

Host Country:	HONDURAS
Name of Borrower:	CGLOB-Grupo Jaremar
U.S. Sponsor:	CGLOB-Grupo Jaremar
Approved/Committed Date	04/17/2014
Foreign Sponsor:	
Project Description:	The proceeds of the loan will be used to to fund new capital expenditures. Grupo Jaremar is a top tier agro industrial vertically integrated conglomerate in Honduras dedicated to the production and commercialization of palm oil and its corresponding by-products.
Total Project Cost:	\$27,500,000
Proposed OPIC Support:	\$20,625,000
Developmental Effects:	This project will have a positive developmental impact on the host country. As an agro-business, the project company improves food security in Honduras with the sale of a host of staple items in the local economy, as well as neighboring counties in Central America. Honduras has been plagued by the crime and the drug trade in recent years, and is one of the Western Hemisphere's poorest countries. Through this loan, the company will be able to provide employment opportunities and continue to benefit the local community through the support of philanthropic programs.

Environment:**Public Project Summary**

Screening: The Project has been reviewed against OPIC's categorical prohibitions and has been determined to be categorically eligible. Palm oil plantations and the associated activities (use of wastes as boiler fuel, capturing methane from oxidation ponds, palm oil extraction) in previously developed areas are screened as Category B projects under OPIC's environmental guidelines because impacts are site-specific and readily mitigated. Environmental issues associated with palm oil production and processing include air emissions from extraction process and associated boilers, stress on water resources, pesticide use, biodiversity impacts, solid waste management practices and management of wastewater.

Food-processing plants and packaging facilities are also screened as Category B projects under OPIC's environmental guidelines because impacts are site specific and readily mitigated.. Environmental issues associated with vegetable processing include air emissions from boilers, water use, sanitation, wastewater treatment, quality control of product purity and appropriate health and safety measures.

Applicable Standards: The project is subject to OPIC's Environmental and Social Policy Statement (October 15, 2010). Under OPIC's Environmental and Social Policies, the Project Sponsor is required to comply with applicable national laws and regulations related to environmental and social performance. OPIC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards:

- P.S. 1: Assessment and Management of Environmental and Social Risks and Impacts
- P.S. 2: Labor and Working Conditions
- P.S. 3: Resource Efficiency and Pollution Prevention
- P.S. 4: Community Health, Safety and Security
- P.S. 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

The Borrower represents that no land will be acquired as a result of the Project. Project activities will not impact Indigenous Peoples and its operations are not located near any sensitive cultural heritage areas. Therefore, P.S. 5, 7 and 8 are not triggered at this time.

The Project will be required to meet applicable provisions of the International Finance Corporation's (IFC) April 30, 2007 Environmental, Health, and Safety Guidelines for Plantation Crop Production, International Finance Corporation's (IFC) April 30, 2007 Environmental, Health, and Safety Guidelines for Plantation Crop Production, IFC April 30, 2007 Environmental, Health and Safety Guidelines for Oleochemicals Manufacturing, IFC's April 30, 2007 Environmental, Health, and Safety Guidelines for Food and Beverage Processing, and International Finance Corporation's (IFC) General Environmental Health and Safety Guidelines.

Environmental and Social Risks and Mitigation: The Project involves purchase of additional machinery and equipment to increase the production capacity of its soap and disinfectant manufacturing plants, expansion of grain silos and other storage equipment and purchase tanks and boilers for storage and rendering of crude palm oil for soap and edible oil manufacturing process. The Project will involve construction. Construction waste will be disposed of according to Jaremar's environmental policies, which were included as part of the contractors' contracts. Jaremar's Environmental Coordinator will be responsible for monitoring environmental aspects of the construction process. In addition, Jaremar has developed training programs for contractors regarding contamination prevention, Grupo Jaremar's Environmental Policy, Waste Management, Accident Prevention and Security, and Operational controls related to working activities.

Jaremar's companies are ISO 14001 and ISO 9001 certified and are preparing for and will seek OHSAS 18001 certification for the year 2015. As a result, the company has good documentation regarding the company's environmental and social processes, procedures, responsibilities and organizational capacity.

Total greenhouse gas emissions are estimated to approximately 60,000 tons CO₂eq. In order to get a more accurate estimate, OPIC will require submission of a complete inventory of all of Jaremar's boilers and stationary fossil fuel combustion sources.

In 2011, Jaremar received a renewed environmental license from the Forest Conservation

Environment:	<p>Institute's National Institute of Conservation and Forest, Protected Areas and Wildlife Development. The previous license was issued in 2005. OPIC was provided with a copy of Jaremar's renewed environmental license, which states that 1146.13 hectares of Jaremar's palm plantation are located within the Blanca Jeannette Kawas National Park. The park was established 25 years ago whereas the palm plantations have been there since 1950. Therefore the Institute recommends that the company carry out its activities under the park's management plan. In addition, Jaremar has developed a number of measures and practices to minimize impacts to key rivers in the National Park (no wastewater discharge into surface water; robust waste management; targeted chemical pest control; minimum dosage of chemicals; replacing chemical with biological pesticides; reforestation, etc.) and monitors water quality parameters at key sites.</p> <p>Jaremar signed a Memorandum of Understanding (MOU) with the World Wildlife Fund in 2007 and has since signed an updated MOU in February 2013. OPIC received and reviewed a copy of the (MOU). The MOU is intended to establish a working relationship between WWF and Jaremar to identify, reduce and mitigate environmental impact on the Mesoamerican Reef which can be caused from palm cultivation.</p> <p>OPIC will require that all Jaremar plantations follow the principles outlined in the revised RSPO Principles and Criteria for Sustainable Palm Oil Production (2013) and obtain certification within six months of the guidance being completed for Honduras.</p>
Worker Rights:	<p>OPIC's statutorily required standard worker rights language will be supplemented with provisions concerning the rights of association, organization and collective bargaining, minimum age for employment, hours of work, the timely payment of wages and hazardous work situations. Standard and supplemental contract language will be applied to all workers of the Project. The Project will be required to operate in a manner consistent with the International Finance Corporation's Performance Standard 2 on Labor and Working Conditions.</p>
Human Rights:	<p>OPIC issued a human rights clearance for this Project on November 5, 2013.</p>