Early Warning System

FMO-58667

MEKONG TIMBER PLANTATIONS COMPANY L

Quick Facts

Countries	Laos
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Canceled
Bank Risk Rating	B
Sectors	Agriculture and Forestry
Investment Type(s)	Loan
Investment Amount (USD)	$ 5.00 million
Loan Amount (USD)	$ 5.00 million

Project Description

WHO IS OUR PROSPECTIVE CLIENT?

Mekong Timber Plantations Limited ("MTP") is one of Laos' largest forestry plantation companies with a total land of 24,099 ha, under a 50-year concession until 2049. MTP is located across central Laos (Khammoune, Bolikhamxai, Vientiane and Xengkuang). Total plantation area is 10,898 ha of high-quality eucalyptus and acacia, all FSC certified. MTP is an investee company of the New Forests Tropical Asia Forest Fund ("TAFF"), a fund focused on certified plantation forestry with an emphasis on technological, silvicultural, and ESG improvements.

WHAT IS THE FUNDING OBJECTIVE?

With FMO's financing, MTP aims to further expand its plantation area and to establish an integrated saw log, veneer and chipping mill.

WHY DO WE WANT TO FUND THIS PROJECT?

FMO's funding is additional by filling a need for capital with a long tenure, which is a barrier to finance for the forest sector.

ENVIRONMENTAL AND SOCIAL RATIONALE

E&S risk category is medium high, B+, based on general limited potential adverse social or environmental impacts, that are mainly site specific and can be mitigated by normal industry practices. The relevant IFC Performance Standards are PS1 to 4 (Management, Labour, Resource Efficiency and Community). PS 5, 6, 7 and 8 (Resettlement, Biodiversity, Indigenous People and Cultural Heritage) are not applicable as MTP's activities are currently not associated with risks and impacts addressed by these PSs. PS5/7/8: The milling activities do not require additional land and on the land no people are living nor using it and no cultural heritage is bound to the land. PS6: MTP is primarily located in the highly degraded Mekong Corridor, with the remainder of the plantations developed on degraded forest land in consultation with government authorities, the biodiversity and HCV assessment for the ESIA has identified very little HCVF in the region and none in MTP plantations. The following guidelines are applicable: General IFC EHS Guidelines and sector-specific EHS guideline(s) and the sector-specific EHS guideline: Forest Harvesting Operations and Sawmilling and Wood-based products. The client is committed to international practices and standards and has an integrated management system aligned with international standards as the IFC Performance standards and FSC. E&S risks will be mitigated by the implementation of an Environmental and Social Action Plan.

Investment Description

- Netherlands Development Finance Company (FMO)

Contact Information

ACCESS TO INFORMATION

As part of FMO disclosure of transactions before contracting, you can send requests or questions for additional information to disclosure@fmo.nl

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW). A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: https://www.fmo.nl/independent-complaints-mechanism