



NDA

National
Development
Agency



**SOKAPASE COMMUNITY TRUST
CLOSE OUT EVALUATION REPORT
FEBRUARY 2014**



Submitted by Mbumba Development Services



February 2014



Executive Summary

1. Introduction and Background

Mbumba Development Services was appointed to conduct a close-out project evaluation of the Sokapase Woodlot Project as implemented by the Sokapase Community Trust.

The project was designed to expand the operations of the Sokapase Community Trust (the Trust) which was established in 1998 with the direct assistance from the then Department of Water Affairs and Forestry (DWAF) which facilitated the process of transferring 329 hectares of land to the Sokapase Trust. The Department of Agriculture, Forestry and Fisheries (DAFF) has since taken over DWAF's role and is working with the Trust.

The plantation is situated on what is known as the Blyth Woodlot which is located in the Amathole District Municipality 6 kilometres south of Ngqamakhwe in the former Transkei, and is approximately 100 kilometres from East London. The Blyth Woodlot is established on fairly flat ground and both the altitude and average temperatures in the area are suitable for certain commercial timber species.

The overall objective of the project is *“To establish a viable hardwood plantation and crop production enterprise that will generate income and create jobs for the local community”*.

The specific objectives noted in the application for funding are:

- To build the capacity of the Trust so as to run the enterprise in an efficient and effective manner.
- To establish a viable and self-sustainable business entity by increasing production and quality of timber produced.
- To establish crop production (cabbages, onions, carrots and potatoes) on 20 hectares of land
- To conduct technical agricultural skills training
- To create jobs that will generate income for the local people and contribute to the local economic development of the municipality

2. Evaluation aim and objectives

The evaluation is intended to assess the design, implementation and results of the project in order to determine its relevance, effectiveness, impact and sustainability in the context of its stated aim.

3. Evaluation methodology

The evaluation of the project was conducted using key informant interviews, site visits, telephonic interviews and an extensive desk-top review of project narrative and financial reports and other relevant documentation was conducted.

The research instruments included a questionnaire and interview guide that were informed by the NDA Terms of Reference for the evaluation.

4. Results

Project Preparation and Design

This phase of the project was conceptualised by DAFF National and a draft proposal was sent to the provincial office for refining. Assistance with the design of the project was provided by the Eastern Cape Development Corporation (ECDC) who had been involved with the earlier stages of the project. The final proposal and business plan were then submitted to NDA for funding. It appears that the Trust itself made very little input into the planning and design and it is therefore not clear how, or indeed if an assessment was made of the Trust's capacity to implement a project of this nature.

Interviews conducted and documentation reviewed indicate that the intention was for DAFF to provide much of the required expertise and skills for implementing these activities as the trustees clearly did not have the required expertise.

Community consultation and buy-in

The project documentation reviewed makes no mention of community participation in the design of the project. When the trustees were asked who was involved in the project planning and design they were unable to respond as they claimed that "the previous or interim trustees were in charge". The draft Due Diligence report of 2010 by MML Development Consultants notes that there was a lack of community participation and ownership prior to the start of this project.

During the evaluation it emerged that the lack of a defined relationship between the Trust and traditional leadership in the area has been a source of conflict which has impacted negatively on the project.

In the grant application, project activities outlined are clearly described and practical, however, some components of the project are confusing, for example, reference is made to "*Ultimate responsibility and accountability to the community is held by Sokapase Trustees, but responsibility for the operational performance rests with DAFF*". In practical terms, statements such as this breed confusion and a lack of accountability during implementation and is perhaps one of the reasons for the institutional challenges encountered during the project.

While it is apparent that capacity issues were taken into account during the design of the project, as one of the main objectives of the project is to build the capacity of the Trust, it is also clear that this objective was not achieved.

Relevance

The Sokapase Woodlot project is relevant to the general need for successful and sustainable income generating projects in rural areas. It is also appropriate that the existing project be expanded and supplemented with vegetable production in order to obviate the long term nature of forestry projects.

Although the proposal summary sheet contains a section on “relevance and methodology” there is very little actual reference to the relevance of the project in this section and instead outlines the methodology for implementing activities in some detail.

Effectiveness and Efficiency

Based on the review of relevant documents, interviews with stakeholders and the site visit, it is clear that a number of planned activities were not implemented resulting in objectives not being fully achieved.

Overall, the planned objectives have not been met and the funding provided has not been utilised to its maximum benefit. The livelihoods of a small number of local community members were improved through short term employment as casual workers on the plantation. The project was not efficiently managed due to the lack of skills, structures and systems and various resources (including money) went “missing” or were “lost” during implementation.

Capacity

A number of capacity issues were noted in the Due Diligence Report which in fact stated categorically that NDA should not approve the request for funding UNTIL certain conditions were met. However, the NDA, while noting the due diligence issues, approved the request and noted in the Proposal Summary Sheet that all issues raised, had been, or would be addressed. It is clear that this was not the case and that planned interventions either did not take place or were not successful (i.e. objectives were not achieved).

Even though the trust has been in existence for 12 years the experience of the trustees is questionable and this has affected both the technical aspects of the project as well as the governance and management. There are inadequate or non-existent financial systems and internal controls in place and financial management skills are lacking which has led to poor financial practices and money going missing.. The trustees were unable to provide financial reports and claimed that there has never been an audit of the Trust.

Sustainability

A combination of all the issues noted above has resulted in a dysfunctional and unsustainable project. It is highly unlikely that this project is sustainable in its current form. The trustees acknowledged that they are not making sufficient money from the sale of timber to continue paying labourers and they have also not considered any other means of raising funds.

