

INTER-AMERICAN DEVELOPMENT BANK



HAITI

INDUSTRIAL REVOLUTION II
Bringing Higher Value Apparel Manufacturing to Haiti
(HA-L1063)

ENVIRONMENTAL AND SOCIAL MANAGEMENT REPORT
(ESMR)

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LIST OF ACRONYMS

BWH	Better Work Haiti
EDH	Electricité de Haiti
EHS	Environmental, Health, and Safety
ESG	Environmental and Social Group
HELP	Haiti Economic Lift Program
HOPE	Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II)
IFC	International Finance Corporation
ILO	International Labor Organization
IRII	Industrial Revolution II
PIM	<i>Parc Industriel Metropolitain</i>
SONAPI	Société Nationale des Parcs Industriels
WRAP	Worldwide Responsible Accredited Production

I. INTRODUCTION

Country	Haiti
Sector	Industry
Project name	Bringing Higher Value Apparel Manufacturing to Haiti
Borrower and / or Sponsor	Industrial Revolution II
Executing agency and / or Company	Industrial Revolution II
Transaction Type	Loan
Total Project Cost (in US dollars)	US\$4.58 million
IDB A-Loan (if applicable)	Up to US\$ 1 million
B-Loan / co-lenders	N/A
Environmental Category	B

II. PROJECT DESCRIPTION

A. Key Project Infrastructure Components and Schedule.

- 2.1 Industrial Revolution II (IRII) is a US-registered apparel manufacturing company that operates in the textile industry, cutting, sewing and decorating fabrics to be sold to retailers primarily in the United States. IRII is a limited liability partnership that owns the Haitian subsidiary as well as sales and marketing operations in North America. The investor group is headed by Joelle Berdugo Adler, Canadian fashion industry executive and founder of the ONEXONE Foundation that supports programs for children in North America and developing countries, Richard Coles, CEO of Multiwear S.A., and Robert Broggi, former investment industry executive and current board president of ONEXONE USA. Under this project, IRII proposes to convert an existing warehouse located in an industrial park in urban Port-au-Prince, Haiti (the *Société Nationale des Parcs Industriels* - SONAPI) (see annex). The building that IRII will occupy (Building 40) is currently being leased from the SONAPI by Multiwear SA as a warehouse, and the plan is to transfer the lease into IRII's name.
- 2.2 Renovations to the factory will be extensive, and will include the following upgrades and construction: two new diesel generators; a completely new self-sustaining electrical system for the entire building; a new compressor system; a new ventilation and cooling system; new bathrooms and office construction; new rubberized tile flooring for the factory floor; new loading dock construction; new construction of interior walls for the printing shop; new paint; new LED/fluorescent lighting; new landscaping for the grounds; new parking spaces for the factory. IRII will purchase new equipment for production including: all new sewing machines; Kornit "Avalanche" Digital Printing systems; electronic plotters for cutting.
- 2.3 IRII will renovate a water cistern, offices, septic tank, install a new cooling system, and set up a filtered water supply using triple filtering: paper / ceramic / UV. Water will be tested every 30 days and the results posted by the water supply.
- 2.4 IRII would pioneer a new work model in Haiti by replacing "assembly line" operations with "modular" production. This business concept provides a supportive work environment, adds value to the country by producing high quality and higher value products, and reinvests a significant portion of the profits back into the workers and community. It is estimated that IRII will ultimately employ at least six teams, each consisting of 14 workers. Ten of these workers will be sewing operators, while four will be focused on labeling, packaging and casing. Each team will have 12 dedicated sewing machines for flexibility purposes, as each operator will be cross-trained to handle multiple sewing functions. This team-based modular approach is engineered to promote higher worker empowerment and job satisfaction, while also helping to prevent injury. These six teams will be managed and supported by 12 managers, 12 trainers, 15 cutting operators, ten printing operators, 15 pick/pack workers, 15 administrative personnel, four general staff employees and six security agents, for a total estimate of 173 workers.
- 2.5 The Project is expected to reach an annual capacity of about 5.5 million garment pieces (units) a year within five years and 10 million units per year within eight years.
- 2.6 During the renovation and installation, IRII will utilize local contractors to perform the work whenever possible. IRII will endeavor to purchase as many of the supplies locally as possible, however sewing equipment, printing equipment, lighting fixtures, flooring tiles and computer equipment will be imported.

