of funding contractors, IL the founders of Fukamela, seeks funds from financial institutions such as the Industrial Development Corporation (IDC). In November 2005, Fukamela finally received funding from South Africa's IDC's Risk Capital Facility to the tune or R19.1 million and a further R4.3 million from the Land Bank, the latter going into Fukamela's Niche Trust Fund. For a subsequent five years, the IDC would disburse a further R1.6 million from its Transport Business Unit (Business Report, 2005).

Programmes like these identify business potential in local areas usually with little access to other infrastructures. While Fukamela has started on a small scale, it is hoping that their program would facilitate a transfer of skills that has been found lacking in the forest growing areas. In its own way, the Fukamela strategy attempts to address the common skills problem of black people in forestry-related economic activities.

The first three beneficiaries of the program: Zikode Forestry Engineering, Ezara Forestry Logistics and Kwambonambi Silviculture Contractors are locally black-owned entities, with Fukamela retaining minimal interest as the financial and training facilitator. SQF reports that the three new contractors have created a further 436 sustainable casual jobs in the rural areas of KwaZulu-Natla and Limpopo provinces.

At the time of research, Fukamela did not yet have the capacity to fully deliver the 20% portion of overall SQF contracts that was reserved for them. If Fukamela could meet the target to which it is already entitled, and train more contractors and reach for a bigger share of SQF contracts, then it would present a high potential for contributing, in a multiple way, to the objectives of BEE. The concept of Fukamela already responds to the ownership needs of black entrepreneurs, training and skills development, employment as well as broadening procurement activities to include local people.

Concluding note

In unfolding empowerment actions, the only remarkable difference in SFP and SQF approaches is found in their ownership styles. The community holds SFP's minority shares, while a smaller entrepreneur, IL, holds SQF's. SFP tried to reach as many beneficiaries as possible at once. Hence they started with a large target group. Within this group, the aim as seen through the numerous empowerment actions was to further identify potential individual entrepreneurs for mentoring. SFP has opted to experiment with several entrepreneurial options, some of which, like the Dargle projects, are pilot schemes where a significant amount of learning takes place as well.

SFQ on the other hand, started small and through its business partner IL, developed the concept of Fukamela. Although a small focus, the vision is a knock-on plan where the few trained contractors are expected to create opportunities for other people. For mentoring in entrepreneurship, both companies are more comfortable with selected individuals with potential, rather than experiment with large groups. The community route is complex and long, while the individual option allows a targeted transfer of skills and resources. The speed at which SQF's Fukamela and SFP's Owner Drivers Schemes were developed, are evidence of this. In contrast, targeting community for empowerment initiatives has dragged for both cases. While it took close to four years for SFP to establish an agreement with its communities, SQF was still unable to make progress six years later in 2006.

In both cases, the concept of empowerment is only understood from an economic perspective. This understanding is derived not only from the economic emphasis of the National Framework on Empowerment, but is also due to the reality of unemployment that is prevalent in the rural areas. The unemployment situation is a result of both scarce opportunities and a low skills base that hinders innovation, entrepreneurship, and self-employment.

On a general level in the cases, respondents raised the issue of time as a factor that needed to be considered in the empowerment process. On one side were people who thought that change in the organization was too slow and needed to be fast-paced. The employers on the other hand, viewed the slow pace as necessary since there were numerous structural problems that they had to deal with.

Raising the levels of literacy, management and business skills amongst black people in the study area was viewed as an enormous task that required multiple approaches, and that successes could only show after several years of targeted training. This point of view implied that the amount of pressure from government with which many companies were obligated to comply, was unnecessary as it was not practical to meet targets when qualified black people were few and difficult to find, employ, and retain. Secondly, new vacancies were not created often as the timber market was increasingly volatile and companies were looking at ways of cutting costs rather than increase expenditure. Third, others argued that skills could be transferred through the willingness of existing businesses to take on people with some qualifications, but who might be low on experience and equip them on the job. Training on the job would fast track the change process, but some respondents from the communities believed that local contractors and other private entities were often reluctant to impart skills.

Referring to the broader South African context, the reluctance by some established businesses to transfer skills is due to three major reasons: the fear of losing business in an increasingly competitive atmosphere in the new South Africa. Mandatory transfer of skills and enabling black equity in existing enterprises is aimed at broadening economic opportunities, but it is also threatening to a section of a society polarized along race lines, and more so when it is the minority group who has to share economic power with a majority. Secondly, it may be a subtle show of resistance from some business owners to empowerment policies, who believe BEE is a reverse form of apartheid that now sidelines the white population to the benefit of blacks. Finally, most businesses have very low ceilings on the amount of money they can spend on training; hence they prefer to employ people who already have some relevant experience. With a few companies opting to headhunt rather than train and keep, it is possible that only those who can afford higher salaries can win the game. At the same time, there is a risk of increasing the number of unemployed graduates when there is more emphasis on work experience rather than qualifications. The essence of this disconnection between education and skills acquisition *vis a vis* experience is part of the broader tension between politics and business. It narrows down to a question of whose responsibility it is to prepare learners for the workplace. How much applicable skill should learners bring to the production sphere, and what is the role of the employer in enhancing the skills pool that the country needs? The corporate side is in a war of existence, coupled with pressure to change the organizational culture to absorb diversity. This struggle includes opposing government policy, whether subtly or overtly, and through arguments that would otherwise be legitimate if they were presented in their totality. Government is responsible for providing education for its public, but in the end, scholars gain more of a theoretical than practical knowledge. Employers on the other hand, are expected to provide the more practical application for these skills. Therefore the failure for the organizations to transform cannot be solely attributed to the skills problem, and by extension, a failure of government to provide quality education. Rather, its success depend as much on the corporate will, necessary for enhancing the skills base, as it does on the political will to provide a sound educational base.

Calls for organizations to change faster are as legitimate as those from the opposing side who prefer more time to get the process rolling. The process is marred by suspicion of non-commitment from some employers because, as some argue, the process should be allowed more time to spread out. At the same time, there have also been suggestions that a ceiling should be imposed on the empowerment process, and that government should indicate when the process would stop. The latter point raises more questions, as it is not practical to place a timeframe when the rate of compliance is still below average, and the trend toward success still unstable.

Closely tied to the idea of time in the empowerment process is that of sequencing. Evidence from both the case studies suggests that education and skills acquisition are prioritized as a prerequisite to successful mobility of people into mainstream economic activities. The two private actors studied understood their role as contributing to both local and national economy through the creation of jobs, and awarding these to those who could present the relevant education and experience. The provision of education rests with government although the private companies offer bursary schemes and other social amenities like schools and clinics to serve areas particularly where they draw their labour

The problem of skills and capacities that hinder those from historically disadvantaged backgrounds are categorically addressed in the Black Economic Empowerment Charter. Other than indicating targets that companies should strive to achieve, individual forest companies have the flexibility to come up with different strategies to address these challenges. In fact, it is at the stage of operationalization that the meaning of empowerment is redefined, as flexibility in actions is not entirely dependent on government prescriptions, as actors have the leeway to present unique initiatives, albeit loosely, within the categories outlined in the Charter.

Translating the concept of empowerment into real actions especially at the rural level has been a daunting challenge, given the low skills base, general poverty, and inadequate physical infrastructures that characterize these areas. Most of South Africa's population (about 60%) resides in urban areas where the infrastructural facilities are relatively more advanced and accessible. Of the 40% who live in rural areas, it is reported that unemployment, for instance, stands at 70% (Somdyala 2004) in districts like OR Tambo and Alfred Nzo in the Eastern Cape where this study was conducted. The implications such problems pose for processes of empowerment or engaging the business sector illuminates far more issues than would be found in the fairly equipped urban areas. The most important benefit for these communities faced with a high rate of unemployment, is their prioritization when there are vacancies for unskilled jobs and small contracts at SFP. In fact, the most prevalent understanding of empowerment during the interviews indicated that jobs were rated high as an avenue to economic empowerment. In the SFP business plan submitted to government, they pledged to first target the communities they work with whenever job opportunities arose. One other aspect of prioritizing communities and existing employees involves outsourcing and sub-contracting SFP activities.

SFP and SQF both understood empowerment as a process that is also about building relationships both within the company with other employees, and also with communities living in areas where they work.

8

Reflections on theory and findings

This chapter acts as an analytical synthesis of the three previous empirical chapters, and once again reflects on the closely related themes of policy implementation, management, and empowerment, all within the context of a newly privatized forest enterprise. In this chapter, the three concepts are analyzed as separate blocks, but in chapter 9, I attempt to show how they interconnect. Empowerment and collaborative management are existing concepts at the core of the ruling ANC transformation policies. The main purpose of the two concepts is to address issues of social and economic inequities that were entrenched by the combined practices of racial capitalism[27] and paternalism, the hallmarks of apartheid. Empowerment has been legislated in South Africa as Broad Based Black Economic Empowerment (BEE). Collaborative business engagements are used as a strategic tool to advance the practice of BEE. This is necessary, particularly in the rural sphere (the site of this study), where people are characterized by poverty and low literacy, and hence need a springboard into the business arena. Debates on policy implementation are introduced for relevance and as a basis upon which both processes are executed. The way that forestry policy is implemented, in particular the forestry sale, has far-reaching consequences for the kind of empowerment and collaborative practices which unfold. The chapter also advances the argument that empowerment, if emphasized from a single objective

[27] A term popularized by Sampie Terreblanche (2002) to explain the economic foundation that sustained apartheid: that of exploiting black labour (unfree labour) while excluding black people who provided that labour from the benefits to enable the white population to advance unfettered.

of obtaining ownership, serves to exclude or crowd out other important facets, such as improvement and creation of skills. For the sake of this argument, the study demonstrates this by exploring why one of the two case study models holds better potential than the other, and the implication of these findings on theory.

The three concepts of policy implementation, collective management and empowerment are used as parallel theoretical lenses. Through these lenses, key issues from the case studies are highlighted. They also help to show similarities and points of convergence between the cases.

Implementing the forestry sale: The fragmented balancing act

Chapter 5 presented a detailed discussion about the forestry sale process upon which this study is based. The next section starts by briefly revisiting the empirical aspects of this implementation process before delving into analytical discussions. In the later part of this section, certain key issues are discussed, either as outcomes of, or as influences on, the implementation process. These include a discussion on actors' coordination (or lack of it) and its bearing on implementation. It also analyzes impacts on community readiness and involvement, the issue of exclusion as an outcome of negotiation, impacts on forest companies as well as the role and influence of power.

The core of the implementation story

The forestry sale was a result of government's decision to relieve itself of the forest assets as part of a broader national privatization exercise. Forestry qualified as one of the sectors considered not strategic to government's core functions, and so since 1999 it had been under gradual transfer to private sector management.

There are two interesting aspects to the implementation story. First, the process involved numerous objectives that government lined up as achievable from the sale. The line-up of objectives included both economic and developmental ones, some of which were not always complementary. How was it possible to achieve conflicting objectives through a single sale process? On a second level, there was a range of government departments that had an interest and a role in the process. These included departments of water affairs and forestry (DWAF), land affairs (DLA), public enterprises (DPE), the state forest corporation (SAFCOL), the department of environmental affairs (DEAT), and local governments in the forest areas. In approaching the sale, there was a lack of coordinating leadership between these departments. Coupled with government bureaucracy, the lack of a coordinating body, in part, resulted in a sluggish sale exercise. DPE, the office with the final say in privatization, had its own priorities, as it had more lucrative restructuring exercises in other state-owned enterprises.

Primarily, these were symptoms of a very low political interest where issues of forestry were concerned.