It is clear that as the project stands at the moment it is likely to fail unless there is a move towards seeking alternative opportunities and technologies, for example in the longer term there is a need for a plant on site that can manufacture and process items from the timber as they are currently only focusing on planting, tree felling and debarking. In the short term the Trust had hoped to derive income from growing and selling vegetables, however, this activity has never been implemented due to the fact that the Trust claims that it has not received permission from DAFF to grow vegetables on the land. DAFF states that permission for this activity was granted and a site identified, however, the internal conflicts and disagreements amongst trustees is the reason for non-implementation of this activity.

Sustainability of this project can only be achieved if the current conflict and capacity issues are addressed. In addition, the Trust should consider forming a partnership with a private sector company with the skills and experience needed to manage a project of this nature.

5. Conclusions and recommendations

The Trust has been in existence for 12 years and has received significant technical and financial assistance over the years and it would be expected that it would be a functional entity. However, all documents reviewed and interviews conducted indicate that the Trust does not have proper institutional, governance and accountability mechanisms nor the required structure or systems in place to guide its management. As such, the project is, in the main, dysfunctional and not sustainable.

Issues related to building the capacity of the trustees have been noted in various documents reviewed and a number of interventions were conducted during implementation, and yet, issues such as poor financial management practices, internal conflict, lack of monitoring and evaluation capacity, lack of a business strategy, and absence of key management and technical skills and lack of leadership persist. The evaluation exercise has shown that very little has improved since 2010 when the due diligence was conducted and 2014.

A number of the activities were not implemented and some objectives were not or only partly achieved.

The project was not soundly managed financially and resulted in significant variances from planned expenditure.

At the policy level it is evident that the project is consistent with several different policy frameworks for community afforestation projects and local economic development. There is obvious alignment with the Mquma Municipal IDP and rural development strategies from all three spheres of government.

A number of lessons can be drawn from this project and include the following:

- Lack of clearly structured community consultation in project design and preparation resulted in tensions and conflicts and a lack of community buy-in and commitment to the project. Had there been proper community consultation, it is probable that the conflict with the traditional leadership

would not have arisen or would have been addressed through a planned intervention

- It would appear that NDA support for this project was based partly on the fact that DAFF was to play a significant role in assisting the Trust. However, there is little evidence to show that that NDA adequately monitored the agreements made between DAFF and the Trust regarding their respective roles and responsibilities
- Although the trustees' lack of capacity is a challenge noted by almost everyone involved in this project – the interventions implemented were generally unsuccessful. In some instances the interventions were not appropriate i.e. too general in nature and there was insufficient follow-up on training provided
- Information and / or recommendations provided by various service providers were not sufficiently addressed by the NDA. For example, the Due Diligence report recommended that the project not be funded until a number of issues (specifically related to capacity building) had been addressed. Although NDA noted these recommendations their response was to include a budget line for capacity building which would obviously only be implemented after project commencement

Recommendations

- ❖ NDA should request evidence of community consultation in the preparation and design of projects in order to avoid future conflict situations
- ❖ NDA must monitor any agreements contained in the Grant Contract between project beneficiaries and service providers e.g. between DAFF and the Trust regarding their respective roles and responsibilities
- ❖ It is recommended that NDA consider conducting a Training Needs Analysis before implementing generic governance or management training for project beneficiaries. This will ensure that training and capacity building is more specifically geared towards the needs of the beneficiaries
- ❖ Recommendations made in Due Diligence Reports should be adhered to. In this case a clear recommendation was made that NDA should not approve the funding request, but advised the proponents to build their institutional capacity. However, in cases where NDA believes that funding should be provided regardless of the recommendations they should ensure that the issues informing the recommendations are adequately addressed before approval is given
- ❖ It is recommended that NDA and DAFF assist the Trust to find a suitable private sector partner with the skills and experience needed to manage a project of this nature.

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|------------------------|
| GRANT RECIPIENT |
|------------------------|

| |
|--------------------------|
| Sokapase Community Trust |
|--------------------------|

| | | |
|---------------------------------------|--|--|
| NAME OF PROJECT | Sokapase Woodlot Project | |
| TYPE OF PROJECT / SECTOR | Economic Development | |
| LEGAL FORM | Trust | |
| LOCATION | Amathole District Municipality, Mquma Local Municipality Eastern Cape | |
| BENEFICIARIES (TYPE & NO.) | Trustees | 12 current (5 planned) |
| | Casual workers | Not defined over the duration of the project |
| | | |
| | | |
| BUDGET | R1 348 435 (R1 288 435 to be disbursed) | |
| FUNDS DISBURSED TO DATE | R1 288 435 | |
| TIMEFRAME | According to the contract the project duration was 24 months, with commencement on 1 November 2011 and termination on 31 October 2012. The termination date was extended to 31 December 2013 | |

1. Introduction and Background

Project evaluation is a requirement of a funding agreement between the NDA and all NDA funded organisations. Mbumba Development Services has been contracted to conduct a close-out project evaluation of the Sokapase Woodlot Project implemented by the Sokapase Trust. The evaluation is intended to assess the design, implementation and results of the project in order to determine its relevance, effectiveness, impact and sustainability in the context of its stated aim.

The project was designed to expand the operations of the Sokapase Community Trust (the Trust) which was established in 1998 with the direct assistance from the then Department of Water Affairs and Forestry (DWAF) which facilitated the process of transferring 329 hectares of land to the Sokapase Trust. The trust was granted a licence by DWAF to establish and manage a hardwood plantation and remove and process the timber from the plantation. The Department of Agriculture, Forestry and Fisheries (DAFF) has since taken over DWAF's role and is working with the Trust. and 12 representatives were elected from the following 12 villages to serve as trustees:

- i. Mpundu
- ii. Mzantsi
- iii. Maphiko
- iv. Maxelegu
- v. L Location
- vi. Sjila
- vii. Neutral
- viii. Trust Farm
- ix. California
- x. Mantla
- xi. Chief
- xii. T Location

The plantation is situated on what is known as the Blyth Woodlot which is located in the Amathole District Municipality 6 kilometres south of Ngqamakhwe in the former Transkei, and is approximately 100 kilometres from East London. The Blyth Woodlot is established on fairly flat ground and both the altitude and average temperatures in the area are suitable for certain commercial timber species.

