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THE ROLE OF SMALL-SCALE SAWMILLING IN HOUSEHOLD AND COMMUNITY LIVELIHOODS: Case Studies in The Eastern Cape

A Study Conducted on Behalf of the Chief Directorate: Forestry of the
Department of Water Affairs and Forestry, with Funding from the
Department for International Development in Southern Africa.

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ABBREVIATIONS / ACRONYMS

CBO	Community Based Organisation
CBNRM	Community Based Natural Resource Management
CD:F	Chief Directorate: Forestry
cm ³	cubic metres
DEAET	Department of Economic Affairs, Environment and Tourism (Eastern Cape)
DFIDSA	Department for International Development in Southern Africa
DLA	Department of Land Affairs
DTI	Department of Trade and Industry
DWAF	Department of Water Affairs and Forestry
EC	Eastern Cape
ECFA	Eastern Cape Forestry Association
FEDO	Forestry Enterprise Development Office
GSA	Government of South Africa
i.r.t.	in relation to
LED	Local Economic Development
NFA	National Forests Act
NFAP	National Forestry Action Plan
NGO	Non-Governmental Organisation
Permac	Port Elizabeth Regional Manufacturing Advisory Council
SALMA	South African Lumber Manufacturers' Association
SDI	Spatial Development Initiative
SMEs	Small and Medium Enterprises
SRL	Sustainable Rural Livelihoods
SSM	Small-Scale Sawmilling
ToR	Terms of Reference

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Appendix 1 provides a list of study participants and/or people who assisted in one way or another with the completion of this research.

EXECUTIVE SUMMARY

The Chief Directorate: Forestry (CD:F) of the Department of Water Affairs and Forestry (DWAF), with funding from the Department for International Development in Southern Africa (DFIDSA), commissioned this research of the small-scale sawmilling forestry sub-sector. The study is intended to augment meagre information on small-scale sawmilling in the Eastern Cape, in particular on the role of small-scale sawmilling in household and community livelihoods. The information gathered will be used to assess whether small-scale sawmilling as an enterprise and / or communities involved with the sub-sector require external support and to identify possible entry points for intervention.

The Terms of Reference for the study specified use of DFID's Sustainable Rural Livelihoods (SRL) framework. Use of this framework provided an opportunity to pioneer a methodology based on the approach contained in the SRL framework. Livelihoods analyses are not widely conducted in South Africa, although they are increasingly being used by development agencies internationally.

The Eastern Cape is the poorest province in South Africa. The majority of people in the province do not have access to water, electricity or sanitation. Unemployment levels are rising, future work opportunities look bleak and small enterprise development is one of the few avenues available to people for income-generation. There are a number of small-scale sawmillers in South Africa and, it is estimated, about 85 operating in the Eastern Cape. The nine sawmillers interviewed in this study are operating in the Cofimvaba or Nomadamba areas.

The most important finding emerging from this study is that the small-scale sawmilling sub-sector is the major, and in most instances the only, provider of employment to local people in the deep rural areas where sawmills operate. Small-scale sawmilling provides direct benefits to approximately fifteen thousand people within the Eastern Cape. It was also found that the conditions in which sawmillers live and work are extremely impoverished – roads are poor, there is no access to basic services, equipment and machinery are old and outdated, and the sawmillers interviewed have no access to rural finance or insurance. Children and women carry the major burden of this privation and exclusion. Nevertheless, sawyers are resourceful and resilient, most having managed to stay afloat for many years. In addition, there appear to be a number of possibilities for both livelihoods enhancement and enterprise development, including the processing of waste, a variety of value-added possibilities, the development of alternative and multiple livelihood strategies, and a number of agencies expressing interest in providing support to the sector.

However, the study also illuminated a disconcerting paradox in relation to options for possible future support. The sawmillers in the Eastern Cape do not constitute a homogenous group, rather they seem to fall into either a smaller middle-class

or a larger working class group. The more organised and vocal former group constitute an elite, with the latter group failing to develop a cohesive voice for lobbying and on the whole having less access to a range of assets. Intervention at the level of enterprise development is likely to further marginalize this second group. On the other hand, support for livelihoods enhancement, without direct support to sawmilling operations, may jeopardise the same poorer group, since it seems unlikely that this group would be able to compete on equal terms if the sub-sector becomes more efficient. In the face of this dilemma, several options for future support have been identified, but sawmillers, communities and DFID will be faced with hard choices when selecting one or more intervention strategies. DFID's policy framework, which requires that support results in tangible reductions in poverty and increased wellbeing for the poorest and most marginalised groups, needs to guide these choices.

The report also highlighted other difficulties facing development practitioners in rural areas in South Africa. The first is the lack of a rural development framework and clearly defined structures and processes to coordinate and drive rural development initiatives. The second difficulty stems from the capacity constraints in various government departments, including DWAF, at national, provincial and local levels to effect redistributive development and to render a service to local communities. Partly for these reasons, but also in the interests of working towards the social development goal of empowerment, it is strongly recommended that a primary goal of any future work with sawmillers is to empower sawmillers and local communities to manage, own and drive the development and enhancement of their own livelihood strategies.

1. INTRODUCTION

1.1. There is very little information on small-scale sawmilling (SSM) in South Africa, particularly on the size of the timber resource, the number of people employed by the sub-sector, and its profitability. In addition, there is no information on the role of SSM in household and community livelihoods in the Eastern Cape Province of South Africa. It has therefore not been possible to evaluate whether SSM is a suitable entry point for support to livelihood enhancement and / or pro-poor enterprise development.

1.2. This study was commissioned by CD:F in partnership with DFID-SA.

1.3. The Managing Agent for the study is Huntings Technical Services.

1.4. The study was divided into two parts. The first part undertook an external and internal analysis of SSM, looking at the context within which SSM operates, and generating factual and technical information. It was conducted independently of this second part that aims to develop an in-depth understanding of the role SSM plays in household livelihoods, and a broad overview of the role of SSM in community livelihoods. It was hoped that the two different aspects of the study would result in a comprehensive picture of SSM, combining the 'theory' of how it should or could look with an understanding of actual reality on the ground.

