



# **TEPMA1 SOCIAL INVESTMENT STRATEGY FOR THE PROJECT CONSTRUCTION PERIOD (2019-2023)**



**MOZAMBIQUE LNG**

## TABLE OF CONTENTS

<b>1.0</b>	<b>INTRODUCTION .....</b>	<b>4</b>
<b>2.0</b>	<b>BACKGROUND.....</b>	<b>4</b>
	2.1 PROJECT DESCRIPTION.....	4
	2.2 OVERVIEW OF SOCIO-ECONOMIC DEVELOPMENT STATUS OF PALMA DISTRICT AND CABO DELGADO PROVINCE.....	7
	2.3 SUMMARY OF NATIONAL, PROVINCIAL AND DISTRICT DEVELOPMENT PLANS.....	8
	2.4 SUMMARY OF SOCIAL INVESTMENT (SI) PROJECTS TO DATE .....	9
<b>3.0</b>	<b>OBJECTIVES OF SOCIAL INVESTMENT STRATEGY .....</b>	<b>11</b>
<b>4.0</b>	<b>KEY DETERMINANTS OF THE SOCIAL INVESTMENT STRATEGY AND PROGRAMS....</b>	<b>11</b>
	4.1 PRINCIPLES.....	11
	4.2 GEOGRAPHIC SCOPE OF INTEREST.....	11
	4.3 BUILDING ON PROJECT IMPACT MANAGEMENT PROGRAMS.....	12
	4.4 ALIGNMENT AND PARTNERSHIP WITH GOVERNMENT AND AID .....	13
<b>5.0</b>	<b>SECTORAL FOCUS AREAS.....</b>	<b>14</b>
	5.1 INCOME GENERATION AND ECONOMIC DIVERSIFICATION .....	15
	5.2 HEALTH.....	15
	5.3 EDUCATION AND CAPACITY BUILDING.....	15
<b>6.0</b>	<b>SOCIAL INVESTMENT PROJECT MANAGEMENT .....</b>	<b>16</b>
	6.1 PROJECT SELECTION.....	16
	6.2 PROJECT MANAGEMENT.....	16
	6.3 BUDGET.....	16
	6.4 MONITORING AND EVALUATION.....	17
<b>7.0</b>	<b>COMMUNICATION PLAN .....</b>	<b>18</b>
<b>8.0</b>	<b>REVISION OF SOCIAL INVESTMENT STRATEGY.....</b>	<b>18</b>

## Key Terms

**Directly Affected Communities (DACs):** describing villages outside the Afungi Peninsula that may be impacted by and/or have regular contact with the Project.

**Resettlement Affected Communities (RACs):** including villages that will be relocated and those that will host relocated households and/or their livelihood activities (agriculture, fisheries). RACs include the majority of the settlements on the Afungi Peninsula and Palma Sede.

**Social Investment Programs:** are the voluntary and/or regulatory contributions companies make to the community and broader societies where they operate, with the objective of mutually benefiting external stakeholders and the company

**Social License to Operate:** refers to the ability to pursue business activities without unexpected constraint and is generally thought to be the result of operating within the frameworks of legal and social expectation

**Stakeholder:** a stakeholder is an individual or entity/group that has an interest in, is impacted (directly or indirectly) by, or could influence business operations

## 1.0 INTRODUCTION

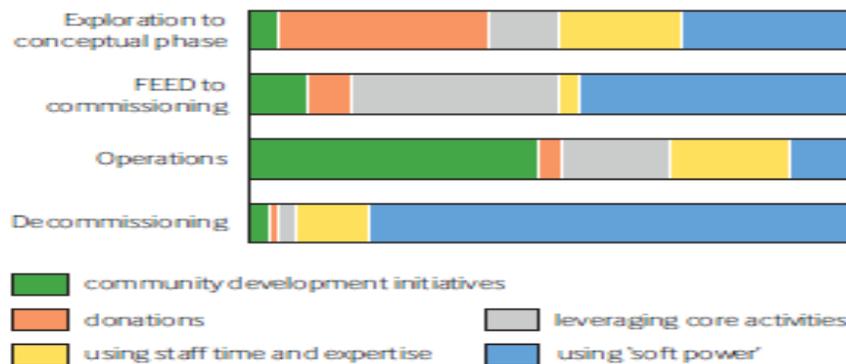
From 2013-2017, TEPMA1's social investment program has supported projects in the health, education and economic diversification sectors. As the Project transitions from the pre-project to the construction phase, larger scale environmental and social impact and risk mitigation programs will be designed and implemented in accordance with the Environmental and Social Management Plan associated with the Project ESIA. In line with good practice, the TEPMA1 Social Investment Strategy has also been revised to promote alignment with opportunities, risks and challenges during the construction phase.

This document sets out the TEPMA1 Social Investment strategy for the MozLNG Project construction phase. The Social Investment strategy takes account of: (i) relevant aspects of the HSE Management system; (ii) the project context and phase; (iii) the sectoral focal areas and priorities identified in the government (national, provincial and district) 5-year development plans; and (iv) international best practice.

### Box 1. Social Investment through the Project Life Cycle

Good practice guidance on Private Sector Social Investment indicates that projects should be strategic, aligned with business interests, multi-stakeholder driven, sustainable and measurable. Further, current good practice guidance recommends that companies move away from philanthropic donations and *ad hoc* practices to a more strategic way of planning and delivering community investment programs. Recommendations for SI strategies emphasize the creation of shared value by aligning business goals with local development priorities, building social capital and local ownership through multi-stakeholder processes, ensuring sustainability, measurement as well as communication of results.