The application to NDA sought to expand the operations of the Trust by planting an additional 40 hectares of land with trees whilst harvesting the existing stock and selling to the market. The Trust also intended to introduce vegetable production to its existing operations.

The overall objective of the project is *“To establish a viable hardwood plantation and crop production enterprise that will generate income and create jobs for the local community.”*

The specific objectives noted in the application for funding are:

- To build the capacity of the Trust so as to run the enterprise in an efficient and effective manner.
- To establish a viable and self-sustainable business entity by increasing production and quality of timber produced.
- To establish crop production (cabbages, onions, carrots and potatoes) on 20 hectares of land
- To conduct technical agricultural skills training
- To create jobs that will generate income for the local people and contribute to the local economic development of the municipality

It should be noted that the Sokapase Trust had previously received funding from the Department of Land Affairs and the Eastern Cape Development Corporation for establishment costs.

2. Evaluation aim and objectives

The evaluation is intended to assess the design, implementation and results of the project in order to determine its relevance, effectiveness, impact and sustainability in the context of its stated aim.

The purpose of the evaluation is to:

- Provide a comprehensive performance overview of the entire project
- Highlight lessons learned so that the conclusions and recommendations arrived at can assist the applicant organisation in moving forward and becoming more sustainable
- Highlight project alignment with municipal IDPs and relevant government sector department’s programmes

Further objectives are to assess whether specified objectives / results are being attained, identify failures to achieve project outputs, monitor service quality and identify issues or risks that could negate the success of the project so that they can be urgently addressed.

3. Evaluation methodology

The evaluation of the Sokapase Woodlot Project was conducted using an overview of relevant documentation and an extensive desk-top review of project narrative and financial reports.

Key informant interviews were then conducted with the NDA Development Manager. In addition, a focus group was conducted with Sokapase Trustees.

A telephonic interview was conducted with Mr Goodman Mhle the DAFF Forestry Development Officer responsible for assisting the Trust with this project.

A site visit was made to conduct interviews with the trustees and inspect the woodlot.

The research instruments included a questionnaire and interview guide. These consisted of open-ended and generally qualitative questions that were informed by the NDA Terms of Reference for the evaluation. It should be noted that the questionnaire attached as Annexure B was used as a guide and was adapted where necessary. The interview with the relevant NDA Development Manager formed the first step in the process and was used to draft a set of key issues which formed a supplement to the questionnaire and interview guide that were used on site and for telephonic interviews where relevant. The resulting information is consolidated in this report. The main evaluation questions related to:

- i. **Project Preparation and Design:** appropriateness of the planning and design phase
- ii. **Project implementation:** process, progress and outputs/outcome/impact. Organisation's ability to deliver the project/ programme objectives and results
- iii. **Relevance of the project:** the relevance of the objectives, expected results and activities as initially identified. Relevance and suitability of the project in the community in which it operates.
- iv. **Effectiveness:** the extent to which the project interventions have contributed towards meeting the project aim / purpose.
- v. **Sustainability:** resource management, policy support measures, economic and financial sustainability and institutional and management capacity.
- vi. **Overall Project Performance**

All project evaluation activities were conducted approximately one month from the official project completion date.

4. Results

It should be noted that there appears to be a lack of understanding of the basic institutional imperatives of the project and a great deal of confusion amongst the trustees who were interviewed and they were not able to provide coherent answers to many of the evaluation questions put to them.

The acting Chairperson Mr Somagaca explained that the current trustees were only appointed towards the end of 2012 and that prior to this there were “interim trustees” in place and that this was the reason that the current trustees could not give answers to any of the historical questions. However, it became clear that at least two of the current trustees, including Mr Somagaca, were also interim trustees.

4.1 Project Preparation and Design

As previously noted, the Trust was established in 1998 with assistance from DWAF as part of a pilot initiative geared towards community forest management and this project was designed to expand the operations by planting an additional 40 hectares of land with trees whilst harvesting the current stock and selling to the market.

This phase of the project was conceptualised by DAFF National and a draft proposal was sent to the provincial office for refining. Assistance with the design of the project was provided by the Eastern Cape Development Corporation (ECDC) who had been involved with the earlier stages of the project. The final proposal and business plan were then submitted to NDA for funding. It appears that the Trust itself made very little input into the planning and design and it is therefore not clear how, or indeed if an assessment was made of the Trust’s capacity to implement a project of this nature.

The grant application notes that the Trust had been involved in a number of activities since its inception in 1998 and these include:

- Plantation rehabilitation
- Cleaning, weeding and clear felling
- Clearing of foot paths and fire belts
- Preparing 80 hectares of land for planting gum trees
- Planting of 80 hectares of land with eucalyptus species (gum trees)
- Harvesting of the hardwood
- Selling the hard wood to the market

All of the above activities were also planned for this project with the addition of the following new activities:

- Training of the Trustees in business, management and project management skills.



trees.

- Recruiting fulltime and temporary employees.
- Purchasing operating equipment.
- Setting up an office for project operations.
- Land clearing and preparation for planting trees.
- Marking and pitting.
- Technical Agricultural training.
- Planting trees.
- Clearing of foot paths and fire belts.
- Felling and debarking of the poles.
- Marketing and selling of the poles.
- Preparing land for planting vegetables.
- Purchasing of vegetable seeds and seedlings.
- Planting vegetables.
- Harvesting of trees and vegetables.
- Selling vegetables and poles to the market.

Interviews conducted and documentation reviewed indicate that the intention was for DAFF to provide much of the required expertise and skills for implementing these activities as the trustees clearly did not have the required expertise.