1.5. This report is structured as follows:

- Section 2 summarises the Terms of Reference
- Section 3 examines the broad socio-political context within which SSM occurs
- Section 4 provides some information on DFID's SRL framework, whilst Section 5 sets out the process and methodology used in the study
- Sections 6 and 7 constitute the findings of the study, the former listing characteristic features of SSM as reported by participants, whilst the latter focuses more specifically on the role of SSM in household and community livelihoods
- Section 8 provides details of one particular sawmiller
- Section 9 sets out the issues arising from the study, whilst Section 10 discusses options for the way forward
- Brief concluding remarks are made in Section 11.

2. TERMS OF REFERENCE

2.1. The Terms of Reference (ToR) provided by the Managing Agent for this study defined two objectives:

- To understand the constraints and opportunities afforded to small-scale sawmillers using the DFID Sustainable Rural Livelihoods (SRL) framework.
- Identification of opportunities for entrepreneurial development within the sub-sector.

2.2. These objectives were to be met by conducting ten case studies of small-scale sawmillers to develop an understanding of the role played by sawmilling in household and community livelihoods.

2.3. A number of issues were highlighted for investigation; they include contexts and trends, actors and relationships, tasks and responsibilities of sawmillers, and an exploration of the impacts of sawmilling on various parties or processes. The ToR further specified that elaboration of these issues should culminate in exploration of options for the way forward.

2.4. Discussions between the Managing Agent, DFID advisers, and this researcher, resulted in a narrower and more focused ToR which recognized that it would not be possible to develop a comprehensive analysis of the role of SSM in both household and community livelihoods within the time frame allotted.

2.5. In addition, it was felt that requesting sawmillers to report on their community's livelihoods, rather than engaging the community itself through participatory rural appraisal (PRA), was methodologically undesirable. A joint decision was therefore taken to develop an in-depth understanding of household livelihoods and a broader, less detailed understanding of the role of SSM in community livelihoods.

2.6. It was envisaged that a second, later phase of this study providing more detailed information on the role of SSM in community livelihoods would enable identification of potential target communities for future support.

3. SOCIO-POLITICAL CONTEXT

3.1. New forestry policy and legislation contained in the White Paper on Sustainable Forest Development, the National Forestry Action Plan (NFAP) and the National Forests Act (NFA) enable sustainable forestry development through, *inter alia*, pro-poor and rural development, participatory approaches and community-based natural resource management (CBNRM).

3.2. The development of partnerships between government, communities, and other stakeholders such as the private sector, non-governmental organizations (NGOs) and organs of civil society, is seen as a means of achieving these policy objectives.

3.3. The CD:F / DFID partnership is already engaged in a number of forestry development projects in the Eastern Cape, the poorest province in South Africa. Work underway in the Eastern Cape includes forestry enterprise development through a Forestry Enterprise Development Office (FEDO), and CBNRM through woodlot devolutions.

3.4. The small-scale sawmilling sub-sector was identified for further investigation since it is directly affected by CD:F's restructuring process and the impact of this process on rural livelihoods is unknown.

3.5. A number of broader socio-political trends in addition to forestry transformation shape the context in which sawmilling occurs. They include:

3.5.1. Government of South Africa's (GSA's) Growth, Employment and Redistribution (GEAR) macro-economic policy which, whilst intending to foster economic growth in order to provide the resources necessary for redistribution, is currently resulting in widespread job losses, limited service delivery and little tangible or visible impact on poverty eradication.

3.5.2. Land, and the equitable distribution of access thereto, underpins much of the South African struggle for redistribution. Recent events in the land arena in Zimbabwe highlight the importance of a planned land reform programme that returns secure tenure to millions of rural South Africans dispossessed of land and rights to land under apartheid. The slow pace of the GSA's land reform programme and, in particular, the newer direction being followed by the Department of Land Affairs (DLA) with regard to the development of a black commercial farming class, raises concerns over whether land redistribution to the rural poor will be effected.

3.5.3. Public sector transformation and restructuring processes, which under the umbrella of GEAR will continue to 'right-size' and 'down-size' so that prospects of employment in the public sector are likely to decrease even further.

3.5.4. Labour legislation, in particular the recent direction being taken by GSA to relax hard-won gains by organised labour with respect to minimum wages and basic conditions of employment. However, as will be shown later in this report, whilst it is clearly undesirable that workers and the households and communities they support should pay the price of development in South Africa, the provision of minimum wages and basic conditions of employment, and compliance with health and safety regulations, constitute a major threat to the viability and sustainability of small-scale operations such as sawmilling.

3.5.5. The lack of a synthesizing framework, structures and processes for rural development.

3.5.6. Severe capacity constraints within government, particularly at provincial and local levels, resulting in low levels, and the slow pace, of service delivery.

4. SUSTAINABLE RURAL LIVELIHOODS FRAMEWORK

4.1. A livelihoods framework is increasingly being adopted by development agencies internationally. It is well suited to pro-poor development work that focuses on people's strengths, existing assets and the dynamism of people's livelihood strategies.

4.2. Principles of the DFID Sustainable Rural Livelihoods (SRL) framework include that it is people-centred, responsive and participatory.

4.3. The SRL framework is particularly valuable for analysis at the macro-, meso- and micro-levels, since it combines investigation of the structures and processes impacting upon people's livelihoods with exploration of the daily reality of livelihood strategies and outcomes. It therefore enables identification of multi-level entry points for intervention aimed at enhancing particular livelihood strategies.

5. PROCESS AND METHODOLOGY

5.1. Whilst the SRL framework is being increasingly used as an analytical tool to guide development, the formulation of processes and methodology is in a pioneering phase. It was therefore recognised that this would be a process study, evolving over its duration in response to feedback from participants and reflection.

5.2. It is apparent that a comprehensive livelihoods analysis, at either household or community level, is time-consuming, iterative and complex. However, information generated by this study strongly suggests that the SRL framework is able to identify entry points for development that have wide-ranging, immediate and direct effects on the lives of resource-poor people. It may, therefore, prove to result in particularly efficient interventions.

5.3. Information was gathered from sawmillers using a flexible questionnaire. The original approach adopted was to develop a questionnaire closely based on the SRL framework. This process proved unwieldy and time-consuming, and therefore not feasible. This researcher found it more efficient to use the concepts contained in the SRL framework to guide less structured and directive questioning, encouraging issues to rise and be expressed spontaneously. The SRL framework was in the end used only as an analytical tool.

5.4. The entry point for engagement with sawmillers was selected as the first information-gathering workshop¹ facilitated by the team responsible for the first part of the study. The purpose of this second part of the study and the methodology to be used was explained to participants. Several volunteers agreed to be interviewed. It was agreed that they would be reimbursed by the researcher for the costs incurred in getting to a central interviewing place, the DWAF office in Cofimvaba².

