Early Warning System

IFC-32703

Midal Cables Moz

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Quick Facts

Countries	Mozambique
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2013-06-11
Borrower	MIDAL CABLES INTERNATIONAL LIMITADA
Potential Rights Impacts	Healthy Environment, Labor & Livelihood, Right to Health, Right to Water
Investment Type(s)	Loan
Investment Amount (USD)	$ 25.00 million
Project Cost (USD)	$ 85.00 million

Project Description

This IFC loan and equity investment will support the establishment of an aluminum rod, wire, and conductor manufacturing facility ("the Project") outside Maputo, Mozambique. The Project will be constructed in the existing Beluluane Industrial Park (BIP), adjacent to the established Mozal Aluminum Smelter, which will supply the Project with raw materials. BIP is located on the western bank of Rio Matola, about 17km east of Maputo. The London Mining Network estimates that close to one million residents live within two kilometers of the industrial park, and the city of Matola is less than 10km directly downriver. The Project will be owned and operated by Midal Cables Ltd. of Bahrain, a private manufacturer of aluminum products.

Early Warning System Project Analysis

RISK CATEGORIZATION:

IFC has classified the Project as Category B because, according to IFC, the company's operations will have limited environmental and social impacts, which are site-specific, predictable, and not significant.

APPLICABLE SOCIAL AND ENVIRONMENTAL STANDARDS:

PS 1 Assessment and Management of Environmental and Social Risks and Impacts
PS 2 Labor and Working Conditions
PS 3 Resource Efficiency and Pollution Prevention
PS 4 Community Health, Safety and Security

IFC determined that PS 5, Land Acquisition and Involuntary Resettlement, PS 6, Biodiversity Conservation and Sustainable Natural Resource Management, PS 7, Indigenous People, and PS 8, Cultural Heritage, are not applicable because the Project will be constructed on land leased from an industrial park that has been undergoing commercial development for more than a decade and that already accommodates 36 other industrial units.

People Affected By This Project

ENVIRONMENTAL AND HUMAN RIGHTS ASSESSMENT

Labor Rights

IFC has noted that Midal is in compliance with basic quality, safety, health and environment (QSHE) standards at both of its existing facilities, in Bahrain and Turkey. However, health and safety concerns for workers remain a potential issue at the proposed Mozambique facility.

Midal has announced that it will conform to all local labor laws and regulations, as well as the requirements of IFC's Performance Standards, in the hiring and employment of its staff and contractors. Local law includes standards on working hours (including maximum working hours, overtime, night shifts, holidays, etc.); part-time work; breaks during the working day; annual leave; wages and remuneration (i.e. the minimum wage, methods of remuneration); and maternity, paternity and family leave. Midal's planned operations will require 150 full-time employees, of which some 38 will occupy management positions, and some number of contract workers as operational requirements dictate.

Midal's QSHE management intends to establish collaborative emergency response arrangements with the Mozal Aluminum Smelter and the fire brigade that services the Beluluane Industrial Park.

Some questions community members and local NGOs should consider asking:

- Are working conditions in the Beluluane Industrial Park safe and healthy?
- Are all employees provided with the protective equipment and training (in a language workers understand) necessary to safely perform the functions of their position, and are workers and managers trained to respond effectively to workplace emergencies?
- Is overtime voluntary, and are workers allowed to leave the premises at the end of a shift?
- If a worker gets injured on the job, what sort of relief can he or she expect from the company?
- Does the company provide reasonable notice of impending changes in operations that will affect employment at the company?
- Are children under 14 being recruited and employed by the company (or any joint venture partners, subsidiaries or sub-contractors) in the context of this investment project?
- Are children under 18 being recruited and employed by the company to work in dangerous jobs (including jobs in unsafe areas and jobs at night)?
- Are all workers free to form a union and join the union of their choice?
- Can anyone apply for jobs at the new facility?

Right to Health

Both the Mozambican government and the Anglo-Australian company BHP Billiton, which runs the Mozal Aluminum Smelter, have been heavily criticized in connection with the smelter for failure to adequately address concerns about dangerous emissions. The Midal facility is also likely to produce a range of emissions, which may raise serious air quality concerns for nearby communities.

Some questions community members and local NGOs should consider asking:

- What means do you have to seek redress if the pollution from the Project and/or other facilities at the industrial park become a problem for local communities?

Right to Water

IFC's environmental assessment reports that the Midal facility will source and treat its process and potable water from an on

Investment Description

- International Finance Corporation (IFC)

The total project cost is estimated at US$85 million. The proposed IFC investment consists of an "A" loan of US$25 million and an equity investment of US$7 million for IFC's own account.

Private Actors Description

The sponsor is Midal Cable limited of Bahrain, a private company jointly owned by Al Zayani Investments and Saudi Cable Company. Midal has been manufacturing aluminum rod and conductors for the past 36 years.

COMPANY PROFILE:

Midal Cables Ltd. of Bahrain, jointly owned by Al Zayani Investments of Bahrain and Saudi Cable Company of Saudi Arabia, was established in 1977 through a partnership between Intersteel, Bahrain and Olex Cables, Australia to manufacture industrial aluminum products. Midal has maintained an ISO (International Organization for Standardization) 9001 quality management certification since 1993 and, since 1999, an ISO 14001 environmental management certification for its Bahrain operations. In 2005, Midal obtained an OHSAS (Occupational Health and Safety Advisory Services) 18001 occupational health and safety management certification.

Midal's currently operational aluminum manufacturing facilities in Bahrain and Turkey produce up to 350,000 MTPA (million tonnes per annum). In addition to the proposed facility in Mozambique, Midal also has new facilities under construction in Saudi Arabia and Australia. Midal accommodates a chapter of the national General Federation of Bahrain Trade Unions on its plant premises. Currently, 165 Midal employees - approximately 40% of the non-management workforce - are members of this union. Midal has no known history of labor disputes.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Al Zayani Investments B.S.C	Undisclosed	-
-	-	-	-	Midal Cables Ltd.	Client	-
-	-	-	-	Saudi Cable Company	Undisclosed	-

Contact Information

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CONSULTATION PROCESS:

IFC reports that community engagement related to the Project has been limited to two public hearings associated with the Environmental Impact Assessment Scoping Study ("EIA report") undertaken by an independent consultancy, EIA & Services, LDA of Maputo in accordance with Mozambique environmental regulations. The meetings took place in Maputo and Matola in March 2013, and were attended by a variety of stakeholders, including local civil society organizations and industry representatives. The primary concerns voiced at the meetings regarded air pollution and other public health impacts, the amount and source of energy for Midal's operations, opportunities for local labor and service providers, and benefits accruing to the local community in general. IFC will require a Stakeholder Engagement Plan for both construction and operation of the facility before final approval. Midal estimates submitting this plan around July 15, 2013.

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Bank Documents

- Midal Cables Mozambique ESAP for Disclosure-April 2013.pdf