Community consultation and buy-in

The project documentation reviewed makes no mention of community participation in the design of the project. When the trustees were asked who was involved in the project planning and design they were unable to respond as they claimed that “the previous or interim trustees were in charge”. The draft Due Diligence report of 2010 by MML Development Consultants notes that there was a lack of community participation and ownership prior to the start of this project, although the application claims that the community are informed about the project through their representatives in the Trust which is composed of a representative from each of the 12 villages making up “the community” of Nqamakwe.

The application goes further to assert that the Trust held regular report back meetings and that the ward councillor and traditional leadership attend Trust meetings, provide feedback to their respective constituencies and community members have an opportunity to provide their inputs in these feedback meetings.

However, interviews with the current trustees appear to bear out the findings contained in the Due Diligence report that the community were essentially not involved in the planning and design of the project, and it is in fact not clear who amongst the trustees / community were involved in the planning. The lack of community involvement therefore, has implications including a lack of accountability and the potential for conflict.

During the evaluation it emerged that the lack of a defined relationship between the Trust and traditional leadership in the area has been a source of conflict which has impacted negatively on the project.

In the grant application, project activities outlined are clearly described and practical, however, some components of the project are confusing, for example, reference is made to *“Ultimate responsibility and accountability to the community is held by Sokapase Trustees, but responsibility for the operational performance rests with DAFF”*. In practical terms, statements such as this breed confusion and a lack of accountability during implementation and is perhaps one of the reasons for the institutional challenges encountered during the project.

The project proposal also contains a section on “procedures for internal evaluation” which clearly outlines how DAFF will allocate an individual who will work closely with the Sokapase Woodlot Manager to support and assist with management and operational activities. The proposal notes further that *“This relationship between DAFF and Trustees will be contained in the Community Forestry Agreement (CAF). Monthly meetings whereby progress and problems encountered will be tabled to the Trustees by the Woodlot Manager and a solution will be sought. These meetings will include the expenditure reports. Following these monthly meetings will be quarterly review meetings and annual general meetings where reports will be tabled and discussed”*. Insufficient evidence was provided to demonstrate that all of these meetings took place as planned.

It is possible, therefore, that had NDA ensured that the roles and responsibilities of the roleplayers were clearly defined and monitored the implementation of the CAF more closely an improved outcome would have been achieved.

Again, it is possible that the lack of clarity on some of these components, particularly those related to DAFF’s involvement, coupled with insufficient monitoring has resulted in the ongoing management challenges experienced during the implementation of the project.

While it is apparent that capacity issues were taken into account during the design of the project, as one of the main objectives of the project is to build the capacity of the Trust, it is also clear that this objective was not achieved.

4.2 Project Implementation

The project was planned to be implemented over a period of three years, however, due to the change in Trustees, lack of capacity and conflict encountered, the project had to suspend operations for a period of time and consequently an extension of 2 months was granted by NDA.

4.2.1 Relevance

The Sokapase Woodlot project is relevant to the general need for successful and sustainable income generating projects in rural areas. It is also appropriate that the existing project be expanded and supplemented with vegetable production in order to obviate the long term nature of forestry projects.

Although the proposal summary sheet contains a section on “relevance and methodology” there is very little actual reference to the relevance of the project in this section and instead outlines the methodology for implementing activities in some detail.

It appears that a business plan was not submitted to NDA with the application but a “Business Assessment Report” was prepared for the project in November 2013 (i.e. one month before the end of the NDA intervention). Although the report is fairly broad in nature it notes that there is a growing potential for community afforestation projects in the Eastern Cape which reinforces the potential relevance of the project. However, when it comes to the specifics of this project the report contains the following conclusions and recommendations:

- Poor financial management practices and lack of general management skills
- No business strategy or plan in place
- No marketing strategy or plan in place
- Need to build the capacity of management in order to improve effectiveness and efficiency
- Need for technical and agricultural and processing skills training in order to increase production and quality of timber
- Need for product diversification

Most of these issues were noted in the Due Diligence Report which in fact stated categorically that NDA should not approve the request for funding UNTIL certain conditions were met. However, the NDA, while noting the due diligence issues, approved the request and noted in the Proposal Summary Sheet that all issues raised, had been, or would be addressed. It is clear that this was not the case and that planned interventions either did not take place or were not successful (i.e. objectives were not achieved).

4.2.2 Governance

At the time of applying to the NDA for funding, only 5 trustees are listed although it is indicated that there are 12 trustees representing the 12 villages. The profile of these trustees is not provided.

According to the Development Manager the Trust was not active at the time that the application was made and “interim trustees” were appointed to interact with the NDA and sign the SLA.

A number of disputes led to tensions regarding control of the plantation between the interim trustees and the traditional leadership in the area and indicates that there was little or no community participation in the planning of the project. During the implementation of the project new trustees were elected (only 2 of the interim trustees were re-elected). Apparently the interim trustees chose to rather be “employed” by the project, but there appears to have been some degree of animosity between the two groups and the current trustees have reported that various items of project equipment “went missing” and have blamed the interim trustees.

During the interview with Mr Mhle he noted that despite the fact that the trustees have attended various training courses, they still lack leadership skills which hinders their ability to manage and implement the project. The trustees have also been unable to manage or deal with their internal conflict (interim and new trustees), as well as the conflict between the Trust and the traditional leadership.



The project documentation and interviews with the trustees revealed a number of financial irregularities, including “lost” funds and lack of supporting documentation for bank withdrawals etc. The treasurer appears to have very minimal understanding of the requirements of sound financial management and was unable to provide the evaluators with any financial reports for the project. She also stated that there are no audited financial statements for the Trust.