5.5. Due to cancelled appointments, only nine sawmillers were interviewed. All are working within the Cofimvaba or Nomadamba (Engcobo) districts. In addition, interviews were conducted with a range of stakeholders either in person or telephonically (see Appendix 1 – List of Participants):

6. FINDINGS: SMALL-SCALE SAWMILLING IN THE COFIMVABA / NOMADAMBA AREAS OF THE EASTERN CAPE

For the remainder of this report, the term 'sawyers' will be used in place of sawmillers since this is how people interviewed chose to name themselves. This section describes some of the characteristic features of SSM as practised in the Cofimvaba and Nomadamba areas, and looks at actors, relationships and current and potential future roles, based on information gathered. All other findings of the study are set out in Section 7: The Role of SSM in Household and Community Livelihoods.

Context and Trends

6.1. It is estimated (Keith Fisher, pers. comm.; Stephen Keet, pers. comm.) that approximately 80 – 85 small-scale sawyers are currently operating in the Eastern Cape. Each sawyer employs approximately 25 people³. Using a conservative estimate of seven people per household⁴, SSM therefore provides direct benefits (including, but not limited to, financial capital) for approximately 14,875 people in the Eastern Cape.

6.2. Sawyers are one of the only sources of employment in the deep rural areas in which they operate.

6.3. Most operations are not formally registered, although they are permanent, as opposed to opportunistic and mobile. Some are operating as close corporations.

¹ comprising 14 sawmillers operating in the Cofimvaba or Nomadamba areas

² My sincere thanks to CD:F personnel in Cofimvaba for making this space available.

³ Range = 20 - 32, Mean = 25

⁴ Range = 4 – 26, Mean = 11

6.4. Most sawyers have been engaged in small-scale sawmilling for many years, having taken over from family members from whom they learnt the necessary skills. Some have attended one short course on saw-doctoring, but have otherwise not been exposed to formal training.

6.5. Their daily responsibilities include supervision and management, financial management, and sawmill operation. They tend to have developed similar sets of skills, including driving, mechanical and welding skills.

6.6. All sawyers produce only wet off-saw timber. No drying or other value-added processing is undertaken. Sawyers attribute this to lack of capital for equipment and machinery and uncertainty about market opportunities. Some clearly have good skills such as carpentry, and at one sawmill, beautifully constructed furniture for personal use was viewed.

6.7. Sawn planks are sold either directly to local people or to local timber merchants or hardware stores in nearby centres. The latter group in turn sell to local people who use the timber mainly for rafters and purlins, or other domestic building needs. The market represented by timber merchants is relatively stable, and sawyers report that these merchants would purchase more from than they are currently able to produce. This was confirmed by two of the three timber merchants spoken to, who stated that they would be able to absorb substantially bigger quantities of timber if provided by sawyers.⁵ There is thus greater demand than supply and room for increased production (at least theoretically, if other conditions such as greater access to supply of logs, to credit, and improvements in infrastructure were met).

6.8. There is, however, a rigid seasonal pattern to local domestic consumption, with January to July being lean months, and August to December good months. This is due to local cultural and economic patterns – communities do not undertake domestic building and repairs during the first six months of the year, partly because of lack of finances after the Christmas period and at the start of a new school year. Sawyers are producing varied amounts of sawn timber – from 20 000 cm³ to 60 000 cm³ per annum.

6.9. Sales to local people and formal markets are cash-based and take place on an *ad hoc* basis. Either market clients place orders with sawyers, who then fell and process according to the specifications of the order, or sawyers fell and then offer clients sawn planks.

6.10. Apart from employment, sawyers provide an important service to local communities, providing firewood and building material at low cost and contributing free timber for the building of local schools.

⁵ One estimating the possibility of a 30% increase, the other up to 50%.

Actors and Relationships

6.11. It was not possible to conduct a stakeholders analysis within the scope of this study, nor to interview all the players who currently, or may in the future, have a stake in the sub-sector.

6.12. However, a number of current and potential future stakeholders have been identified. The stakeholders and roles they do or may play are set out in Table 1 below:

Table1: Current and Potential Future Stakeholders in SSM, Current and Potential Role

STAKEHOLDER	CURRENT ROLE	POTENTIAL FUTURE ROLE
Local domestic markets	End-user of product (buying direct or through agent)	Unknown
Timber merchants / hardware suppliers	Buyers acting as agent between sawyers and end-users	Increased purchases Provision of long-term contracts
CD:F	Supplier of logs from CD:F plantations (seller of raw material) Final decision-maker re future of plantations (and therefore of sawyers)	Uncertain <u>Options</u> Engagement with sawyers around transfer of use rights to / ownership of Category 'B' plantations Explore possibilities of sawyers' tendering bid for plantations Together with DLA explore use of plantations for land redistribution Engagement with other stakeholders (other govt. departments, NGOs, CBOs, private sector) to seek 'development package' for sawyers
DLA	Presently no direct role, but decision-maker i.r.t. land reform	Uncertain <u>Options</u> Uses opportunity provided by CD:F restructuring to effect land redistribution of plantations to sawyers
DTI	Nil	Uncertain

STAKEHOLDER	CURRENT ROLE	POTENTIAL FUTURE ROLE
		<u>Options</u> Provision of funding, training and skills development for enterprise enhancement
ECFA	Representative of minority of sawyers seen Exploring commercial / profit-generating possibilities of SSM through commercial arm (Africa's Best 21 Ltd)	Wishes to organise all sawyers under one umbrella
DEAET (EC Province)	(Fraught) relationship around environmental hazard posed by sawyers not disposing of waste sawdust (in CD:F plantations and elsewhere) Rev. H. Majeke of DEAET chairperson of committee elected to represent sawyers on CD:F Restructuring Committee Lobbying for sawyers to be provided with access to better-quality logs than currently provided by larger companies who see small sawyers as threat Champions small sawyers as critical players in local economic development	Potentially positive relationship around development of SMEs, are able to provide funds for capital investment and training, but report sawyers not sufficiently informed of these possibilities Exploring possibility of formation of groupings of sawyers operating at particular plantations into legal entities who can bid for those plantations Questions raised about who can / will drive development
Local Government	Responsible for service delivery	Unknown but will need to incorporate sawyers' and local communities' aspirations into integrated development plans
Eastern Cape Provincial Govt.		Unknown but will need to incorporate sawyers' and local communities' aspirations into provincial development frameworks
Traditional Authorities	Retain title to communal land but allocate land under PTOs	Unknown
SALMA	Have approached sawyers with request that they provide crating	May be able to offer training / skills development
Permac	Currently assisting (finances and technical expertise) with development of business plans and skills development for example, financial management	Funds and expertise available to increase support to sector, but require sawyers to organise under one umbrella

