

**INSTITUTIONAL ARRANGEMENTS IN NATURAL  
RESOURCE MANAGEMENT: INVESTIGATING THE SALE  
AND LEASEBACK MODEL IN THE MIDLANDS, KWAZULU-  
NATAL**

By

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## DECLARATION

I, .....Nonduduzo Mkhize....., declare that

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Signed



Date..10/07/2023.....

Supervisor..... Dr Adrian Nel

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## ABSTRACT

Land reform has been an issue of contention in South Africa. Institutions and organisations have devised a variety of land claim settlement models that provide mutual benefits for claimant communities as well as private owners. With the increasing number of land claims in the commercial forestry and agriculture industries after the implementation of the Restitution of Land Rights Act 22 of 1994, the forestry sector developed a land claim settlement model called the sale and leaseback. The sale and leaseback model (SALB) is a type of institutional arrangement that creates partnerships between land claimant communities and Mondi. The model provides the following benefits to claimant communities, (a) rent and stumpage, (b) capacity building, (c) bursary scheme, (d) employment opportunities, (e) corporate social investment (CSI), and (f) enterprise development. Studies have shown that while partnerships were hoped to be a bridge between claimant communities and private forestry companies, it has not been the case. The study is important because, although there is a plethora of literature on institutional arrangements between government and communities as well as between private companies and communities, there are few case studies presented about the complexities of the relationships that exist between the actors. Studies specific to co-management arrangements in the forestry industry lack practical case studies, and the research that exists does not examine the experiences of private forestry companies working with communities (claimant and non-claimant) and this study aims to fill the gap in this field.

The study uses qualitative data collection techniques such as open-ended questionnaires and observations to ascertain the experiences of Trusts, board members of community-owned contracting and Mondi with the sale and leaseback model.

The study evaluates the SALB and its impact on claimants and Mondi from a political ecology perspective as well as a co-management analysis framework. Central themes analysed in co-management are (1) representation which examines the scope of actors involved in co-management, (2) power sharing which analyses the extent of power sharing in a co-management arrangement, and (3) empowerment which examines the extent to which communities are dependent on the company they work with, and the extent to which their livelihoods are exposed to unnecessary risk.

The study shows that while claimant communities receive benefits outlined in the lease agreements, they are not completely satisfied with them. Trustees and board members feel stagnant as they have not advanced to the next stages in their contracting companies because of the ambiguity and lack of assessment tool of the business development aspect of the lease agreements. Mondi has experienced challenges in the partnerships stemming from the claimants' lack of business acumen, financial resources and because claimant communities have become highly dependent on the company for empowerment and development. These factors contribute to the unequal power dynamics between Mondi and claimant communities. Power is not static, it shifts from actor to actor depending on the situation; although partnership arrangements account for potential power struggles, there is a lack of a mechanism to address them. Since Mondi acts as a mentor to claimants, it automatically makes it the stronger actor in the partnership. Power is generally shared equally between members in community entities. There is also an underlying invisible power prevalent in the interactions between Mondi and Trusts, which is a result of previous injustices. The abovementioned factors therefore

highlight the importance of the claimants' understanding of the partnership agreements, expectations, roles, and deliverables of each party.

My argument nuances this literature to show that company-community partnerships are not true partnerships because, (a) claimant communities are disempowered, (b) lack financial resources, business acumen, and negotiating power, and (c) unequal power relations where collaborations are characterised by dependency.

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## ACRONYMS

AGM- Annual General Meeting  
ANC- African National Congress  
BBBEE- Broad Based Black Economic Empowerment  
BEE- Black Economic Empowerment  
BOD- Board of Directors  
CFL- Crown Forestry License  
CPA- Communal Property Association  
CSI- Corporate Social Investment  
CSR- Corporate Social Responsibility  
DAFF- Department of Agriculture, Forestry and Fisheries  
DEAT- Department of Environmental Affairs and Tourism  
DRDLR- Department of Rural Development and Land Reform  
DWAF- Department of Water Affairs and Forestry  
EXCO- Executive Committee  
FIETA- Forestry Industry Education and Training Authority  
FPA- Fire Protection Association  
FSC- Forestry Stewardship Council  
IDP- Integrated Development Plan  
IFP- Inkatha Freedom Party  
KZN- KwaZulu-Natal  
LARD1- Land Redistribution for Agricultural Development Phase 1  
LARD2- Land Redistribution for Agricultural Development Phase 2  
LCC- Land Claims Commission  
MNC- Multi-National Corporation  
NFP- National Freedom Party  
NFPP- National Forest Protection Program  
NGO- Non-Government Organisation  
OHS- Operational Health and Safety  
PLAS- Proactive Land Acquisition Strategy  
SAFCOL- South African Forestry Company Limited  
SALB- Sale and Leaseback

SAPPI- South African Pulp and Paper Industries

SFM- Sustainable Forest Management

SHEQ- Safety, Health, Environment and Quality

SLAG- Settlement/Land Acquisition Grant

TSA- Timber Supply Agreement

WBWS- Willing Buyer, Willing Seller

WKS- Wirakarya Sakti

# CHAPTER 1: INTRODUCTION

## 1.1 Introduction

The management of forestry resources in South Africa is challenging for private forestry companies, the government and land claimants/new landowners especially because of land reform. For private forestry companies, managing their forestry operations in South Africa is challenging because some of the land on which they operate is under land claim. The introduction of the land reform programme has had implications on how these companies manage their operations and the natural resources. The introduction of the land reform programme has transformed the governance and management of forestry plantations, this is because of the land reform programme has introduced new stakeholders, thus making the forestry industry more inclusive. With ever shifting paradigms in natural resource management approaches, the forestry sector has adopted co-management approaches that create partnership arrangements between forestry companies and local communities. Such arrangements have enabled local communities who have been previously excluded from participating in forestry activities to participate and benefit from forestry activities.

The South African forestry industry occupies a small portion of land when compared to other sectors, such as agriculture. The industry occupies 1.0% of the land – it has declined from 1.2% (FPM& SETA, 2014; DAFF, undated; FSA, 2019). South Africa's total land area is 122.3 million ha of which, 1 212 383 ha are afforested. The total area of KwaZulu-Natal is 9.1 million ha, and 484 296 ha are afforested, this accounts for 5.3% of the land (FSA, 2019). There has been a drop of 54 000 ha (-4.3%) in forestry area from 2007-2017 (FSA, 2019). The decline in forestry area can be partly attributed to land reform among other factors such as conservation; some land claimants have converted land use of the previously afforested areas. The private sector owns a slight majority of the plantation area (51%) compared to other sectors, such as municipalities, SAFCOL, and government. This means that most of the land that is under land claims is owned by the private sector. Mondi and SAPPI own most of the commercial plantation area and therefore have the most land claims out of the other forestry companies. Provincially, KZN and Mpumalanga have the largest plantation area, and this is because the climate in these provinces is suitable for forestry. Plantations thrive in regions that have wet summers and dry winters, Mpumalanga and KZN meet these requirements.

Commercial forestry companies plant specific tree species to cater for the markets, so to ensure that they produce outputs at competitive prices, land ownership plays a pivotal role in ensuring targeted outputs are met at minimal expenses. The most common afforested tree species are pine, accounting for 57% of the total plantations, eucalyptus (42%) and wattle (7%). South Africa has the highest percentage of forestry stewardship council (FSC) certified forests in the world, almost 82% of the forests are FSC certified (FPM& SETA, 2014; FSA, 2019). The commercial (plantation) forestry industry in the country is characterised by vertical integration where most plantation owners are primary and secondary processors (FPM & SETA, 2014). Some examples are Hans Merensky and York Timbers in sawn timber, Mondi and Sappi in pulp and paper and PG Bison in fibreboard. The output of plantations is thus linked to advances in both primary and secondary processing sectors. These sectors obtain their market advantage through ownership of plantations meaning that they source their raw materials at competitive prices (FPM & SETA, 2014). Below is an overview of what is covered in this chapter.

The first section of the chapter provides background information on the emergence of the forestry industry in South Africa. The second section of the chapter discusses forestry and land reform. The third section discusses co-management and political ecology. The fifth section discusses partnership arrangements in forestry management. The sixth section covers the problem statement, the seventh section states the significance and motivation. The eighth section presents the aim and objectives of the study, the ninth section presents research questions, the sections that follow look at technical and social forestry management models and approaches. The final section of the study presents the structure of the thesis.

## **1.2 Overview of the emergence of the South African forestry industry**

Understanding the history of the establishment of the forestry industry is vital to understanding the current trends in forestry management. The South African plantation forestry industry was established in the 1800s with the introduction of exotic species which was simulated by the increasing demand for fuel wood for the growing railways (Showers, 2010). Natural forests could not satisfy the demand for fuel wood, to meet the growing demand for wood led to the introduction of black wattle from Australia in 1864 (DAFF, undated; Showers, 2010). In South Africa, the forestry sector was managed by the state but private landowners in KZN managed black wattle. The expansion of the forestry industry led to the introduction of pine and eucalyptus to balance the supply-demand continuum (Showers, 2010). By the 1990s, the private sector had grown to 800 000 ha, but the political transformation led to the government dissolving its commercial timber activities and established SAFCOL which is a parastatal that would manage the plantations that were previously owned by the state (DAFF, undated). In 1990, the government decided to relieve itself of the role it played in the commercial timber industry and formed a parastatal SAFCOL, which took over approximately 500 000 ha of state forest land of which 263 000 ha was timber plantations (DAFF, undated). The government retained management of natural forests. After the first democratic elections in 1994, plantations from the former self-governing states and homelands were returned to the Department of Forestry as a temporary measure, with the long-term objective of transferring them along with SAFCOL plantations to a third party as part of the government's restructuring process (DAFF, undated). The restructuring process meant that there would be a shift in the management of these plantations, where technical models of forest management would be coupled with models that prioritized the social aspect of forestry.

After the 1994 elections, the newly elected South African government implemented a restructuring process where some state-owned entities, including commercial forests, would be transferred to private ownership through privatisation. There were several forestry-specific issues that formed the basis for privatisation which were also common to several privatisation processes internationally, such as the belief that privatisation offers opportunities to attract investment and expertise that are required assets that seem to suffer from underinvestment (Mayers et al., 2001; Dlomo & Pitcher, 2003; Clarke, 2006). The recognition of the fact that the continuation of the government to manage plantations would conflict with its new role as a regulator in the sector was another issue that formed the basis for privatisation (Mayers, 2001; Dlomo & Pitcher, 2008; Clarke, 2006). The last issue is an economic imperative to minimise the burden from government of providing subsidies for the state-owned plantations that were not performing well. These issues have informed some of the land claim settlement models discussed in chapter 2. The forestry sector

has had experience with land claims and the section below provides an overview of the industry's experience with land reform.

### **1.3 Forestry and land reform**

Since the inception of the Land Reform programme, the land restitution policies have not changed but the redistribution policy has been amended. Netshipale et al. (2017) identify the following four models that resulted from the amendments of the land redistribution policy: The Settlement/Land Acquisition Grant (SLAG); the Land Redistribution for Agricultural Development Phase 1 (LRAD1); the Land Redistribution for Agricultural Development Phase 2 (LRAD2) and Proactive Land Acquisition Strategy (PLAS). The implementation of these models differs, and the funds allocated for the targeted beneficiaries differ as well. Netshipale et al. (2017) state that the grant amount allocated to qualifying beneficiaries increased from SLAG to LARD2 as beneficiaries gained land ownership. These redistribution models required business plans, additionally, a household ceiling was set for SLAG and each beneficiary was expected to make contributions under LARD.

The amendments of the land redistribution policy, LARD1, LARD2 and SLAG being the outcome of these amendments, resulted in land being acquired by the financially well-off individuals. As a result, the number of beneficiaries per farm began to decrease and majority of the beneficiaries being involved in land use. Hall et al. (2003) attribute the increase of beneficiary participation to the large amount of own investment towards land acquisition. Over time, the number of beneficiaries began to decrease because, according to Netshipale et al. (2017) the beneficiaries did not adhere to the social objectives of land reform and suggests that this could potentially pose a challenge to social cohesion in future. The amendments to the land redistribution policy did not show noticeable trends in the amount of land that has been reformed and in the extent of land use among the redistribution models (LARD1, LARD2 and PLAS). Netshipale et al. (2017) attribute the lack of noticeable trends to the fact that intended land ownership and previous land ownership was influenced by the development of the agricultural sector of an area, the agro-ecological conditions of an area as well as the social class of the beneficiaries represented in the context in which the land was redistributed. According to Netshipale et al. (2017) these factors did not result in systematic trends regarding the extent of land use and the size of the reformed land.

It is approximated that 40% of privately-owned plantations are under land claim and 70% of state-owned plantations are either under land claim or have established agreements with communities (Clarke, 2008; Mamba, 2013). These agreements between the state and communities recognise ownership and access rights for the local communities. According to Clarke & Isaacs (2006) and Clarke (2006) the forestry industry's perceptions of the land claims have since changed, they, albeit not all, have been accepting of the fact that the successful land claimants now own the land on which they operate. Clarke (2006) states that for forestry and conservation land claims, the LCC had to have numerous engagements with the former Department of Water Affairs and Forestry (DWAF), Department of Environmental Affairs and Tourism (DEAT), the Department of Public Works and the Department of Land Affairs and the Commission decided that the land claims on conservation and forestry land would be dealt with in the following manner: Successful claimants would own the land in title. Claimants would consider their options and agree

to continue with current land use (either forestry or conservation). The title shall have a notarial deed that restricts land use as agreed with the government and the claimants. The new landowners shall become lessors and they shall enter into lease agreements with leases and an agreed market value rental will be paid to claimants. Claimants would be required to establish legal entities for land ownership and for business being undertaken on the land. Investors would be encouraged to allow the claimants to have equitable shares in the business ventures on the land. The section below presents an overview of co-management and political ecology in natural resource management.

#### **1.4 Partnership arrangements in the management of claimed land**

Partnership arrangements between private sector companies and local communities have grown significantly over the past three to four decades. These arrangements have become a popular trend in natural resource management (NRM), especially in the forestry and agriculture sectors where operations are in rural areas characterised by poverty and unemployment. Land reform has been a catalyst for the adoption of partnership arrangements because they allow forestry and agricultural businesses to continue operating on the land while giving communities ownership of the land. This study details the management of forestry under land reform. Mondi manages claimed land through partnership arrangements with claimant communities created by the sale and leaseback model. Land claim settlement models in forestry provide a basis for communities and companies to forge a partnership that is somewhat mutually beneficial. A partnership is traditionally described as a formal arrangement between two or more parties to manage and operate a business or entity and share its profits (Kopp, 2022). Partnerships are also described as arrangements where parties (business partners) agree to cooperate to advance their mutual interests (Shopify, 2022). Others describe partnerships as arrangements where two or more people share ownership as well as the responsibility for managing the company and the income or losses the business generates (Lip, 2022).

Partnerships are presented to communities as approaches that enable them to participate and derive benefits from the forest; company-community partnerships are for forestry companies to continue to have access to land and trees in the face of land reform. Communities benefit from receiving land rights and empowerment from corporate companies, the forestry companies benefit by continuing operations and securing fibre. Lease agreements are common in the forestry industry commercial forestry companies often lease land from private landowners (Whiteman, 1998), however, the management system in place is different when the lessor is a claimant community. Mondi has been an industry example on the way it has dealt with claimant lease arrangements and its management model for plantations on claimant land. There are, however, many complexities involved when dealing with claimant communities because they are situated in rural areas where opportunities are very scarce. The company is therefore contractually obligated to empower the claimant community, and this requires the company to change the way it operates in that area.

Company-community partnership arrangements in NRM were introduced to bridge the gap between companies operating close to marginalised communities. The main aim of these partnership arrangements is to ensure that communities participate and benefit from the management of natural resources, other benefits are capacity building and knowledge sharing. Company-community partnerships in the forestry industry are a form of co-management, which falls under the social forestry umbrella. Company-community partnership arrangements have provided forestry

companies globally with a new approach to land ownership disputes and securing profit as well as an operating environment. These arrangements afford marginalised communities an opportunity to benefit (financially and otherwise) from the forest. The partnership arrangements discussed in the study involve land claimants and the historical context of how the Mondi came to operate on the land that was dispossessed from claimants creates a potential for power struggles and unequal power relations in the partnership, whether intentional or not.

The current tool used by Mondi to manage land that has been transferred to claimant communities is the sale and lease back model. The model is structured in this manner: the government purchases the land on behalf of the claimant community and the forestry company leases it back from the claimants. The model aims to meet the needs of the community as well, which is why Mondi established the stakeholder engagement department that conducted a needs analysis to determine the specific needs of communities they are working with (SA Forestry, 2009; Chamberlain, 2017). The overall goal of the model was to secure a sustainable fibre supply while also capacitating local communities (SA Forestry, 2009). To obtain buy-in from the government, the model needed to prioritize sustainable livelihoods development in rural communities through employment creation, contribution to local economic growth, capacity building and skills transfer (Chamberlain, 2017; Robertson, 2018; Tshidzumba et al. 2018). It must be noted that not all forestry companies use the sale and leaseback model, for instance, Sappi has had a different approach in dealing with the management of plantations that are under land claim. The company historically contested most of the land claims lodged against them, however, in 2016 they established a programme where they would provide management assistance to land reform beneficiaries (Robertson, 2018). The programme provides managerial assistance to 51 land reform projects covering approximately 11 118 ha of plantation area (Robertson, 2018). Successful land claimants (who receive land and trees) receive management assistance, technical advice and purchase agreements for timber based on the level of expertise of the claimants. The question is: has the sale and leaseback model accomplished these goals?

### **1.5 Problem statement**

Forestry companies that have had land claims on the land on which they operate use different forestry management models to manage farms on the land that has been claimed but there is no empirical proof that these models work for all stakeholders. Agreements put in place as per land claim model aims to strengthen relationships/partnerships with claimant communities. The models used to manage plantations on land that is owned by claimant communities look good on paper, however, there has not been empirical evidence that they reap what has been promised. Company-community partnerships created by the land agreements are meant to create opportunities for both parties regarding the socio-economic development of communities and the continued access to the land (for timber) for the company.

There has not been much research on whether this model reaps its intended benefits or not and whether it works for companies and communities. As mentioned, the sale and leaseback model creates partnerships between Mondi and claimants, but the legitimacy of the partnerships is often underexplored. Based on the definitions of what partnerships are in the previous section, the study defined “true partnership” as an arrangement between two or more parties where each individual possesses some form of autonomy; each party contributes towards the partnership; each party has

power and influence over decision-making, and directly benefits from the arrangement. Another problem is that there is no empirical evidence that company-community partnerships, and the sale and leaseback, specifically, work for both the company and the community. It is therefore important to find out whether the model fulfils its obligation to claimant communities and whether it has secured sustainable timber supply for the company.

## **1.6 Significance and motivation**

Industry giants in the forestry industry have alluded to the phasing out of the sale and lease back model. The sale and lease back model has been used as a management model for plantations under land claims for a little over 10 years now and therefore can provide learnings for future models. The research evaluates this model with and documents learnings for future forestry plantation management models. The lack of documented data on the successes and/or failures of the forestry management models arranged by geographic location is the main reason why the research is important. The government has spent millions of Rands on the land reform programme and there have been case studies documenting the failures of the programme in many communities, however, there is not enough documenting the reasons for the failures. This project therefore aims to address the issue mentioned above by looking at the Greytown, Kranskop, and Richmond areas in KwaZulu-Natal because these areas were the first to use the forestry management model and will therefore provide extensive data on the success or failure of the sale and lease back model as a forestry plantation management model for plantations on claimant land. The findings of the study will then pinpoint factors that need to be addressed for future institutional partnership arrangements between private sector companies and claimant communities to work.

## **1.7 Aims and objectives**

### **1.7.1 Aims:**

- The primary aim of the study is to ascertain whether the partnership arrangements between Mondi and claimant communities created through the sale and leaseback model are true partnerships.
- The secondary aim of this study is to contribute practical case studies on partnership arrangements to research and literature that examines partnership/institutional arrangements in the forestry industry and NRM.

### **1.7.2 Objectives:**

- To investigate the perceptions, expectations, and overall stakeholders' knowledge of the management of forestry plantation.
- To investigate the extent to which the sale and leaseback model is fulfilling its objectives for stakeholders.
- To ascertain the aspects of the sale and leaseback model that worked and those that did not work and reasons why.
- To ascertain the extent to which benefits of the sale and leaseback model are distributed among stakeholders and how they impact claimant communities.

### **1.7.3 Key research questions:**

- Are partnerships between Mondi and claimant communities true partnerships?

- Has the sale and lease back model produced desired outcomes for stakeholders?
- How has the industry responded to the sale and leaseback model?
- How has Mondi changed its land management practices being more inclusive of claimant partners in the management of claimed land?
- Has the sale and leaseback model created opportunities for claimant communities to create sustainable livelihoods?
- What are the contributing factors to the success and/or failure of some sustainable development projects?

## **1.8 Overview of Forest Management Approaches and Models: Technical forestry**

This section provides an overview of how forestry management approaches have shifted from technical forestry management models to integrate social forestry approaches, giving rise to sustainable forest management. The section below presents an overview of how these approaches can be looked at from co-management and political ecology perspectives. In chapter 2, forest management models are further dissected, and these two sections present an overview of the factors that influenced the models used to manage commercial forestry land under land claim in South Africa. Commercial forestry companies have historically used technical forestry management practices to manage their plantations and businesses. Technical forestry primarily focuses on the production, harvesting, and conservation of trees. There are two classes of models used to support forest management: empirical models, process-based models and hybrid models the second class of models are: whole stand models, size class models and single tree level models. Empirical models are used for examining issues related to sustainable forest management. These models are based on statistical analysis on the dependence of target variables such as timber production, on several predictor variables available from forest inventories and site data (Taylor et al., 2008; Fontes et al., 2010). Another model used to support forest management is the process-based model. Process-based models are based on physiological processes such as photosynthesis, respiration and transpiration and are modelled (Johnsen et al., 2000; Sands et al., 2000). These models are useful for understanding the present and future for growth because they are fundamentally dependent on environmental conditions. The third model is the hybrid model which is grounded in both process-based and empirical concepts of forest dynamics thus attempting to capitalise on the advantages of each approach (Taylor et al., 2008). The idea is to benefit from the predictive capability of empirical models and the environment-dependency of processed-based formulations.

Sustainable management of forest resources requires a large amount of supporting information, particularly when managing the forest for production purposes. Most silviculture foresters and practitioners prefer empirical models because they can be easily included into management plans. Although process-based models provide a basis for understanding acquired data for understanding both the ecological and physical sides of forestry processes, empirical models are still the most widely used models because of their simplicity (Taylor et al., 2008; Fontes et al., 2010; Twery & Weiskittel, 2013). Empirical models are simplistic and practical, however, because there has been a global shift in priorities in the natural resources sector, the forestry sector has had to incorporate local communities in the management of forestry resources. The introduction of social forestry has resulted in the use of hybrid models in the

management of forestry resources. In South Africa, social forestry is being practiced by most forestry companies, to address past injustices and socio-economic inequalities in rural/peri-urban areas and communities.

### **1.9 Overview of Forest Management Approaches: Social forestry**

Over the past few decades, there has been a shift in the prioritisation of technical models of forestry management to management practices that focus on the social aspect of forestry. Social forestry is defined as the management of forests for the benefit of local communities, the term can be used interchangeably with ‘community forestry’ (Lata & Rashid, 2020). Social forestry encompasses the nature and magnitude of the needs of rural communities participating in social forestry. It also involves investigating the impacts of shortages on the subsistence activities of rural communities involved in social forestry activities as well as how they respond to those shortages (Roberts & Fing, 2010). Social forestry is important for rural communities because it provides employment and income opportunities in both forestry and processing activities (Gregersen et al., 1989; Lata & Rashid, 2020).

A key outcome of social forestry projects is participation from communities, their boards, and committees in all phases of the programme. The participation of communities in the design and implementation stages of projects/programmes is an important component for community empowerment. People are primarily motivated to participate in social forestry activities for the functions and commodities provided by forests, such functions and commodities include wood for shelter, fodder, warmth, food, and cooking (Roberts & Fing, 2010). Social forestry issues are not only technical, but they are also social and economic. Roberts & Fing (2010) give examples of a few social forestry issues, which include the changing roles of technical officials, administrators, and community members at different social levels. Other social and economic issues may be integrating tree growing into land use, interaction at stakeholder level between forestry, agricultural and livestock practitioners and specialists (Roberts & Fing, 2010).

There are five tree management models used in social forestry, these models are characterised on the basis of who does the planting and tending, the land tenure category used, and who will have access to the benefits. The first model identified by Roberts & Fing (2010) is ‘community woodlots’ where planting is done by the community, government or NGOs on community owned land and benefits are shared by the community. The second model by Roberts and Fing (2010) is ‘farm forestry’ where planting is done by farmers on land they own on a variety of patterns and several forms of agroforestry. The third model by Roberts & Fing (2010) is ‘tree tenure forests’ where planting and disposal of tree products are done by individuals for their own gain on land allocated for tree planting. The fourth model by Roberts & Fing (2010) is ‘government forest planted on government land’ which includes block plantations in forestry reserves and strips of plantations along roads and railways. With this model, the relevant government department sells or gives the outputs to individuals or communities. The fifth model by Roberts & Fing (2010) is ‘joint, controlled management of communal or public woodlands’ where local participants receive specified quantities of products or other benefits such as grazing, fodder and wood at agreed prices. Contemporary forest management seeks to combine both technical and social forestry to achieve growth and profitability while addressing community needs. These five models provide an overview of the types of social forestry approaches that can be applied within communities. The

section below presents an overview of co-management and political ecology approaches to social forestry and natural resource management.

### **1.10 Co-management and political ecology approaches to natural resource management**

With the introduction of management practices that prioritize social forestry, there came an introduction of co-management approaches to natural resources, globally. Co-management is a management approach that incorporates multi-stakeholders, including communities, government, and non-government agencies, in the management of natural resources (Plummer & FitzGibbon, 2004b). The co-management approach has been applied in many cases in various forms, in the South African context, co-management has been applied as a community-based natural resources management but has since transformed into company-community partnership arrangements, with minimal involvement from government. These approaches can and need to be examined from a political ecology perspective. Political ecology is a broad discipline that examines the relationships between society. This study examines co-management/partnership arrangements in forestry from a political ecology perspective, mainly focusing on power and its influence on the interactions between actors/stakeholders. These approaches are discussed in further detail in the following chapter. Political ecology approaches can be used to examine co-management arrangements.

Power is central to discourses in political ecology and natural resource management, particularly in partnership arrangements, but it is under analysed in co-management/company-community partnerships. Raik et al. (2008) state that it is necessary to analyse power in NRM because the field of NRM is inherently political. NRM contains issues such as ownership, rights, access, use and control of resources, which are linked to power. Use, control, and access are central to understanding the extent to which individuals, institutions, and government agencies have power in social relationships and NRM. Power is a complex and multifaceted concept; however, this study does not attempt to provide a comprehensive description and analysis of power in company-community partnerships. The study uses a co-management analysis framework and elements of power, which is a conceptual framework that provides a simplistic understanding of the levels, forms, and spaces of power to argue that the partnership arrangements between Mondi and land claimants are not true partnerships.

### **1.11 Structure of the thesis**

#### Chapter 1: Introduction

The chapter introduces the reader to the topic and outlines important themes in the study and the conceptual framework that the study uses. The chapter provides an overview of the emergence of the forestry industry in South Africa and how the private sector managed to own a significant percentage of land on which plantations are established. The transformation in leadership resulted in the introduction of the land reform programme which allowed individuals and communities who were dispossessed of their land for the establishment of plantations to lodge claims against forestry companies who own said land. The chapter further provides an overview of how forestry management has shifted from technical forestry to social forestry. The chapter provides context as to how land reform has impacted the

management of plantations under land claim. Mondi settles land claims using the sale and leaseback model, and the study examines the extent to which the model benefits the company and claimant communities.

## Chapter 2: Literature Review

This chapter provides a detailed review of literature that exists on institutional arrangements between the private sector and local communities. The chapter examines forestry management in the era of land reform and how land reform contributed to the transformation of forestry management, both locally and globally. Chapter 2 further reviews literature on company-community partnership arrangements and how these have contributed to rural community development and empowerment. The subsequent sections in the chapter discuss land claim settlement models, including the sale and leaseback in extensive detail, mentioning the advantages, disadvantages, and challenges encountered by companies and communities that have implemented some of the models. The final section of the chapter reviews literature on the theoretical framework of the study- the co-management framework and political ecology.

## Chapter 3: Methodology

Chapter 3 outlines the structure of the thesis and the methods used to collect data. The study is qualitative in that it focuses on the experiences, perspectives, and perceptions of the subjects of the study (Mondi representatives and claimant communities). The research design is descriptive because it determines and reports the status of partnership arrangements between Mondi and claimant communities. Chapter 3 details the way data were collected, and the rationalisation of the methods chosen for the study. Chapter 3 provides a summary of the theoretical framework discussed in chapter 2 and outlines the way findings presented in chapter 4 were analysed. The chapter also outlines the sampling method used and provides justification for the sampling method used to collect data. The chapter then provides a description of the study sites chosen for the study, including demographic information and the socio-economic status of the communities that were selected for this study.

## Chapter 4: Results

This chapter presents the findings of the study. The data presented in this chapter answers key questions asked in chapter 1. The chapter provides an account of Mondi's experience with land reform, the company's initial response to land reform, what the main concerns were and how the company responded to land claims. The chapter also presents findings on the experiences of Mondi representatives working closely with claimant communities, including the role they play in the partnerships, how land claims have changed the way the company operates, and the main challenges they have experienced working with claimant communities. Chapter 4 presents the lessons learned by company representatives in working with claimants. The second section of the chapter presents an account of the claimants' experiences with the sale and leaseback model, including their perceptions of the model and the benefits they derive from the model. The chapter also provides an account of the working relationship between community entities (Trust and board of directors) and how the relationship impacts the partnership between the communities and Mondi.

## Chapter 5: Discussion

This chapter presents the argument of the thesis. The thesis argues that partnerships between Mondi and claimants are not true partnerships because they do not meet the traditional definitions of what partnerships are. Firstly, communities own their own companies and Mondi has no influence on how their companies are managed, and communities do not influence Mondi's operations. Secondly, Mondi manages both land and trees, claimants do not have decision-making power on how the land is managed nor do they decide when the trees are harvested and by whom. Thirdly, communities lack business acumen, financial and technical resources, and they are disempowered in the partnership.

The first section of the chapter presents an analysis of the findings presented in chapter 4 using a combination of the co-management analysis framework and thematic analysis. The second section of the chapter provides a discussion of the results from a political ecology perspective, with power being the central theme. The discussion also looks at how the shift from territory-centred forestry governance to flow-centred arrangements has impacted forestry management. The chapter discusses forest use and control where the interests of stakeholders are examined as well as who uses and controls forest resources in partnership/co-management arrangements. The chapter further discusses power as conditioning actor-interactions and the role power plays in determining whose interests are met and whose voices are heard. The final section discusses management outcomes and how they are affected by outcomes of stakeholder interactions.

#### Chapter 6: Conclusion

The conclusion provides a summary of chapters 1 to 5. The chapter then reviews the aims and objectives of the study and whether they were accomplished. The chapter also reviews the lessons learned by Mondi representatives and claimant communities, as well as what worked and what did not work for both parties. The chapter then provides recommendations for future settlement models. The chapter then discusses the limitations of the study and recommendations for future research.

## **CHAPTER 2: EXPLORING LAND CLAIM SETTLEMENT MODELS AND COMPANY-COMMUNITY PARTNERSHIP ARRANGEMENTS**

### **2.1 Introduction**

There is a plethora of literature on company-community partnerships that were created by decentralisation and a movement towards a more inclusive management of natural resources. Company-community partnerships have been implemented in many developing countries because they were seen as a means to stimulate economic development in these countries. Privatisation had a huge influence on the implementation of company-community partnerships in natural resource management. Land reform is a constitutional driver of change in the management of natural resources. Developing and some developed countries implemented land reform programmes post-colonisation to address injustices brought about by colonial systems. Various commercial sectors, such as forestry and agriculture have experienced land claims, however, for the purpose of this study, the focus will be on land reform in the forestry sector. Although there are many studies and literature on land reform in the agricultural sector, there is limited literature on land reform specific to the forestry sector, especially literature that examines land claim settlement models used by the government and private forestry companies. This chapter reviews literature on land reform in the forestry sector and the complexities thereof; settlement models available for forestry land claims as well as company-community-partnerships and their impacts on forestry companies and the livelihoods of claimant communities. We start off with an evaluation of approaches taken by other countries that have shaped and informed some of the settlement models used in South Africa, particularly the sale and leaseback. The study examines institutional arrangements in forestry from a political ecological perspective, therefore, presenting the global trends that influences the models discussed in the later sections of this chapter is important as it provides context for the later sections. The models are presented after the global trends, the political ecology section is then presented after the contextual information of the first sections of the chapter.