Figure 3 Different ways in which companies can support SI throughout the project life cycle



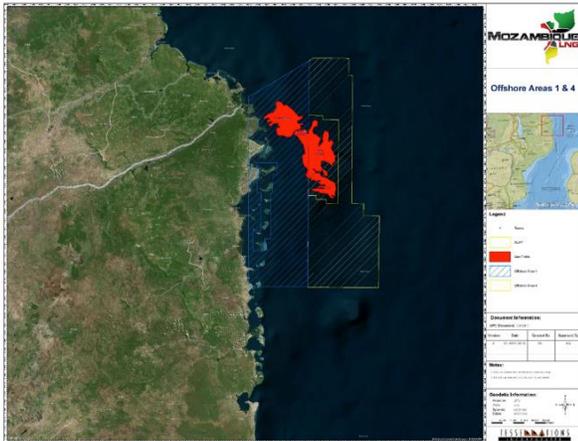
## 2.0 BACKGROUND

### 2.1 Project Description

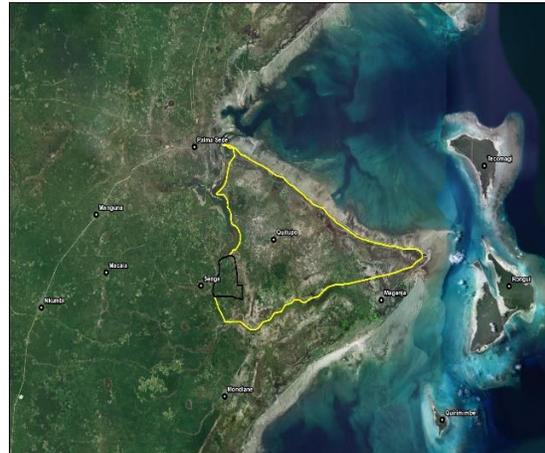
TEPMA1 holds rights to explore, develop and produce natural gas reserves in Area 1 of the offshore Rovuma Block, northern Mozambique. MRV holds similar rights to explore, develop and produce in Area 4, immediately east of Area 1. A number of offshore natural gas reservoirs (including both standalone and straddling reservoirs) have been discovered within each of the areas (Figure 1).

TEPMA1 will develop the natural gas reservoirs in Area 1 and coordinate the development of the straddling reservoirs with Area 4.

A permanent DUAT (the right to use and benefit from land) was conferred to Rovuma Basin LNG Land, Lda. (RBLL) a company owned by TEPMA1, EEA (now MRV) and Empresa Nacional de Hidrocarbonetos, E.P. (ENH) for an area located on the Afungi Peninsula in Palma District, Cabo Delgado Province, in northern Mozambique (Figure 2). The area of 6,625 ha that is denoted by the DUAT will allow the Projects to construct and operate onshore Liquefied Natural Gas (LNG) Facility including an export terminal on the site. The site is referred to as the Afungi Project Site.



**Figure 1.** Discovered Offshore Gas Fields in Area 1 & Area 4



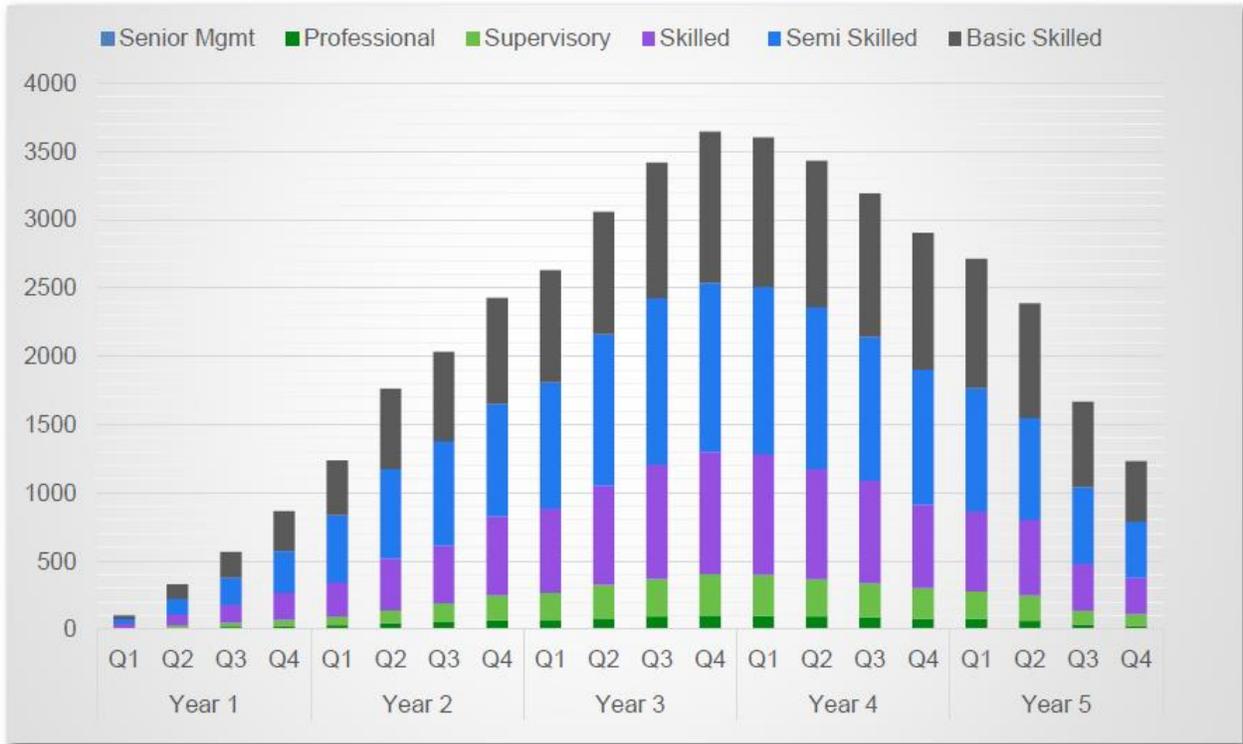
**Figure 2.** DUAT Delimitations for Development of Area 1 and Area 4 LNG Facilities

