

Portucel Moçambique



PART OF
THE NAVIGATOR
COMPANY



SHARING VALUE

Facts & Figures 2019

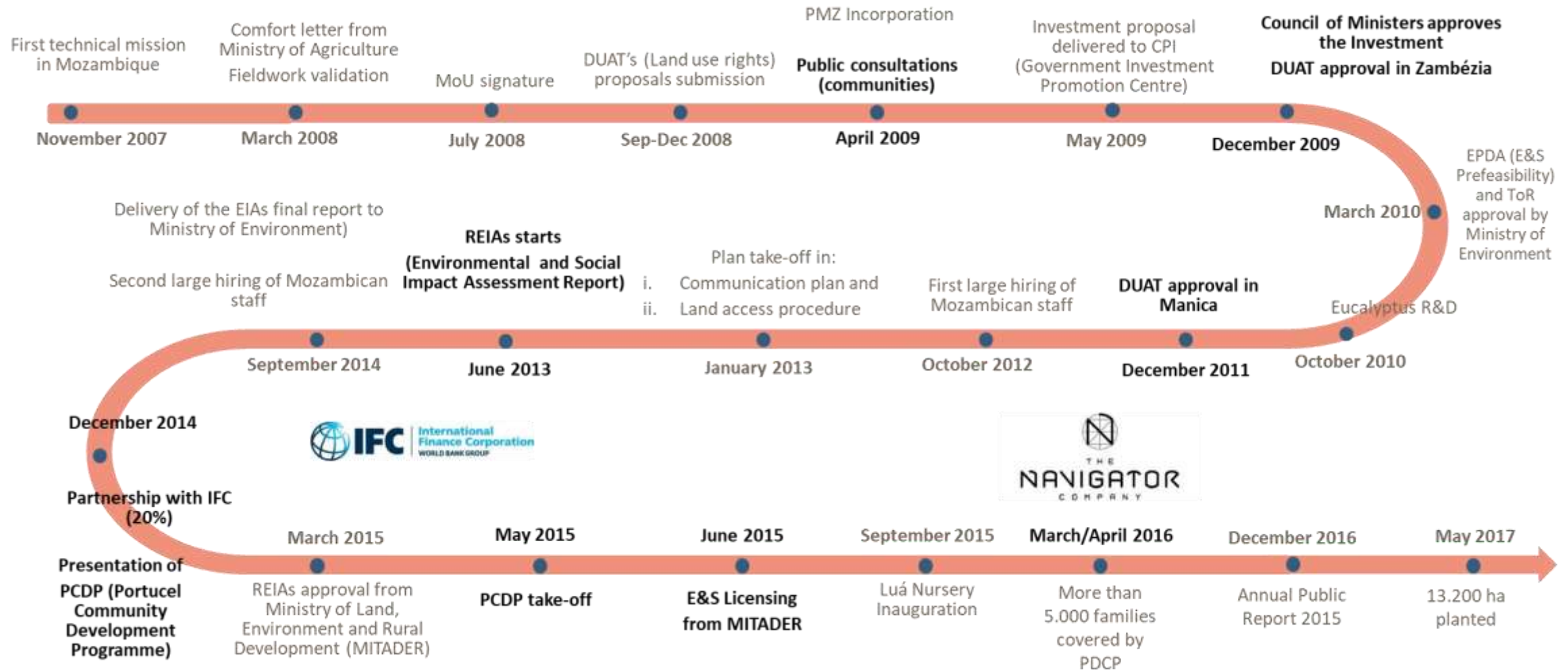
ABOUT US

Portucel Mozambique is developing a forestry project integrated with a paper pulp production industry in Mozambique, ensuring it **shares value** that improves a **sustainable social and economic development** of the communities and enhances **awareness and respect for the environment**.



A Forestry project
integrated with a Paper Pulp
Production Industry
Brief Introduction

PROJECT MILESTONES



PROJECT KEY DATA

Land tenure

Licence (DUAT) granted to Portucel Moçambique

Ownership

Government of Mozambique

Total area of DUAT

Zambézia province: 173.000 ha

Manica province: 183.000 ha

Forest type

Exotic plantations – eucalyptus grandis x urophylla

Product categories

Pulp | paper | woodchips



Total Concession “DUAT”
Area: 356,213 ha, of
which up to 246,000 ha
for planting

LARGEST FORESTRY PROJECT IN MOZAMBIQUE

Mozambican company, owned by **The Navigator Company** and **IFC** (member of the World Bank for private sector)

DUATs of 356,000 hectares, in Provinces of Zambézia and Manica, awarded by the Government of Mozambique for 50 years

Investment estimated of USD 2.5 billion

- ❖ Phase I – 40,000 ha, 1 Mton woodchip mill (USD 260 million)
- ❖ Phase II – 160,000 ha, 1.5 Mton pulp mill

Project integrated and embracing:

- ❖ Job generation
- ❖ Contribution to increase **exports** and **fiscal contributions**
- ❖ Support to the social and economic **development of communities**





MAIN ACHIEVEMENTS FROM 2015

3.500 land agreements with families in DUAT areas

Dialogue with the communities:

- ❖ 25 consulting committees
- ❖ Monthly meeting with the communities
- ❖ 40 liaison agents

13.500 hectares planted

Nursery capacity for 12 million plants/year

Independent **annual assessment** of the Community Development Programme (1.200 families surveyed)

Civil Society: support to the launch of an independent **Advisory Council**

Main constraints to implementation identified, focus in solving pre conditions to resume operations in a 2 phase project

Investment to date: USD 120 million



PLANT NURSERY

The **Eucalyptus clones nursery** has a production capacity for 12 million plants each year

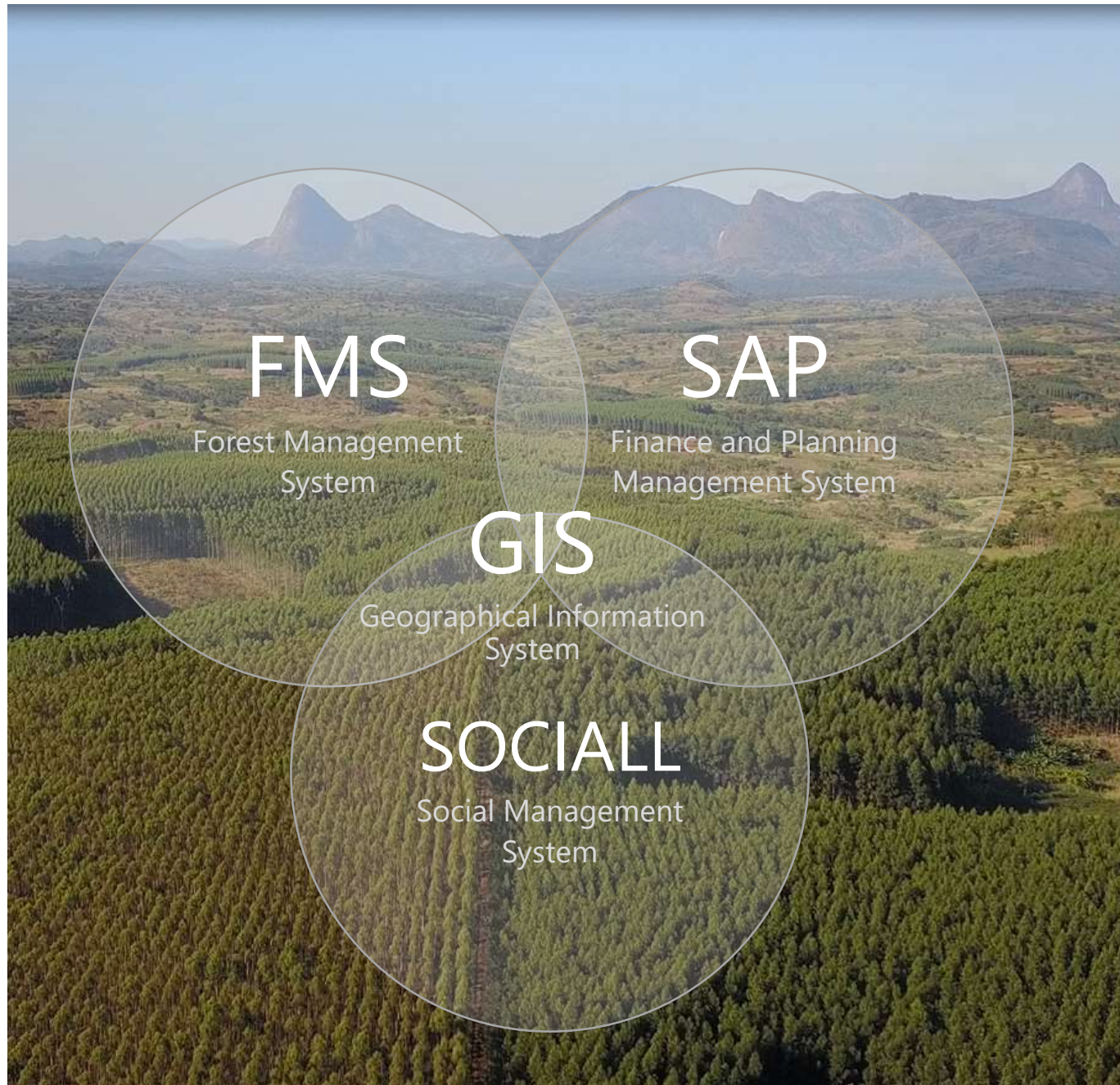
Located in Luá, Ile district, Zambézia province

60 Mozambican employees, most of whom are skilled and **50% are women**

Production of other species, for **agriculture** and **native species**, for the community and to restore conservation interest areas