STAKEHOLDER	CURRENT ROLE	POTENTIAL FUTURE ROLE
Stephen Keet Associates	Nil	Expressed interest in exploring / organising private sector support to sawyers
CEPPWAWU	Currently engaged in organising the sector with view to pressing for compliance with minimum wage, basic conditions of employment, and health and safety legislation	Uncertain – CEPPWAWU will continue to mobilise workers, but context is current showdown between Govt and labour on these issues Compliance with labour legislation requirements constitutes severe threat to continued operation of smaller sawmilling operations

6.13. Table 1 indicates that a number of organisations have expressed interest in providing support to small-scale sawyers in the future. Resources on offer vary, but include funding for capital investment, the development of business plans, and for training and skills development.

6.14. Without exception, sawyers described their relationship with CD:F as problematic. Since CD:F is a primary stakeholder in the industry, and a constructive and cooperative relationship between itself and sawyers' would seem desirable, some of the concerns expressed have been set out below:

- One of the most difficult aspects of their relationship with CD:F has to do with the licences (contracts) issued to them for the felling of logs. Whilst the large sawmilling operations apparently receive long-term contracts from CD:F, small sawyers have, since 1994, only been issued with licences for a one- or two-year period. One major effect of these short-term contracts is that small sawyers are not able to access loans from banks, who require a minimum four- or five-year contract as security. In addition, all contracts will be expiring early next year and, as a result of the restructuring initiative, sawyers' continued access to timber thereafter is uncertain.
- Sawyers believe that pricing structures unfairly prejudice them, stating that whilst they have to pay sawlog prices for all timber, bigger operations pay pulpwood prices for sawlogs. Local CD:F officials, however, indicated that this perception on the part of sawyers is inaccurate.
- It was widely reported that CD:F does not consult with them on important issues. For example, letters received in early or mid-August advised them of increases in the price of logs back-dated to the beginning of August. These kinds of 'shocks' have important consequences for sawyers' ability to operate sustainably, to plan for the future, and to develop secure livelihood strategies.

- There has been neither formal nor informal contact between CD:F and themselves regarding the crucial process of restructuring, which they say they have only become aware of through 'rumours'. It is noted that ECFA was invited to represent their views at a recent CD:F workshop on restructuring. However, only a minority of sawyers are members of ECFA – poorer, less articulate sawyers are not currently members and do not view ECFA as their representative. CD:F is therefore not currently engaging in a fully inclusive, participatory process around this critical issue in spite of (all) sawyers being primary stakeholders.
- Sawyers also report that if their equipment breaks down, and they are unable to fell their entire quota of logs, CD:F officials cut the next quota.

7. FINDINGS: CONTRIBUTION OF SMALL-SCALE SAWMILLING TO HOUSEHOLD AND COMMUNITY LIVELIHOODS

7.1. There has been ongoing debate in development circles on how to define a 'household'. In this report, a household is defined as a network of people who are bound together through ongoing contact and whose existence depends upon the sharing of resources and/or skills, assets and labour. This definition does not depend upon geographical proximity. It therefore includes members of a network who work away from the central homestead but remit to, and/or receive support from, the homestead.

7.2. The DFID SRL framework refers to five forms of capital assets which people have, use or need to support livelihood strategies. These assets are referred to as Social, Financial, Natural, Human and Physical Capital.

7.3. The role of SSM in household and community livelihoods is analysed below in terms of these five capital assets.

7.3.1 Financial Capital

7.3.1.1. Sawyers are working in deep rural areas where there are no other employment opportunities. They therefore represent a major, and in most instances the only, employer for local people.

7.3.1.2. A multiplier effect will be experienced in local communities – income generated by SSM is mainly spent locally.

7.3.1.3. Many of the small sawyers come from extremely impoverished households and communities (see Box 1). Material conditions at sawmills and the communities within which some sawyers live, are extremely harsh.

7.3.1.4. Small-scale sawmilling is reported by eight of nine sawyers as the only, or the major, livelihood strategy engaged in. Only one sawyer reported having multiple livelihood strategies, which included the growing of crops, and livestock and poultry farming. Two sawyers reported that monthly household income is augmented by the pensions of elder members.

7.3.1.5. The following are distinct features of the lives of the sawyers who participated in this study:

- The majority live (in their own words) a “hand-to-mouth” existence, with no or minimal reserves.
- They have no livestock or poultry.
- Because they are unable to afford seeds, the only crop growth is maize, upon which most households depend as the sole food source.
- They have no access to credit or loans and cite the main reason as short-term contracts from CD:F – it was reported that banks only offer loans to operators with a minimum five-year contract. However, an additional reason for sawyers’ not being able to access credit and loans is lack of physical infrastructure or land title which could serve as collateral.
- Sawyers report having limited reserves or savings – accumulated reserves quickly disappear in the face of ongoing, expensive repairs to old, out-dated machinery and equipment.
- Sawyers also do not have, but expressed the need for, insurance.

7.3.1.6. When probed as to how they survive during the lean months, especially in the face of limited savings, sawyers report that they make do on what is available.⁷ This is achieved by paring household expenditure to bare minimum, including foregoing schooling for children.

7.3.1.7. Sawyers report earning approximately R2 000 to R2 500 per month net profit during the months August to December.

7.3.1.8. The range of wages paid by sawyers to their workers is R8 – R35 per day. Higher wages are paid to drivers and operators, all male. Women are paid the lowest wages. The nine sawyers interviewed reported employing a total of 221 workers. During the lean season employees do not work or receive wages continually.

7.3.2 Physical Capital

7.3.2.1. Sawmilling machinery, equipment and tools are old, rusted and technologically outdated. For example, it was reported that one truck had been

⁷ One saying “We are used to sucking on an empty breast”.

used for the last ten years without being serviced. It has finally given up the ghost and the sawmill in question faces closure.

7.3.2.2. Access roads to and from plantations and to and from markets are in a state of severe disrepair.⁸ However, roads within plantations are said to be good.