A number of issues related to governance were also noted in the Due Diligence Report. The table below presents a summary of NDA and evaluation responses to these issues:

| Matters identified in Due Diligence Report | Development Manager’s response in Proposal Summary | Comment and progress at time of site visit (31/01/2014) |
|--|---|--|
| <ul style="list-style-type: none"> <i>NDA does not approve the funding request, but advises the proponents to build their institutional capacity</i> <i>The proponents put more effort</i> | <p>The Development Manager identified the institutional capacity gap raised by the due diligence in the process of programme formulation and pro actively built that in the</p> | <p>The following training interventions took place:</p> <ul style="list-style-type: none"> Training on Governance, Project Management and Financial Management in February 2011 |

| Matters identified in Due Diligence Report | Development Manager's response in Proposal Summary | Comment and progress at time of site visit (31/01/2014) |
|--|--|--|
| <i>into ensuring that they build the Trust on a solid foundation, with proper operational, governance and management systems</i> | <p>proposal budget.</p> <p>Strengthening of institutional capacity of civil society forms part of the primary mandate of the NDA.</p> <p>The proponents cannot in anyway be able to build their institution without outside help</p> <p>A Service Level Agreement (SLA) will be developed with the service provider that will conduct governance training. The SLA will emphasise on the issues of operational systems, procedures and development of organisational policies.</p> | <ul style="list-style-type: none"> Corporate Governance and Ethics Training in June 2013 <p>However, the document review and interviews conducted indicate that there is still a serious lack of leadership, management, planning, operational and monitoring capacity.</p> <p>Despite the fact that the NDA office has copies of a Human Resource Policy and a Financial Management Policy, during the site visit the Trustees had no knowledge of and were unable to provide any organisational policies or procedures.</p> |
| <i>The proponents are advised to develop a business plan to check economic viability of the enterprise</i> | <p>At the time of the due diligence the project was in a process of updating its business plan as it was developed in 2002. The business plan has now been updated and does indicate economic viability of the project.</p> | <p>Have not been provided with detailed business plan containing sufficient information on production potential and therefore economic viability of the enterprise could not be evaluated</p> |

4.2.3 Effectiveness and Efficiency

Based on the review of relevant documents, interviews with stakeholders and the site visit, it is clear that a number of planned activities were not implemented resulting in objectives not being fully achieved.

Effectiveness and efficiency may be summarised as follows:

| Objective | Achieved | Comments |
|-----------|----------|----------|
|-----------|----------|----------|

| Objective | Achieved | Comments |
|--|--------------------|---|
| To build the capacity of the Trust so as to run the enterprise in an efficient and effective manner. | Not achieved | <ul style="list-style-type: none"> • Although some capacity building interventions have taken place, it is clear that these have been less than successful. The current trustees acknowledged that they have no governance, management or reporting systems in place and that they do not have sufficient project or financial management skills to run the enterprise in an efficient and effective manner • At least one of the training interventions took place when the interim trustees were still in place (all but 2 of these trustees have left) |
| To establish a viable and self sustainable business entity by increasing production and quality of timber produced. | Partially achieved | While it is claimed that there has been an increase in production and quality of timber produced the entity is not self-sustainable and the trustees stated that they have insufficient technical skills, insufficient tools and that timber production is a long term project |
| To establish crop production (cabbages, onions, carrots and potatoes) on a 20 hectares of land | Not achieved | The Trust claims that it has been unable to acquire the necessary permission to grow vegetables on the land. However, DAFF maintains that permission to plant crops was granted some time ago and that the reason that planting has not taken place is due to internal conflict amongst the trustees |
| To conduct technical agricultural skills training | Partially achieved | Some training has been provided by the Department of Agriculture but many of the trainees have left the project and the remaining trustees emphasised the need for additional skills training |
| To create jobs that will generate income for the local people and contribute to the local economic development of the municipality | Partially achieved | According to NDA, by June 2013, 22 temporary community members and a Project Manager had been employed on the project. The grant application notes the projected number of beneficiaries as 63 (five trustees and 58 employees). At the time of |

| Objective | Achieved | Comments |
|-----------|----------|---|
| | | <p>the evaluation there were 12 trustees in place and various project documents make reference to casual labour employed to work on the project. The total number of workers for the duration of the project is not quantified and the Interim Monitoring Report of 7 June 2013 specifically notes that the casual workers have stopped working due to the fact that funds allocated for stipends have been “exhausted” but that the Trust will explore the possibility of using income from sales to pay the workers. During the interviews with the trustees they said that currently workers are not being paid.</p> |

Overall, the planned objectives have not been met and the funding provided has not been utilised to its maximum benefit. The livelihoods of a small number of local community members were improved through short term employment as casual workers on the plantation. The project was not efficiently managed due to the lack of skills, structures and systems and various resources (including money) went “missing” or were “lost” during implementation.

4.2.4 Impact

The overall aim of the project was “*to establish a viable hardwood plantation and crop production enterprise that will generate income and create jobs for the local community*”.

Overall the project has not produced the desired effect and the reasons for this can be summarised as follows:

- The lack of a detailed business plan, production plan and strategy
- The lack of a marketing strategy which would ensure that the business could maintain current customers and obtain new ones
- Lack of institutional leadership, management, planning, operational and monitoring capacity
- Insufficient technical skills and knowledge
- The Trust does not have all the necessary equipment to make the plantation viable in the long term. As previously noted, some



equipment went missing from the project and has never been recovered

4.2.5 Capacity

The current trustees do not have the required technical or management skills and experience to implement a project of this nature. In addition, trustees do not have the required skills to oversee the project and have not formed a functional management structure.

DAFF and NDA assisted with the recruitment of Project Managers during the implementation of the project and according to NDA these individuals were both skilled and experienced and should have been able to add value to the Trust. However, the trustees noted that there were 3 project managers during the implementation of the project but all 3 “absconded” and did not give reasons for leaving. The evaluators were unable to contact any of the previous project managers for an interview.