Theory revisited

Theoretical discussions on policy implementation, as detailed in chapter 2, revisit the persisting notion of the gap between policy statements and actual delivery. Along the continuum of crafting and implementing policy, initial objectives are re-defined, abandoned or advanced, but rarely in the way that they were intended. Such possible discrepancies are attributed to the different orientations of the policy maker and the implementer. The policy maker is theoretical and politically aligned. The implementer, on the other hand, is a manager who perceives policy statements in a certain way, and strives to break them down into deliverables. In this process, original intentions may be perceived differently and reconfigured. Such differences are understood to impact in varying degrees on actual policy implementation.

As said in chapter 5, in the forestry case a number of objectives were lost while some survived. The reasons were not so much due to differences in how the policy was perceived, but were inherent in the conflicting nature of the objectives. Government was aiming to get the best price from the sale, enhance competitiveness of the sector, improve efficiency, and enable the transfer of skills and technology into the sector, and to inject private sector capital and expertise. Government withdrawal would also help reduce its expenditure, particularly in relation to the workforce, which was bloated even as most of its business continuously made losses. Finally, the sale would be used to facilitate entry of black businesses and rural communities into a sector long dominated by white industrialists. The introduction of the element of BEE meant an increase in the load of guidelines since BEE has its own line of objectives as well, which include the improvement of black representation in all levels of management, in ownership, procurement activities, and enterprise. All these needed to be done against a backdrop of a fair or an improved gender representation as well. This objective overload in turn was a reflection of the different interests in the sale exercise. Walt (1994: 35) poses, “is it possible to devise *implementable* rational policies if many different groups are insisting on their demands being met?” [*emphasis* added]. The central question in this thesis also focuses on how multi-group interests and multiple objectives are reconciled within a single policy process.

The next theoretical point is methodological, and partially answers the above question of multiplicity of actors and by extension, the roles and responsibilities that these actors have. This view emphasizes a focus on the linkages between structures of implementation across organizations instead of individual actors or organizations as a unit of analysis. It considers the acting structures within these entities, and the relationships they create with implementation units in other participating organizations. The multiple group interests and objectives require a focus on the networks that facilitate the process of implementation, but also need to emphasize how these are coordinated for effective delivery.

Problems of coordination

The inter-actor networks that traverse the different government entities, as seen in this study, were undermined by a lack of a focal leadership point. This was necessary both as a balancing arena where issues that undermined the sale process could be addressed, and as a central actor that could give direction and connect the bits and pieces of the whole process. These problems were further manifested in knowledge gaps, discrepancies, and communication breakdown between participating departments, and even between different ranks within a single department.

The issues at DLA, the department responsible for land reform, crossed over to affect the forestry case. The DLA was faced with a lack of technical knowledge that accompanied the land reform strategy. While the political objectives of redistribution, restitution, and land reform were broadly sanctioned, their implementation required an understanding of all the relevant legal processes. The legal knowledge at DLA was minimal however, and this posed the greatest hurdle for the land question. There was a wide discrepancy between what was intended in the land policy and what was legally executable. The residual impacts on forest privatization are seen through the numerous outstanding land claims on forestland. These have made it difficult for forest companies to define communities for community-company engagements, as entailed in their agreements with government.

At DWAF, the key actor in forestry, the challenges were mostly internal. Having ceded responsibility for actual sale to DPE, they retained the advisory and regulatory roles, particularly in managing the lease agreements between new owners and government. The chief directorate at DWAF and its Regulations unit were supposed to be respectively involved. Instead, the chief directorate teamed up with DPE and negotiated leases with SFP and SQF without much involvement of its Regulations unit. These leases were reported to have contained inconsistencies and weaknesses that would have been avoided if the Regulations Unit, with their technical knowledge, had been included.

At DPE, the lack of a dedicated forestry cluster to facilitate forest privatization undermined the process. DPE had other lucrative government deals, such as the partial sale of Telkom; hence forestry issues were relegated to the background.

These three agencies represented the core interests of government in the forestry exercise, but apart from having very weak linkages between them, the roles of individual implementation clusters in each department were not clearly defined. Also, communication between these agencies was inadequate to drive the process effectively and on schedule.

The absence of a central coordinating actor, the involvement of numerous government agencies, and the problem of an objective overload in implementing the forestry sale resulted in a very slow and haphazard exercise, as both sale processes took over three years to complete. This in turn impacted on other related processes, particularly the plans for creating community-company relationships.

Impacts on community involvement

In the empirical chapter 5 on implementation, one factor was highlighted as having impeded some of the privatization objectives especially where community engagement was involved. This factor was the near-absence of information on the privatization process in the communities. Although there were foresters dedicated to community issues, they were few, hence it was logistically tedious to do all the groundwork and engage interested communities on time for privatization. While the resultant inactivity of the communities may be perceived as negative if one looks at it from a local perspective, it also meant that it was one objective less to worry about. Hence, it was possible instead to increase the pace of privatization in certain instances. The amount of time it took SFP to convince surrounding communities, which they report at close to four years, is evidence of the challenges of trying to bring large numbers of people into the forest enterprise, especially when these are poor not only materially, but also in plantation management skills.

Elsewhere in cases where indigenous forestry is discussed (Ostrom 1990; Klooster 2000; Higgins & Lockie 2002), the local person living near the forest is understood to possess traditional knowledge and skills necessary for managing their biodiversity, and only need the necessary conditions to craft rules of governance. In the case of commercial forestry in South Africa, the monoculture plantations are exotic and require different silvicultural methods of management that are not available within the local skills pool. Second, within the policy context of the past South Africa, there had never been an established link between the locals and the forests; these were no-go areas for non-employees.

The forest plantations had been introduced to these areas purely for business purposes. They are alien to the natural environment and to the people who had lived there before they were introduced. There is no significant pre-existing knowledge in the communities, and not much capacity at the supra-local level, as there had been no motivation to include the locals in management. A few local people have been involved in the business, but mostly as unskilled workers. Hence it may take years to bridge the information gap. It is for this reason that part of SFP communication strategy involves disseminating information on what the saw mills are about, and how the forest industry makes contributions to local economic development.

Exclusion through negotiation

In the face of all the contradictions, the process of implementation relied more on negotiation and bargaining, rather than in adequate fulfilment of its stated objectives. In this respect, the forestry case generally reflects a broader trend in South Africa's policy processes, where privatization has involved the government negotiating with business, labour unions, and other interest groups. The forestry process involved old and new businesses, the public sector, local communities, and interested individuals. The study suggests that negotiation offered temporary solutions and helped to facilitate the pace of the asset transfer exercise, but did not solve the relational issues that came up, especially during the post-transfer situation. When certain policy intentions are sacrificed, for instance the attainment of black representation in new ownership structures instead of a gender-balanced one, these issues may still resurface to cause disharmony when the business becomes operational. Likewise, when an external (urban) black business is chosen over local (rural) entrepreneurs, as seen in the SQF case study, these issues come back to cause tensions later on. Finally, political objectives of seeking redress impeded getting the optimal financial returns from the assets.

It is in a similar respect that Miraftab (2004:239) argues that, when concepts like empowerment, social capital, or community participation are depoliticized and used as 'building blocks' for neo-liberal governance, these attempts portray a situation of symbolic inclusion, but at the same time they maintain a situation of material exclusion. Government touted forest privatization as one of the best opportunities for peripheral rural communities to enter business. The idea of communities gaining a foothold in forestry was used to justify forest privatization in the light of opposition from trade unions and left-wing politics.

The forestry sale process suggests that exclusion is a result, not only of prioritization under circumstances of an objective overload, but of power play as well. When government does not protect materially weaker actors, the rest use their power to influence the process. Relatively weaker and unorganized groups, like the communities in these cases, lose out to organized business. What happened in the forestry case was that as soon as the policy process was transformed into a negotiation process, the only interests that were served belonged to those who happened to be present at the negotiation table. Communities in this case were materially excluded.

Forestry outcome in the context of power relations

The objective overload and the power dimension in the forest sale process reflect a broader trend in South Africa's post-apartheid policy processes.

The objective overload was primarily a result of the skewed race-based power and policy at apartheid, and was an attempt to correct these discrepancies within the shortest time possible. What made the policy scenario ambiguous was the economic path that South Africa has subscribed to in the post-1994 period. While this macro-economic policy was evidently neo-liberal, the numerous social needs dictated that the economic model should be not only flexible, but also tailored to accommodate such interests. Because some of these objectives that were incompatible with the principles of a free market found their way into policy (for instance BEE), their successful implementation significantly depended on a compromise on power.

A key characteristic of policy implementation processes is the role of power and influence and how different actors use their leverage to advance their sectional agenda. Walt (1994: 1) observes policy making also as "about who influences whom and how that happens". The labour union in South Africa has used its position of influence to direct policy to a certain extent, and their most outstanding opposition was directed at the governments' privatization process. COSATU, the umbrella body of several trade unions, used its influence as a member of the tripartite alliance (ANC, SACP, and COSATU) to push the interests of the workers during policy making. In the forestry case, this was manifested in the agreement with government, which said that during the sale of the forests there would be a moratorium on retrenchment by the new owners for at least three years after the forest transfer. Pre-privatization government workers at SFP for instance, had the option to take severance packages, or be retained on the same or better remuneration packages. An agreement of this nature may not be entirely favourable for business, given that evidence from most privatization exercises points to retrenchments as one of the activities private actors employ in order to cut costs and increase efficiency. Business, on the other hand, pushed their own interests, among these ensuring that government did not include unviable forest assets. They also demanded that areas with settlements (like in the SFP area, near Umzimkhulu) were excluded from the privatization deal, and at best reverted back to the local municipalities. Inasmuch as government took responsibility for unresolved tenure issues and advanced a 70-year lease to the private forest interests, such insecure situations were still used by the private sector as leverage to lower the price of the assets.

A situation of compromise underlies policy processes, and in the end, much of what each interest gets out of the transaction depends on its ability to use its power and influence to its benefit. How then did local communities, who were not at the negotiating table, benefit from such a process? Local interests that may have missed out of the elite negotiations had the option to position themselves to benefit from the spin-offs that emerged from the downstream business transactions. However, their late entrance worked against them, as they had to fit in within a framework already designed and consolidated by more powerful interests.[28]

Interests that were not strongly represented, or had no leverage were most likely the losers at the decision-making stages. Although the spin-offs, like the new businesses created by SFP and SQF, offered a reprieve, these had to work within the framework set out at the leveraging stages. If the communities were excluded early on, as evident in this study, then no amount of community enterprises or projects was likely to mitigate their weak power position. The power debate in South Africa, as I also take farther in the next section, has been argued from a similar standpoint. Macozoma (2004) argues that the diffusion of economic power to those disempowered by apartheid, can only be meaningful if business leaders from these groups make in-roads into the important decision making structures; otherwise the old power structures remain intact and economic apartheid continues.

The weak position in which the SFP community Trust found itself, due to both financial and human resource constraints, undermined its constructive engagement with their partner company. It also placed the communities in a situation where they depended on SFP to fund their investments; and this further perpetuated dependency and eroded their bargaining power. SQF on the other hand, concentrated on creating individual business people who had better chances of becoming power brokers on behalf of their communities.

Implementation: Concluding note

Along the implementation process only some of the objectives survived, and seldom in the manner that they were intended. The survival of any objective partly depended on the influence by actors who managed to remove, dilute, or elevate some of the initial intentions, according to what they considered favourable. For instance, during the forest privatization exercise in South Africa, the original asking price was devalued, as the private sector felt there were too many social developmental objectives attached as conditions to the sale, which they considered as disincentives. Also the idea to be sensitive to gender balance was traded off for a focus on a balance that was first and foremost based on race. The objective of empowerment seems to have favoured black elites at the expense of rural and less educated individuals and/or communities. Funding for forest

[28] I revisit the implications of these enterprises on local communities in the later section on co-management.

science research reduced as a result of state withdrawal, and the state's intention to sell their assets as one national forest estate had to be rescinded for smaller packages that could accommodate new, medium-sized investors as well. Existing labour forces within the state forests up for sale were retained for a period of three years at the expense of the popular cost-cutting measures by private sector.