### **2.2 Global trends in forestry and land tenure**

The international arena has paved the way for local policy drafting and implementation. Global trends have informed South Africa's land reform policy, natural resource management approaches, and land claim settlement models. What we see below is a similar global trajectory in the transformation of forestry and land reform policy, where the trends shift from exclusionary technical forestry management approaches to approaches that prioritise sustainability and inclusion in the management of natural resources. Sustainable forest management (SFM) is an approach that emerged in the 1990s after the Rio Summit. Malaysia is one of the very first countries to implement this approach in managing its rain forest (Brosius, 1999). SFM refers to an ever-evolving concept that aims to enhance and maintain environmental, economic, and social values of the various types of forests that exist for the benefit of present and future generations (Brosius, 1999). The country implemented sustainable forest management even before the Rio Summit in 1992. Post-independence in 1957, Malaysia implemented regulatory frameworks such as the 'sustained yield management' in its timber industry, paving the way for what is now known as sustainable forest management (Brosius, 1999). With the emergence of SFM after the Rio Summit, developing market-oriented timber certification

systems became imperative. In the early 1990s, non-government organisations (NGOs) such as Woodworkers Alliance for Rain Forest Protection and Rain Forest Alliance led the way in the development of certification systems (Brosius, 1999). In 1992, the Forest Stewardship Council (FSC) was founded by multiple stakeholders in the environmental and forestry industries to act as a certification body in the industry (Brosius, 1999; FSC, 2017). Because the study is not centred on institutional arrangements in forestry in the era of land tenure conflicts, it was important to contextualise the institutional approaches to managing forests in under land tenure and ownership disputes. SFM gave way to the institutional arrangements discussed later in the chapter, hence the inclusion of the overview in this section.

This section examines case studies from China, Indonesia, and Australia. These countries have relatively similar trends to what we have seen in South Africa, for example, the Sale and leaseback model used by Mondi to settle land claims combines approaches discussed below and the implementation is informed by the trends seen in this section. The countries presented below were specifically chosen because, (a) China and South Africa are part of BRICS, and knowing what our contemporaries are doing is important, another reason is that China is a major player in the commercial forestry industry, therefore knowing how they have been handling land tenure disputes is important. Indonesia is an interesting case because parallels can be drawn between South Africa and Indonesia, especially their experience with conflicts over forest resources and land tenure. Similarly, Australia has experienced conflicts over forest resources and land ownership, and the way their disputes were resolved had some influence on the land claim settlement models South Africa uses.

### **2.2.1 China**

The forestry sector in China has undergone various transformations because of the introduction of marketing tools for most forest products and environmental services (Jinlong, 2007). The social value of forestry contributed to the transformation of the forestry sector in that there was an introduction of development programmes as well as forestry administrative sectors, there were also policy changes in policy. Jinlong (2007) and Liu & Innes (2015) state that these changes have caused a shift in China's normative forestry paradigm in that forestry policy is no longer centred on timber output but now focuses on three aspects, namely, environmental protection; how the forest impacts people's well-being, focusing particularly on poverty alleviation; the production of fibre. According to Dai et al (2013) and Liu & Innes (2015) the main drivers of forestry policy reform are the changes in the needs of local actors, the condition of forests, social transformation caused by changes in political regimes, and socio-economic conditions.

Sustainable forest management is a trend that has spread widely in the natural resource management space, and China has adopted this management approach. According to Jinlong (2007), Dai et al (2013) and Liu & Innes (2015). sustainable forest management (SFM) elements such as stakeholder participation, poverty alleviation, promotion of alternative sustainable livelihoods, conservation of culture and historic heritage of forests and indigenous knowledge protection have often been neglected in international standards. This, according to Jinlong (2007) shows that the discourse of SFM in China is sector-oriented and that the meanings of SFM have impacts and real consequences on both forest management and local livelihoods. For instance, the national forest protection program (NFPP) is a complex process of change which has impacts on local communities and state-owned sectors (Dai et al., 2013). The NFPP involves various diverse actors including foresters, rural farmers, government officials, state-owned forest

farms, government institutions, individuals, and communities (Jinlong, 2007; Dai et al., 2013). Any intervention that changes existing policy and forest use practices means that these actors/stakeholders must discontinue their existing forest practices and find new livelihoods. Jinlong (2007) states that it was imperative for officials to develop new policies and enforcement measures as social changes like the NFPP often bring about power shifts and reconfigure knowledge and networking. In the programme are of the NFPP, logging needs to either be reduced or banned, which has negative implications for local people as this means that they will lose their sources of income (Jinlong, 2007; Dai et al., 2013).

Literature has shown that discourse on sustainable forest management has had significant impacts on forest management in China and the forest sector in general. Forestry discourse is mainly shaped by different actors within the forestry sector, which reflects their knowledge and understanding of forest management in addition to their needs, social status, and power. The various constructs of sustainable forest management, forestry discourse and legislation have real impacts and consequences on forest management and local livelihoods.

### **2.2.2 Indonesia**

Indonesian forestry development has exemplified how political and social problems such as disenchantment and conflict over forest resources can impact planting rates. Forestry companies felt pressured to initiate initiatives involving local communities to address social gaps because of the growing social conflicts with local communities that reside in and around plantations (Meijaard et al., 2020). Company-community partnerships that involve contract agreements or outgrower schemes have been looked at as an effective approach for ensuring a sustainable timber supply while also sharing risks and benefits with local communities (Race et al., 2009).

Company-community partnership schemes provided Indonesian companies an alternative approach than the ones used in the past. Nawir & Santoso (2005) review a study conducted on three private companies, Wirakarya Sakti (WKS), Finnantara Intiga and Xylo Indah Pratama. Staff from the companies indicated that the intention of the partnerships was to build good relationships with local communities and gain credibility at national and international levels. The partnerships are partnerships between timber plantation business owners and land claimants/landowners that reside within the business areas (WKS & Finnantara); Partnerships between timber plantation business owners in the areas outside the business areas (WKS); partnerships between non-timber business owners and private owners (Xylo). The motivation for landowners to join company-community schemes is to secure unused land for income purposes. Forestry companies are responsible for plantation costs and for building up community organisations, extension programmes and training. In return, companies gain access to planted land and timber crops. Tree growers are responsible for ensuring that planted lands are not under land claim to minimise any conflict that may arise in future. Challenges are complex and the long-term viability of company-community partnerships often depends on the companies' efforts to make provisions for continuing dynamic changes. According to Nawir & Santoso (2005), company-community partnerships in Indonesia are more likely to succeed than previous government-initiated initiatives because the initiatives emerge from companies' need for initiatives that accommodate local concerns while meeting the companies' objectives to produce timber.

### **2.2.3 Australia**

Australia, like South Africa has had experience with some form of conflict over land ownership and there has been a structural change in the management of forestry resources. According to Rhodes & Stephens (2014), factors such as regional supply and demand conditions, emerging markets for ecosystem services, i.e., carbon sequestration, impacts of climate change and social attitudes towards planted forests present various opportunities and challenges for the development of planted forests. The shift in ownership from the public sector to the public sector is a significant feature in the Australian wood plantation estate. The management and harvesting rights of the majority of plantations were sold to private institutional investors as part of the privatisation and commercialisation of government-owned enterprises in the early 2000s, as with many countries around the globe (Leys & Vanclay, 2010; Rhodes & Stephens, 2014). Management of the plantations was undertaken by Timber Investment Management Organisations (TIMOs) on behalf of investors, following trends in North America.

Research has shown that plantation forestry can create employment and economic benefits in Australia, especially through integrated growing, harvesting, processing and transport (Rhodes & Stephens, 2014; Turner & Lambert, 2015). Expansion of forestry plantations brings up certain issues pertaining to access to rural land, community engagement and engagement with landowners (Leys & Vanclay, 2010). As a result of these issues, Rhodes & Stephens (2014) state that there has been greater policy recognition of the need for improved relations between the forestry plantation industry and rural communities as a means to achieve an integration between industrial scale and small-scale plantations. The section reviewed literature that informed some of the models used to settle land claims in the country, the section below reviews literature on land claim settlement models used in the agriculture and forestry industries.

### **2.3 Land claim settlement models**

This section examines land claim settlement models used to settle land claims in agriculture and forestry. These models are influenced by global trends as seen in the section above. There are various land claim settlement models such as joint ventures, the sale and leaseback model, outgrowers scheme, project grow, and lease agreements. The models discussed have been used globally and in South Africa, and the lessons learned can help inform the way future institutional/strategic partnerships are implemented. These The models discussed below are those that have been used globally by commercial forestry companies. These models aim to equitably distribute land to ‘rightful’ owners as well as to create partnerships between claimant communities and institutions and ensure that claimant communities are empowered.

Before examining the settlement models, a contextual overview of the South African landscape view of forestry and the shift to manage forest within a broad social context needs to be presented. The Forest Stewardship Council (FSC) is an international forestry body that establishes principles, standards, and forest management criteria for the forestry industry (FSC, 2017). South African FSC is represented under the Southern African subregional office, with approximately 80% of commercial forests in South Africa holding FSC certification. The FSC has several criteria, but for the purpose of this study, three criteria are going to be focused on. The first being the recognition of indigenous

people's rights. After the 1994 elections, there was a transformation to redress the legacy of colonial and apartheid regimes where indigenous people were dispossessed of their land, FSC criteria requires companies to recognize, and uphold indigenous people's land rights (FSC, 2017). The second criteria is community relations; forestry is a rural-based industry and therefore plays an important role in building and maintaining good working relationships with local communities. For companies to build and maintain these relationships, they must get to know communities and their interests through social assessment procedures that ensure that marginalised groups are included (FSC, 2017). Building these relationships requires open and transparent communication and support. The third criteria are benefits from the forest. Organisations are required to diversify their product ranges and use available resources to create economic benefits for local communities (FSC, 2017). Including communities in beneficiation from forests creates harmony within local communities and reduces risks related to sustainable forest management. The models presented below incorporate the criteria mentioned in this section along with others established by the FSC.

### **2.3.1 Joint venture**

In joint venture arrangements, the community contributes the land, and the forestry company provides the trees (Mamba, 2013). A joint venture is then formed after both parties have contributed their resources, i.e., the company contributes physical assets, capital, networks, information and expertise and communities contribute land, government grants as their share capital and labour (Andrew et al., 2000). An operating company is then established to represent the community's interests and operate the business (Andrews et al., 2000; Mamba, 2013). In a joint venture, the community would have more power in the partnership as they are the landowners, however, realistically the company has more power as it carries the risk in terms of marketing, processing, and purchasing (Andrews et al., 2000). The community would therefore have a significantly smaller stake in the venture household income, skills and empowerment would be transferred to community members (Mamba, 2013).

Before examining South African cases of joint ventures, we will look at arrangements in Canada as they have informed the way joint ventures are implemented in South Africa. The contracting company arrangement in Canada are designed in a way that forestry companies enter partnerships with first nations, this arrangement is like the contracting arrangements examined in this study. The first nations register their companies and negotiate joint ventures through contracting arrangements (Mayers & Vermeulen, 2002). The contracts cover more than silviculture and harvesting operations, the contracts include downstream processing, business management, providing services to industries, and provision of non-timber products. The advantage to this type of arrangement is that the first nations are exposed to a wider range of opportunities that are not centred on forestry alone. They can therefore expand their businesses however they wish to do so. On paper, the Canadian arrangement looks attractive, however, the joint ventures may fail due to lack of experience of the first nations, Mayers & Vermeulen (2002) found that some partnerships did in fact fail because the first nations had no prior exposure to forestry business and others decided to diversify and increased their market shares. This is the case with the early joint ventures that were established in South Africa, in Davis & Chamberlain's (2017) case study in Limpopo, the communities formed joint ventures with established citrus farmers through the land reform project. The joint ventures in the case study fell through because of the lack of financial support from government, the government grants were going to be used in the partnership. In this instance, the failure

of the joint venture cannot be attributed to the lack of experience of the communities but to the lack of government support. Although the arrangement was a joint venture, Davis & Chamberlain (2017) note that the company had full decision-making power and were therefore meant to receive a management fee for their management duties.

Joint ventures in South Africa are all structured in a similar manner, where the commercial company seemingly contributes more to the joint venture, therefore not making it a “true” joint venture as the parties do not contribute equally towards the partnership (Andrew et al, 2000). Commercial companies, regardless of the industry, tend to have more responsibility, carry the majority of the risk, and make decisions in the initial stages because communities lack exposure to the business side of agriculture and are therefore not equipped to make strategic decisions (Andrews et al., 2000; Mayers & Vermeulen, 2002). The lack of business acumen in communities makes it difficult for them to fully participate and become true business partners. Forming joint ventures with claimants seems good on paper because it achieves the goal of promoting businesses within communities, but it can also be a trap where the communities are dependent on the commercial company they are partnered with (Andrew et al., 2000; Chamberlain & Davis, 2017). Chamberlain & Davis (2017) followed up on the abovementioned case study where some of the communities decided to withdraw from the joint venture and operations on their farms as they felt it was more convenient for the private company to have full management on the operations of the forestry plantations.

### **2.3.2 Sale and leaseback (SALB)**

This model involves the transfer of the land ownership to the claimant communities. The government purchases the land at market-value from forestry companies and a contract is drawn up for the lease of the land by the forestry company (Mamba, 2013; Chamberlain, 2017). This model responds to the aspirations of the community, company, and the government. These aspirations include, but are not limited to, the desire of claimants to resettle the land, the geographic location of the land claimants, the extent of the land that is claimed, the nature of the plantation on the claimed land, claimant communities’ needs, claimant business capacity and levels of skills, and the need for the commercial company to continue business operations.

The SALB has elements of co-management, and one outcome of co-management is the legitimisation of actors, in this model, the community is separated into two legal entities, the trust and the board of directors. Examining the governance of these structures is important for determining the functioning of the partnerships. The community trusts are responsible for the management of the land and the board of directors are responsible for the management of the community business (Makhathini, 2010; Chamberlain, 2017). This structure allows the communities to divide their focus where trusts oversee community interests that fall outside forestry and the board of directors manages operations without interfering in community matters. The private company in this instance plays a mentorship role to assist the community formed company to acquire skills through enterprise development (Makhathini, 2010). Chamberlain (2017) and Tshidzumba et al., (2018) state that the sale and lease back arrangement has had limited financial rewards for individual households because the rent received by communities is often used to manage the community’s business.

Capacity building is an important aspect of the SALB as it contributes to the empowerment of claimant communities. Through partnership arrangements, communities receive training and capacity building, the private company usually

funds this training as per contractual agreement (Makhathini, 2010; Chamberlain, 2017; Tshidzumba et al., 2018). Communities are given the opportunity to start project that will develop the community, the company funds the projects as a means to contribute to the development of communities in which claimants reside (Chamberlain, 2017). The programmes offered in the sale and lease back arrangement are in line with the sustainable development goals and B-BBEE objectives, making them the main selling point of the model.

Makhathini (2010) identifies the following strengths of the sale and leaseback model:

- Brings previously disadvantaged communities into the mainstream economy.
- Identification of good quality leadership within communities through the democratic election process of the trustees.
- Clear government legislation and land policies means that all parties enter the partnership with clear information and understanding of the legislative framework of the country.
- Support from NGOs and organisations/institutions that provide training and capacity building for communities.

Makhathini (2010) identifies the following weaknesses of the sale and leaseback model:

- Trusts do not include individuals who are not from the community, therefore there are no external advisory inputs to communities.
- The risk of trusts and community businesses being managed exclusively by the elites in the community. As the community owned businesses expand, threats of nepotism and cronyism might become a reality because the community leaders make decisions on who gets leadership positions and job opportunities.

### **2.3.3 Outgrowers scheme**

In outgrowers schemes, landowners, including claimant communities, whose land is suitable for afforestation enter partnership agreements with forestry companies (Andrews et al., 2000; Mamba, 2013). The arrangement is that the forestry company provides technology, in the form of clones or genetic seedlings, companies also provide independent growers with cash loans, technical advice (Mamba, 2013). The forestry company also provides an advance against completed silviculture operations and local timber collection plants where the growers can deliver their timber and complete the sales transaction (Mamba, 2013). The arrangement does not involve joint decision making, meaning that companies make the final decision on any situation (Mayers & Vermeulen, 2002). Benefits of this model is that environmental impact assessments or afforestation permits are not required because the land on which the partnership operates is small (Andrews et al., 2000; Mayers & Vermeulen, 2002; Mamba, 2013). Other benefits for companies are that they have access to cheap labour, the arrangement eliminates the necessity of long and often difficult negotiations with communities, companies are also not required to provide non-forestry related services to the community (Andrews et al., 2000).

The main selling point of the outgrowers scheme is the benefits it has for communities. Andrews et al., (2000) identify the following benefits of the model for communities: the model makes provision for individual households to receive

direct financial benefits, all classes of households are given the opportunity to make an income from the land through contract work. Another benefit is that widows have a more secure access to land, there are employment opportunities in harvesting for individuals who do not have land. Vermeulen et al., (2008) identify risk-sharing as a benefit for communities in that the company carries most of the market risk, communities carry the production risk. A case study conducted by Nawir et al (2003) on the Wirakarya Sakti outgrowers scheme in Indonesia revealed that this arrangement attempted an all-inclusive approach to risk-sharing by setting a benefit sharing ratio for the final price reward for fibre products after the costs incurred by each partner have been settled.

#### **2.3.4 Project GROW**

Project grow is a programme to support smallholder growers in tree farming initiated by the South African Pulp and Paper Industries Ltd (SAPPI) in the early 1990s (Mamba, 2013; SAPPI, 2015). In this scheme/programme, SAPPI provides technical assistance regarding prepping land, fertilising, planting and weed control, the company also supplies smallholder growers with free seedlings and payment for completed silviculture operations prior to harvest and a guaranteed market (Mamba, 2013; SAPPI, 2015). In return, the community signs an agreement committing the harvest to a forestry company who then pays market prices for the timber (Mamba, 2013; SAPPI, 2015). Individual growers and communities are then equipped with entrepreneurial skills such as negotiating with contractors and financial management (SAPPI, 2015). When trees are ready to be harvested, SAPPI purchases the timber from growers at market-related prices. Project grow helped small farmers to overcome entry barriers that are associated with tree farming, for instance, purchasing seedlings is expensive for small-scale tree farmers, fertiliser is also expensive as well as harvesting and transportation (SAPPI, 2015).

#### **2.3.5 Lease agreement**

In a lease agreement, the commissioner of the Land Claims Commission (LCC) decides to purchase the land for the community. The forestry company then enters into a lease agreement with the community. The lease agreement lasts for a period of at least two rotations, the lease fees range from 6-10% of the value of the permitted land (Mamba, 2013). The outcome of this model is that the community would receive a 'risk free' annual lease income. The community members may only use open areas in the plantation for various land-use activities such as grazing for their livestock (Mamba, 2013). The advantage of lease agreements is that the community has a guaranteed income in the form of a rental fee, however, leases do not empower the communities in that they do not get to participate in any of the economic activities on their land (Andrews et al., 2000; Vellema & Chamberlain, 2017). Leases are great for companies because it is 'business as usual' and they do not have to bear costs of empowering the community through training and skills development and there are no empowerment clauses in the lease agreements. The community is the lessor, and the company is the lessee and that is where the relationship begins and ends (Vellema & Chamberlain, 2017). Lease agreements are not always the preferred in the South African context, particularly for land reform cases because they defeat the purpose of the entire programme, which is to get previously dispossessed people to participate in the economy and agricultural sector. The land reform programme also aims to empower poor rural communities and equip them with necessary skills to be able to manage the farms on their own. The lease arrangement does not achieve those goals.

The models discussed above have similar components and characteristics, and all have similar objectives, however, they are not perfect because none have brought significant change to communities. What we also see is that (b is non-existent in these arrangements, which leads to these programmes not being as effective as they can be. A huge gap in literature on land reform and land claim settlement models is an investigation on the reasons why the government has been absent post-settlement and the implications thereof.

## **2.4 Company-community partnerships in forestry**

Before the complexities that exist in company-community partnerships can be discussed, the motives of stakeholders (companies and communities) for forming partnerships need to be understood. Mayers (2000) claims that companies, however big or small, are motivated by profit and the need of secure operating environments. Some companies are more concerned with making contributions to the development of local communities as well as concern for the natural environment. For communities, the motivation for entering partnerships with companies is complex because communities are not homogeneous and include many individuals who have their own interests. Mayers (2000) and Vermeulen et al., (2008) state that communities must consider trade-offs before entering partnerships with forestry companies, for instance, potential gains in wood and shelter vs. potential loss in agricultural production. So, for communities, the motivation is benefit, in the form of community and individual development.

Private forestry companies view partnerships with communities as an accumulation strategy and as another method of accessing wood and fibre raw material supply (Mayers, 2000; Ojwang, 2000). Partnerships allow forestry companies to avoid making new investments on land, skills development, and costs of managing and harvesting the forest resource (Andrews et al., 2000). These partnerships are viewed as a way of distributing risk between communities and the company they work with. Ojwang (2000) further explains that the costs related to production are allocated to the communities and companies retain the risk of marketing. Nawir et al. (2003) details elements required for successful partnerships and the following are the main elements identified:

- A successful partnership is underpinned by a commercial feasibility long-term partnership contract that encompasses agreed-upon economic and social objectives that are mutually beneficial.
- Contractual agreements that are equitable and agreed upon through a reasonable and just participatory process from parties involved.
- Both parties fully understanding the risks and potential consequences of entering the partnership.
- Both parties fully understanding the concepts of participation and co-management.

Company-community partnerships have gained popularity in natural resource management as a result of a shift in the management of natural resources with a focus on prioritising local communities in natural resource management. Proponents of company-community partnerships view these co-management arrangements as mechanisms for broad based development and multi-stakeholder cooperation (Nawir et al., 2003; Vermeulen et al., 2008). Critics of these arrangements state that the partnerships are often promoted by companies and governments as part of neoliberal outcomes aimed at increasing the share of control over production held by corporations (Vermeulen et al., 2008).

Some of the concerns regarding partnership arrangements were that they were attempting to replace regulation rather than complement it. Another concern was that these partnership arrangements were being promoted as alternatives to global intergovernmental agreements that were needed to address global problems such as climate change and poverty (Vermeulen et al., 2008). Critics of co-management arrangements state that these arrangements tend to promote partnerships to give up some responsibility, for instance, through sub-contracting (Vermeulen et al., 2008).

Partnerships between communities and forestry companies have had direct and indirect positive and negative impacts on communities and private companies. For instance, Ojwang (2000) identified impacts of company-community partnerships on other land uses; he states that the long cycle of timber makes the land unavailable for existing and other potential land uses. Furthermore, there is an understanding that anytime a cash crop is introduced to a community along with loans and incentives to foster the process, food crops are often replaced by the cash crop. This has serious repercussions on the communities' food security. This is an example of some of the consequences of communities entering partnerships with forestry companies, but the trade-off is seemingly worth it as some of the benefits of these arrangements are detailed in this chapter.

Redistribution of benefits to households, financial and otherwise, possibly the main advantage of company-community partnership arrangements. According to Ojwang 2000; Mayers & Vermeulen (2002) and Mkhize (2017), the redistribution of benefits from company-community partnerships in forestry has been a contentious issue particularly within the households engaged in the partnerships. It is important to understand the distribution and the impacts of benefits at household-level, however, it is difficult as there may be cultural controls in play that disproportionately favours males. According to Andrew et al. (2000), another factor that makes it difficult to fully understand the distribution of benefits within communities is that Chiefs and Kings often allocate land to male figures in the household and women access land through the male members. In recent years, trends have changed, Mkhize (2017) identified the determining factors of the distribution of benefits within communities is class; community members who are part of the "upper class" receive more benefits than members who fall under the "lower class". Partnerships also have an impact on private companies. For private companies, benefits from these partnerships include easy access to land and commodities at reasonable costs and low risks (Clarke, 2006). Furthermore, companies have little to no responsibility for labour and management as these responsibilities fall on communities. Company-community partnerships increase security on plots in that the risk of arson on plantations is reduced as communities have a stake in the success of the forest enterprise (Ojwang, 2000; Clarke, 2006).

## **2.5 Cost vs. benefit of integrated forestry management**

The transformation of government in South Africa in 1994 paved the path for new, integrated management strategies for natural resources. The management of South Africa's forests (plantations included) was under government and private companies. With the introduction of Black Economic Empowerment (BEE), the management of forests needed to be restructured to integrate the communities as well. The government relinquished most its role in the management of forestry resources to the private sector under the condition that private companies would give back to local communities and invest in black-owned forestry businesses as a way to promote BEE, which is now Broad-Based

Black Economic Empowerment (Dlomo & Pitcher, 2002; Clarke, 2006; Pike et al., 2018). The main aim of the integrated forestry management was to promote equity (in accordance with BEE) in benefit sharing and to promote community development. Clarke (2006) states that there were more benefits for local communities as privatisation allows for the establishment of community-company partnerships where communities would benefit more than where management is under the state.

As with most strategic partnerships and arrangements, there are incentives for companies and communities to entering company-community partnership arrangements. Some benefits for communities identified by Mayers (2000) and Mayers & Vermeulen (2002) are skills development where communities are equipped with skills needed to manage forestry resources. Through these partnerships, communities receive training and capacity building that they would not have received had they not entered these partnerships (Andrew et al., 2000). The training has opened opportunities for communities to establish their own contracting companies that work with the commercial company they have partnered with (Andrew et al., 2000; Mayers & Vermeulen, 2002; Tshidzumba et al., 2018). The advantage of collaborating with established commercial companies is risk-sharing. Commercial companies carry most of the financial risk in that they contribute financially to expanding the operations to cater for the new partners, marketing and all operational costs are at the company's expense, communities bring land, labour and money received from government grants (Andrew et al., 2000; Mamba, 2013; Chamberlain & Davis, 2017; Davis & Chamberlain, 2017). The forestry companies spend millions of Rands on these training programmes and community development programmes, the problem with these programmes is that it is difficult to ascertain whether targeted groups are benefitting because the way communities are structured. Claimant households are scattered among non-claimant communities which is why the definition of "claimant community" is unclear and why it is difficult to monitor and evaluate the impact of the partnerships (Chamberlain, 2017).

The partnerships provide new opportunities for rural communities where there is a considerable lack of opportunities. Nugraha's (2015) case study in the Kalimantan community in Indonesia revealed that the community had received additional benefits from the partnership, the company partnered with the community assisted in the development of roads and in the provision of electricity for the community. The corporate social investment (CSI) projects contribute to the development of communities in that they result in improved quality of life and allows communities to have access to basic services, income-generating opportunities, and access to markets (Andrew et al., 2000; Chamberlain, 2017; Tshidzumba et al., 2018).

Company-community partnerships create employment opportunities for communities through contracting companies established by communities and through community-initiated projects (Andrew et al., 2000; Tshidzumba et al., 2018). Although not significant, the opportunities slightly improve the standard of living of households. Employment opportunities also give the communities an opportunity to work on their land, which aligns with land reform goals. Mayers and Vermeulen (2002) acknowledge employment as being a benefit of partnerships but caution that one should be cautious when examining this benefit because there are no reports on the working conditions for forestry employees.

Rental income is one of the benefits of partnership arrangements as it gives communities a stable stream of income. Companies that are partnered with rural communities pay a fee to communities for the land on which the company

operates, the fee could either be a rental fee for a stipulated period or a stipend depending on the arrangement of the partnership. According to Tshidzumba et al., (2018), the communities are satisfied with the rental because it provides a source of income for the community members and that in turn can help to boost the livelihoods of individuals in rural areas and assist in the reduction of poverty. The extent to which the rental contributes to poverty reduction is unproven, Mayers & Vermeulen (2002) argue that company-community partnerships are supplementary rather than central to livelihood and are therefore not enough on their own to reduce poverty in rural areas.

The annual rental paid by companies is a large figure but when divided among 200+ people in communities, it decreases and people end up receiving peanuts from the partnerships (Chamberlain 2017; Tshidzumba et al., 2018), thus questioning the extent to which individuals benefit from the partnerships. Chamberlain (2017) points out that there have been limited benefits to individual families because the money received from the forestry company is often used to manage the community business. While this is not an irresponsible use of the rental/stipend, it does affect the development of the community in that the money could be spent on projects that would have developed the community and benefitted individuals at household level.

The redistribution of benefits within households is challenging to measure because claimant households reside among non-claimants and because rural areas have cultural controls that tend to benefit certain individuals over others. Ojwang (2000) states that culturally, males have had more influence and tended to benefit more from company-community partnerships while women have had the short-end of the stick regarding participation in decision making and access to land even though they contribute more towards household labour. Group benefit vs individual benefit has been a challenge for government and private companies because there has not been a model that ensures communities (group level) and individuals (household level) benefit in a similar manner on a long-term basis. Mayers & Vermeulen (2002) argue that there is no need for a “perfect” model, stakeholders (government, commercial companies, and communities) need to agree on a partnership model that brings economic benefits that subsequently lead to benefits for local livelihoods.

Power is an integral part of these partnerships. By virtue of private companies possessing more resources, capacity and experience in forestry, communities often possess very little power in these arrangements. While the arrangements are implemented under the guise of community development and upliftment, communities are rarely involved in discussions regarding the structure of the partnerships. There are often top-down approaches when developing these arrangements (Mayers & Vermeulen, 2002; Chamberlain, 2017; Tshidzumba et al., 2018). While these arrangements have the potential to empower communities economically, socially, and to some extent, politically, it is important to note that because of historical injustices of land dispossession and segregation, there is a sense of inferiority lingering in communities. This is further exacerbated by the various lacks in communities, i.e., lack of capacity, financial resources, and industry experience. Such factors determine the extent to which communities are going to participate in the partnership- whether they are going to initiate discussions on which initiatives they want to take part in, or whether they will wait for private companies to tell them which programmes are going to be initiated in the community.

### **2.5.1 Barriers for communities**

The agricultural and forestry sectors are highly technical and mechanised and thus require technical skills, knowledge, and financial capital, for rural communities, these are resources are scarce, which makes it difficult for them to enter these sectors independently. This section discusses some of the barriers to entry for previously disadvantaged communities. Andrew et al., (2000) and Clarke (2006) identify the lack of government and Non-Government Organisation (NGO) capacity to facilitate land reform programmes in rural areas as a barrier to entry. Claimant communities come from disadvantaged areas where levels of education and employment are incredibly low and individuals lack skills, technical expertise, business acumen and experience to manage farms (Clarke, 2006). Clarke (2006) also states that the lack of government for building and maintaining effective local institutions affects the communities' ability to successfully manage natural resources on their land.

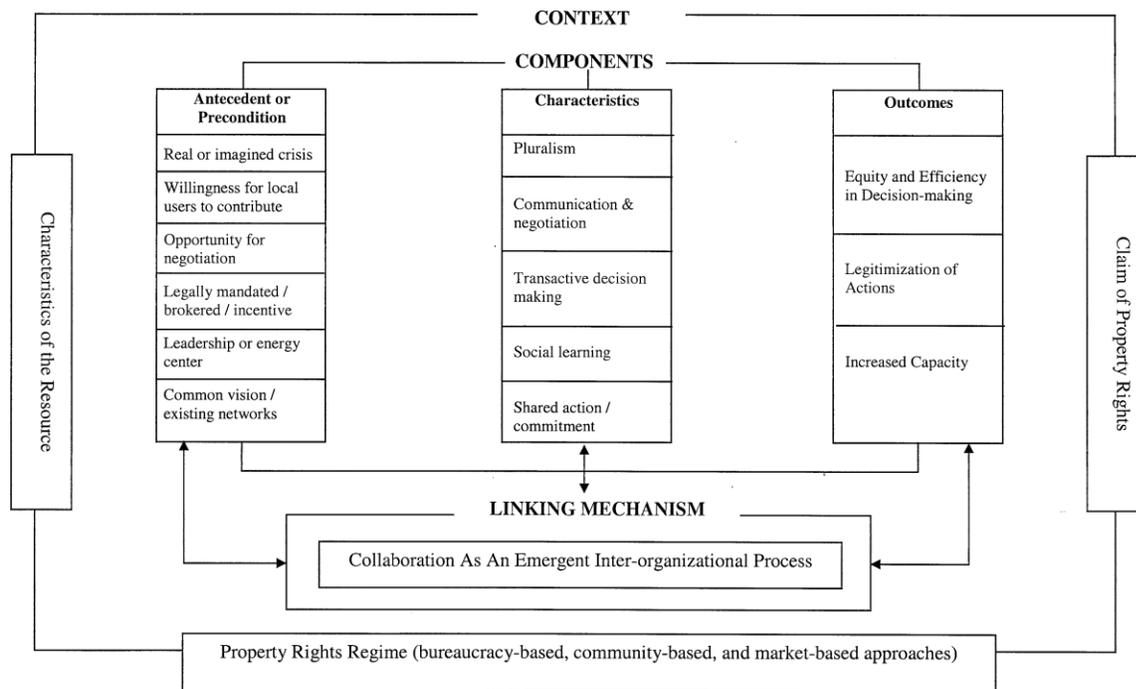
Commercial companies and claimant communities need a third party to facilitate the partnership because of the underlying trust issues, especially for rural communities because of the way they were dispossessed of the land (Andrew et al., 2000). Twenty years after the publication of the article and this is still relevant, and government is still not involved in any land reform programme post settlement, communities and companies are left on their own to figure out how to navigate their partnership in a way that will produce a solution where everyone benefits. In Davis & Chamberlains' (2017) case study of three communities who formed a joint venture with commercial agricultural company in Limpopo, the partnership failed because the government failed to pay out grants, they had promised. The absence of government funding and support for land reform projects has been and still is an obstacle for most claimant communities.

