

Growth and Development Summit

FORESTRY SECTOR POSITION PAPER



O.R. TAMBO DISTRICT MUNICIPALITY

Theme:

Strengthening Developmental Partnerships for Local Economic Growth

KSD

Mbizana

Mhlontlo

Ngquza Hill

Ntabankulu

Nyandeni



ORTDM

FINAL DRAFT

07 FEBRUARY 2007

1. PREAMBLE

1.1 INTRODUCTION

The purpose of this document is to provide a structured framework that could be used as a basis for the formulation of a strategic plan to build the forestry resource within the OR Tambo District. Various role-playing organisations are currently engaged in activities aimed at unlocking the forestry potential. This document attempts to address, in a comprehensive manner, the issues that need to be resolved to realise the District's forestry potential – both for new and existing forestry. It is envisaged that the document would be tabled for discussion with various role-playing organisations that are involved in the development of the district's forestry potential.

There are three key opportunities for building the forestry resource:

- New afforestation
- Rehabilitation of existing forestry plantations (DWAF plantations and conversion of wattle jungles to plantations)
- Processing and value addition

1.2 THE PURPOSE OF BUILDING A FORESTRY RESOURCE

The forestry sector presents opportunities for increased economic activity within a large geographic area of the rural Eastern Cape. Building of the forestry resource will result in increased, and in some cases sustained, employment at plantation level as well as opportunities for increased downstream timber processing.

In the short to medium term, the opportunity is for new afforestation and rehabilitation of the existing forestry resource.

In the medium term, there is the opportunity for increased operating capacity and greater efficiency of existing wood processors.

In the long term, depending on the extent of the forestry resource, there may be opportunity for the introduction of large-scale industrial wood processing capacity such as chipping or pulp manufacture operations.

The purpose of building the forestry resource is to maximise the production of timber within existing and new forestry plantations to optimise existing processing capacity and to create long-term opportunities for new, large-scale industrial wood processing capacity.

The benefits of a large, productive forestry resource are:

- Direct employment at plantations
- New and improved small, medium and large-scale wood processing enterprises, as well as ‘downstream’ and ‘sidestream’ opportunities
- Community involvement in ownership, management and control of plantations
- Reversal of the inevitable trend of loss of jobs as existing plantation standards decline further and DWAF Forestry withdraws from management.

In order to achieve the purpose outlined above, the goals should be to:

- Establish commercial plantations in areas that are well suited to forestry
- Rehabilitate the plantations that are currently managed by the State; and transform wattle jungles, where environmentally acceptable, into productive timber plantations

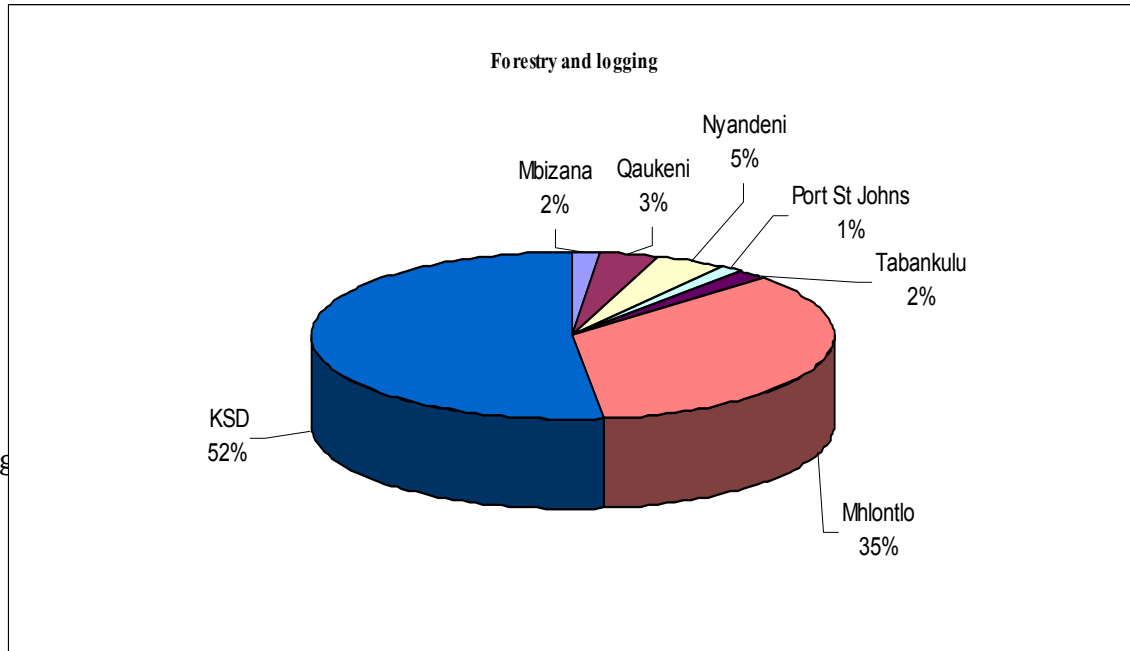
The District contains 30,000 ha of forestry plantations (mainly around Langeni and Ntabankulu). There is estimated to be a further 50,000 ha suitable for forestry in the District (the greatest potential in South Africa).

