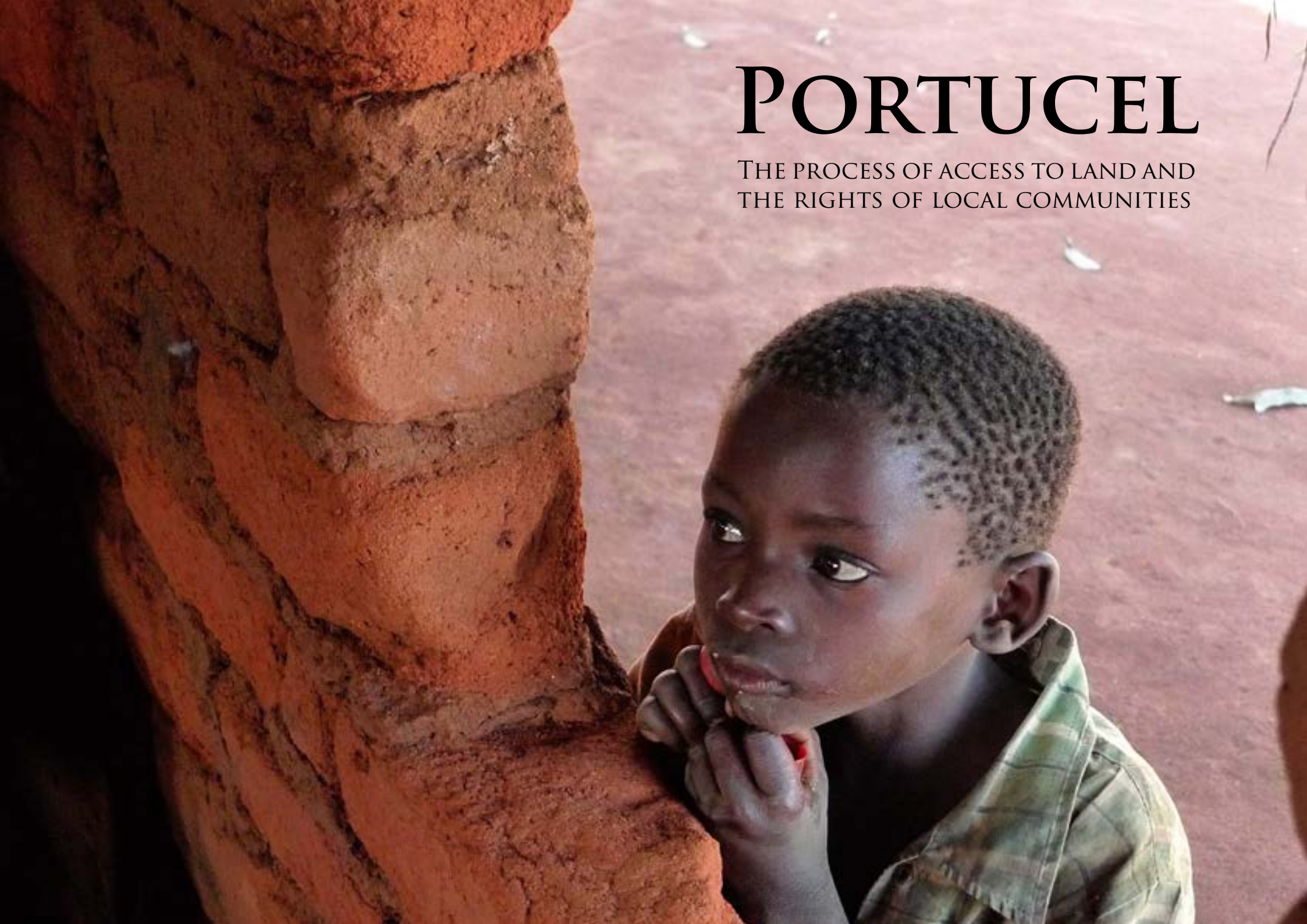


PORTUCEL

THE PROCESS OF ACCESS TO LAND AND
THE RIGHTS OF LOCAL COMMUNITIES



Title: Portucel - **The process of access to Land and the Rights of Local Communities**

Published by: Justiça Ambiental

Reporting period: 2011 - 2015

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Maputo, setember 2016



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Portucel

Portucel - The process of access to land and the rights of local communities

Introduction

Over the past 10 years, the government of Mozambique has actively promoted private investment in the country, particularly in the centre and north, for, among other things, the establishment of industrial plantations of tree monocultures.

To attract private investment the following arguments are common: the availability of large extensions of fertile land, the low cost of access to land for long periods of time and Mozambique's thirst for develop at any cost.

The implementation of these projects has been gaining more and more prominence in the processes of acquisition and dispute for arable land, which in many cases leads to unpleasant scenarios of social injustice and land disputes with local communities.

Portucel Mozambique belongs to the Portuguese group Portucel Soporcel, who owns large areas of plantations in Portugal for the manufacture and sale of paper and other wood derivatives. It is one of several projects of industrial plantations being implemented in Mozambique.

Portucel Mozambique was established in April 2009, and as a result of its investment project's approval by the Council of Ministers (Authorization No. 249/2009), it holds the Right to Use and Explore Land (DUAT) in an area of about 356,000 hectares. Out of that total area, about 183,000 hectares are located in the districts of Bárue, Manica, Mossurize, Gondola and Sussundenga in the province of Manica; and about 173,000 hectares in the province of Zambézia, specifically in the districts of Ile, Mulevala (back then an administrative post) and Namarrói. The com-

pany's DUAT area in the Province of Zambézia is populated by about 13,000 households, and in the Province of Manica by about 11,000 households. The DUAT allocation process to Portucel is not in the public domain, so this process' legal compliance is unknown. Also, the fact that local communities held DUATs to a significant part of the land in question must be taken into account.

