

United States Position
Proposed IFC Investment in Portucel Mozambique
December 11, 2014

The United States would like to thank staff for the extensive bilateral discussions on the proposed investment in Portucel Mozambique. The United States appreciates that this is an investment in an undeveloped sector with substantial potential development impact and economic diversification objectives.

The United States recognizes that the IFC equity investment would support the pilot phase of an industrial-scale monoculture plantation project designed to be integrated with support for transitioning farmers to commercial agricultural production, and would be the largest foreign investment in Mozambique outside its mining and infrastructure sector.

The United States also appreciates that the proposed investment during its pilot phase would generate a number of local jobs and, if accompanied by a successful community development program, could benefit those impacted by the project. The United States recognizes that the project would bring additional infrastructure investments in roads and port facilities.

However, the United States is concerned about the environmental and social impacts of this project and believes the Environmental Impact Assessment should better address the project's risks, as well as the impact of additional infrastructure and operations needed to implement the project—for example, the roads, pulp mill, power plant, and port developments.

The United States is concerned about the impact on water, including possible conflicts over resource usage, as well as the impact on wildlife and forests. The United States encourages IFC to strengthen the process of identifying areas for exclusion by including an independent expert review of areas designated for clearing.

The United States notes that the IFC has established ambitious requirements before Portucel can acquire land rights for plantation activities in targeted areas. In this context, the United States would like to see the IFC focus on land acquisition requirements during project implementation and close supervision of all elements of the project by independent monitors, given the large number of people who may be impacted. Project supervision will be critical going forward. We also hope that given past challenges in the sector that the IFC will rely on and incorporate lessons they have previously learned.

The United States appreciates that the World Bank Group and others may complement this investment, and integrate it into the Bank's broader agri-forestry strategy for Mozambique. The United States supports this type of comprehensive approach.

The United States would further note that environmental documentation for Category A projects should be made public as early as possible – ideally, 120 days ahead of Board decisions. In light of these issues, the U.S. would like to be recorded as abstaining on this project on environmental policy grounds.