In the end, no particular objective was absolutely satisfied according to the initial expectations. Each interest group had to give up some expectations in order to make gains elsewhere. Government managed to sell part of its assets, but not at the intended price, while the private sector paid less to compensate for the risks of taking on too many social responsibilities instead of purely market-related ones. Hence the implementation exercise became a negotiation process where exclusion was part of the consequences.

Community groups in our case studies came to the negotiation table after the deal had been sealed between government and private forestry. They were excluded, not only because of their lack of financial and organizational capabilities, but also because they were not at the negotiation arena early. Their being considered as peripheral actors placed them in a position where they could only be considered for beneficiation after the businesses were up and running. Benefits to communities were addressed through outreach and entrepreneurial activities that sprung forth, such as the contracts discussed in both SFP and SQF cases.

While balancing policy objectives during implementation is not a unique exercise, what made this particular exercise even slower and more tedious was the involvement of too many government agencies with different interests in the transfer process. This multiplicity required emphasis on coordination and leadership, both of which were lacking. The lack of policy integration across the government departments was both a case of low prioritization of the forestry exercise and a general lack of political will across the board.

In implementation theory as discussed in chapter 2, policy objectives may be lost along the way mainly due to the gap between the policy maker and the policy implementer. On the contrary, implementation problems in this case study were a result of the objective overload and their contradictory nature that led to negotiations and subsequent exclusions.

Reinventing 'community' for forest business

The discussion in this section is dedicated to the relationship between the forest companies and communities. As I discussed in the empirical chapter 6, the two cases present a variety of models of community engagement in forestry. In the SFP case, communities were partners in forestry and own 10% of the company. At the same time, SFP engaged selected individuals in business mentorship as demonstrated in schemes such as Owner Drivers and Dargle project. These were done in addition to conventional community outreach initiatives, such as giving bursaries to students and supporting local health care facilities.

In the SQF study, a partnership was forged with a black business IL and reflected a normal business-to-business transaction. Alternative ways of enhancing local skills was done through Fukamela, the contractor mentor program. Communities were engaged through conventional corporate outreach programs, and there were also attempts by SQF to offload some of its shareholding to communities so that they could become a business partner as well.

These cases show how the two forest companies are attempting to transform in a way that enables black actors and community groups to take part in forest business. The one question that was common in the two cases was how to identify or create a community for business. Should they rely on administrative boundaries or kinship territories under traditional authority? How could identified communities organize and be represented in a way that enabled their engagement in the business to receive benefits in an equitable and transparent way? Were there existing stocks of collective social capital that could be relied on when seeking to define or create a community?

This section summarizes key results as seen through certain actions and perceptions toward community organizing that both SFP and SQF employ. In the context of the case studies and supported by related theories, I revisit the creation of local institutions for forest business, the role of the local elite in community organizing and the role of facilitation. As a final core point, this chapter also analyzes in a comparative manner, the community approach against the focus on individual entrepreneurs. These two models fit loosely within certain theoretical discussions on natural resource management.

Between neo-populist and neo-liberal styles of resource governance

Various theoretical concepts have been used to explain trends in Natural Resource Management including forestry. Chapter 2 explored some of these. Two main schools of thought were highlighted and these are the neo-populist and neo-liberal approaches to resource management.

The neo-populist school fronts for radical shifts in the way natural resources are managed. It challenges approaches that exclude local and supra-local users from resource management, and advocates for their centrality. Preceding practices were mostly state-based and authoritarian. The state placed emphasis on the resource and its preservation, while there was little consideration for local users. Under the ideas of the neo-populist school, concepts like co-management have become prominent to reinforce the local user as a capable resource manager, especially when there are clear rules to guide use. This perspective has not gone unchallenged, especially as western-type democracies take root in developing countries. Ideological shifts have not only traversed political systems but encompass the governance of natural resources as well. Within these transitions, the market has increasingly gained hegemony and sought to replace the state as the key actor in resource management.

The neo-liberal approach to resource management aims to centralize the business sector as a key player. The private sector, having a relatively more powerful influence on policy, has managed to pressure developing states to embrace their demands. As a result privatization has occurred among other pro-market reforms, albeit, with some degree of caution in some instances. With most of these states are still faced by numerous developmental needs, it becomes equally important to mitigate the inability of the market to respond to social and sustainability needs. So while government agrees to let the private sector move in, the latter is encouraged to engage in practices that are sensitive to these needs. It is these dilemmas that lead to adoption of mixed strategies, both in policy papers and in practice, and the reason that elements of concepts like co-management survive even through neo-liberal tendencies such as privatization. This is a common characteristic of enlightened late-phase liberalism where the market dominates, but is kept in check externally by a combination of state regulation, labour organizations, and activism by non-governmental organizations. Business is also guided internally for broadly strategic or moral reasons to pursue objectives of social responsibility and environmental sustainability.

These demands have seen to the re-emergence of neo-populist elements in predominantly neo-liberal processes. The result is what Higgins & Lockie (2002: 419) call "hybrid practices", referring to how social aims and efforts at sustainability are retained within new forms of governance.

South Africa's style of privatizing its plantation forests can also be viewed as a mixed approach to governance that gives in to market demands, at the same time trying to live up to some of its political ideals of enforcing a people-centred outcome. The numerous and often conflicting objectives prevalent in South Africa's policies signify the struggle to accommodate social and private interests within a market-dominant process. These occur through the integration of private individual action and collective action. This in no way implies that there is consensus and a united vision to the direction forestry takes, since even within changes in management styles, different interests still attach different values to the resource. The mixed approach is beset not only by complex logistical problems, as we have seen through the previous chapters, but also by relational and local institutional issues.

Local institutions for forestry

The adoption of such mixed strategies demand that group interests are organized and institutions established or existing ones broadened to accommodate new perspectives. Although differences in perspectives and interests might still occur even within the same organization, or within local communities, it is important that local communities, like their private counterparts, strategically position themselves to advance and to attain the end of their interests. Klooster (2000) outlines some of these requirements and so does Williamson (2000, in Behera & Engel 2006: 351) who makes a more categorical description of the levels upon which institutions can be analyzed. The first level considers the extent to which existing informal institutions may be embedded in customs, traditions, religion, or norms. The second stage examines the nature of the institutional environment, and how formal rules can be created within broader existing laws, for instance those that are related to private property. Thirdly, he considers how contractual processes unfold and how existing governance structures support these. The final level of analysis takes into account the incentives, resources, and the nature of their allocation.

The most significant aspect of this whole process is to develop rules to guide behaviour relevant for collective action. Local institutions are then necessary as rules (Ostrom 1990), as platforms for negotiation, distribution of benefits, and for seeking markets (Blaikie & Jeanrenaud 1997). Ostrom (1990: 39) indicates that the problem is not often to do with the organization itself, but the process of organizing or "how to change the situation from one in which appropriators act independently to one in which they adopt coordinated strategies to obtain higher joint benefits or reduce their joint harm".

According to these theories then, the creation of local institutions as shown in the SFP case, and to a lesser extent at SQF, calls for a lot more than just bringing a group of people together under a legally recognized entity. For a private enterprise, which may feel obliged to have local interests institutionalized hurriedly so that business may go on, ignoring the intricate details of local dynamics and obstacles to organizing poses a threat to the future of such collaboration. The creation of a community trust - Singilanga Directorate Trust (SDT) - for the purposes of being engaged by SFP as a partner is a case in point. SFP's urgent need to start forestry operations after making a commitment to surrounding communities to take them on as partners in the enterprise saw a haphazard bundling of large areas of settlements under one umbrella organization. SDT became the institution for thousands of households, many of whom did not know each other and had never worked together as a group. The SDT "community" was differentiated, not only by their disparate physical locations, but also by language, cultural norms and class. A respondent gave one example of the class factor blocking community action:

> Projects are for poor people…people who have the means do not join local projects. They are independent and are not interested. This could be one of the reasons that our local institutions fail. (Interview 26 March 2004).

The opinion above is an interesting contradiction to what most literature on local organizing suggests. Local elites are often portrayed as hijackers of local initiatives for personal gain. More importantly for the discussion here, it highlights the problem of insufficient rationalization of the collective. In addition, the perception of the local elite varied depending on the inclination of the actor as respondent. For instance, the elites who were interviewed generally felt they had something to offer, but were discouraged by the amount of mistrust levelled against them. SFP thought that these elites caused trouble and politicized community action that they were trying to facilitate. This point is further elaborated in the next sub-section.

The understanding of "community" by communities themselves may not be based on territorial boundaries on which external actors such as SFP tend to rely, but rather on non-territorial kinship ties. It is due to similar ambiguities that lead writers like Ostrom (1990) and Klooster (2000) to call for a focus and emphasis on institutions as rules, rather than a reliance on the notion of community. Klooster (2000:3) understands institutions as "rules that coordinate social relationships, help balance behaviour and solve the assurance problem".

The implication is that if the elite within participating communities were genuinely interested, there would be rules, and functional institutions would be created, but it was not certain whether their involvement would spur the interest of the poorer members of these communities. The lack of motivation for organizing to join the forest business was a result then, of a combination of what was perceived as inadequate incentives, with many people preferring activities that brought immediate economic benefits, as opposed to those that were relegated to the future. Also, historical pessimism surrounded commercial forestry practices: local residents remembered the prohibitions set during apartheid that removed them from the areas the forests stand, some of which are of cultural value to them. Removals to give way for forestry also saw the reduction of fields for cattle rearing as a preferred economic and cultural activity in most of the Eastern Cape.

The question of community and local elites

As stated previously, there exists ambiguity in the way the role of local elites is perceived in the process of crafting and managing local institutions. In the SFP case, the capacitated were perceived both as the villains and as the missing link in efforts at institutional development, thus creating a self-fulfilling prophecy. This was manifested mostly in the SFP case. On one hand, the more capacitated individuals were considered as a threat and as capable of demoralizing the rest of potential participants. At Singilanga Directorate Trust (SDT), some Trust leaders expressed such disillusionment, arguing that while their institution was facing difficulty due to low levels of capacity, particularly in entrepreneurial management, the few with some skills were viewed by fellow members with scepticism and significant mistrust. Managers at SFP, who intimated that the troublemakers for SDT were the local elite, also expressed similar sentiments; they viewed them as self-seekers and as hindering the overall process of mobilizing SDT communities to work towards collective goals. This view differed when talking to opinion leaders or those classified as the local elite. While they acknowledged the problems of capacity, they recognized the contradictions prevalent in the way they were regarded as well. It is for this reason that they tended to concentrate on individual businesses rather than involve in local collective initiatives.

The second case study, SQF, did not initially engage their communities because they claimed the forest communities had not formulated rules that would guide their engagement, and were therefore not adequately organized to be partners in the enterprise. The second attempt by SQF to offload some of its shares to these communities was undermined by the demand by some traditional authority leaders that a portion of the enterprise be reserved solely for their own benefit, hence separated from the community as subjects. SQF's parent company, Mondi, had operated in the same area of KwaZulu-Natal for decades, and often accessed the residents through the Traditional Authority. To directly engage the community in the forestry enterprise required a new set of understanding and rules, but SQF preferred a separate institution, steered by a local committee and separated from the influence of the Traditional Authority. SQF's attempts to bypass traditional authority and access the community directly failed. This is partly because the Traditional Authority still wields significant influence on issues of local organization, and easily frustrates ideas that attempt to sideline them.