During the site visit the trustees were unable to produce any documents relating to financial systems and internal controls and when questioned on this it became clear that either these documents do not exist or if they do none of the trustees is aware of them. Coupled with the lack of financial management skills this absence of systems and controls has led to poor financial practices and money going missing. The trustees were unable to provide the evaluators with financial reports and claim that there has never been an audit. This has made it impossible for the evaluators to form an informed opinion on the Trust’s financial situation, other than that it is clear that the project was not soundly managed financially and resulted in significant variances from planned expenditure.

The turnover of trustees has also exacerbated the situation as some of the training interventions were conducted when the interim trustees were in place. The overall lack of capacity affects both the technical and management aspects of the project.

The following quotes from reports commissioned during the implementation of the project emphasise the negative effect of these capacity constraints:

“Sokapase Community Trust is dysfunctional with no leadership, management, planning, operational and left unsupported, the project will collapse shortly once the funds allocated by NDA are exhausted”. (The Sokapase Community Trust Skills Audit Report – 12 June 2011)

“Lack of a business strategy, and key management and technical skills” (Business Assessment Report – prepared by Indibano for Harvest - November 2013)

A combination of all of these issues has resulted in a dysfunctional and unsustainable project.

4.2.6 Alignment with IDPs and government programmes

The Draft Mquma IDP for 2012-2017 has a substantive section on Forestry which includes extensive reference to the Sokapase Woodlot. This can be summarised as follows:

The municipality has about 7909.6 hectares of forestry plantation under the Department of Water Affairs and Forestry (DWAF) management. These forests are mainly referred to as Category B forests and the main species is gum. Years of neglect have resulted in an increase in the number of unplanted areas and this has resulted in only about 10% of these forests being viable commercial forests. It is estimated that it will take about five years for these forests to be fully rehabilitated.

There are currently about 350 hectares of community forests spread in about 22 woodlots mainly in the Ngqamakhwe area. A possibility exists for a further 250 hectares for new forestry development or Woodlot Management mainly in this area.

The Blyth Woodlot, about 329 hectares in extent, is situated 6 kilometres south of Ngqamakhwe, and 11 kilometres north of the N2 junction leading to Tsomo. The Sokapase Administrative area surrounds the Blyth Woodlot. The twelve villages within the Sokapase Administrative boundary are located to the south-west of the Woodlot. Some of the villages are located adjacent to the Woodlot boundary, but the other villages are between one and three kilometres from the woodlot. An estimated 700 households reside within the Sokapase Administrative Area.

The land is currently unregistered, un-surveyed State land under the management and administration of the Department of Water Affairs and Forestry (DWAF), held in trust by the Department of Land Affairs (DLA). The land has been demarcated and proclaimed as a State Forest. Although the land belongs to the State, it is recognised that the community holds historic rights to the land. The Department of Land Affairs plans to ensure that the community will obtain formal, secure rights to the land in due course in the form of long-term lease agreement. DWAF has indicated that it will work with DLA to have the Woodlot surveyed, registered and transferred to the community. DWAF has issued a permit to the Trust to establish and manage trees on 158 hectares within the existing Blyth Woodlot. Some 35 ha of this land was established to *Eucalyptus cinerea* (Penny Gum) in a floriculture foliage project initiated by DWAF and ECDC and supported by Department of Land Affairs during 2002/3. Unfortunately, the project failed as a result of marketing weaknesses, but in the process a strong community structure was established to manage operational and business issues.

The challenge for the municipality therefore is to support the current initiatives to promote efficient utilisation of the existing resources identify and develop niche markets such as pole manufacturing.

- a) The municipality has managed to resolve social contradictions that existed at SOKAPASE, to an extent of securing R3,4 million from National Development Agency for the development of this project. A Project Manager, Bookkeeper and twenty general workers have already been employed.
- b) Opportunity exists for the development of Bamboo forests and R6 million has been made available by DEAT.

It is clear from the IDP excerpt above that the Sokapase Woodlot has a critical role to play in the economic development of the area and that the municipality is supportive of the project. However, the municipality appears to be misinformed regarding the claim that a *“strong community structure was established to manage operational and business issues”* and that *“social contradictions”* have been resolved. The NDA and the Trust should update the municipality on the current situation and request their support going forward.

4.2.7 Sustainability

It is highly unlikely that this project is sustainable in its current form. The trustees acknowledged that they are not making sufficient money from the sale of timber to continue paying labourers and they have also not considered any other means of raising funds.

It is clear that as the project stands at the moment it is likely to fail unless there is a move towards seeking alternative opportunities and technologies, for example in the longer term there is a need for a plant on site that can manufacture and process items from the timber as they are currently only focusing on planting, tree felling and debarking. In the short term the Trust had hoped to derive income from growing and selling vegetables, however, this activity has never been implemented due to the fact that the Trust claims that it has not received permission from DAFF to grow vegetables on the land. However, DAFF states that permission for this activity was granted and a site identified, and that the internal conflicts and disagreements amongst trustees is the reason for non-implementation of this activity.



Sustainability of this project can only be achieved if the current internal conflict and capacity issues are addressed. In addition, the Trust should consider forming a partnership with a private sector company with the skills and experience needed to manage a project of this nature.

5. Discussion and Conclusions

The Trust has been in existence for 12 years and has received significant technical and financial assistance over the years and it would be expected that it would be a functional entity. However, all documents reviewed and interviews conducted indicate that the Trust does not have proper institutional, governance and accountability mechanisms nor the required structure or systems in place to guide its management. As such, the project is, in the main, dysfunctional and not sustainable.

Issues related to building the capacity of the trustees have been noted in various documents reviewed and a number of interventions were conducted during implementation, and yet, issues such as poor financial management practices, internal conflict, lack of monitoring and evaluation capacity, lack of a business strategy, and absence of key management and technical skills and lack of leadership persist. The evaluation exercise has shown that very little has improved since 2010 when the due diligence was conducted and 2014.