For TEPMA1, the gas production process begins offshore in Area 1 where natural gas will be extracted via subsea wells in water depths of around 1,500 m to 2,300 m. The collected gas will be transported via subsea pipelines to the onshore LNG Facility on the Afungi Peninsula. In deep water, the pipelines will be installed on the seafloor while in Palma Bay, the pipelines will be buried below the seabed to protect them. Once onshore, the gas will be processed in the LNG Facility to remove impurities, converted to liquid (by cooling the gas) and stored in specially designed LNG storage tanks. From the storage tanks, the LNG will be transported through onshore pipelines to an export jetty where it will be loaded into purpose-built LNG carriers to be transported to international markets. The carriers maintain the LNG in a liquid state for sea voyages of several thousand kilometers.

Project construction will occur over a five-year period. Construction activities will be focused on the Afungi Peninsula and will occur in three zones as follows:

- Offshore - drilling of wells and installation of pipelines on the seafloor to connect the wells and then bring the natural gas to the LNG Facility on the shore.
- Near-shore - construction of LNG and condensate loading jetties, a Materials Offloading Facility (MOF), flow lines and imposition of a 500 m Marine Exclusion Zone (MEZ) during construction and the proposed 1,500 m Marine Restricted Area (MRA) during operations.
- Onshore - construction and operation of the LNG Facility and all associated infrastructure such as housing, construction camps and an airstrip.

The construction phase will be associated with a significant ramp up of activity and there will be significant opportunities for employment and the supply of goods and services. Figure 3 provides the anticipated Project construction phase Mozambican workforce requirements. Table 1 below presents a summary of construction phase requirements for goods and services. Beyond the Project, increased development and increased levels of disposable income (associated with business and regular employment) will drive economic opportunity and market development.



**Figure 3:** Anticipated Project Construction Phase Workforce Requirement

**Table 1:** Summary of Areas of Opportunity during Construction Phase for Goods and Services

Area	Type of Contract
Agriculture & Livestock opportunities	Minor works & Procurement
Administrative Services	Minor works & Procurement
Capital Equipment	Minor works & Procurement
Civil Works & Temporary Facility	Onsite Contracting & Major Procurement Minor works & Procurement
Communications	Minor works & Procurement
Construction Consumable	Minor works & Procurement
Construction Camp Management	Onsite Contracting & Major Procurement Minor works & Procurement
Raw & Manufactured Construction Supplies	Onsite Contracting & Major Procurement Minor works & Procurement

Personal Protective Equipment (PPE)	Minor works & Procurement
Specialty Services	Onsite Contracting & Major Procurement Minor works & Procurement
Transportation	Onsite Contracting & Major Procurement Minor works & Procurement

Based on the above, during the construction phase the sectoral focus of social investment initiatives will be on education and vocational training and the development of micro, small- and medium enterprises based on identified needs and opportunities (i.e., catering services, administrative services, provision of equipment, transportation services, consumables, etc.). As described elsewhere the SI strategy will also leverage the catalytic potential of the Project to support opportunities to promote broader-based economic development in CDG.

## **2.2 Overview of Socio-Economic Development Status of Palma District and Cabo Delgado Province**

### **Key Socio-economic Indicators**

Below are the high-level parameters of areas identified by government of Cabo Delgado Province to be monitored during the next 10 years:

- ✓ % of the level of poverty reduced in the province (currently standing on 44.8%)
- ✓ % of analphabetism reduced (currently being the highest in the country on 60.7%)
- ✓ % of endemic diseases reduced in the next 10 years (malaria is currently on 30.6%; HIV is 13.8% and malnutrition is 52%)
- ✓ Reduce the levels of food insecurity and malnutrition (which currently stands on 19%)
- ✓ Increase the number of qualified skilled labor
- ✓ Increase and diversify productivity and associated services

Over the last 10 years the levels of poverty in Cabo Delgado Province have oscillated – in 1996 the average poverty rate<sup>1</sup> was approximately 59%; this increased to approximately 60% in 2002; decreased significantly to 39% in 2008; and again, increased to approximately 45% in 2014. The reasons for the recent increase include differences in well-being (education, health, infra-structure, etc.) between rural and urban communities as well as access to basic services. Further, concentration of the majority of the population’s workforce in subsistence agriculture, low productivity and informal enterprises can also have an impact on household vulnerability.

Data in the Project Resettlement Plan indicate that nearly 88% of the economically active population of the province is engaged in agriculture, forestry, fishing, livestock, arts and crafts, while 9% work in the tertiary sector (i.e. trading and finances, administrative services) and 3% are engaged in secondary sector activities. For Palma District, the majority of the population practice subsistence agriculture. Households in Palma-Sede and the proximate coastal communities practice diversified livelihoods including agriculture, fishing and small-scale trade while subsistence agriculture is the dominant

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<sup>1</sup> In this context poverty means the existing conditions of the households which in same case live below \$1/day and do not have capacity to secure their basic needs such as food, access to drinking/potable water and better sanitation conditions, decent housing, access to basic healthcare and education. This is a definition based on a social perspective, but we can also look, from a country’s point of view, were for Mozambique the country’s annual GDP growth decreased in the last 5 years from 7.2% in 2012 to 3.7% in 2017.

livelihood activity for inland communities.