7.3.2.3. The Eastern Cape is a summer rainfall area. From about September to January⁹, these eroded, deeply furrowed roads of clay-ey soil, are impassable. Sawyers report that they often have to work steep slopes and that unreliable vehicles and machinery make it dangerous to fell logs during rainy periods.

7.3.2.4. There is no water either for sawmill operation or for the domestic or irrigation use of communities who live at or around sawmills. Water is mostly collected daily from nearby rivers or springs. The nature of sawmilling requires plenty of water and generally women bear the costs in time and energy of having to fetch water for the sawmill and for domestic use.

7.3.2.5. There is no supply of electricity, either for sawmilling or for domestic use. Apart from the convenience of electricity, sawyers report that one of their major items of expenditure is diesel¹⁰. In one particular instance, electricity connections are available approximately 7km. away.

7.3.3. Human Capital

7.3.3.1. In spite of the constraints under which they operate, and a general lack of skills development, sawyers presented as resilient and resourceful individuals who have not only managed to stay afloat for long periods of time, but are also playing an important and major role in local economic development.

7.3.3.2. Most of the sawyers interviewed have had little formal education, with a few having achieved up to tertiary level education.

7.3.4. Social Capital

7.3.4.1. Small-scale sawyers are not organized and do not have a forum for airing their concerns, nor have they developed an effective voice for lobbying. Most also reported not understanding important policies and legislation which directly impact on their livelihoods, such as the Gear (Growth, Employment and Redistribution) macro-economic policy, or the policies and legislation governing the restructuring of CD:F commercial assets, land reform, local government service delivery, and labour issues. Because they do not understand their rights and / or responsibilities under prevailing legislation, they cannot engage effectively with government and other stakeholders to protect their interests.

⁸ reported by sawmillers and bone-crunchingly experienced by this researcher at first hand

⁹ a period which unfortunately coincides with better market opportunities

¹⁰ A major concern therefore currently being the huge recent increases in diesel prices, the last being 0,37 cents per litre (October 2000).

7.3.4.2. There appear to be two distinct classes amongst sawyers seen. An articulate, financially 'better-off', smaller group with higher levels of education, and a poorer, larger group with little or no formal education, who are largely illiterate and innumerate. This latter group of sawyers did not use the opportunity presented by the workshop attended to voice their concerns and aspirations. They appeared to be dominated by the more articulate group, which has emerged as a local elite.

7.3.4.3. This unequal participation is replicated in membership of the one association which claims to represent sawyers and to support small-scale sawmilling development, the Eastern Cape Forestry Association (ECFA). The four 'middle-class' sawyers at the workshop belong to this organization. The larger 'working class' are not members and expressed mistrust about the organization and its aims.

7.3.4.4. The sub-sector is male-dominated. Although figures of 25% - 30% females employed were reported, at one sawmill visited only three of thirty employees were women. One of the nine sawyers interviewed is a woman.

7.3.4.5. Women receive the lowest wages on the grounds that they 'do not do the hard work' – hard work being defined as loading and offloading logs after felling. However, the three women employees referred to above were undertaking what looked to be extremely hard and physically demanding work. They were feeding heavy (because wet) logs after its first round of processing into the saw that cuts these logs into planks. This process needs to be repeated twice or thrice for each log depending on its size. The women were barefoot, and not wearing protective clothing, in particular gloves and goggles¹¹.

7.3.4.6. Sawyers report that, due to lack of funds, they are not able to adhere to labour legislation regarding health and safety requirements, minimum wages or basic conditions of employment. They also stated that if the legislation was enforced they would no longer be able to operate.

7.3.4.7. Many of the sawyers live at the sawmill during the week and spend their weekends 'at home', in their community of origin. Thus the term 'community' cannot be defined as a single geographic location. Most sawyers are integral members of two communities – the first being the community who live at the sawmill and with whom they spend most of the working week, and the second being the 'home' to which they return on weekends.

7.3.4.8. Splitting their lives between two places of residence causes social upheaval for sawyers and their families and dependents. For example, it was

¹¹ This researcher, standing at a greater distance from the saw than the women operating it, was continually pelted with the various-sized chips flying at speed off the saw.

reported that some sawyers have partners and children in both communities, that this causes friction and that violent behaviour sometime results. It was also reported that alcohol abuse is rife.

7.3.4.9. Children living at the sawmill (sawyers' children or children of employees) are severely and seriously deprived. At one sawmill, six children ranging in age from three to seven years were alone in a bare shack with only pots and a bed visible. It was reported that they look after and fend for themselves, including the preparation of meals. They do not go to school and, it was reported, will not in the future, since there are not enough funds to pay education costs. It was also reported that often even if there are funds for education, parents will keep older children at home to look after their younger siblings. These conditions of privation are strongly correlated with maladaptive psycho-social development.¹²

7.3.4.10 Some sawyers report that the CD:F restructuring process has resulted in conflict between and amongst groups engaged in sawmilling. For example, it was suggested that retrenched CD:F workers express their anger and hostility about their retrenchment by setting fires to nearby plantations.

7.3.5. Natural Capital

7.3.5.1. Apart from access to logs, sawyers also report that plantations are used for medicinal, recreational, fuelwood and spiritual purposes.

7.3.5.2. Access to plantations provides an important and often the only source of water for most of the sawyers, both at the sawmill and within the communities in which they live.

7.3.5.3. Neither bark nor sawdust are used or processed by sawyers. A great deal of waste is therefore generated. This waste is seen by DEAET as an environmental hazard.

8. CASE STUDY DETAILS OF ONE SAWYER

Box 1 on the next page sets out some of the details of the life of a sawyer from the poorer community of Nququ.

¹² For example, hampering the development of trust and the capacity to engage in close relationships.

Box 1: An Experienced Sawyer from the Nqugu Community

Mr. S., a member of the Nquqa Community, is 58 years old. His household consists of ten people - his wife, mother-in-law and seven children ranging in age from eight to 28 years. His wife owns and operates a small spaza store at the sawmill, from which she generates approximately R1000 profit per month. They report that they are both physically healthy, but it appears as if Mr. S. is developing corneal cataracts. He attributes this to welding. He has a variety of skills, including mechanical and management skills.

