

PROJECT ABSTRACT
HAITI
INCREASING EMPLOYMENT OPPORTUNITIES THROUGH WILLBES
(HA-L1069)

Project Description

The project entails increasing local employment opportunities through the financing of the first stage of a multi-year expansion program of The Willbes Haitian S.A. (“Willbes HA”, the “Company” or the “Borrower”) in its existing ready-made garment unit in Haiti (the “Project”). The Project sponsor is The Willbes & Co Ltd. (“Willbes”), a privately-owned company, headquartered in Cheonan, Republic of Korea. Willbes HA operations are currently located in the Parc Industriel Métropolitain in Port-au-Prince. The Project is expected to: (i) increase Willbes HA’s sewing capacity by 37%; (ii) add a printing facility; (iii) finance working capital; and, (iv) the conversion of the short-term emergency inter-company loan provided to Willbes HA immediately after the earthquake into a long term loan by Willbes.¹ The Project cost is US\$12 million and will be financed with: (i) an A Loan of up to US\$4 million from the Inter-American Development Bank; (ii) a parallel loan of up to US\$4 million from the International Finance Corporation; and (iii) an intercompany loan of up to US\$4 million from Willbes.

Developmental Impact

The Project will be fundamental in supporting private sector development and the garment industry, a crucial private sector driver of the Haitian economy, given its importance as the largest exporter and one of the country’s key employment-generating sectors. The Project will also provide an important demonstration effect to other players, highlighting Haiti as a viable and sustainable location for private sector investment. The Project will result in the employment and training of 918 new Haitian workers. Studies suggest that one indirect job is created for each direct job² and considering an average family size of 4.3³ in Haiti, it is expected that the Project will improve the lives of approximately 7,895 Haitians.

Starting salaries for Willbes HA’s new workers is equivalent to approximately US\$5 per day. This is a significant improvement in the lives of the workers and their families in light of the fact that the average person in Haiti lives on less than US\$2 dollars a day.⁴ Moreover, the success of the Project is a first step towards a larger expansion that would add up to 4,500 new jobs, benefiting over 38,700 people.⁵ Lastly, the Project is expected

¹ The emergency loan was fully disbursed and converted by the Willbes Group.

² Source: Koios (2010) “Development of the Industrial Park Model to Improve Trade Opportunities for Haiti”, Interim Report.

³ Average family size in Haiti is 4.3. Source: International Organization for Migration (IOM) webpage.

⁴ Post-earthquake, the United Nations Development Program (“UNDP”) estimates that approximately 75% of the population lives on less than US\$2 per day.

⁵ Considering at least one indirect job for each direct job created by the Project, and an average family size of 4.3 in Haiti.

to hire a majority of women –ratio of approximately 2.5 women per male employee– with a significant impact in the achievement of gender equality in the workplace.

IDB Participation

The Project is consistent with the Bank strategy for the development of the private sector in Haiti, which includes the establishment of manufacturing firms in the Caracol Industrial Park, the strengthening of the Société Nationale des Parcs Industriels, and support for business climate reform. Furthermore, the Project is the first phase of a broader expansion plan for the Company that will eventually create further economic development benefits in Haiti. IDB and IFC financing will not only provide financial additionality, as limited commercial debt is available for the Project, but will also ensure monitoring of the Project's compliance with international environmental and labor standards during the life of the IDB and IFC loans.