- 2.7 Training will take place at the factory, and will be supervised by IRII senior management. Training will include basic skills training, but also “concept” training where employees will be taught about the entire business process, enabling them to grasp their important roles within the process and the supply chain. Training will encourage self-empowerment and will create mental stimulation so that workers feel a higher sense of purpose and willingness to succeed. IRII’s simple approach is to “train the brain, not the hands” to create a high level of employee “buy-in” and commitment.
- 2.8 As part of IRII’s business model, 50% of partnership distributions will go into an investment fund which will direct investments into health and wellness programs, training and education programs, and possibly public infrastructure projects or other investments. The goal of these investments is to help promote economic development and progress. These investments will benefit the employees of IRII, and thus IRII’s own competitiveness as a business, but will not always be exclusively for IRII’s employees. It is anticipated that some of these investments will also benefit the surrounding community at large, such that economic development and cluster creation can benefit others outside of the IRII walls.

B. Environmental and Social Setting.

- 2.9 The Project will be located in an existing building in the *Société Nationale des Parcs Industriels* (SONAPI) industrial park, also known as the *Parc Industriel Métropolitain* (PIM). The PIM encloses fifty standard industrial buildings, each 30,000 sq ft (see annex). The park can accommodate more than twenty five thousand workers and was designed for export-oriented, high-labor industries. It is located near Port-au-Prince’s airport and sea port.
- 2.10 IRII will operate within an existing building within SONAPI; it will renovate an existing space, and will therefore not include any major new construction.
- 2.11 As a tenant, many of the physical impacts related to IRII’s use of water, wastewater treatment and solid waste are the responsibility of SONAPI under the lease agreement between IRII and SONAPI. IRII will directly pay to CAMEP (the water utility organization in Haiti) a fee for water based on use. IRII intends to be fully autonomous in energy in order to be able to continue production even when the electricity supply from *Electricité de Haiti* (EDH) fails. The lease agreement includes the provisions for wastewater treatment. Currently domestic wastewater of the different buildings in SONAPI goes to septic tanks, into a bacterial bed and through a gravel filtration tank prior to evacuation in a stream that goes to the sea.
- 2.12 Companies located in the PIM produce over 80% of all textiles produced in Haiti, and employ over 15,000 people. One of Haiti’s most vulnerable and violent neighborhoods lies just outside the PIM, Cite Soleil, an informal settlement of over 400,000 people, consisting primarily of youth and children living in extreme poverty.

C. Alternative Analysis.

- 2.13 Initially the project was planned to take place in a dedicated park outside Port-au-Prince (in the municipality of Croix-des-Bouquets). The current plan is to lease space in SONAPI. The new site was chosen mainly because of cost; the initial plan was in excess of US\$ 14 M, which was considered excessive by the sponsors. However, the Croix-des-Bouquets option is still in consideration for a second phase.

III. COMPLIANCE STATUS AND PROJECT STANDARDS

A. Summary of the environmental and social licensing and appraisal process.

- 3.1 Based on the minor impacts and risks of the Project, and requirements set forth by the Bank, the Environmental Safeguards Group (ESG) confirmed the environmental classification of "B" for the Project under the Environment Safeguard Policy (OP-703).
- 3.2 The project proponent has prepared a draft Project Implementation Manual (*Manuel de Procédures*) that takes into account Haitian law and international best practice, based on International Labor Organization (ILO) standards. The *Manuel de Procédures* covers: employer duties and accountabilities; internal policy on wages and social security; work schedule and place; overtime; holidays; bonuses; and international labor standards: child labor; forced labor; health and safety; maternity policies; harassment; discrimination; freedom of association; workplace environment; freedom of movement; security; and illegal substances. The draft *Manuel de Procédures* was reviewed by ESG and found to be comprehensive, but subject to IDB comments and revisions. The *Manuel de Procédures* was explicit in what measures to take if employees were guilty of discrimination, but less explicit if the employer was found guilty. This would have to be clarified in the final version.
- 3.3 The project is in conformity with OP-703 directives:
- 3.4 B.1 Adherence to Bank policy: the client will comply with Bank policy;
- 3.5 B.2 Respecting Haitian law; the Client will conform to Haitian law, as confirmed in the *Manuel de Procédures*;
- 3.6 B.3 Screening and classification; the Project was screened and classified (Category B);
- 3.7 B.5 Environmental Assessment: an EIA was carried out for the first project proposal (*Croix des Bouquets*), but the concept was then significantly changed. The ESG team decided that a new EIA is not required given the reduction in scope of the project, however that a management plan covering environmental and social aspects, including disposal of obsolete equipment, construction waste, domestic waste and wastewater, industrial wastewater, air emissions from boilers, and waste from fabric printing, if any, should be produced.