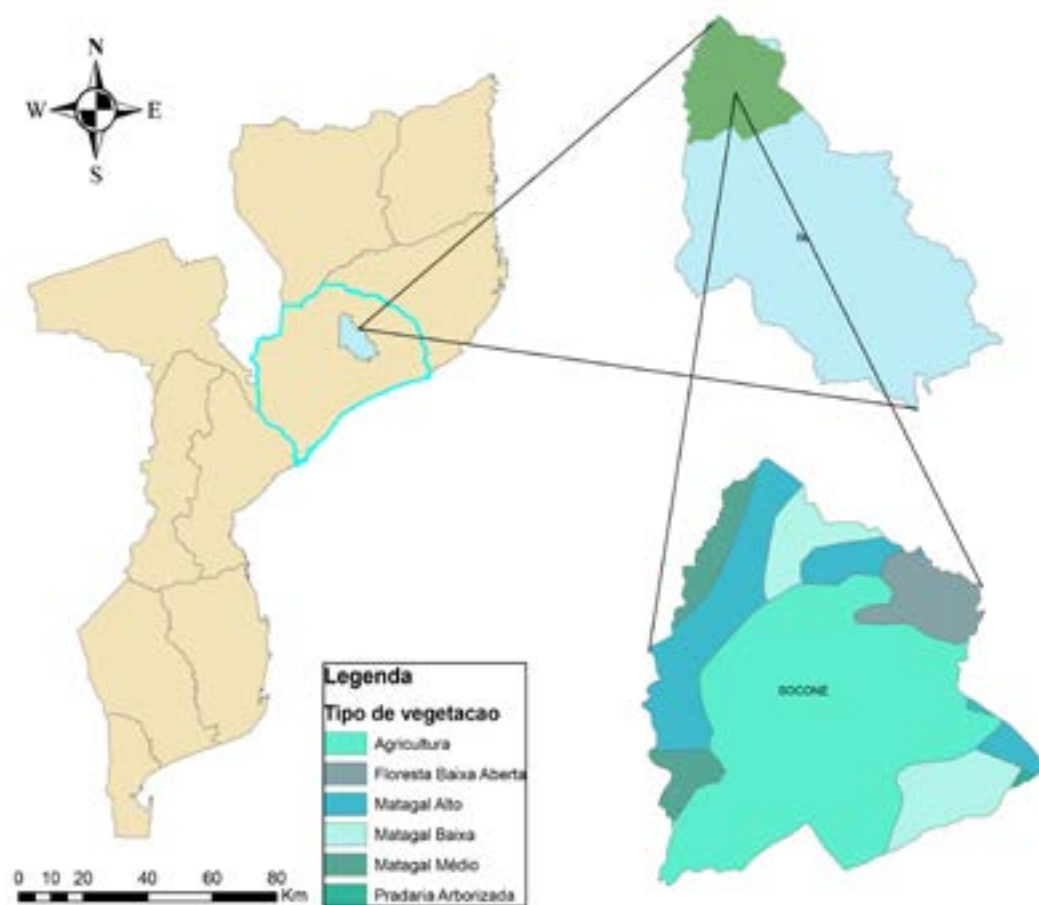
In the areas where Portucel intends to settle, agriculture is the main subsistence and income generation activity of local people, involving practically all households. Agriculture is practiced by hand on small family farms, in an intercropping system based on local varieties. The agricultural production is predominantly made under dry conditions, not always successful, as the risk of loss is high due to the soils low moisture storage capacity during the growing period of crops. In this environment, the production system is dominated by consociation crops, such as cassava, corn, cowpeas and boere beans and/or the consociation of sorghum, corn and cowpeas, and at a smaller scale, peanut culture.

Portucel Mozambique enjoys an estimated 1.7 billion Euros (equivalent to 2.3 billion US Dollars) funding by the International Finance Corporation (IFC) – a member of the World Bank Group – for the establishment of eucalyptus plantations for in-

dustrial production of paper pulp and energy in Mozambique. According to the applicant, Mozambique was chosen for this project's implementation given the strong cultural affinity and its privileged strategic geographical position in relation to Asian markets. According to the project's information – available in the Environmental Impact Assessment Reports – the installation of the forest base in the provinces of Zambézia and Manica will be done gradually. In the Province of Zambézia, an estimated 2000 ha will be planted in the first year, and then gradually increased during 12 years until it reaches a forest area of about 120,000 ha; and in the Province of Manica, an estimated 1500 ha will be planted in the first year and the same gradual increase is planned, leading to about 126,000 ha after the same 12 years.

The Ile district, in particular the Administrative Post of Socone, was one of the first places where Portucel Mozambique settled to start their activities. It was also in the Administrative Post of Socone where signs of dissatisfaction regarding the activities of Portucel first came to light. Therefore, it is important to follow the start of the project's implementation process.

This analysis focuses on the protection of local communities land rights in Ile district, particularly the Administrative Office of Socone.





Background

In mid-2011, Justiça Ambiental (JA!) received information from partners on the area that communities on the Administrative Post of Socone were being forced to give up their land to a Portuguese company in exchange for job promises and a better life.

In July 2012, JA made its first visit to the communities of Socone and held 32 group interviews and 47 individual interviews with community members, chiefs and community leaders. According to the interviewed, when the community was consulted, they rejected the project for fear of losing their land. As a result of this rejection, the Head of the Administrative Post of Socone met with community leaders to convince them not to influence their communities to reject the project.

“The head of the Administrative Post forbid community leaders from speaking out or taking any decisions regarding the land or Portucel’s advances, so they stopped talking about it and remained silent” –

revealed one of the community members. And so, the company carried on its activities.-

Portucel’s “Procedure to have Access to Land” document, states:

If communities or families are not interested in Portucel Mozambique’s project, the company will seek an alternative area, and will strictly reject any pressure act or coercion on the part of its employees.”s”.

Several community members reported feeling pressured by local leaders to accept Portucel's project and its consequent transfer of land, but they did not know if Portucel was aware of it or behind it.

According to the interviewed, Portucel Mozambique began its activities in February 2011 and back then it persuaded the communities into giving up their farms to the company, offering promises of employment and technical training in return. However, they complained that the promised jobs were precarious, short-lived and that the wages paid ranged from 80 to 100 MT per day. The reparation criteria used to compensate the communities whose land rights were passed to the ownership of Portucel are also not in the public domain.

“We regret it because we are yet to see what they promised to the people; people who work for them do not stay long, they work a few days only, and this is why we are not satisfied with Portucel.”

— Confides us one of the community members of the Administrative Post of Socone.

According to the communities, some farms that had not been transferred were wiped along with its surrounding vegetation, while others found their fields surrounded by eucalyptus trees.

“The project covered a part of my fields, we would like the company to fulfil its promises of employing the community.”

At the time, the then provincial governor, Francisco Itai Meque, visited the site and the community members asked him questions and called for solutions. According to them, the governor promised to order a survey to account for the people affected who lost their land and solve the problem. However, up until today nothing has changed. It is therefore not in the public domain whether the local communities' loss of DUAT in favour of Portucel was the result of a process in accordance with the law.

In general, the legal ways to pass a DUAT to another are explained in Article 16 of Law No. 19/97, of October 01 – the Land Law and the loss or termination of it is enshrined in Article 18 of the same legal document. Accordingly, the process by which Portucel acquired the DUAT of the land in question must, among other legal issues, have obeyed the applicable rules to the present case, otherwise Portucel's DUAT is vitiated by illegality.

Methodology

This analysis was prepared taking into account the analysis of various other documents, including legislation and public policies in the matter and, fundamentally based on the realization of questionnaires and semi-structured interviews and extended meetings with primary sources, mainly members and community leaders, and also based on direct observation carried out in field work throughout several visits. Apart from visits to the site and direct contact with local communities, Justiça Ambiental has maintained contact with local communities through local partners such as FBO (Interfaith Platform for Participatory Governance).

In September 2014 a new visit to the communities of Hapala, Socone-Sede and Mualacamue in the Administrative Post of Socone, as well as Namucarrau in Mulevala District, Administrative Post of Mbauane took place. The Namucarrau community claimed to have no knowledge of the project and that it had not yet started its activities in its area,

thus they were not subject to this study's analysis. In late June 2015, a new visit was undertaken. New meetings and interviews were carried out, however, the same complaints were presented as if nothing had been done since our last visit.