The lack of social cohesion in communities is a challenging because many varying opinions influence people's attitudes towards forestry projects and development projects in general (Andrew et al., 2000; Chamberlain, 2017; Tshidzumba et al., 2018). Some individuals may not be willing to participate in projects due to personal reasons, thereby causing conflicts within the community resulting in the failure of projects. Clarke (2006) states that the newly acquired resources from land reform programmes cause contestation for said resources, where the local 'elites' attempt to take control and benefit more than their less influential counterparts. Communities are heterogeneous and therefore have various underlying dynamics and challenges that need further investigation so that the benefits of co-management arrangements can be understood. There are currently no measurement tools of the impacts that partnership arrangements have in communities, which is unfortunate because measuring the impacts of benefits of partnership arrangements is important to understanding their effectiveness.

## **2.6 Theoretical framework**

This section presents the theoretical framework of the study. The study investigates institutional arrangements in forestry management from a political ecology perspective. The first part of this section presents the co-management analysis framework as a contextual overview of how these institutional arrangements/ partnerships emerged in natural resource management. Part two of this section presents an overview of political ecology concepts and theoretical approaches.

## 2.6.1 Co-management



Source: Plummer & FitzGibbon (2004a)

**Figure 2.1 The co-management framework**

This study takes on a co-management approach. Co-management is a relatively new conceptual framework involving two or more parties in the management of natural resources. Co-management emerged as an institutional response to natural resource management based on the trends that emerged in the early 1990s where local communities were being incorporated in the management of natural resources. Plummer & Fitzgibbon (2004b) state that distribution of rights and responsibilities are at the core of co-management definitions, they further state that these rights and responsibilities need to be shared between government and local users. Co-management be a bridge between government-based systems that rely on scientific information and regulatory mechanisms local systems that rely on traditional systems (Plummer & Fitzgibbon, 2004b; Borrini-Feyeranend et al., 2007; Plummer & Fennell, 2007).

According to Borrini-Feyeranend et al (2007), the history of co-management is rooted in decade's worth of field-based and theoretical efforts by individuals concerned with social justice and equity, sustainable use of natural resource(s), and community based, and community run initiatives. Recognising and acknowledging different interests, values and concerns involved in the management of natural resources within local communities and outside local communities is one of the main values and principles of co-management (Plummer & Fennell, 2004b; Borrini-Feyeranend et al., 2007; Ming'ate, 2016). Seeking transparency and equity in natural resource management is another core value and principle of co-management noted by Borrini-Feyeranend et al (2007). Other values and principles listed by Plummer & Fitzgibbon (2004b) and Borrini-Feyeranend et al (2007) are: allowing civil society to take on more important roles and

responsibilities; linking entitlements and responsibilities in the context of natural resource management; learning-by-doing through ongoing improvements and revisions in the management of natural resources.

Borrini-Feyerherd et al (2007) and Plummer & Fennel (2007) list six concepts and characteristics of co-management. The first characteristic is adaptive management, which is defined as an approach based on the acknowledgement that the management of natural resources is experimental and there are many lessons to be learned from the activities implemented and that natural resource management can be improved, based on what has been learned. The second characteristic is pluralism, defined as a situation in which independent or inter-dependent groups interact freely and collaborate on natural resource management issues based on a variety of values, views and interests. These two characteristics are seen in the findings presented chapter four when examining the participation of claimants and the shift in management practices since the inception of the SALB. The third characteristic is governance, which is the ways in which individuals or institutions (public or private), manage common concerns. This characteristic is explored in much detail in the findings where the governance of Trusts is discussed.

The fourth characteristic of co-management is patrimony. Patrimony links past, present, and future generations of managers and focuses more on the owner's obligations than their rights. Patrimony also promotes a common vision of sustainability that merges the needs and options of a variety of stakeholders. Patrimony is further explored in adaptive management where the interests and rights of stakeholders are accounted for in the management of forestry resources, and we also see patrimony in that management of natural resources now prioritises sustainability. The fifth characteristic is conflict management, it involves taking care of disagreements before they escalate and cause conflict. Conflict management is explored when examining intercommunity relationships and the working relationship between Mondi and claimants. In taking care of disagreements, institutional stakeholders are presented with multiple options for agreements and subsequently choose options that all parties can live with, i.e., win-win options. It is also important to recognise underlying causes of conflict to develop mechanisms to prevent future conflict. The sixth characteristic is social communication, it involves creating and bridging an understanding within a community, exchanging messages to develop meaning and enrich common knowledge to face change. Communication is explored throughout the findings and discussion as it is an important component of co-management and partnership arrangements. Good communication between stakeholders/actors is important co-management arrangements as it has influence on the success of partnerships created through co-management models and arrangements.

Ming'ate (2016) states that the application of the concept of co-management in the forestry sector was promoted by scholars and developers in developing countries that had inherited centralised governance systems from colonial systems. There have been movements to encourage power sharing under decentralisation, devolution, community-based resource management or stakeholder/shareholder participation in decision-making (Plummer & Fennel, 2007; Berkes, 2009; Ming'ate, 2016). Ming'ate (2016) further states that there is evidence that involving the community in the management of a forest can significantly improve the condition and quality of the forest above the level governments can achieve independently. Power sharing in governance structures is important and is further explored in this study as it determines the level of empowerment of claimant communities. The extent to which claimants are given power shows us how equal the partnerships are, especially in terms of decision-making.

The theory and practice of co-management is mainly informed by common property resource theories. Common pool resources, as defined by Plummer & Fennell (2007) and Ming'ate (2016), are resources used by multiple users and user groups and where it is difficult to exclude users. Property rights are central to determining patterns of equality regarding access, they also have an impact on creating incentives for sustainable management. Common property rights are classified as: open access where use rights are not attached to any specific group, thus resulting in a 'free for all' (Ming'ate, 2016). Use and access to resources is further explored in the study, co-management arrangements allow previously disadvantaged communities such as claimants to access natural resources they were previously excluded from accessing in colonial and apartheid regimes.

Plummer & Fitzgibbon (2004b) identify the outcomes of co-management, the first is equity and efficiency of decision-making, the decisions made within the framework of co-management have been known to be efficient and promote equity. Individuals who have a stake and participate in the decision-making process reduce the amount of time needed for consultation and negotiation. Equity is promoted because individuals have influence and access in decision making. These outcomes are explored in this study when discussing the extent to which claimants have decision-making power on how their companies are managed, and the selection of community development projects. The second outcome is legitimisation of access, this involves the legal standing of an organisation as well as the credibility of objectives, authority, and responsibility of an organisation. The third outcome is capacity, which is the ability of individuals or communities to exercise self-determination; actions that are controlled by locals characterise community development, a bottom-up approach, empowerment, and capacity building.

### **2.6.2 Political ecology**

Political ecology is a multifaceted approach to understanding the relationships between nature and people. Benjaminsen & Svarstad (2018) assert that political ecology is a 'critical approach' in that it questions the role and status of powerful actors as well as leading discourses on environment and development. Political ecology theoretical frameworks emerged from the Marxist tradition and differ from one another depending on how a scholar makes use of power to interpret human/society/nature relations, and how they prioritise one perspective over others (Khan, 2013; Benjaminsen & Svarstad, 2018). Consequently, political ecology does not have a grand theory or a comprehensive theoretical underpinning, however, a common theme in political ecology is power (Watts, 2000; Khan, 2013; Benjaminsen & Svarstad, 2018; Svarstad et al., 2018). Applying political ecology themes to the management of natural resources is complex, however, there are three theoretical claims made by Otutei (2014) discussed below that are applicable in forestry contexts.

From a forestry perspective, there are three political ecology theoretical claims made by Otutei (2014) the first theoretical claim is forest use and control as a reflection of interests. Otutei (2014) claims that from a political ecology perspective, centrality of human agency and structures play an important role in transforming the environment. Here, human agency refers to the various actors that interact with the environment, and structures are referred to the various ways that actors are channelled. However, structures can constrain the actions of actors; actors are also able to manipulate structures to meet their individual needs and interests (Akbulut & Soyly, 2012; Otutei, 2014). Akbulut & Soyly (2012) further state that patterns of resource use and control are often controlled by structures such as

governance, power, and institutions but they do not always reflect the interests of actors. Interests refer to the goals and objectives of an actor or the benefits s/he derives from the resource and how these goals and objectives influence the way actors act (Otutei, 2014). Actions refer to groups, individuals, offices, and organisations that benefit from forestry resources. Each actor has a particular benefit (material/immaterial) that s/he derives from the forest. Throughout the findings of this study, we further explore Mondi's interests and the interests of claimant communities to see whether they are getting what they want from the partnership arrangement.

The second theoretical claim made by Otutei (2014) is power as conditioning actor-interactions and outcomes. Power influences defines actor-interactions and determines whose interest(s) are met in such interactions. Political ecology defines power as the ability of an actor to control his/her interaction with the environment and the interaction of other actors with the environment (Watts, 2000; Paulson et al., 2003; Svarstad et al., 2018). Above all, power is the control that one party has over the environment of another party, and this includes material and immaterial power considerations (Otutei, 2014). The relative power of actors may be determined by socio-economic and political differences such as political positions, social positions, wealth, class, and clan (Akbulut & Soylu, 2012; Otutei, 2014; Peluso & Ribot, 2020). Power dynamics among actors in the management of a forest ensure that powerful actors position their strategies to control resources at the expense of weaker actors. Otutei (2014) suggests that this can be done through discursive means, where powerful actors such as state elites, foresters, and loggers legitimise their control of forest resources using 'public transcript'. Public transcript refers to the 'socially acceptable' versions of events represented in public documents and legal political ideologies (Otutei, 2014). By controlling the public transcript, powerful actors can naturalise, justify, and generalise the dominance of their selfish interests on a society-wide basis (Barnaud & van Paassen, 2013; Otutei, 2014). Akbulut & Soylu (2012) claim that powerful actors can be dominated in forest management as weaker actors also possess weapons of the weak to resist dominance. Such weapons are usually informed by 'hidden transcripts' which are articulated using ancestral domains – as an exclusive version of the truth about forest ownership and boundaries (Otutei, 2014). Power sharing is extensively explored in the findings and discussion chapters of this study- this is because it helps to explain the extent to which claimants are empowered to make/influence decisions in co-management arrangements.

The third theoretical claim made by Otutei (2014) is management outcomes and forest practices as products of actor-interaction. Forest practices or environmental outcomes are not natural but are produced by actor-interactions. The outcomes of actor-interactions, be it peaceful cooperation or conflict determine the successes and failures of forest management. Marginalisation of some actors in actor-interactions forces them to behave a certain way, by degrading the forest, for instance (Robbins, 2012). Otutei (2014) claims that poor or marginalised actors tend to break rules and use resources in an unsustainable manner due to dissatisfaction regarding management processes. Marginalisation and degradation are therefore interlinked, however, they can be mediated by local power relations, such as traditional leadership structures for instance (Robbins, 2012; Otutei, 2014). Efforts made by 'weak' actors to resist or overcome marginalisation can lead to conflict. Conflict in forests can be seen through the adoption of unsustainable practices such as timber theft, arson and rampant slash and burn (Otutei, 2014). Conflicts in management regimes that result from unequal power relations in actor-interactions are inscribed in the environment, therefore actor-interactions can

explain why some forest practices such as illegal logging and arson continue to persist (Robbins, 2012; Otutei, 2014; Peluso & Ribot, 2020). The abovementioned political ecology themes are applicable in this study because they are evident in co-management arrangements between Mondi and claimant communities.

## **2.7 Conclusion**

The literature highlights that in most instances, the models used in forestry settlements does not yield anticipated returns and that it is important to understand underlying community dynamics to ensure that the land reform programme attains its goals. There is a need for post-settlement support, especially where there are company-community partnerships agreements as the success of the partnerships is determined by the availability and access to financial and land-based resources by all stakeholders. The literature on land reform, forestry, company-community partnerships explore the various dynamics and complexities of these topics, however, there are still topics that are not mentioned. The first topic pertains to land reform, i.e., the governance of trusts, there is a need to investigate how trusts are governed and how the governance of trusts influences land reform programmes. The second topic that is rarely discussed in literature is the relationships that exist between trustees and beneficiaries, to ascertain whether benefits are truly shared equally among land beneficiaries. The third topic is the overall community dynamics and the role they play in land reform programmes and how they influence company-community partnerships. These topics are important to investigate to get the full picture on why land reform programmes and company-community partnerships often fail.

## CHAPTER 3: METHODOLOGY

### 3.1 Introduction

The chapter outlines the tools and methods used to collect data and analyze the results obtained in the study. The study is qualitative in nature, meaning that the focus is on people's feelings, perceptions, and perspectives of the subject matter. In this chapter, I will outline the approach that the research takes, the sampling method used, and data collection tools used in the study as well as an overview of the site selected for the study. The first section of this chapter gives a description of the research design, and the study site, including demographic information, the employment status, and the state of service delivery of the municipalities in which the four communities selected for the study are situated. The second section goes in depth regarding the methods used to collect data, the rationale behind the selection of these methods, sample size, data analysis methods as well as the theoretical framework.

### 3.2 Research design

The study takes on a descriptive approach. Descriptive studies involve the collection of data with the aim of testing hypotheses or answer questions regarding the status of the subject matter (Nassaji, 2015). According to Salaria (2012) this type of research design determines and reports the way things are through describing phenomena, an event or fact systematically dealing with an area or population. The goal of descriptive studies is to provide comprehensive summarization of specific events experienced by individuals or groups of individuals (McCombes, 2019). Data collection focuses on discovering the nature of the specific events under study. Data collection usually involves structured open-ended, individual or focus group interviews, observations and in-depth analysis of reports, documents, and records (Salaria, 2012). While data are typically analyzed through the generation of codes from the data collected in the study (i.e., thematic analysis), the findings in this study are analyzed using a co-management analysis framework which is further discussed in this study.

The research does not encompass the grounded theory, ethnography or phenomenology approaches often taken by most qualitative studies. The study does not seek to explain phenomena but explain the experiences of individuals without underlying theory on the subject matter. The research examines the experiences of communities and the private company they have been partnered with through land reform and whether the model used to create these partnerships is reaping intended benefits for all parties. Although the study does contain undertones of grounded theory in that it uses constant comparative analysis when examining the data, it does not generate a theory from the data, hence the descriptive approach. The study describes the processes involved in forestry companies securing fiber in the era of land reform, particularly, and how Mondi's sale and leaseback model goes about (or attempts to) aid the company in securing fiber supply from communities that have lodged land claims against them. The study also describes the experiences of communities that have entered a partnership with Mondi and whether the SALB fulfils its objectives regarding community empowerment.

### **3.2.1 Positionality statement**

I had the privilege of interning at Mondi, and this gave me the opportunity to have a unique insight on the subject matter. As part of my duties and previous study, I was able to interact with the participants as both a participant and observer. In this regard, I had to wear two “hats” (employee and researcher) and it was challenging at first, but I was soon able to discern between the two because maintaining some sort of objectivity in the research was important. My honours research was based on the opportunities and challenges experienced by stakeholders in land reform on plantations which made me interested in finding out more about the models used by forestry companies to settle land claims. I was initially interested in building a career in forestry, hence the research topic.

Being an insider gave me the opportunity to access information that I may not have been able to access as an outsider. As an “insider” I was able to part of the subject matters’ natural setting and actively participate as well, thus getting to see what influenced the relationship that exists between the participants of the study. The challenge of being an insider is that as a researcher, one already has an idea of what is going on and the experiences of participants is tainted by the fact that the researcher is aware of underlying factors that led to the participants experiences, thus having to constantly keep remain objective for the sake of the research.

### **3.3 Research approach**

The study looks at the experiences of stakeholders in the management of forestry resources as well as the relationships/dynamics that exist between these stakeholders. A qualitative research approach is therefore appropriate for this type of study. Qualitative research focuses on the experiences, perceptions, and perspectives of the subjects of the study. The approach allows the researcher to explore multiple dimensions of social phenomena as it is not restrictive and there could be multiple explanations for social phenomena. This study explores experiences and perceptions of the SALB from claimant communities’ and Mondi representatives’ perspective.

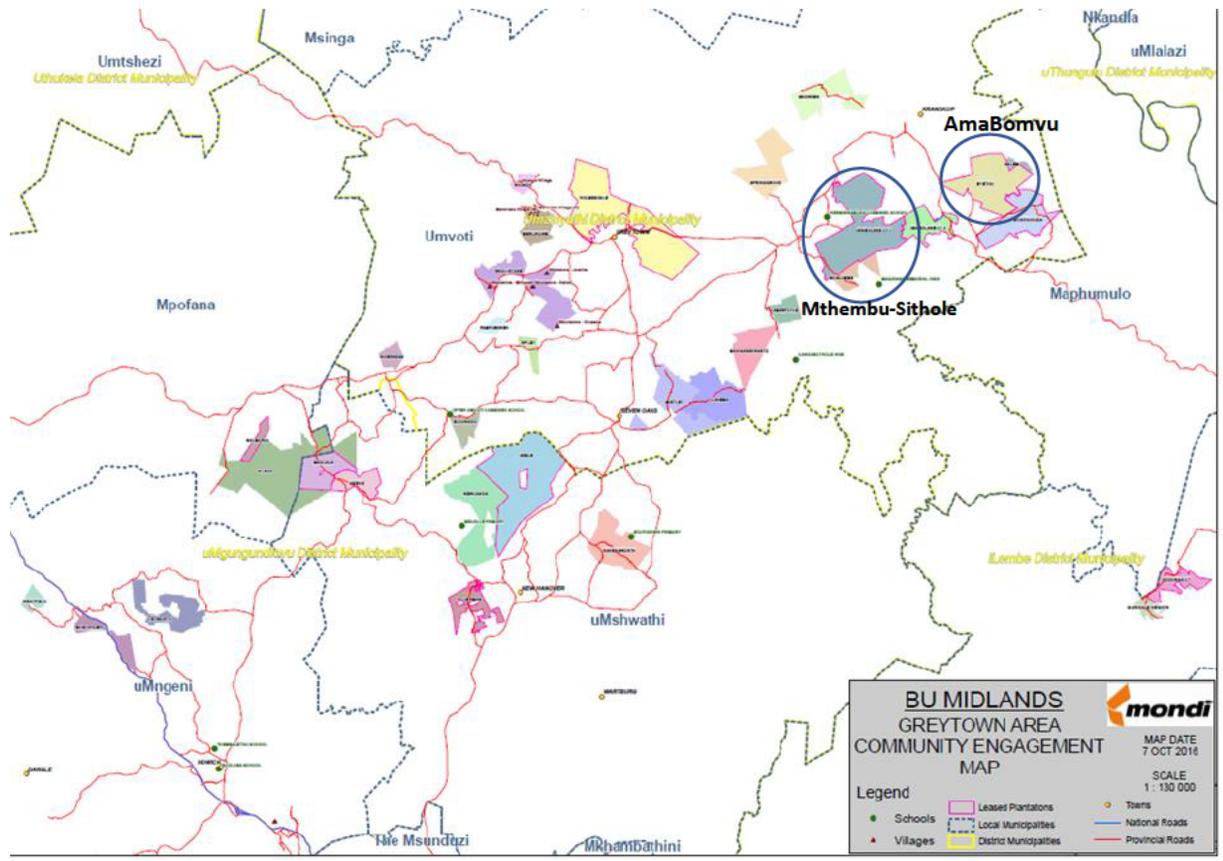
Qualitative research is grounded in an ‘interpretivist’ philosophical position in that it examines how the social world is interpreted, experienced, constructed, produced, or understood (Mason, 2002; Saunders et al., 2003). There are different versions and approaches to qualitative research, researchers understand and approach the different elements of qualitative research in numerous ways. Mason (2002) states that although some researchers may focus on social meanings or interpretations while others focus on either practices, constructions, or discourses. All will see some of these elements as meaningful in a complex, multi-layered, and textured social world. This study examines social meanings and interpretations of co-management arrangements in natural resource management.

Qualitative research is not rigidly structured or standardised or completely abstracted from real life contexts, instead, it is based on data generation methods that are both sensitive and flexible to the social context where the data is produced (Mason, 2002; Gomez & Jones III, 2010). Qualitative research aims to produce well-rounded and contextual understandings based on detailed data. More emphasis is placed on holistic types of analysis and explanation rather than outlining surface-level patterns, correlations, and trends (Gomez & Jones III, 2010). Although some form of quantification is used in qualitative research, statistical analyses are not seen as central methods of analysis. There have been some debates in academia regarding qualitative research, particularly on its ability to discover truths and

its ability to represent the realities of others (Mason, 2002). In postmodernism, qualitative research is understood as a field of research that is defined by a series of tensions, hesitations, and contradictions. This tension works back and forth between the broad postmodernism and the more traditional positivist, post-positivist, and naturalistic ideologies. According to Mason (2002) the main challenge for qualitative research is learning how to proceed, build and maintain its reputation in a way that is sensitive to important social issues without being deterred by the debates surrounding the legitimacy of the research approach.

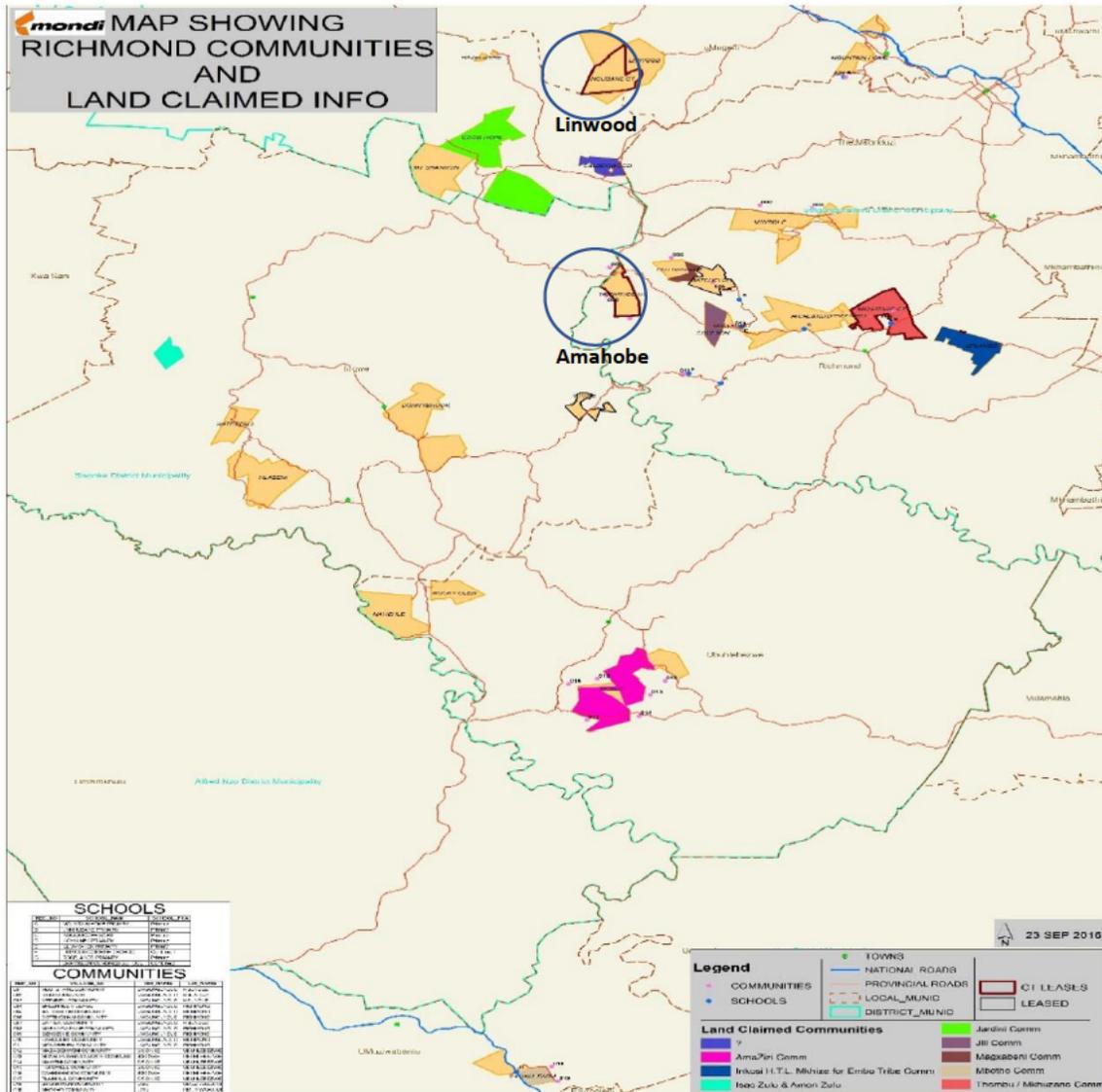
### **3.4 Site description**

This section presents a description of the study site. The Midlands business unit is divided into two areas (Greytown and Richmond) each area has settled three land claims each and have implemented the sale and lease back model to manage the six plantations. Mondi works with many communities in these areas as we see from the maps above. The maps indicate the proximity of the claimant communities and the communities worked by Mondi, the relevance of this is discussed in the next two chapters. The Greytown area was the first area in the company to settle land claims in 2008 with two communities from the Kranskop area, namely Amahlongwa (Siyathokoza Community Trust) (1565 ha) and AmaBomvu (Eyethu Community Trust) (2124 ha) the third community is Mthembu-Sithole (Isigedlane Community Trust) which is in Greytown, the community received 4428 ha in their settlement in 2012. In the Richmond area, there are three claimant communities, namely Mkuzane, Linwood and Amahobe. The Mkhuzane land claim was settled in 2015 and a total of 1781ha was returned to the community. The Linwood land claim was settled in 2012 and a total of 1436.9ha was returned to the community. The Amahobe land claim was also settled in 2012 with a total of 1000.9ha returned to the community. The study examines the experiences of the Mthembu-Sithole, AmaBomvu, Linwood, and Amahobe communities with the sale and leaseback model. The maps below show where the claimant communities are located in the Midlands.



Source: Mondri

Figure 3.1 The location of claimant communities in the Greytown area



Source: Mondl

Figure 3.2 The location of claimant communities in the Richmond area

3.4.1 Demographic information: Mthembu-Sithole and AmaBomvu

Claimants were scattered all over KZN when they were dispossessed of their land, meaning that most claimants do not reside in the communities displayed in these maps. Many claimants/beneficiaries can be found within the Umvoti and uMngeni municipalities, as such, municipal data will be referenced in this section. Greytown and Kranskop fall under the Umvoti Municipality. Linwood and Amahobe fall under the uMngeni Municipality. The Mthembu-Sithole community has 123 beneficiary households, the AmaBomvu community has 220 beneficiaries. The breakdown of demographic information is documented by trustees, and the information is not available to the public. The following

section provides an overview of land ownership in the Umvoti municipality. These sections are separated to juxtapose trends in the two municipalities.

### **3.4.2 Land ownership in Umvoti**

Most of the land is under private ownership, with communal land coinciding with traditional authority areas in the south and northern parts of the municipal area (IDP, 2019). Ownership patterns in Greytown and Kranskop are private and municipal, the other portions are owned by the state and are under the control of the National department of the public works (IDP, 2019). There are three dominant forms of tenure within the Umvoti Municipality the first is state-owned land, the second form of tenure is land under traditional administration and third is privately owned land (IDP, 2019). The Mthembu-Sithole and AmaBomvu communities have full ownership of their land and have formed partnerships with Mondi through the sale and leaseback. The agreements between these communities and Mondi mean that the communities can access and work on their land.

### **3.4.3 Education**

The amount of people who have some form of formal education in Umvoti have increased. In the 2001 census, it was shown that 37.3% of the population had primary education, 23.5% of the population attended secondary school of which 6.2% have Grade 12 and 2.8% of the population had some form of tertiary education (Stats SA, 2011; IDP, 2019). The 2011 census showed that 32.4% of the population has primary education, 35% have secondary education, of which 12.8% have Grade 12, and 2.6% have some form of tertiary education (IDP; 2019). Based on this data, we can see that there has been an increase in the number of people with secondary education, in the census data of 2001 23.5% of the population attended secondary school, while the 2011 census data shows that 35% of the population attended secondary school. The data also shows an increase in the number of people who have Grade 12, in 2001, 6.2% of the population had Grade 12, and in 2011, the percentage of people who have Grade 12 doubled to 12.8%. These results show that the municipality prioritizes education and is invested in the youth's development.

### **3.4.4 Economy and employment status**

Greytown is the main provider of higher income jobs in senior management, professional, technical, clerks, services-related and skilled-related jobs, providing 26.8% of all jobs in Umvoti (IDP, 2019). The manufacturing sector makes the second largest contribution to the local economy. There is limited economic activity taking place within the traditional authority areas (IDP, 2019). Employment statistics of Umvoti municipality show that the unemployment rate in the municipality has decreased from 40.7% in 2001 to 30.4% in 2011 (IDP, 2019). Youth unemployment has also decreased from 48% in 2001 to 38% in 2011, although this is a positive trajectory, the youth unemployment rate is still higher than the unemployment rate which is alarming (Stats SA, 2011; IDP, 2019). The 2001 employment statistics show that 15.9% of the entire population within Umvoti municipality were employed and the 2011 employment statistics were at 16.2% (Stats SA, 2011; IDP, 2019).

### **3.4.5 Agriculture**

Agriculture, particularly forestry is the dominant economic activity. Commercial farms provide for 86% of the skilled jobs and these are primarily provided in the processing plants. There is good agricultural potential in the Greytown area and along Umvoti River arising from a combination of high rainfall, moderate temperature, good soils, and moderate slopes, according to the IDP (2019) commercial farmlands account for more than 70% of the municipal area. The dominant agricultural land uses in the area are forestry plantations and dry land crop production (IDP, 2019). The area between Greytown and Kranskop has moderate agricultural potential, however, large patches are scattered throughout the area where productivity is adversely affected by different topography, acidic soils, high hail tendencies and population pressure (IDP, 2019). The carrying capacity of the veld is usually high in summer and quite poor in winter (IDP, 2019).

#### **3.4.6 Access to basic services**

There is an insufficient access to basic services in Umvoti which is often attributed to the scattered settlement patterns. The settlement patterns pose challenges around basic service delivery, resulting in service delivery backlogs (IDP, 2019). Approximately 62.8% of the population within Umvoti have access to piped water and 37.2% do not access to piped water (IDP, 2019). Within the Umvoti municipality, 26.6% of the population depend on rivers or streams as their main source of water (IDP, 2019). The Umvoti 2019 IDP shows that there has been a significant increase in the dependence on boreholes as a water source which can have serious impacts on public health and on the environment. The 2019 Umvoti IDP indicates that there is a lack of refuse removal services in the municipality, 52.7% of households in the municipality have resorted to making their own refuse dump. The use of own refuse has serious impacts on the health of the community and the environment. The municipality only removes 37.5% of waste regularly. The 2019 Umvoti IDP states that a substantial percentage of households have a flush toilet, of which 23.4% of the households have flush toilets that are connected to a sewer system. Approximately 24.8% households have pit toilets with ventilation, 21.49% households have pit toilets without a ventilation (IDP, 2019). The percentage of households that use chemical toilets has increased while the percentage of households without toilets has decreased with 17.1% (IDP, 2019).

#### **3.4.7 Political**

Inkatha Freedom Party (IFP), African National Congress (ANC) and the National Freedom Party (NFP) are the dominant parties in Umvoti. There is a long and violent political history in Greytown, where, for a long time ANC and IFP have been in conflict to a point where members of each political party have been murdered. During the 2019 national elections, a member of the IFP was shot in Greytown at a Voting station (Singh, 2019). A member of the NFP was injured and hospitalized in the same incident (Singh, 2019). This is just an example of the state of political tension in Greytown.

The history of political strife in KwaZulu-Natal dates to the years of apartheid and have continued post 1994 democratic elections. The main cause of the political tension in KwaZulu-Natal is the struggle for resources, Krelekrele (2018) states that there is an overlap between killings linked to political rivalry and those linked to the fight over resources in KwaZulu-Natal. The main factor linked to the fight for resources in the province were 'my turn to

eat has come' syndrome identified by Krelekrele (2018) is described and unidentifiable movement where an individual (not necessarily one with a position such as chairman or secretary) feels that they will benefit from being close to individuals who hold high positions within the ANC. The second factor identified by Krelekrele (2018) is 'manipulation and factionalism' within the ANC where positions in the organization are given to individuals based on factions and sometimes through manipulation. When positions are obtained in this manner, there is potential for violence, as seen during the Greytown elections.

### **3.4.8 Demographic information: Linwood and Amahobe**

The Amahobe and Linwood communities are geographically located in UMngeni Municipality, but for the purpose of this study they will be referred to as Richmond communities to align with Mondi's classification of the communities. The Linwood community has 36 beneficiary households, and the Amahobe community has 81 beneficiary households. The following section presents land ownership information in the UMngeni Municipality.

### **3.4.9 Land ownership in uMngeni**

Most of the land in the municipality is under private ownership. The private sector owns 120 231ha state land and state public infrastructure own 8779ha of land. In the municipal survey of 2016, it was reported that there were 6 land redistribution projects in the UMngeni municipality, the survey reported that there were 209 gazetted restitution claims and 7 transferred restitution projects. Of the 7 restitution projects, 2 are Linwood and Amahobe claims. The Linwood and Amahobe communities have full ownership of their land, these communities have partnerships with Mondi through the sale and leaseback. While these communities have full ownership of their land, they currently do not manage their land. They do, however, have access to their land through their contracting companies.

