CLIENT:

NAMIBIAN MARINE PHOSPHATE (PTY) LTD

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CONTRACTOR:

Jan De Nul GROUP

JAN DE NUL N.V.

PROJECT NAME:

SANDPIPER PHOSPHATE PROJECT

DOCUMENT TITLE:

SOCIO-ECONOMIC ASSESSMENT DREDGING WORKS

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1. **Introduction**

In this socio-economic assessment, local benefits resulting from the Jan De Nul (JDN)-scope in the Sandpiper Phosphate Project are analysed. The JDN-scope consists of a dredging vessel mining phosphate sand, a land-based buffer pond, an associated workshop and a permanent JDN Project Operations Support office in Walvis Bay, Namibia.

One of the most visible economic impacts of dredging operations on a community is the employment that it generates. Employment is created both through jobs associated directly with the dredging operations and indirect through associated jobs such as catering, housekeeping and materials suppliers. More hidden impacts exist as well. Local employment can result in specific training and education. These acquired skillsets result in benefits that last longer than the project duration. This report aims to quantify and qualify these socio-economic impacts.

2. **Socio-economic assessment**

2.1 Socio-economic indicators

The indicators included in this study are listed below. We identify direct benefits to local employees and local subcontractors and indirect benefits to the local economy. The following sections present the result for each indicator as compiled for the Sandpiper Phosphate Project.

Indicator	Description
Local employees and subcontractors	
Salaries and benefits	Payment of salaries and the monetary value of in-kind benefits, to employees and contractors
Education and skills	Programs related to training and skills development of local employees and subcontractors.
Workplace safety	Safety standards deployed on the project for the workforce.
Local economy	
Local purchasing	Spending on goods and services purchased from local businesses within the context of the project.
Local spending expats	Spending on goods and services purchased from local businesses outside of the context of the project. These include mainly living expenses and spending on local tourism.
Social programs	Programs related to healthcare, local economic development, and charitable donations or other in-kind contributions to social causes

Revenue for government	Value of profits distributed to government via personal income taxes for employees, profit taxes and other levies, taxes or royalties.
Infrastructure investment	Investment in infrastructure projects associated with the project
Profits retained and distributed to local shareholders	Value of profits distributed to local private shareholders via dividends and other mechanisms

2.2 Local employees and subcontractors

Socio-economic impact on local employees and employees of subcontractors is described through the indicators salaries and benefits earned, education and skills gained and workplace safety standards followed.

2.1.1 Salaries and benefits

The project budget estimates 72 local employees either on the dredging vessel, at the buffer pond, in the local workshop on land and in the office. These will be skilled jobs receiving wages above the national average wage. Direct and indirect benefits associated with the payment of wages and other benefits to local employees average 495,255 USD in the first year of operations, and grow to 1,484,764 USD from year 3 of operations and beyond. The below Table provides a breakdown of this total wage calculation.

In line with JDN's Corporate Social Responsibility-policy, no incidences of underpayment of living wages, as calculated by the Wage Indicator Foundation[1], forced labour or child labour are tolerated within the context of the dredging operations for the Sandpiper Phosphate Project, within the larger project scope, and within the supplychain.

	Year 1	Year 2	Year 3 and beyond
Project			
Project duration	3 month operations	6 month operations	9 month operations
Local staff			
Staff on land (#)	6	6	6
Crew on land (#)	26	26	26
Crew on board (#)	40	40	40
Manmonths	216	432	648
Salaries			
Staff on land ($)	81,832	163,664	245,496
Crew on land ($)	202,856	405,712	608,568

[1] A living wage is the minimum amount sufficient to enable workers and families to afford a basic, but decent, life style that is considered acceptable by the society in which they live – a living wage should enable a family to not only live above the poverty line but also to participate in social and cultural life (Anker, 2011).

Crew on board ($)	210,567	421,133	631,700
Total USD ($)	495,255	990,510	1,485,764
Incidences			
Insufficient income	None	None	None
Child labour	None	None	None
Forced labor	None	None	None

2.1.2 Education and skills

Local labour within JDN's scope requires skills that are not sufficiently available in the Walvis Bay area. Tailor-made training programs are set up in order to build the required knowledge and skills to perform the works in a safe and efficient manner.

2.1.3 Workplace safety

All levels of operation (on board of the dredging vessels, on the landbased operation sites, in offices,...) have to adhere to a minimum company-wide standard supplemented by a policy customized to the specific operations and local conditions. By thoroughly training the employees in the applicable rules and procedures, operational control during high-risk activities is maintained.

JDN considers it a basic right for all those involved in our projects to be able to perform their job in a safe workplace in which human growth is stimulated and everyone's well-being is safeguarded. Special efforts are made to embed the safety culture in all JDN's operational locations and by extension throughout the entire organization, including all the stakeholders involved.