Once we gathered the thoughts, complaints and grievances of the visited communities, we contacted Portucel Mozambique asking them to shed a light on a series of subjects so we could cross match that information with the one we collected in the field. The company's management did provide us some information.

This analysis focuses on the Administrative Post of Socone, Ile District, where 114 members of the above communities were enquired, and subject to surveys and semi-structured interviews. In addition, this study is supported by the analysis of several documents and relevant legislation to the case.

The impacts of Portucel's arrival from the perspective of local communities

Article 48 of our Constitution as well as plenty of other relevant legislation that regulates the relationship between the public administration and the individual in various matters – including the issue of land – guarantees our right to information. Simultaneously, Land Law itself and related legislation determine the procedures to guarantee the effectiveness and the validation of community consultations in the context of DUAT acquisitions.

The study involved people of different ages to obtain a large sensitivity and range. Regarding the age of the inquired, 57% were adults, 39% were young and 4% were elderly, as shown in Figure 1. The vast majority of those enquired were young people and adults with high expectations of employment and improved living conditions. When queried about the project and questioned whether they were aware of any community consultations, 89% confirmed that there was one (1) community consultation. The re-

maining 11% had no knowledge of any consultations, Figure 2.

Age Group of the community members



Figure 1. Age group of inquired

Despite the fact that the majority of the enquired (89%) confirmed that there was one (1) meeting of community consultation, around 80% of these said

knowledge of the occurrence of a public consultation meeting



Figure 2. knowledge of the occurrence of a public consultation meeting

Understanding of the issues dealt with in the public consultation

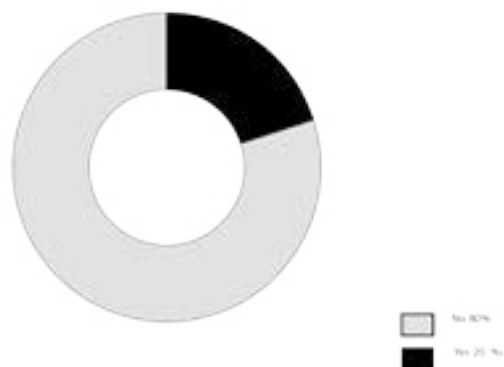


Figure 3. Understanding of the issues dealt with in the public consultation

they had not understood a considerable part of the issues dealt with, as shown in Figure 3. None of those interviewed knew the size of the project area, explaining that this information was not available and that the issues addressed in the consultation were essentially promises of jobs (88% of the enquired), but no details were given regarding the type and number of jobs; promises of improvement of general living conditions (8%) and a small percentage (4%) of respondents could not even explain what the meeting was about.

An equally important aspect to consider is that 70% of the enquired claimed not to have understood the issues presented in the Community consultation, whether because of a limited understanding of the Portuguese language, or because of a lack of knowledge regarding the procedures for public consultation and their role in this process, or also because of their poor understanding of the concepts discussed.

The way the community consultation was conducted does not promote nor allow the informed participation of those mostly affected by the project. According to the enquired, during the community consultation the potential social and environmental

impacts of the project were not adequately presented, thus disregarding the fact that these communities depend directly on land and other natural resources and that any changes in soil quality, quality and amount of water available would have serious impacts on their livelihoods. The language used was not appropriate for the target audience, partly because only the Portuguese language was used, without interpretation to local dialect, and the addressed topics were only positive and life-enhancing promises, which created very high expectations.

Information shared at the public consultation meeting

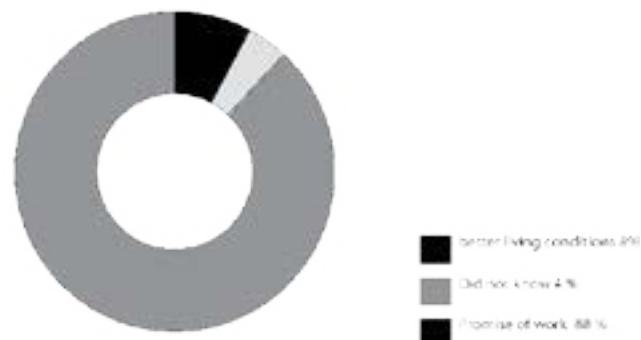


Figure 4. Information shared at the public consultation meeting

The General Directive for the Public Participation Process in the Environmental Impact Assessment process (EIA), states that the project should disseminate information regarding social, environmental and economic development actions or plans, in order to allow a democratic, inclusive and transparent dialogue, where doubts and concerns are placed and suitably clarified; and the trading acts, types and forms of fair compensation should take into account the views and concerns of the public. When contacted by JA, Portucel Mozambique claimed to have consulted about 200 local communities in 62 meetings covering a total of about 15,000 people. It also claimed to have carried out public consultation meetings in the provinces of Zambézia, Manica and in the city of Maputo. It insisted that the process was performed very seriously, covering the largest possible number of people, and denied allegations that the negative impacts of the project implementation were not properly presented.

A large discrepancy between the number of people consulted according to the applicant and the information obtained in the field is common in projects of this size and nature. This difference is often due to the low participation of community members and high participation of community leaders, local leaders and representatives of local government. However, the number of participants is conveniently presented in aggregate form, often including even

the consultants themselves.

We also observed that some of the concerns raised by community members in our interviews are the same that were presented to us in our first contacts with the communities, many have also been identified by the community consultation undertaken by Portucel and are also part of the Environmental Impact Assessment (EIA) public consultation report. The following issues were, among others, raised by community members and included in Portucel's EIA public consultation report: shortage of land available for the development of the project; preference in producing food crops in detriment of forest plantations; existing land conflicts between the communities; and an increasing fear of losing their land and farms, compromising the future of their children and grandchildren.

It is worrying that the same complaints and fears have been left unsolved since 2011. It is not enough to recognize the problems, we need to tackle and resolve them, which according to the communities,

is not happening. The delay in clarifying the concerns raised by community members of the Administrative Post of Socone has led to a worsening of the people state of discontent regarding the company and a growing sense of abandonment by the state.

Thus, the realisation of consultations, whether for Portucel's acquisition of DUAT or for their AIA and EIA, as well as for the community development plan, is still unresolved and denotes irregularities – at least in what concerns the information collected from the communities and the non-exhaustive public disclosure of all aspects and components of the public consultation process, the part that does not contradict the law regarding access to information.

Promises and Expectations Management

About 70% of the enquired feels aggrieved with the project entry, alleging usurpation of land and breach of promises, including the jobs promised by Portucel during community consultation, which turned out to be few, short-lived, low salary, sporadic and where they were easily dismissed without any just cause.

“They assured us they would bring employment; they gave biscuits, sweets, salt and 300 meticaís to the leader and the rest of us did not know that their pact aimed to destroy; I did not see the promised changes, this is because we worked for a few days and then we were cut out. Some people worked for a week or a month and then they are sent dismissed. This helps no one.”