### **3.4.10 Education**

The number of people with a formal education increased during the 2001 census, but data from the municipal survey showed a decline. The municipal survey showed that 60% of the adults 20 years and older, were attending and educational institution; 6% of adults (20+) have no schooling. Only 4.4% of adults completed primary school. 32% of adults in the UMngeni Municipality have some form of secondary education. 30% of adults in the Municipality completed grade 12; 15% of adults completed grade 12 or higher qualifications (certificates) (IDP, 2019).

### **3.4.11 Access to basic services**

The UMngeni Municipality is a mixture of urban, semi-urban, and peri-urban areas, so majority of the population has access to basic services compared to the communities in the UMvoti Municipality. In the UMngeni Municipality 83% of the population have access to safe drinking water; 89% of households have access to electricity; and 86% of households have access to sanitation (IDP, 2019).

### **3.4.12 Employment and economic contributors**

The UMngeni Municipality, like many municipalities in the country, also faces the challenge of unemployment. Municipal data from 2016 showed that the unemployment rate of UMngeni Municipality was at 22%. The average

household monthly income is R3103. The main economic contributors in the municipality are community services (23%); manufacturing (16%); finance (15%); trade (14%); agriculture (12%); transport (9%); electricity (5%); construction (5); mining (1%) (IPD, 2019).

### **3.4.13 Political**

UMngeni Municipality was run by the ANC, but the Democratic Alliance (DA) won majority vote in the 2021 local government elections. Since the change in leadership, the municipality has experienced political tensions and there have been service delivery protests, specifically related to the provision of electricity (Appel, 2022; Makhaye, 2022). Service delivery protests have become a norm in the country, UMngeni is not exempt from the continued failure of local government to provide services to communities. The political parties in the UMngeni Municipality point fingers at each other who the responsible party is for the political strife in the municipality (Appel, 2022; Makhaye, 2022). Conflicts over political power have always been present in local municipalities, as described by Krelekrele (2018) when assessing the political state in the Umvoti municipality, but the political tensions in UMngeni have not reached the intensity of those in the Umvoti municipality. The section below presents the tools and methods that were used to collect data.

### **3.5 Data collection methods**

This section presents the methods that were used to collect data for this study. Data were collected through observations and virtual questionnaire surveys. This section provides an in-depth look at these data collection methods in qualitative research and how they were used to collect data for this study. The first part of this section discusses the methods used to collect data and gives a more in-depth discussion on the several types of observations as data collection tools. The second part of the section discusses questionnaires as data collection methods.

Two types of observations were used to collect data for this study, namely, participant observation and non-participant observation. Participant observation is when the researcher or observer becomes part of a group (subjects) and observes their activity while consciously being aware and taking note of what is going on. Participant observation enables the researcher to share the experiences of the subjects by not only observing what is happening but by feeling it as well (Saunders et al., 2003). This type of observation involves the interaction between researchers and subjects, meaning that the researcher conducts research by both observing and by being part of the activities of the subjects. While working at Mondi, I was able to be a participant observer and examine the working relationship between Mondi and claimants up close. I was also able to obtain and document background and contextual information about the partnerships between Mondi and claimants. This information is presented in chapter 4 in the section on the organisational structures of Mondi and claimant communities. Non-participant observation is when the researcher or observer observes the activities but does not participate in them. I had the opportunity to attend executive committee (EXCO) meetings while I worked at Mondi, and while I was not a participant in these meetings, I was able to observe and document interactions between Mondi representatives and trustees as well as witness power dynamics between the two actors. The section below further expands on observations in qualitative research.

The section above presented two types of observations in qualitative research and how they were used to collect data for this study, this section provides a broad discussion on what observations are and how they can be used in data collection. Observations are a systematic description of events and behaviours in a social setting (Marshall & Rossman, 1989). They enable the researcher to describe situations using five senses, thus providing a 'written photograph' of the subject matter (Erlandson et al., 1993). This method of collecting data enables the researcher to gain insight on how individuals act in a social setting. Studying subjects in their natural state allows for more meaningful data to be recorded. Natural interaction between subjects gives an insight on the type of relationship that exists between the two, i.e., power dynamics within claimant communities and between Mondi and claimants. Observations also give the researcher an understanding of why certain things are the way they are, for instance, why subjects interact the way they do and why their relationship is the way it is (Saunders et al., 2003). Observations of executive committee (exco) meetings between trustees and Mondi provide a clear understanding of the relationship that exists between Mondi and the claimant communities are an example of how observations were used to collect data for this study, specifically.

As previously stated, data for this study were collected through participant observations, where the researcher was a participant and an observer simultaneously. There are four types of observations. The first being 'complete participant', in this role, the researcher enters the specific group being studied to become a member so that they can observe the group's interactions (Gill & Johnson, 2002). In this type of observation, the observant participates along with the other subject members as a group member themselves. The second type of participant observation is 'complete observer', in this role, the researcher observes activities or phenomena without participating or being part of the target group (Gill & Johnson, 2002; Saunders et al., 2003). The third type is 'observer as participant', the researcher attends activities to observe without being part of the specific group (Saunders et al., 2003). Although the researcher is not part of the group, his/her identity and role as researcher is revealed to the subjects. Bryman & Bell (2003) state that the researcher's role is being an interviewer because there is much observation but little to no participation involved. The fourth type is 'participant as observer' in this role, the researcher participates in the group and the group members are aware of the researcher's identity and the purpose of the research (Bryman & Bell, 2003; Saunders et al., 2003). This role allows the researcher to openly engage and have regular interactions with the subjects and participate in their daily lives. This type of observation enables the researcher to get frank information and enhance their understanding of the subject matter.

Participant observations are a good method of collecting qualitative data and have many advantages, there are however, disadvantages for this type of data collection method. One of the disadvantages is that it may pose challenging ethical dilemmas for the researcher (McCombes, 2019). While collecting data, I had to constantly switch between being a researcher and employee, remaining objective. Remaining fully objective in human geography studies is not easy because researchers are often influenced by their personal values, beliefs, biases, and worldviews. Another disadvantage with observations is that the closeness of the researcher to the subject matter being observed may lead to observer bias (McCombes, 2019). Participant observations can be time-consuming and very demanding as because the researcher would need to dedicate most of his/her time to actively participate (while observing) in their subject

matter. This was not challenging for this study because I was able to balance work and data collection, so being a participant observer was relatively unchallenging and my participation had no bearing on the outcome of the actions of the actors in this study.

Primary data were also collected through questionnaires. Data on Mondi's experience with the SALB were collected using questionnaires that were completed virtually because the country was under strict lockdown during the time data were collected. In human geography studies, questionnaires pose standardised and formally structured questions to a group of individuals to ascertain their experiences, perceptions, behaviours, and social interactions (Winchester, 1996; McLafferty, 2003; Zadrozny et al., 2016). The questionnaires were sent out via online resources (email) to eight participants from Mondi; however, three responses were received. The aim of the questionnaires was to find out Mondi's experience with the SALB and the lessons the representatives have learned from working with claimant communities. Online questionnaires allowed the researcher to gather information without physically being with the subjects of the study, it was convenient. The drawback with this method of data collection is that it took the subjects of the study a long time to complete the questionnaires, thus delaying the progress of the study. Another drawback with online questionnaires is that the researcher cannot read the subjects' non-verbal cues and it does not allow for further questions to be asked and answered in real time. Therefore, it was not possible to obtain the subjects' authentic and unfiltered responses.

Data for the experiences of claimants were collected through in-person questionnaires comprising of both closed and open-ended questions. The questionnaires were sent to and answered by sixteen claimants during the internal SALB model review by Mondi were used to gather data on complex issues such as social identity, quality of life and community, social networks, and the environment. The team responsible for data collection comprised of myself and Mr. Makhathini who had a significant contribution in developing the SALB and was responsible for conducting the model review for Mondi; I was therefore able to access the data from those questionnaires for this study. The advantage of questionnaires is that they are cost-effective, and they enable the researcher to conduct research over a large geographical area. Questionnaires can also be combined with other methods of qualitative data collection such as focus groups and interviews to provide a more detailed account of perspectives on social processes (Winchester, 1996; Zadrozny et al., 2019). The sampling method used to select participants for this study is discussed below.

### **3.6 Sampling method**

The previous section provided an in-depth discussion on the methods used to collect data for this study, this section provides a discussion on the methods used to select participants for this study. There are two main types of sampling techniques used by researchers, namely: probability sampling and non-probability sampling. Probability sampling involves random sampling, allowing the researcher to make statistical extrapolations about the whole group (McCombes, 2019). Non-probability sampling involves non-random sampling that is based on specific criteria or convenience, allowing the researcher to easily collect primary data (Saunders et al., 2003; McCombes, 2019). The sampling approach used in this study was non-probability sampling which involves non-random sampling based on convenience and/or other criteria. The sampling method used to collect data for this study was purposive sampling,

which involves the researcher using their judgment to select a sample that is most useful to the purpose of the research. Purposive sampling is often used when the researcher wants detailed knowledge about the study. For this study, trustees, and members of the board of directors of claimant community-owned contracting companies were selected to participate because they have detailed information about certain aspects of their partnership with Mondi. These individuals work closely with Mondi representatives and therefore have first-hand experience of the working relationship between themselves and Mondi. The participants of the study were selected based on their positions within the company. Participants from the company are in management positions of departments working closely with claimants. They were selected because they are the decision-makers, and thus have detailed knowledge about the sale and leaseback model and the outcomes that are expected from the model.

There are four types of non-probability sampling methods used in research. The first is convenience sampling, in this method participants are selected based on their accessibility to the researcher. It is an inexpensive and easy method to gather data, however, there is no way of telling whether the sample is representative of the population and thus cannot produce generalizable results (Saunders et al., 2003). The second method is voluntary response sampling, in this method the researcher does not have to select participants by directly contacting them, people volunteer to participate in the study (Saunders et al., 2003). This type of sampling can be biased because some people will be more inclined to volunteer than others. The third method is snowball sampling; this method is used when the population is difficult to access. This sampling method is used to recruit more participants through other participants (McCombes, 2019). The number of participants the researcher has access to 'snowballs' as s/he gets in contact with more people. The fourth method is purposive sampling, in this method participants are selected based on the researcher's judgment and the objective of the study (Glen, 2015; McCombes, 2019). The advantage of using this sampling technique is that it is easy to generalize the sample, however, the disadvantage is that the study is open to selection bias and error (Glen, 2015). This makes it difficult for the researcher to defend his/her choice of participants and the reader may be doubtful if the sample was in fact representative of the entire population (Glen, 2015). This section presented the method used to select participants for this study, the section below provides an overview of the sample size of this study.

### **3.7 Sample size**

Thirteen participants were selected for the study. The participants comprised of trustees from claimant communities and members of the board of directors of the claimant community contracting companies. The sample size is small as there were challenges accessing the beneficiaries because they are scattered all over KZN. For the study, ten respondents from the claimant communities in the Midlands were selected and eight respondents were selected from Mondi, but as mentioned previously, three individuals completed and submitted the questionnaire. The selection of the participants was based on their knowledge on the sale and leaseback model and their interaction with it. Although the sample size may be small in comparison to the population size of the beneficiaries, there is only a small portion of individuals that interact with the company. The individuals selected to participate are the ones that have detailed knowledge of the sale and leaseback model and have more meaningful experiences to share with the researcher. The section below provides an overview of where primary data for this study were sourced.

### 3.8 Primary data

Primary data were collected through observations of exco meetings between trustees and Mondi representatives and through the data collection process from the review of the sale and leaseback model conducted by Mondi. The data collection team for the review comprised of myself and Mr. Makhathini, who significantly contributed to the creation of the SALB. The experiences of Mondi representatives were collected through questionnaire surveys sent via emails as COVID-19 regulations and lockdown restrictions prevented in-person interviews. The section below provides a brief overview of where secondary data for this study were sourced. The table below presents the participants of the study. The data from the claimants was collected from August 2019 to September 2019. This data was for the SALB model review done by Mondi. I was able to use the data for this study because I was part of the review team. The data from Mondi was collected over the period of March 2021 to September 2021. The reason for the significant time gap is that the study was initiated in 2020, and the respondents from Mondi took a long time to respond to the questionnaires sent to them. The main reason given by the subjects for the delay was that they had heavy workloads and busy schedules.

**Table 3.1 Participants of the study**

<b>Participant</b>	<b>Position held in the organisation</b>	<b>Number of years in the position</b>
Interviewee 1	Chairperson of Isigedlane Trust and Sibuyile (Pty) Ltd- Mthembu-Sithole community	9 years
Interviewee 2	Chairperson of Eyethu Trust and Ingudle (Pty) Ltd- AmaBomvu community	12 years
Interviewee 3	Trustee of Eyethu Trust- AmaBomvu community	12 years
Interviewee 4	Trustee of Eyethu Trust- AmaBomvu community	12 years
Interviewee 5	Trustee of Eyethu Trust- AmaBomvu community	12 years
Interviewee 6	Chairperson of Inkanyezi YamaHobe Trust and partner of LIMKHOBÉ (Pty) Ltd- Amahhobe community	9 years in the Trust 1 year in Limkhobe (Pty) Ltd
Interviewee 7	Secretary of Inkanyezi YamaHobe Trust- Amahhobe community	3 years
Interviewee 8	Treasurer of Inkanyezi YamaHobe Trust- Amahhobe community	9 years

Interviewee 9	Chairperson of Linwood Trust Partner in Limkhobe (Pty) Ltd- Linwood community	2 years in the Trust 1 year in Limkhobe (Pty) Ltd
Interviewee 10	Deputy Chairperson of Linwood Trust Partner in Limkhobe (Pty) Ltd- Linwood community	2 years in the Trust 2 years in Limkhobe (Pty) Ltd
Interviewee 11	Senior Forester at Mondi (Pty) Ltd	10+ years
Interviewee 12	Stakeholder Engagement Manager of the Midlands division at Mondi (Pty) Ltd	10+ years
Interviewee 13	Area Manager at Mondi (Pty) Ltd	10+ years

### 3.9 Secondary data

Secondary data was collected through the Mondi reports and documentation on the sale and leaseback model. Data on the community profile and site description were collected from stats SA for and the municipal IDP. The section below provided a discussion of the theoretical framework of this study and how it was applied on the analysis of the data presented in the following chapter.

### 3.10 Theoretical Framework and analysis

The data of this study was examined and analysed through the combination of adaptive co-management and political ecology. The study investigates the management of forestry resources, it therefore seems to reason that the data be analysed through the theories of co-management and political ecology. Co-management is centred on distribution rights and responsibilities related to a resource (Plummer & FitzGibbon, 2004a; Cundill & Fabricius, 2009). Power sharing is also central to co-management definitions and conceptualisations (Plummer & FitzGibbon, 2004a; Ming'ate, 2016). Political ecology on the other hand combines ecological concerns with a broadly defined political economy (Khan, 2013). This approach theorises that understanding the human-environment relations requires an analysis of the politics of resource-use. Political ecology is centred on power and the role it plays in influencing the control of resources and the way actors interact with each other and the power dynamics that exist between actors (Otutei, 2014; Benjaminsen & Svarstad, 2018).

#### 3.10.1 Co-management analysis framework

Co-management is an institutional approach to natural resource management. Kušar (2011) states that institutional approaches in economic geography emphasise the social and cultural dimensions of the economy. He further states that institutional approaches in geography aim to answer the question “to what extent and in what ways are the processes of geographically uneven capitalist economic development shaped and mediated by the institutional

structures” (Kušar, 2011, pp 42). Co-management is such an approach, Carlsson & Berkes (2005) define co-management as power-sharing arrangements between the state and resource-user communities in the management of common-pool resources, e.g., forests and fisheries. Power relations are analysed in the following chapter, where we see how the power dynamics between Mondi and claimants as well as within claimant communities play a role affect the partnerships between Mondi and claimants. Co-management is an approach that can be used as a solution for resource management challenges (Carlsson & Berkes, 2005). Co-management is contextualised through resource characteristics, claims of property rights and potential regimes (Plummer & FitzGibbon, 2004a; Ming’ate, 2016). Property claims challenge the dominant property rights regimes and are drivers of potential institutional arrangements that are centred on bureaucracy, community, and market-based approaches (Plummer & FitzGibbon, 2004a; Plummer & Fennel, 2007; Ming’ate, 2016). These are analysed in the following chapter, where we see how the benefits of the SALB have impacted claimant communities. There are three components that are associated with co-management namely: preconditions, characteristics, and outcomes, which are discussed below and further explored in the following chapter.

For co-management to exist, there must be certain preconditions and characteristics need to be present. Preconditions are fundamental in that they provide incentives for the co-management process. For co-management arrangements to succeed, there need to be external (real or imagined) crises, local users need to be willing to contribute, and there needs to be an opportunity for negotiation or simple function (Plummer & FitzGibbon, 2004a). In this study, land reform is characterised as a real crisis which is further explored in the section detailing Mondi’s experience with land reform in the following chapter. The partnership arrangements must be legally mandated by the government or a third party, there must be a leadership or energy centre and there must be a common vision or existing networks between the actors. Partnership arrangements between Mondi and claimants are legally mandated by the government, and the findings in chapter 4 show how pre-existing networks between Mondi and claimants have contributed to the working relationship between these two parties. Another component of co-management is characteristics, and there are six characteristics, the first being pluralism which is the inclusion of various interests and/or inputs of and from participants into the process (Plummer & FitzGibbon, 2004a; Borrini-Feyerabend et al., 2007).

The second characteristic of co-management is communication and negotiation, explained as the transfer of information between parties through dialogue that leads to shared understanding (Plummer & FitzGibbon, 2004a; Borrini-Feyerabend, 2007). The understanding of the SALB, particularly the lease agreements and how it has affected the working relationship between Mondi and claimants is further explored in the following chapter. The third characteristic is transactive decision making, meaning that decisions are made through participation from various actors (Plummer & FitzGibbon, 2004a). decision-making is a recurring theme throughout chapter 4 and is further explored in the sections detailing Mondi’s and claimant communities’ experience with the SALB. The fourth characteristic is social learning, where actors gain knowledge through developing strategies, sharing values, implementing action plans, and reflecting on feedback (Plummer & FitzGibbon, 2004a; Borrini-Feyerabend, 2007; Berkes, 2009). Partnership arrangements between Mondi and claimants give both parties an opportunity to learn and these lessons are seen in chapter 6. The fifth characteristic is shared action/commitment, defined as the understanding

of a series of events by actors (Plummer & FitzGibbon, 2004a). The sixth characteristic is adaptive management which is an approach based on the acknowledgment that natural resource management is experimental and that there are many lessons to be learned and management of natural resources can be changed based on the lessons learned (Plummer & FitzGibbon, 2004a). The SALB has created an opportunity for Mondi to change management practices on claimed land and these are seen in the findings in the following chapter. These characteristics are not mutually exclusive, they are often interlinked, and this is evident in the findings and discussion chapters.

Co-management arrangements seek to achieve three main outcomes. The first outcome of co-management is equity and efficiency of decision-making. The decisions made within the co-management framework are noted for their efficiency and promoting equity (Plummer & FitzGibbon, 2004a). The second outcome is the legitimisation of actors which involves legal standing of organisations as well as the credibility of objectives, responsibilities, and authorities of organisations (Plummer & FitzGibbon, 2004a). The third outcome is capacity, which is defined as the ability of a citizen and/or communities to exercise autonomy (Plummer & FitzGibbon, 2004a). Locally controlled actions characterise empowerment, a bottom-up approach, capacity building and community development. Capacity, in this case refers to enhancing the abilities of local citizens, resource management, and effective use of resources (Plummer & FitzGibbon, 2004a). Local people are thus given the opportunity to be involved in all aspects of the resource. The fourth outcome is linking mechanisms that link the abovementioned three components. The main linking component is the process of social interaction through which decision-making, legitimacy and capacity interact/operate (Plummer & FitzGibbon, 2004a). We see and further analyse these outcomes throughout the next two chapters.

At the core of co-management is increasing civil society participation, in natural resources, co-management indicates the sharing of rights and responsibilities (Plummer & FitzGibbon, 2004b). Examining partnerships and collaboration in the co-management of natural resources provided a basis for creating a multi-dimensional model that includes power sharing, representation, and process (Plummer & FitzGibbon, 2004b). These dimensions were used to analyse the effectiveness of co-management or partnership arrangements between Mondi and claimants. Power sharing refers to the nature of power sharing in partnership or collaborative arrangements in co-management (Plummer & FitzGibbon, 2004b; Otutei, 2014). Power is a central theme in this thesis and the extent to which power is shared between the two parties is seen in the findings and chapter 5. Representation details the scope of potential actors involved in co-management. Actors include representatives from government agencies, private/commercial claims, and community (local and/or communal) interests (Plummer & FitzGibbon, 2004b; Otutei, 2014). Therefore, everyone with a legitimate stake should have the opportunity to participate. Failure to include such actors may result in unequal power sharing. Process refers to institutional and operational features of a process. Institutional arrangements refer to legislation and regulation, policies and guidelines, administrative structures, economic and financial structures, political structures, historical and traditional customs, and key participants and/or stakeholders. The lease agreement of the SALB is a process and components of the lease agreement are evaluated in the findings. Institutional arrangements can be highly formalised or informal and they structure the way the process functions (Plummer & FitzGibbon, 2004b). The section below presents how political ecology was applied in the study.

### **3.10.2 Political ecology**

Political ecology is a ‘critical approach’ in that it questions the role and status of powerful actors as well as leading discourses on environment and development (Benjaminsen & Svarstad, 2018). Political ecology theoretical frameworks emerged from the Marxist tradition and differ from one another depending on how a particular scholar makes use of power to interpret human/society/nature relations, and how they prioritise one perspective over others (Khan, 2013; Benjaminsen & Svarstad, 2018). Consequently, political ecology does not have a grand theory or a comprehensive theoretical underpinning, however, a common theme in political ecology is power (Watts, 2000; Khan, 2013; Svarstad et al., 2018).

Political ecology aims to define and understand complexities of human-society relations through analysing the forms and access of resource control (Watts, 2000). Paulson et al. (2003) assert that political ecology conceptualises power as a social relation established by the uneven distribution of resources and risks, they further state that power is located at the nexus of actor-interactions, including the space and place of these actor-interactions. These themes are further discussed in chapter 5 where power is looked at through the interactions of Mondi and claimants. Svarstad et al. (2018) define power as the capacity and ability of actors to affect the ideas and actions of others, they further state that although power emerges from people, it is not always attached to them. Power is not static and finite, it can be created and shared in various ways (Gaventa, 2006). Gaventa (2005, 2006, 2019) asserts that power is often used with other adjectives, for instance power ‘to’, power ‘over’ and power ‘within’. There are different levels of power, i.e., global, national, and local. There are different spaces of power as well, i.e., closed spaces where decision-making is reserved for certain actors behind closed doors, invited spaces, where users and beneficiaries are invited to participate in decision making and, claimed/created spaces where less powerful actors create spaces from or against powerful individuals or institutions (Gaventa, 2005; Gaventa, Luttrell et al., 2007; Gaventa, 2020). Then there are different forms of power, i.e., visible power, which includes formal rules, authorities, institutions, procedures, and structures of decision-making. Hidden power is another form of power, where certain powerful institutions and individuals maintain their influence by regulating who gets access to decision-making power. Invisible power is the third form of power that structures the ideological and psychological boundaries of participation (Gaventa, 2005, Gaventa, 2006; Luttrell et al., 2007; Gaventa, 2020). Understanding these levels, spaces, and forms of power as separate and interrelated dimension is integral to the understanding of power sharing within actor-interactions. The findings are examined through the elements of power in chapter 5. Below are some of the limitations experienced throughout the data collection process.

### **3.11 Limitations**

Initially data was meant to be collected through interviews and questionnaires however, with the covid-19 pandemic and lockdown restrictions, the University decided to stop field work, particularly in-person interviews. As a result, interviews could not be conducted in person and the number of participants of the study had to be significantly reduced. Another challenge was that data had to be sourced from surveys previously collected from Mondi’s review process, therefore claimants could not be asked further questions. While data from the model review was sufficient for the thesis, additional questions for claimants would have been more informative. Another limitation was that the participant from the Mthembu-Sithole community refused to answer questions for the SALB review because of issues

they had with the company at the time, so their experience with the SALB was not fully explored. The limitation with not physically collecting data is that there will be a gap in the information that was supposed to be collected from the board of directors of each community contracting company, trustees as well as the experiences of the beneficiaries. Upon going through literature on company-community partnerships in forestry, it was evident that there is a gap in the literature regarding the actual experiences of companies and communities. To mitigate the limitation of not being able to physically collect data due to the lockdown restrictions, the focus of the study had to shift towards being a review of the processes involved in securing fiber for commercial forestry companies (land reform and settlement model).

### **3.12 Conclusion**

The study explores the experiences of stakeholders (Mondi representatives and claimants) to ascertain aspects of the sale and leaseback model that worked and those that did not work as it is no longer seen as a suitable land claim settlement model. The study is therefore qualitative in nature. Primary data were collected using questionnaire surveys and observations during the researcher's internship with Mondi. Secondary data were collected from the uMvoti Municipal Integrated Development Plan. Data were analyzed through the combination of institutional approaches and political ecology themes. The following chapter presents the findings of the study which were collected using the methods discussed in this chapter. The findings are further analysed using the co-management analysis framework also discussed in this chapter.

## **CHAPTER 4: CHARACTERISING FINDINGS THROUGH THE CO-MANAGEMENT FRAMEWORK**

### **4.1 Introduction**

This chapter presents the findings of the study. In this chapter I will present the perspectives and experiences of Mondi representatives and the four claimant communities (Mthembu-Sithole, AmaBomvu, Amahobe, and Linwood). The findings presented below were acquired through observations, virtual interviews, surveys, and desktop studies, discussed in the previous chapter. The desktop study was a model review conducted by Mondi to assess whether the sale and leaseback model was working for all parties involved or not. The communities researched in the review were all claimant communities that the company works with in Midlands, Zululand, and Piet Retief. I was involved in the data collection process for the review, and as part of this study during my internship with the company. Data for the review were collected through surveys. The findings presented in this chapter are also derived from the review process and from observations I made during the internship as part of the data collection process for this study. The first section of the chapter provides a brief outline of the type of forest management model used by Mondi; the second section outlines the sale and leaseback model used by Mondi to manage plantations on claimed land. The third section presents Mondi's experience with the sale and leaseback model and working with claimant communities. The fourth section of this chapter presents findings from the claimant communities. The findings are discussed through the co-management framework discussed in the previous two chapters.

### **4.2 Forest management**

There has been a shift in forest management and governance, not only in the public sector, but also in the private sector. Understanding forest management models is important because it provides an outline of the management trends in the forestry sector and how these trends have changed to incorporate local and land claimant communities. There are three types of models used to support forest management, namely: empirical models, process-based models, and hybrid models. These models were further discussed in the first chapter. Mondi uses the hybrid model, which is grounded in both process-based and empirical concepts of forest dynamics thus attempting to capitalise on the advantages of each approach (Fontes et al., 2010). The idea is to benefit from the predictive capability of empirical models and the environment-dependency of processed-based formulations. The company uses the hybrid model to manage plantations that are not under land reform and uses the sale and leaseback model to manage plantations under land reform. The model is influenced by social forestry models. The section below provides a recap of the SALB.

### **4.3 Sale and leaseback model**

This section provides a recap of the SALB and sets the tone for the findings discussed in this chapter. Before the implementation of social forestry, plantations had rigid management models, such as the ones discussed in chapter one. A shift in forestry governance and management gave rise to management that focuses on the social aspect of forestry management, the SALB being an example of such models. The SALB was designed by Mondi to settle land claims lodged against the company. The government purchased the land for claimants and Mondi leases it from the

claimants and the lease period is 20 years. The model is structured in the following manner: the community trusts manage the land and a board of directors from the claimants deals with the community business. Mondi's role in the partnership is that of a mentor, helping the community businesses to acquire skills through enterprise development.

Mondi's objectives for designing the SALB was to maintain timber supply from the claimed land as well as to empower claimant communities (Chamberlain, 2017). The sale and leaseback model provides benefits to claimant communities. The benefits are an annual rental fee paid by Mondi; a stumpage fee that is paid by Mondi based on the tonnages harvested during the harvesting period; Mondi funds the claimant communities' CSI projects; Mondi provides a bursary scheme for the beneficiaries eligible for university; Mondi assists with enterprise development; Mondi also provides capacity building, as well as other administrative services to the claimant communities. The benefits mentioned will be discussed below to assess whether the claimant communities are in fact receiving them or not.

#### 4.4 Mondi and claimant community organisational structures

The section below shows the organisational structures of Mondi and claimant communities and how they interact with each other. These organisational structures depict which individuals/departments within the organisation are responsible for communicating with community entities and which individuals from communities are responsible for liaising with Mondi representatives. The structures presented below show how the company and claimant communities are supposed to interact, but the results presented in the later sections tell a different story. The first section discusses Mondi's organisational structure and the different functions of each department. The second section details the claimant communities' organisational structure within claimant community and the functions of the different entities. The section below is Mondi's organisational structure.

##### 4.4.1 Mondi's organisational structure

The section below shows Mondi's organisational structure. Below we see how the various departments operate on a broader organisational scale. The structure shows that all the departments function to ensure that operations run smoothly. The second organisational structure demonstrates how Mondi interacts with claimant communities.

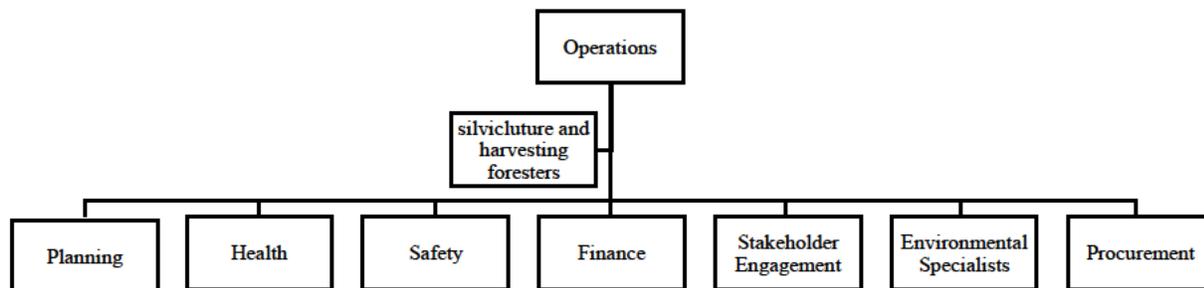
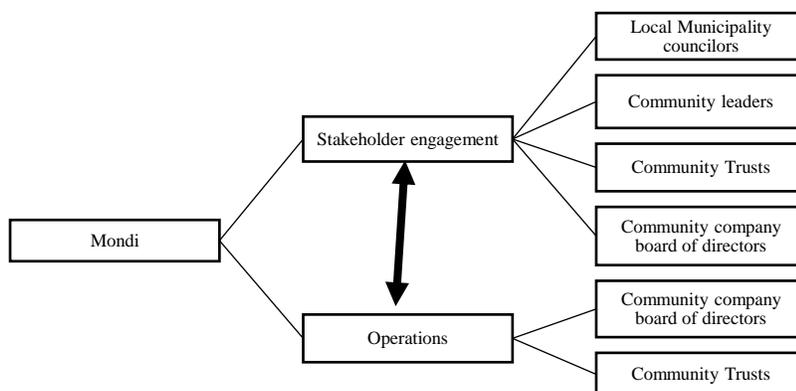


Figure 4.1 Mondi's organisational structure



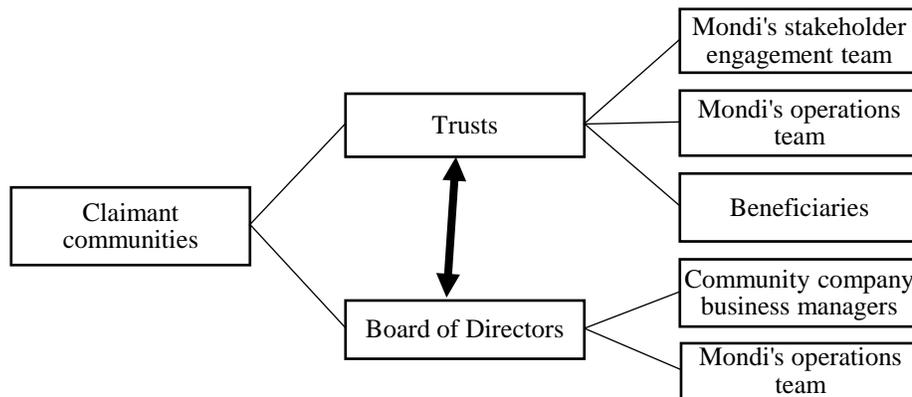
**Figure 4.2 Mondi’s stakeholder interaction.**

The success of any organisation relies on the cohesion of the different departments and communication is a huge factor in accomplishing departmental cohesion. The various departments at Mondi have open and effective communication channels as the different departments work as a single unit. For the purposes of this project, we will be discussing the operations and stakeholder engagement departments. These two departments work closely together because operations would not run smoothly without good relationships with neighbouring communities. I have had experience working for Mondi and have observed how they operate, and I had the opportunity to work closely with their neighbouring communities. My experience working with communities showed that the communities in the Midlands are very complex and heterogeneous. The challenges that these communities face can overlap but each community has its own unique way of approaching these challenges. The communities view the company as the government and feel that it should provide services to them because their local governments have failed to provide these services. The main reason for this is because communities lack resources. A lack of resources on the part of the communities has become a challenge for the company because, although the company is legally obligated to contribute towards the development of the communities they work in through corporate social investment (CSI) projects, the budget for these projects is very limited and cannot cater to all communities’ needs.