A chapter should be added to the current Manuel de Procédures to cover environmental impacts and risks both during Construction (Environmental, Health, and Safety – EHS, waste) and Operation (waste management, effluent, air quality; ensure that SONAPI is treating wastewater). Thus the *Manuel de Procédures* would have one chapter on environmental impacts, and a second (existing) chapter on social and labor aspects.

- 3.8 B.6 **Consultations:** due to the size and the scope of the Project (limited construction impacts from a loading bay and other renovations, and limited operational impacts) no formal meetings were held for the Project. However as part of the consultation process key documents such as the *Manuel de Procédures* will have to be disclosed publicly and online, including an executive summary in Créole.

B. Compliance with other policies.

- 3.9 Key Policies and Directives triggered include Directives B.4 (other risks), B.7 (supervision and compliance) of the Environment Safeguards Policy OP-703, the IDB Access to

Information Policy (OP-102), the IDB Policy on Gender Equality in Development (OP-761) and the Natural Disaster Policy (OP-704)

- 3.10 Policy B.4 (other risks including governance capacity, sector-related risks, highly sensitive environmental and social concerns, and vulnerability to disasters) is triggered as the site is located in an area highly vulnerable to disasters due to Haiti's overall susceptibility to hurricanes and earthquakes in addition to the country's limited infrastructure and capacity to respond to disasters. The apparel sector in Haiti benefits from the HOPE / HELP legislation, which add stability to producers (see Section IV.C. below). Social concerns (labor issues) are mitigated by the operator undertaking an improved work model which is unlikely to trigger social tension. Vulnerability to disasters is mitigated by the building being located in an existing industrial park, in a building that is structurally sound. The industrial park is equipped with substantial infrastructure, including a hospital.
- 3.11 Policy B.7: Supervision: the Bank will carry out supervision actions (site visits, review of documentation, consultations with affected parties and third parties) as provided in the Loan Agreement.
- 3.12 OP-102: Access to Information: IRII will have to make the *Manuel de Procédures* available at the IRII factory to ensure employees and relevant communities are informed of the project. Information flyers about the project will have to be posted on the main gate of the SONAPI, in a form and language understandable by stakeholders (French and Créole) prior to Board approval in order for relevant stakeholders to be informed and have the possibility to comment on the Project. Better Work biannual audit reports of IRII under the HOPE II Legislation Compliance would have to also be disclosed on the IDB website and be made available to the public.
- 3.13 OP-761: Gender Equality: in the *Manuel de Procédures*, the sponsor clearly lays out its non-discrimination on the basis of race, gender, religion, political appurtenance and other criteria. The Sponsor will prevent discrimination against women and comply with Haitian Labor Code by providing on-site lactation rooms, providing opportunities for childcare, as well as prioritizing male and female health through its training and employee benefits scheme, to be detailed in the *Manuel de Procédures*.
- 3.14 OP-704: Natural Disaster Policy: The Natural Disaster Policy requires that Bank-financed projects include necessary measures to reduce disaster risk to acceptable levels as determined by the Bank on the basis of generally accepted standards and practices. The Project is using existing infrastructure within SONAPI which is structurally sound. While visiting the site, ESG found that the building had not suffered damage from the 2010 earthquake.

C. Summary of project requirements and standards.

- 3.15 The Project has prepared a *Manuel de Procédures* to be in compliance with the Haitian Labor Code (Code du Travail) of 1984, which follows ILO requirements. The *Manuel de Procédures* covers the main aspects of social management relevant for the Project: (i) verbal contracts; (ii) required worker documents (e.g., livret de travail); (iii) health and safety; and (iv) accidents and work related conflicts.