Benchmark for **good employment practices** in the region: provides a **library**, staff vegetable garden, **adult literacy** classes and medical centre. Schooling provided since 2015 in three shifts, from first to fifth grade

INTEGRATED MANAGEMENT SYSTEMS



FMS

- Forest Suitability
- Screening for HCV
- ZIC Determination

SOCIALL

- Land Acquisition
- Social Information
- Grievance Mechanism

SAP

- Enterprise Functions
- Contractor Management
- Resource allocation

Sharing value that Improves a Sustainable Social and Economic Development

Early Results

STARTING POINT

HOUSEHOLDS IN THE PROJECT AREA

	Zambézia	Manica
Total estimated families living in DUAT areas	12 754	11 401
Food-insecure families	32%	32%
Non-income families	22%	13%
Families with annual income under USD 57	62%	34%
Stable production of cassava / maize	93% / 76%	68% / 99%
Families that own livestock	22%	42%
Illiterate adults	52%	32%
Schools with access to drinking water	23%	55%
Annual cases of malaria per child (0-4 years)	2,2	2,7

Source: Environmental and Social Impact Assessment, 2011-2014

DELIVERING



PORTUCEL COMMUNITY DEVELOPMENT PROGRAMME

PRIORITIES

Food Security

Opportunities for economic growth
and income generation

Support the quality of life of the
Families

REACH (to date)

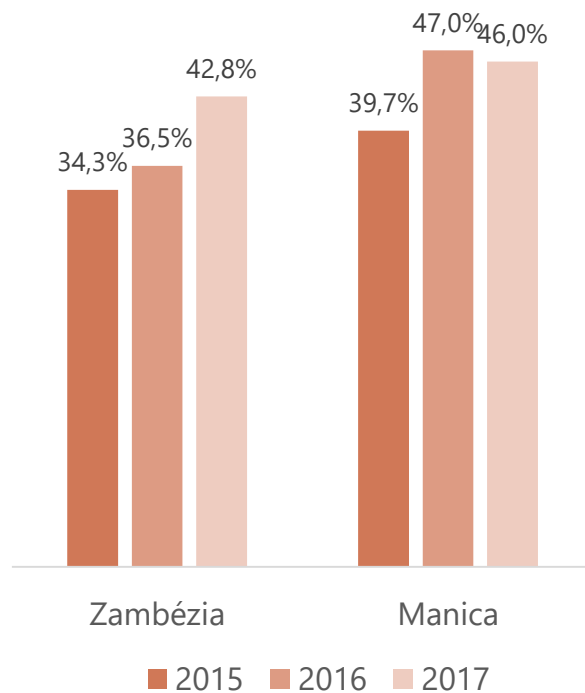
Around **6 500 households** (from a
total of 25 000 in the project area)
and **115 communities** in the
Provinces of Manica and Zambézia
improved their lives with Portucel
Community Development
Programme, which is being
implemented since 2015 and covers
the whole period of the project.



Household Income increased and Poverty rate decreased in both Zambézia and Manica* Provinces since 2015

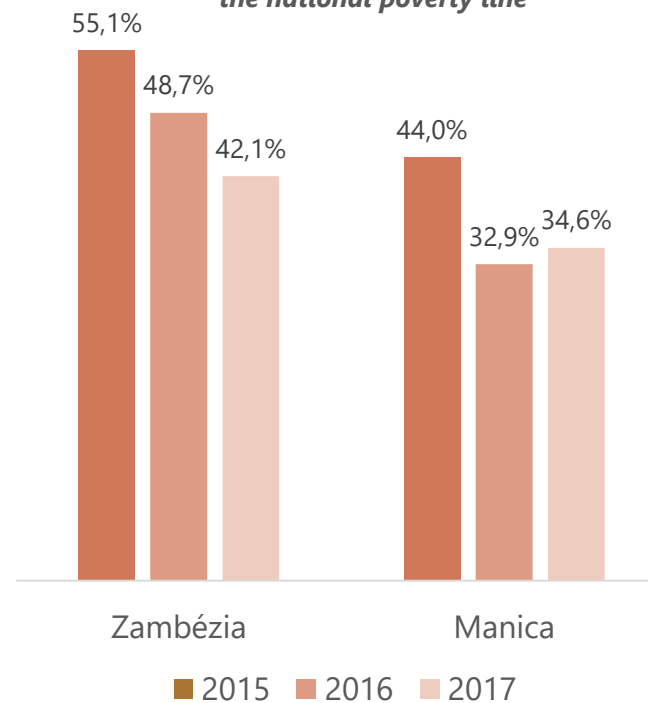
Source**: International Finance Corporation survey "Portucel annual livelihood survey, 2017 update"

SWIFT Income Estimate



SWIFT Poverty Rate

percentage of households that is living below the national poverty line

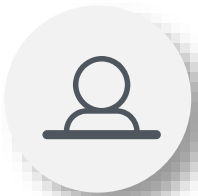


Developed by the World Bank Poverty and Equity Global Practice, **SWIFT** uses cutting-edge statistical methods to measure income (or expenditure) from 10–15 simple questions based on the 2014-2015 Inquérito sobre Orçamento Familiar.