This example is a paradox of sorts, but it points to how power and influence can obstruct attempts at local business engagements. The Traditional Authority, particularly in KwaZulu-Natal province where SQF operates, has retained legitimacy even as new political democracies took root by virtue of their role as custodians of communal land. They hold in Trust community assets especially land. Therefore it was a contradiction that they demanded for themselves, as an entity independent of the community, 40% of the available 10% shares that SQF was willing to transfer to community ownership. On the other hand, it was strategically poor for Mondi and by extension SQF to bypass traditional authority when significant transactions were involved, when they had previously relied on this traditional leadership to access the rest of the community. The SFP option in the Eastern Cape Province of advancing the idea of local committees from the beginning, as opposed to placing strong emphasis on traditional structures, helped to avoid problems that may have been posed by middlemen and brokers. Only in the process of creating a community Trust, SFP similarly neglected the elected local councils, hence missing out on influential actors. Such actors could have used their influence to help SFP communities, for instance in accessing options for financing or speeding up the legal processes of institution building, or simply providing platforms for connecting to the more external formalized structures.

Both SFP and SQF attempted to exclude certain local entities that they thought would negatively influence their processes, either by politicizing or usurping the roles they needed residents to exercise. While SFP mostly sidelined political entities or personalities, but in a small way reached out to traditional authorities, SQF were unable to offload the shares to the community, as they were stuck trying to bypass the local traditional authority. In the end, SQF decided that these shares would be transferred instead to the junior partner, IL that also runs Fukamela training scheme, until such a time that a workable solution would have been negotiated with the neighbouring communities. The private actors' reluctance to use existing local institutions as stepping stones or as partners in their enterprise confirms the perceptions often associated with the local elite, who are viewed as opportunists or potential obstacles to advancement of development concepts, such as participation or community involvement.

On the other hand, the private actors' tendency to pick and exclude was a part of their subtle resistance to the policy environment that coerced them to work with the locals beyond the traditional realm of corporate social responsibility, and that actually gave the people a voice in the forest business. Hence, some of the perceived difficulties also partly represented a ploy to self-sabotage part of the processes that private entities felt were incompatible with their conventional operations. Issues such as community's incapacities or the ideological inclinations of the elite are indefensible factors that companies can use as a pretext to act either superficially in the case of SFP, or only through selected private individual actors as exemplified by SQF.

The point that stood out from the case studies, and particularly with local people, was that where the private companies wanted to offload part of their ownership to the local people, there was remarkable interest in the anticipated financial outcomes, rather than in the intricate processes of joint organizing necessary for receiving such benefits. People were more interested in the end (benefits) rather than the means (process) and rules. Such reluctance could be explained by the lack of prior experience in working collectively for profit-making, the fear that at the end, there may not be results for efforts put in or that the more powerful people, including private actors and elites, may benefit at the expense of those vulnerable. These fears were not far-fetched, given the past exploitative economic experiences and the prevalence of residues of apartheid-structured power relations.

Options for creating community enterprises

Part of the solution could be to introduce collective activities in small doses, as a way of harnessing trust. SQF was already approaching their communities through small activities but with a long-term view of consolidating trust for future formalized business groups. Alternatively, new schemes could use existing informal structures meant for other activities, and transform/strengthen these to the realm of business. Reliance on such pre-existing 'collective social capital' helps to define groups of actors being any social entity who have already cultivated some sense of stability and cohesion. They could be fairly organized small groups focused on a kind of business, or an informal group with enough internal trust to enable formalization processes to take place. Such informal collective structures are already present in the villages and are often used, for instance for micro-credit schemes, funeral committees or youth soccer groups. The idea is to tap into existing structures where there is already a working understanding amongst members.

Territorial or kinship-based communities can also convert into business groups if they are coherent and stable enough to work as a unit. The SFP target group was a combination of territorial, kinship and functional communities. The diversity was great, and so were the distances. The group was impersonal and had no experience of working as a group. The informal units mentioned above were present within the large community, but they were outside the criterion that SFP employed to define its community for forest business.

SQF on the other hand, paired up with an individual black elite company but at the same time, was taking the longer route of first creating a relationship with its communities. It was doing this through engaging the communities in needs assessments, being the link with other external agencies, whether private, public, or non-governmental, and seeking markets for local products such as wood artefacts and honey.

Actors could also be individuals who have sufficient self-efficacy and some capacity to engage in the forest-related business. Missing skills can be acquired and existing ones improved. In fact this is the route that has proved most successful with both SQF and SFP, as seen with the Fukamela and the Owner Drivers Scheme respectively. The success of these individually focused initiatives is quantifiable in terms of the jobs being created, and also because beneficiaries are required and expected to pass on acquired skills, especially in forest business management. The snowball effect is mainly exemplified by the Fukamela scheme, which after training only three contractors by end of 2005, reported that a total of 320 jobs had been created as a result. In comparison, SQF and SFP successes at community engagement were still minimal. On the SFP side, although annual dividends had been declared a couple of times that saw the community's portion transferred to the Trust, its impacts were yet to be felt as communities needed to agree and plan on projects that benefited them as a collective. Unlike the individual route, beneficiation by whole groups of communities required consensus and considerable planning.

It is important to note that what has worked for the private sector-community alliances are approaches that are more or less conventional to business. These practices are guided by laws that business people understand, and are devoid of the complexities of dealing with whole communities. The individual approach considers people who show interest, have the motivation, and some formal capacity that can be supported and improved. The niche of these models and what differentiates them from normal business objectives is the emphasis on their multiplier effect to benefit more people within their communities.

The reason that the private companies invest time experimenting with large communities is to fulfil the political emphasis for a broader approach to doing business. Community involvement in forest management is absent, although at SFP, they are represented by one member in the board of directors. The strategies employed both at SFP and SQF are attempts at community beneficiation through creating enterprises, rather than a move towards involving them in daily management of the forests. As pointed out earlier, the plantations are exotic, established purely for the manufacturing sector and require particular expertise. This makes their management distinct from other nature management, such as wildlife or natural forests, where neighbouring communities may have some close affinity.

The role of facilitation

In this study, attempts at building local institutions have been led by private enterprise (SFP and SQF). These have been coordinated within certain time limits that were convenient for the forest business to take off. Without significant prior collective action by the said communities, especially in business, and coupled with the quickly but loosely defined community boundaries, the role of private company actors as facilitators of such local processes is highlighted.

Local organizing as initiated by SFP, and to a lesser extent by SQF, gives an image of an external scheme being sold in the local arena. This worked to deprive the process of the essence of community ownership that SFP and SQF intended to advance. The question that remains then is how to sell a business idea to a group of communities and at the same time ensure that the process is bought and owned as a community initiative. Would the enterprise have been perceived differently had the idea been sold by entities other than the private sector, for instance locally connected individuals or a public sector agency like DWAF?

In other sectors such as mining, strategic community beneficiation has been organized with the help of government officers and sometimes by non-governmental bodies. There have been cases of both success and failure. The problem of facilitation is not so much about who does it, but how it is conducted. As Ostrom (1990) observes, such processes may need to acknowledge the threats to collective organizing, and to first understand why it might be difficult for certain groups to work together easily, and not others. Anxieties about what are perceived as external ideas may be rooted in negative and discriminatory past experiences in communal areas, as was characteristic in the study areas. To some extent, the reluctance to appreciate collective organizing for forestry is simply out of preference for other rational economic choices.

Management: Concluding note

The organizing process need to be one driven by target communities themselves, if they feel motivated and interested in joining the enterprise. When facilitation is led by the established private sector, as we have seen in attempts by SFP and SQF, there is a tendency to focus on outcome, and these in turn ignore the complex details that local communities need to deal with in order to build strong institutions. Knowledge of existing associational networks rests with communities, and it is incumbent upon them to identify these, and where necessary to build new institutions. Building and consolidating stocks of trust is an internal initiative, rather than a phenomenon that can be imposed from outside by the private sector. While business entities proposing to have alliances with communities may feel obliged to facilitate the process, there is need for clarity on what facilitation involves; otherwise it can easily overshadow communities' own attempts to try and become legitimate owners of the enterprise.

'Power over', 'power to' and the forestry case

As discussed in the empirical chapter 7 on empowerment, emphasis on its practice has mainly revolved round the issue of increased ownership by historically disadvantaged groups of productive assets. The SFP and SQF companies have both approached ownership from different angles. While SFP tried out a collective approach by partnering with a whole group of communities, SQF instead adopted the more conventional route of teaming up with a black business group.

SFP and SQF mainly responded to two elements in the BEE framework, those being ownership and enterprise development. To some extent, development of enterprise is intricately linked to skills development, as seen through SQF's Fukamela and SFP's Owner Drivers Scheme, which are training and mentoring schemes accompanied by preferential forestry contracts. The understanding of empowerment by local respondents in the study areas without disregarding the focus on ownership or enterprise rather emphasized the fulfilment of immediate needs. These include jobs, access to affordable education and training, and better health care plus other basic infrastructures. This understanding of empowerment shifts the focus away from ownership, and re-focuses the debate on skills development and education, which are included in BEE objectives, but receive little strategic and political attention compared to the issue of ownership.

This section is a broad analysis which discusses and connects the notion of power and empowerment as understood at four different levels: in theory, within the context of forestry case studies, in South Africa's public discourses, and as prescribed in South Africa's policy.

To recapitulate the debate on power as discussed in chapter 2, existing theoretical categorizations of power present several variants, but for this present section I will rely especially on the concepts of *power over* and *power to*.

The notion of *power over* has been used to denote a context where power is dominant, controlling, and able to subjugate those who possess less. In most cases therefore, it refers to economic capital, which includes among other things, the accumulation of financial capital, various types of wealth, and assets such as land, productive entities, and shares in companies. The alternative view of power advances the idea of *power to,* and implies that, unlike *power over,* it is not necessarily authoritative, but more positive and able to change people's social and economic capacities. This version of power can be equated with the accumulation of human capital, or the acquisition of productive resources, whether at an individual or collective level, of assets such as education, skills, corporative capacities and self-efficacy.

The empowerment story of South Africa's forestry as revisited below combines efforts that advance both notions of power. Practices toward skills and entrepreneurial development of individuals and communities in which SFP and SQF engage for instance, fit into ideas of *power to* as they build capacities. On the other hand, transfer of ownership and control are aimed at balancing the skewed distribution of economic wealth and power, mostly in the hands of white South Africans privileged by apartheid. Hence, its conception adds up to the idea of *power over.*

Power in BEE policy

At a theoretical level, the BEE policy objectives, as detailed in chapter 3, loosely fall into two categories of capital: economic and human capital. The BEE efforts at one level, aim to enable designated groups to own the country's productive assets. At another level, the emphasis is on developing human capital through quality education, mentoring and skills, and training initiatives. Underlying these efforts is the emphasis on a broad-based BEE that has the capacity to reach as many deserving people as possible.

In practice, BEE has appeared to favour black elites and politically connected individual business people, thus raising immense public debate and frustrations. In this respect, the practice of BEE qualifies in a narrow sense, as opposed to the broad-based idea upon which it is conceptualized. It translates much more to the idea of *power over,* or the acquisition of economic capital, rather than to an equal focus on developing human capital or *power to*.

Attempts to depoliticize the meaning of empowerment, or to balance its understanding beyond the economic by re-emphasizing skills development has not helped to diminish the tensions. Various legislations challenge the traditional structures of dominance, whether between the genders, between different races, or between owners of capital and labour. These inequalities remain largely unchanged however and, at worst, are increasing. The perpetuation of traditional inequalities is to some extent attributable to policy strategies that tend to prioritize and elevate certain objectives over the others. Taking the example of gender versus the debate on race, the empowerment strategy implicitly places more value on a de-racialized economy over a gender-balanced one. The same applies to the production of a minority black elite, who are able to take on the white dominated decision making structures, versus a focus on the majority poor, i.e. prioritizing race over class. The initial rebuttal from the government side postulates that BEE was designed for, and remains, a strategy to enable the entry of black people into the economy and not an overall poverty reduction strategy, these being addressed in several other policies (Mlambo-Ngcuka[29] 2006), a response that makes theoretical sense but is practically flawed in light of the magnitude of continued poverty at the lower levels.