With regard to productive employment, national statistics provide an indication of the challenge: approximately 43% of the population is under 15 years of age; 86% of the labor force works in the informal sector; approximately 27% of women, 23% of men and 39% of youth (between the ages of 15-24) are unemployed. In Cabo Delgado Province, 85% of the active workforce is characterized as either self-employed (85%), or non-remunerated household workers (9%). Less than 5% of the population were employed in the public and private sectors.

### **Agricultural Sector**

The key characteristics of the agricultural sector by the provincial government as priorities are:

- a) Lack of use of improved agricultural inputs (seeds, fertilizers, etc.) and improved production technologies due to its cost;
- b) Limited extension, technical assistance and research services;
- c) Limited/weak transport services and roads to allow access to markets, logistic and communication limitations and lack of storage infrastructures;
- d) Lack of access to funding for small producers;
- e) Lack of processing services and the high level of losses post harvesting;
- f) Food insecurity and chronic levels of malnutrition;
- g) Climate change and the natural disasters (floods, droughts); and
- h) Limited management of the existing natural resources (land, water, forests, etc.).

### **Education Sector**

Government priorities for Palma District and more generally Cabo Delgado Province focus on promoting an inclusive, effective and efficient education system that ensures existence of skills that will be able to respond to human development needs. In Cabo Delgado Province some of the challenges on the education system include inadequate infrastructure, a lack of equipment and materials, low participation rates and high drop-out rates where almost 2/3 of the students do not complete primary school education and insufficient teachers from primary to secondary education. The situation is further aggravated by inadequate management of the schools.

### **Health Sector**

Like the education sector, the health sector shows some deficiency particularly in terms of inadequate infrastructure. In Palma District only one of the 6 existing health facilities is classified as a rural hospital, with the remainder classified as health centres. Key areas of concern for provincial government are child mortality and malnutrition.

## ***2.3 Summary of National, Provincial and District Development Plans***

The identification of priorities starts from the district level and goes up to the national level to be consolidated and addressed. Generally local priorities are aligned with the key long-term country strategies.

- **National:** The national level strategic development plans identify the following key development areas: development of human capital; promotion of employment, productivity and competitiveness; agriculture, development of economic and social infrastructure; and, others.
- **Provincial:** The provincial 10-year plan (2018-2027) focus on issues of human capital development as well as agriculture, mineral resources and energy, tourism, fisheries and aquaculture and industrialization. The government identifies the key issues within the province as the high level of poverty (44.8%), the country's highest level of illiteracy (60.7%), poor social infrastructure, incidence of endemic diseases such as malaria (30.6%) and HIV (13.8%), malnutrition (52%), food insecurity and other issues.
- **District:** The district plan focuses on the promotion of the access of basic services such as health, education, social services, access to water and the energy sector.

## ***2.4 Summary of Social Investment (SI) Projects to Date***

Table 2 provides a summary of social investment projects implemented to date.

**Table 2: List of Social Investment Projects Implemented to Date**

Project Name	Objectives	Geographic Areas
CATALISA (Horticulture and Poultry)	Development of agribusiness in 3 areas: egg production, chickens, and horticulture. Focus on creating sustainable jobs, creating self-sustaining small and medium businesses, build capacity and quality standards, increase local market supply and promote local content.	Broader Cabo Delgado Province (4 districts: Montepuez, Pemba, Metuge, Ancuabe)
CATALISA (Youth Training)	Target 1,000 youth (close to graduating or recently graduated) over the course of 5 years in the areas of life skills, soft skills, employability and entrepreneurship; provide mentorship and support beyond graduation; provide linkages to employment and SME resources; finance and support start-ups with most competitive business plans.	Palma District
Nutrition Project	Support Nutrition Program in Community of Palma and tackle issues of malnutrition within children in the resettled communities	Palma District
HIV - Adolescent Girls	Reduce vulnerability to transactional sex, HIV, and gender-based violence (GBV) among adolescent girls in Palma and Mocímboa da Praia. It also included improvement and availability of services provided for girls to reduce their vulnerability to issues such as domestic violence and earlier childhood pregnancy. .	Mocimboa da Praia & Palma District
HIV – Adults	Improve HIV prevention activities among female sex workers and their clients in Cabo Delgado Province, focusing on the districts Mocímboa da Praia and Palma	Mocimboa da Praia & Palma District
Education – Better Project	Project aims at improving quality of education in some provinces through improvement of student reading, teacher training and teaching-learning process	Palma District
Road Safety Project	<ul style="list-style-type: none"> <li>To reduce risks of accidents as a result of increased activities as part of the LNG project in the areas of Palma.</li> <li>Promote safe behaviour of non-motorized road users as well as safe driving in the area</li> </ul>	Mocimboa da Praia & Palma District
Palma Community Radio	<ul style="list-style-type: none"> <li>To support alternative means for community outreach</li> <li>To improve community awareness and understanding of the project; and,</li> <li>to support skills development for local communities</li> </ul>	Palma District
Afungi Community Development Fund (ACDF)	An endowment fund provided as part of compensation package for Resettlement Affected communities who have lost or, experience reduced access to, natural resources used for their livelihoods.	Afungi Peninsula (Palma District)
FOCADE: rehabilitation of cultural center (TTT)	Support the Cabo Delgado Province Forum (FOCADE) on the rehabilitation of the TTT Center	Pemba
FOCADE: AMDV, IT Center for Visual Disability	Support AMDV to establish an IT training for visually disability people	Pemba
FOCADE: Micro-finance (ADEL)	Promotion of Savings and Revolving Credit Groups to Support Income-Generating Initiatives and Numerical Literacy in Metuge District	Pemba - Metuge