2.3 Local economy

Socio-economic impact on the local economy is composed of local purchases related to the project including subcontracting works, local spending and living expenses of expat staff, social programs in the context of the project, revenues for government in the form of taxes, levies and royalties, potential infrastructure investments and profits retained and distributed to local shareholders.

2.1.4 Local purchasing

A variety of local purchases and local subcontracting will take place. The most important pools of local purchasing are identified as the dredging equipment workshop that will be subcontracted to a local contractor, local purchasing of fuel and other office and dredging supplies. A total of 4,865,457 USD/yr local purchases and subcontracting is expected to be generated from the project in the first year, mounting to 14,569,370 USD/yr of local purchases and subcontracting in year 3 and beyond.

	Year 1	Year 2	Year 3 and beyond
Project			
Project duration	3 month operations	6 month operations	9 month operations

Subcontracting			
Workshop ($)	130,714	261,429	392,143
Office rent ($)	4,706	9,411	14,117
Crewboat ($)	219,348	438,695	658,043
Local purchases			
Project supplies ($)	16,050	32,100	48,150
Fuel ($)	4,485,639	8,971,278	13,456,917
Total USD ($)	4,856,457	9,712,913	14,569,370

2.1.1 Local spending expats

The project will deploy expat employees for functions with the necessary skills that cannot be found locally. Where possible local staff will be trained to fill these positions, where not possible, expat staff will be employed on the project. These expats do contribute significantly to the local economy through local living expenses, local tourism and other local spending. The project budget includes a total of 56 expats that will be deployed on the project. This will result in local spending of 167,738 USD/yr in the first year of operations and mounting to 503,215/yr USD of local spending in year 3 and beyond.

	Year 1	Year 2	Year 3 and beyond
Project			
Project duration	3 month operations	6 month operations	9 month operations
Expat staff			
Expat on land (#)	18	18	18
Expat on board (#)	38	38	38
Manmonths	168	336	504
Local expenses			
Local transport ($)	56,776	113,552	170,328
Living expenses ($)	86,304	172,608	258,912
Local tourism ($)	24,658	49,316	73,974
Total USD ($)	167,738	335,477	503,215

2.1.2 Social programs

Whenever a project allows for a long lasting presence, opportunities are surveyed to contribute to the local community with sustainable social programs. These programs are tailored to the specific local needs and are evaluated when the opportunity arises. Therefore these programs have not been included in this overview.

2.1.3 Revenue for government

Revenue for the Namibian Government consists of personal income taxes, profit taxis, potential royalties and other taxes, duties and levies.

Corporate taxes of 37.5% of earnings before taxes for the dredging process and phosphate concentrate are withheld (these are assumed to be mining products). For all other beneficiation processes a tax rate of 32% is applied (the further beneficiation process is no longer a mining operation but rather a manufacturing process).
Personal income taxes of 26% for local crew and staff and 22% for expat crew and staff apply.

The extend of the corporate taxes and import duties are estimated in the project financial plan. These figures are therefore not available at the moment (feb 2021) and not taken into account.

	Year 1	Year 2	Year 3 and beyond
Project			
Project duration	3 month operations	6 month operations	9 month operations
Taxes			
Personal income expat ($)	70,036	140,072	210,108
Personal income local ($)	90,046	180,093	270,139
Corporate tax ($)	TBD	TBD	TBD
Duties			
Import duties ($)	TBD	TBD	TBD
Total USD ($)	160,082 +	320,165 +	480,247 +

2.1.4 Infrastructure investment

In the current project setup, no infrastructure investments within the JDN scope are foreseen.

2.1.5 Profits retained and distributed to local shareholders

In the current project setup, no local shareholders within the JDN scope are foreseen.

3. **Summary**

The following table represents the summary of this socio-economic assessment. The figures are provisional as some taxes and duties are unclear at this point. But the final figures will remain in this order of magnitude. The Sandpiper Phosphate Project is deemed to have a significant impact on the local economy of Namibia and Walvisbaai. An amount 6.7 Million USD is estimated to boost the local economy in the first year, rising to 17 Million USD in the third year and beyond. Furthermore, the JDN-scope only represents a partial scope of the project, so the total project impact will even be more substantial.

	Year 1	Year 2	Year 3 and beyond
Local employees and subcontractors			
Salaries and benefits ($)	495,255	990,510	1,485,764
Local economy			
Local project purchasing ($)	4,856,457	9,712,913	14,569,370
Local expenses personnel ($)	167,738	335,477	503,215
Government revenue ($)	160,082 +	320,165 +	480,247 +
Total USD ($)	5,679,532	11,359,065	17,038,596