According to information available on the website of Portucel Mozambique, the company has been working with the Government of Mozambique since 2008, developing an investment plan of about USD 2,3 billion for the creation of a forest base, construction and operation of a cellulose production plant and green energy, and in 2009 they began the trials of eucalyptus species. However, according to our inquired, their contact and communication with local communities, about 24,000 families, is very poor, limited in the number of meetings and in available information.

Clearly the contact and communication with local communities has been neglected up to now, exacerbating their doubts and fears

Local Communities DUAT (in)Security

From a constitutional point of view, the State recognizes and protects the DUAT of local communities, either by occupation, inheritance or otherwise provided by law, as is made clear in our Constitution's Article 111.

In turn, the Land Law, Law No. 19/97, of October 1st, determines in its Article 12, that local communities, as is the present case, hold DUAT by occupation.

In addition, the DUAT's transmission process obeys certain legal criteria, including the need for a public deed, and prior to it, an authorization from the competent state authority.

It is also important to consider that the main policy lines on the right to land are primarily a product of the National Land Policy and its strategy. This policy's number 18 sums up the principles and objectives that guide it in the following statement:

“To guarantee the rights of Mozambican people over the land and other natural resources, as well as to promote investment and sustainable and balanced use of those resources.”

However, a brief analysis allows us to understand that rural communities and other vulnerable groups have not benefited from the materialization of the guiding principles and objectives of the policy outlined by the above statement.

In this context, it is the State's job to protect the communities DUAT from any illegal or unjust acquisition pretensions, safeguarding their vulnerable situation concerning their lack of knowledge regarding values and procedures in the transmission processes of the DUAT.

This also means that the State should not allow certain people to benefit from land at the expense of the violation of the legitimate holders of DUAT

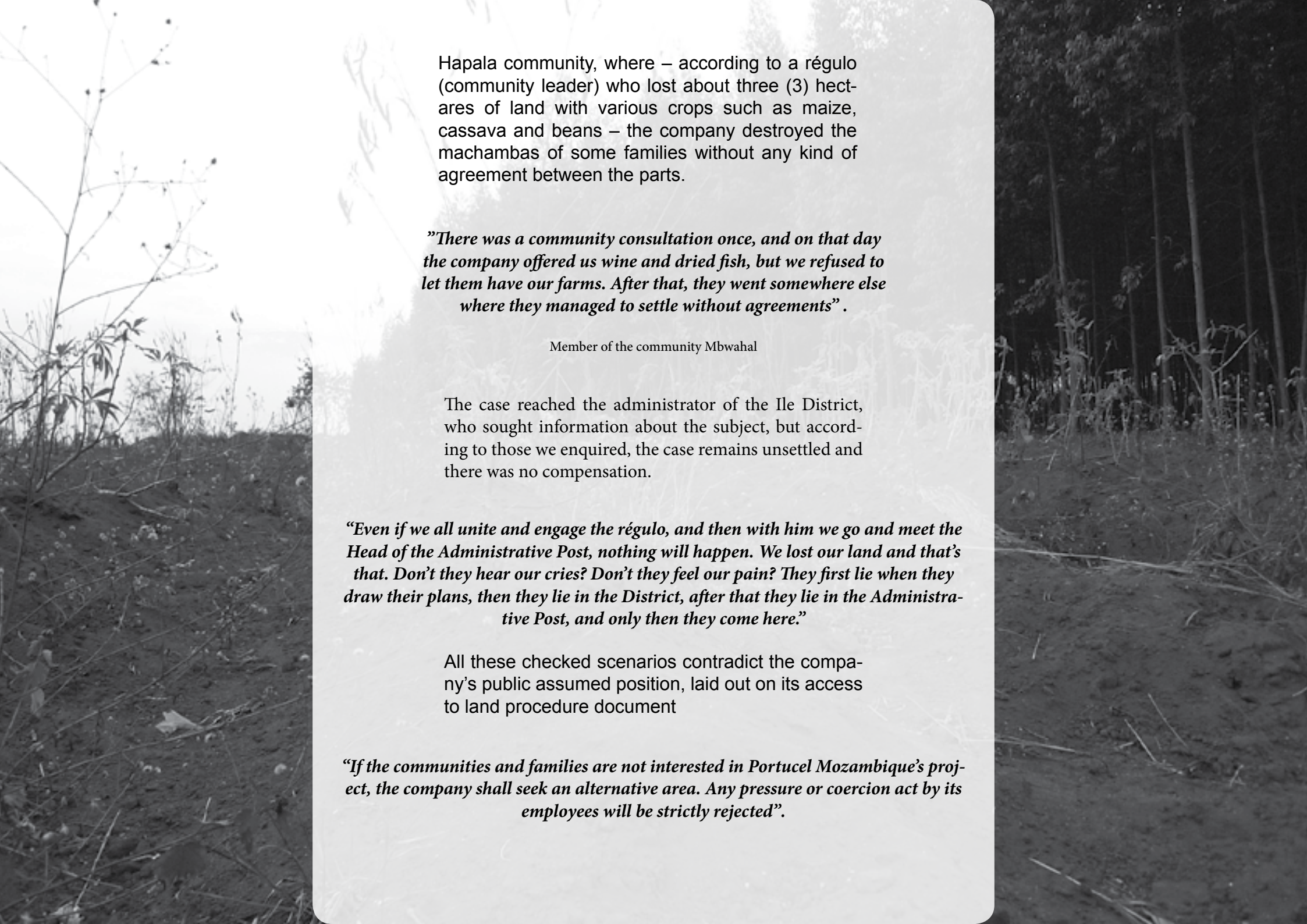
fundamental rights. Otherwise, it would be promoting the marginalization of certain local communities and others. The state has the obligation to create and ensure the maintenance of a secure environment for the DUAT's execution and for its holders to freely enjoy their right to land with due dignity and legal protection.

Therefore, the State must organize all its necessary apparatus for this matter, so that the beneficiaries of DUAT can safely and freely exercise their rights to land. That is, it must put in practice all acts and material operations, observing to the circumstances of all cases, aimed at an effective protection and fulfilment of the DUAT, considering the need to satisfy the public interest. The State must also ensure the adequacy and accessibility of essential public services, mechanisms, procedures or any other means by which the DUAT can be materialized for the entire population, thus committing to prevent violations of the DUAT, to investigate cases of violation of DUAT and sale of land, and to hold DUAT offenders responsible.

In this case, there is not enough evidence that the acquisition of the communities DUAT by Portucel was fair and followed the criteria laid down in land legislation; and there is also no evidence of the protection of those DUAT by the Mozambican State.

According to reports from members of the Mbawahal community, in 2010, representatives of both Portucel and local government met up with the community, offered them wine and dried fish, and told those present that Portucel would pay two thousand meticaïs (2 000.00 Mts) in exchange for a portion of their machamba (farm). The proposal was promptly rejected by the present. Note that, according to community members, the invitation to the alleged community consultation was made the day before and, due to the short notice given, few were aware of the meeting while others came because they saw people gathered drinking wine.