### **3.0 OBJECTIVES OF SOCIAL INVESTMENT STRATEGY**

The Social Investment Strategy seeks to identify and support opportunities that simultaneously promote business and development outcomes. As such the objectives of the Social Investment Strategy during the construction phase (2018-2023) of the MozLNG Project are:

- To promote development and maintenance of a broad-based project enabling environment including a project social license to operate in the immediate vicinity of the project footprint and operations.
- To ensure the catalytic potential of the MozLNG Project is channelled to drive socio-economic development of the communities in the Project Area of Influence, Palma District and Cabo Delgado Province.
- To complement and build upon the MozLNG Project social impact and risk management plans as described in the Project ESMP.
- To support socio-economic development programs that deliver tangible, short- and medium-term community development outcomes.
- To ensure alignment with the key priorities of our stakeholders in provincial government and communities in the Palma District including also, when applicable, at the central level.

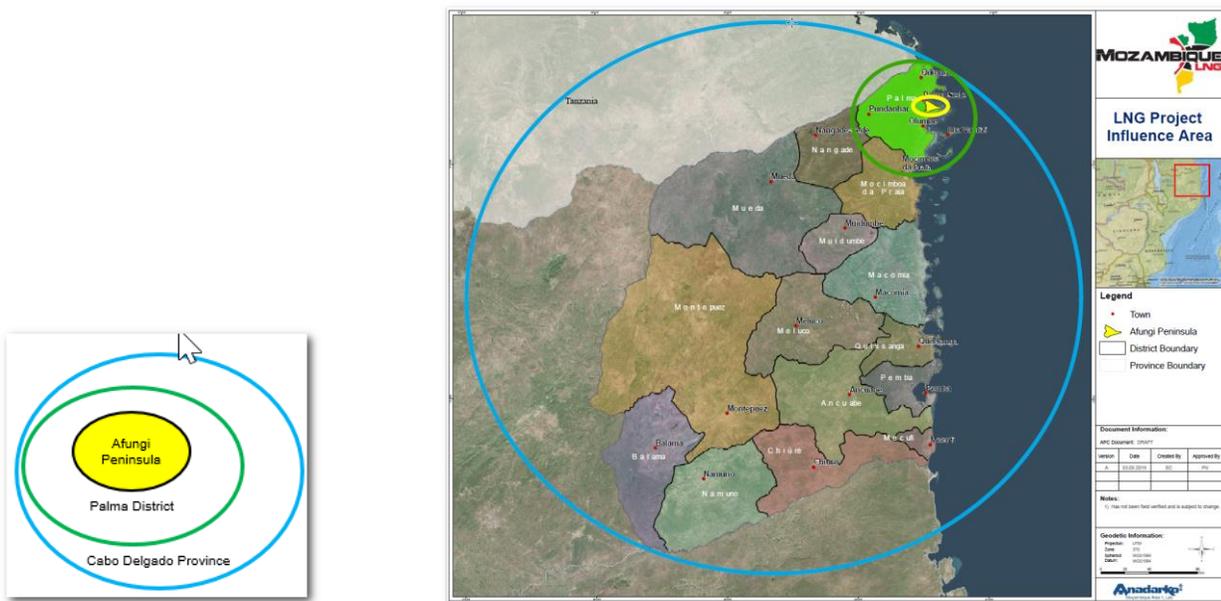
### **4.0 KEY DETERMINANTS OF THE SOCIAL INVESTMENT STRATEGY AND PROGRAMS**

#### ***4.1 Principles***

- The social investment program will be informed by international good practice.
- The sectoral focal areas and specific projects will be informed by and aligned with national, provincial and district stakeholders and identified development priorities
- Social Investment projects will focus on the catalytic potential of the MozLNG Project to contribute to broader socio-economic development
- Social Investment projects may be supported at different levels including the Afungi Peninsula (fence line communities), Palma District and Cabo Delgado Province.
- All Social Investment projects will follow an inclusive, non-discriminatory and integrated approach to sustaining healthy, safe and productive lives and livelihoods.
- Social Investment projects will be based on sustainable development models that have proven successful, thereby adding value to local initiatives through use of NGOs and other implementing agents who have already delivered successful SI projects in the region.

#### ***4.2 Geographic Scope of Interest***

Total's social investment program will consider three proximate geographical areas, namely the Afungi Peninsula (fence line communities), Palma District and Cabo Delgado Province (Figure 4).