GVA AGRICULTURE FORESTRY AND FISHING 2005
(R1000, 00)

	Agriculture and hunting	Forestry and logging	Fishing, operation of fish farms
2004	180,626	411,250	5,813
2005	190,940	419,828	6,553

Diagram 1

GVA, FORESTRY AND LOGGING 2005



AVERAGE ANNUAL GROWTH RATE

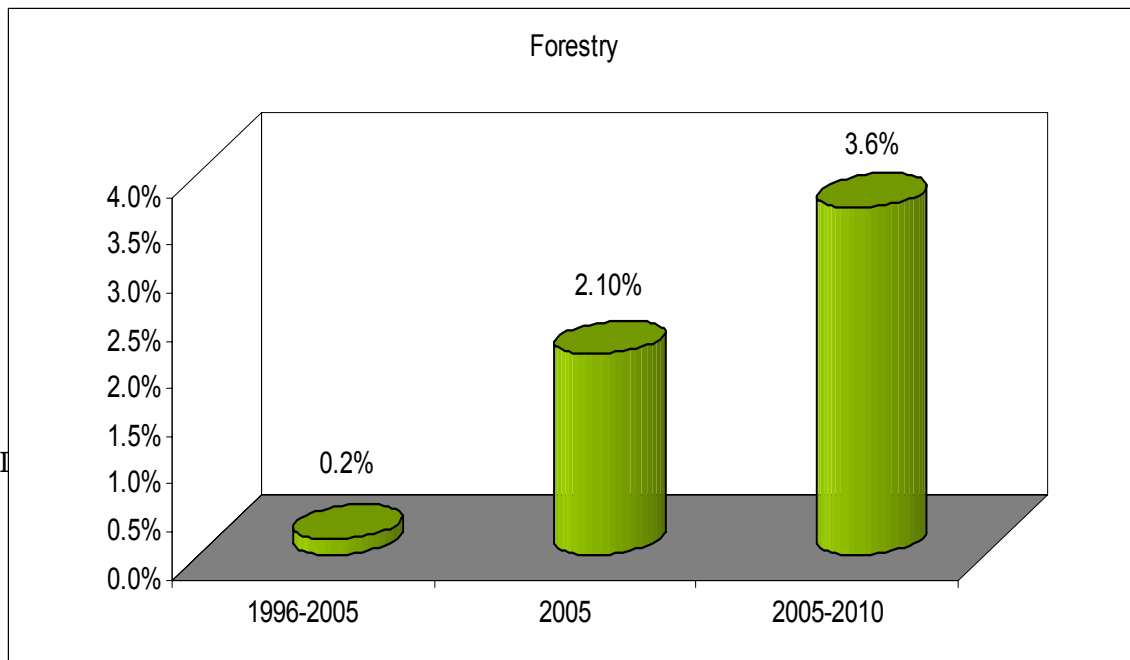


Diagram 3

2 STATE OF AFFAIRS AND PROBLEM STATEMENT

The development of the forestry sector, focusing on new forestation, value adding and processing was identified in the IDP of the Mhlontlo Municipality, King Sabata Dalindyebo Municipality and the O.R. Tambo District Municipality as one of the priority sectors. The ORTDM Local Economic Development Strategy developed in 2002/03 also identifies the Langeni Timber Cluster as a key catalyst and model for integrated rural development, sustainable job creation, wealth creation, SMME development and development learning.

In 2004 the O.R. Tambo District Municipality initiated a process aimed at developing a spatial development framework (SDF) for the district. Linked to the SDF process was the need to identify viable anchor development nodes that could be aligned to both the Integrated Development Plan (IDP), the Provincial Growth and Development Programme (PDGP) and other government programmes. The Langeni Timber has, because of its development potential, spatial location and current planning challenges it faces, been identified as a priority project for the SDF.