After refusing to give away their land, the company representatives focused their attention on the



Hapala community, where – according to a régulo (community leader) who lost about three (3) hectares of land with various crops such as maize, cassava and beans – the company destroyed the machambas of some families without any kind of agreement between the parts.

”There was a community consultation once, and on that day the company offered us wine and dried fish, but we refused to let them have our farms. After that, they went somewhere else where they managed to settle without agreements”.

Member of the community Mbwahal

The case reached the administrator of the Ile District, who sought information about the subject, but according to those we enquired, the case remains unsettled and there was no compensation.

“Even if we all unite and engage the régulo, and then with him we go and meet the Head of the Administrative Post, nothing will happen. We lost our land and that’s that. Don’t they hear our cries? Don’t they feel our pain? They first lie when they draw their plans, then they lie in the District, after that they lie in the Administrative Post, and only then they come here.”

All these checked scenarios contradict the company’s public assumed position, laid out on its access to land procedure document

“If the communities and families are not interested in Portucel Mozambique’s project, the company shall seek an alternative area. Any pressure or coercion act by its employees will be strictly rejected”.

According to the interviewed community members (May 2015), land transfer negotiations are done individually. The company negotiates directly with the owners. In exchange for their properties, owners and family members are hired to clear their former farms. They are paid roughly one thousand and five hundred (1,500) meticaïs each.

“At first they said that those who wanted to work had to give in their farms, and in no time that is what we did. I gave away two and a half (2.5) hectares. We worked on the plot for one (1) month, because it only took us a month to clear it. They paid us a thousand and five hundred (1,500) meticaïs per person. I wasn’t paid for farm, but for the work we did on my own farm. Now there is nothing to do. Even our leader gave his farm away and is now sitting at home. In my machamba I produced corn, beans, peas and cassava to support my family. I have six children and I also support my mother and my wife”

Member of the Mbwalal community.

After sealing the agreement, the community members who gave their machambas away on these conditions feel aggrieved. When asked about the reason for their dissatisfaction, given the fact that they accepted the agreement, they point up their poverty and claim that Portucel’s representatives said that this was the way they found to compensate them in some way, because they had no obligation to do so, since the government of Mozambique had already granted them DUAT for their land.

“When I gave my machamba away they didn’t pay me a thing. They just said put your family on this list and get to work, and at the end of the month you’ll receive money. At the end of the month I received one thousand and five hundred (1,500) meticaïs, but that money wasn’t even enough to support my family. I accepted it because of poverty and today I’m unemployed. They fooled us, I gave away my machamba in 2014”.

It should be noted that, despite still in a testing phase (testing species and provenances), land disputes are already taking place due to a lack of clarity in what concerns the physical limits of the areas being used by Portucel Mozambique and those being used by the communities, with some situations of overlapping areas. According to Article 13 of Law 19/97 of October 1st, “the titling process of the right to use and explore land (DUAT) includes the judgment of the local administrative authorities, preceded by consultation with the communities, for the purpose of confirmation that the area is available and has no occupants.”

Some of the areas that are being used by the company for eucalyptus plantations are productive areas, where communities practiced agriculture for family subsistence and produced, in consociation, crops such as peanuts, beans, peas, cowpeas, maize, etc., contradicting one of many arguments often used in favour of exotic species plantations: the claim that they do not compete with food production because they use marginal or abandoned and unproductive land.

“We want compensation for the various cultures you have destroyed”

“We want you to leave and stop disturbing us”

During the meeting that they granted to Justiça Ambiental, Portucel Mozambique said that the known cases were properly addressed, emphasizing a particular case where a machamba was accidentally destroyed and, according to the company's representative, the subject was acknowledged and people were adequately compensated.

Portucel Mozambique confirmed that they identified desirable land to be acquired and that the negotiations for transfer of land were made directly with the “owners” – families who formerly held the DU-ATs in question – and resulted in agreements between both parties. Also according to the company, those deals did not strip the families of all their land, allowing them to keep a minimum of about three hectares (2.9 ha) per household, calculated on the basis of the families' needs. According to Portucel Mozambique, agreements are made in good faith and mutual agreement on the conditions. Portucel Mozambique says it has record of about 1779 agreements made in the Province of Zambézia, and that no family was coerced or impaired in these agreements.

Local communities and company alike, did not grant JA access to any agreements made.



What good is Portucel for local communities?

One of the main arguments in favour of Portucel is the number of jobs. News articles in the media mention seven thousand and five hundred (7500) job posts in plantations and on a processing plant, combined with the promise of improving the living conditions of the local population and the construction of schools, health clinics and water pumps. However, it is unclear how these jobs will be distributed and the extent to which communities will become autonomous to defend their rights, in particular their labour rights.

In the community of Socone, the general dissatisfaction regarding the way local workforce is being hired is remarkable.

The questions concerning employment positions are numerous. On one hand, the media talks about seven thousand five hundred (7,500) jobs, no details given, while in the EIA reports for both the Province of Zambézia and the Province of Manica, the figures are not those and are not clear. In both cases, although the areas are different, eighty (80) direct jobs are mentioned, and only on the seventh (7) year are seven thousand five hundred (7,500) indirect jobs in the Province of Zambézia and two thousand and five hundred (2,500) indirect jobs in the Province of Manica mentioned. And during wood cutting /harvest /transport season, there will be two thousand five hundred (2,500) jobs in each province. It is not clear what qualifications or requirements will be asked for the eighty (80) direct jobs, nor is it clear in other cases. It is necessary to clarify what kind of jobs these are, whether they are temporary or perma-

nent, what percentage of those jobs is destined at skilled professionals, and what percentage of those jobs will be granted to community members.

It is also important to examine the impact that the creation of this high number of indirect jobs may have on the area if they are not occupied by local staff and result of bringing many people from other places.

There are concrete examples in Mozambique showing how small is the number of jobs in forest plantations, and how precarious they are, as is the case of the former Chikweti Forest, Teak Forest, Ntacua Forest, among others.

On these places, employment contracts are extremely precarious (they do not safeguard workers' rights), short-lived (usually between three to five

months and some only a month), with no fixed wages and ruled by arbitrary criteria. Employers take advantage of the poverty and low education levels of the local population, which impairs their bargaining power in most situations. The community is in a vulnerable position, and in many cases cannot resist enticement and end up giving their land away in exchange for an insignificant sum and precarious jobs without any security.

On the issue of job posts, Portucel Mozambique said that there were no promises of employment, but a promise that community members will be given priority over others when the company decides to hire. Portucel says that in this first phase most jobs are temporary and occupied by members of the communities. Their régulo oversees the work.

Community inclusion and participation mechanisms or mere diversions?

In 2015, JA learned that Portucel is developing a social development program and a strategy to engage stakeholders. According to Portucel, the program aims to implement priority activities for the communities in the project areas.

The issues raised by communities have so far been treated lightly and justified by the company as being largely derived from the lack of information and communication between the company and the communities. For, according to the company, “the constant and regular dialogue with stakeholders and those affected by the forestry project is a priority for the Portucel Mozambique. To materialize this commitment, the company designed a Community Relationship Management Mechanism, based on its Relationship Policy with the Communities. “The aim is, through this mechanism, to maintain a periodic and regular dialogue with local communities.”