Survey conducted in the project area.

* Manica Province was negatively affected by the intensification of adverse conditions external to the project of Portucel

** For survey methodology and sample see page at the end of this document



CAPACITY BUILDING

Capacity building of 6 500 households for adopting more efficient agricultural techniques through Conservation Farming practices



DEMONSTRATION PLOTS

Implementation of **190 new demonstration plots**



VEGETABLES PRODUCTION

2.800 families benefited from capacity building to produce several species of **vegetables**



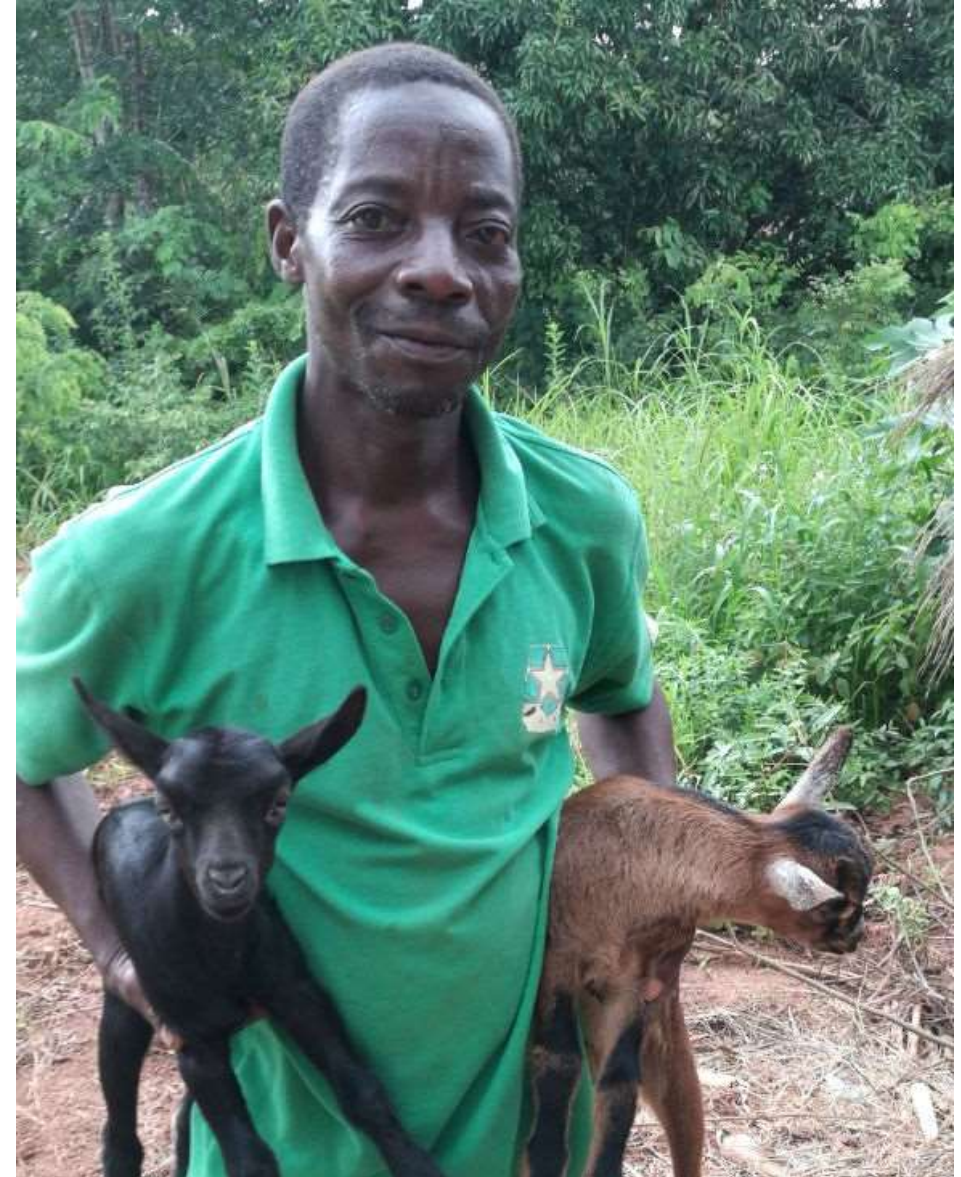
GOAT DISTRIBUTION

185 households received 3 **goats** each, to **reproduce and share** the two first offsprings with a neighbour



SELF SUSTAINING PROGRAMME

Helps to raise protein intake and promotes income diversification. It encourages entrepreneurship and shared value within the community



"GORONGOSA"

FAMILY SILO



Programme to build **400** "**Gorongosa**" silos (at the current phase) in progress



