

INFORMATION SUMMARY FOR THE PUBLIC

Host Country:	Afghanistan
Name of Borrower(s):	Safi Apparel Corporation
Project Description:	To reopen Safi’s apparel manufacturing facility in Kabul (the “Project”).
Proposed OPIC Loan:	\$1,850,000 (35% of total Project costs), up to 7 year term, including 18 months grace period on principal.
Total Project Costs:	\$5,240,860
U.S. Sponsors:	Ellis Robinson (69%), Elizabeth Avellan (20%), Michael Ussery (5%), Jeff Fahey (5%), Ron Rankin (1%)
Foreign Sponsor:	None.
Policy Review	
U.S. Economic Impact:	The Project is not expected to have a negative impact on the U.S. economy, as the Project will neither export to the U.S., nor to a significant market for U.S. pants. In addition, the Project is not expected to compete with U.S. pant exports, as the U.S. does not manufacture pants for export at the same low price point as the Project. U.S. procurement of fabric, thread and sewing equipment is expected to have a positive impact on U.S. employment and the U.S. trade balance.
Developmental Effects:	This Project is expected to have a highly developmental impact through the reopening of an apparel manufacturing facility in Afghanistan. Since the withdrawal of international forces in 2011, growth and investment in the country has slowed and security has deteriorated, causing poverty and unemployment rates to rise to 39% and 23%, respectively. According to UNDP’s 2016 Human Development Report, Afghanistan ranks 169th out of 188 countries, partially due to women’s low workforce participation rate, which is 19% compared to 84% for men. The Project is expected to help address this challenge by creating thousands of employment opportunities for women. The Project is also expected to have demonstration effects through its modern production and training practices in an industry that is undeveloped and characterized by low productivity. The Project aligns with the Government of Afghanistan’s efforts to develop its textile and clothing industry and U.N. Sustainable Development Goal #8 (Decent Work and Economic Growth)

<p>Environment:</p>	<p>Screening: The Project has been reviewed against OPIC’s categorical prohibitions and has been determined to be categorically eligible. Projects involving investments in garment companies are screened as Category B projects under OPIC’s environmental and social guidelines because impacts are site-specific and readily mitigated. The Project is subject to Climate Resiliency Screening per Executive Order 13677.</p> <p>Applicable Standards: The Project is subject to OPIC’s Environmental and Social Policy Statement (January, 2017). OPIC’s environmental and social due diligence indicates that the Project will have impacts which must be managed in a manner consistent with the following of the International Finance Corporation’s (IFC) 2012 Performance Standards (PS):</p> <ul style="list-style-type: none"> • 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 <p>Given the: nature of the Project operations, and the fact that the factory is already built in an urban location, impacts relating to PS 6 (Biodiversity Conservation and Sustainable Natural Resource Management) are not expected.</p> <p>In addition to the Performance Standards listed above, the IFC’s April 30, 2007 Environmental, Health, and Safety General Guidelines are applicable to the Project.</p> <p>Environmental and Social Risks and Mitigation: The major environmental issues associated with this Project include worker occupational health and safety, waste management, and the implementation of adequate life, safety, and fire protection measures at the factory.</p> <p>All Project employees will be properly trained to operate the sewing/cutting equipment efficiently and safely, and appropriate safeguards such as needle positioners, needle guards, and metal mesh gloves for cutting operations will be employed at the facility.</p> <p>Remnant scraps of material not incorporated into the finished garment will be bundled and sold for bedding, fill, etc. General refuse from the factory will be disposed of through the municipal government collection system.</p> <p>All Project buildings have at least two exits, and there is an assembly point for workers in an open area in the factory complex in case of an emergency. Each building is equipped with fire extinguishers that are periodically maintained, and all employees have been trained to use fire extinguishers. All workers receive emergency training, and fire evacuation and security drills are</p>
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	<p>performed on a regular basis to make sure the employees know how to react during emergency situations.</p>
<p>Worker Rights:</p>	<p>In accordance with OPIC’s Environmental and Social Policy Statement, this Project has been classified as Special Consideration as a result of heightened social risks, including: the anticipated large increase in the workforce and the need to develop an overall labor management system; elevated labor risks in the apparel manufacturing industry, including supply chain oversight; and the presence of armed guards and heightened regional security risks.</p> <p>Under Special Consideration, the Project will be required to demonstrate compliance with the OPIC social requirements set forth in the loan agreement through the following measures: 1) social compliance site auditing by a third-party; and 2) social specific compliance reporting, at least annually, that summarizes non-compliance issues, grievances, general working conditions, and any actions taken to improve the worker-management relationship.</p> <p>OPIC’s statutorily required language regarding the rights of association, organization and collective bargaining, minimum age of employment, and prohibition against the use of forced labor, will be supplemented with provisions concerning nondiscrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers.</p> <p>The Project will be required to operate in a manner consistent with the International Finance Corporation’s Performance Standards, OPIC’s Environmental and Social Policy Statement and applicable local laws. In addition, the Project will be required to develop and implement an overall labor management system, including: human resources policies and procedures, a human resources management strategy, commensurate to the anticipated increase in the number of workers, employment contracts, and an employee grievance mechanism; a public grievance mechanism; a supply chain management system; and a security management plan.</p>
<p>Human Rights</p>	<p>Project received Human Rights clearance on March 23, 2018</p>