Portucel believes that this new mechanism is the way to resolve conflicts with communities. However, according to information obtained in meetings with community members, JA believes that this analysis is a gross oversimplification of the concerns of the communities, considering that many people simply are not interested in changing their way of life, they do not want to live surrounded by eucalyptus trees and have some notion of the negative impacts that this type of crop will have on their farms in what concerns water availability, the use of agrochemicals and soil depletion.

In addition to this mechanism, Portucel intends to establish an Advisory Committee, made up of civil society organizations, to discuss mainly social and environmental issues and work as a monitoring team in the implementation of their social program. However, it is important to analyze and discuss how

to guarantee the independence of this committee, since it will be financed by Portucel. The Committee shall have five members representing civil society organizations, a representative member of Portucel and a government representative. The civil society organizations that are part of this committee will have to sign a confidentiality agreement, which goes completely against what civil society have been calling for regarding transparency, access to information and openness, because information will remain inaccessible to the general public and only organizations that are part of the committee

will have access to it. And it will be conditioned. This committee has an advisory role only, it has no power of decision and must respect the positioning of Portucel. Also, the number of organizations that can be a part of the committee is very limited, and is subject to selection by a group of three other organizations, or in other words, according to its criteria. The fact that it is an advisory committee only, that it is limited in the number of organizations and subject to selection by a determined group, and the confidentiality aspect, makes the role of this committee and its relevance questionable.

What does the support of the World Bank Group/ IFC to Portucel Mozambique's project mean?

On December 15th 2014, Portucel Mozambique signed a contract with the IFC (International Finance Corporation) of the World Bank group. Based on the signed agreement, IFC provided a USD 25 million loan, out of a total USD 131 million investment in the so-called first phase (2014-2016) of Portucel's project in the provinces of Zambézia and Manica and it even offered consulting to the project. IFC's loan will fund the planting of 38,000 hectares of a total of 60,000 hectares of eucalyptus monoculture plantations. The aim is to establish the company's operational base for its second phase from 2017, when Portucel plans to plant 250,000 hectares of eucalyptus and build a pulp mill with production capacity of 1 million tons per year. A power plant to produce energy from biomass is also planned. (1)

The IFC, founded in 1956, is a branch of the World Bank group, and provides loans to the private sector, unlike the World Bank itself which finances only governments. IFC's vision is "to end extreme poverty by 2030", and "strongly encourage shared prosperity - in each developing country". The IFC also claims to have "a long history of good examples - to

demonstrate that it is worth investing in challenging markets". (2) Throughout its history, the IFC has invested over USD 3 billion in tree monoculture projects for pulp and other purposes. (3)

IFC states that the specific purpose of this investment in Portucel's project is "to support the development of this transformative opportunity to help create an inclusive agroforestry project in Mozambique"(4). To approve the project, IFC has conducted an economic and social assessment. Based on this assessment an Action Plan has been prepared: a list of activities, documents and procedures Portucel should adopt and/ or comply (5).

But can the World Bank group and IFC in particular be considered a "good example"? Have they in previous occasions fulfilled their promises of "shared prosperity"? And will Portucel's project have a "transformative" character, able to create an "inclusive agroforestry project in Mozambique"? To answer these questions, it is important to know a little more about IFC's track record in other countries. In recent decades, the projects financed by the

Some of IFC's projects with plantation companies and pulp production

World Bank Group in rural areas in Latin America, Africa and Asia, have promoted – with public money – the privatization and commodification of land, amongst other neoliberal political measures, benefiting mainly the private sector. Often, the result has been more poverty rather than less poverty (6).

IFC in particular, has given direct support to private companies. As said IFC's Tatiana Bogatyreva in a paper packaging industry conference in 2005: "We are open for business." IFC's financing guarantees reduced rates in the long term, along with expert advice on how best to structure and get funding for their projects (7). The IFC itself confirms this: "The involvement of the IFC provides a 'certificate of approval' that reduces political and market risks and improves access to capital" (8).

This also seems to be the case of Portucel. The com-

pany requested IFC's assistance in the first phase of its project, crucial to enable the second phase: the massive eucalyptus plantation at 250,000 hectares and the construction of a pulp mill, a total investment of USD 2.3 billion, more than 17 times the USD 131 million invested in the first phase.

Being financed by the IFC, even if it is relatively small, means those companies are able to show an "independent approval", an alleged "sustainability" of the project.

Allen Chan, Executive Director of the Chinese company Sino-Forest, IFC beneficiary in the past, said: "IFC's contribution is an endorsement that Sino-Forest is a leader in sustainable forest management in China" (9). But are the projects financed by the IFC really as good as they seem, socially and environmentally speaking?

IFC and Aracruz Celulose in Brazil: disregard for social issues

In December 2004, IFC lent USD 50 million to finance the expansion of the activities of Aracruz (now Fibria) in Espírito Santo, Brazil. At the time, Aracruz had an industrial complex of cellulose production in Espírito Santo and controlled 375,000 hectares of land for eucalyptus plantations in different states.

IFC's loan occurred without taking in consideration that in 1967, when Aracruz arrived in Brazil, the company invaded indigenous lands of the Tupinikim and Guarani, quilombolas and peasants, driving out its residents. The eucalyptus plantation destroyed thousands of hectares of forests, the basis of the communities economic, social and cultural livelihood. In 2004, when IFC approved funding to Aracruz, the land dispute with indigenous communities had a long history, widely publicized in the local, national and even international press. The Brazilian government had already staked out on two occasions – 1981 and 1998 – part of the land claimed by the Tupinikim and Guarani. However, in 2004, most of the indigenous land – 11,009 hectares – remained in the hands of the company through an illegal and unconstitutional agreement signed in 1998.

So in April 2005, more than 60 organizations from Brazil asked the IFC to cancel their loan to Aracruz. In its response, the IFC's region director Atui Metha said that "disputes over land were fully reviewed during the IFC evaluation." IFC's neglect became even more evident a few days later when 500 Tupinikim and Guarani, tired of waiting for the Brazilian government, marked on their own expense the 11,009 hectares of land belonging to them as stated by Brazilian legislation(10).

Despite the facts, IFC remained intransigent to meet with the communities impacted by Aracruz in Espírito Santo. Soon after, as the conflict between Aracruz and the Tupinikim and Guarani continued, IFC reported that Aracruz would pay back the loan in advance. That way, the IFC waved its responsibility and stepped away from the problem, simple (11). In 2007, the Brazilian government finally demarcated 11,009 hectares of indigenous land in the hands of Aracruz, but other communities continue to fight to get their land back.

IFC and Botnia in Uruguay: disregard for environmental issues

In 2003, the Finnish company Botnia (Oy-Metsa-Botnia) started a project to build a pulp mill in Uruguay, on the margin of Uruguay River that separates the country from Argentina. The plant opened in 2007 and cost EUR 820 million, partially financed by the IFC (12). At the time, there were two projects for the installation of pulp mills in Uruguay, a country that until then had no plant of this type and size. Back then, Uruguay had about 600,000 hectares of eucalyptus and pine monoculture plantations (today there are already 1 million hectares).