- 3.16 The *Manuel* is also in compliance with the 1987 constitution, which addresses social aspects in several of its articles. It covers : (i) rights for housing, education, food and social security; (ii) work freedom; (iii) salary, rest, paid vacation and bonus; (iv) work and salary equality based on gender, beliefs, opinions and civil status; (v) consultation requirements; (vi) labor union liberty and freedom; (vii) strike rights; and (viii) worker age limits.
- 3.17 The Project has been screened according to International Finance Corporation (IFC) EHS) Guidelines for Textile Manufacturing. The majority of these guidelines are not applicable to a simple garment digital printing and assembly facility such as proposed by IRII.
- 3.18 The *Manuel de Procédures* will be the key document to ensure that the project is in compliance with Haitian law and Bank policies. In summary, ESG requires the Project to make the following changes to the *Manuel de Procédures*: (i) include a chapter on Environmental aspects including a specific section on Environmental impacts in the *Manuel de Procédures*; (ii) include a section on the recruitment and training process; (iii) define compliance with the Haitian Labor Code regarding maternity leave and lactation needs; (iv) address risks of discrimination in access to project benefits through the provision of childcare subsidies or schemes on site; (v) During Construction: describe how IRII would address Health and Safety aspects and waste production; (vi) During Operation: describe how IRII would manage waste, effluent, air quality; (vii) ensure that SONAPI is treating wastewater as specified in lease agreement. A final *Manuel de Procédures* will be submitted to the IDB for non-objection. In compliance with OP-703, portions of the updated *Manuel de Procédures* will be publicly disclosed prior to Financial Closing and subject to ESG non-objection, and subject to agreement between the IRII and IDB.

IV. KEY ENVIRONMENTAL AND SOCIAL IMPACTS AND RISKS AND MITIGATION

A. Summary of key impacts and risks and ESDD / Analysis findings

- 4.1 Project impact and risks are minor; the Project will take place entirely within an existing footprint, and will utilize improved technology and means of production. One of the project sponsors, already a stakeholder in Haiti's apparel industry, is using this project as a showcase to pioneer improved production techniques and worker conditions.

B. Environmental Impacts and Risks

- 4.2 Environmental impacts are expected to be minor for this Category B project.
- 4.3 During Renovation and installation of new equipment, expected impacts are from normal construction activities (noise, traffic within the PIM), disposal of construction waste, obsolete equipment and domestic waste (drywall, glass, linoleum, etc) and the production of wastewater. Waste will be disposed of to a suitable waste disposal site (Truitier site); some of the waste (particularly metals) will be recycled in the recycling operation at Truitier.

- 4.4 During Operation, impacts include air pollution from diesel engines for boiler operations and for electricity generation. IRII would use high efficiency diesel generators, and thus would have limited air quality impacts. IRII plans to lead an effort to obtain power for SONAPI from a dedicated clean energy source in the medium- to long term.
- 4.5 Solid waste: the lease agreement includes the provisions for solid waste management. Solid waste is collected by SONAPI and sent by truck to the Truitier dump site. Industrial waste from digital printing is much less significant than from traditional printing and does not include color concentrates, solvents, resins, wastewater, or volatile organic compounds, and all the ink utilized by the Kornit printers will be water-based meeting the highest global standards including GOTS V3 and Oeko-Tex. IRII will be responsible for proper project management and safety, and will ensure that waste is handled properly, contracting with waste management specialists when necessary. Fabric waste will be gathered up and baled and sent to China or the Dominican Republic, or reused. IRII has already begun negotiations with a local waste recycling firm (Le Groupe Textile) for “up-cycling” IRII’s production waste material.
- 4.6 Wastewater: IRII will demand quarterly audits from SONAPI management to ensure that wastewater is being properly treated, as this is the park’s responsibility and commitment.
- 4.7 These mitigation measures will be detailed as part of the environmental chapter in the *Manuel de Procédures*.

C. Social Impacts and Risks

- 4.8 The Project would have limited social impacts as (i) it would be in compliance with Haitian and international best practice and would be subject to the ILO / Better Work compliance program, and WRAP compliance (see below); and (ii) as part of its business plan, it would pioneer a new work model in Haiti by replacing “assembly line” clothes production, where each worker performs a single operation, to “modular” production where each operator performs multiple operations on each garment, as part of a team. The modular approach allows each employee to participate in various stages in the creation of each garment and it is designed to allow for greater job satisfaction and employee empowerment. It also provides for minimal work in process, increased quality, a decline in injuries, and a more cohesive team. This modular process has been successfully implemented by IRII advisors at other sites globally. IRII believes that “training the mind, not the hands” is more beneficial for workers, and for production. Given the emphasis on sustainability and greater support for employees, it will be important that IRII define its target workforce in order to more appropriately engage in a proactive hiring strategy that attracts individuals eager to learn and will be productive assets to the company.
- 4.9 During Renovation, environmental health and safety aspects for workers (personal protection equipment, working with power tools, working on elevated platforms) would have to be included in the *Manuel de Procédures*.
- 4.10 During Operation, which involves cutting and sewing, potential health and safety risks to employees include accidents/incidents, proper ventilation to control for dust, eye guard

protection and noise. In order to manage and mitigate those risks, the Bank has requested the Company to develop and implement a *Manuel de Procédures*, which would include all necessary health and safety measures to protect employees. The *Manuel* will be required to be disclosed to the IDB's satisfaction prior to Financial Closing.