❖ Government Commitment

The Eastern Cape Provincial Government has also identified the development of the forestry sector in the O.R. Tambo district as a priority development programme. The development of the Langeni/Ugie multi million rand road is a demonstration of government's commitment to the development of the industry in the Eastern Cape.

❖ Commitment by the private sector

Informing the need to develop the Timber Cluster as a catalyst for integrated development in the Langeni area is the commitment demonstrated by private sector companies such Singisi Forests Products and Eastern Cape Veneers to further invest and facilitate new private sector investment in the area.

2.1 OVERARCHING CONSIDERATIONS

- That poverty and joblessness is a serious threat to the sustainable livelihoods of many rural communities in the District.
- That the development of the forestry sector within the District is of prime importance for economic development in previously disadvantaged areas.
- That a minimum of 50 000 hectares of suitable forestry land exists in the District.
- That forestry can be successfully practiced within the communal land tenure system and that it presents the opportunity for economic development for communities, not just individuals.
- That communities at local level are not homogenous in terms of aspirations, education or income and that the diverse needs and desires of each community need to be recognized and balanced in the development approach.
- That community's ability to engage collectively at a technical and business level with private investors, without support, is frequently constrained.
- That there is a need to define and recognize the role of local, provincial and national government in the project development process.
- That there is a need for communities to be supported and advised in the consideration of forestry development proposals on their land.
- That there is a need to ensure a competitive yet fair and transparent process for forestry development on communal land.
- That development needs to be consistent with the principles of the Forestry Broad based Black Economic Empowerment Charter.
- That development must be sustainable as defined in terms of social, economic and environmental standards.

2.2 CURRENT SITUATION

- Strong private sector involvement and interest in new afforestation
- High costs of entry – infrastructure, machine outlay and working capital requirements
- Limited understanding of the value of the sector by communities
- Underperforming category B and C plantations which are Government owned and characterised by:
 - Lack of progress on transfer to communities and/or municipalities
 - Lack of Rehabilitation
- Untapped new forestry potential driven by timber supply shortages
- Competing land uses in particular with agriculture
- Social responsibility programmes lacking or not visible
- Timber processing mainly outside the production area e.g. only sawmills exist within the district and no furniture making businesses
- Lack of meaningful involvement of the municipalities in facilitating the development of the sector
- Models and guidelines on ownership and partnerships developed by DWAF not communicated
- Role of government and agencies not clearly defined (ECDC, DWAF, Municipalities, DLA, etc.)
- Huge new forest potential untapped
- Conflicting land uses limiting new forestry development
- Communal nature of land ownership a limiting factor
- Funding for the sector limited despite commitments made by Industrial Development Corporation (IDC)
- Value adding not fully exploited

3. STRATEGIES TO ADDRESS THE ISSUES AND CHALLENGES

- Define and communicate ownership/partnership models developed by DWAF
- Improve strategic role and participation of local government in the forestry sector
- Ensure appropriate land uses and ownership models
- Initiate education (awareness) programmes on the value of forestry amongst communities
- Develop the Forestry Cluster to enhance co-ordination and planning
- Commit role players (government and development agencies such as ECDC and IDC) to fund the sector.

- Develop appropriate institutional ownership models that will ensure direct benefits to communities
- Develop Langeni/Baziya as a Forestry Cluster
- Create awareness within the District of forestry as an acceptable and desired land use
- To secure, at a strategic level for each target area, commitment from licensing authorities to proceed with afforestation plans
- To identify 50 000 ha of land with commercial forestry potential that could possibly be converted from present land use
- Select species that are proven to be best suited to the characteristics of the site under consideration.
- Select the correct mix of species for the market opportunities
- Secure commitment of suitable municipal land for forestry
- Secure commitment of suitable communal land for forestry
- Establish Cooperatives for primary beneficiaries of afforestation land
- Establish partnerships between communities and the private sector to ensure sustainable projects
- Secure sufficient long-term funding for establishment and ongoing operation of 50 000 ha of plantations
- Ensure that the management and technical support is in place to meet operational requirements

3.1 ROLES AND RESPONSIBILITIES OF KEY STAKEHOLDERS

a. Communities

- Have access to land on which development can take place.
- Have decision-making powers in respect of the use of the land.
- Are able to provide the human resources for project implementation.
- Have a key role to play in the management of risks to afforestation such as fire and livestock.

b. District and Local Municipalities

- Have a responsibility to co-ordinate and integrate development at local and district level.
- Are responsible for the provision and maintenance of development infrastructure.
- Are mandated with facilitating Local Economic Development.