Concerned about the risk of environmental contamination of the Uruguay River, residents and Argentine and Uruguayan environmental groups formed a coalition to oppose the project. Botnia said that it would use a mode of production at the plant that would not be harmful to the environment, following international standards. It committed to use ECF technology (Elemental Chlorine Free) in the pulp bleaching process. ECF is a technology that limits the process, but does not eliminate the formation of organochlorines such as dioxin. Dioxin is one of the most carcinogen-

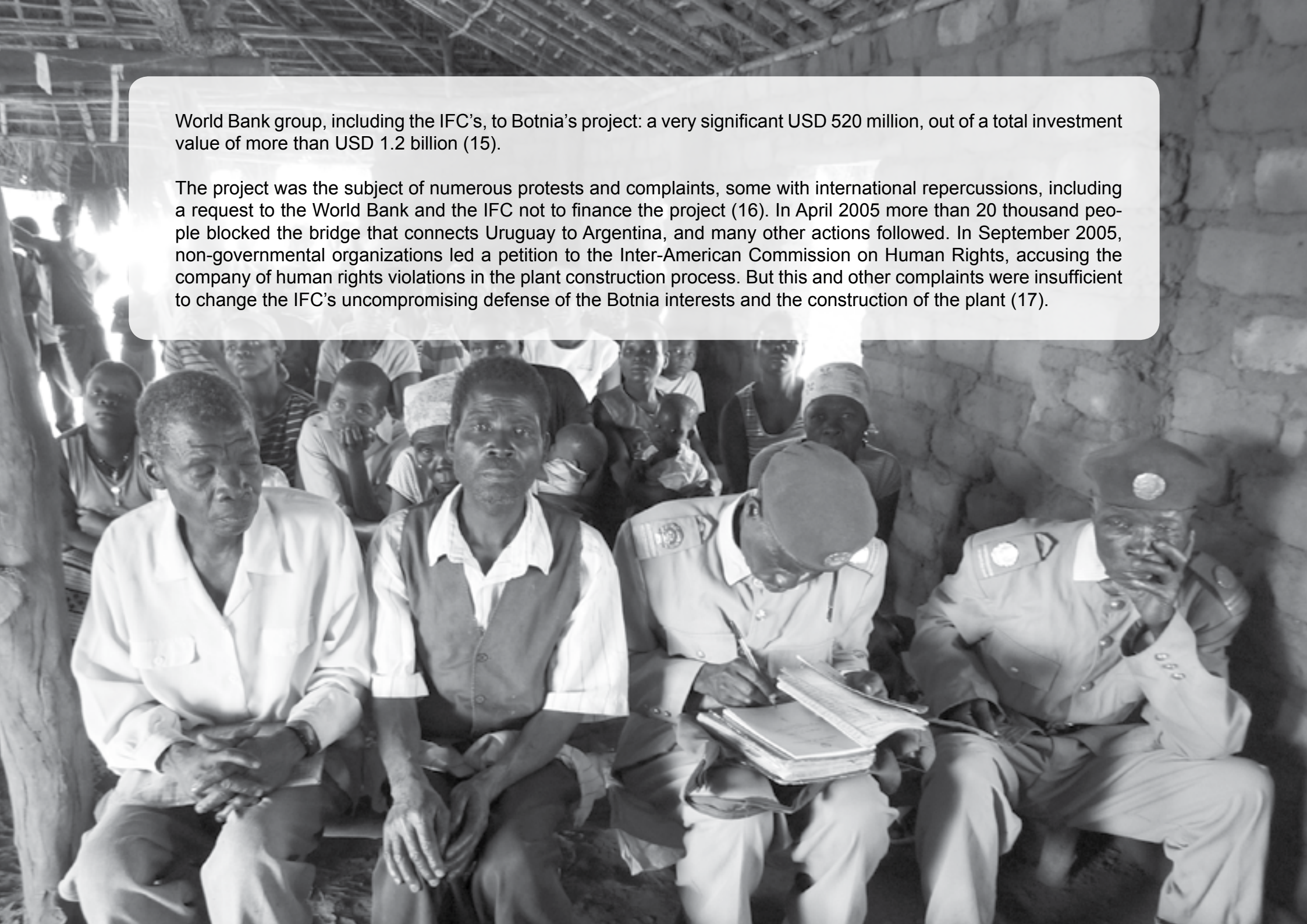
ic products known today. Only TCF technology (Totally Elemental Chlorine free) ensures no formation of organochlorine compounds, but this technology is more expensive. In Europe, both technologies are used, depending on the rules of each country.

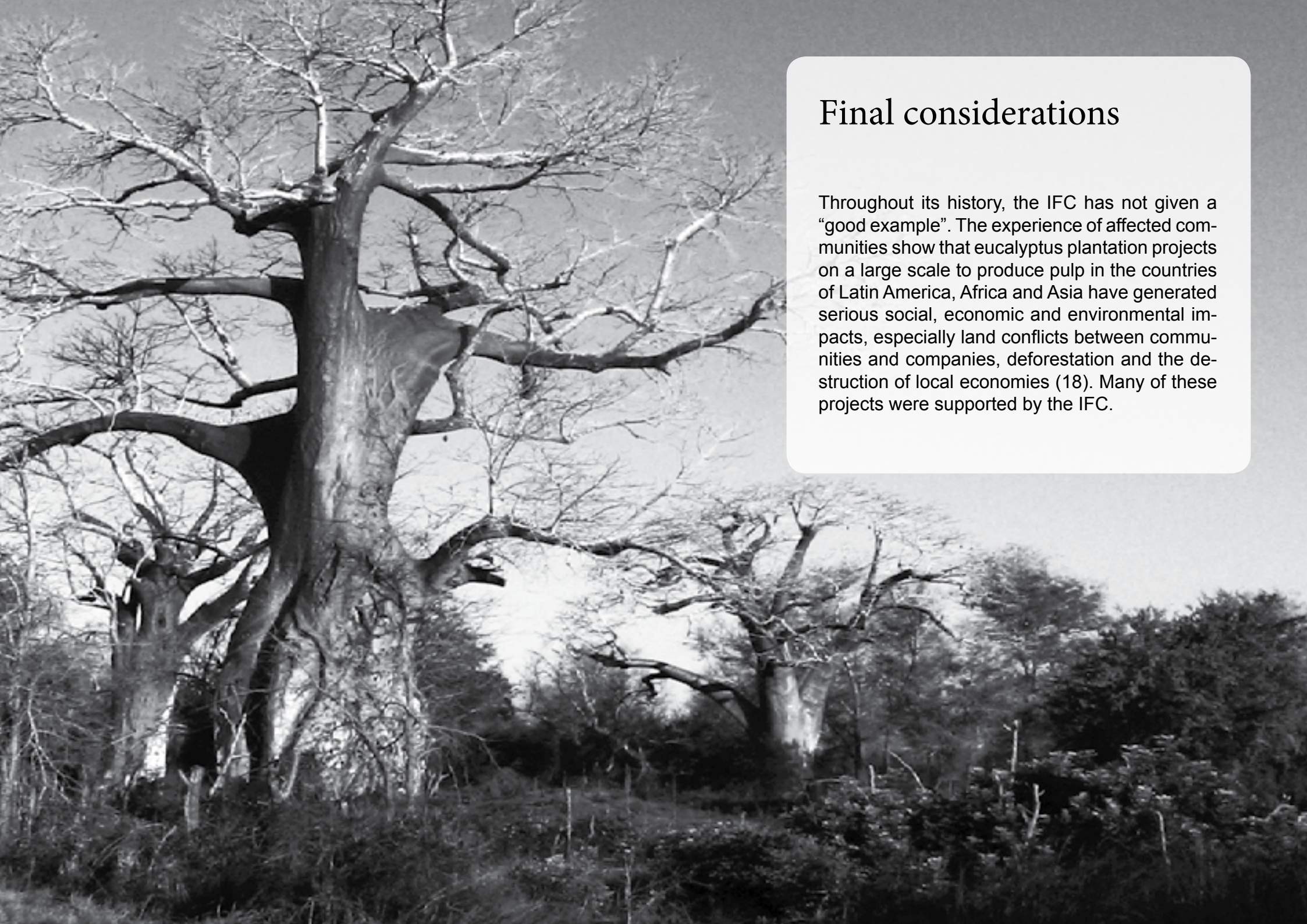
In 2006, IFC concluded in its assessment that the environmental impacts of the pulp mill on the air and water would be harmless. Therefore, it recommended the support to Botnia's project, since it would help develop Uruguay, generating employment and allowing the country to export pulp. With this position, the IFC ignored recommendations made by the World Bank group itself in 1998: "(..) from an environmental perspective, TCF processes are preferred" (13).