- 4.11 The operator is in discussions for future health programs to be funded by IRII and operated by Partners in Health (PIH), a health NGO in Haiti, which has a mobile clinic, and in addition to that will offer a *Developpement des Activités de Santé* (DASH) program and an on-site nurse, in addition to the OFATMA hospital which is also on site.
- 4.12 Key social risks during operation are related to potential labor issues and working conditions. The Human Resources policies developed by IRII ensure that all relevant host-country, IDB Policies and ILO requirements are met by the Project. These will include policies prohibiting child and forced labor. Also, IRII's partner, Multiwear, also in SONAPI, has a social compliance officer on site.
- 4.13 Systems in place to guarantee minimum labor standards, working conditions, health and safety conditions and minimum wage will also be required.
- 4.14 IRII plans to exceed the minimum wage of Gourdes 200 / day, and pay benefits, which will be defined in the *Manuel de Procédures*.
- 4.15 Like all apparel manufacturers in Haiti aiming to access the US market, IRII will participate in the United States trade preference programs, which include the 2008 Haitian Hemispheric Opportunity through Partnership Engagement (HOPE II)¹ and its successor, the 2010 Haiti Economic Lift Program (HELP) Act.² These programs enable apparel manufacturers in Haiti to access the US market if they comply with core labor standards defined by the International Labor Organization (ILO). Compulsory audits of IRII would be carried out every six months by Better Work Haiti (BWH), a program aimed at ensuring compliance with core labor standards and Haitian labor law. On the basis of the BWH audits and other information, the President of the US, through the Department of Labor and the US Trade Representative, would limit or suspend producers' access the US market if they do not comply with the audits.
- 4.16 In order to exceed the minimum requirements set in the BWH system, IRII plans to meet certification by the Worldwide Responsible Accredited Production (WRAP), an independent, non-profit organization dedicated to lawful, humane and ethical manufacturing throughout the world. WRAP delivers certification based on compliance with 12 principles, based on international standards, local laws and workplace regulations, human resources management, health and safety, environmental practices, and legal compliance including import/export and customs compliance and security standards.³

¹ Approved by the US Congress, HOPE II initiated support efforts to expand the industry in Haiti by extending duty-free treatment of textiles, apparel and other goods until 2018. Labor standards compliance was included as a prerequisite of this legislation.

² The HELP Act passed by the US Congress in the wake of the 12 January 2010 earthquake in Haiti will expand duty-free access to the US market for additional Haitian textile and apparel exports, and extend existing trade preference programs for the country through 2020.

³ www.wrapcompliance.org

D. Cumulative Impacts

- 4.17 No significant cumulative impacts are expected from the project.

E. Positive Impacts

- 4.18 Tangible positive impacts from the project are an improved work environment for apparel workers in SONAPI, and possibly throughout Haiti, as the new work model, which it is hoped will be emulated in the future by other manufacturers.
- 4.19 Some of the byproducts of the operation (offcuts) will be remanufactured into valuable items (purses, handbags) and sold, some of the profits going back into the community (a school in *Cité Soleil*, Port-au-Prince's most densely populated neighborhood). Similarly, the sponsors of IRII are already supporting the Global Orphan Project by providing food for orphans through sales of pajamas in a factory outlet in which US\$ 0.50 per set goes to the workers. Workers will receive above-average wages in an improved work environment at the outlet. The operation is a small scale precursor to IRII.

F. IDB Additionality

- 4.20 IDB's participation will lend support to disseminating the good practices that IRII will pioneer in Haiti, particularly related to gender equality, and will serve as an example in improving working conditions in Haiti. IRII will showcase a model that IDB will be able to replicate in part or in full.