The silos allow **safer grain storage, reducing losses by rodents and insects up to 30%**, helping to improve food security, particularly in the months before the next harvest



20 water boreholes built and in operation

Some communities **access drinkable water for the first time**. Independent lab analysis in pilot boreholes confirm **water is suitable to human consumption**

Contribution to raise the ratio of communities with access to drinkable water

Safe water supply coverage in Mozambique is low at 49%, with a large disparity between urban coverage (80%) and rural coverage (35%) – UNICEF Mozambique



440 000 kilos of improved seeds distributed – corn, beans, soybeans, sesame



185 000 cassava stems distributed in 2018 (variety resistant to commun virus)

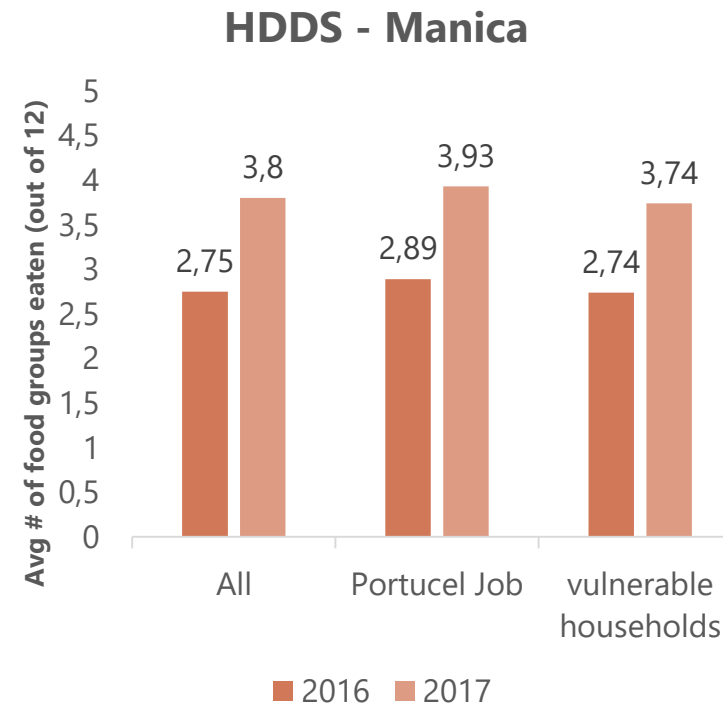
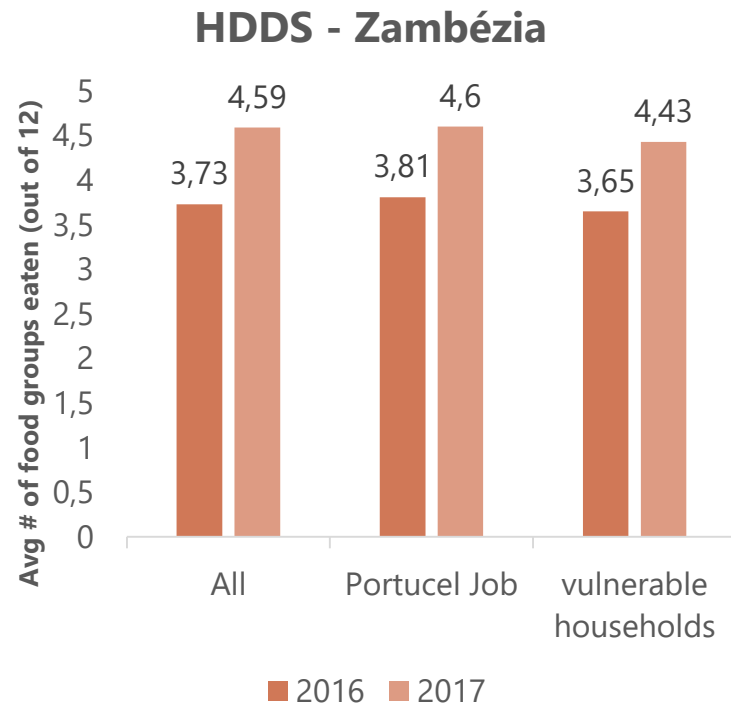


45 000 kilos of sweet potato branches distributed



Households in Zambézia and Manica* increased their diet diversity from 2016 to 2017

Source**: International Finance Corporation survey "Portucel annual livelihood survey, 2017 update"



The HDDS (Household Dietary Diversity Score) asks about a number of food groups eaten by household members in the last 24 hours, out of a total of 12 food groups.

