Introduction

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Opening Remarks

• The success of Community Trusts rests on sound management, which will ensure rural communities benefit from renewable energy projects funded by the any funder i.e. Industrial Development Corporation (IDC).
Types of Legal Entities used for Community Ownership

- Types of legal entities normally utilised to hold shareholding

  ✓ Communal Property Associations (CPA) – Communal Property Associations Act (Act No. 98 of 1996) associated more to Land Reform.

**Sectors using Community legal entities (CPA / Trust)**

  ✓ Mining
  ✓ Retail
  ✓ Tourism
  ✓ Agriculture and Land Reform
  ✓ Renewable Energy
History of Success in Community Trust

- There are pockets of successes, lessons learnt and best practices in South Africa (but not documented or researched or filed or shared in Public).
- Successes and failures are filed in companies archives.
- Community Trust are have been implemented in various programmes / sectors.
- Post 1994, community trust/s / Community legal entity/ies increased.
- These increased due to mushrooming of Shopping Complexes / Malls in townships and rural areas.
- Land Reform
  - Land Restitution
  - Land Redistribution
- BEE & B-BBEE (BEE Charters)
- Mining, Tourism, Agricultural projects.
Community Trusts regarded successful

- Royal Bafokeng Nation Development Trust – Mining – implemented many projects – 2004 - R5,6 billion in 10 years.
- Sishen Iron Ore Company (SIOC) - Community Development Trust – 10 Trustees – 6 Board Committees – Chair – Independent Trustees - Beneficiaries - Gamagara Development Trust, Tsantsabane Community Trust, John Taola Gaetsewe Development Trust, Maphalane Disability Trust & Godisang Thabazimbi Community Trust – Enterprise Development; Healthcare; Land & Housing; Education & Development and Welfare & Humanitarian www.sioc-cdt.co.za
- Khayelitsha Community Trust – Mall, Housing and Light Manufacturing – BoT and Executive Management.
- Amangcolosi Community Trust - 2005 – Land Reform - Land Restitution – KZN – received 8000 ha – 376 beneficiaries - created a company to manage the farms - Ithuba Agriculture – employs ca 400 people.
Community Trusts regarded successful (cont)

- LaFarge Community Trust
- Ntswashini Community Trust
Examples Community Trusts (Case Study)

- Royal Bafokeng Nation Development Trust (RBNDT)
- Governance Structure - Board of Trustees & Management
- The primary objective of RBNDT is to sustainably grow the asset base through diversification, for the benefit of the current and future generations of the members of the community.

  ✓ RBN developed Vision 2020 - Creating a sustainable, long term, and diversified growth of the RBN’s asset base.

  ✓ The RBN has grown its asset base from R8.8 billion in 2005 to R29 billion in 2012

  ✓ Diversified the investments.

  ✓ RBN have cash reserves equals to 3 (three) times of its current annual social expenditure.

  ✓ Since 2003, RBNDT has spent approximately R5,6 billion in 10 years ( 
    - R 4 billion on Infrastructure.
    - R1,6 billion on non-infrastructure – social & community services. This include administrative support that include capacitating various structures Trustees, Traditional Council or Dikgosana.

  - RBNDT – covers programmes like health & Social Development; Education & Skills Development; Economic Development; Food Security, Public & Community Services; Public & Community Utilities; Land, Agriculture & Environment and Sports etc.  

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CHALLENGES: COMMUNITY TRUSTS

• Independency / Autonomy of the Trust
• Structuring of the Community Trust
• Composition of the Board of Trustees
  ✓ Appointing the right trustees
  ✓ Education Level of the Trustee/s
• Selection of beneficiaries (in certain circumstances)
• Corporate Governance
• Education and Training (Capacity Building) (who should offer training? Who should the training)
• Distribution of Benefits
• Identification of Community Projects
• Remuneration of Trustees (Independent vs Community Trustees)
• Hijacking by Local Government, Politicians & Opportunists
CHALLENGES: COMMUNITY TRUSTS: RENEWABLE ENERGY

- No defined roles of various stakeholders (Municipality, Provincial, Traditional Council, Private Company, NGOs, CBOs and etc)
- Lack of Community Engagement Plan
- Lack of Communication Channels and Plan
- Community Infighting / Chieftaincy Conflicts / Boundary Disputes
- Lack of Vision / Goals
- Lack of Strategy
- Lack of accountability
- Lack of transparency
- Overlapping of Trusts in the same area
- No guidelines to establish and register the community trust
- No guidelines to drive Community Development
Composition of Board of Trustees

• Code 100 of BEE – Code of Good Practice
  ✓ At least 50% Independent Trustees
  ✓ At least 25% Women Trustees
  ✓ At least 50% Black

• Ideal structure trying to comply with the above:
  ✓ 3 Independent Trustees
  ✓ 1 Project Company
  ✓ 1 Funder
  ✓ 1 Community Trustee

N.B. Some communities may want to push for a certain number (maybe 2 or more trustees). This has a potential to increase the number of Trustees to 8 or 10.
Trustee Selection & Election Process

- Independent Trustees - advertise on newspaper / through any organisations that render the same service e.g. Institute of Directorship of South Africa (IoDSA).
- IDC Trustees - appointed by IDC Executive Committee.
- Project Company Trustee – appointed by the Management of the Project Management.
- Community Trustee – through consultative process with the community using the published criteria i.e.
  - Nomination forms are circulated and completed by nominee;
  - Trustee nominated;
  - Submit supporting documents (CV) for nominated trustee;
  - Advertise the Public Meeting
  - Convene general meeting to appoint / elect the community trustee;
Mitigants

- Allow the Community Trust to be independent / autonomous.
- Proper composition of the Board of Trustees with relevant Trustee representatives, Management Structure and Board Committees (emphasise on educational level).
- Remunerate Trustees accordingly (Independent & Community Trustees).
- Develop training programmes / courses (targeting Trustees & beneficiaries).
- Define distribution of benefits / Programmes upfront.
  - Community Development Plans.
  - Develop guidelines / rules of driving community development.
  - Partner with other community trusts / municipalities / private companies / national or provincial government / NGOs / CBOs to implement Community Development Plan.
- Identify & develop Trainers
- Separate Community Trust from Politics (Municipalities & any other political structure)
- Frequent feedback and engagement with the community beneficiaries (direct contact or using any other forms of communications).
- Clearly define the roles of all the relevant key stakeholders or role players.
Way Forward

• Lobbying for Policy Formulation guiding on the establishment of the Community Trust.
• Creation of Incentives to fund community ownership.
• Advisory Body to advice investors on how to structure Community Trust.
• Course / Module on Community Ownership (Schools / Colleges / Universities).
• Conduct Research on Community Ownership (Trust).
Ideal Successful Community Trust

Proper Board of Trustees

Executive Management

Vision / Goals

Training & Education

Community Development Plan

Implementation of CDP / Programmes

Monitoring & Evaluation

Feedback to Beneficiaries

Accountability

Community Trust Chairperson & CEO
Conclusion

• Community Trust is the right model to drive Community Development.
• The continent requires a body that can guide on establishing a community trust and regulates the functionality of the Trusts.
• Develop standard rules for Trust e.g. FIFA has Fair Play and whole lot of rules that govern soccer worldwide.
• Share rules, guidelines, lesson learnt and best practices gathered through proper research.
• Define rules on how to invest in communities and drive sustainable community development.
• Define and bring all community trusts from various sectors in the country, continent and the World to work together.
• Sustainable community development is a key priority for uplifting or improving the socio-economic livelihoods of the underprivileged communities.
Thank you / Ndo livhuwa