Company-community partnership arrangements have been hailed for their empowerment capacity, but they have been heavily relied upon by government and non-government agencies to promote development in rural communities. Mondi works with multiple communities that are not geographically located close to each other. The challenge with working with communities that are located far apart from each other is that all of them have a variety of unique expectations, making it challenging for the company to meet the expectations. Government is often criticised for using company-community partnership arrangements as tools to absolve themselves from bringing actual development to communities (Foy & Pitcher, 1999; Andrew et al., 2000). From observations, communities view the partnership with Mondi as a solution to their socio-economic challenges. Foy & Pitcher (1999) caution government against relying too much on company-community partnership arrangement because communities may see the partnerships as a solution to the socio-economic challenges they face. As we will see in the findings presented below, such has been the case with some claimant communities.

#### 4.4.2 Claimant communities' organisational structure

The diagram below shows how interactions between community entities, Mondi and beneficiaries should be structured in the Isigedlane, Eyethu, Inkanyezi Yamahobe, and Linwood Trusts. Before the diagram is discussed, it is important to note that not all community members in the respective communities are beneficiaries of the land claims. This is because when communities were dispossessed of their land, they settled in various areas around the province and country (Chamberlain, 2017; Tshidumba et al. 2018). When the communities resettled in these communities, other families who were not part of the original community that were dispossessed also settled in the area. When lodging the land claim against the company, the respective Chiefs had to compile a list of all families who were part of the original communities that were dispossessed of their land (Kgobe & Makalela, 2019). The beneficiaries of the land claim are individuals who were the heads of the households or direct descendants of the head of the household if they are deceased. As such, the children (youth) in the household are not regarded as direct beneficiaries. Benefits of the SALB such as rental income are distributed to direct beneficiaries (head of the household) and they choose how they distribute the funds in the household.



**Figure 4.3 Claimant communities' organisational structure**

The four claimant communities in this study have the same basic structure. There are two entities within the community (Trust and BOD). The Trust is a legal entity that handles all matters related to land management for claimant communities (Chamberlain, 2017). The Trusts comprise of five members that are elected by beneficiaries within claimant communities, new trustees are elected every five years. The five trustees have positions (Chairperson, Deputy Chairperson, Treasurer, Secretary, and a Trustee) that are voted for by the other trustees. The trusts work closely with the stakeholder engagement team from Mondi, which comprises of community development facilitators and the land manager for the area (i.e., Midlands). Trustees have quarterly meetings with Mondi representatives.

The board of directors are also a legal entity that handles all matters related to the operation of the community contracting companies. There are five board members (Chairperson, Deputy Chairperson and three board members). The BOD mainly interacts with the operations representatives from Mondi as they deal with the business side of the partnership arrangement. Trusts and board of directors are supposed to be different people to avoid conflicts of interests and so that the community entities can perform separate functions independent of each other. The BOD

reports to the Trust and the Trusts give annual progress reports to beneficiaries at Annual General Meetings (AGMs). The relationship between these two entities is further explored in the later sections of this chapter.

#### **4.5 Mondi's experience with the SALB and working with claimant communities**

Majority of studies that investigate company-community partnerships often focus on the communities' needs, experiences and how they benefit from these company-community partnerships, but few studies examine the experiences of private companies. Studies conducted by Vidal (2005) examine local community experiences with company-community partnerships; Nawir & Santoso (2005) also examines the experiences of local communities and lessons learned from company-community partnership arrangements; Mayers (2000); Mayers & Vermeulen (2002) assess the benefits of company-community for communities and outline particulars of company-community partnerships. The benefits and implications of company-communities for companies, how these partnerships impact the way in which companies operate, the company's experience with engaging with claimants, and what these company-community partnerships mean for the company's future are not often explored in research. Exploring these questions is imperative to finding out whether company-community partnerships really work for the parties involved. Questionnaire surveys were sent out to Mondi representatives to gauge the company's experience with the SALB model and their experience working with claimant communities.

The findings presented below detail Mondi's experience with the SALB and working with claimant communities. The first section presents findings on Mondi's reaction and concerns about land reform, the second section presents findings on the management outcomes post land reform, the third section presents findings on Mondi's expectations of claimant communities, the fourth section presents findings on adaptive management of plantations through the SALB, the fifth section presents findings on Mondi's perspectives on the working relationship between the company and claimants, and the sixth section presents findings on the benefits of the SALB for Mondi. throughout the sections below, the findings are further analysed and characterised through the co-management framework. Components of the co-management framework, i.e., preconditions, characteristics, and outcomes of co-management arrangements are seen throughout the sections below.

##### **4.5.1 Mondi's reaction and concerns about land reform**

Land reform has been a contentious topic in South Africa, and Mondi being in the forestry and sectors, has had land claims lodged against them. Ascertaining the company's initial response to land reform paints a picture of how the land reform programme would be implemented by the company. It will also reveal whether their initial reaction and concerns were alleviated as well as how the company navigated challenges that came with working with communities. Investigating the experiences of companies may shed light into why some company-community partnerships fail to produce desired outcomes. A respondent from Mondi stated:

*Mondi's stance on the matter is that they want to develop the community on their land while benefiting from the timber and making sure of sustainability of timber supply in the future. Their (Mondi's) concerns were on the time that the community contractors will take to develop to be a productive company and the issue of area to operate (economies of scale) was also a cause for concern (Interviewee 11, Greytown, 28 April 2021).*

While Mondi supports land reform and community empowerment, the findings show that the claimants' inexperience, especially with the forestry industry was a concern for the company. A respondent from Mondi stated:

*Mondi supports government initiatives that bring up empowerment to the communities. Land reform is supported if there is evidence or validity to the potential land claim. Our concerns main were the claimant's forestry business acumen, sustainability of forestry production, and working with Trust with large numbers of beneficiaries with different aspirations (Interviewee 12, Pietermaritzburg, 7 April 2021).*

The findings above show that while Mondi accepts of the rights of communities and indigenous people, the company had some concerns regarding its operation in the era of land reform. The main concern mentioned by Mondi representatives was the claimants' lack of business experience and expertise. Working with communities who are inexperienced in the forestry industry can prove to be challenging. Land reform caused Mondi some uncertainty regarding the sustainability of timber supply. Working with trusts was a concern as well because working with large groups of beneficiaries means a variety of interests, and satisfying everyone's interests is impossible, and this has the potential to lead to conflict. Understanding these concerns sheds light on the company's experience and expectations from the SALB and partnership arrangements with claimant communities.

Land reform has been a catalyst for a shift in governance practices in forestry, as it influenced the rise of co-management arrangements in NRM. A precondition for co-management is a real or implied external crisis (Plummer & FitzGibbon, 2004a); land reform can be characterised as a real and implied crisis for Mondi because it has affected the management of plantations on claimed land. These shifts in land and forestry management and governance caused some concerns for Mondi, as seen from the findings above. For land reform to work for the company, these concerns need to be understood and addressed. Land reform has afforded Mondi an opportunity to adapt management practices of plantations located on claimed land. The section below presents findings on how land reform affected the management of plantations on claimed land.

#### **4.5.2 Management outcomes: adaptive forestry management**

As mentioned above, land reform has had impact on the popularity of co-management arrangements in NRM, this section presents findings on how Mondi has adapted management practices to incorporate claimant partners. The findings show that while Mondi continues to operate as they did prior to land claims, the company has had to adjust some its policies to incorporate claimants. From Mondi's perspective, there have been some noticeable changes in management of operations since the introduction of community partners, but those changes are not too significant. A respondent from Mondi stated:

*There was not much change [in operations] except to adopt the small companies and to understand that they will take time to reach maturity and that on a quarterly basis Mondi needs to meet with the members of the Trusts (Exco Meetings) to discuss concerns and to further communicate about any changes Mondi will implement on the communities' land (if there's any) (Interviewee 11, Greytown, 7 April 2021).*

The most significant management outcome of co-management arrangements has been the incorporation of claimants in land management. What we find from the quote above is that for management to be effective, communication

between Mondi and claimant entities is essential. Management of the land and trees is handled by Mondi, as previously stated, but the company must communicate with claimants regarding any management decisions made on plantations located on their land. The findings also show that the company has had to adjust procurement practices to accommodate claimant contractors. A respondent from Mondi stated:

*[Land reform resulted in] reduced land holding and introduced leased holdings - payment of leases. The land claims introduced community-based contractors. Mondi had to adjust procurement methods to accommodate emerging contractors (Interviewee 12, Pietermaritzburg, 11 April 2021).*

While lease agreements were seen as the most viable settlement option, findings show that they pose a risk on the company's landholdings and having multiple leases is no longer the best option for the company, especially from a management perspective. Having multiple lease agreements means dealing with multiple claimant communities that need to be incorporated in the management of their land, and all claimants being at various stages in their capacity building and contracting has been challenging. Management of plantations on claimed land has forced the company to adapt management practices to suit each claimant community. The study found that the company would prefer cash settlements instead of partnership agreements with claimants because the company is still interested in owning a significant portion of land they operate on. A respondent from Mondi stated:

*Difficulties in dealing with the current claimant communities led to a new view on any land claim on our property. We cannot dilute our landholdings much further, so an approach of proposing financial settlement is often proposed (Interviewee 13, Greytown, 23 September 2021).*

Operations and management of plantations on claimed land has changed because the company has had to incorporate the interests of claimant communities- to some extent. Employing an adaptive management approach means that the company has had to change its procurement processes because of the new claimants. Chamberlain (2017) asserts that high level control and heavy involvement from Mondi has allowed the company to continue with forestry activities on claimed land and this is evident based on the responses above. Mondi retains full control and management of trees and land during the first rotation of the lease period, thus allowing the company to conduct business 'as usual'. However, having multiple lease agreements with claimant communities is proving to be less than ideal as mentioned by Interviewee 11 (Greytown, 28 April 2021). An unexplored challenge with lease agreements is the more land claims are settled, the more lease agreements that Mondi would have to deal with. On paper, lease agreements are a mechanism for company to continue working on the land but dealing with multiple lease agreements is not ideal as a long-term solution especially when claimant communities may want to dissolve partnerships with the company.

One characteristic of co-management is pluralism (Plummer & FitzGibbon, 2004a; Borrini-Feyerabend et al., 2007; Ming'ate, 2016) and the partnership arrangements between Mondi and claimant communities have introduced new stakeholders to participate in forestry and land management which has affected the way the company operates. The introduction of new actors in the management of land and plantations has created additional roles and responsibilities for company representatives, and these additional roles come with expectations from other actors. Mondi's expectations of the claimants are presented in the section below.

#### 4.5.3 Mondi's expectations of claimants and resulting challenges

This section details Mondi's expectations of the claimants, whether these challenges were met, and some of the challenges experienced by the company. Understanding Mondi's expectations shows how the company envisioned the partnerships with claimant communities to turn out versus the reality of their actual experience with the partnership arrangements. The study found that the company's main expectation from claimants was that they would learn the forestry business and receive the knowledge transferred by the company in a positive way, but these expectations have not been met. A representative from Mondi stated:

*Mondi was expecting that the Trusts would learn and understand the forest business and that whatever knowledge transferred to them by Mondi would be positively acknowledged and implemented to ensure that after twenty years the Trusts would be able to run their businesses profitably and ensuring a sustainable timber supply for Mondi after the lease period ends. The expectations are not met as the skills transfer has not been successful (Interviewee 11, Greytown, 28 April 2021).*

The quote above show that Mondi's main interest in working with communities is ensuring a sustainable timber supply. To ensure that the company maintains a sustainable timber supply, the claimants were expected to learn the forestry business so that they could successfully manage their contracting companies so that Mondi would be able to purchase timber from them when the lease period ends. Another respondent from Mondi stated: *[we expected] that they (Trusts) would embrace the opportunity to get involved in commercial forestry and actively participate and bring some of their other claimed land landholdings to the party for commercial forestry activities. Expectations have not been met at all, claimant communities would rather do small scale farming or other crops than forestry. (Interviewee 13, Greytown, 23 September 2021).* What we see is that community interests were not fully considered as some claimants prefer small scale farming instead of engaging in forestry activities.

Conflicts within Trusts are a challenge that is under-assessed in company-community partnerships. The study found that Mondi has been affected by such conflicts, for instance, a respondent from Mondi stated: *there are always disputes and rule changes within the Trusts, thus making it difficult for Mondi to structure empowerment programmes. There is also the perception that Mondi wants them to do things "the Mondi way" whereas they can do it differently (Interviewee 12, Pietermaritzburg, 7 April 2021).* Mondi has no influence on how Trusts are managed, so trustees can change rules, which then affects capacity building initiatives structured by Mondi. Trustees believe that Mondi wants to impose its operational systems on them, and this an issue because trustees may feel disempowered in terms of decision-making, thus resulting in conflict between Mondi representatives and trustees. Andrew et al. (2000) state that intercommunity conflict and tensions regarding development projects create problems for companies and this has been the case for Mondi. Addressing intercommunity conflicts and how they deter, and slow down progress made on development projects is very important for the success of these projects.

The findings show that Mondi's expectations have not been met. What we see above is (a) the interests of claimant communities were not fully considered, (b) trustees have a negative perception on Mondi, thus causing conflict between Mondi and trustees, (c) capacity building has been unsuccessful, (d) the lease agreement is not flexible as the company is unable to expand operations onto other land owned by Trusts. Andrew et al. (2000) state that various

socio-economic circumstances and livelihood strategies of different interest groups within communities influences their attitude towards forestry. This is evident in this case study because individuals within communities who have generated income from selling their produce will most likely want to continue with those activities on their land because they have been successful livelihood strategies for them in the past. Communities not being interested in continuing with forestry activities on their land can have an impact on the company's main objective (securing timber supply) for establishing partnership arrangements with claimant communities. The following section presents findings on Mondi's experience with the SALB.

#### **4.5.4 Mondi's experience with the SALB**

While Mondi practically developed the SALB, the company's experience with the SALB is underrepresented in literature. Ascertaining whether the SALB works for the company can help frame potential future institutional arrangements between the company and claimant communities. The findings in this section show that the SALB is not working for the company and working with claimants has been challenging for the company. The study also found that management of plantations has been challenging because the AmaBomvu and Mthembu-Sithole communities have reached the second rotation of the SALB meaning that Mondi is going to be transferring land management to the claimants soon. *Unfortunately, the lease model does not really work for Mondi instead it brings more troubles in terms of management and future planning of block-felling for hand back and exit planning thereof (Interviewee 11, Greytown, 28 April 2021).* The uncertainty regarding the future of lease agreements with claimant communities has also been challenging from a management perspective. The study found that the current structure of the contracting company is not working for some representatives from the company as it is not flexible in terms of operations. A respondent from Mondi stated:

*[The] current scenario where there is contracting business linked to the leaseback is not working, as there is limited scope for expanding the contracting business onto other claimed land, or company owned land where it leads to increased costs with more uneconomical contractors (Interviewee 13, Greytown, 23 September 2021).*

The contracting component of the SALB is important for claimant communities and Mondi because it allows claimants to work on their land and enables Mondi to have a secure timber supply. This component of the SALB has been challenging for the company. The challenge that Interviewees 11 (Greytown, 28 April 2021) and 13 (Greytown, 23 September 2021) have is that the structure of the contracting business in its current state is limited to land claimed from Mondi, which means that forestry activities cannot be expanded to other land that is claimed by communities. What is important to note here is that while Mondi essentially developed the SALB, the company is not absolved of challenges that come with working with claimants.

Mondi's experience with the SALB is largely influenced by the relationships they have with the claimants and the claimants' understanding of the lease agreement. *The model works for the company because the terms and conditions are well-defined, the problem is that the lack of understanding by claimant communities. (Interviewee 12, Pietermaritzburg, 7 April 2021).* What we see here is that there is a gap in the claimants' understanding of the terms

of the lease agreement. This means that essentially, claimants are not fully aware of what Mondi's obligations are to them, which is challenging for the company, as we will see in later sections of this chapter.

The findings show that (a) while the terms of the SALB are clearly understood by the company's representatives, the SALB is not working for the company, (b) the structures of the lease agreement and contracting company are not flexible enough to allow for the expansion of operations onto other land owned by claimants and Mondi (c) the claimants' lack of understanding of the terms of the lease agreement has been very challenging. The section below presents findings on the working relationship between Mondi and claimant communities.

#### **4.5.5 The working relationship between Mondi and claimants**

The SALB creates partnerships between Mondi and claimant communities, meaning that the two parties work together to a certain extent, this section therefore presents findings on the working relationship between the two parties. The relationship between the partners determines the success/failure of partnership arrangements. The findings are discussed from a co-management analysis framework. Common vision or existing networks between actors is a precondition of co-management (Plummer & FitzGibbon, 2004a), and because Mondi has been operating in these communities, they have preexisting relationships with the claimants. Different departments within the company have varying relationships with claimant communities, so their experience with claimants will vary. These relationships are determined by way claimants perceive the company and its employees. A respondent from Mondi stated:

*Mondi has a cordial relationship with the claimants but there are some challenges that emanate from misconceptions and perceptions from the claimants (Interviewee 12, Pietermaritzburg, 7 April 2021).*

Preconceived notions and opinions of the company have had a significant impact on the working relationship between the two parties. Communities have high expectations from Mondi because of its financial position in the partnership which then affects the working relationship between the two actors. *The Company's relationship with claimant communities is good except for the fact that claimants have more expectations from Mondi while the level of business understanding from their side is minimal (Interviewee 11, Greytown, 28 April 2021).* The communities' lack of business acumen has affected the progress that could have been made in the partnership, as such, the actors have been stuck in the same dynamic for a decade.

A vital, but absent factor in these partnerships is government involvement; the government could play a pivotal role in ensuring that claimants are capacitated and put in the best possible positions in these partnership arrangements. However, the findings show that the absence of government in these arrangements puts communities at a disadvantage and places unwarranted pressure on the company to ensure that the partnerships work and that the relationships between Mondi and community entities remain cordial. The findings also show that lack of government involvement has put strain on the working relationship between Mondi and claimants. A participant from Mondi stated:

*Our working relationship with claimants is very strained as there are different expectations on the current leaseback agreements, and the communities expect Mondi to deal with the no delivery of the government part of the agreements (Interviewee 13, Greytown, 23 September 2021).*

In a study conducted by Mkhize (2017), a representative from DRDLR was asked why the government is absent post-settlement and they stated that it is because the department lacks man-power and financial resources to participate in these arrangements. Mondi can only empower communities to a certain extent within the parameters of the lease agreement and that is not enough for communities because they need government support.

This section presented findings on the company's working relationship with claimants, and the findings show that the relationship between Mondi and claimants is cordial, but there have been challenges caused by (a) claimants' perception and expectations from Mondi, (b) lack of post-settlement government support, and (c) the fact that claimants lack business knowledge. The section below presents findings on some of the benefits of the SALB for Mondi.

#### **4.5.6 Benefits of the SALB for Mondi**

This section presents findings on the benefits of the SALB for Mondi. The SALB is structured in a manner that produces multiple benefits for claimant communities, as discussed in Chapter 2. However, the benefits of the SALB for the company are not extensively discussed, this section presents benefits that have been underrepresented in most studies that examine the opportunities and challenges of partnership arrangements in forestry and NRM. Aside from having access to land, Mondi has received other benefits from the SALB, for instance, a respondent from Mondi stated:

*[The company] has an opportunity to plant, manage and harvest timber sustainable for ten years. A Timber Sale Agreement (TSA) has also been achieved through negotiations after the final Mondi exit on the lease-back farms (Interviewee 11, Greytown, 28 April 2021).*

Various departments within the organisation are driven by the same goal, which is maintaining a sustainable timber supply. Based on the findings, this is being achieved, however, for some representatives, the partnership arrangement has not been beneficial at all because of the relationship that exists between Mondi and claimants. What is interesting to note throughout this section is the varying experiences between representatives working in operations and those working in stakeholder engagement. Participants from the operations department feel that the SALB has not been beneficial for the company. For example, a respondent from Mondi working in the operations department stated:

*I do not really see benefits other than public relations and BBBEE scoring. Financially these partnerships are not cost effective. An example is the Isigedlane Trust, Mondi have spent the value in Rand/Hectare of the forested land in the first 10 years on beneficiation and lease payments to them, but [Mondi] does not own the land (Interviewee 13, Greytown, 23 September 2021).*

For the company, the main benefit of the SALB is access to land, which was the company's main objective for developing the SALB. Besides access to the land, other benefits mentioned by the respondents were good public relations, BBBEE scoring, and the fact that they were able to secure TSA agreements with claimants. Interviewee 13 (Greytown, 23 September 2021) talks about how financial risk for these partnerships falls on the company as they spend a lot of money to establish and maintain these partnerships as well as to empower communities, which has seemingly been ineffective. This section presented Mondi's experience with the SALB and working with claimant

communities, the section below presents the claimant communities' experience with the SALB and working with Mondi.

#### **4.6 Claimant communities' experience with the SALB**

This section presents findings on the experience of claimant communities with the SALB and working with Mondi, as with the section above, the experiences of claimant communities will be examined through the co-management analysis framework. The main outcome of the SALB for communities is to empower claimant communities through skills and knowledge transfer, as well as through enterprise development. The sections below discuss the Trusts' perspectives of the SALB, the benefits derived from the model (rent and stumpage, employment, bursary scheme, capacity building, CSI, and enterprise development), and the working relationship between community entities. The first section presents findings on the claimants' perspectives of the SALB, the second section presents findings on the claimants' experiences with the benefits of the SALB, the third section presents findings on the working relationship between claimant community entities.

##### **4.6.1 Claimant communities' perspectives of the SALB**

This section presents the claimants' perspectives and experiences with the SALB model. The participants from the four communities in the study shared their experiences with the model and what we see is that there are varied experiences for each community. The study found that some claimants are satisfied with the way their land claims while others were not fully satisfied with how their land claims were settled, for instance, the participant from the Mthembu-Sithole stated:

*We are not satisfied with how the claim was settled. The terms of the lease agreement were not clearly outlined, and we were not fully aware of what we were getting ourselves into when we signed the lease agreement. The lease agreements do not allow us to be empowered, especially the ones who want to work. The lease agreement has stages, and it is difficult to move from one stage to the next (Interviewee 1, Greytown, 22 August 2019).*

From the quote above we see that there is a gap in the understanding of the terms of the lease agreement. The claimants may have been just happy to have their claim settled that they entered into agreements they did not fully understand. What is noteworthy from the quote above is that the claimants feel that they are not being empowered through the SALB, this is important because one of the main objectives of the SALB is community empowerment, the findings therefore show that there is still room for improvement in the empowerment of claimants.

A recurring theme throughout the findings is the absence of the government in these partnerships. The claimants have found it especially challenging from a financial perspective as they are meant to be receiving grants to assist them with establishing their businesses. As part of the settlement agreement between claimant communities and DRDLR, claimants are meant to receive grants as part of post-settlement support- these funds can be used to support communities with whatever necessity they need within the scope of the settlement agreement. The lack of government support has been a major challenge for claimant communities, particularly the Mthembu-Sithole community. The participant from the Mthembu-Sithole stated:

*We have not received government grants; we have made attempts to get the grants, but the government refused because we already receive an annual rental fee from Mondi. We have since opened a case against DRDLR which is currently pending (Interviewee 1, Greytown, 22 August 2019).*

The challenge with the lack of government grants is that claimants are expected to use the rental income for other matters. While there is no stipulation on how the rental income should be used, communities have been forced to divert those funds to cover government grants. It is important to note that not all communities have had this experience with the SALB.

The findings show that while communities such as Mthembu-Sithole have encountered challenges with the SALB, the SALB is seen as a development tool by some claimant communities. Claimant communities are located in rural areas where there is a lack of opportunities for the community members, so having access to acquire land rights and the opportunity to establish a contracting company has presented new opportunities for claimants. For instance, one of the respondents from Amahobe stated:

*We almost messed up a good opportunity by initially being against the partnership when it was first introduced because we did not see the benefits of the model. The partnership has brought development to our community (Interviewee 5, Hilton, 12 September 2019).*

The SALB has created Co-management arrangements between claimant communities and Mondi and these partnership arrangements can increase the flow of resources to communities, reducing vulnerability of communities and resulting in income distribution (Ming'ate, 2016). The findings show that while it is true that the SALB increases the flow of resources to communities, the communities are still facing socio-economic challenges, as seen from the quote from Interviewee 1 (Greytown, 22 August 2019). However, the findings also show that the SALB has contributed positively in some communities, the quote from Interviewee 5 (Hilton, 12 September 2019) paints a positive picture of how the model has contributed positively toward socio-economic development in the Amahobe community. The risk with viewing the partnership as a vehicle for development is that communities become too dependent on the company for most of their socio-economic needs, and, although the partnership creates employment, communities need to be aware of the average number of jobs that can be created.

The study found that some claimants lack an understanding of the terms of the lease agreements. Shared action/commitment is a characteristic of co-management (Plummer & FitzGibbon, 2004a), therefore, determining and understanding the claimants' knowledge and understanding of the SALB is important as it not only highlights their expectations from Mondi, but also the role they expect to play in the partnership. The findings also show that (a) some claimants feel that the SALB does not work for them as they feel disempowered (b) lack of government grants has been challenging for claimants, and (c) other claimants view the SALB in a positive light because it has provided opportunities for their communities. Andrew et al. (2000) asserts that rural communities view development as something that comes externally and often, companies are seen as bodies that provide development. Claimant communities are characterised by underdevelopment and unemployment, so it is unsurprising that they would view these arrangements as developmental tools. The section below presents findings on the benefits of the SALB for claimant communities.

#### 4.6.2 Benefits of the SALB for claimant communities

The lease agreement component of the SALB contains various benefits for claimant communities, such as rent and stumpage, bursary scheme, CSI, capacity building, employment, and enterprise development. These benefits aim to empower claimant communities through knowledge and skills transfer. These benefits, along with landownership (through title deed) were the main incentives for claimant communities to enter partnership arrangements with Mondi. These components are also discussed through the co-management analysis framework. The three outcomes of co-management as listed by Plummer & FitzGibbon (2004b) are (a) equity and efficiency of decision-making, (b) legitimisation of actors, and (c) capacity. These outcomes can be seen in the components of the SALB. This section investigates whether claimant communities are receiving said benefits and whether they are satisfied with them. For some sections below (employment and capacity building), the experiences from the Mthembu-Sithole community will not be mentioned because the participant from the Mthembu-Sithole community refused to give a formal interview during the review process because the claimants had issues they wanted to address with Mondi during the period of the review.

**Table 4.1 Representation of the benefits received by claimant communities as per lease agreement**

<b>SALB benefits</b>	<b>Mthembu-Sithole/Isigedlane Trust</b>	<b>Amabovu/Eyethu Trust</b>	<b>Amahobe/Inkanyezi YamaHobe Trust</b>	<b>Linwood/Linwood Trust</b>
Rent and stumpage	YN	Y	Y	Y
CSI	YN	Y	YN	Y
Bursary	Y	Y	YN	YN
Capacity building	N/A	Y	YN	YN
Contracting company	YN	YN	Y	Y

Key:

Y= Yes, they receive the benefit and are satisfied.

YN= Yes, they receive the benefit but are not satisfied.

N/A= Not applicable.

The table above provides a summary of the benefits received by claimant communities; we see that Trusts receive the intended benefits, but they are not completely satisfied with the way they have been implemented. CSI is a component of social forestry and one of the main advantages of the SALB, and the table shows that two of the four claimant communities are happy with this component so far. Capacity is an outcome of co-management and while claimant

communities receive bursary schemes, two of the four communities are happy. The reasons for the dissatisfaction of the other two communities are further discussed below. Capacity building is a component of the SALB and an outcome of co-management, the fact that three out of four communities are not happy with this component is therefore concerning. Legitimising of actors is another outcome of co-management; the contracting aspect of the SALB establishes legal community entities (BOD), and from the table above we see that two communities are happy with the contracting aspect of the SALB. The benefits are the major selling point of the SALB and determining whether they have been impactful in empowering claimant communities gives us an idea of the factors that have worked as well as those that have not been working. These factors can also frame future institutional arrangements by determining factors that should be included and those that should be discarded to ensure successful NRM collaborations between private sector companies and communities.

### **Rent and stumpage**

As part of the lease agreement, Mondi is obligated to pay an annual rental to claimant communities. The Trusts receive their rent on time and the amount is paid in full each year. The rent is not a fixed amount for each year because it is constantly valued, and rent is adjusted according to the valuation. Land valuation is done annually by an independent property valuator, Trusts are made aware of the process and are active participants throughout. Stumpage is an amount Trusts receive when forest compartments from their land are harvested. The study found that Mondi pays rent and stumpage on time and some communities are happy with the amount they receive while others are not. What Trusts do with the rental income is at their discretion, some distribute the funds to beneficiaries while others use it for community development, for instance, a respondent from Amahobe stated:

*Previously, we used the rent to purchase a tractor and 2 vans for our businesses. Most of the rent is often distributed amongst the beneficiaries. The stumpage is also paid on time and the money is used for the same purpose as the rental (Interviewee 5, Hilton, 12 September 2019).*

While the Trustees decide on what the rent and stumpage are used on, they must take beneficiaries into account. Trustees often distribute and share the rental income equally amongst all claimants. The findings show that trustees often try to strike a balance between ensuring that beneficiaries are not side-lined from benefitting from the rental income and using the rental income in a manner that benefits the whole community in the long run. *Mondi pays rent on time. Income from rent and stumpage as well as profits from the contracting company are distributed fairly and equally to claimants (Interviewee 4 Interviewee 5, Interviewee 6, Kranskop, 8 August 2019).*

The rental income provides claimant communities with the opportunity to invest in community businesses, thus empowering them economically. An outcome of co-management is equity and efficiency of decision-making (Plummer & FitzGibbon, 2004a), the findings show that trustees have been empowered to make decisions on how to spend rental income without influence from Mondi. The decision to invest the money in community businesses shows that claimants prioritize development. This section shows that (a) trustees prioritize community development, (b) ensuring that beneficiaries benefit from rental income is a priority for trustees, and (c) trustees have been empowered to make decisions on how they will spend their income. The section below presents findings on the bursary scheme.

### **Bursary scheme as a tool for youth capacitation**

The bursary scheme is a tool for empowerment and capacity building for claimant communities. The objective of offering bursaries to claimant communities is to ensure that the descendants of direct beneficiaries can study forestry-related courses at tertiary so that they can participate in forestry activities within their communities. Mondi provides bursaries for two students in each rotation. The Trusts select the candidates that will receive bursaries for tertiary studies with assistance from the community development facilitators from Mondi. The Trusts from the AmaBomvu and Mthembu-Sithole communities are happy with the bursary scheme as it promotes education and empowerment in their communities, however these communities have encountered challenges with the bursary scheme. The challenge in both claimant communities is finding suitable candidates to study forestry-related studies in university due to the low standard of education. For instance, the respondent from the Mthembu-Sithole community stated:

*Mondi does offer a bursary scheme, but it is not as impactful as we would like it to be because most of the learners are not producing results that meet university requirements for forestry studies. The learners that do go to university go into fields that are not related to forestry thereby decreasing the chances of having local foresters to work for the community's contracting company (Interviewee 1, Greytown, 22 August 2019).*

The study found that the quality of education in these communities affects the impact that the bursary scheme could have in the partnership. *The low standard of education is challenging because the youth cannot fully participate in the contracting company as foresters or otherwise. (Interviewee 3, Interviewee 4, Interviewee 5, Kranskop, 8 August 2019).* The impact of the quality of education of the communities in which beneficiaries reside is often unexplored. Having a bursary scheme for students in claimant communities is good but its impact on longevity/sustainability of the company-community arrangements not easy to measure. The youth are underrepresented in the partnership arrangements, as they are not afforded opportunities to participate in the partnership with Mondi. The bursary scheme directly targets the youth and their future involvement in forestry activities; however, the findings show that it is not as impactful as it should be because of the quality of education in the communities.

Rural schools are marginalised and under resourced in that they do not have necessary resources and basic infrastructure as well as communication and information technology (Du Plessis & Mestry 2019). The lack of these resources puts rural schools at a disadvantage, thus resulting in poor performance from those schools. This has been an ongoing national issue for years now for which there is not quick solution. The AmaBomvu and Mthembu-Sithole communities have felt the impact of this challenge because there are financial resources available to them (bursary scheme), but they cannot access and utilise them because of the poor performance from learners. While the bursary scheme was created for beneficiaries to pursue forestry-related courses, it has not delivered the desired outcome because of the low standard of education, meaning that the descendants of beneficiaries will not be able to participate in the technical management of their forests once the trees have been transferred to claimants. Exploring such challenges creates the opportunity to develop solutions to prevent a future where beneficiaries are excluded from managing plantations.