- c. Traditional Leaders
 - Have a complementary role to play in community leadership at a local level.
 - Play a significant role in local development.

- d. Department of Land Affairs
 - Have an administrative responsibility over land held in trust by the Minister of Land Affairs.
 - Are responsible for land reform and the promotion of security of tenure.
 - Have a role to play in development planning.

- e. Department of Agriculture
 - Have a responsibility in respect of the authorization of land use change in rural areas.
 - Issue Directives and Consents in respect of applications for afforestation.
- f. Department of Economic Affairs Environment and Tourism
 - Have a responsibility to manage the environmental impacts of development such as forestry.
 - Issue a Record of Decision in respect of applications for afforestation.

- g. Department of Water Affairs and Forestry
 - Have a responsibility to ensure that the available water resource is able to support forestry and that forestry does not negatively impact on water required for ecological and human use.
 - Issue a Water Use Licence in respect of applications for afforestation.
 - Have a responsibility to guide and support sustainable forestry development.

- h. Developers
 - Have a commercial interest in the production of timber.
 - Have management and technical expertise in respect of forestry development projects.
 - Have access to development capital and timber markets.

3.2 ACTION PLAN

ISSUE 1								
Objectives	Strategies	Indicators	Programmes/ projects	Location	Implement ation Timeframe	Estimate d budget	Responsible role player	Role to play
To promote ORTDM as an area with highest potential for new afforestation Create awareness within the District of forestry as an acceptable and desired land use	<ul style="list-style-type: none"> Organize high level forestry Indaba by 2007 	Successful Forestry Summit Annual forestry development plan. District forest committee in place	Forestry summit	KSD	2007	R100 000	ORTDM DLA DEAET DTI IDC DWAF ASGISA	Coordination Planning Funding Funding Funding Policy Funding
ISSUE 2.								
Objectives	Strategies	Indicators	Programmes/ projects	Location	Implementat ion Timeframe	Estimate d budget	Responsible role player	Role to play
To ensure communities around forestry areas	<ul style="list-style-type: none"> Community participation model developed 	Land identified for new afforestation	New afforestation	Mhlontlo KSD Qaukeni	2007/2009	R15m	ORTDM DLA DEAET DTI	Implementation Community resolution

benefit through joint ownership schemes in afforestation and beneficiation	d by 2007						IDC ASGISA PTY	Funding Funding Funding
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ISSUE 3.

Objectives	Strategies	Indicators	Programmes/ projects	Location	Implement ation Timeframe	Estimated budget	Responsible role player	Role to play
To ensure that large forestry industry support industry incubation in ORTDM	<ul style="list-style-type: none"> Lobby industry role players to support one Furniture incubator in the region 	<ul style="list-style-type: none"> Forestry industry support one established incubation in ORTDM 2007 	Furniture incubator in Mthatha	KSD	2007/2008	R6m	DTI ECDC SINGISI NTINGA FURNTECH	Funding Infrastructure Timber Coordination Training and business management
	Towards professional management of wattle stand		Mbizana Support		To Start in April 2007	R517,000	Mbizana LM & Izinini/Ndunge	

							community	
	Spatial capture of afforestation, forestry enterprise information and production of maps		GIS Support		To start in April 2007	R141,639	Cross Cutting	
	Gather, analyse and update EC Forestry Sector Statistics		Eastern Cape Forestry Sector Plan		To start in April 2007	R228,798	Cross Cutting	
	Refine biodiversity priority areas to minimize environmental impact of new afforestation		Provincial Biodiversity Plan		1 st phase completed	R1, 5000 000	Cross Cutting	
	Identification of new afforestation potential		Strategic Environmental Assessment		Complete	R2,500.00 0		

4. MONITORING & EVALUATION MECHANISMS

- a. District forestry committee will be established
- b. Monthly meetings will be convened in Local Municipality and in Ward Committees at Ward level
- c. There will be quarterly and annually performance review
- d. There will be monthly reporting on progress
- e. District and Local Municipality to allocate programme management and programme support staff to ensure that the project is implemented successful

5. MAINSTREAMING (YOUTH, DISABLED & WOMEN)

In the implementation of the above projects, the mainstreaming of youth, disabled and women shall be taken into consideration. The quota system will be applied and in addition the said groupings are required to identify areas of involvement and projects of interest to them.