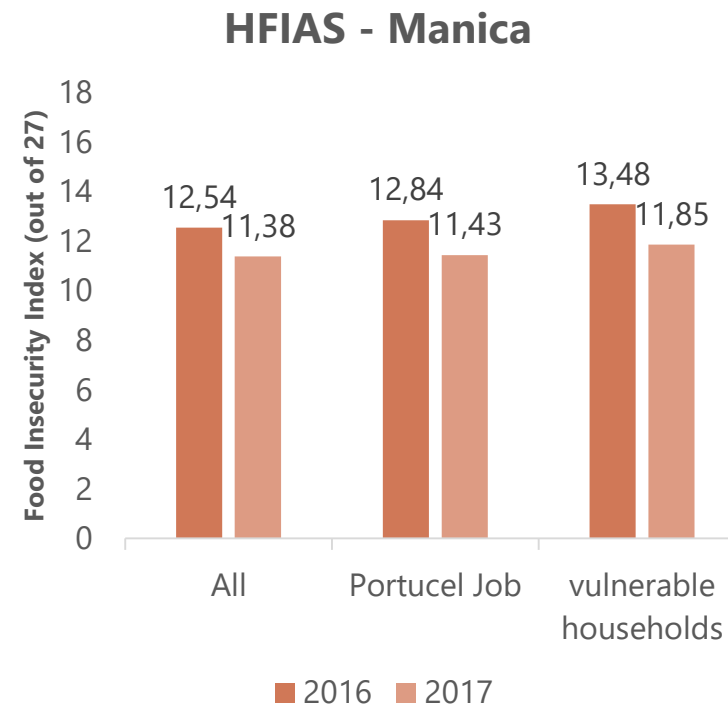
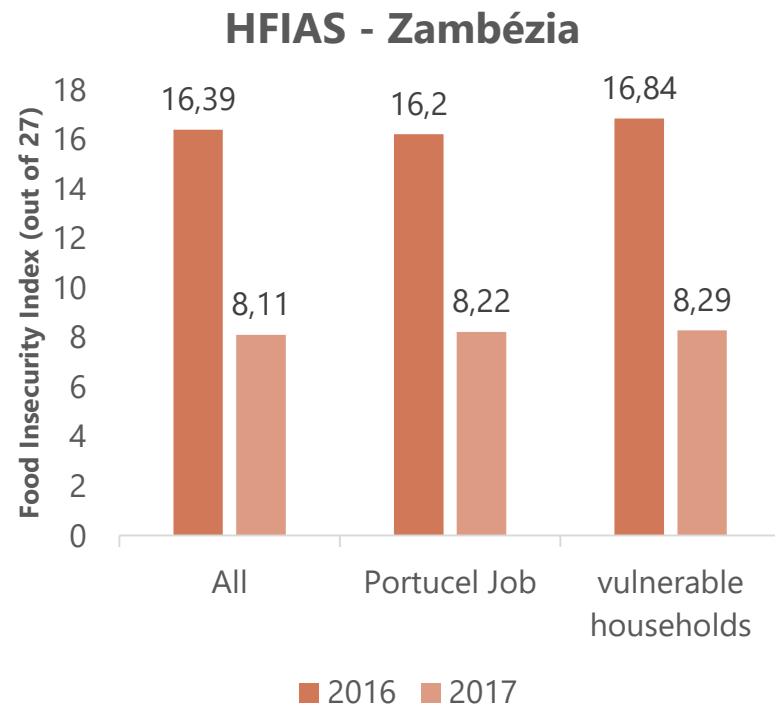
Survey conducted in the project area.

* Manica Province was negatively affected by the intensification of adverse conditions external to the project of Portucel

** For survey methodology and sample see page at the end of this document

Households in Zambézia and Manica* both show significant decreases in HFIAS score, indicating less food insecurity in 2017 comparing to 2016

Source**: International Finance Corporation survey "Portucel annual livelihood survey, 2017 update"



The HFIAS is a tool to assess whether households have experienced problems in food access in the preceding 30 days with range of score from 0-27, higher values indicate greater food insecurity.

