



The timber farm Langfontein, now owned by the kwaZiqongwana Community Trust, and leased by Mondi.

# Creating a platform for community involvement in forestry business

**Mondi Zimele provides crucial business support for a community contracting business ...**

The farm Langfontein is a typical Zululand timber estate. It is situated in the green, rolling hills around Babanango, a mosaic of eucalyptus, pine and wattle compartments with corridors of open grassland, wetland and natural bush linking through the landscape.

Langfontein, which was owned by Mondi, was claimed by the kwaZiqongwana Community and purchased by the government in terms of the land restitution programme.

The farm comprises 4 920 ha with half of that area planted to timber. This is good tree farming country with deep soils and good rainfall, and is situated 120kms from the timber processing hub of Richards Bay.

In 2010, ownership of the farm was transferred to the kwaZiqongwana Community Trust. At the same time, Mondi signed an agreement with the Trust in terms of which they will lease the land for the purposes of managing the forestry operations for a period of 20 years, paying an annual rental and a stumpage fee based on the annual timber harvest.

In addition to the above, Mondi will provide a range of empowerment and support services that will enable the community to establish businesses to participate in the forestry operations, and to build capacity to drive their own development.

The community's increasing participation in the forestry business is key to the success of the entire

project. At the end of the lease period, it is envisaged that the Trust will be in a position to manage their land and the forestry business effectively, thus creating local jobs and empowering the community in the process.

The first step in this journey has been taken with

the establishment by the Trust of Mkhwetha Trading Company, which has secured a contract with Mondi to provide the full range of silviculture operations on the estate. This includes land prep, planting,

Please turn over



Members of the kwaZiqongwana Community Trust, Mkhwetha Trading, Mondi and Mondi Zimele, working together to ensure the success of the community forestry project. Back row (left to right): Mbhekiseni Njoko (trustee), Robert Dlamini (Mkhwetha manager), Mzwakhe Mhlongo (Trust deputy chairman), Moses Ntombela (Trust chairman), Richard Palthe (Mondi forester), Zakhele Myeza (MZ mentor). Front (left to right): Sizakele Ntombela (trustee), Mbali Xaba (Mkhwetha administrator), Sizwe Mtengu (MZ forestry development manager), and Dingeni Mthimkhulu (trustee).



maintenance of conservation and plantation areas, creation of fire belts and fire fighting.

For a community that has little or no previous business experience, this is a tough ask. Enter Mondi Zimele, Mondi's small enterprise development unit, which provides a comprehensive range of support services to emerging businesses.

MZ's Forestry Development Manager, Sizwe Mtengu, said that MZ worked with the Trust to register the business, appoint a board of directors and develop a comprehensive business plan. They provide access to training using Mondi's in-house capacity, and work with the company to identify gaps and offer solutions, using a specially developed MZ toolkit. The MZ team also helped Mkhwetha to negotiate the terms of its contract with Mondi.



Above and below. Mkhwetha workers busy planting pine seedlings at the kwaZiqongwana Community Trust-owned farm



Mkhwetha Trading manager Robert Dlamini and Mondi forester Richard Palthe work closely together.

To address the lack of start-up capital, MZ provided the Trust with a R1.1 million low interest loan to enable them to purchase the equipment they needed to start operating, including a labour carrier, bakkie and tractor. The Trust contributed an additional R260 000 of their own funds to get the business up and running.

The company started work at the beginning of 2012. MZ assigned a full-time mentor, Zakhele Myeza, to work closely with Mkhwetha Trading manager Robert Dlamini. Zakhele is a trained forester and small business specialist who provides day-to-day management support to Robert. Close attention is paid to the disciplines of financial administration, legal compliance in health and safety and staff development.

"I am like a back-up manager for Mkhwetha Trading, and I communicate with Robert every day," said Zakhele. "We work closely with Mondi's senior forester for the Babanango area, Richard Palthe, to ensure that Mkhwetha maintains the productivity and quality standards that Mondi expects."

Zakhele says that this year, Robert will be exposed to training courses aimed at further developing his business management skills.

Mkhwetha currently employs 36 people, all of whom come from local communities, and most of whom are beneficiaries of the Trust. Some have experience working in forestry, others are new to the game. Last year, they planted 80 ha and this year, they are expecting to significantly increase that area, depending on the market demand.

Richard says he meets regularly with Robert and Zakhele to plan the work programme and discuss operational issues. Richard has been working as a forester in Babanango for many years and has a lot of experience to bring to the project.

kwaZiqongwana Trust chairman, Moses Ntombela, is the driving force behind the whole project. He refers to the relationship between Mondi, Mondi Zimele and kwaZiqongwana as a 'tripartite alliance' and says the three institutions are working well together.

"We all share the same goal, to make sure that the farm continues to be productive and competitive and that this company succeeds. It's very important for us to have a good working relationship. We are also fortunate to have the backing of the traditional leadership of this area, Chief MN Ntombela, who supports this project."

He said that the Trust's aim is for Mkhwetha Trading to continue doing silviculture work for at least five years, after which they will start moving into other areas of operation. The Trust has received another 1 700ha of agricultural land through the land restitution programme, and they have plans to get involved in cattle ranching, vegetable production and poultry.

Meanwhile, it's all hands on deck making sure that Mkhwetha Trading succeeds in building a viable forestry contracting business, as this success will provide the platform for further development. ●

## MONDI ZIMELE: Creating sustainable jobs through small business support

Mondi Zimele was established by Mondi in 2007 to provide support for contractors operating within the value chain. However, given the growing importance of creating local jobs, MZ has significantly expanded its small business development activities with the establishment of a R140 million MZ Jobs Fund.

The MZ Jobs Fund comprises a R70 million grant from the Development Bank of SA matched by R70 million contributed by Mondi. The fund will be managed by a wholly owned subsidiary company Mondi Zimele Forestry Jobs Fund (Pty) Ltd

The Fund will be used to extend MZ's services to provide a comprehensive package of business support and low interest loans to emerging businesses beyond the Mondi value chain, with the focus on creating jobs within Mondi's areas of operation. This is in addition to MZ's existing SME programmes which target Mondi contractors and suppliers within the value chain.

"The Mondi Zimele model is not around the provision of discounted capital alone - very rarely is capital the only barrier to emerging small business success," said Mondi Zimele CEO Jason Smith. "Our focus is to assist entrepreneurs to employ the right business management practices together with a clear market strategy to develop their business idea. The funding is the final enabler in this process."

A key element of all MZ's programmes is sustainability.

"This is not Community Social Investment, it's about creating sustainable businesses. When you get this right you are breaking the cycle of dependency," said Jason.

MZ has to date supported more than 18 supply chain business projects in Mondi's value chain and over 40 community small business projects in surrounding areas. These businesses have a collective turnover in excess of R300 million per annum and an employment footprint of over 2 500 people.

With the introduction of the MZ Jobs Fund, MZ is currently supporting an average of six new small business projects every month, with additional growth planned over the course of this year. ●