Power and empowerment in South Africa's public discourse and in the case studies

In South Africa, the empowerment efforts in forestry, as in other economic sectors, derive their meaning from the guiding legislative framework. While some elements of the BEE guidelines are specific, for instance the targets that

[29] Mlambo-Ngcuka is the former Minister for Minerals and Energy and current Deputy President of South Africa.

guide employment equity, its application in other areas (such as ownership/equity or entrepreneurship) are fairly flexible and encourage creativity. Hence, entities can come up with their own ideas, as we have seen within the two forestry cases. Regardless of attempts to streamline the understanding of empowerment and to operationalize it, even if loosely, according to a certain set of procedures, its on-the-ground understanding, as opposed to that of the policy-maker, is still not synchronized and depends on the needs of different categories of people and their expectations from the economy and the political order. The understanding as derived from the case studies indicates that the youth, for instance, voice their immediate concerns to be access to education and jobs in that order. For people who happen to have low levels of education and at the same time are past their productive age and also residing in the rural areas, their expectations would be met if public sector services were brought closer to them: if they could access affordable education for their children and if solutions were found to the unemployment situation that plagues most of South Africa. Workers expect training, growth, and upward mobility, better wages, and elimination of race-based remnants of discrimination in the workplace. Owners of capital, on the other hand, want workable legislation, not BEE or employment equity conditions without skills to fulfil the requirements of the legislation. Other owners of capital resist in various ways efforts to have them extend their shareholding to individuals or entities simply by virtue of having been excluded during apartheid.

In essence, there is no single understanding of empowerment, but need, ambition, sectional interests, and the general quest to improve one's economic and social standing largely guide it. The ownership-focused understanding of empowerment is an inherent catalyst of conflict. Already, there exist three major categories of those who have shown resistance. One group consists of people mostly from the privileged class, who see it as an attempt by the state to redistribute their wealth; hence they focus on preserving what they have accumulated. The second group is allied to the trade unions, who in principle support empowerment, but disagree with the way it has been practiced, as amounting to cherry picking of politically connected individuals and making them rich through high-end corporate transactions. Then there is the group of academics and analysts (see Mbeki 2004; Terreblanche 2002; Miraftab 2004; McEwan & Bek 2006) who view empowerment as it unfolds in South Africa as fundamentally flawed.

Exemplifying the latter group, Terreblanche (2002) and Mbeki[30] (2004) view the South African version of empowerment as one that, in alliance with big business, works to hoodwink South Africans that there is some attempt to open up the economy to more people, while in the real sense, big transactions only rotate

[30] Moeletsi Mbeki is a political analyst and critic of South Africa's BEE programme and not to be confused with President Mbeki.

among a few black elites, trusted by South Africa's big business to give them a politically correct image. Hence the concept of empowerment as understood in South Africa is highly contested between different viewpoints. It is seen as exclusionary on one side, and as a tool for redistributing, rather than creating, wealth on the other hand. As Miraftab (2004) underscores, terms like empowerment have been depoliticized, or made to appear less conflict-ridden in order to strip them of their original intentions of engaging problems of inequality. Instead of being applied to transform these, the concepts have been made into tools for preserving the *status quo*. Depoliticization of such terms lead to their being sugar coated and embraced by the very same structures that they were meant to challenge, but with the intentions of reinforcing the neo-liberal agenda (*ibid.*). If we were to follow this argument for the forestry case, then inserting the concept of empowerment into the restructuring agenda would have worked only to reinforce privatization and benefit only those already rich. Is this what happened in the forestry case? What would it have been in the absence of BEE objectives? Including elements of BEE into the forestry cases contributed to an objective overload, as discussed in the previous section on implementation. It is likely that if it were a conventional privatization exercise without BEE, the process would have moved faster and with lower transaction costs. On the other hand, BEE target groups like rural communities and individuals mentored under schemes like Fukamela would not have benefited to the extent that they did. This would have made the outcome narrow, and only biased toward established forest business. While implementing BEE through the forestry sale created some difficulties, it made a difference for both existing and new forestry capitalists, and to some extent, on the poor as well. These do not basically challenge the neo-liberal agenda, but they do introduce elements of equity within that context.

The forestry cases that I studied here, as already mentioned in the previous section, are fair examples of the two sides of the BEE debate: the collective equity versus individual entrepreneurship approach. Collective shareholding as seen in the SFP case is more of a symbolic action, rather than one that would make significant economic difference to the position of subscribed communities. This makes good political news, but the details suggest that its ability to make a difference is dwarfed by the sheer number of beneficiaries when weighted against the monetary value of their shareholding. The community ownership scheme of SQF is not successful either, being bogged down in local politics. At SFP and at SQF in particular, however, the approach to empowerment through the not-so-popular individual route focusing on supporting entrepreneurship presents a more attractive model than the community route, *inter alia* by virtue of the snowballing effect of Fukamela, its contract-based business-training programme.

A perspective has also surfaced in South Africa's public discourse on BEE that attempts to drive the debate away from issues of asset ownership (whether collective or individual) to those of skills, training and entrepreneurship. Mbeki (2004: 3) argues that the problem with BEE as it has been practiced in South Africa, is that it takes the best of black people and have them concentrate on chasing shareholding deals in existing companies, rather than focus their energy and skills on creating new products, new companies, and new wealth. This practice, he adds, leads to a situation where South Africa is "playing to a culture of entitlement rather than a culture of entrepreneurship and a culture of learning". SDT and IL, the junior partners of SFP and SQF respectively, qualify by virtue of the way they acquired their shareholding, as entities created out of entitlement. The products of SDT and IL, such as Fukamela and Owner Driver's Schemes on the other hand, are entrepreneurial initiatives with a vision to create business people out of available human resource at the local level. The fact that Fukamela emerges out of IL also shows that with a clear vision and commitment, even companies created through the perspective of asset ownership (*power over*), are capable of being agents of skills creation, entrepreneurship (*power to*), and economic change at the local level. Moreover, these schemes are much closer to the local people's own priorities of empowerment.

Risk as a key ingredient of BEE

The case studies also reveal that the risk that comes with capital transfer is an important element for BEE schemes to work. If capital is transferred with high-risk strings attached, it will not be accessible to many, due to lack of collateral or the required amount of start-up capital. SQF's partner IL, illustrates the case where the available opportunity for business with Mondi required that IL had access to funds to finance its own shares, and at the same time assume responsibility for any risks involved. For BEE, this kind of a risk-loaded access to capital means that only the elite is able to take up such business opportunities while the poorer sections of the target groups are locked out.

Other initiatives like SQF's Fukamela, SFP's Owner Drivers Scheme and the Dargle project are examples of capital transfers with reduced risk, so that they become accessible to entities from the community, who have a basic self-efficacy, and education, and who are interested in a business opportunity. The forest companies lower the risks in these enterprises through loan guarantees and a longer grace period for repayment, accompanied by low interest rates. Moreover, access to capital is improved by providing the necessary mentoring and training together with the economic transfer. This example suits BEE, for it is able to reach the poorer sections of society who had no prior avenues to capital, possess low skills, but have an entrepreneurial spirit. This BEE route also has the capacity for skills transfer, and at the same time it diffuses power to people through capital transfer. In addition, there is a high potential for more opportunities or spin-offs for other interested individuals from the communities.

The third example involves access to capital, but with a very low or even zero degree of risk attached to it. This type of capital transfer is manifested in the case of SFP and its partner, SDT community Trust. The shareholding by SDT was funded by SFP, and all community members within its defined operation area became beneficiaries. Because there are no risks involved for members, the motivation for making it work is low. The communities are recipients of passive capital in the form of company shares, but are without management responsibility, targeted transfer of skills, and the necessary training. Although this BEE route generates benefits in the form of annual dividends when the company makes profit, and the community can use these to improve local amenities, the concept is narrow and does not address the real problems of unemployment, low skills, and lack of entrepreneurial development.

A fourth example is that business opportunities with manageable risk levels may be created without capital transfer, in fact, being at stake. As elabourated in chapter 6, SQF experiments with the building of relationships with their communities through activities that support local micro-projects in bee farming and crafts. While such efforts may appear as traditional corporate attempts towards social responsibility, SQF emphasize that initiatives like these are part of their broader effort to gradually build trust with these communities so that with time, they can engage in bigger business engagements. Such an understanding of empowerment also de-links it from the conventional meaning as an economic transfer process.

The economic understanding of empowerment has become dominant due to the urgency with which the idea of black emancipation has been conceived, and the fact that it was initially tailored to increase and improve the black middle class. This initial conception has also ensured the concentration of BEE action on elite individuals with the necessary social networks. Empowerment as an economic action is also spurred by the very reasons it was pursued in the first place. Due to the fact that apartheid disempowered blacks in order to empower Afrikaners in both political and economic terms, if redress is about correcting these, then it also becomes ambiguous to advance a kind of empowerment that does not address squarely the preceding practices that it aims to correct. The historical context then plays an important role in the way each interest group perceives the type of empowerment that they expect, or think they deserve, or for the already empowered, which empowerment they should allow to happen.

Contestation over the meaning and nature of empowerment in South Africa to move beyond empowerment as acquisition of economic capital is necessary if the new meanings are to be holistic. As the two case studies suggest, a simple transfer of wealth, for instance in the SDT case, doesn't do much in terms of creating new wealth. On the other hand, a transfer of capital when accompanied with sufficient risk reduction and training as practiced at Fukamela, Dargle and other similar forest business activities, creates sustainable wealth.

Existing arguments on empowerment, as generally found within South Africa's development discourse, perpetuate sectional interests and are often one sided. Voices that for instance, call for de-prioritization of ownership, risk the perpetuation of old power structures established at apartheid, hence they may create loopholes similar to the ones currently under criticism. One solution is to rethink the strategy by raising the other objectives to the same level of emphasis enjoyed by the idea of ownership, in terms of both political and financial focus. An increased focus on the other elements of power may be necessary, especially on locally accessible packages of capital and risk, and on education and skills as a basis for empowerment.

Within this broad picture, the rural areas require their own balanced BEE strategies. The rural areas, where there is minimal concentration of capital and skills and other infrastructures when compared to the urban areas, demand an approach to empowerment that is different or more intense from the one predominantly pursued in the bigger South Africa.

Power and empowerment: Concluding note

The notion of empowerment in forestry and broadly in South Africa raises three main issues and these are: the sectional focus of BEE, the use of communities or selected individuals as vehicles of BEE, and the type of power that BEE policy should emphasize.

Views on empowerment as a development discourse in South Africa will remain polarized and contested due to the various sectional interests that underlie the process. Although it is aimed at creating an economic balance where apartheid caused a divide, the race-based nature of the BEE strategies makes it difficult to depoliticize the concept and put it to work as a tool for emancipation. The BEE process has unfolded such that the black elite gains more access to business deals and capital, while poverty increases among the black majority. In this respect, the debate is now shifting somewhat to the issue of class rather than race, and the increasing divide among the black population. The idea of redress through BEE is legitimized and morally defendable, given the many years of apartheid. From the evidence in the case studies, it is clear that an initial boost of capital transfer to historically disadvantaged entities is necessary, but it is also clear that people need to be given the space to be innovative, to take risks, and to explore varied business interests. Hence limits need to be placed especially on the amount of capital transfer that individual BEE entities receive. This is necessary to reduce a situation where there is a high concentration of capital among a few, already rich beneficiaries, and to ensure a strategic re-focus on the poor, who really need capital and mentoring assistance. If poverty has indeed increased among the black population, then there is reason for BEE to be re-targeted as an Economic Empowerment for the Poor (EEP). Given the poverty levels across the population groups, most of the beneficiaries would still come from the black communities, but preference would be given to the most needy within that group. In this sense, BEE would become an equity mechanism that not only focuses on developing entrepreneurship, but could also be targeted on other areas for instance, through progressive income tax, rent subsidies, income-dependent university fees etc. This would then raise the question of which elements of the present BEE would qualify as good candidates of EEP. Based on the case studies, preferential treatment in procurement, for instance, would take primary consideration of poverty and gender disparities. Likewise, small-scale transfers of capital, risk and mentoring would be targeted at individuals out of the young, poor, rural or urban gendered groups.