A number of the activities were not implemented and some objectives were not or only partly achieved.

The project was not soundly managed financially and resulted in significant variances from planned expenditure and timeframes.

At the policy level it is evident that the project is consistent with several different policy frameworks for community afforestation projects and local economic development. There is obvious alignment with the Mquma Municipal IDP and rural development strategies from all three spheres of government.

6. Lessons learned and recommendations

Many of the project lessons and recommendations are contained in the body of this report and can be summarised as follows:

Lessons

- Lack of clearly structured community consultation in project design and preparation resulted in tensions and conflicts and a lack of community buy-in and commitment to the project. Had there been proper community consultation, it is probable that the conflict with the traditional leadership would not have arisen or would have been addressed through a planned intervention
- It would appear that NDA support for this project was based partly on the fact that DAFF was to play a significant role in assisting the Trust. However, there is little evidence to show that that NDA adequately monitored the agreements made between DAFF and the Trust regarding their respective roles and responsibilities
- Although the trustees' lack of capacity is a challenge noted by almost everyone involved in this project – the interventions implemented were generally unsuccessful. In some instances the interventions were not appropriate i.e. too general in nature and there was insufficient follow-up on training provided
- Information and / or recommendations provided by various service providers were not sufficiently addressed by the NDA. For example, the Due Diligence report recommended that the project not be funded until a number of issues (specifically related to capacity building) had been addressed. Although NDA noted these recommendations their response was to include a budget line for capacity building which would obviously only be implemented after project commencement

Recommendations

- ❖ NDA should request evidence of community consultation in the preparation and design of projects in order to avoid future conflict situations
- ❖ NDA must monitor any agreements contained in the Grant Contract between project beneficiaries and service providers e.g. between DAFF and the Trust regarding their respective roles and responsibilities
- ❖ It is recommended that NDA consider conducting a Training Needs Analysis before implementing generic governance or management training for project beneficiaries. This will ensure that training and capacity building is more specifically geared towards the needs of the beneficiaries
- ❖ Recommendations made in Due Diligence Reports should be adhered to. In this case a clear recommendation was made that NDA should not approve the funding request, but advised the proponents to build their institutional capacity. However, in cases where NDA believes that funding should be provided regardless of the recommendations they should ensure that the issues informing the recommendations are adequately addressed before approval is given
- ❖ It is recommended that NDA and DAFF assist the Trust to find a suitable private sector partner with the skills and experience needed to manage a project of this nature.

7. References

| Name | Author | Date |
|--|--|-------------|
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| | | |
|------------------------------------|-----------------------------|-----------------|
| Sokapase Woodlots Meeting Minutes | Mbulelo Madyo | 02/08/2013 |
| Steering Committee Meeting Minutes | Mbulelo Madyo | 08/11/2011 |
| Training report | Nonezile Trading Enterprise | 23 – 25/02/2011 |

Annexure A – List of interviewees

Interviews were held with the following:

| Name | Position | Contact Details |
|--------------------|-----------------------------------|-----------------|
| 1. Mbulelo Madyo | NDA Development Manager | 043 7211 226/7 |
| 2. Mr G Mhle | DAFF Forestry Development Officer | 0746812986 |
| 3. T.M. Somagaca | Trust Acting Chairperson | 0732712108 |
| 4. N.A. Dilika | Trustee | 0734113373 |
| 5. N. Nonyukela | Treasurer | 0734793019 |
| 6. N. Ntsholo | Trustee | 0737089793 |
| 7. Nolitha Ntsholo | Trustee | 0786628341 |
| 8. T.S. Sgonyela | Trustee | 0710521534 |
| 9. B. Sinyanya | Trustee | 0731653986 |

Annexure B – Questionnaire

Close-out project evaluation of NDA funded projects in the Eastern Cape

QUESTIONNAIRE

| | |
|--|--------------|
| Interviewer's Name: | Date: |
| Name of Project: | |
| Respondent Name & Position: | |

Mbumba Development Services has been contracted by the NDA to conduct a close-out project evaluation of your NDA funded project. The purpose of the study is to

- Provide a comprehensive performance overview of the entire project;
- Highlight the lessons learned so that the conclusions and recommendations arrived at can assist the organisation in moving forward and be sustainable; and
- Highlight project alignment with municipality IDPs and relevant government sector departments programmes

The evaluation team will be considering the following:

- vii. **Project Preparation and Design:** Appropriateness of planning and design.
- viii. **Project implementation** (process, progress and outputs/outcome/impact)
- ix. **Resource management:** Financial, human and material resources made available to the project

The issues above will be assessed within the following framework:

- x. **Relevance of the project:** Extent to which design, implementation and monitoring conforms to needs and priorities of project members and beneficiaries.
- xi. **Effectiveness:** Extent to which the project intervention has achieved its objective.

- xii. **Efficiency:** Extent to which resources invested can be justified by its results
- xiii. **Impact:** Effects of project intervention (positive and negative) during and after implementation
- xiv. **Sustainability:** Continuation and longevity of benefits after cessation of NDA support
- xv. **Overall Project Performance:**
 - Key aspects of how a project is operating
 - Whether pre-specified objectives are being attained
 - Identification of failures to produce project outputs
 - Monitor service quality
 - Identify areas that need urgent attention or potential risks that could negatively impact on the success of the project

The questionnaire below contains both closed and open-ended questions and your patience in answering both is much appreciated

| | | |
|---|--|--|
| TYPE OF PROJECT | | |
| LEGAL FORM | | |
| LOCATION | | |
| BENEFICIARIES (TYPE & NO.) | | |
| BUDGET / FUNDS DISBURSED TO DATE | | |
| TIMEFRAME | | |

1. Project preparation and design

1.1 What was the intended purpose/objective of the project?

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1.2 Who was involved in the project planning and design?