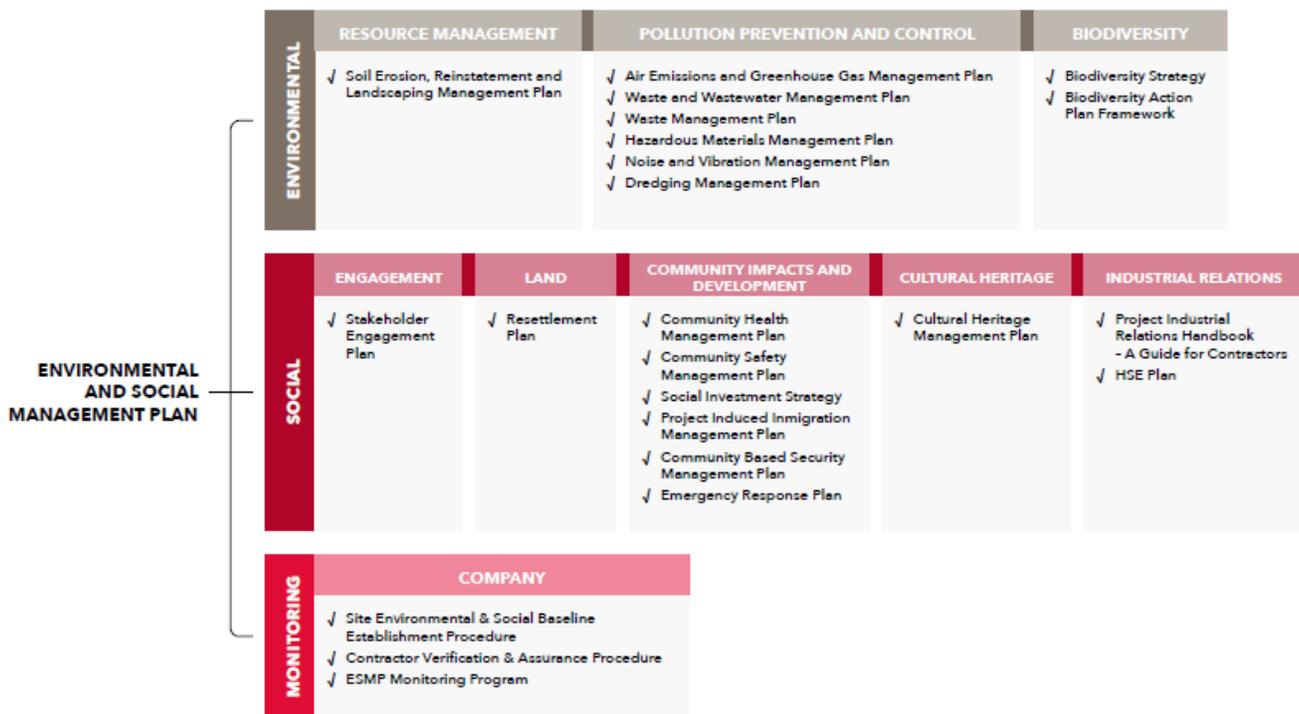
**Figure 4.** Diagrammatic Illustration of Geographical Areas of Interest

Based on the MozLNG Project footprint, the primary focus of the Social Impact Management Plans (that are part of the Environmental and Social Management Plan) is the Afungi Peninsula and more generally the Palma and Olumbi Administrative Posts in Palma District. It is recognized that the communities on the Afungi and in Palma together represent Resettlement Affected Communities covered by a Resettlement Plan implemented from 2017-2024. Various social impacts will extend beyond the Afungi Peninsula (e.g., project induced in-migration, local workforce, community health, etc.). Therefore, the Social Investment strategy will target Palma and Olumbi Administrative Posts and the broader Palma District (especially Palma town). The last priority area described in our circle is Cabo Delgado Province as a whole whereby we focus on an approach for economic diversification interventions that will directly benefit communities but also for the interventions with a potential multiplier effect, e.g., educational support from primary through to tertiary including vocational/trade skills

In terms of target groups, our interventions address impact mitigation and economic diversification and as such require an involvement of the different groups of the community (from a gender point of view) however recognizing the important role that the youth have in the community and the fact that marginalized groups such as women should be given more attention to those would be look at as our priorities whenever we need to prioritize our target groups.

**4.3 Building on Project Impact Management Programs**

The MozLNG Project environmental and social impacts are described in the Project ESHIA. The Project’s approach to risk and impact management is set out in the Environmental and Social Management Plan (ESMP) and specific environmental and social management plans that the project will implement in order to manage potential project risks and impacts (Figure 5).



**Figure 5.** Project Environmental and Social Management Plan

The Social Investment Strategy and program does not seek to mitigate project impacts. Rather as described above it represents discretionary socio-economic development focused programs that seek to take advantage of the potential catalytic nature of large-scale project development to drive broader socio-economic development. Nonetheless the Social Investment strategy recognizes that there may be opportunities to leverage, expand or broaden impact management or other project activities, through social investment.

**4.4 Alignment and Partnership with Government and Aid**

Government priorities for Cabo Delgado Province for the next 10 years that are of interest for the Social Investment area are related to the Development of Human Capital (education & health) and Agriculture. The issues that were identified under the education area are related to low levels of literacy, a weak linkage between secondary level education and technical and vocational education, the high level of dropout rates (particularly with girls) as well as the high fail rates. There is also the fact that the existing human resources are not aligned with the current challenges in terms of education in the district.

For agriculture the main issues are related to the farmers failure to adopt and use improved agricultural techniques and modern farming technologies. There are limited agricultural research services as well as technical assistance and a basic extension service to provide support to the farmers.

Market linkages are poorly developed. Farmers are spread in different locations with very limited transport, communication, storage and logistic system which makes it very difficult to maximize the fact that almost 48% (almost half of the total) of the global production for the province comes from the agriculture sector. Funding is another issue identified by the local government as well as access to markets.