From the two case studies, the idea of a collective versus an individual approach to empowerment springs forth of the elite BEE identified above. The question is how to have power spread out to the broader poor black population rather than a select core. Beyond this, the other significant concern is how to ensure that those recipients of power build on it, not only for themselves, but for the benefit of society as well. How can the multiplier effect of empowerment be achieved?

The cases that I have discussed in this thesis, without undermining the need for an empowerment of the majority, dismiss the notion that a collective focus of BEE would bring in better results than an individual focus. The SFP case suggests that engaging a community, whether directly or through a Trust, creates a situation where everybody is set to benefit, but nobody does so significantly, as the high denominator dilutes the benefits. As a result, the process produces no entrepreneurship that can ensure dynamic continuity of the efforts. The Fukamela mentoring program at SQF, the Dargle project, and the Owner Drivers Scheme of SFP work better because they involve skills transfer and a considerable amount of risk to the beneficiary, which keeps motivation and creativity at a high level. The strategy also works better when it is focused on potential individual business people, who are rooted in the local economy, as this helps multiply local opportunities more quickly.

Hence this study proposes that BEE should entail, not only a simple transfer of capital, but that this also should be accompanied by a certain degree of risk to the beneficiaries. Other than spurring a higher sense of motivation, active involvement in the process is good for learning and the subsequent transfer of acquired knowledge and skills.

Contestation over what type of power should be enhanced in the course of economic democratization in South Africa again reflects the diverse interests that influence this process. While some analysts (McEwan & Bek 2006; Mifratab 2004) intimate that BEE, if understood as an economic process, fails to dismantle and instead maintains existing power structures, I maintain that the solution lies not in concentrating on another type of power that is considered less political, but in attempting to emphasize simultaneously strategies that produce power that can be sustained. If anything, de-prioritizing one of the objectives of empowerment does not necessarily raise issues that are perceived as neglected. The alternative is to raise the level of prioritization on issues that support skills, innovation, and self-efficacy.

The next chapter concludes this thesis but at the same time tries to highlight the link between the three concepts that have acted as the pillars of this study. These are policy implementation, natural resource management, and power and empowerment.

9

Conclusion

This study has discussed how the forest restructuring exercise was conceived and how the varied interests in the sector were addressed, while keeping in focus the broader imperatives of transformation in South Africa. The central question aimed to determine how a myriad of interests in the forest sector were reconciled and addressed within a single process of forest restructuring. This question was laid out in three different dimensions and subsequently treated in three different empirical chapters. These include the concepts of implementation, the natural resource management system (NRM), and power, as manifested through Black Economic Empowerment (BEE).

The study was based on two case studies of SQF and SFP, in KwaZulu-Natal and Eastern Cape Provinces respectively. SFP was the first beneficiary of forest privatization and opted to partner up with a community, SDT, as its empowerment partner. The formation of the partnership took close to four years and was marred by problems of communication, SFP's poor conception of 'community' and a vast geographic boundary that heightened logistical difficulties. The success of the business collaboration itself, as discussed in the empirical chapter 6, was undermined not only by these problems but also by certain inadequacies within the community especially low skills and financial capacities, and by a disparate power gap between communities and SFP. To complement the community approach to forest business, SFP also experimented with entrepreneurial initiatives that target individuals rooted in communities, but with certain basic skills and the self-efficacy to succeed. Such efforts are exemplified through the Owner Drivers Scheme, the Dargle project and other labour-based contracts.

SQF, the second beneficiary of privatization, approached its empowerment efforts through an individual black enterprise, IL. Unlike SDT, IL was able to finance its shareholding in the SQF enterprise. This relationship qualified as a conventional business partnering. However, to address the issue of empowerment in the broader community, IL started Fukamela, a contractor mentoring and training programme. Fukamela identified individuals from the community, whom they would train and secure for forest contracts at SQF. For the rest of the community, SQF engaged them through traditional social responsibility initiatives.

After examining all these cases and concepts, it was evident that the power and empowerment dimension was more dominant throughout the study, and had shaped and directed the overall restructuring process. Hence power and empowerment could be used as a lens through which the other concepts of implementation and management were understood. The core concern in all these processes was how power could be diffused and spread out to new black forestry entrepreneurs and forest communities. This was against the background of plantation forestry that had been introduced in these areas during apartheid years for purely commercial purposes. The forests were not only alien to the natural environment, but to the communities as well. The only direct benefits from forestry were employment but even then, individuals from the communities had to compete with job seekers from outside. How then could you have local communities with a high unemployment rate, not well educated and generally poor, join the forestry enterprise? This is the point where this case study starts and it is also within this context that privatization of forestry took place and where the government pushed forward its developmental policies, including BEE. Hence related efforts at power diffusion are exemplified in most initiatives as captured in the case studies. In light of these facts and of the centrality of power in the findings, is it then possible to rephrase the original central research question as follows: How does power shape or drive the other two concepts of implementation and NRM within the forestry cases?

Findings on power and empowerment

This study tried to gauge the understanding of power both from a theoretical perspective, and from South Africa's policy and public discourses on empowerment. Most significantly, the study also sought the meaning of these concepts from the perspective of respondents. Within South Africa's public discourse, there appeared to be an understanding that there was much government emphasis on black ownership of productive assets as the highest determinant of empowerment. On the contrary, respondents in the case studies understood empowerment as first and foremost the fulfilment of immediate needs. In an area with a high unemployment rate and poverty, these needs were prioritized as access to employment, affordable education and training, as well as better social amenities. These were perceived as primary needs whose attainment would prepare needy individuals and communities for empowerment, as emphasized through ownership of assets, entrepreneurship, and employment at skilled, upper level positions. The meanings attached to the idea of empowerment also depended on status, and these were evidenced in responses from the unemployed youth, the old and retired, unskilled labourers, the educated and productive segments, as well as private interests.

The findings also suggest that empowerment processes have worked better under strategies that target individual entrepreneurs rather than community groups. SFP and SQF operationalized empowerment using mixed approaches. The SFP primary approach targeted communities for a partial ownership of the company. SQF's primarily engaged the individualist entity approach, which was more conventional to business. They later tried out both other business models, targeting individual entities and community groups respectively. Inasmuch as the SFP's community approach targeted a large group of people for empowerment, its impacts were low due to the high denominator of beneficiaries when levelled against the Community Trusts' annual dividends. In addition, there was no community involvement in the operation of SFP, hence they were passive beneficiaries with no notable transfer of skills from the private actors. SQF on the other hand, through its individualist option in operationalizing empowerment, potentially seemed better placed to realize outcomes sooner, in terms of the entrepreneur multiplier effect demonstrated at Fukamela, the forestry contractor-mentoring program. The common emphasis in the case study, across all actors including private and community interests, was improvement in skills levels within the black communities as a necessary condition to achieving empowerment goals.

Based on these results, the ownership and skills improvement approaches to the idea of power transfer can be respectively equated to the theoretical notions of *power over* and *power to.* While I found that empowerment practices in the cases responded to both ideas of power, the main motivation was to open up space for groups and individuals excluded by previous policies, but with a view to use those already empowered and trained, to impart skills and new opportunities to other members as well. This role of creating more agents of empowerment was possible, even where companies had been created through the perspective of asset ownership, understood as the perpetuation of *power over.* Hence those who had acquired *power over*, as seen with the elite business BEE partner of SQF, were capable and willing agents of skills creation and entrepreneurship or *power to* in the study area, as best exemplified by Fukamela. The cases also revealed the presence of three main types of capital transfer. The first one favoured those with access to financial assets and social networks necessary for buying into companies, but which also involved taking responsibility for risks associated with such processes. This type of capital transfer excluded the poorer and less-networked empowerment targets, especially those in rural areas. To mitigate this exclusion, the two companies also initiated other programs, with access to reduced risk capital, but which were attained through involvement in training and mentoring facilities, based on assured preferential contracts with the forest companies. This idea appeared to work for power transfer in the rural forest areas, especially for people who had some basic skills and education, and most importantly, the drive and self-efficacy to apply and succeed. The third and final option of capital transfer, as practiced by SFP, relates to the collective strategy of empowerment mentioned above, where access to capital for communities was assured, with all risks covered and the shareholding funded by the private actor. The community then benefits when the company makes profits and declares dividends. Through this route, some capital was periodically injected into the communities, but just like other holders of passive stocks in the market, the process is devoid of any transfer of skills or entrepreneurship.

The rural area, the setting of this study, was found to require alternative empowerment strategies or modification of existing frameworks to suit the context. This assertion was mandated by respondents' criticism of the nature of BEE and its urban orientation, but also exacerbated by their relative poverty, low skills base, and high illiteracy levels. BEE as it was written and conceptualized for the urban elite and in English rather the local language, was seen as another tool of exclusion, rather than one that could facilitate their upward social and economic mobility. Hence, I concluded that power transfer, in the rural context need to be accompanied by more resources targeted at further education, training, and the overall elevation of skills.

This view of power as the central concept may then be used to reinterpret the findings on the NRM and implementation issues.

Findings on implementation and community organizing

The empowerment issues analyzed above trace their origin back to the forest privatization objectives and to overall transformational policies. In this restructuring arena there were many competing objectives and interests. The study found that in a field with such a multitude of interests, it is not only necessary to have bargaining power, but strong informational networks as well. Even with government's intervention to push through certain developmental objectives when implementing policy, actors, especially business actors who are in possession of bargaining power, indeed still negotiate favourable terms for themselves. This worked out at the expense of weaker actors, in this case community actors, who lacked the relevant information and financial networks. On the basis of these, they were excluded from the negotiation table during the implementation stages, and this situation in turn worked to predetermine the kind of relations they later established with the forest private actors. Future power relations were determined at the negotiation arena, and community interests would be facilitated largely on the private actors' own terms. This leads to the conclusion that when a policy process becomes overloaded with objectives, it transforms into a negotiation arena with the weaker actors as the likely losers.

In this study, the local elite as actors was viewed through two contradictory lenses. They were understood as the necessary but scarce local human resource, and as obstacles to community organizing and private sector/community relations at the same time. On one hand, the tensions around the local elite are a manifestation of the private sector's defensive struggle for survival amidst increased developmental responsibilities after government's withdrawal from forestry. On the other hand, it is a sign of a lack of social capital and trust in communities. The local elite finds itself in the crossfire of power relations. They are the ones best suited to act on behalf of communities, to see to it that the private actors keep their promises to the communities, but at the same time, these same communities fear that through their influence, the elite may usurp benefits that flow from the community's relations with business. I have extended this view, not necessarily to dispute hypothesized notions of the elite as self-serving, but also to elucidate how the community perspective is vulnerable to manipulation to advance sectional interests. Such tensions influenced the nature of relationships that forest companies were willing to have with communities, as well evidenced by attempts by SQF to sideline traditional authorities in their areas, and SFP's initial exclusion of local elected leaders.