Mr. S. has not been operating his sawmill since February 2000 because his machinery is broken and he does not have the capital to repair it. Prior to this time, he was able to generate a profit of approximately R3000 per month during the 'good' period, i.e. August to December. However, the ten members of the household are currently surviving on the R1000 per month that Mrs. S. continues to earn from the spaza. The family can therefore only afford to pay for food; they are unable to pay for education, clothes or the debt on their furniture or machinery. The bank, to pay off accumulated debt, will shortly repossess the bakkie that Mr. S. has been using for sawmilling.

This situation has dire implications for the up to 30 workers that Mr. S. employed during better times. Ten workers remain, but have not received wages for three months. They survive by using borrowed machinery to fell and sell logs. Some of these workers had been with Mr. S. since the early 1970s. The rest of the workers have been retrenched (without pay or benefits). Seven other sawmillers from this community remain operational.

Mr. S. and the other sawmillers hold land through Permission to Occupy (PTO) granted by the Chief in his area. Although the Chief retains land ownership, Mr. S. reports that PTOs constitute secure tenure because the Chief cannot evict them from that land. Mr. S.'s sons, but not daughters, will inherit the use rights to this land. Lack of land ownership means that the S. family do not have fixed assets which could be used as collateral. The S. family have no livestock or poultry and do not grow crops. In addition, as with all other small sawmillers interviewed, they only receive one- to two-year contracts (licences) from CD:F to fell logs, and banks are only willing to offer loans on the basis of a five-year contract.

This family lives in extreme poverty, from which SSM provided them with an opportunity for a better life. Now that Mr. S. is faced with the closure of his sawmill, the family will undoubtedly suffer greater hardship in the future.

9. ISSUES ARISING

9.1. Two extremely important findings have emerged from this study. The first is the huge number of people (up to 15 000) whose quality of life is entirely dependent on income and wages forthcoming from the SSM sub-sector; the second, the appalling and deprived conditions under which small-scale sawyers and their employees and dependents work and live.

9.2. Despite these severe constraints, SSM represents a potentially viable and thriving industry which is currently not fulfilling its potential to deliver greater benefits to the resource-poor people of this study. That many of the sawyers have remained in operation for the length of time that they have is a tribute to the creativity and determination of sawyers themselves, who generally receive no external support.

9.3. A number of options for livelihood enhancement and enterprise development are apparent. They include waste-processing, value-added production, infrastructural development, service delivery, and access to rural finance.

9.4. However, the choice about which option(s) to pursue is a difficult and potentially unhappy one. If DFID chooses to support the sawmilling industry directly, thereby increasing productivity and efficiency, the likelihood is that the smaller and less profitable operations, run mainly by poorer sawyers with less access to a range of resources, will face closure. The prevailing elite will benefit from intervention at the expense of the poorest group. If, on the other hand, DFID intervenes only at the level of household or community livelihood enhancement, these same operators may, without increased enterprise support, suffer the same fate. Without careful targeted action, the already most disadvantaged group of sawyers, their employees and their dependents may become further marginalised and disempowered. Suggestions for a way forward will be made taking these considerations into account.

9.5. A number of current and potential stakeholders have expressed interest in providing a range of support mechanisms to small-scale sawmilling (see Table 1).

9.6. In spite of the offers made by these stakeholders, the institutional landscape is currently not favourably positioned to deliver rural development. Severe capacity and resource constraints at national, provincial and local levels are evident within CD: F and other government departments. In addition, prevailing macro-economic policy de-emphasises rural development.

9.7. In addition, the vital question is raised of who can and will drive and coordinate future development, a major issue that has plagued other rural development initiatives. There is no commonly-used rural development framework, or institutionalised structures and processes enabling integration and coordination of the multi-faceted requirements of rural development. For this reason, and also to achieve the social development goals of inclusion and empowerment, the option of empowering communities to drive their own developmental process deserves further exploration.

9.8. The restructuring process currently underway within CD:F is of great concern to sawyers and its shape and direction has major implications for their continued viability and sustainability. The poorer group of sawyers report that they have not been fully informed about, let alone participated in the decision-making processes around, restructuring¹⁴. This in spite of the fact that they are primary stakeholders whose livelihoods are entirely dependent on continued access to timber, major local employers and, therefore major (and sometimes the only) protagonists in local economic development (LED). It is therefore of critical importance that, in the interests of an inclusive and participatory process, CD:F actively targets this marginalised group in future decision-making processes.

9.10. Sawyers' lack of organisation and disempowerment is worrying in the face of the inexorability of the restructuring process, which minimises the window of opportunity for timeous engagement and participation. It is also important, however, for sawyers to engage with a host of other issues concerning them, including labour, land, service delivery and SME development. Empowerment and the development of social capital therefore needs to be prioritised.

9.11. Sawyers are faced with a long hungry period, during which time they have little choice but to tighten their belts, reduce household expenditure and lay off workers. Livelihood enhancement would require the development of alternative livelihood strategies during the 'off-season', or assistance with the development of multiple livelihood strategies to reduce the vulnerability that is the product of a single (precarious) livelihood strategy.

9.12. The cash-based nature of SSM constitutes precarious business practice for sawyers. Sawyers pay CD:F cash for logs, whilst purchase of sawn planks by market clients is conducted on an *ad hoc* and opportunistic basis. Timber merchants buy from the cheapest sources and as yet have not offered sawyers long-term contracts, although some report being willing to do so in the future.

9.13. Although sawyers do employ women, women are paid lower wages than men. The development of gender equity policies in the sub-sector needs attention.

¹⁴ ECFA representing only the more affluent group of sawyers in recent initiatives by CD:F to engage sawyers around the restructuring

9.14. Many children of sawyers and their employees live in deprived material, psychological and social conditions.

9.15. Whilst it is clearly undesirable that workers and the households and communities they support should pay the price of development in South Africa, labour legislation regarding minimum wages, basic conditions of employment and health and safety regulations constitutes a major threat to the ongoing operation of small-scale sawmilling.

9.16. Equitable access to land in South Africa will be a critical determinant of the way in which the democratisation process unfolds and of future socio-political and economic stability. It is widely accepted that the pace of land reform, particularly restitution, has been slow, and with the new direction being adopted by DLA, access to secure land and resource tenure by poor and marginalised groups like the sawyers is uncertain. The CD:F restructuring process provides an opportunity for CD:F, DLA and sawyers to work together towards just and equitable solutions that offer either enhanced security of tenure or use rights, or transfer of ownership. However, an additional threat to sawyers' gaining secure access to land and timber is represented by the myriad restitution claims that CD:F officials and the Commission on the Restitution of Land Rights report have been lodged by other parties on the Category B plantations in question.¹⁵

9.18. It is reported that sawyers compete with each other for access to local markets. Some sawyers complained that others engage in price-cutting in an attempt to ensure sales.

