



Environmental and Social Review Summary

Gasy Network Services

This Environmental and Social Review Summary (ESRS) is prepared by MIGA staff and disclosed prior to the date on which MIGA's Board of Directors considers the proposed issuance of a Contract of Guarantee. Its purpose is to enhance the transparency of MIGA's activities. This document should not be construed as presuming the outcome of the decision by MIGA's Board of Directors. Board dates are estimates only.

Any documentation that is attached to this ESRS has been prepared by the project sponsor, and authorization has been given for public release. MIGA has reviewed the attached documentation as provided by the applicant, and considers it of adequate quality to be released to the public, but does not endorse the content.

Country:	Madagascar
Sector:	AMS
Project Enterprise:	Gasy Network Services
Environmental Category:	B
Date ESRS Disclosed:	March 20, 2013
Status:	Due Diligence

A. Project Description

Societe Generale de Surveillance (SGS) of Switzerland seeks a guarantee for its investment in Gasy Network Services, a customs service provider in Madagascar. The project consists of the installation and operation of marine port and airport scanning facilities and a data management system that integrates shipping and customs data to expedite customs clearance. Mobile scanners using X-ray technology are used to inspect shipping containers within existing airport and marine port facilities. MIGA first issued guarantees for this project in 2007. This new guarantee will cover a guarantee by SGS on a new loan which will enable the project company to expand operations. Once the expansion is complete, SGS will own and operate scanning equipment at Toamasina (Tamatave) Port, Toliara (Tulear) Port, Mahajanga Port, Antsiranana (Diego-Suarez) Port, and Ivato International Airport in Antananarivo, and will operate scanning equipment in the Soarana railway station in Antananarivo. The scanner at Toamasina is fixed, and container trucks drive through a scanning tunnel without stopping at a rate of 110 containers per hour. All other scanners are mobile, for which the container and truck remain stationary, and scanning occurs at a rate of 25 containers per hour.

B. Environmental and Social Categorization

The key E&S issues are safe operation of the scanning equipment, managing truck traffic safely, and maintaining security on the sites to prevent unauthorized access by the public or workers not trained in the scanning technology. The risks associated with these key issues are limited, site-specific, and can be mitigated with readily available methods. Therefore the original categorization of this project, Category B under MIGA's Policy on Social and Environmental Sustainability, is maintained.

C. Applicable Standards

While all Performance Standards are applicable to this investment, our current information indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards:

- PS1: Social and Environmental Assessment and Management Systems
- PS2: Labor and Working Conditions
- PS3: Pollution Prevention and Abatement
- PS4: Community Health, Safety & Security

The project company's operations are located entirely within existing airport and marine port facilities in the above-mentioned locations. No land acquisition was required, and there are no anticipated impacts on biodiversity, indigenous peoples, or cultural heritage. Consequently there are no anticipated impacts that would need to be managed according to PS5, PS6, PS7, or PS8.

D. Key Documents and Scope of MIGA Review

The original E&S due diligence for this project was carried out in 2007. For this new guarantee, MIGA's review has relied on information provided by the client and a MIGA monitoring visit made in 2010. The site visit included a site visit to the Toamasina operations, meetings with relevant authorities (customs officials and Toamasina Port Authority), and review of E&S documents. The site visit did not reveal any major issues of non-compliance with E&S standards.

E. Key Issues and Mitigation

PS1: Social and Environmental Assessment and Management Systems

The project has valid permits issued by the National Institute of Nuclear Sciences and Techniques (the Institute). The Institute regularly conducts inspections and there have not been any problems identified. Regular inspection and maintenance is also carried out by Teknet for all scanners owned by the project. Teknet is a contractor certified by Smith and Heimann, the manufacturer and supplier of the scanning equipment. For the scanner at the railway station in Antananarivo, which is owned by the government, the project handles inspection and maintenance. In addition to this the project's own scanning manager regularly inspects all scanning sites and visits are also made by a scanning engineer from SGS headquarters in Geneva. Other internal EHS/OHS monitoring activity is reported weekly within the project company and monthly to SGS in Geneva. Employees receive EHS/OHS training. The project has in place adequate fire life safety systems including smoke/fire alarms, extinguishers, evacuation procedures, and training. Export of illegally logged tropical wood (especially rosewood) is an identified issue in Madagascar, and the project enterprise in partnership with Customs has implemented measures to detect such exports as part of its regular operations.

PS2: Labor and Working Conditions

Across all sites the project employs 160 employees, and a maintenance subcontractor employs an additional 15 employees who work on the sites. The project has in place HR policies and procedures that address conditions of work and wages, hiring and firing, and the handling of grievances. The company has not received any grievances. Average wages paid are above the minimum wage required by law.

Dosimeters are issued to staff to monitor radiation exposure levels, which are checked frequently by the project and several times per year by the Institute. There have been no instances of individual employee exposure exceeding regulation levels. The scanner technology is advanced and designed to avoid radiation exposure to employees and truck drivers. Protection walls, warning systems and other safety measures are used as mandated by the scanning equipment supplier and the Institute.

Although truck traffic accidents do occur at the ports where the project operates, to date there have not been any accidents within the areas controlled by the project. This has been accomplished through a well-defined traffic circuit with markings, signaling, and speed limits, as well as training of third party truck drivers. There are a finite number of drivers who make frequent trips to the project's site, and thus it has been possible to achieve broad training coverage across the drivers. For the fixed scanning unit, drivers remain in the trucks and drive at a slow speed through a tunnel while scanning takes place. For mobile scanners, drivers exit the truck while scanning takes place.

PS3: Pollution Prevention and Abatement

Project emissions are largely related to the use of diesel generators on each site, which are maintained by a subcontractor. These are necessary to supplement the flow of electricity from the national grid.

PS4: Community Health, Safety & Security

Community health and safety is ensured via strict control of access to the project's sites. Only authorized employees and truck drivers may enter. There are several security perimeters with fences installed. The first surrounds the scanning area, which is located within the project site. The second surrounds the project site, and the third surrounds the port, airport or railway station. With exact arrangements depending on the location, security is provided by a combination of government agencies (especially through the customs function), the project, and related companies, e.g. transportation companies co-located at the site. Security provided by the project is unarmed.

F. Environmental Permitting Process and Community Engagement

The project has valid permitting from the Institute, which is renewed annually following inspection. The project participates in the Port Authority Working Group which serves as a mechanism to inform port users of upcoming activities and for port users to raise any concerns.

G. Availability of Documentation

No additional E&S documentation is disclosed with this ESRS. For further information on this project please contact:

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