The Catalisa program agribusiness focused interventions are demonstrably aligned with the priorities of the provincial government. The Provincial Department of Agriculture is already working with the Catalisa Project demonstration plots focusing on improvement of agricultural techniques and technologies as well as promoting farmer access to market. In specific areas but the approach of the Catalisa has a potential to be replicated by the government and other interested parties.

Significant collaboration with local government has occurred in the education and health sectors. Further engagement is planned to align government priorities with the TEPMA1 plans regarding community health management and monitoring. Discussions will take place with donor agencies to discuss possible partnership on health and education programs. A rapid assessment of existing donors in Cabo Delgado Province and specifically in Palma District has been completed and will inform outreach to potential partners. Some examples of the different footprint of donors and active international NGOs in Cabo Delgado Province are:

- ✓ DFID - supports the E4D/SOGA and the JOBA (Empowering youth and women for skills in employment)
- ✓ NORAID - supports the E4D/SOGA Initiative
- ✓ GIZ - the implementer for the BMZ programs in Mozambique most notably the E4D/SOGA initiative
- ✓ USAID - is the US Agency for International Development program in Mozambique which focusses primarily on Agriculture and Food Security, HIV/AIDS, Crisis response & Democracy/Human Rights
- ✓ JICA/JOCA - are mostly focused on Agriculture and sponsor a number of Local Agricultural Officers in several provinces
- ✓ Aga Khan Foundation - participating in employment / self-employment programs, mostly around agriculture
- ✓ Canada – skills training for employment in Mozambique (STEM)

## **5.0 SECTORAL FOCUS AREAS**

Identification and selection of sectoral focal areas is driven by the government's long-term vision for the development of Cabo Delgado Province and also the national content vision that requires involvement of Mozambicans (both workforce and business) in the oil and gas sector. The latter is also aligned with the company interests in terms of ensuring that we have human resources available locally to develop our project and to drive the development of the neighboring communities. Hence the Social Investment Strategy focuses on education, capacity building and economic diversification. With regard to health, the Project Health Impact Assessment (HIA) has identified health issues relevant to both our employees and the communities and it is also a priority both from a district level and provincial level. We understand that our role as a company is to contribute to the development of our neighbors rather than drive it so we look at government priorities to align to company's interests.

Based on the potential opportunities associated with the development of multiple LNG projects in the Rovuma Basin and the government 10-year strategic plan, TEPMA1's Social Investment Strategy will focus on the following sectoral areas during the construction phase of the project:

- 1) Income generation and economic diversification

2) Health

3) Education

### **5.1 Income Generation and Economic Diversification**

TEPMA1 will consider income generation projects that are sustainable and have the potential to deliver social and economic benefits to local communities and to other indirect beneficiaries. Projects will look at primary, secondary and tertiary opportunities at the Palma District and Cabo Delgado Province levels. At the Palma District level, the Project will aim to promote participation of Palma-based local business through identification of potential business operators, capacity building and training of the existing and potential business with the view of taking advantage of the existing opportunities under the MozLNG Project value chain and more generally to deliver goods and services within a rapidly growing economy. Potential projects include but are not limited to:

- Agricultural and fisheries support programs and capacity building
- Small and Medium Enterprise (SME) skills development
- Entrepreneurship
- Expansion of livelihood programs developed for Resettlement Plan (RP)
- Livelihood Support and Enhancement

### **5.2 Health**

TEPMA1 will consider health projects/programs with the goal of ensuring and protecting the health of our workforce, as well as improving the health of the communities in the Afungi Peninsula (fence line communities), Palma District and Mocimboa da Praia as a priority and Cabo Delgado Province as appropriate.

It is recognised that the Health Impact Assessment had flagged key interventions to be implemented under community health programs and acknowledging that Social Investment has a role to play in the implementation of some of the issues identified in order to improve health in the areas of interest of the project. Specifically, in terms of improved access to healthcare, improving healthcare services and/or healthcare infrastructure, training healthcare workers, and health-related educational campaigns. We also recognize that any Social Investment intervention under health should be done in alignment with the implementation of the community health programs and in coordination with government. Potential projects include but are not limited to:

- Training and capacity building
- Access to basic healthcare services (including emergency response services)
- Infrastructure development and equipment (when this cannot be avoided)

### **5.3 Education and Capacity Building**

TEPMA1 will target programs that develop skills and enhance knowledge in order to expand opportunities

Education and capacity building investments that broaden the skills base of individuals in Afungi Peninsula (fence line communities) and more generally Palma and Olumbi Administrative Posts and Palma District and Cabo Delgado Province, beyond oil and gas employment may be considered as a means of ensuring broad benefit and catalysing economic growth. As a matter of strategy, Social Investment projects that have a nexus to TEPMA1's local content commitment will be favoured. It is

intended to support projects that are long-term projects and that look at the different aspects that can contribute to improvement of education.

It is understood that development of the MozLNG Project should be associated with the improvement of the lives of community members so that they are enabled to participate in and benefit from broader socio-economic development opportunities. To that end, the development of the education system from primary to tertiary-level education is recognised as being an important contributor to the Project's long-term manpower requirements. With that in mind, the program will provide broad-based support to upgrade education infrastructure, whilst ensuring that aspects of sustainability as well as appropriate delivery models are considered so as to avoid dependency.

Examples of Education and Capacity Building programs and initiatives include but not limited to:

- STEM based interventions
- Language training
- Primary, secondary and tertiary education
- Infrastructure development and equipment (when this cannot be avoided)

## **6.0 SOCIAL INVESTMENT PROJECT MANAGEMENT**

### ***6.1 Project Selection***

Selection of social investment projects will follow internal evaluation, selection and existing governance procedures.