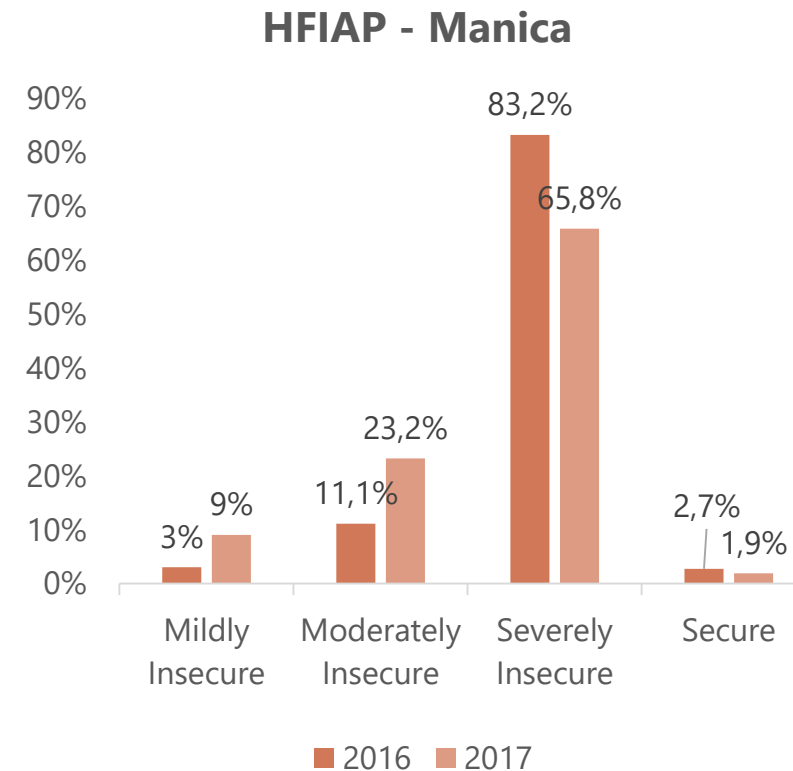
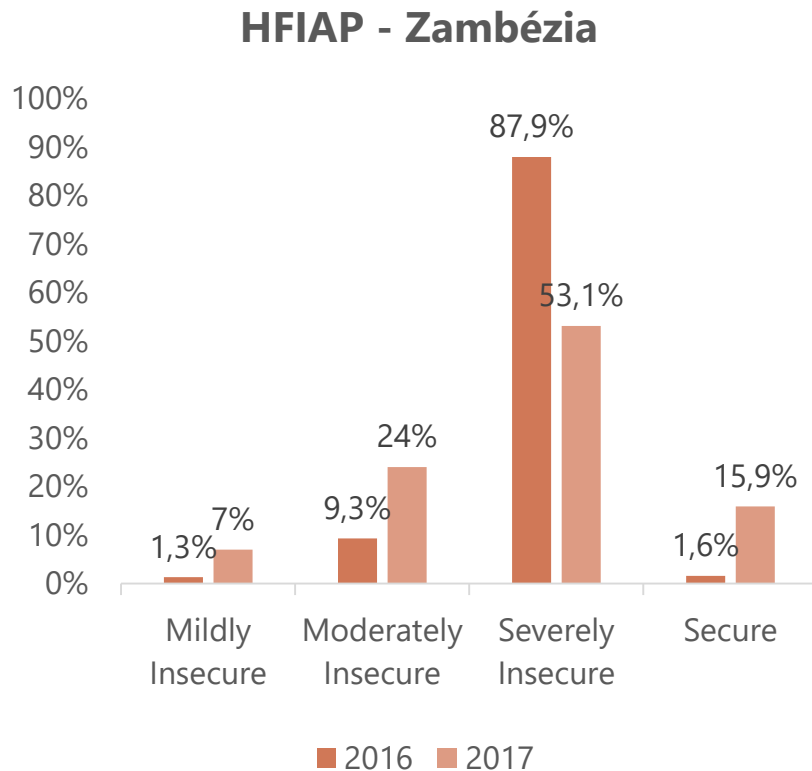
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Household food insecurity access prevalence (HFIAP)

Source**: International Finance Corporation survey "Portucel annual livelihood survey, 2017 update"



The HFIAP is another way of measuring food insecurity based on responses to questions on food access in the preceding 30 days.

Survey conducted in the project area.

* Manica Province was negatively affected by the intensification of adverse conditions external to the project of Portucel

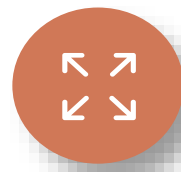
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NEW ROADS AND BRIDGES



SECONDARY ROADS

Maintenance and construction of more than **5 300 km** of secondary roads



BRIDGES

Rehabilitation of bridges and other infrastructures



IMPACT

Better roads, rural paths and bridges make easier access to **public transportation**, to **health care** and to facilitate **selling the production**



SOLAR BULBS



2 500 households
benefited with
solar bulbs



500 solar bulbs to
be distributed in
2019



Solar bulbs brings sustainable energy to **Communities**, the devices generate power to charge mobile phones and allows extended light hours for the family and for **children to study**.





ECONOMIC IMPACT SINCE 2015

Portucel hired to date **3 600 000 working days** from **local employees**

Total amount paid as **salaries: 425 million meticaís (USD 10,5 million)**

Investment to date in **Social Development Program** totals **USD 5 million**

Portucel has **160 permanent employees** (90% mozambicans)

Social protection and taxes paid to Mozambican State to date amount to **230 million meticaís (USD 4,6 million)**



TRANSPARENCY AND EQUALITY PROCEDURES

The project went through **3 phases of public consultation**, granting opportunities for communities and families to consider their participation:

- ❖ First phase: **Government Institutions conducted** several community consultations in compliance with Mozambique's Land Law
- ❖ Second phase – The **Environmental and Social Impact Assessment** consultation process included a systematic hearing of communities across all DUATs areas, involved more than 7,000 citizens at 71 meetings, in more than 130 towns and villages in the provinces of Maputo, Manica and Zambézia
- ❖ Third phase – **Land access Procedure**