Successful community organizing was also undermined by a poor conception of 'community' by private forestry. It turned out that the idea of determining limits to the SFP operation areas for instance, extended beyond what was considered workable when formulating a business relationship with communities. Hence in light of the problems these posed, as discussed in the empirical chapters, this study indicates that for private actors to avoid the intricate and often complex issues of community organizing, it is better to seek established functional local groups, who have consolidated some experience and trust that can motivate them to work collectively. Such groups exist in varying degrees, in the case study areas.

Overall then, it appears that while the various interests in the forestry sector were addressed based on the backbone of government support through legislation like BEE, the real arena of action extended beyond policy support and direction, to one where negotiation was central and the degree of power wielded by actors determined outcomes. The forestry and other sectors in South Africa need targeted policies that are pro-poor and take cognizant of the priority needs in areas that they operate.

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Summary

This study set out to assess how diverse interests in South Africa's forestry were tackled during the forest restructuring exercise. South Africa as a new democracy and with a recent discriminatory past is faced with numerous developmental challenges. One challenge that has been viewed as most urgent, and which has perhaps elicited the most controversy, is how to transform the country in a way that ensures that the needs of those who faced years of discrimination at apartheid are addressed, both in policy and through targeted development action. While engaging in these activities, the government has aimed to reduce the level of socio-economic inequality in South Africa by integrating what equates a first-world economy, with the second economy that is largely poor and faced with numerous developmental issues. I argue that this conception of South Africa across two economies leaves out a third, the rural economy that is isolated from the first economy through distance, a lack of skills and basic infrastructures. The first chapter in this thesis introduces these problems through the context of plantation forestry. For the forestry sector, options for faster structural changes were availed through government's decision to withdraw from the sector, and give way to more private actors. With the government forests up for sale, it was hoped that not only would the sector become more efficient in production, but that new private actors would be awarded these assets on condition that they were teamed up with black entrepreneurs, and also meaningfully involved local communities in their operation areas. It is due to these varied interests and policy objectives that the central research question was posed as follows: How are diverse interests in forestry reconciled, represented, or addressed within a single process of forest restructuring and how do these ideals work out in practice? Other sub-questions related to this were:

- How do actors in forestry, including government, private actors, community groups, and new black entrepreneurs organize to handle inherent tensions in this process?
- What policy instruments are applied to facilitate this process, and how do these work out?

These questions led to a three dimensional conceptual approach to analysis that involved examining notions of implementation, natural resource management and power. Chapter 2 is dedicated to these three theoretical issues, with the last section dedicated to methods of study. The chapter starts by briefly highlighting issues of policy implementation, especially the gap between policy and

practice and some methodological implications for research. Moving further in chapter 2, concepts of natural resource management (NRM) are introduced with a view to capture the discourses on community organizing for resource management. Under NRM, I analyzed co-management as a concept that has been popular in defining relations between the state and local resource users. With the NRM arena widening to accommodate actors beyond the state and local users, there have been paradigm shifts as well in the way the concept is perceived. The shifts in NRM approaches can be summarized in three major categories borrowed from Blaikie & Jeanrenaud (1997). These are the classic, the populist and the neo-liberal schools of thought. The classic view explains predominant discourses of NRM during the period of state control, when local users were excluded from resource management. In contrast, the populist view acknowledges the local user as capable of resource management in the presence of rules crafted by users themselves. The last point under NRM systems focuses on neo-liberal approaches, where the market becomes a central actor and privatization takes place, but also some elements from the populist approaches survive to protect the interests of local users.

Last in the theoretical section, the chapter traces the understanding of power and empowerment. It highlights distinctions in their application in different research fields and contexts. A point of departure for this study is that in South Africa, inequality is rooted in a long history of unequal power relations that were race-based and institutionalized. Unlike other countries where similar styles of discrimination have targeted minorities, South Africa is a unique case with a majority in a post-apartheid transitional phase. Hence, in the theoretical debate on power, the chapter overviews general debates on the concept by using Foucault's (1974) departure from the then dominant rationalization of power, in which he argued that power was enmeshed in a web of relations and actions and could not only be defined as authority over others. Other authors who have advanced similar perspectives include Giddens (1984), Rowlands (1997), McGettigan (2002) and Sen (1999). They each have acknowledged the role of agency, or the ability of individuals to challenge undesirable power relations. Sen (1999) argues that the achievement of development itself is dependent on the free agency of people. Subsequently, several variants of power have been identified but for the sake of this study, I isolated and discussed the notions of *power to* and *power over,* as the two theoretical types most relevant to current South African discourses. It was noted that although *power over,* in its application, denotes control over economic assets while *power to* makes reference to increased capacities, such as skills, there are differences in the way they are operationalized, but there is no fine line in the end results. This is because power is cyclical, and the achievement of one type of power can lead to the other.

Based on these three concepts as the pillars of the study, a qualitative methodology was chosen as appropriate for this research. The chapter ends by presenting how this study was conducted, and it especially justifies the use of a case study approach that involved a combination of individual in-depth interviews, focus group discussions and a reliance on print media to contextualize the case study perspectives onto the broader national discourses.

Chapter 3 is dedicated to the South African policy background. It gives an understanding into South Africa's post-apartheid policy trends, and background information specific to the case study areas. The chapter details the shifts in ANC thought from nationalistic sentiments into the early 1990s, and the drastic adoption of a market-friendly macro-economic framework from 1996 onwards. The overall economic direction, including privatization of state-owned assets, received a firm policy backing in the document GEAR (1996), which was seen to replace an earlier, relatively nationalist-friendly policy document RDP (1994). Forest restructuring, although it had been conceived much earlier in 1992 by corporatizing state forests under the entity SAFCOL, was speeded up after the introduction of the GEAR policy. The 1996 policy for Sustainable Forestry also committed the state to withdraw from the sector. It echoed the overall sentiments of transformation and indicated that ownership in the sector would be diversified, the competitiveness of the sector enhanced, and the three facets of commercial, indigenous, and community forestry integrated. The diversification of ownership in forestry sector forms the basis of the central question in this research. Theoretically, diversification is best conceptualized through the practice of Black Economic Empowerment (BEE), as briefly discussed at the end of this chapter.

Chapter 4 gives a background into the forestry areas of the Eastern Cape and KwaZulu-Natal, both sold to SFP and SQF respectively, the two companies that make up the case studies.

Based on the three theoretical dimensions entailed in chapter 2, the next three chapters 5, 6 and 7 are empirical, and give descriptive discussions on the processes of implementing forest restructuring, NRM and BEE within the case study areas. Chapter 5 follows the forestry sale process and it is argued that the low interest and lack of political will in forest restructuring contributed to a myriad of drawbacks encountered in the transfer. Poor networks between departmental implementation clusters, and a general low prioritization of forestry issues, relative to other lucrative government sale processes, exacerbated these. This chapter is also important for the rest of the thesis as it explains how certain objectives were dropped through policy negotiation. In this negotiation process, the arena changed into one where those with more power, information, and financial networks bargained for the forestry pie, while other policy targets such as rural forest communities were left out. Chapter 6 follows on these processes and examines how SFP and SQF, the two case study companies, approached the role of community in their newly acquired forestry. They present different primary approaches as SFP teamed up with a community Trust, SDT, as its business partner, while SQF engaged neighbouring communities through traditional outreach programs. On a secondary level, both companies try a mix of both community and individual empowerment models. The chapter explores problems faced in community organizing, and how the private partners handle these in order to ensure stronger relationships. A common issue identified in both cases was that of community stake in forestland and the pending resolutions by the state Department of Land Affairs. Outstanding land claims in forest areas made it difficult for both companies to clearly identify limits in operations when engaging communities.

These issues are carried over to chapter 7, where empowerment actions in the case studies are examined. The chapter investigates respondents' own understanding of empowerment against conventional policy meanings. It reveals that although what respondents articulated was not significantly different to issues entailed in the BEE framework, the distinctions are in their prioritization. Where BEE documents have given more weight to issues of ownership, respondents first and foremost, give priority to areas of immediate need, and especially access to affordable education, training and employment. This chapter also presents SFP and SQF initiatives intended to counter the local skills challenges. Most of these actions are focused on selected individual entrepreneurs from the community. The rationale and analyses for these are contained in chapter 8.

Chapter 8 is where the key empirical evidence contained in chapters 5, 6 and 7 are analyzed and synthesized. It is divided into three sections representing each of the main issues, as contained in the empirical chapters above. The main issue that cuts across the whole thesis is found to be power and its influence in each stage of the forestry processes. Manifestations of power influenced the outcome of implementation; power (or lack of it) was the basis upon which decisions of community-company relations were founded, and power and its distribution is the core essence of BEE. Three main perspectives summarize this chapter and the whole thesis. First, it is noted that despite the views on BEE, in forestry practice, it has combined the theoretical notions of *power over* and *power to*. Those who have acquired *power over* have been able to facilitate *power to* through actions initiated in both case studies. Second, the BEE actions revealed that three dimensions of capital transfer existed. The first is a straight business arrangement, with all the risks attached as evidenced between SQF and its junior partner. The second involves transfer with reduced risks attached and hence more interest and involvement of beneficiaries. The third type of capital transfer is community focused with limited risks. The latter style made for passive beneficiaries and no significant motivation for community involvement beyond receiving annual dividends. Lastly, this chapter called for alternative empowerment strategies specific to the rural areas, in light of their unique challenges.

With the finding that power was central, this thesis concludes in chapter 9 by attempting to rephrase the original central question to read: How does power shape or drive the other two concepts of implementation and NRM within the forestry cases? In implementing forestry restructuring, power shaped the process such that when the restructuring objectives became too many and conflicting, the process turned into a negotiation in which those with bargaining power benefited most. Likewise power is used to explain the ambiguous role of the local elite, and power shapes the relations between the private companies, communities and other actors.

Samenvatting (summary in Dutch)

Bosbouw in Zuid-Afrika concentreert zich op aangeplante bossen van vooral eucalyptus en naaldhout. Tijdens het Apartheidsregime waren deze plantages staatseigendom en werden ze geëxploiteerd door grote private bedrijven. In de overgang naar een democratisch bewind zijn de bossen deel geworden van de transitie van de gehele Zuid-Afrikaanse samenleving. De onderhavige studie beschrijft op welke wijze de herstructurering van de bosbouwsector is verlopen. De aandacht gaat daarbij vooral uit naar twee deelgebieden waar de overgang het verst is gevorderd.

De meest urgente en controversiële uitdaging voor de nieuwe democratie was hoe er door algemeen beleid en door gerichte acties tegemoet gekomen kon worden aan de rechten en belangen van hen die waren uitgesloten en gediscrimineerd door de Apartheid. De overheid tracht aan deze uitdaging tegemoet te komen door herintegratie van twee economische werelden: de 'eerste economie' van de blanken die de 'tweede economie' van de zwarte bevolking exploiteerde en tegelijkertijd uitsloot van groei. Dit beeld van twee economieën, hoe waar op zich ook, beneemt ons enigszins het zicht op dat er in Zuid-Afrika nog een derde economische wereld bestaat, namelijk die van de rurale armoede, waar deelname aan vooruitgang nog eens extra belemmerd wordt door grote afstanden, gebrek aan infrastructuur en zeer lage niveaus van scholing.