10. OPTIONS FOR WAY FORWARD

Options for the way forward have been grouped into the categories 'Process', 'Structures', 'Livelihood Enhancement' and 'Enterprise Development'. As is the case with reality, not all the comments made fit neatly into one particular category and some overlap will be apparent.

This section will then conclude by suggesting, for DFID's consideration, three options for the way forward.

Process

10.1. The way in which external agents engage in development work critically affects the outcome of the project or programme (livelihood outcomes) and the nature of the relationships that develop among stakeholders (social capital). Study participants report that a number of other support initiatives have been initiated in the last few years, with no tangible result. Such actions are

¹⁵ None of the sawyers interviewed report having lodged restitution claims or applied for assistance under DLA's land redistribution programme.

profoundly disempowering, foster dependency on external agents, and should be avoided. Any further work with sawyers needs to be carefully and consciously designed to ensure equity, inclusion and empowerment. The special needs, concerns and skills of women, children, the aged, youth and disabled people need to be understood and responded to.

10.2. Whilst empowerment and capacity building are processes that unfold over time, it appears necessary to respond as a matter of urgency to the issues raised for sawyers by CD:F's restructuring. For this reason, it is strongly recommended that an NGO or independent facilitator is appointed as soon as possible to embark on a capacity-building, community-institution building and empowerment programme that enables small-scale sawyers to drive, own and manage pressing current issues and future development processes. The intention of such an intervention should be to foster autonomy and self-reliance.

10.3. Further work with sawyers should aim to determine: a) whether they will engage as active partners in the process of their own development; b) what commitments they are willing to make to this process; d) what their short-, medium- and long-term vision is; e) what their priorities are; f) skills and capacity needs. In addition, current and potential stakeholders need to be drawn together to examine what support they are able to provide in the future, and to clarify potential roles and responsibilities of each.

Structures

10.4. At the macro-level of transforming structures and processes, the important work currently underway in CD:F, with DFID support, needs to continue. CD:F needs to complete its reorientation and transformation programme so that it can engage in pro-poor and people-centred forestry development. Such work needs to ensure:

- that all sawyers are given an equal voice and opportunity to impact on the decision-making processes around restructuring and the future of small-scale sawmilling
- further work on building the capacity and skills of CD:F staff, especially at local level, to engage in responsive and facilitative, rather than prescriptive, relationships with local people
- the encouragement of transparency and accountability through the pursuit of dialogue, debate, participatory planning and negotiation between stakeholders, and participatory systems of monitoring and evaluation

10.5. Future development activities in the sub-sector will require the establishment of a multi-stakeholder forum.

Enterprise Development

10.6. Information gathered from Thesens, SAPPI and Shaveco in the Southern Cape area indicate that there are a number of potential markets for the processing of waste generated by sawmilling. They include the use of sawdust for chicken bedding¹⁶, the processing of bark into a growing medium supplied to nurseries for use in domestic gardens, and the use of saw chips in the production of chipboard.

10.7. A detailed investigation of the possibilities for value-added processing was not undertaken. Nevertheless, a number of possibilities emerge, including:

- treatment of poles
- drying of wood
- production of pallets, cable drums, coffins, doors, etc.
- linkages with larger development initiatives (such as the Wild Coast Spatial Development Initiative) for the supply of timber for building material, or processing such as door- or furniture-making
- possibilities for the development of a wood-based arts and crafts industry
- the development of export markets

10.8. Sawyers may benefit from organising into a Co-operative. Advantages to the formation of a Co-operative would include assured markets, and end the current practice of under-cutting prices. It may also facilitate the accessing of credit and loans, group-based discounts on products and inputs, and the enhancement of social capital.

Livelihoods Enhancement

10.9. Infrastructure: Access to basics, such as clean running water, sanitation and electricity, is not only important for increased productivity and efficiency, but also for human dignity. Since many of the sawmills are clustered in close proximity to each other, the opportunity exists to provide support to large numbers of people. For example, sawyers of the Nququ Community (one of the poorer groupings of sawyers) operate seven independent sawmills approximately 30 kms. from Cofimvaba. Using figures of 25 workers per sawmill, and seven people per household, infrastructural support would immediately benefit 1225 people. Water and electricity service delivery is a local government competence. It is therefore recommended that DFID-SA pursues the option of partnerships with stakeholders for the development of infrastructure, including roads.

10.10. It is reported that a number of initiatives aimed at supporting the SSM sector have been undertaken since 1994. They include a DEAET / CD:F study commissioned to investigate the feasibility of building a pulp mill in the Matiwane

¹⁶ Shaveco transports untreated and unprocessed sawdust to chicken farms as far away from George as Port Elizabeth and Pietermaritzburg, which suggests that there is sufficient profit in this activity to absorb high transport costs. Extraction units and holding bins for this activity are estimated to cost between R20 000 and R30 000.

area, which recommended that a pulp mill should be built; attempts to resuscitate the Vulindlela Furniture Factory; attempts to form a partnership between DEAET and Hans Merensky for the purpose of providing a training centre for small sawyers at Baziya outside Umtata; and expressions of willingness on the part of the South African Lumber Manufacturers' Association (SALMA) to provide training for sawyers. It is unclear why none of these initiatives have resulted in tangible benefits for sawyers. One respondent suggested that it had to do with the lack of organisation and joint action on the part of sawyers themselves. However, what does emerge is that there appears to be a range of players potentially able to offer a range of goods and/or services in support of small-scale sawmilling. It is therefore strongly recommended that future support to the sector identifies a party who can co-ordinate information and action based on sawyers' aspirations.

10.11. It is also recommended that future support aims to develop partnerships between government departments such as CD:F, DLA, DEAET and DTI, and with private sector players, that can deliver integrated 'development packages' tailored to the needs of small-scale sawyers and incorporating aspects of capacity building, forest resource use, land reform, service delivery and small and medium enterprise (SME) development.