OPEN DIALOG AND FEEDBACK CHANNELS WITH COMMUNITIES

Portucel maintains **open dialogue channels** with Communities to **ensure that their needs and best interests** are **properly considered** in the project and in the social program, through:

- ❖ 25 community **advisory committees**
- ❖ Monthly **village meetings**
- ❖ 40 Community **Liaison Officers**
- ❖ **Grievance mechanism** available to all families and communities
- ❖ **Communication plan** to foster fully informed decisions
- ❖ **Stakeholder Engagement Plan** to comprise and engage all interested parties





LAND ACCESS PROCEDURE

Land access procedure was designed according to the Mozambican law and includes several phases to ensure **free, prior and informed consent**

Transparency is encouraged in the **agreement signature process**, which is testified by other family members, the local authority and the administrative authority

The Procedure includes **discussion with families** interested in ceding land, **obtaining agreement with the traditional and local authorities**, mapping in a comprehensive way the **property boundaries**, and signing a **written agreement** which is shared with relevant parties and archived

INTEGRATED PROJECT WITH COMMUNITIES – MOSAIC LANDSCAPE MODEL

Promote long term inclusion, social and economic development relationship between community's activities, high value environment areas and forest plantations.

Portucel is investing in Eucalyptus plantations using Mosaic landscape model, with forestry blocks, interspersed with houses, agricultural fields, high value conservation areas and other protected uses.

Therefore, households and active agricultural fields inside the DUATs will not be physically displaced



Enhancing Awareness and Respect for the Environment

Early Results

STARTING POINT

ECOLOGICAL VALUE IN THE PROJECT AREA

- ZAMBÉZIA AND MANICA PROVINCES

The Environmental Impact Assessment Studies, forest inventories and several other specific studies of surrounding areas, prior to the implementation of the project, show that **the vast majority of DUAT areas** were characterized by areas with a **high level of degradation, long before the presence of Portucel.**

This degradation occurred due to **the high social pressure, mainly by the itinerant agriculture and other activities of subsistence of the communities.**

STARTING POINT

ECOLOGICAL VALUE IN THE PROJECT AREA

- ZAMBÉZIA AND MANICA PROVINCES

"All fauna sightings were recorded during the field visit. Above all, common bird species such as pied crows, sparrows and common bulbuls were the only observable fauna.

No direct sightings of mammals were made, indicating a large shortage of larger vertebrates, mainly due to hunting for protein supplementation by locals (...) No species of conservation interest fauna named on the IUCN Red List were recorded during field research".

In Environmental and Social Impact study (2014)

DELIVERING



ECOLOGICAL VALUE IN THE PROJECT AREA

- ZAMBEZIA AND MANICA PROVINCES

PROCEDURES FOR PROTECTING THE CONSERVATION AREAS

Portucel **maps the Areas of Interest for Conservation** in the context of its regular activity. Areas that are ecologically or socio-economically and culturally valuable (by type, species, location or exceptionally good for communities) are **identified and safeguarded**.

The company has sought to **involve local structures** (Natural Resource Management Committees) for protection and preservation of these areas.



PARTNERSHIPS AND CONSULTANCIES

Environment and Biodiversity

- Wildlife Conservation Society – WCS
- Biodinâmica
- Impacto

Research and Development

- Instituto de Investigação Agrária de Moçambique – IIAM
- RAIZ – Research Institute for Forest and Paper

Training

- Action Aid, Geoatributo, GIFF, NCBA Clusa, Fundação Micaia, idE

Land delimitation

- Terra Firma / ORAM Zambézia

Management of community areas

- Moringa – Natural Resources Management Committees

ADVISORY COUNCIL

Portucel has supported the initiative by Civil Society to set up an Advisory Council with independent status in relation to the company, to help provide guidance for the project, essentially on **environmental and social performance, Portucel Community Development Programme, human development and economic, social and cultural rights, and issues of gender equity.**

Membership is drawn mostly from Civil Society organisations.

The Advisory Council is composed of five institutions representing Mozambican Civil Society, one representative of the Government of the Republic of Mozambique and one representative of Portucel Moçambique





www.portucelmocambique.com

ANNEXE:

SURVEY METHODOLOGY

"Portucel annual livelihood survey, 2017 update"

Conducted by Majol

- **Design:** Revisit the random sample of villages included in 2012 ESIA and surveyed in 2016 with over sampling of vulnerable households (defined as female-headed, elderly (≥ 65 years) or includes a disabled member of the household)
- **Implementation:** in Zambézia, 33 villages visited. In Manica, 30 villages visited, including 8 new villages in Bárue district that were not visited in 2016 due to security concerns.

Summary

Region	Female-headed household surveyed		Male-headed households surveyed		Total surveyed	
	2016	2017	2016	2017	2016	2017
Manica	248	232	389	455	638 ¹	688 ¹
Zambezia	312	232	323	410	635	654
Total	560	464	712	865	1,272	1,342