

# Portucel pulp mill Mozambique

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[Project website](#)

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## Status



## About Portucel pulp mill

Portucel Moçambique is a Mozambican company, controlled by The Navigator Company (previously known as Portucel Soporcel). The company plans to build a pulp mill in Ile-Namarroi, in Zambézia, Mozambique. The project also includes a biomass power generation plant and is expected to be operational by 2023. The pulp mill will have a production capacity of 1,500,000 tonnes of pulp per year, which will almost double The Navigator Company's global pulp production capacity. The project requires an investment of USD 3 billion.

The pulp will be sourced from eucalyptus plantations in the Zambezia and Manica provinces. The plantations will be located in forested regions, where deforestation is occurring at a rapid pace, as shown in maps published by [Global Forest Watch](#). The loss of forests is also leading to climate change. In the case of Mozambique, 53.1% of GHG-emissions in 2011 came from land-use change and forestry.

## Brief history

In 2008 Portucel Mozambique submitted a proposal for the establishment of eucalyptus plantations in Manica and Zambezia to MICOA, the Ministry for the Coordination of Environmental Action in Mozambique. In 2009 the company obtained authorization from the Council of Ministers of Mozambique.

[In 2010](#) the Mozambiquan government granted the company a concession for 173,000 hectares in the Zambézia province to establish eucalyptus plantations. In 2011, the company obtained a concession for a further [183,000 hectares](#) for eucalyptus plantations in the Manica province. These areas are currently being planted. A report from [The Oakland Institute](#) from 2011 mentions that half the land Portucel wants has been claimed by local people and that in public consultations the project was rejected.

[In September 2015 Portucel Moçambique](#) opened what it called the largest tree nursery in the whole of Africa with an installed production capacity of more than 12 million plants a year.

## What must happen

Investors should not support this project until Portucel has developed satisfactory measures to protect forests and biodiversity, to assure the integrity of water table and hydrological conditions, to implement Free Prior and Informed Consent (FPIC) and fully respect customary land rights, address social conflicts, implement full transparency and pursue stakeholder engagement.

## Issues

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### Human rights and social issues

Some of the social impacts related to plantations have been identified in the Environmental Impact Assessment report released by Impacto. The main issues raised by communities were as follows:

- Land that is critical for food security and traditional life has been taken from local communities. ([The Oakland Institute](#)).
- Consultation meetings between the company and the local communities have not been held in traditional language. As a result the majority of the people was unable to understand most of the meetings. In different cases, possible impacts have not been properly outlined. In some cases, temporary jobs were promised in exchange for land, in others land has been acquired without compensation. Some people have been relocated to fields far away from roads and basic services, such as medical care. Other people have had to rent land at their own expense
- In this environment, already marked by water stress, the expansion of eucalyptus plantations will inevitably affect the surrounding areas bringing a severe decline to local agriculture, and threatening food security

- The Environmental Impact Assessment report for the Zambezia forestry project states that "communities reported elevated concern with regard to their perception of lack of land for the project implementation, occupation of lands without consent and due compensation, lack of clarity in relation to the project and the lack of transparent communication mechanisms between the company and the communities." It identifies the following socio-economic impacts: conflicts in the process of access to land, loss of agricultural areas, risk of malnourishment and malnutrition and loss of ecosystem services for communities. It also lists mitigation measures
- A local chief has forbidden community leaders to voice their concerns regarding the project, while pressure to accept the project has been reported. In some cases, temporary jobs have been promised in exchange of land, in other land has been acquired without compensation. People have been relocated to other fields far away from roads and basic services such as medical care. Others had to rent land at their own expense ([Justica Ambiental](#)).

The description of impacts on this page is sourced from the report A Land Grab for Pulp. For more information about these impacts read [this report here](#).

The consultations held with local communities did not comply with international standard of FPIC (Free Prior and Informed Consent) as laid down in the UN Declaration of Indigenous Rights. Community members told Justica Ambiental that only one meeting was held, at which none of them had been informed about the project, and in which potential social and environmental impacts of the project were not discussed. In other cases, communities confirmed that there had been a meeting with the company, but the majority (80%) reported that they did not understand most of the meeting, because of the language used.

Portucel should adopt a specific policy on security. Any security company that is contracted should not be implicated in past abuses. Human rights education and a strict non-violence policies should be part of core trainings. For expressions of concerns a grievance mechanism should be in place, about the security arrangements and for reporting any abuses in a confidential way, so as to ensure the security of affected people.

## Environmental issues

The plantation is expected to [have adverse impacts](#) such as pollution, soil erosion, loss of biodiversity, increased risks of forest fires, modification of the aesthetic value of the landscape. It will further impact remaining forest ecosystems of miombo woodlands, and possibly fragments of afro-montane and eastern African coastal forests. Both the pulp mill and plantations will be located close to the [Deforestation Fronts](#) as outlined by WWF. Landscapes will not be protected and natural forests will be converted including 114,000 ha of densely wooded 'sensitive areas' (only 10% of the area will be set-aside, mostly located in areas unsuitable for plantations). Furthermore, the conversion into plantations will displace traditional forest uses, creating more pressure on the remaining fragments of natural forests.

Roads, forest tracks and fire breaks, that come along with the project, will also impact the natural forests. To establish the Zambezia plantations, [1,200 km](#) of forest tracks will be opened, as well as 280 km of perimeter firebreaks of 6 meters in width.

## Governance

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### Applicable norms and standards

**IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts**

**IFC Performance Standard 2: Labor and Working Conditions**

**IFC Performance Standard 3: Resource Efficiency and Pollution Prevention**

**IFC Performance Standard 4: Community Health, Safety, and Security**

**IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement**

**IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources**

**IFC Performance Standard 8: Cultural Heritage**

### Other applicable regulations

The IFC [has defined](#) the project as a Category A Project, "due to the potentially significant, diverse, and irreversible environmental and social risks and/or impacts inherent to a project of this nature and scale operating in Mozambique". Therefore, the IFC Performance Standards 1-6 and 8 apply to this project. The [Guidelines for Observation and Exclusion](#) from the Norwegian Government Pension Fund should apply.

## Updates

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## Financiers

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The first phase of the project (plantation development) [is expected to be funded](#) by equity only, 80% from the Navigator Company and 20% from the International Finance Corporation of the World Bank. Costs for this phase amount to USD 160 million, or 5.3% of the total project costs.

### Multilateral development banks

#### [International Finance Corporation \(IFC\)](#)

[Details](#) ▼

Share issue – underwriter  
*source:* IFC Projects Database

USD 32 million

2014

## Related companies

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### Project sponsor

[The Navigator Company Portugal](#)

### Other companies

[Portucel Moçambique Mozambique](#)