



## Project detail - MEKONG TIMBER PLANTATIONS

### MEKONG TIMBER PLANTATIONS

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#### Who is our client

Mekong Timber Plantations ("MTP") is a limited liability company registered and operating in the Lao People's Democratic Republic ("Laos"). MTP's purpose is to grow fiber on an economically sustainable basis and with a strong sense of social and environmental responsibility. The Company has a Government of Lao PDR shareholding of 15%, with the remainder held by Oji Lao Plantation Holdings. The Company currently has approximately 24,000 ha of concession land under management of mostly Eucalyptus and Acacia hybrid plantations, which are spread in clusters in rural areas in Bolikhamxay and Khammouane Provinces. In addition, the Company also operates an Outgrower Scheme (Oji LPFL's Outgrower Scheme 1 "OGS1") consisting of approximately 5,000 individual farmers, who also grow Eucalyptus or Acacia. Each farmer has an average plot size of 1ha, which brings the total size of the OGS1 to 5,000ha.

#### Funding objective

The project aims to support the company's re-engagement, evaluation and conclusion of its existing OGS1 and the design of a new scheme ("OGS2") through the involvement and re-engagement of 5,000 smallholder farmers.

#### Why we fund this project

FMO aims to support the company in the process of designing and implementing OGS2, which has a tremendous opportunity to contribute to sustainable socioeconomic development and capacity improvement in rural areas in Laos. The aim is i) to obtain the farmers' input into "what went wrong" with the first scheme, (ii) to determine their attitude towards continuing, (iii) to receive the farmers' inputs into how the OGS may be re-designed in the future, and (iv) to conduct a re-inventory of assets and update MTP's database. In order to do so successfully, there is a need for development of supporting structures and processes within the Company, including (i) a fully functional Grievance and Communication Mechanism, (ii) a system for obtaining Free Prior Informed Consent, and (iii) ongoing monitoring and evaluation. Finally, the Company has to persuade the outgrowers to continue in the OGS.

#### Region

Asia

#### Country

Lao People's Democratic Republic

#### Sector

Agribusiness, Food & Water

#### Signing date

5/14/2018

#### Total FMO financing

EUR 0.03 MLN

#### Fund

ForeignAffairs - CD

Risk categorization on environmental and social impacts, A = high risk, B+ = medium high risk, B = medium risk, C = low risk Environmental & Social Category (A, B+, B or C)

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