V. MANAGEMENT AND MONITORING OF ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY AND LABOR IMPACTS AND RISKS

- 5.1 The client has prepared a *Manuel de Procédures* that covers social and labor aspects. ESG has requested some updates to the *Manuel de Procédures*. A chapter covering environmental aspects, including disposal of obsolete equipment, construction waste, domestic waste and wastewater, air emissions from boilers, and waste from fabric printing, should be produced and added to the *Manuel*.
- 5.2 A section on worker safety during construction; on the hiring process; and on child care should also be included in the Social chapter of the *Manuel de Procédures*.

- A. **Management Systems and Plans:** as described above, IRII will follow its own *Manuel de Procédures*, and will be subject to BWH and WRAP monitoring programs, which cover international best practice as well as Haitian law.
- B. **Monitoring and supervision:** the Bank would directly supervise the operation through site visits, review of documentation, consultations with affected parties and third parties, etc. Additionally, BWH would produce audit reports of the operation every six months, to be made available to the Bank. Additional Bank supervision mechanisms are included in Section VI (Requirements to be included in the Legal Agreement) below.

VI. REQUIEMENTS TO BE INCLUDED IN THE LEGAL AGREEMENT

6.1 The IDB will require that IRII and all portions of the project shall, at all times during the life of the loan, comply with each of the following:

- All applicable Haitian environmental, social, health and safety, and labor regulatory requirements.
- All requirements associated with any environmental, social, health and safety, and labor related permits, authorizations, or licenses that apply to the project, IRII or any party responsible for executing the operation or its mitigation measures.
- All environmental, social, health and safety, and labor requirements of the Project contracts and any subsequent modifications.
- All aspects and components of all of the Project's environmental, health and safety, social and labor documents.
- Applicable aspects of IDB's Environment and Safeguards Compliance Policy, which requires by reference compliance with other applicable IDB policies, and the IFC Environment, Health and Safety General Guidelines⁴ and the IFC EHS Guidelines for Textile Manufacturing.⁵
- Consult with IDB before approving or implementing any and all substantive changes to the Operation (including its environmental and social management and mitigation plans and outreach program) or its timetable which could potentially have negative environmental, social, labor, or health and safety effects.
- Send written notice to IDB of any and all noncompliance with any environmental, health and safety, social and labor requirement of the loan agreement and any significant environmental, social, labor, health and safety accident, impact, event, claim or material complaint.
- Ensure that all IRII's contractors hired for construction and operation activities comply with the applicable environmental, labor, social and health and safety requirements of the loan agreement.
- Implement ongoing information disclosure and consultation activities related to environmental, labor, social, and health and safety aspects of the project, including disclosure of Environmental and Social Compliance Reports and, as applicable, participatory monitoring.

6.2 Prior to Financial Closing IRII shall deliver and disclose a partial Operations Manual (*Manuel de Procédures*) satisfactory to IDB and including IDB revision which includes the following:

- Preparation of a chapter on environmental impacts and mitigation measures, satisfactory to the IDB that includes (but is not limited to):

⁴ <http://www.ifc.org/ifcext/sustainability.nsf/Content/EHSGuidelines> (April 30, 2007)

⁵ [http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/gui_EHSGuidelines2007_TextilesMfg/\\$FILE/Final+-+Textiles+Manufacturing.pdf](http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/gui_EHSGuidelines2007_TextilesMfg/$FILE/Final+-+Textiles+Manufacturing.pdf) (April 30, 2007)

- a. Environmental impacts during construction, including management of potential risks and mitigation measures, and monitoring;
 - b. Environmental impacts during operation, including air pollution, solid waste and wastewater management including potential risks and mitigation measures, and monitoring;
 - Completion of the Social impacts as part of the *Manuel de Procédures*, to include:
 - c. Health and safety risks during construction;
 - d. community health and safety risks and mitigation including signage, control of the site, speed limitations on truck traffic etc. as well as a monitoring plan for these measures;
 - e. an emergency response plan and a spill response plan; and
 - f. roles and responsibilities, resources and budget required for implementation and a schedule for monitoring activities.
 - Preparation of a Recruitment and Training Plan
 - g. include schedule, roles and responsibilities and budget and resources required to implement the Program;
 - h. address recruitment plan and training, including a profile of the target employee according to age and education level;
 - i. avoid recruitment at SONAPI gates
 - Corporate Social Responsibility and Employee Benefits chapter which includes:
 - j. describe benefits to employees including meal vouchers, lactation rooms, support for small businesses to potentially provide food services, childcare services;
 - k. description of employee grievance mechanisms including planned dissemination materials.
 - l. avoid recruitment at the site;
- 6.3 Prior to each disbursement, the Sponsor/Borrower shall certify compliance with all environmental social, health and safety and labor requirements in the loan agreement.
- 6.4 During construction and the first year of operations the Sponsor/Borrower must prepare and submit semi-annual Environmental and Social Compliance Report, in form and content acceptable to IDB. Each report should demonstrate how the company has complied with the *Manuel de Procédures* and any supplemented management plans, IDB policies and IFC EHS guidelines for the reporting period. Furthermore the report should address any outstanding questions or issues identified in previous reports. During the rest of the life of the Loan Agreement, the Sponsor/Borrower must prepare and submit yearly Environmental and Social Compliance Report, in form and content acceptable to IDB.
- 6.5 In order to allow Bank monitoring of the Project's environmental, social, health and safety, and labor aspects, the Loan Agreement shall provide for:
- Direct Bank supervision actions (e.g., site visits, review of documentation, consultations with affected parties and third parties, etc.).
 - The Bank's right to contract an external independent environmental consultant to perform more detailed supervision/monitoring actions during the Operation's