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1.3 Would you change anything if you were to design a similar project in the future?

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1.4 Were there other financial inputs that funded the same or similar objectives in this project? Explain

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1.5 Do you think the activities were practical and clearly described? Explain

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2. Project implementation

2.1 Did the project start and end within planned time frame? Explain

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2.2 Were activities implemented according to plan? Explain

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2.3 Explain the activities that were implemented and any problems that were encountered. What has been achieved against what was planned?

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2.4 Do people working on the project have the skills and capacity to implement and manage the project as per the plan? Explain

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2.5 Has the project received support, direction and advice from NDA staff? Explain

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2.6 Has the project received all resources on time and as per plan? Explain

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2.7 Do you have governance, management and reporting systems in place? Explain

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2.8 Is the project viable and sustainable? Explain

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3. Resource management

3.1 Were resources provided used according to the plan? Explain

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3.2 Were resources allocated in a manner that maximises the outputs and outcomes of the project? Explain

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4. Relevance

4.1 Why was this project relevant to the target beneficiaries?

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4.2 Did the project respond to beneficiary needs? Explain

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4.3 Do you think that the objectives and activities are still relevant? Explain

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5. Effectiveness

5.1 Please explain the extent to which the project activities have contributed towards meeting the project aim / purpose. Have the expected results been achieved?

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5.2 What challenges were/are being encountered in achieving the objective/s

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5.3 Were beneficiaries' livelihoods improved by the project? Explain

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6. Efficiency

6.1 Were project staff trained to perform their functions? Explain

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6.2 Were any mechanisms and systems to manage resources provided to the project by NDA? Explain

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7. Impact

7.1 Has the project achieved the desired effect? Explain

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7.2 Did the participants “cooperate” during the implementation of the project? Explain

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7.3 Do you believe that the participants are satisfied with the implementation and the outcomes of the project? Explain

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8. Capacity

8.1 Please list staff members (and relevant skills) involved in the project

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8.2 Please explain your governance structure / practices and their involvement in the project

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8.3 What controls (financial & administrative) did you put in place for the implementation of the project? Were these controls sufficient? Explain

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8.4 Were/are you able to comply with the NDA reporting requirements? Explain

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9. Sustainability

9.1 Do you think the project is providing value for money, i.e. are the planned objectives being achieved within the budget provision? Were there any variances in expenditure and how did they come about?

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9.2 How will the project/intervention be sustained after NDA funding has been used?

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9.3 Was any institutional and management capacity (your organisation and/or beneficiaries) built during this project? Explain

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9.4 Does this project relate to any government policies? Explain

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9.5 Did this project create any form of economic and financial sustainability for the beneficiaries? Explain

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9.6 Is this project aligned with municipal IDPs? Explain

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9.7 Were any government / municipal departments involved in the project?
Explain

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10. Overall Project Performance

10.1 Did you implement all planned activities and produce required outputs?
Explain

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10.2 In your opinion is the project successful/unsuccessful? Explain

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10.3 Please explain how you are monitoring the implementation of the
project

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10.4 What lessons can be learnt from the project with regards to best practice?

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10.5 Are there any areas that need urgent attention or potential risks that could negatively impact on the long term success of the project?

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11. Any other general comments?

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NDA

National
Development
Agency

LIMPOPO

Albatross Centre - Suite 8
19 Market Street
Polokwane
0700

Tel: 015 291 2492
Reception Ext (2201)
Fax: 015 295 7586
Email: limpopoprovince@nda.org.za

KWAZULU NATAL

Suite 1202
Nedbank Centre
303 Smith Street
Durban Club Place
DURBAN
4001

Tel: 031 305 5542
Fax: 031 305 5140
Email: kznprovince@nda.org.za

GAUTENG

10th Floor, Braamfontein Centre
23 Jorissen Street
Braamfontein

Tel: 011 339 6410
Fax: 011 339 6410
Email: gautengprovince@nda.org.za

EASTERN CAPE

The Ridge Building
Ground Floor,
3 Berea Terrace
Berea
East London
5214

Tel: 043 721 1226/7
Fax: 043 721 2096
Email: ecprovince@nda.org.za

NORTH WEST

Office 0113A
First Floor
West Gallery Megacity
Mmabatho
2735

PO Box 6118
Mmabatho
2735

Tel: 018 392 6892
Fax: 018 392 5432
Email: northwesternprovince@nda.org.za

WESTERN CAPE

The Chambers Building
2nd Floor
50 Keerom Street
Cape Town
8001

Tel: 021 422 5175
Fax: 021 422 5180 EXT: 2002
Email: westerncapeprovince@nda.org.za

FREE STATE

Quantum Building
Office No 209 - 2nd Floor
172 Zastron Street
Bloemfontein
9300

Postnet Suite 131
Private Bag X 01
Brandhof
9324

Tel: 051 430 2024
Fax: 051 430 3376
Email: freestateprovince@nda.org.za

MPUMALANGA

Ground floor
Biwater Building Office 103
16 Branders Street
Nelspruit
1200

Tel: 013 755 1478 / 013 755 3777
Fax: 013 753 2244
Email:
mpumalangaprovince@nda.org.za

NORTHERN CAPE

13 Dalham Road
Kimberley
8301

PO BOX 390
Kimberley
8300

Tel: 053 831 4828/9
053 831 4831
053 832 3365
Fax: 053 831 4824
Email: northerncapeprovince@nda.org.za



NDA

National
Development
Agency

NATIONAL HEAD OFFICE

2nd Floor – Grosvenor Corner
195 Jan Smuts & 7th Avenue
Parktown North
Johannesburg
2193

P.O. Box 31959
Braamfontein
2017

Tel: (011) 018 5500
Web: www.nda.org.za
Email: info@nda.org.za



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Department:
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