### **Capacity building**

Capacity building is component of the SALB, and an outcome of co-management defined as a process of building and strengthening the abilities, skills, and resources that claimant communities need to manage their organisations/entities effectively and efficiently (Plummer & FitzGibbon, 2004a; Berkes, 2009; Ming'ate, 2016). Capacity building and skills transfer are some of the main objectives of creating company-community partnership arrangements and co-management arrangements (Foy & Pitcher, 1999; Plummer & FitzGibbon, 2004b; Nawir & Santoso, 2005; Ming'ate, 2016) because it is directly linked to empowerment. Most trustees and board members in the communities in this study are inexperienced in running their respective entities. Trustees and board members are therefore trained and capacitated on (a) governance of their entities, (b) their roles and responsibilities within the entities and the partnership and (c) exactly what is expected from them. The study found that the experiences of trustees and board members vary. While others feel satisfied with the training they have received, others feel that the training they have received is not enough. For example, a participant from Linwood stated:

*We have been capacitated on the matter of governance and there have been improvements in our administrative work. I personally expected that we would be capacitated on the actual running of the BOD and that we would have focus sessions on the roles and responsibilities for each board member. (Interviewee 8, Hilton, 12 September 2019).*

The aim of this component of the SALB is to equip trustees and board members with skills and knowledge so that they can be effective in managing their respective entities, however, the study found that trainings can have other positive outcomes. For instance, the trainings can empower individuals to start their pursue interests that can benefit the community in the long run. For example, a respondent from Amahobe stated: *the youth has been capacitated to take over the business. The youth is now empowered to think of business opportunities instead of looking to government for work (Interviewee 5, Interviewee 6, Interviewee 7, Hilton, 12 August 2019).* Claimants in this community have been empowered to create their own opportunities instead of waiting for outside help.

Trustees and board members are voted in/out every five years, meaning that the training process tends to take up a lot of time as the time spent on training delays some projects. A respondent from Linwood stated: *When new members are elected, the transition takes the trust two years back (Interviewee 8, Hilton, 12 September 2019).* The high turnover of trustees and board members is therefore challenging in that it causes delays in the implementation of projects because newly elected members need to be capacitated.

Capacity building is an important component of the SALB because it transfers skills to trustees and board members so that they can efficiently manage their respective entities. What the findings show is that (a) there are still gaps in the training, (b) turnover in leadership of community entities affects the training process, (c) capacity building has not only benefitted leaders of community entities but has also empowered the youth to take initiative in creating opportunities for themselves instead of waiting for government to create opportunities for them. This section shows the impact that the capacity building component of the SALB has had on claimant communities, the section below presents findings on how the CSI component of the SALB has impacted these communities.

## CSI

The corporate social investment (CSI) programme, commonly referred to as corporate social responsibility (CSR) was initiated by government to get companies to give back to local communities and promote rural development (Anwana, 2020). CSI is another empowerment tool of the SALB where Mondi gives back to neighbouring and claimant communities. The lease agreement stipulates that Mondi must provide community development projects for claimant communities as part of promoting empowerment within these communities. The CSI programme has had a positive impact in the claimant communities. For instance, the Linwood community used their CSI funds to renovate and fence their offices, they also used the money to fund their Tea tree project. The AmaBomvu community used their funds for a cattle dip tank and to construct additional classrooms at the local school. The Amahobe community used their funds to build a creche, renovate a piggery, and to purchase school uniforms for learners. In the Mthembu-Sithole community the local school got a computer lab, a crèche was built, and sanitary pads were distributed to young girls in a local school. This component also displays the claimants' ability to make equitable and efficient decisions as it is one of the main outcomes of co-management.

Trusts often make decisions on the type of projects they want based on the needs of their communities. In some instances, trustees delay on making decisions on projects that will be implemented in their communities, when this happens, Mondi representatives working with claimants often decide which projects will be implemented based on the communities' needs. This does not often translate well with claimants, for instance a respondent from Mthembu-Sithole stated:

*We tend to feel that some projects are imposed on us. There was a sanitary pad project that was commissioned by Mondi that commenced without our knowledge. The project was undertaken by a company we are unfamiliar with and that made us feel that our opinions regarding CSI projects are unimportant. (Interviewee 1, Greytown, 22 August 2019).*

The main problem for the Isigedlane Trust (Mthembu-Sithole) regarding the sanitary pad project was the fact that they do not get to select *who* will do the project. The Trust felt overruled in the decision-making process. Moreover, the project was implemented by "outsiders", which caused more tension for the Trust, who already feel marginalised in the 'partnership' arrangement.

The CSI programme allows Trusts to be active participants in the decision-making process of development programmes in their communities which also gives trustees a sense of empowerment. As mentioned in the introductory paragraphs of this section, empowerment promotes decision-making power within communities and, the CSI programme is a great enabler of this as Trusts are responsible for selecting projects that will bring positive impacts in their communities. It is also important to note that with decision-making power also comes conflict within Trusts, particularly when trustees are struggling to agree on a CSI project, which was the case in the Isigedlane Trust. As a result, a decision on the type of project that would be implemented that year was made by a community development facilitator from Mondi on the community's behalf. Internal conflicts or delays in decision-making within Trusts causes delays for Mondi as there are budgets that need to be adhered to, specifically for CSI projects. Interviewee 12 (Pietermaritzburg, 7 April 2021) from Mondi mentioned that the company and employees fulfil their contractual obligations to claimant communities, but their efforts may not always be well-received, and this was the case with the Isigedlane Trust. Miscommunication between the 'partners' regarding CSI is inevitable, but it is commendable that

there have been such few instances of miscommunication. This at least shows that all parties (Mondi and Trusts) do want the partnership arrangement to work.

### Employment creation

The employment creation component of the lease agreement is one of the most important benefits of the SALB as claimant communities are plagued with high unemployment rates. Employment for beneficiaries is created through community-owned contracting companies. Enterprise development and employment are key components in community empowerment and poverty reduction in rural communities. The table below shows the number of jobs created by claimant-owned contracting companies.

**Table 4.2 The number and type of jobs created by claimant-owned contracting companies.**

Company	General workers	Skilled workers	Management	Total jobs created
Ingudle Pty Ltd (AmaBomvu)	46	8	3	57
Limkhobe and SIBSA (Amahobe and Linwood)	214	30	5	249
Sibuyile Pty Ltd (Mthembu-Sithole)	90	33	7	130

The table above shows the number and types of jobs created by the contracting companies owned by claimant communities; however, claimants have been empowered to look beyond forestry for employment creation. For instance, the Amahobe community was able to identify opportunities and create non-forestry related employment for the community. *The trust owns 40 cattle and of the 40, 5-7 are going to be sold at an auction. We have employed herders from our community (Interviewee 5, Hilton, 12 September 2019).* This shows that the community has been empowered to have a business mindset and strive for independence. While this has been an example of how the communities have been able to create opportunities outside of forestry, the study found that trustees and board members of the contracting companies have experienced challenges with this component of the SALB and the sections below discuss some of these challenges.

Claimant-owned contracting companies have created employment opportunities for beneficiaries, however, there are challenges that have been underexplored. The study found that intercommunity dynamics affect employee selection. The main group that participates in the partnership within this community are old people as they are direct beneficiaries, but this creates a challenge because direct beneficiaries are too old to work on their land. *Employment created does benefit the claimants, but the challenge is that most direct claimants are old and cannot work (Interviewee 2, Kranskop, 8 August 2019).* Now this begs the question of why the youth (descendants of beneficiaries) is excluded from participating in the partnership and benefiting from it. The exclusion of the youth in the partnership

is challenging because they are not capacitated to take over from the elders in the community, which leaves the sustainability of the partnership uncertain.

The study found that a challenge with the SALB model is that while it presents development opportunities for claimant communities in the form of job creation, it does not account for the few individuals in the community who will cause trouble by acting unprofessionally. Unprofessional behaviour here refers to arriving to work drunk and being insubordinate. For instance, a respondent from AmaBomvu stated: *because labourers are from the community, they have a “this is my land, and you cannot fire me” attitude and they tend to not take their jobs seriously (Interviewee 2, 8 August 2019)*. The respondents from Amahobe cited a similar challenge, Interviewee 6 stated: *We have had a huge problem with people not wanting to work and would show up to work drunk and when disciplined, they would say “This is our home” and “this is our land” (Interviewee 6, Hilton, 12 September 2019)*. Patrimony is one of the characteristics of co-management, and here we see how it can have unintended negative implications as it gives some beneficiaries a sense of entitlement at the workplace.

This section shows that limiting job opportunities to beneficiaries can present unforeseen challenges. For instance, we see that patrimony can give beneficiaries a sense of entitlement that results in them acting unprofessionally. We also see that majority of direct beneficiaries are elderly, and therefore cannot do physical labour, resulting in non-beneficiaries receiving job opportunities. Exploring these challenges is important because they can show companies and communities specific issues within the partnership and can allow both parties to get together and decide on a solution that will be mutually beneficial. On the other hand, we also see that some communities have been able to create employment opportunities outside forestry activities for beneficiaries who were not employed by the contracting company. What this shows us is that some claimants are intentional about addressing unemployment in their communities while others seem to be highly dependent on the contracting company for employment opportunities.

### **Enterprise development/Contracting Company**

Enterprise development is a component of the SALB model that gives claimant communities the opportunity to establish and run their own forestry companies so that they can participate in forestry activities on their land. An outcome of co-management is legitimisation of actors (Plummer & FitzGibbon, 2004a), and the establishment of contracting companies legitimises the board members as business owners. The four claimant communities in the study own and run their own contracting companies. Mthembu-Sithole’s contracting company is Sibuyile PTY Ltd. and has been operating for almost ten years, AmaBomvu’s company is called Ingudle PTY Ltd. and has been operating for over ten years. Amahobe and Linwood have a different contracting structure in that they formed a contracting company with another claimant community (Mkhuzane) and formed a joint venture with an already existing silviculture contracting company in Richmond.

The Mthembu-Sithole and AmaBomvu communities have been in business with Mondi for seven and ten years, respectively, but the study found that while the companies have been operating for a relatively long period of time, their companies are stagnant. For example, the respondent from the Mthembu-Sithole community stated: *the company is functioning, but we would like to do other business activities such as harvesting on our land (Interviewee 1,*

Greytown, 22 August 2019). In addition to being stagnant, these companies have experienced other, the main challenge being financial constraints because of the operational standards set by Mondi. For instance, a respondent from the AmaBomvu community stated: *the main challenge faced by the company is that Mondi introduces new, expensive [safety] directives that eat into potential profits. There are frequent vehicle breakdowns that are expensive to fix, which also eat into our profits (Interviewee 2, Kranskop, 8 August 2019)*. Because these companies are considered emerging contractors who have not accumulated enough financial resources to manage these challenges, profits made from the business are often used to implement safety directives and pay for equipment repairs.

As mentioned, claimants are emerging business owners therefore their companies do not have the financial resources and assets that fit the operating standards of a well-established company such as Mondi. Because Mondi complies with FSC standards and ISO principles as well as SHEQ and OSH regulations, they require every contractor that works with them to comply with those standards as well and claimant community-owned businesses find it financially taxing to meet those standards. *The income from the contracting company is not enough to contribute to the Trust's budget. Another challenge is that Mondi's standards are expensive to maintain, and they are not proportionate to the rates that they pay (Interviewee 2, Kranskop, 8 August 2019)*. This results in companies not making profits they would if they were not complying with the operational standards. This section presented the experiences of two individual contractors, the section below presents the experiences of the Amahobe and Linwood as they have diverted from establishing their own individual businesses to forming a joint venture with an established silviculture company in Richmond.

The joint venture between Limkhobe and SIBSA demonstrates the flexibility of the contracting aspect of the SALB. Creating a partnership between three different Trusts in the same area with relatively the same amount of land can be beneficial for Mondi as it consolidates the contractors into one contractor. Instead of dealing with three independent contractors, Mondi will deal with one contractor in the Richmond area. The study found that the structure is beneficial for the communities as well because they get the opportunity to work on their land and get practical experience from the contractor they are in the joint venture with. SIBSA is a reputable silviculture contractor, so the Linwood, Amahobe and Mkhuzane Trusts will get to know the forestry business on a more technical level in this partnership arrangement. *The partnership with Limkhobe and SIBSA has given us the opportunity to work on the forest. The partnership has also allowed the trusts (Linwood, Mkhuzane and Amahobe) to collaborate and share ideas and that has been a great learning experience (Interviewee 8, Interviewee 9, Interviewee 10, Hilton, 12 September 2019)*.

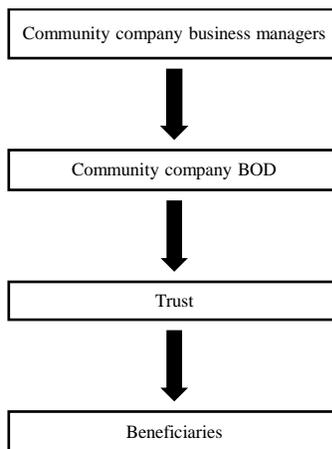
The joint venture has been working so far, however, the study identified a few challenges. Respondents from Amahobe stated that they have had a few instances where beneficiaries complained about nepotism hires. *The challenge has been the fact that employment opportunities have been given to relatives and some of the beneficiaries have been complaining about it (Interviewee 6, Interviewee 7, Hilton, 12 September 2019)*. Throughout the chapter, it is mentioned that claimant communities have high rates of unemployment, and these findings show that issues such as nepotism, particularly in the Amahobe community is marginalising some beneficiaries. Makhathini (2010) stated that the challenge with community entities is that they have the potential to be taken over by elites and challenges such as

nepotism can arise, and from the findings covered in this passage, we see that this has indeed been the case in the Amahobe community.

Pluralism is a characteristic of co-management, and this section has demonstrated that claimants are able to participate in forestry activities on their land. The findings show that while claimants are able to financially participate in forestry, there are still challenges, such as (a) stagnation of contracting companies in the Mthembu-Sithole and AmaBomvu communities; (b) because the Mthembu-Sithole and AmaBomvu communities established their own companies, financial burdens of maintaining Mondi standards fall solely on them; (c) the joint venture between the three Richmond communities has given the claimants an opportunity to learn the forestry business without carrying the financial burden on their own because SIBSA has the financial capacity to maintain Mondi standards; and (d) some community entities have been taken over by elites, resulting in nepotism. Now that the benefits of the SALB have been discussed, the section below presents findings on the relationships within and between claimant community entities.

#### **4.7 Intercommunity relationships (Trust, BOD, and beneficiaries)**

Legitimising actors is an outcome of co-management (Plummer & FitzGibbon, 2004a), Trusts and BODs are legal entities created through the SALB. This structure presented below demonstrates how the reporting structure should be in claimant communities, based on background information sourced during my time at Mondi. The contracting company business managers work closely with the board of directors of the company. They report to the board members and have absolutely no communication with the trust, the business managers are responsible for hiring and firing employees. Board members are not involved in HR matters of the company. Trusts are not involved in the operation of the contracting company. Once the business managers have reported the progress of the company to the board members, the board members report the status and progress of the company to the trust. Board members do not communicate with beneficiaries. Trusts then report the progress of the business as well as any matters related to the lease agreement to beneficiaries. However, based on the findings presented below, this is not entirely how reporting is structured within claimant communities.



**Figure 4.4 The reporting structure within claimant communities.**

Throughout this chapter, the extent to which intercommunity conflicts have affected the progress of the partnership between claimants and Mondi has been thoroughly discussed. Conflict management is a characteristic of co-management (Plummer & FitzGibbon, 2004a). This section takes a deeper look into intercommunity dynamics and why the conflicts have caused delays in development and empowerment projects. The organisational structure shows the reporting structure as well, so, based on the structure, BOD and business managers do not have a direct relationship with beneficiaries. The trusts are the ones responsible for updating beneficiaries about the goings on of the partnership arrangement and terms of the lease agreement. There is an issue of cross membership, where individuals hold positions in the Trust and BOD, this means that other beneficiaries miss out on holding positions in community entities because some individuals occupy positions in both entities.

The beneficiaries' interests are represented by the trust, and annual AGMs are held in each claimant community where the trusts inform the beneficiaries about the progress made in projects and answer any questions beneficiaries may have. Beneficiaries communicate directly with Trusts and have no communication with the BOD, however, the study found that beneficiaries in some communities have become frustrated with the lack of clarity regarding the business and the management of the Trust. For instance, a respondent from AmaBomvu stated: *so far there is no direct relationship between beneficiaries and board members, but I foresee a situation where beneficiaries will want to confront the board of directors directly about certain issues. There are more educated beneficiaries who ask difficult questions from the trustees (Interviewee 4, Kranskop, 8 August 2019)*. What we see here is that beneficiaries do have a voice, but it also indicates that the Trust and beneficiaries are not always on the same page in the AmaBomvu community. Social communication is another characteristic of co-management, and the fact that the trust feels that questions asked by beneficiaries are difficult, shows that there is a gap in communication and that some matters are not clearly understood by the beneficiaries and the trust.

Individuals within community entities do not often have the same interests for being in positions of power. Some individuals are solely interested in benefits they can derive from the position they are in, while others are interested in the development of the community. *There are individuals who not interested in attending meetings when there are decisions to be made, they are only interested in attending when there are rewards handed out. This results in people thinking that the clan making decisions are the only ones who form part of the trust. We do not have major disputes regarding decision-making (Interviewee 5, Interviewee 6, Hilton, 12 September 2019)*. Power sharing, equity and efficiency of decision-making, and pluralism are components of co-management. The findings in this section show that individuals from one clan end up making important decisions on behalf of the Trust, which in turn, makes them seem as though they hold all the power within the Trust and that they intentionally exclude other trustees from participating.

As with any co-management arrangement, the SALB has its cons, Makhathini (2010) states that one pit fall of the SALB is that trusts may be taken over by community elites. From an outsider's perspective this can potentially be the case in the Amahobe Trust which show us the importance of investigating the complexities of the governance of Trusts. For instance, some trustees may only be interested in beneficiaries, as mentioned by the participants above, highlighting the fact that trustees may not always have a common goal/interest. The conflicting interests of the trustees

have an impact on the progress of development projects. The absence of other clans from meetings could give the impression that other clans are being deliberately excluded from decision-making. The low turnout of youth in trustee meetings is a challenge because those meetings provide a platform for them to express their interests and participate in decision-making. The youth is prioritised in this community, especially their participation in the partnership as well as benefits from the partnership arrangement, so their attendance in meetings is important.

Conflict management is a characteristic of co-management and unequal power relations (Plummer & FitzGibbon, 2004a; Robbins, 2012; Otutei, 2014; Peluso & Ribot, 2020) Internal conflicts within community entities are inevitable, but the participants from the claimant communities stated that there have not been instances where meetings concluded without decisions being made. There have been instances where conflict between board members and trustees ensued because of financial issues where the trust withheld financial resources from the board, for instance, a respondent from AmaBomvu stated: *the trust often withholds financial support to the board, there are also interpersonal issues between individuals in the trust and the company and there is often cross-membership where trustees are also board members (Interviewee 2, Interviewee 3, Interviewee 4, Kranskop, 8 August 2019).*

Power sharing is a component of co-management (Plummer & FitzGibbon, 2004b; Ming'ate, 2016; Peluso & Ribot, 2020), as such, the trustees and board members should ideally share power when it comes to decision-making. However, this is not always the case in these communities. There have been instances where business managers and trustees had disagreements regarding employment of staff. *The main challenge between managers of the contracting company and board members where managers are not supported by board members regarding the decisions they have made. There is also little to no communication between trustees and managers; managers have the power to hire and fire and this does not sit well with the trustees (Interviewee 2, Interviewee 4, Kranskop, 8 August 2019).*

There are certainly intercommunity challenges that are unexplored that may have an impact on the overall partnership arrangement. As Interviewee 13 (Greytown, 23 September 2021) from Mondi stated, internal conflicts within claimant communities have had an impact on decision-making, thus delaying progress on certain projects. Power struggles within communities is inevitable when money and “powerful positions” in communities are involved. Makhathini (2010) asserts that as the community businesses grow there is potential for cronyism and nepotism and that community leaders may prioritise their interests over the interests of the collective. It is evident from the quote above that trustees want to have an influence on who gets employment opportunities in the community. Because the interests of beneficiaries are unknown, the assumption therefore is that the trust indeed represents the interests of the collective. Beneficiaries being unable to communicate with board members marginalises them as there are certain issues that they are unclear about. It is therefore important to explore the governance of trusts and BODs to ascertain whether Makhathini’s assertions about potential challenges of community structures are true or not and the implications they have on the success of the communities’ partnership with Mondi.

## **4.8 Conclusion**

This chapter presented the experiences of claimant communities and Mondi with the sale and leaseback model. The outcomes of co-management are equity and efficient decision-making, legitimisation of actors and capacity. The

findings presented show that while the sale and leaseback model is good in theory, but it is not working well in practice. The findings from the experiences of Mondi representatives show that the claimants' lack of business acumen, financial resources, and experience in the forestry industry have caused significant delays in the progress of the partnership. The historical context of how these partnership arrangements between Mondi and claimant communities cannot be ignored as they have affected the claimants' perception of the company. These negative perceptions caused tension in the working relationship with the claimants. The relationship between Mondi and claimants is challenging because it is characterised by dependency and high expectations. The partnership arrangements have changed the management of plantations on claimed land and the company's operations, particularly their procurement procedure. The findings from the claimants' perspective show that the claimants lack an understanding of the intricacies of the SALB because (a) they are unclear about their roles and responsibilities, (b) they are unclear on the roles and responsibilities of the company, and (c) they lack understanding of their deliverables as well as the company's deliverables. The claimants' lack of business acumen, financial resources, and knowledge of the forestry industry disempowers them and puts them at a disadvantage in the partnership. While communities receive benefits, the findings show that they are dissatisfied with them. Intercommunity relationships are fairly functional but there are constant power shifts between community entities mainly caused by financial disputes. The extent to which beneficiaries benefit from these arrangements is underexplored and therefore need further exploration to determine whether co-management/partnership arrangements need to be dissolved altogether or adjusted to better suit the interests of actors. The following chapter explores co-management arrangements through political ecology.

## **CHAPTER 5: EVALUATING COMPANY-COMMUNITY PARTNERSHIPS THROUGH THE CO-MANAGEMENT ANALYSIS FRAMEWORK AND POLITICAL ECOLOGY**

### **5.1 Introduction**

The findings in chapter 4 paint a complex picture of the partnership arrangements between Mondi and claimant communities, this chapter explores the findings in a more in depth. This chapter provides an analysis of the data presented in chapter 4 through the political ecology lens and co-management analysis framework. The main elements analysed in this chapter are the communities' understanding of the SALB model, power sharing, representation, and process. Power sharing examines the extent to which power is shared in the company-community partnership arrangement(s). Representation examines the scope of actors/stakeholders participating in the partnership arrangement. Process refers to the operational and institutional features that make the process functional. In this instance SALB model is a formal institutional arrangement that frames the way the process functions. In this chapter we (a) see how the transition of forestry governance has shifted from territorial to flow-centred arrangements, (b) further examine the claimants' understanding of the SALB, (c) see the management outcomes of co-management arrangements, and (d) examine the components of co-management through political ecology.

### **5.2 Governance of forestry (from territory to flow)**

This section presents an overview of the shift in forestry governance, where management of forestry has shifted from territorial-centred arrangements to flow-centred arrangements, the themes discussed in this overview are further discussed in this chapter. Territorial-centred approaches to land governance focus on regional characteristics, environmental and socio-economic factors. Territorial-centred approaches still influence the governance of land, for example, land reform policy, nature conservation, zoning regulations to preserve scenic and sacred landscapes, and implementation of land consolidation projects and programmes (Sikor et al., 2013). Flow-centred approaches focus on the flow of goods, services and products, with a focus on certification of wood and agricultural products. Flow-centred approaches also establish production standards and regulations for industries such as mining (Sikor et al., 2013). There is a global paradigm shift on the management and governance of land and resources on the land. Sikor et al. (2013) makes three propositions of how the transformation of land governance can be understood, these are also applicable in the South African forestry context. The first proposition is that the transformation in global governance of land has caused changes in the way land is valued, resulting in increased competition over land (Sikor et al., 2013). This is evident in the study where the findings show that the company is not so interested in land ownership, but rather the resources on the land (plantations) and maintaining a sustainable timber supply. The second proposition is that the regulation of land use is moving from territorial-based to flow-centred arrangements. This means that the governance of land now targets flow of goods and resources such as certification of agricultural and wood products (Sikor et al., 2013). Because Mondi is a reputable forestry company, contractors need certification, and this has been a challenge for claimant community-owned contractors as they are emerging contractors who do not have enough financial resources to meet certification standards while running a highly profitable company. *The main challenge faced by the company is that Mondi introduces new, expensive [safety] directives that eat into potential profits. There are frequent*

*vehicle breakdowns that are expensive to fix, which also eat into our profits (Interviewee 2, Interviewee 3, Kranskop, 8 August 2019).* powerc These challenges are not accounted for prior to establishing partnerships. Post-settlement support and/or government grants would be useful in such cases because the government could assist claimant-owned companies to acquire the certification required. Identifying these gaps helps us not only further understand the challenges faced by actors involved in co-management arrangement but also develop solutions for these challenges.

The shift in land governance has generated new dynamics in the governance and management of natural resources. The third proposition made by Sikor et al. (2013) is that there is intensified competition along with a transition towards a flow-centred land management. Flow-centred management tends to promote private-public partnerships that aim to create win-win scenarios for each actor. The SALB has created these partnership arrangements, and they are not completely win-win outcomes for the actors because while Mondi continues to operate on claimed land, the partnership has created challenges, particularly in the management of the plantations on claimed land. Upskilling claimants has been challenging because they have no prior experience in forestry, so the progress of the partnership is slower than it could be. The partnerships created through the SALB are further dissected and discussed in this chapter. Below we discuss the claimant communities' understanding of the SALB.

### **5.3 Communities' understanding of the SALB**

This section presents the claimant communities' understanding of the SALB. Shared action/commitment is a component of co-management described as the understanding of events by actors (Plummer & FitzGibbon, 2004a). For actors to successfully play their role in the partnership, they need to have a clear understanding of their roles and responsibilities and those of the other actors. A recurring theme from the communities' perspectives is that there is a lack of understanding of the sale and leaseback model from the Trusts. The Trusts from the Kranskop and Greytown communities seem to be unclear on what the SALB is and there is a lack of understanding of the terms of the lease agreement. Understanding the terms of the model is important because the terms outline the deliverables of the lease agreement, as well as the roles and responsibilities of the parties involved in the partnership. In chapter 4, we saw that some of the trustees are not fully aware of the terms of the lease. For example, Interviewee 1 (Greytown, 22 August 2019) from the Mthembu-Sithole Trust stated: *the terms of the lease agreement were not clearly outlined, and we were not fully aware of what we were getting ourselves into when we signed the lease agreements.* Interviewee 3 (Kranskop, 8 August 2019) from the AmaBomvu community stated: *we are new to business, and we need to be taken through the details of the original agreements to find out whether they are complied with.* The respondents from the Mthembu-Sithole and AmaBomvu Trusts expressed the fact that they do not fully understand the terms of the lease agreement. Trusts need to be fully aware of what Mondi can and cannot deliver, so that they will not expect more than the company can deliver as it has the potential to create conflict. The lack of clear understanding of terms of lease is not only challenging for communities, but also for the company. The challenge that comes with Trusts not clearly understanding the terms of the lease agreement, and exactly what they are entitled to is that it can create high expectations from Trusts and the larger claimant community. Interviewee 13 (Greytown, 23 September 2021) from Mondi stated: *[our relationship with claimants] is very strained as there are different expectations on the current leaseback agreements, and communities expect Mondi to deal with the government's failure to honour its part of the*

*agreement*. The expectations of Trusts and lack of government support has strained the relationship between Mondi and Trusts.

The phrase *knowledge is power* is therefore applicable in co-management/partnership arrangements, because, if Trusts were fully aware of what their rights were, they would be in better positions to challenge the company. Trusts are frustrated with the way the agreements are handled and based on the quote from Interviewee 3 (Kranskop, 8 August 2019) above, they are unsure whether the terms of the lease agreements are adhered to or not. Possession of critical information in partnership arrangements (such as the terms of the agreement), particularly between companies and inexperienced communities can impact the dynamics of the partnership arrangement. Gaventa (2006) and Gaventa (2019) describe this type of power as hidden power, which is when certain powerful institutions and individuals retain their influence through shaping and controlling the political agenda. Bennett et al. (2018) claims that the party that possesses information in a partnership agreement tends to have more power than the other. In this case, the company having control over information shapes the interaction between themselves and Trusts, in that they (Trusts) become too reliant on the company for information (timber rates, for instance). In the same breath, one may ask: who is responsible for ensuring that Trusts have a clear understanding of the information shared with them? We also see invisible power, which is described as a type of power that shapes ideological and psychological boundaries of participation (Gaventa, 2020). Because historical injustices such as the exclusion of black communities from participating in decision-making in NRM have impacted economic statuses of individuals residing in rural communities, thus leading them to feeling marginalised. In this case, the economic status of claimant communities has shaped their psyche and made them feel slightly inferior to the company. We cannot say that the partnerships between Mondi and claimants are true/equal partnerships because communities feel inferior to Mondi. Investigating these factors is important in determining whether partnership arrangements are (a) working, and (b) are in fact equal so that the issues can be addressed and considered when designing new approaches to collaborative NRM.

#### **5.4 Examining company-community partnerships through the co-management framework**

The section below examines the findings presented in chapter 4 from a co-management perspective. The first section of the text below examines the various elements of co-management and how they are applicable to the partnership arrangements between Mondi and land claimant communities. The three elements of co-management analysed below are preconditions, characteristics, and outcomes, along with the various elements each contains. Co-management arrangements can be analysed through three main dimensions, namely, power sharing, representation, and process (Plummer & FitzGibbon, 2004b). Power sharing refers to the way power is shared within a co-management arrangement. Representation refers to the scope of actors involved in a co-management arrangement. Process refers to the institutional and operational process features. This section analyses the data from two perspectives, the first is intercommunity interactions (Trust, BOD, and beneficiaries) the second is interaction between Mondi and the Trust and BOD.

##### **5.4.1 Representation**

Representation refers to the scope of actors participating in a co-management arrangement (Plummer & FitzGibbon, 2004b). Since there are multiple beneficiaries within a claimant community, a body that represents the interests of the beneficiaries needed to be created so that the interaction between claimants and Mondi would be smooth. This body is called a community Trust and the beneficiaries elect the Trustees who are in office for five years, once the five years ends, a new group of Trustees is then elected. The Trustees are quite diverse in terms of the male-female ratio and the Trustees are from different clans in the AmaBomvu community. The Mthembu-Sithole (Isigedlane) Trust is not as diverse in their representation of individuals from different clans, the Sithole clan is dominant in this Trust.

Representation is important in company-community partnership arrangements because it ensures that power is shared relatively equally among actors. The beneficiaries' interests are represented by the Trusts- there are annual general meetings (AGM) for beneficiaries organised by the community Trusts where beneficiaries express their interests and are given the opportunity to ask any questions they may have. Interviewee 3 (Kranskop, 8 August 2019) from the AmaBomvu community stated: *so far there is no direct relationship between beneficiaries and board members, but I foresee a situation where beneficiaries will want to confront the board of directors directly about certain issues. There are more educated beneficiaries who ask difficult questions from trustees.* This is an example of how less influential/'weak' actors in the communities can resist dominance and hold the Trustees accountable. Mondi is not represented in intercommunity interactions.

Benefit sharing is another theme that is prevalent in chapter 4, however, this theme will be included under this section because these two elements go together here. Benefit-sharing is one of the desired outcomes of partnership arrangements in forestry (Foy & Pitcher, 1999; Mayers, 2000; Chamberlain, 2017) and ensuring that beneficiaries are represented in these partnership arrangements is important to ensuring that benefits are shared equally among stakeholders. Beneficiaries are represented in benefit-sharing in that, according to the findings presented in Chapter 4, benefits are shared equally among the beneficiaries. The rent money Trusts receive from Mondi is distributed equally among the beneficiaries, but it is worth noting that the extent of their (beneficiaries) participation is unclear and is not explored, therefore one cannot definitively say that their interests are represented and their participation in the partnership is not easy to measure.

Stakeholders' interactions are indicative of the type of relationship that exists between them. Stakeholder/actor interactions can also tell a lot about who holds the most power in partnership arrangements. Mondi, the Trusts, and board members often interact in exco meetings. Trusts represent the beneficiaries' interests in these meetings, Mondi representatives (both stakeholder engagement and operations staff) represent the company's interests and the community company representatives represent their companies' interests. Representatives from the Department of Rural Development and Land Reform (DRDLR) are supposed to be present in these meetings because the government is also an actor, albeit inactive, in company-community partnership arrangements. Therefore, government is not represented in these arrangements, even though they are mandated to participate based on the settlement agreements between DRDLR, Mondi and claimant communities. Findings from an Honours study conducted by Mkhize (2017) revealed that there is a lack of post-settlement support from DRDLR because of financial constraints and ambiguity regarding the roles and responsibilities of departments after they have been changed (i.e., DWAF to DAFF, to DFFE

and DRDLR to DALRRD). A representative from DRDLR stated that *there are projects that do not have post-settlement support. Post settlement support is lacking mainly due to financial constraints and human capacity. The post-settlement team is still very small, and it is very difficult for us to provide support for all land beneficiaries, mainly because there are just too many projects that require post-settlement support. Another problem is that the post-settlement team lacks experience and that impacts our effectiveness. However, we are doing our best with the current staff we have*” (Interviewee, 11: DRDLR representative, June 2017). Their participation is imperative because they are supposed to play a pivotal role in ensuring that the actors are represented equally, and they can be a neutral party in the actor-interactions.