construction and initial operation by the Sponsor/Borrower, and, as needed through the life of the loan.

- The Bank's right to contract for the performance of an independent environmental, social, health and safety, and labor audit, if the Bank deems necessary.
- The Borrower's agreement to provide access to all relevant documentation, facilities and personnel and cooperate fully with any inspection or audit by the Bank or its designated consultants.
- The Borrower's agreement to cooperate fully with the IDB's Independent Consultation and Investigation Mechanism (MICI).

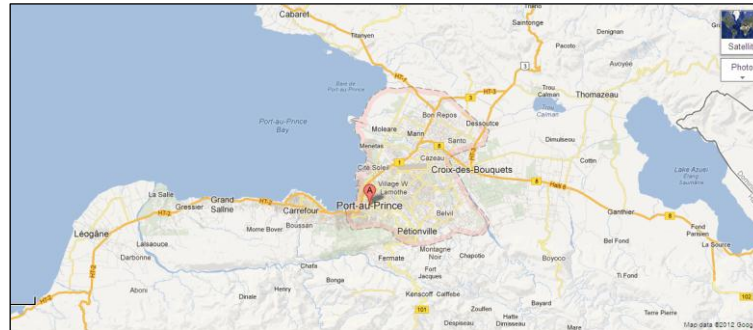
Specific National Requirements and Compliance of the Project

- 6.6 IRII will develop human resources policies that are designed to meet all host-country laws. The Human Resources policies will be provided to IDB prior to the start of operation.
- 6.7 On the operation side, the first step is to register IRII in the national registry (*Gazette Nationale*) and then get the approval from the head office of taxes of the Finance Ministry.

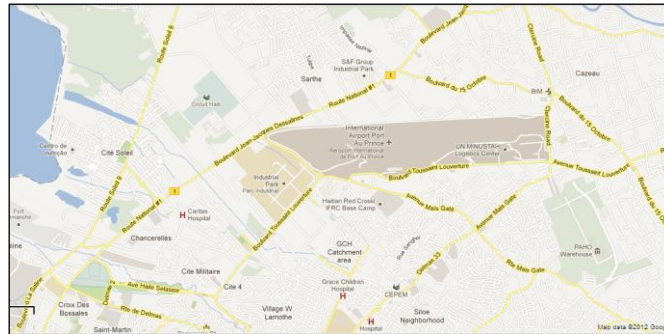
IX. ANNEXES

A. Figures

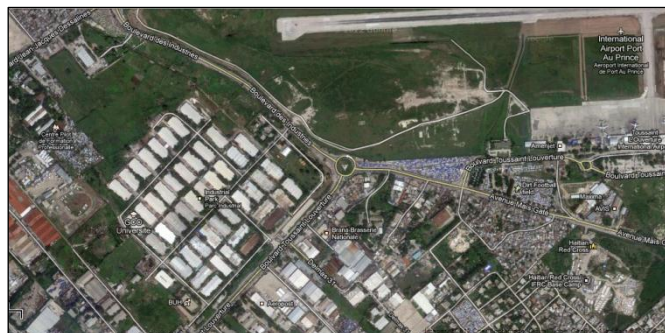
General location of Port-au-Prince



Location of Industrial Park relative to Airport



Aerial view of Industrial Park



Building 40 (October 2012)