In broad terms, the Project will seek to identify medium-to-long term interventions in identified priority focal areas. The selection of the different interventions will follow an assessment/baseline study to identify needs and gaps in the different geographic areas aligning them with both company areas of intervention and government priorities. The assessment/baseline will provide the basis for informed project selection, design and plans.

It is recognised that the contemporaneous implementation of Area 4 LNG Project with similar Project risks and impacts and shared stakeholders requires both Area 4 and Area 1 to coordinate and collaborate in the identification, design and implementation of social investment/community development projects. A joint charter – has been developed by both Area 4 and Area 1 setting out a framework for ongoing coordination and collaboration. In broad terms the charter recognises opportunities for shared approaches in key sectors such as health and education while also allowing for project specific initiatives in other areas.

### ***6.2 Project Management***

The execution of the strategy will involve the development of annual plans that define the selected projects and the project components and activities to be implemented in the given implementation year. High-level key Performance Indicators (KPIs) that will be used to monitor progress against plans are presented below. A more detailed set of KPIs will need to be developed with the M&E team.

### ***6.3 Budget***

Budgets are defined on an annual basis. Anticipated budget is US\$5M annually allowing for an overall budget of US\$25,000,000 over the 5-year Project construction period.

## **6.4 Monitoring and Evaluation**

TEPMA1 will monitor and evaluate the development and business outcomes associated with the social investment portfolio.

With regard to individual project contribution to socio-economic development, appropriate KPIs will be identified and included in Implementing Partner agreements to track input, output and outcome indicators on an ongoing basis. Potential indicators include:

### **Input indicators:**

- Amount invested, disaggregated by region and theme
- Value of in-kind donations or support

### **Activity indicators:**

- # of direct and indirect beneficiaries, disaggregated by region, gender, age group, vulnerable groups
- # community organizations or MSMEs receiving Total support (e.g., capacity building, assistance, trainings)
- # of social investment projects, disaggregated by region and theme
- # of training events conducted
- # of networking and outreach events to link beneficiaries with employment opportunities (e.g., workshops, field days, health fairs, mobile brigades)
- # of community members receiving health services or improved access to health services
- # of people with knowledge about the project and how to participate in the different business opportunities

### **Community Involvement**

- Number of community grievances related to SI projects (open or closed)
- Stakeholder engagement: # of meetings with communities, NGOs, Government, etc.

### **Outcome indicators:**

- # of locals trained as a result of the SI program
- # of jobs created or people employed as a result of the SI program, disaggregated by gender, age group, district

With regard to business outcomes, the overarching contribution of the Social Investment portfolio to business objectives, i.e., the development of a project enabling environment and more specifically, a social license to operate in the immediate vicinity of the project footprint and operations will be evaluated on an annual basis. For this to be assessed, the Social Investment function will have to pro-actively develop stakeholder awareness and understanding of social investment (cf project environmental and social risk and impact mitigation programs) and, the rationale for the social investment strategy and the specific projects supported through the social investment program.

The effectiveness of the SIS will be evaluated every three years through a quantitative and qualitative analysis of Social Investment Projects' contributions based on relationship to core business and metrics identified for each project. TEPMA1 may elect to have its SI projects evaluated by external third-party evaluators or by a member of the Social Investment Working Group. Results will be presented to the TEPMA1 Senior Management Team.

## 7.0 COMMUNICATION PLAN

The Social Investment strategy will require an effective engagement and communication plan which is aligned with the broader TEPMA1 communication plan and narrative. The below proposed messages are defined in alignment with the existing communication strategy to respond to aspects of engagement, visibility and build TEPMA1's reputation, promotion of awareness and improve relationship between the company and the communities for the benefit of the business as well as the communities. A more general communication plan for TEPMA1 is being drafted and will form the basis for a specific plan for SI.

Accordingly, the Social Investment function will:

- develop an over-arching engagement plan to promote awareness and understanding of TEPMA1 social investment strategy, program and projects amongst key stakeholders.
- develop a communications plan to ensure broad-based awareness of Project social investment activities

Key messages for both the engagement and communications plans include:

- TEPMA1 endeavours to create sustainable benefits for all Stakeholders
- Social investment activity must be able to demonstrate a nexus to the business operations
- Social investment activities will be *above and beyond* contractual, regulatory and mitigation obligations.
- Success of Social Investment projects is a shared responsibility of all Stakeholders, particularly including beneficiaries.
- TEPMA1 will be transparent regarding Social Investment processes, decision making, and when appropriate, exit strategy.
- TEPMA1 Social Investment initiatives will ensure inclusiveness and access to information for its key target groups.
- TEPMA1 understands that its role is to be a catalyst for economic growth and development and it will continue to work together with communities, government, NGOs and other interested parties to ensure benefits for both communities and business.
- Social Investment activities will be coordinated with appropriate representatives of the national, local or provincial government; we will cooperate and coordinate with local authorities to ensure that full values of initiatives are delivered.
- TEPMA1 will not take on the role and responsibility of the Government, and we will work together to make sure that ours is a supporting role; and
- TEPMA1 will also seek coordination and cooperation with other development agencies and other implementing organizations and will leverage their past successes to the extent appropriate.

## 8.0 REVISION OF SOCIAL INVESTMENT STRATEGY

The Social Investment Strategy will be reviewed periodically. Such review will be aligned with phase of operations but may also occur in response to significant changes in the Project context.