#### **5.4.2 Power sharing**

Understanding power in all its dimensions, from a political ecology perspective is imperative to understanding the interactions between stakeholders in co-management arrangements such as the sale and leaseback model. Gaventa (2006) and Gaventa (2019) describe different levels, spaces and forms of power that exist. The levels of power are global, national, and local. The different spaces of power are closed spaces, invited spaces and claimed/created spaces. Different forms/visibility of power are visible power, hidden power, and invisible power. Within co-management/partnership arrangements, there are different forms and levels, spaces of power. Decision-making regarding the model(s) that will be used to settle forestry land claims, specifically, is at a multi-stakeholder (government, forestry stakeholders) national level. The structure of the agreements is at government and private company level. Claimant communities do have input regarding the type of empowerment programmes they would like but they do not have decision-making power at this level. Spaces of power and participation vary as well. Political spaces are institutional channels, socio-political practices, and political discourses where poverty reduction strategies are devised by the poor along with organisations (NGOs or otherwise) that work with them (Gaventa, 2006; Gaventa, 2019; Gaventa, 2020).

The land reform programme, at its core, aims to address past injustices caused by colonial and apartheid regimes that resulted in many rural communities being dispossessed of their land for commercial forestry and agriculture. Poverty alleviation is one of the primary goals of the land reform programme and political spaces are a great avenue for developing poverty reduction strategies. Policy spaces, on the other hand, explore opportunities where policymakers, organisations and citizens come together and identify observable opportunities, interactions and actions that have transformative potential (Gaventa, 2006; Gaventa, 2019; Gaventa, 2020). In this space, the government acts as an implementer. Forestry stakeholders propose a suitable land claim settlement model that is beneficial to both the company as well as the claimant communities. The government then develops mechanisms for the implementation of the model. Decisions made in the spaces discussed in this section occur in closed spaces. However, these decision-making spaces cannot be described as completely closed spaces because multiple stakeholders are afforded the opportunity to participate but final decisions on the settlement model that will be used to settle forestry land claims is ultimately made by the government. Claimants are not given the opportunity to opt for a different settlement model. Power, and its different forms is thus a central theme throughout this section.

Political ecology aims to understand the complexities that exist in human-nature relations and what they mean for access and control of resources (Watts, 2000; Paulson et al., 2003; Otutei, 2014). Natcher et al. (2005) and Svarstad et al. (2018) define power in political ecology as a scholarly approach that analyses the ability of some actors to impact the ideas and practices of other actors. They further state that power often emerges from people, but it is not always attached to them; institutions, norms and practices can shape people's ideas and the way they act without any form of apparent coercion (Svarstad et al. 2018). From a co-management perspective, power is not seen as a starting point, but as a result (Carlsson & Berkes, 2005). They argue that co-management must be understood as an approach to governance, not as a power sharing arrangement (Carlsson & Berkes, 2005). The section below discusses power relations in co-management arrangements from a political ecology perspective.

#### **5.4.3 Power sharing within claimant community entities**

Historically, the governance and interactions of individuals from claimant community entities, such as communal property associations (CPA) and community Trusts have not been investigated to ascertain their impacts on the success(s) or failure(s) of land reform programmes. This section therefore aims to shed some light on the interactions and power sharing between individuals within community Trusts and Board of Directors (BOD). From the Kranskop and Greytown Trusts' and BOD's perspectives, there is relatively equal power sharing within the Trusts and BOD, but the power generally shifts between actors depending on the situation. For instance, Interviewee 1 (2019) from the AmaBomvu community stated that they have experienced challenges with the Trust where the Trust withheld financial support to the BOD. Financially, that would make the Trust the 'stronger' actor and the board the weaker actor. Interviewee 1 (2019) also mentioned that there have been challenges between business managers from their contracting company and the Trust because managers have the power to hire and fire. Business managers thus make decisions in closed spaces and possess hidden power, which is described by Gaventa (2006) and Gaventa (2020) as certain powerful institutions and people having the ability to control who makes decisions. The fact that business managers have the power to employ and dismiss individuals therefore makes them the more influential actor in this instance and that means that the Trust is the less influential actor because it does not have influence over who gets employed. Trustees tend to feel entitled to have influence over who gets opportunities within the community based on their relationship with those individuals and the fact that they cannot "pull strings" for them tends to not sit well with Trustees. Managers and the BOD also have challenges related to the balance of power, for instance, Interviewee 1 (2019) mentioned that they (BOD) have experienced challenges between themselves and business managers regarding decisions made. This shows that power is not always exclusive to certain individuals within community entities.

The aim of having two separate entities (Trust and BOD) that perform two different functions within claimant communities was to minimise the occurrence of conflict and confusion regarding roles and responsibilities of each entity (Makhathini, 2010). The reporting structure is as such: business managers of the community contracting companies report to the board, the board then presents reports to the Trust, there is no interaction between business managers and the Trust. In both claimant communities there are individuals who hold positions in the two entities, which is technically not allowed. For instance, in the Mthembu-Sithole community, the chairperson of the Trust is also the chairperson of the board of their contracting company. In the AmaBomvu community, the deputy chairperson

of the Trust is also the deputy chairperson of the board of their contracting company. The issue of cross-membership is not exclusive to the Greytown and Kranskop communities, the Linwood and Amahobe communities have the same challenge. The issue of cross-membership in the Kranskop, Greytown, Linwood and Amahobe presents major conflict of interest which is challenging. This challenging is because individuals holding positions in both entities tend to want to exert their power and influence over others, their position in the community puts them in powerful positions (i.e., their clan names).

Natcher et al. (2005) describe power as a means by which certain individuals control the behaviour of others. When certain individuals are disproportionately more influential than others it presents a challenge regarding the representation of the entire claimant community's interests. Natcher et al. (2005) further state that co-management arrangements are centred on the premise that they ensure equal representation and participation from individuals involved in co-management/partnership arrangements. However, as we have seen from the text above, there are some individuals within Trusts can be side lined from participating by more influential trustees. Individuals who have positions in both entities therefore possess hidden power as they are able to control factors related to decision-making in community entities. This issue of cross-membership is challenging to the claimant communities because positions of power can be exclusive to certain individuals, while others are marginalised. Power is not static, but people in positions of power can use their influence to push their agenda while they are in powerful positions (i.e., leadership positions within communities). Positions of power can be exclusive to certain individuals for a certain period, but those individuals can be removed from those positions, in which case, power would be transferred to the newly elected individuals.

#### **5.4.4 Power sharing between Mondi and claimants**

In the "partnership" arrangements, Mondi acts as a mentor to the claimant communities as they are inexperienced when it comes to the forestry business. The role that Mondi plays in the partnership therefore makes them the strong actor by default. However, that is not to say that claimants do not possess "weapons of the weak" to resist dominance (Akbulut & Soylu, 2012; Otutei, 2014). Claimants own the land, and in this case, it is quite a powerful weapon and can be used by claimants to increase their negotiation power in the 'partnership'. The company BODs for both claimant communities feel that Mondi uses its position of power to keep their companies from growing. From Interviewee 2's (2019) perspective from the AmaBomvu community, the standards of operation set by, and rates paid by Mondi prevents their companies from growing. Therefore, from their perspective, Mondi wants them to be "small" so that they will continue to depend on them. The view that Mondi wants to keep the claimant-owned contracting company from succeeding is an example of invisible power. This form of power is the conditioning of people's beliefs, views, acceptance of status quo as well as their sense of superiority (Gaventa, 2006; Gaventa, 2019; Gaventa, 2020). The claimants see themselves as 'inferior' to Mondi based on the historical injustices of South Africa. The communities were dispossessed of their land and were made to feel inferior by colonial and apartheid regimes, so this psychological conditioning has been embedded in claimant communities' outlooks on their position in co-management arrangements. The historical context of South Africa (land dispossession) cannot be excluded from this discussion because, as previously mentioned, people in leadership positions are old and were alive when they were dispossessed

of the land. These individuals have preconceived notions about the company and powerful organisations because of the negative experiences they had in the past. The historical economic exclusion of communities in forestry has also shaped the perception that Mondi wants to oppress them financially, which is not the case.

For company-community partnerships to be considered true partnerships, power needs to be shared equally among actors. The Mthembu-Sithole and AmaBomvu communities do not consider themselves equal to Mondi, Interviewee 1 (Greytown, 22 August 2019) from the Mthembu-Sithole community stated that he does not think Mondi views them as an equal partner, mainly because neither community entity (Trust and BOD) is involved in deciding who gets to work on their land or who receives the contract to do community projects. Interviewee 2 (Kranskop, 8 August 2019) from the AmaBomvu community stated that Mondi has contributed to the community's contracting company not growing because they bring 'outsiders' to do business (mainly harvesting) on their land. Decision-making power is therefore slightly limited because the Trust only decides on the project that is to be done for the community. When it comes to the operations and operational standards, Mondi is a strong actor and the BODs of the community contracting companies are aware of that, Interviewee 2 (Kranskop, 8 August 2019) from the AmaBomvu community stated that Mondi is technically good at forestry. As such Mondi makes decisions on 'best-practice' operational standards and requires all contractors working with them (external contractors as well as community contractors) to implement the directives. Decisions related to operational standards are often made in closed spaces, where decisions are made behind closed doors and where the boundaries of inclusion are very narrow. Trustees and board members of community companies therefore feel small as they are not consulted when deciding on the directives that will be implemented by all contractors working with Mondi. Being excluded from such decisions further exacerbates the Trusts' and BOD's notions that they are not seen as true partners and that they are the weak actor in the partnership.

Spaces of participation within partnerships between Mondi and claimant communities are 'invited spaces.' Invited spaces are spaces where beneficiaries are invited to participate by a variety of authorities; in this instance, Trustees are invited by company representatives to discuss issues pertaining to the lease agreement. In such spaces, all parties have a say in what goes in the meeting agenda. Although the spaces of participation are invited, there are individuals who possess hidden power, such individuals are those holding positions of power in both community entities. Patrimony is a characteristic of co-management, and it is visible in such cases. Based on observation, these individuals tend to have more influence than other members within the community entities.

It must be emphasised that power is neither positive nor negative, individuals perceive power differently, others see it as a negative trait in that it can be a tool that can be used to exert control over others (Gaventa, 2006; Gaventa, 2019; Gaventa, 2020). Others see power as capacity and agency that can bring about positive change. An outcome of co-management is effective and efficient decision-making (Plummer & FitzGibbon, 2004b), and in the Amahobe community for instance, the participants stated that trustees from other clans do not often participate in decision-making processes, which results in individuals from one clan making decisions. For example, the trustees made the decision to use the rental income for the business and to assist students with their fees. Therefore, in this instance, power being exclusive to certain individuals yielded positive results for the collective. In spaces of participation between Mondi and trustees, trustees are often given decision-making power, but trustees tend to lack confidence to

take charge of meetings. Because spaces of interaction are created by Mondi, company representatives tend to hold power. Gavanta (2006) and Gaventa (2020) state that actors that create the space tend to have power within. Based on observations during EXCO meetings, Mondi representatives often take charge of the meetings and trustees often look to them for guidance. For instance, Interviewee 1 (2019) from the Mthembu-Sithole community even stated that they do not feel like true/equal partners, and this is evident based on the way they interact with Mondi representatives during meetings.

The flaw with partnership or co-management approaches to natural resource management and land reform is that it partners multi-national corporations (MNC) operating in South Africa with inexperienced rural communities. Mondi's head operations are based in developed countries and when the company makes company-wide decisions on operational standards, all business units (worldwide) need to implement those standards. A challenge faced by claimant communities is that these standards are expensive to implement. The absence of strong government regulation regarding multinational corporations means that these corporations can implement their operational standards in SA which can result in job losses, as seen in the forestry industry. A study conducted by Ramatswana et al. (2021) shows the negative impacts of modernisation in the forestry industry, such as job losses; the study also shows some of the positive impacts of modernisation, such as improvements in ergonomics, and operational safety as well as overall productivity. However, there are costs involved in modernising the forestry industry, and inexperienced community-owned contracting companies have felt the financial pressure, as mentioned by participants from claimant communities. Interviewee 2 (Kranskop, 8 August 2019) from the AmaBomvu community stated: *the main challenge faced by the company is that Mondi introduces new, expensive directives that eat into potential profits*. Community contractors do not have as many resources (financial and otherwise) that Mondi has, so it is challenging for them to implement all safety directives issued by Mondi. Forestry operations have become modernised because the machinery increases productivity and profit (Ramantswana et al., 2021). South Africa is not able to shift from manual to machine labour completely as there is an employment crisis in the country currently. Another challenge that comes with partnering rural/underdeveloped communities with MNCs is that partnership arrangements tend to not be true partnerships as one partner may be more dependent on the other.

Partnering inexperienced claimant communities with very experienced companies inadvertently puts claimants in a weak position/at a disadvantage in the partnership as seen from the discussion above, and this is often unexplored in literature. Mondi acts as a mentor to the Trusts and BODs and while the claimants own and run their businesses, they still depend on Mondi for capacity building and business training, this dynamic has therefore made Mondi the overall strong actor in the "partnerships." Foy & Pitcher (1999), Andrew et al. (2000) and Bennett et al. (2018) discuss the risks associated with company-community partnerships, and the main risk identified was that communities tend to become highly dependent on the private company for knowledge transfer and training. This dynamic makes it slightly more difficult for Trusts and BODs to move from "mentee" to "partner." Another factor that results in Trusts and BODs being stuck as the weak actors is that they do not have assets and resources that are even nearly close to the assets and resources that Mondi has. Interviewee 3 (Kranskop, 8 August 2019) from the AmaBomvu community stated that they are not growing their assets; assets and resources are important power tools for actors to be in positions of

power in partnerships, so, for the claimant community entities to become equal power in the “partnerships,” it is imperative for them to acquire more skills and resources.

#### **5.4.5 Power as empowerment**

Foy & Pitcher (1999) define empowerment as a process whereby individuals or communities benefit through taking effective control and responsibility for decision-making over their assets, such as land for example. Empowerment in company-community partnership arrangements refers to communities become less dependent on the company for their livelihood or have their livelihood exposed to unnecessary risk (Foy & Pitcher, 1999; Andrew et al., 2000). According to Andrew et al. (2000), company-community partnership arrangements are expected to build local decision-making capacities and increase the level of technical skills within communities. Partnership arrangements between Mondi and claimant communities established through the SALB provide empowerment programmes for claimants. Programmes such as the bursary scheme are tools for empowering indirect beneficiaries (descendants of direct beneficiaries).

Empowerment has been historically linked to power; however, researchers have since separated the two (Gaventa, 2020). “For many concerned with challenging and confronting power, especially its more structural forms, empowerment has now come to be a word to be avoided, as it often now focuses on individual fulfilment” (Gaventa, 2020, pp. 2). Such is often the case in Mondi-claimant community partnership arrangements because only a few individuals (trustees and directors) receive training/capacity building. Although leadership changes, the skills developed by trustees and directors are not easily transferable, so, former trustees return to their daily lives with skills acquired during their tenure in leadership positions, and it is unclear whether they use those skills elsewhere. This is another issue that is not explored in literature or clearly defined in the lease agreements. Co-management and institutional arrangements between organisations and communities, such as the sale and leaseback aim to capacitate and empower marginalised groups (Plummer & FitzGibbon, 2004a). Claimant communities receive multiple benefits from the sale and leaseback model including rent and stumpage, a bursary scheme, enterprise development and other administrative assistance the Trusts and/or BODs may require. The main objectives of these benefits are to capacitate and empower claimant communities so that they will not become overly dependent on Mondi for their needs. Another objective is to strengthen decision-making capabilities of claimants (Plummer & FitzGibbon 2004a; Plummer & FitzGibbon, 2004b; Ming’ate, 2016).

An outcome of co-management and empowerment is effective and efficient decision making (Plummer & FitzGibbon, 2004a). Trustees have all the decision-making power on what the rent and stumpage money will be used for, Mondi does not have any influence over what the Trusts do with the rent and stumpage money. Trustees are empowered to make decisions on how to govern their entities, for instance, trustees make decisions on what to do with the benefits they receive, but they do not have decision-making power on *which* benefits they will receive. A study done by Tshidzumba et al. (2018) discovered that the claimants would like to participate in decision making regarding the type of benefits they would receive from the partnership arrangement. It is unclear whether claimants participated in the initial phases of decision making regarding the settlement arrangements that they were offered in the beginning of the negotiation process (prior to land claim settlement) or whether there was a lack of understanding from the claimants regarding exactly what the SALB model had to offer them. The latter seems to be the case as seen in chapter four

where Interviewee 1 (Greytown, 22 August 2019) from the Mthembu-Sithole community stated that they were not completely sure about what they were getting themselves into when they signed deals with the company. Mondi representatives acknowledge their position of power in the partnership arrangements, but they do not intentionally use their influence to make decisions for Trusts and BODs. The company respects the decisions made by the community entities. The communities do not often see that, as interviewee 12 (Pietermaritzburg, 7 April 2021) from Mondi stated, Mondi adheres to stipulations in the lease agreements, the challenge is that it may not always be received in a positive manner.

The balance of power is not always in equilibrium in the partnership arrangements, and this is mainly because of the positions of the actors in the arrangement. Robbins (2012), Otutei (2014), and Peluso & Ribot (2020) state the importance of conflict management in unequal power relations. Although Trusts and BODs have some power, the fact that they depend on Mondi for some of their needs puts them in a less powerful position which can cause conflict between the two actors. When one actor is dependent on the other for capacity building and empowerment in a partnership arrangement does not make the partners equal since one actor will almost always have power over the other. Invisible power has conditioned claimants from the AmaBomvu and Mthembu-Sithole communities to view themselves as inferior. The indoctrination of claimants as needing to be 'saved' from poverty has resulted in claimants being dependent on Mondi for benefits and basic services. Foy and Pitcher (1999) identified this risk based on their research on partnership arrangements in the forestry sector. Bennet et al. (2018) assert that there is potential for communities to become overly dependent on the company they are partnered with because the company provides all the training and has control over important information such as national and global prices, and interest rates. It is unclear whether the communities would be able to successfully manage their organisations if Mondi were to be removed from the picture because there is no assessment tool to measure the level of skills and knowledge acquired by trustees and directors and there is no sure way to know whether these skills are adequate for them to efficiently manage forestry operations on their land once the lease period ends.

### **5.5 Patterns of forest use and control as shaped by structures of governance**

In co-management arrangements, resource use and control are restricted through governance, power, norms, and institutions (Otutei, 2014). Most company-community partnership arrangements do not always reflect the interests of every actor/stakeholder involved (Otutei, 2014). The terms 'actor' and 'stakeholder' will be used interchangeably in this section. Each stakeholder has a particular benefit they derive from the partnership and from the forest, these can be material or immaterial benefits. The main benefit of co-management arrangements for Mondi is continued access to the land and forest for timber (Makhathini, 2010; Chamberlain, 2017). The sustainability of the company relies on the continued supply of timber, so for the company, the objective for entering partnership arrangements with claimant communities is to make profit and ensure sustainability of operations in the claimed areas. The company will therefore use and manage the forest in a way that maximises its benefit. The company representatives that participated in the study expressed that Mondi is not that interested in land ownership, just access to the forest. But they acknowledge that reduction of landholdings through land reform means that the company could potentially have many lease agreements should they continue with the SALB settlement model, which is not desirable in the long run. A benefit

of strategic partnership arrangements for private companies mentioned by Nawir et al. (2003) and Chamberlain (2017) is that companies minimise social risk through negotiation and conflict resolution on claimed land in plantation areas. Such is the case for Mondi because, establishing good working relationships with claimants means that the company reduces risks of arson on plantations established on claimed land. A long-term benefit of partnership arrangements for Mondi is the potential for secure future timber supply (Foy & Pitcher, 1999; Nawir et al., 2003) - which is the main objective for the company.

Rural communities have been historically excluded from economic participation in the forest and, company-community partnership arrangements allow these communities to participate and benefit from the forest. Davis and Chamberlain (2017) state that the primary objective of company-community collaborative arrangements between private companies and claimant communities is to develop claimant communities into commercial farmers. The main reason why claimant communities, specifically enter strategic partnerships with private companies is to obtain access to land and to profit off the land. That being said, there are many beneficiaries with various interests within claimant communities, for instance, some wish to create livelihoods from the land and forest while others want to build houses on the land (Mayers & Vermeulen, 2002; Tshidzumba et al., 2018). So, it is often unclear as to whose interests are being met in company-community partnerships. An opportunity created through company-community partnerships that is important for claimants is the ability to participate in and make money from the forest as they had been historically marginalised and excluded from the forest. Determining the interests of stakeholders is therefore important for creating collaborative arrangements that create specific desired outcomes of each stakeholder.

### **5.5.1 Claimants as forest user groups**

Through company-community partnership arrangements, claimant communities can establish their own contracting companies and be active participants in the forest instead of being in the economic periphery. Claimants have access to their land through contracting work, community-owned contracting companies provide benefits for the whole community, not just beneficiaries because non-beneficiary community members reside with beneficiaries because of being scattered post-dispossession. The interests of board members and trustees determine the decisions made. For example, the trustees from Amahobe prioritise community development, so the decisions made on how to spend CSI funds and rental income are determined by these interests. Benefits from the forest are not only limited to claimants, for instance, the creche built for the Amahobe claimants benefits all the children living in the community, not just the claimants. While employment opportunities created through the contracting company target beneficiaries, non-beneficiaries benefit as well because employment in these contracting companies is not limited to beneficiaries. Benefits from land reform projects tend to trickle down to non-beneficiaries as well because beneficiaries were scattered when they were displaced from their land (Chamberlain, 2017). The SALB is structured in a manner that enables Mondi to retain ownership and management of trees. Communities have ownership of the land through the title deed; however, Mondi still retains management of the land while claimants are capacitated on appropriate management strategies (Makhathini, 2010; Mamba, 2013; Chamberlain, 2017; Tshidzumba et al., 2018). Determining the interests of claimants is important in developing management strategies that create outcomes that suit the interests of claimants.

### **5.5.2 Economic marginalisation of non-claimant community members in the forest**

Neighbouring communities are given access to forest resources such as firewood and they are permitted (by Mondi) to access the land for grazing purposes as such, they are considered forest users as well. The maps in chapter 3 show that plantations are situated in rural communities where opportunities are scarce and service delivery is minimal at best, non-beneficiaries within claimant communities can feel marginalised because they have limited access and use of forest resources. The situation is further exacerbated by modernisation in the forestry industry. People who once had employment in the forest lost jobs because silviculture and harvesting machines have been modernised and can do the job that once required many people to complete. People need employment opportunities and based on the responses Trusts and board members from claimant communities, the opportunities provided by the contracting company are just not enough to cater for all unemployed people in the community. As a mitigation strategy, communities that reside near the plantations are permitted to access the forest and install catch boxes to catch bees for honey so that they can make money from selling it. Based on my time with the company; the company has given great importance to working with neighbouring communities to develop sustainable livelihood strategies to mitigate the impact of unemployment rate in the communities. Plantations have many interest and user groups that use and benefit from the plantations, therefore, accounting for their needs can create arrangements that maximise these benefits.

### **5.6 From company-community partnerships to multi-stakeholder collaborations**

Company-community partnerships are acclaimed for introducing historically marginalised communities into mainstream economic activities they had been previously excluded from (Mayers & Vermeulen, 2002; Vermeulen et al., 2008). These arrangements have the potential to empower communities and provide real economic development to individuals residing in rural communities. The participants of the study were asked if they felt that the partnerships between Mondi and claimant communities were 'true' partnerships and the respondents stated that they did not view the partnerships as true partnerships. The respondents from Mondi stated that the partnerships between the company and claimant communities are not "true" partnerships, from their perspective. Interviewee 11 (Greytown, 28 April 2021) from Mondi stated: *unfortunately, not claimant communities have high expectations, and they have poor understanding of the business, thus limiting their opportunity to expand their businesses*. Interviewee 13 (Greytown, 23 September 2021) from Mondi stated: *my view is that it is very one sided and there is more expectation on Mondi and less on the community*. The reason for this assertion is that the Trusts and boards still lack technical knowledge of the forestry industry and business acumen. As such, they need intensive training on forestry and business management, and Mondi is responsible for providing the trainings. So, when one partner is responsible for capacitating the other, the partnership becomes uneven.

Foy & Pitcher (1999) state that successful partnerships are underpinned by a clear understanding of risk and benefit, roles, and responsibilities, and are participatory in nature. They further state that successful partnerships balance risk avoidance, decision-making power, and benefit distribution, successful partnerships also avoid maximising just one aspect/benefit (e.g., employment opportunities). The determining factors of successful partnerships stated by Foy & Pitcher (1999) above are seen- to some extent- in partnership arrangements between Mondi and claimant communities.

However, these factors are simplistic when examined in a practical sense. For example, claimants are unintentionally the marginal party in the partnership arrangements because they lack fundamental business skills and knowledge required to successfully manage a forestry company. Some board members are fully aware of their roles and responsibilities, while others are unclear on what is expected of them. For instance, Interviewee 8 (Hilton, 12 September 2019) from the Linwood community stated: *I personally expected that we would be capacitated on the actual running of the BOD and that we would have focus sessions on the roles and responsibilities of each board member.* So, the lack of business acumen from some board members does not necessarily mean that the partnership arrangements are not successful. It means that trustees and board members still require more capacitation before the arrangements that exist between claimants and Mondi can be considered true partnerships.

Co-management arrangements offer learning experiences for companies, communities, and the government (Plummer & FitzGibbon, 2004a). However, forestry industry stakeholders and government still cannot get partnership arrangements right (Vermeulen et al., 2008). The main benefit/incentive of company-community partnerships for communities is risk-sharing, but risk is rarely shared between the “partners.” In outgrower schemes for instance, market risk is often placed on communities when timber mills shut down for sales when the price of timber increases (Vermeulen et al., 2008). Companies minimise market risk through insurance and maintaining a wide base of outgrowers, but communities are unable to minimise risk on their own. With the way partnership arrangements between Mondi and claimants are structured, communities bear the financial risk of their contracting companies. But the communities in Richmond share risk because they formed a joint venture with an independent silviculture contractor.

Communities are often marginalised, at varying degrees in company-community collaborations. The review also showed that because community leases have empowerment clauses it results in communities feeling like junior partners as they receive social benefits from the company. When setting up lease/collaborative agreements, the interests on communities (growth and profitability) need to be considered. The findings from the review further highlight the need for communities need to improve their bargaining power to achieve equal deals. Communities need to be able to negotiate effectively not only with private companies, but also with other third-party agencies such as NGOs, local government, and credit agencies (Nawir & Gumartini, 2003; Vermeulen et al., 2008; Dura et al., 2021). If communities acquire negotiation skills, they be able to adjust/amend the terms of their lease agreements with Mondi as they would also have influence over relevant policy processes. Co-management/collaborative arrangements between communities and private companies should therefore focus on capacitating communities on improving their bargaining power to put them in better positions in their partnerships. Partnership arrangements between Mondi and the four claimant communities in the study have not been true partnerships because there is an imbalance of power between the companies and communities and, until the balance of power is addressed and prioritised, partnership arrangements will never be true for the communities.

The term ‘partnership’ implies that both parties contribute somewhat equally to the partnership. In partnership arrangements between Mondi and claimant communities, the claimant communities contribute land in the partnership and Mondi contributes resources. Essentially, claimant communities are landlords who work with and are mentored

by their tenants. Mondi and claimant communities have various relationships: (a) leaser/lessee relationship, (b) a business-contractor (Mentor-mentee) relationship and (c) an empowerment-centred relationship. These various types of relationships can have an impact on power dynamics between the “partners.” The main issue with company-community partnership arrangements is with the term ‘partnership’ itself; it is important to redefine what it means or coin a new term for the collaborative arrangements between companies and communities in natural resource management. Decentralising power sharing is imperative in creating equitable partnerships between stakeholders (Carlsson & Berkes, 2005; Khan, 2013; Benjaminsen & Svarstad, 2018; Svarstad et al., 2018). The unequal balance of power between Mondi and claimants displays clear inequality between the two actors, proving that company-community ‘partnership’ arrangements are not true partnerships. In these arrangements, claimants are less knowledgeable about the forestry industry, and are therefore forced to rely on Mondi for empowerment and capacitation. Therefore, the term ‘company-community partnerships’ is inaccurate, company-community collaborative arrangements would be a better term to describe the working relationship between claimant communities and Mondi.

## **5.7 Conclusion**

The shift from territorial-centered to flow-centered approaches to forestry and land governance globally means that organisations in the forestry industry had to adjust their management practices. Mondi has incorporated management practices that are in line with flow-centered forestry and land governance practices. Flow-centred management practices promote private-public partnerships which are an example of the partnership arrangements that exist between Mondi and claimant communities. Land reform has been a driver in the shift in the governance of land and forests to be more inclusive of other interest groups, such as neighbouring and claimant communities. Stakeholders’ interests are represented in partnership arrangements to some extent, as the interests of beneficiaries (who are not trustees) are still unknown. The assumption is that Trusts represent the interests of all beneficiaries but one cannot conclude that that is indeed a fact. As seen from the discussion above, power shifts from one party to the other depending on the situation. Although power can shift from one party to the next, it is clear that Mondi is the strong actor in these partnership arrangements. Communities therefore find it difficult to see themselves as equals to the company, another reason is that they are still relatively new to the forestry industry and depend on the company for skills and knowledge transfer. Forests have multiple user-groups with multiple interests and aspirations that are not always reflected, but the Trust and BOD structures make it relatively easier for claimant communities to communicate their interests. The partnership arrangements in forestry through the SALB have, to some extent, brought previously marginalised communities into the industry and provided opportunities for claimant communities to participate and benefit from their land.

## **CHAPTER 6: CONCLUSION**

### **6.1 Introduction**

This chapter reflects and highlights important themes and discussions from previous chapters and presents recommendations for future settlement models as well as future studies on the topic of institutional arrangements in natural resource management. The land reform programme is one of the most important programmes in South Africa used to address past injustices of the colonial and apartheid regimes. The programme has been updated and adjusted since its inception, but the objective of the programme has remained unchanged. The goal of the land reform programme has always been to address the injustices suffered by Black people and to promote economic development through land ownership. Various sectors in the agriculture and mining industries have had experiences with land claims. These industries have their own methods and models to settle land claims, and these were discussed in extensive detail in chapter two. The study focused on land reform in the forestry industry, with a focus on Mondi's sale and leaseback land claim settlement model. The SALB was implemented over 10 years ago with the Amahlongwa and AmaBomvu communities. The two communities were the pilot projects for this model, hence the selection of the AmaBomvu community for this study. The Mthembu-Sithole community was the second community from the Greytown/Kranskop business unit to enter a partnership arrangement with Mondi. The Linwood and Amahobe communities were two of the seven (7) claims settled in 2012. These two communities were selected for the study because of their unique contracting company arrangement. The chapter provides a summary and concluding remarks from chapters 1-5. The chapter also details lessons that Mondi representatives have learned from working with claimant communities as well as some recommendations for future settlement or partnership arrangements. The chapter concludes by evaluating the research goals and objectives and limitations of the study and provides recommendations based on the limitations discussed.

### **6.2 The impact of SALB on forestry management**

The introductory chapter of the study provided context and some background information of the project and the sale and leaseback model. The project aimed to review and analyse the sale and leaseback model used by Mondi to settle land claims. The model encompasses some components of social forestry, which focuses on benefits communities can get from the forest as well as the promotion of community development. The model also incorporates elements of company-community partnerships in that it creates partnership arrangements between Mondi and claimant communities. Although Mondi is a powerhouse in the forestry industry, both nationally and internationally, it has adapted its operations to be more socially conscious. The management of plantations on Mondi-owned land is not too different from the management of plantations on community-owned land.

Land reform has been a main driver in transforming the way the commercial agriculture sector operates (Dlomo & Pitcher, 2003; Rugage, 2004; Clarke, 2006; Kgobe & Makalela, 2019). Land reform has presented commercial farmers and forestry companies with opportunities to work with claimant communities through skills transfer and partnership arrangements (Mayers, 2000; Vermeulen et al., 2008). As stated above, Mondi settles land claims through the sale and leaseback model where the company retains full ownership and management of forest plantations, but the land

ownership is transferred to claimant communities. This arrangement therefore creates partnerships between Mondi and the claimants. In this arrangement, communities can establish their own contracting companies that start off doing silviculture-related activities (Makhathini, 2010; Chamberlain, 2017). Mondi mentors the claimants and transfers knowledge and skills required by communities to manage successful contracting companies (Makhathini, 2010). According to respondents from Mondi, the SALB model did not bring about major changes in the operations of the business, the major changes have been reduced landholding, and with that comes lease more agreements and dealing with claimants as landlords. Another notable change has been the incorporation of claimants as community-based contractors and navigating that aspect of the partnership. Because the lease agreements are still in the first rotation, there have not been major changes in management of land and forests as Mondi still retains management of the two entities. It will be interesting to investigate the shift in management when claimants start to take over management of land and trees (planted in each respective community).