10.12. Although the revised ToR envisaged that a later phase of this study would determine those communities most in need of external support, even without a detailed community-based livelihoods analysis, the information gathered from individual sawmillers and DFID's policy framework that specifies targeting the poorest and most marginalised groups, can provide direction for which communities to target. It is recommended that the Nququ community, should be targeted for further investigation and support. However, all sawyers interviewed would benefit from assistance to enhance their livelihoods, productivity and market choices, and a more wide-ranging form of assistance to the entire sub-sector in the Eastern Cape should also be considered.

Options for Way Forward

10.13. In light of the paradox highlighted in this report regarding the danger of further marginalizing and disempowering the poorest and most vulnerable groups in the sawmilling sub-sector, three options for further support are presented below:

10.14. Option 1: In this scenario, DFID provides support to develop the enterprise of small-scale sawmilling directly. Such support could include the provision, or facilitation, of access to rural finance mechanisms, skills development, the development of alternative markets or the strengthening of existing markets. The risk contained in this option has already been alluded to – that is that direct enterprise development may strengthen existing inequitable patterns, strengthening the elite middle-class, whilst marginalizing poorer groups

of sawyers. This outcome is not, however, inevitable. The likelihood of marginalization could be offset by active, targeted intervention aimed specifically at developing a skills base, social capital and access to an array of resources by poorer sawyers. Nevertheless, this option does contain the inherent risk that poorer sawyers will face closure in a more productive, efficient and competitive environment.

10.15. Option 2: This option entails direct support to household and community livelihoods. It includes the provision of access to basic services, rural finance and education for children. However, as stated earlier, this possibility also represents a potential threat to the most disadvantaged groups of sawyers who, without direct enterprise support, may fail to remain viable and sustainable operations.

10.16. Option 3: A third option based on an attempt to protect the poorer sawyers and to effect a compromise between enterprise development and livelihood enhancement, can also be mooted. This option combines interventions aimed at both enterprise development and livelihoods support. In this scenario, DFID would provide at least the minimum level of support for both enterprise development and the conditions necessary, at community level, for human dignity. For example, DFID support would ensure access to rural finance and skills development for sawyers, provision or facilitation of access by sawyers and communities to basic services, and the upgrading of roads. In anticipation of the possibility that enterprise development may freeze out some of the smaller sawyers, the development of alternative livelihood strategies, and multiple livelihood strategies, is strongly recommended to provide some measure of pre-emptive protection, to reduce vulnerability and to strengthen resilience. Since DFID's policy framework expressly targets the poorest sections of the population, an initial starting point should be the strengthening of women's access to resources, livelihood options, and decision-making powers. Possibilities for alternative and additional livelihood strategies are set out earlier in this section, but this list is not exclusive and it is important that sawyers themselves, and the communities they form a part of, actively participate in the generation and final selection of options. The cross-sectoral nature of this kind of multi-faceted support package would be driven from within DFID by the Sustainable Livelihoods Division.

11. CONCLUSIONS

11.1. The results of this study indicate that, in spite of severe constraints, SSM makes a critical, and major, contribution to the livelihoods of households and communities associated with the sub-sector. The sector is currently responsible for the livelihoods and wellbeing of approximately 15 000 people in the Eastern Cape.

11.2. Although potentially viable operations, the SSM sub-sector as it is presently constituted represents a precarious livelihood strategy, vulnerable to shocks, seasonal variations in markets, population increases¹⁷, and a lack of alternative or complementary livelihood strategies.

11.3. The DFID Sustainable Rural Livelihoods framework has proved to be an extremely valuable tool for analysis of the contribution of SSM to household and community livelihoods, for generating information around the vulnerability context within which sawyers operate, and for identifying potential entry points for further support at the micro-, meso- and macro-levels.

11.4. Enabling small-scale sawyers' to engage with the CD:F restructuring process in the immediate future should be seen as a priority for further support.

11.5. This study suggests that an empowerment and capacity building programme ensuring equal participation by all sawyers should be embarked on as a matter of urgency, whilst there remains time for sawyers' concerns and aspirations around the restructuring and other matters of common concern, to be voiced and taken into account.

11.6. In addition, it has been recommended that support to women and children is prioritised.

11.7. Three options for future action have been identified, with the proviso that sawyers themselves, and the communities of which they are a part, have an equal say in decision-making processes regarding their future.

¹⁷ urban to rural return migration as urban unemployment rises and people seek work in rural areas; return migration by retrenched workers who can not only no longer contribute income to rural households, but also need to be supported by these same households of which many were the only breadwinner

APPENDIX 1: STUDY PARTICIPANTS / PEOPLE OR ORGANISATIONS PROVIDING ASSISTANCE

CD:F (DWAF)

Lael Bethlehem : Chief Director: Forestry
 Shadrack Ningiza : (Kei) Area Manager
 N. Nondabula : Estate Manager
 Mr. Khalashe : Assistant Estate Manager

CHEMICAL, ENERGY, PAPER, PRINTING, WOOD AND ALLIED WORKERS UNION (CEPPWAWU)

Andile Neyembezi : Organiser

COMMISSION ON RESTITUTION OF LAND RIGHTS (Eastern Cape)

Wandisile Kahlane : Planner

CONSULTANTS

Vuyani Gatywa : Vuyani Gatywa Associates
 Stephen Keet : Stephen Keet Associates
 Louis Heyl : Louis Heyl Associates

DFID-SA

Bridget Dillon : Social Development Adviser
 Tim Foy : Regional Forestry Adviser
 Hushe Mzenda : Sustainable Livelihoods Adviser

ECFA (Africa's Best 21 Ltd.)

Ayanda Gilman : Chairperson / Director

HUNTINGS TECHNICAL SERVICES

Keith Fisher
 Bob Frost

PERMAC

Nosipho Mfunzi : Trainee Industrial Advisor
 Freddy Xoli : Industrial Advisor

SAPPI

D. Betts : Procurement Manager

SMALL-SCALE SAWYERS

April Dyantyi

Harold Knoetze

Alfred Nyanga

Noluvu Nyanga

Eric Paigel

Nokulunga Shologu

William Sohuma

Novuyani Shologu

Philemon Sohuma

SHAVECO

A. W. Diener : Manager

THESENS

K. Douglas

TIMBER MERCHANTS / HARDWARE SUPPLIERS

Philip Schenk : Manager, Enspa, Engcobo

Owen Lentz : Manager, Cofimvaba Hardware, Cofimvaba

S.G. Pillay Jnr. : Manager, N.S. Pillay Brothers CC, Queenstown

Appendix 2: References

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