

Khulisa Umnotho

Khulisa Umnotho started out as a **tree-farming scheme** aimed at subsistence farmers. It is now a successful **job creation** and **entrepreneurship development model** creating **sustainable livelihoods** in rural areas.

The **total area** currently **managed** under this programme amounts to **22,717ha**.



33 years of creating sustainable livelihoods...and growing wealth...



What is Khulisa Umnotho?

Started in 1983, Khulisa Umnotho is a tree-farming scheme, that initially focused on supporting subsistence farmers in South Africa who had access to 1-20ha of land on which to grow trees.

In the years leading up to celebrating its 30th anniversary in 2013, Khulisa Umnotho expanded to include community forestry projects and forestry projects handed to land-reform beneficiaries.

In keeping with the South African Government's strategy of promoting forestry as a means of creating sustainable livelihoods in rural areas, Khulisa Umnotho forms the foundation of our own corporate social responsibility, enterprise development focus.

Where does the tree-farming take place?

Khulisa Umnotho was started in KwaZulu-Natal, South Africa, covering the area from Mangusi near Kosi Bay in the north to Port Edward in the south and inland as far as Ixopo and Nongoma.

Recently, we introduced Khulisa Umnotho into the Eastern Cape near the towns of Bizana and Lusikisiki.

How does Khulisa Umnotho work?

Growers make their land available for planting *eucalyptus* trees. We provide growers with:

- Sponsored seedlings
- An interest-free loan
- Technical advice, and
- A guaranteed future market.

We arrange an interest-free loan that is sufficient to cover all farming input costs, including annual maintenance of the plantations until they are harvested.

Advances are paid to growers for work carried out throughout the generally 8-10 year growing cycle. In addition, a small portion of the anticipated after-harvest profit is paid annually to overcome cash flow constraints associated with the long growing cycle.

At harvesting time we buy the timber from the growers and pay them a market-related price less the advance payments they have received in preceding years.

Khulisa Umnotho helps small farmers overcome the entry barriers associated with tree farming which include:

- The significant expense of purchasing seedlings and fertiliser and harvesting and transport, and
- The long growing cycle before trees are ready for harvesting.

In FY2016, **Khulisa Umnotho** tree farmers supplied just over **395,000 tons** of **fibre** to our mills, **injecting several hundred million Rand** into our **economy**.

A **21-member, extension services** team supports growers.

During an 8-10 year growing cycle, **structured financial support** avoids **cash flow** constraints and we **guarantee** growers a **market** at harvesting time.

More than **100 SMMEs** have been established to support growers, creating more than **1,700** indirect **rural jobs**.

Where do the seedlings come from?

All seedlings supplied are grown by our own nurseries to ensure that the growers plant only the best available quality genetic material. They are not expected to pay us for the seedlings.

Who are the farmers and growers?

In some cases growers are individuals (representing the community), but the whole community is part of the project and becomes involved in forestry. In other areas only some individuals plant trees, but then contract individuals within the community to work the planted lots for them.

There are some areas where the community does forestry on an individual basis but rotates working on each plot in turn and the individual retains the profits. Some schools and churches have joined the scheme; in these instances the profits go to the institution and all the members benefit.

How much woodfibre is supplied to Sappi under the Khulisa Umnotho scheme?

In FY2016, under the programme, 395,232 tons (2015: 361,134 tons), worth ZAR298 million was delivered to our operations. Since 1995 a total volume of 2,865,360 tons, to the value of ZAR1.3 billion, has been purchased from small growers in terms of this programme.

What assistance does Sappi provide to growers?

We employ 21 qualified extension officers and two managers who assist the growers in selecting the most appropriate areas for planting trees.

The extension officers also offer advice and assist in preparing, fertilising and planting. They visit the growers frequently after the trees have been established to provide assistance with weed control and the preparation of fire breaks. If requested, we participate in growers' negotiations with contractors (especially harvesting and long-haul transport contractors) to ensure they are treated fairly.

How is land suitable for afforestation identified?

A site selection check-sheet needs to be completed for each site to ensure that plantings do not take place in environmentally sensitive areas and that planted areas are economically sustainable.

Is Khulisa Umnotho timber certified to independent forest certification management standards?

At the moment small- and micro-scale growers are excluded from certification because there is no national FSC®¹ developed SLIMFS (Small Low Impact Managed Forests) standard available. Our extension officers work with growers to ensure that their plantings do not affect environmentally sensitive areas and that planted areas are economically sustainable.

We are involved in an FSC-funded small grower research project studying various approaches to obtaining FSC certification for small growers. The objective is to make FSC available to small-scale growers.

How do growers and communities benefit?

Khulisa Umnotho contributes to the South African Government's rural development programme and its developmental focus on long-term job creation and training.

Khulisa Umnotho makes a meaningful difference in rural subsistence farmers' and their communities' lives, by delivering, amongst others, the following benefits:

- Participation in an industry from which growers would otherwise be excluded because of high cost-of-entry barriers.
- Guaranteed market at prevailing market prices.
- Positive cash flow in the form of ongoing payments for work done on the land, annual advances on the timber crop.
- Multiplier employment opportunities as growers employ people within their communities to assist in managing their plantation.
- Empowerment of women in rural areas. Women represent 80% of the workforce. It gives them the opportunity to work from home and perform maternal duties, whilst supplementing household incomes.
- In addition to supplying Sappi with woodfibre, growers are able to meet their own fencing, building material and firewood needs.
- Skills transfer and developing entrepreneurial thinking.
- Provides an integrated development service to rural communities, with emphasis on appropriate systems and training to empower individuals and community based institutions to manage their own development initiatives and maximise their potential.
- More than 1,700 indirect rural jobs — 80% women — and more than 100 small, medium and micro enterprises (SMMEs) have been established through Khulisa Umnotho.

Is training offered to growers?

Recognising that Khulisa Umnotho labour is characterised by poor efficiencies and a large turnover, we have established a training programme to address this need. Training covers areas such as institutional governance, business courses including financial literacy, bookkeeping and entrepreneurship, as well as technical courses. The latter covers areas such as:

- Fire management
- Silviculture and harvesting planning
- Chainsaw operations and maintenance
- First aid
- Chemical weeding and chemical pump operation
- Safety, and
- Supervisor development.

As the majority of courses are presented in the rural areas where the growers and contractors are working, the facilitators need to be mobile and train in community facilities. There are three facilitators covering the area from northern KwaZulu-Natal to the Eastern Cape. Training is targeted at the level of our growers and contractors. Courses are presented in Zulu, with extensive use made of slide presentations and visuals. Learner participation is encouraged, with practical exercises to promote adult learning.

¹ Our mills' and forestry certification details, including FSC®, SFI® and PEFC™, are available online (<https://www.sappi.com/certifications>) and summarised in the Sustainability FAQs — Our certifications.