### **6.3 Company-community collaborations in forestry**

The literature review provided a review of literature that supports the researcher's position and gave a direction that the study would be taking. The literature reviewed were mainly on company-community partnership arrangements, why these types of arrangements were established and why they are seen as good options for community arrangements. Company-community collaborations are seen as key drivers for economic development in rural communities (Mayers, 2000; Ojwang, 2000; Nawir et al., 2003; Vermeulen et al., 2008). These partnership arrangements give forest communities opportunities to participate in forestry activities and benefit financially from the forest as they were previously excluded from economic activity in the forest (Foy & Pitcher 1999; Andrew et al., 2000; Mayers, 2000; Tshidzumba et al., 2018). Company-community partnership arrangements stem from social forestry and are therefore formal arrangements of a way social forestry can be incorporated along with land reform programmes.

There are various models available globally that can be used by forestry companies to incorporate social forestry. Models such as the sale and leaseback model, outgrowers scheme and joint ventures were discussed in chapter 2. All these models have their advantages and disadvantages for parties involved (claimants and companies). The model selected to settle land claims is chosen based on its desirability for communities and claimants. These models have elements of co-management approaches to natural resource management. Co-management and social forestry contain similar elements, the difference between the two is that co-management is a conceptual framework used to manage natural resources and social forestry is exclusive to forestry and does not incorporate the management of forestry resources, it generally focuses on the benefits that communities can get from the forest as well as developing "forest communities" (Roberts & Fing, 2010; Lata & Rashid, 2020). Land claim settlement models incorporate the two concepts, the main aim of these models is to promote empowerment and development within claimant communities through the co-management of natural resources- in this case, land, and forest plantations.

The research investigated the sale and leaseback model (co-management arrangement) from a political ecology perspective. The elements analysed were power dynamics, representation, empowerment. From a political ecology perspective, we can see the political relationship that exists between Mondi and the claimants. The political/power

dynamics give insight as to which party has the most influence in the partnership and what that means for the partnership. In chapter 4 we saw that participants from Mondi do not feel that the partnership arrangements between the company and communities are equal. Another participant stated that the working relationship between Mondi and claimants is strained because communities tend to expect Mondi to provide services that should be provided local government, i.e., municipalities. These expectations create a “dependency syndrome” that results in the partnerships being unequal. Foy & Pitcher (1999) identified the “dependency syndrome” as a potential drawback of institutional partnership arrangements, and it is quite evident in the partnership arrangements between Mondi and the four claimant communities in this study. The power dynamics between Mondi and claimant communities will unlikely be in balance because claimant communities are still reliant on Mondi for training through the capacity building component of the SALB, and development through enterprise development and CSI.

#### **6.4 The impact of the SALB on Mondi and claimant communities**

What we saw in the study is that Trusts acknowledge the benefits of the sale and leaseback model (CSI, rent and stumpage, bursary scheme, employment opportunities, capacity building, and enterprise development.) but they are unsatisfied with the manner in which the model was implemented. For instance, a participant from the Mthembu-Sithole community stated that they are not happy with the rental income they receive annually. The participant further stated that there was an issue with one of the CSI projects implemented in the community. The Mthembu-Sithole claimants also have a case against the DRDLR regarding grants they were supposed to receive from the government. A participant from the AmaBomvu community stated the SALB is good on paper, they are not happy with the progress of development in the community. The main issue that the participants from the claimant communities had with the way the model was implemented is the time it takes for them to grow from silviculture activities to harvesting and transport activities.

A recurring theme we see from the Trusts’ and BOD’s responses is that there is a lack of understanding of the sale and leaseback model itself, the company’s role in the partnership, the community’s role in the partnership as well as the benefits that the claimants are meant to receive from the partnership. The Trusts and Board members stated that they do receive intended benefits from the model, but it is a matter of wanting more from the partnership. The company representatives have found it challenging to work with claimants because of the dependency that claimants have on the company. Andrew et al. (2000), Mayers, (2000), and Mayers & Vermeulen (2002), stated that dependency would be a challenge in company-community partnership arrangements. What the aforementioned authors meant by ‘dependency’ was that there was potential for communities to be dependent on commercial forestry companies they were partnered with, thus leaving the communities vulnerable to exploitation. Another challenge identified by Mondi representatives was that the claimants have high expectations from the company that have seemingly not been met, thus causing some conflict. The lack of forestry expertise was a foreseen challenge by the company representatives, but the lack of willingness to learn was an unforeseen challenge. A paper by Andrew et al. (2000) states that the lack of business acumen within claimant communities had the potential to create a dependency within communities, where communities would be reliant on the private partner for business training. Based on the responses from Mondi representatives, it seems as if some trustees and board members are only interested in reaping benefits from the

partnership but are unwilling to work and learn about the forestry business, thus making it difficult to transfer skills and knowledge.

The trustees and board members from claimant communities had their perspectives of the partnership arrangements and the SALB as well. The trustees and board members do not consider their partnership with Mondi as a true partnership because they do not have as many resources as the company. Another reason why they may not feel as if they are equal partners with the company that was identified by the model review is because their lease agreements have empowerment clauses. Unlike other contractors that work with Mondi, Mondi is contractually obligated to empower claimant communities through capacity building and enterprise development. It can be difficult for claimants to see themselves as true partners when they are dependent on the company for capacity building, skills transfer, and empowerment. The board members have received business management training, but according to the responses from Mondi representatives, it is seemingly not enough because they still do not believe that the board members are ready to take over the business and run it on their own. The benefits from the SALB have had a positive impact in claimant communities, for instance, the CSI component of the SALB has allowed the claimant communities in this study to build extra classrooms in local schools, a creche was built, a science lab was built in a local school, and an office was renovated in one of the communities.

## **6.5 Characterising co-management arrangements through political ecology**

Power cannot be excluded when discussing working relationships between parties in partnerships. Power dynamics between stakeholders/actors vary and are not static. As seen from the results, Mondi is the more powerful actor in these relationships because the company has more resources and knowledge and because of the role the company plays in the partnership. The fact that communities rely on Mondi for ‘capacitation’ makes them the ‘weaker’ actor. Trusts are empowered to make decisions on their own when it comes to projects that will benefit the communities. Power dynamics between the Trust and BOD were also investigated and the results show that, although the two entities are supposed to work parallel to each other, there are members who hold positions in both entities thus creating conflict of interest. Individuals that have positions in both entities tend to be more influential and their interests are served more than others. Finances have caused challenges for the AmaBomvu community where the BOD needed a loan from the Trust for the business, but the Trust withheld the financial support, demonstrating that the Trust is often the stronger actor financially.

The power dynamics between Mondi and claimants raised a question of the appropriateness of the term “company-community partnership” when describing business relationships between claimants and companies. The fact that claimants are under-resourced and require a lot of training regarding business management and the forestry business means that they are not equal to the company they are partnered with. A challenge with the term partnership in this instance is that communities have their own companies, and their profits are not affiliated with Mondi operations in any manner. Land and trees are currently under Mondi management so, the co-management aspect of the contract has not come into effect. The partnership aspect of the arrangements between Mondi and claimants will come into effect once Trusts assume management of land and trees. Once this stage of the contract is reached, the power dynamics

between Mondi and Trusts will most likely change and it will be interesting to research how the co-management of land and trees has affected the working relationship between Mondi and Trusts. Because board members are solely responsible for the contracting company, the working relationship between Mondi and board members may not change significantly once claimant communities take over the management of land and trees. The working relationship between Mondi and board members would be changed if Trusts were to decide to absolve the “partnership” with Mondi. In such instances, new deals would likely be negotiated, thus changing the working relationship.

Representation is important in co-management/partnership arrangements as communities have been historically excluded from participating in forestry activities. Representation can be in the form of having diversity in gender, age, and clan since there are different demographics in claimant communities (Plummer & FitzGibbon, 2004b; Borrini-Feyeraned et al., 2007; Plummer & Fennell, 2007). The different demographics should therefore be reflected in community entities. Such has not been the case in the Mthembu-Sithole, AmaBomvu and Amahobe communities. Although women are represented in leadership positions, men still dominate these spaces, and it is often older men who hold powerful positions in trusts and BODs. The youth are underrepresented in community entities, except for the Linwood and Amahobe communities. According to the participants from these community Trusts, the youth are encouraged to participate, there is however, a lack of interest and enthusiasm from the youth in the Amahobe community. There are youth that are part of the community Trust in these two communities (Linwood and Amahobe). Representation from different clans is still a challenge in the three communities in the study, except for the Linwood community.

Empowerment is one of the main goals of land reform and the sale and leaseback model so investigating the extent to which claimant communities are empowered was important. Trustees and board members are empowered to make decisions for their entities, and they are trained on how to run their entities efficiently. As seen from the previous two chapters, the claimants expressed that they had certain expectations from the trainings, but the overall reception of the training has been positive. Trustees and board members stated that they have acquired new skills which contributes to confidence in making their own decisions. The partnership between Mondi and the Mthembu-Sithole and AmaBomvu communities has created a dependency syndrome in that communities now depend on Mondi for most of the communities’ basic services, which should be provided by the local government. We see nuances of invisible power, on the part of claimant communities, where they feel inferior because they were never regarded as economic players in forestry prior to the land claims. Another factor to note is that claimants have an inferiority complex because of the lack of business acumen and the fact that they rely on Mondi for most of their capacitation.

The absence of government (DRDLR) in the partnership arrangements between Mondi and communities creates a dependency in communities. Post-settlement support from DRDLR has been lacking, for instance, communities have not received any financial assistance from the department even though there is a budget for post-settlement support (Davis & Chamberlain, 2017). The financial support would have assisted claimant communities to establish their contracting companies, instead, claimants had to seek loans to finance their contracting companies. Since claimant communities are in rural communities where service delivery is lacking, the claimants from Mthembu-Sithole and AmaBomvu have viewed the partnership as a mechanism for development. This has resulted in high expectations

from the claimants and, as seen from the results, their expectations have not been met. The claimants have been empowered to make decisions for their organisations, but they have not been empowered to create opportunities that will enable them to be financially independent. The Amahobe and Linwood communities on the other hand, have been empowered to create opportunities to generate income from businesses that are not related to forestry. The SALB has given these communities opportunities to pursue alternative means to create employment and development for their respective communities. There is clearly much work that needs to be done, but the willingness of individuals in leadership positions to work shows that these communities are headed in the right direction.

## **6.6 Evaluation of aims and objectives**

The aim of the study was to analyse the sale and leaseback model to determine whether it was working or not. The objectives of the project were to ascertain the perceptions, expectations and understanding of the model; to determine the extent to which the SALB was fulfilling its objectives for stakeholders; to determine factors/elements of the SALB that worked; and to examine the extent of benefit-sharing in claimant communities. The aim of study was met, based on the results presented in chapter 4, we can see that there is a consensus that the SALB is a good model on paper but the manner in which it was implemented is not working for claimants and the company. The factors contributing to the failure of the model are summarised in the sections below, factors that were successful/worked are also summarised below. One of the objectives of the study was to determine the claimants' perceptions and understanding of the SALB and the results presented in chapter 4 show that the claimants perceive the SALB as a vehicle for development, but they lacked a clear understanding of what the model could do for their communities. The claimants have high expectations from the model and the company. These expectations could have been exacerbated by the lack of clear understanding of the exact benefits they would receive from the partnership arrangement with Mondi. This objective was not fully met because the perceptions and expectations of beneficiaries were not determined because COVID-19 restrictions did not allow for in-person interviews. The perceptions and expectations discussed in the previous two chapters (chapters 4 and 5) are those of trustees and board members and, even though they represent the interests of beneficiaries, one cannot assume that they are in fact representing the interests of beneficiaries and not their own.

Another objective was to determine whether the model was fulfilling its objectives for stakeholders (secure timber supply for Mondi and capacity building and participation in forestry for claimants). The model has created overall good working relationships between Mondi and claimants, to an extent where communities stated that they would be willing to continue to have a working relationship with the company- under a different model. One can therefore conclude that Mondi will continue to have a secure timber supply in claimant areas. The trustees stated that they were capacitated, and they have developed new skills because of the capacity building component of the model. The claimants were able to establish contracting companies through the enterprise development component of the model and are now directly participating in forestry activities. There are challenges with the contracting companies in the Mthembu-Sithole, AmaBomvu, Linwood and Amahobe communities, but their companies are still functioning and operating at a profit. Benefit-sharing is an important component of the SALB and, as seen from the results in chapter 4, the trustees stated that benefits are shared equally among beneficiaries. Benefits from the SALB even trickle down

to non-beneficiary members in the communities (creches built through CSI, additional classrooms and computer lab built in local schools). Non-beneficiaries are also employed in the claimant community contracting companies.

## **6.7 Lessons learned by Mondi**

The representatives from Mondi have worked with claimant communities for over a decade and have used the SALB model to settle land claims on their land, so they have more experience with the model and more insight on working with claimants. Below are some of the lessons they have learned through the years of working with claimant communities:

- Intense business training for communities is needed before settlement of land claim.
- Small claimant communities should be treated as such, there should not be high financial expectations on these companies as they are still developing.
- The sale and leaseback model created high expectations from claimant communities. These expectations are unrealistic, and Mondi is seen as a “big” brother with all the financial back up.
- Current development programmes are ambiguous, therefore, clear, and realistic development programmes for claimant communities/contractors need to be developed, always managed, and adhered to.
- When the community Trust is not strong or well-managed, different members’ expectations and interests come to the fore, which negatively affects the working relationship between the company and claimants.

## **6.8 What worked for Mondi and claimant communities**

Having investigated the SALB model and worked with communities, albeit for a limited amount of time, the researcher was able to identify some elements of the SALB that worked and some that did not work for the claimants and the company. The elements that worked/did not work are listed below:

- The empowerment clauses/benefits (CSI, bursary, capacity building, enterprise development).
- Establishment and maintenance of good working relationships with claimants through open communication channels.
- The flexibility of the model, specifically, the flexibility of structure of the contracting company, i.e., to allow for the establishment of the joint venture arrangement between the Linwood, Mkhuzane and Amahobe (Limkhobe) and SIBSA.

## **6.9 What did not work for Mondi and claimant communities**

- Structure of contracting company- lack of assessment tool for the claimant contracting companies.
- Ambiguity of the development programme- expectations and deliverables are unclear.
- Too much focus on the CSI component of the model resulted in communities becoming dependent on the company for service delivery and overall community development.
- Unclear expectations on the claimants. Claimants view the partnership as mechanism for beneficiation and not as a tool in place for them to create opportunities, thus the high expectations from claimants.

## 6.10 Recommendations: collaborations beyond SALB

The SALB model is being phased out as a land claim settlement model. The SALB is a good empowerment model that provides claimant communities with various opportunities to create employment through the enterprise development of the model. Since the SALB is being phased out, forestry stakeholders are now exploring new land claim settlement models that have the potential to work well for forestry companies and claimant communities. Some recommendations on components that should be included in new land claim settlement models based on the study and having worked with claimant communities:

- Certain criteria (business training and basic forestry knowledge) need to be met by claimants (through the aid of government) prior to land claim settlement.
- More involvement from government beyond settling land claims, i.e., capacity building, and grants for business establishment.
- Do away with lease agreements and establish co-management arrangements of land and trees. In such arrangements, Trustees and board members would receive accredited training and will be assessed on their knowledge.
- Establish joint ventures in claimant communities that are in close proximity. Arrangements such as the Limkhobe joint venture allows claimant communities to share risk and benefit as well as to learn from each other. The joint venture allows the communities to work on land outside of their own and expand their operations. The main benefit for the company here is that joint ventures between communities consolidates the number of individual contractors the company would have to work with.
- Keep the contracting company but change the structure of the contract. There should be no ambiguity regarding the progression of the claimants from one activity to the next (silviculture→harvesting→transportation). Developing an assessment tool that is communicated to communities will aid in tracking the contracting companies' growth and determining what the board members and business managers require to progress to the next stage in the contract.
- There should be adjustments made to the length of time served by trustees. Trustees should be afforded the opportunity to lead for more than five years. Elections should still be held every five years, but beneficiaries should have the option of voting for the same individuals more than once, especially if they were doing a good job. Allowing trustees to serve more than one term reduces the challenge of losing institutional knowledge when new trustees are elected and, it gives the trustees an opportunity to complete projects they had been working on.
- The model should be business-centred; the main objective of settling land claims should not be to return land ownership to communities, it should be to establish successful businesses that will be beneficial to communities in the long run. Creating employment opportunities through land reform is essential for rural development as these communities are marginalised and in the economic periphery, land reform should therefore be the driver of business development and employment creating in claimant communities.
- Do away with partnership arrangements because communities fall into the trap of depending on the companies they are partnered with for their development as well as service delivery. Communities then expect more from

the company and when the expectations are not met, it affects the working relationship between the company and claimants. The relationship that should exist between companies and communities should be a business relationship.

## **6.11 Limitations of study and recommendations for future research**

The research is qualitative in nature, so the objective of the study was to investigate individuals' perceptions and expectations of the SALB model to determine the factors/elements of the model that worked well for both the claimants and Mondi. Data collection was scheduled for the year 2020 and the COVID-19 pandemic hit, so the country had to go under strict lockdown which restricted human contact. The University adhered to the restrictions and implemented its own restrictions to protect students(researchers) and study subjects. The research had to change direction to accommodate the COVID-19 restrictions. The scheduled data collection was cancelled and alternative methods to collect data were employed. Below are the main limitations of the study and recommendations for future research.

### **6.11.1 Limitations of the study**

This section presents some of the challenges and limitations encountered during the data collection process for this study. The main challenges encountered were:

- COVID-19 restrictions prevented in-person interviews, therefore the perceptions of all the Trustees and beneficiaries in the claimant communities selected for the were not ascertained.
- COVID-19 restrictions also prevented the researcher from conducting in-person interviews with Mondi representatives. In lieu of in-person interviews, questionnaires were sent out to eight of Mondi representatives but only three responses were received.
- The governance of community Trusts was not explored because of reasons provided above.
- The sample size was small for the research, for instance, claimant communities have multiple beneficiaries whose perspectives and experiences were not ascertained due to financial constraints.

### **6.11.2 Recommendations for future research**

In the section above, challenges and limitations of the study were presented, this section therefore presents recommendations for future research based on the challenges presented above. Some recommendations are:

- Investigate perceptions of previous and current trustees as well as the perceptions (of SALB, working relationship between themselves and Mondi) of beneficiaries as they are often excluded from such studies.
- Investigate governance of claimant community entities (Trusts and BODs).
- Develop alternative avenues to obtain information from participants in instances where COVID-19 restrictions prevent in-person interviews.

## **6.12 Conclusion**

The aim of the project was to investigate the legitimacy of partnerships in the management of natural resources through exploring the sale and leaseback model used by Mondi to settle land claims. The thesis explored the shift from technical forestry to a more socially conscious approach to forestry management. Company-community collaborations were seen as enablers for forestry companies and communities to forge working relationships that allow communities to benefit financially from the forest. The SALB was developed to enable Mondi to settle land claims while ensuring that communities benefit financially from the forest. Examining power dynamics using the co-management framework and elements of power showed that the 'partnerships' created by the SALB are not 'true' partnerships as there is unequal power sharing between the actors. Respondents from Mondi and claimants are aware of the disproportionate distribution of power. Because claimant communities lack business acumen, financial resources, negotiating power, the collaborations are characterised by dependency. Scholars identified dependency as a potential pitfall of company-community partnership arrangements, and the study shows that while the SALB can be a driver for economic development for claimant communities, it has caused a dependency within some claimant communities. Company-community collaborations have been used by governments to promote development in local communities and to promote resource sharing, capacity building within communities, economic participation of local communities, and to ensure that local communities benefit from the natural resources in their communities. Claimant communities have had the opportunity to benefit financially from their land, however, there is still a gap in institutional knowledge within communities and bridging that gap is imperative to ensuring the success of future collaborations between companies and communities.

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Dr Adrian Nel  
Senior Lecturer, Department of Geography  
Room 16, 3<sup>rd</sup> Floor Science Building

Subject: Gatekeeper request

Dear Dr Adrian Nel

We refer to your letter dated 20/10/2020 and last emailed on the 14 December 2020.

This letter serves to accept your request for Nonduduzo Mkhize to conduct research for her Master's thesis on sale and lease back model in forestry. We understand that she has selected three case studies based on her previous work with Mondi.

We also understand the importance of land reform in South Africa and the opportunities and challenges that are presented during the post settlement phase. We hope that she will work closely with Mondi staff and the identified land claimants. Once the research has been finalised Mondi would like to have the finalise outcomes of the research before its finalised to a thesis.

Your cooperation is always appreciated

Yours Sincerely

A black rectangular box redacting the signature of Khethiwe Mlotshwa.

Khethiwe Mlotshwa  
**BUM: Land Manager**

6/01/2021

## Interview schedule

### Interviewee 13

Date: 23 September 2021

Position in the company: Area Manager

1. What was the company's initial reaction to land reform? What concerns did the company have regarding its operations? **Mondi did not have a problem with land reform, or oppose the process. Biggest concern was that the land remain under commercial forestry to secure supply of timber/fiber to the Richards Bay Mill**
2. How have the land claims affected the company in terms of the way it operates? **No real difference in the way we operate, except the inclusion of small silviculture contracts linked to the leaseback area**
3. How has dealing with claimant communities changed the way that the company operates? **Difficulties in dealing with the current claimant communities led to a new view on any landclaim on our property. We cannot dilute our landholdings much further, so a approach of proposing financial settlement is often proposed**
4. Do you think that the 20-year lease is sufficient? Why/why not? **Lease period from a commercial sense is sufficient, lease period if the community wants to take over the running and managing of their land is too long, maybe then should be only 10 years**
5. What expectations did the company have from the claimant communities? Have these expectations been met? **That they would embrace the opportunity to get involved in commercial forestry and actively participate, and also bring some of their other claimed land landholdings to the party for commercial forestry activities. Expectations have not been met at all, claimant communities would rather do small scale farming or other crops than forestry**
6. Having had experience with the sale and lease back model, would you say that the model works for the company? **Current scenario where there is contracting business linked to the leaseback is not working, as there is limited scope for expanding the contracting business onto other claimed land, or company owned land where it leads to increased costs with more uneconomical contractors**
7. What role did the company initially expect to play in the partnerships and is this different from the role the company currently plays in the partnerships? **Company role was supposed to be skills transfer into forestry environment. Government role of business development and backup not being done, so now this**

part also sits with the company, leading to frustration of the process and the communities now see Mondi as the partner who must fulfill all the expectations

8. For future settlements, what role does the company expect to play in those partnerships? *If sale and leaseback then either a, no contracting attachment and we only do community beneficiation through non forestry projects or b, contracting and support but clear boundaries as to the scope of contracting work*
9. How would you describe the company's relationship with the claimant communities? *Very strained as there are different expectations on the current leaseback agreements, and the communities expect Mondi to deal with the no delivery of the government part of the agreements*
10. How has the company benefitted from these community-company partnerships? *I don't really see benefits other than public relations and BBBEE scoring. Financially these partnerships are not cost effective. Example is Isigidlane trust, Mondi have spent the value in Rand/Hectare of the forested land in the first 10 years on beneficiation and lease payments to them, but do not own the land*
11. In your opinion, would you say that true partnerships exist between Mondi and the claimant communities? *No, my view is that its very one sided and there is a bigger expectation on Mondi and less on the community.*
12. Do you feel that the sale and lease back model provides any opportunities for the company? If so, what are those opportunities? *A, no further dilution of landholdings or having to manage less consolidated landholdings. B, opportunity for the claimants to bring other claimed land to the party and include in the lease to Mondi, or a timber supply agreement for timber from these other farms. Have not worked at all.*
13. Should communities want to exit the partnership, how does the company plan on securing timber from the claimed areas? *Current approach is to enter into a timber supply agreement with the community trust for any timber from the claimed area, as well as other timber from the claimants*
14. Would you consider renewing the lease agreement with the community once the current lease expires? Why/why not? *Would consider renewal but on different terms, and with guarantees that they participate in commercial forestry and not continued pressure for changing to other land uses. And isf there is a fully functional trust and executive. If not as above I would not renew*
15. For the communities that have completed the first rotation of the lease, has the hand over process began for the harvested compartments? How will this affect future operations in the area? What does this mean for the partnership the company has with the community? *Starting this process in 2024, it will strain the partnership with different views on certification (FSC) and legal compliance (belong to FPA*

and other compliance) Legal exposure if there is example spread of fire from community land to Mondri  
land and community is non compliant wrt fire protection is unknown and very high risk to Mondri

## Interview schedule

### Interviewee 12

Date: 07 April 2021

### Position in the company: Stakeholder Engagement Manager

1. What was the company's initial reaction to land reform? What concerns did the company have regarding its operations? *Mondi supports the government initiatives that bring up empowerment to the communities. Land reform is supported as long as there is evidence or validity to the potential land claim. Concerns were:*

*The claimant's forest business acumen, sustainability of forestry production, working with Trust with large numbers of beneficiaries with different aspirations*

2. How have the land claims affected the company in terms of the way it operates? *Reduced land holding and introduced leased holdings - payment of leases. Introduced community based contractors. Adjust procurement methods to accommodate emerging contractors*
3. How has dealing with claimant communities changed the way that the company operates? *Time consuming – delayed decision-making.*
4. Do you think that the 20-year lease is sufficient? Why/why not? *Subjective question- Readiness and commitment of the trust will determine whether 20 years is sufficient or not*
5. What expectations did the company have from the claimant communities? Have these expectations been met? *We expected the partner to learn the forestry business, be ready to take over the farms and run them. There is always in fights and change of roles in most of the trusts. – this make it difficult to structure empowerment programmes. There is also perception that Mondi want them to do things “the Mondi way” where as they can do it differently*
6. Having had experience with the sale and lease back model, would you say that the model works for the company? *Its works for Mondi because terms and conditions are well defined but the problem is in the understanding of such by the partners*
7. What role did the company initially expect to play in the partnerships and is this different from the role the company currently plays in the partnerships? *Empowerment – it has not changed*
8. For future settlements, what role does the company expect to play in those partnerships? *Facilitate and empower trust in the forestry business*

9. How would you describe the company's relationship with the claimant communities? *Cordial with some challenges that emanate from being misconceptions and perceptions*
10. How has the company benefitted from these community-company partnerships? *Sustained timber production*
11. In your opinion, would you say that true partnerships exist between Mondi and the claimant communities? *Subjective question – in terms of Mondi commitment as per the agreement, we have delivered on our commitments. The challenge will be was it received in a positive manner ???*
12. Do you feel that the sale and lease back model provides any opportunities for the company? If so, what are those opportunities? *To empower and capacitate the trust to be timber producers, understand the timber business*
13. Should communities want to exit the partnership, how does the company plan on securing timber from the claimed areas? *TSA will be considered*
14. Would you consider renewing the lease agreement with the community once the current lease expires? Why/why not? *for forestry production sustainably purposes renewal of the lease is preferred. If the trust is not willing to lease back Mondi will consider their decision to terminate the lease after expiry of the current lease*
15. For the communities that have completed the first rotation of the lease, has the hand over process began for the harvested compartments? How will this affect future operations in the area? What does this mean for the partnership the company has with the community? *Mondi has not reached a stage of handing over compartments to trusts. The hand over process is negotiated with the trust and its dependent on their interest – some may want TSA, extension to the existing lease or end the lease after the second 10 years.*
16. Do you think entering new agreements with communities, e.g. timber supply agreements, joint ventures, would be more mutually beneficial? *It is dependent on the claimant aspirations; both these transactions have pros and cons. The main thing about TSA and Joint venture – is the financial contribution by the trusts – high risk. The secured transaction is the lease as Mondi has full control of managing the forest and pay rental to the trust which is guaranteed.*
17. What lessons has the company learned from working with claimant communities? *Inclusive participation, not to rush decisions and work at their pace. Defuse conflict and perceptions by providing more and more information*

## Interview schedule

### Interviewee 11

Date: 11 April 2021

Position in the company: Senior Forester

1. What was the company's initial reaction to land reform? What concerns did the company have regarding its operations?
  - Mondi's stance on the matter is that they want to develop the community on their Land while benefiting from the timber and making sure of sustainability of timber supply in the future.
  - Their (Mondi's) concerns was mainly on the time that the community contractors will take to develop to be a productive company and the issue of area to operate (economies of scale) was also a cause for the concern
- 2 How have the land claims affected the company in terms of the way it operates?
  - The land claimed contractors were supposed to be handled and managed differently and ensure that to whatever decision Mondi is making in terms of the land all the parties are involved and the agreement is reached collectively
- 3 How has dealing with claimant communities changed the way that the company operates?
  - There was not much change except to adopt the small companies and to understand that they will take time to reach maturity and that on a quarterly basis Mondi needs to meet with the Trust Member (Exco Meetings) to discuss concerns and to further communicate about any changes they (Mondi) to implement on the community land (if there's any)
- 4 Do you think that the 20-year lease is sufficient? Why/why not?
  - Yes the twenty year lease is sufficient if it is handled in a manner that the Trust are involved on a daily operational issues to learn and understand the basics of Forestry and the business management on its entirety, however, in this case it is different because the Trust are somehow by-standers who only wants to enjoy the benefits without working hard to get the best on the understanding of the business hence the knowledge transfer is virtually impossible.

- 5 What expectations did the company have from the claimant communities? Have these expectations been met?
- Mondi was expecting that the Trust will learn to understand the business and to ensure that whatever knowledge transferred to them by Mondi is positively acknowledged and implemented to ensure that after twenty years the Trust will be able to run the business profitably and sustainably to make certain that tomorrow's needs for timber is met. The expectations are not met as the skills transfer has not been successful.
- 6 Having had experience with the sale and lease back model, would you say that the model works for the company?
- Unfortunately the lease model doesn't really work for Mondi instead it brings more troubles in terms of management and future planning of block-felling for handback and exit planning thereof.
- 7 What role did the company initially expect to play in the partnerships and is this different from the role the company currently plays in the partnerships?
- The company (Mondi) role was simple it was to make the sustainability of the community-based company to ensure continuous timber supply but the challenge is more on the poor financial management of the community companies which challenges their sustainability.
- 8 For future settlements, what role does the company expect to play in those partnerships?
- At present there is no other model that is being trialled out except the lease back model which doesn't really work as far as I know. A new model needs to be established e.g. Joint Venture model or Majority shares model to mention but few.
- 9 How would you describe the company's relationship with the claimant communities?
- The Company (Mondi) relationship with claimant community is good except that claimants have more expectations from Mondi while the level of business understanding from their side is minimal.
- 10 How has the company benefitted from these community-company partnerships?
- An opportunity to plant, manage and harvest timber sustainable for ten years and to discover that a lease back model is more challenging and that the claimant community needs to be well equipped with business management first before entering into any agreement
  - Timber Sale Agreement (TSA) has also been achieved through negotiations after the final Mondi exit on the lease-back farms.

- 11 In your opinion, would you say that true partnerships exist between Mondi and the claimant communities?
- Unfortunately not, more expectations from the claimant community with poor understanding of the business and also the operating scale (economies of scale) limit their opportunity to expand.
- 12 Do you feel that the sale and lease back model provides any opportunities for the company? If so, what are those opportunities?
- No further opportunities except numerous challenges and management problems.
- 13 Should communities want to exit the partnership, how does the company plan on securing timber from the claimed areas?
- Through timber sale agreement (TSA) where if the Community wants to sell timber from their land Mondi will be the first priority to purchase before any other timber company
- 14 Would you consider renewing the lease agreement with the community once the current lease expires? Why/why not?
- No, we rather exit or renew the lease agreement with another model not the existing lease back model
- 15 For the communities that have completed the first rotation of the lease, has the hand over process began for the harvested compartments? How will this affect future operations in the area? What does this mean for the partnership the company has with the community?
- The hand-over process has not yet started we expecting an early start in 2023, the future operations will be very challenging in terms of management because of the mosaic plantations (fragmented) especially in terms of fire management, conservation management and the management of the plantation at its entirety. A detailed planning is needed when we get into that space.
- 16 Do you think entering new agreements with communities, e.g. timber supply agreements, joint ventures, would be more mutually beneficial?
- Timber Sale Agreement more beneficial (if correctly honoured) as it give Mondi an upper hand to ensure sustainable timber supply, the only challenge is that Mondi will have very little influence on the plantation management to secure timber (how will the claimant community going to manage bigger and devastating fires and pests and diseases with their minimal or no research and development (RD)?
- 17 What lessons has the company learned from working with claimant communities?

- Lease back agreement not always perfectly working
- More unrealistic expectations from claimant companies to Mondi as the bigger brother with bigger financial back-up
- Intense business management by claimant communities is needed before any engagement with them in any form of an agreement.
- Claimant contractors must be treated as such and not have the same treatment and requirements as bigger and stable contractors (minimal financial muscle and limiting economies of scale)
- Claimant contractors have very limited opportunity to expand (economies of scale)
- Claimant contractors must not be treated as an independent entity until they fulfil a certain criteria and all the boxes are ticked (financial management)
- An exception must be made before the agreement that a qualified Forester is a requirement to ensure operational excellence and good plantation management
- Possible JV (joint venture model) or Majority Shareholding model whether in percentage shares or skills would be more preferable
- A clear and realistic development programme for claimant community/contractor needs to be drawn, managed and adhered to at all times