The coalition of residents and groups who were opposed to the project submitted a formal complaint to the Ombudsman of the World Bank, which concluded that the Environmental Impact Studies were totally insufficient (14) and that the rights of the Argentine people had not been sufficiently considered. But even so, it was not possible to stop the funding of the

World Bank group, including the IFC's, to Botnia's project: a very significant USD 520 million, out of a total investment value of more than USD 1.2 billion (15).

The project was the subject of numerous protests and complaints, some with international repercussions, including a request to the World Bank and the IFC not to finance the project (16). In April 2005 more than 20 thousand people blocked the bridge that connects Uruguay to Argentina, and many other actions followed. In September 2005, non-governmental organizations led a petition to the Inter-American Commission on Human Rights, accusing the company of human rights violations in the plant construction process. But this and other complaints were insufficient to change the IFC's uncompromising defense of the Botnia interests and the construction of the plant (17).





Final considerations

Throughout its history, the IFC has not given a “good example”. The experience of affected communities show that eucalyptus plantation projects on a large scale to produce pulp in the countries of Latin America, Africa and Asia have generated serious social, economic and environmental impacts, especially land conflicts between communities and companies, deforestation and the destruction of local economies (18). Many of these projects were supported by the IFC.

Portucel's project in Mozambique, labelled by the IFC as an "inclusive agroforestry project," is nothing more than 250,000 hectares of eucalyptus monoculture, exclusively for Portucel. Experience with other similar projects on this scale shows that there is no place on them for the communities, nor for "shared prosperity". Brazilian peasants in the struggle against eucalyptus monocultures shout out: "no one eats eucalyptus." One of the main benefits that Portucel promises – many jobs – is false: in practice, there are few and underpaid jobs. The best jobs require a higher qualification, and are often occupied by people from outside the communities (19).

We conclude that if there is prosperity of the project, this ends up being appropriated by the company's shareholders because they are the ones who benefit from the profits. Those profits will never be shared with the population.

Because of all this, waiting for a "transformation" in the situation of the Mozambican people in the provinces where Portucel intends to implement its project is foolish. In fact, the IFC is allowing Portucel a different kind of transformation: a project with serious negative consequences for the people of the region despite its image of "sustainability" and "prosperity."

Conclusions

For the Mozambican Government, Portucel Mozambique represents an important investment, which is in line with the development plans that the government has established for the country, including major investments in exotic species plantations. However, it is important to remember that this huge government interest in encouraging the entry of large-scale monoculture plantations has been widely criticized nationally due to its huge social and environmental impacts.

Community consultations for DUAT acquisition denote legal irregularities because they were not carried out correctly, it was not clear to community members that in return for their land they would only receive payment for cleaning work done on those same farms, this resulted in a major dissatisfaction among community members and in a growing sense of abandonment by government authorities.

Although the company is still in the process of settling down, land conflicts already exist and the Mozambican government should urgently address this situation with special attention because it constitutes a threat to the survival of rural communities, in particular in the District of Ile.

The majority of the community members contacted during the preparation of this analysis do not have a minimum knowledge about the project, nor information regarding: the area being used by the project, its potential social and environmental impacts or details about the type and number of jobs promised. Besides, they know very little about the kind of changes it can bring to their way of life.

The dissatisfaction of community members is visible due to the high expectations created by the numerous promises made in community consultations, and exacerbated by the vulnerable situation of poverty in

which these communities live. This makes them easy targets to fraud.

There is no clarity regarding the number of job positions offered by Portucel, the contracting requirements or the working conditions and wages. And the projections of jobs that have been disclosed are too optimistic and contribute to create false expectations. The advance of eucalyptus monocultures in Socone is a reality that deserves great attention by the Mozambican government and other sectors of civil society. This advance is increasingly intensive, and it has begun to surround local communities, preventing them from expanding their villages.

The visited communities feel that Portucel's arrival limits their access to land and puts them in a situation of greater vulnerability and food insecurity.

Local communities do not feel protected by the government, on the contrary, they think that the government defends the interests of Portucel at the expense of their own rights.

It is positive that the company recognizes the need to build a clear and functional communication strategy with local communities, but it needs to be inclusive, open and transparent and not a mechanism that only the most influential leaders and those who support the project can take part of, excluding the protestors.

Recommendations

1. It is urgent to resolve fairly all pending cases of damages and compensations, so as not to leave spreading conflicts and existing dissatisfaction;
2. It is important that the company has a clear communication strategy involving all community members, not just the traditional leaders and most influential members;
3. Information on the social and environmental impacts of the project must be shared and explained to all Community members in a simple, clear and visible manner, but without minimizing their importance;
4. Any initiative regarding local communities should be fully discussed with the communities themselves, thus ensuring that what they want and need is reflected;
5. It is important that the company makes an analysis of its land use considering the growth of communities, their environmental needs and, based on this planning, land for future community use and to maintain the ecological balance should be allocated;
6. It is important that committees or independent groups of conflict resolution exist, as long as they are not created or linked to the company, assuring therefore its independence;
7. The elaboration of a baseline study to assess current environmental conditions of the area, especially the issue of groundwater, quality and quantity of water to serve as a basis for future analysis is urgent.

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