Het eerste hoofdstuk van de dissertatie bespreekt deze problematiek in de context van de bosbouw. De grondslag voor de herstructurering van de bosbouw werd gelegd in de beslissing van de overheid om zich terug te trekken uit de sector en meer ruimte te geven aan privé-initiatief, met name door verkoop van de bossen – of eigenlijk van de bomen, want de grond waarop ze staan werd alleen uit-geleased, zodat de grond beschikbaar blijft voor eventuele nieuwe eigenaren in het kader van landhervorming. Deze verkoop van de bossen was bedoeld om de houtproductie meer efficiënt te maken maar tegelijkertijd ook om wegen te openen voor de bijdrage van de bosbouw in de re-integratie van de blanke en zwarte economieën. Voorwaarde bij de verkoop was namelijk dat kopers zouden samenwerken met nieuwe zwarte bedrijven en tevens de lokale gemeenschappen bij de bosbouw zouden betrekken. Deze meervoudigheid van doelstellingen is aanleiding geweest tot de centrale vraag van dit proefschrift, die luidt: *hoe werden de diverse belangen gerepresenteerd, behartigd en verzoend in het proces van herstructurering van de bosbouw, en hoe werkte dat uit in de praktijk?* Hieruit afgeleide vragen betroffen onder andere hoe de diverse actoren

zoals overheid, bedrijven en gemeenschappen zichzelf organiseerden en welke beleidsinstrumenten werden toegepast.

Deze vragen hebben geleid tot het opstellen van drie theoretische perspectieven, waarin respectievelijk macht, het beheer van natuurlijke hulpbronnen en beleidsimplementatie centraal staan. Hoofdstuk 2 is gewijd aan deze concepten en aan de methoden van onderzoek. Het hoofdstuk begint met een verkenning van de begrippen macht ('power') en machtsversterking ('empowerment') en hoe die gebruikt worden in verschillende velden van onderzoek. Het vertrekpunt van de analyse is dat machtsongelijkheid in Zuid-Afrika gebaseerd is geweest op ras, en geïnstitutionaliseerd was in de gehele samenleving. Tevens betrof het hier niet een meerderheid die een minderheid onderdrukte, maar het omgekeerde. De analyse vertrekt vanuit Foucaults (1974) concept van macht, die stelt dat macht meer is dan eenvoudige autoriteit over anderen maar is ingebed in en wordt gereproduceerd door netwerken van relaties. Verwante ideeën zijn ontwikkeld door Giddens (1984), Rowlands (1997) en McGettigan (2002), die gewezen hebben op de rol van keuzevermogen ('agency') van mensen, inclusief hun vermogen om ongewenste machtsrelaties aan de orde te stellen. Sen (1999) stelt dat alle ontwikkeling van mensen afhangt van dit keuzevermogen. Uit deze literatuur komen velerlei varianten van het machtsbegrip naar voren maar voor de analyse van de Zuid-Afrikaanse situatie bleek vooral het onderscheid tussen *macht over* ('power over') en *macht tot* ('power to') relevant te zijn. *Macht over* betreft met name macht over economische goederen (en daarmee over anderen), terwijl *macht tot* refereert aan het vermogen zelf je leven te bepalen, bijvoorbeeld door het hebben van voldoende kennis en vaardigheden. Bij dit onderscheid moet beseft worden dat de feitelijke werking van de twee vormen van macht cyclisch kan zijn; het een kan worden ingezet voor het bereiken van het ander.

Hoofdstuk 2 gaat tevens in op de concepten rond het beheer van natuurlijke hulpbronnen, met het oog op de analyse van de relaties tussen bosbouw en lokale gemeenschappen. 'Co-management' blijkt een populair trefwoord voor het aangeven van de juiste relatie tussen overheid en lokale hulpbrongebruikers. Comanagement is een product van de 'klassieke' en 'populistische' benaderingen die worden besproken door Blaikie & Jeanrenaud (1997). De klassieke visie legt alle nadruk op de rol van de staat als hoeder van de hulpbronnen, tegenover de lokale bevolking. De populistische visie wijst juist op de capaciteit van lokale gemeenschappen om hulpbronnen duurzaam te beheren door middel van lokaal vormgegeven regels. Een derde, ook door Blaikie & Jeanrenaud genoemde benadering is de 'neoliberale' aanpak van beheer van hulpbronnen, waar de markt het centrale mechanisme vormt en privatisering van de hulpbronnen plaatsvindt, maar regelgeving wordt ingezet om plaatselijke belangen te beschermen. Het hoofdstuk vervolgt met een korte weergave van enige elementen rond beleidsimplementatie zoals de kloof tussen beleid en praktijk, en enige implicaties voor onderzoek. Ten slotte wordt de onderzoeksaanpak besproken, met name de 'case study' methode die bestond uit een combinatie van diepte-interviews, groepsdiscussies en studie van mediabronnen om de case studies te kunnen plaatsen in de nationale context.

Hoofdstuk 3 is gewijd aan de beleidsachtergrond in Zuid-Afrika. Het geeft een samenvatting van de beleidsontwikkelingen in de post-Apartheid periode en achtergrondinformatie voor de case study gebieden. Het denken binnen de ANC is verschoven van een nationaliseringkoers neergelegd in het RDP document van 1994 naar een zeer marktvriendelijk beleid dat in 1996 tot uitdrukking kwam in de GEAR nota. De privatisering van de staatsbossen, waarvoor de grondslag al in 1992 was gelegd door onderbrenging van die bossen in een aparte entiteit SAFCOL, werd versneld door de introductie van het marktvriendelijke beleid. In de strategienota voor duurzame bosbouw van 1996 verplichtte de staat zich tot terugtrekking uit de sector. In lijn met de nationale sentimenten stelde de nota dat eigendom van de bossen moest worden gediversifieerd, dat het concurrerend vermogen van de sector moest worden versterkt en dat commerciële en lokale bosbouw moesten worden geïntegreerd. De diversificatie van eigendom levert de centrale vraag van dit proefschrift. De diversificatie kreeg vooral gestalte via het beleid en de praktijk van 'Black Economic Empowerment' (BEE), zoals kort besproken aan het einde van het hoofdstuk.

Hoofdstuk 4 schetst de achtergrond van de bosgebieden in de provincies Oostkaap en KwaZulu-Natal, die werden verkocht aan respectievelijk de bedrijven SFP en SQF. Deze twee bedrijven vormen het hart van de twee case studies.

Gebaseerd op de drie perspectieven ontwikkeld in hoofdstuk 2 geven de hoofdstukken 5, 6 en 7 het empirische materiaal en discussie van de twee cases vanuit de theoretische perspectieven. Hoofdstuk 5 volgt het proces van implementatie van de privatisering, en laat zien hoe een gebrek aan politieke wil, een lage prioriteit (bijvoorbeeld omdat andere privatiseringen veel lucratiever waren voor de overheid) en versplintering van de overheidsinstellingen resulteerden in een veelheid van problemen. Hierdoor verarmde het hooggestemde beleidsproces tot een banale onderhandeling tussen de actoren met de meeste macht, informatie en netwerken, waarin bredere doelen en andere actoren werden genegeerd. Deze konden daarom pas later in het proces worden ingebouwd.

Hoofdstuk 6 laat zien hoe dit werd gedaan door de twee bedrijven SFP en SQF, met name gericht op de lokale gemeenschappen. Beide bedrijven waren verplicht om samen te gaan werken met een zwarte zakenpartner, maar volgden daartoe verschillende routes. SFP koos voor de instelling van een fonds beheerd door de lokale gemeenschappen als bedrijfspartner, en voor de ondersteuning van individuele lokale mensen in het opzetten van een eigen bedrijfje geassocieerd aan SFP. SQF koos voor samenwerking met een reeds bestaand zwart bedrijf, onder behoud van traditionele sociale 'outreach'-activiteiten in de lokale gemeenschappen. Daarnaast stimuleerde SQF zijn zwarte zakenpartner tot inrichting van een intermediair bedrijf dat individuele lokale mensen naar ondernemerschap in de bosbouw begeleidt. Het hoofdstuk bespreekt de problemen die de bedrijven ondervonden bij het organiseren van de gemeenschappen en hoe individuen die problemen gebruikten om zelf sterkere relaties met de bedrijven op te bouwen. In beide gevallen bleek de grote onduidelijkheid die nog steeds bestond ten aanzien van de eigendomsrechten van de gemeenschappen op de grond waarop de bossen staan een belangrijke belemmering om de verantwoordelijkheden van de bedrijven helder af te bakenen.

Deze thema's worden hoofdstuk 7 bezien vanuit het perspectief van empowerment. Onderzocht wordt onder andere het idee dat de lokale actoren over empowerment hebben, en dat beduidend blijkt te verschillen van het conventionele idee dat de overheid daarover heeft. Dit betreft vooral de prioritering van de verschillende doelen die BEE heeft. De overheid benadrukt daarin sterk de overdracht van economisch eigendom zoals aandelen in bedrijven; zie de twee nieuwe zakenpartners van SFP en SQF. De lokale actoren daarentegen leggen de volle nadruk op hun behoefte aan scholing, training en werk. Tegen deze achtergrond bespreekt het hoofdstuk de werking en het succes van de activiteiten van beide bedrijven gericht op de zakelijke begeleiding van individuele lokale mensen naar ondernemerschap.

In hoofdstuk 8 worden de empirische bevindingen nader geanalyseerd en gesynthetiseerd. Het bestaat uit drie secties, ieder gewijd aan een der theoretische perspectieven. Het belangrijkste thema dat alles samenbindt is macht. Macht bepaalde de uitkomst van de beleidsimplementatie, macht (of het gebrek daaraan) was de basis voor beslissingen rond de samenwerking met de lokale gemeenschappen, en macht is het hart van BEE. Gevonden is bijvoorbeeld dat BEE in de case studies niet alleen een verschuiving heeft betekend van economische *macht over*. Zij die deze macht gekregen hadden hebben hem ook ingezet ter vergroting van de *macht tot* van anderen. Daarnaast is gevonden dat er in feite drie vormen van overdracht van macht hebben plaatsgevonden. De eerste vorm is die van de gewone overdacht van zakelijk eigendom, met alle risico's van dat kapitaal erbij; een voorbeeld is de relatie tussen SQF en zijn nieuwe 'BEE partner'. De tweede vorm is overdacht waarbij een deel van het risico voorshands bij de sterke partij blijft liggen. Deze vorm betrof de begeleiding van lokale mensen naar ondernemerschap. De belangstelling hiervoor en het dynamisch effect ervan bleken substantieel. De derde vorm van overdracht was het fonds voor de lokale gemeenschappen, waaraan vrijwel geen risico maar dus ook geen uitdaging is verbonden; het dynamisch effect daarvan is zeer gering, terwijl de transactiekosten zeer hoog bleken. Mede op basis van deze bevindingen roept het hoofdstuk op tot een alternatieve aanpak van empowerment in rurale gebieden.

Gebaseerd op de gebleken centraliteit van macht voor het begrijpen van de case studies wordt in hoofdstuk 9 onderzocht hoe de bevindingen rond macht ook leiden tot een beter begrip van de beleidsimplementatie en het beheer van natuurlijke hulpbronnen.

About the author

Alice Achieng Ojwang was born in Kenya on 1 September 1969. In 1993, she completed a Bachelor of Arts degree with honours, in Sociology and Literature from Kenyatta University, Nairobi. Between 1994 and 1997, she worked at various development agencies including Plan International and the Kenya-Finland Forestry Project. She left the latter in pursuit of further studies. In 1998, she joined the University of the Witwatersrand in South Africa where she graduated in 1999 with a Master of Arts degree in Sociology, with a focus on Social Policy and Planning and Economic Sociology. Between 1999 and 2000, she was part of the World Commission on Dams secretariat, which was based in Cape Town, South Africa. In 2003 she enrolled at Radboud University in the Netherlands for a collaborative PhD project with the University of Stellenbosch, South Africa. Ms Ojwang has also accomplished various research and planning activities for organizations such as the Council for Industrial and Scientific Research (CSIR) in Pretoria, a Danish-funded Community Forestry Extension and Development Project (CFED) in Namibia, the Foundation for Human Rights in Pretoria, and Bio-watch South Africa. Her work experience extends from Kenya in East Africa to the Southern African countries of Namibia and South Africa. Her areas of research interest include governance and natural resources, human rights and social justice, local economic development, and the interface between development policy and private sector actions.

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