

Q3 2014



PIC UPDATE Q3 2014

This document represents an update of information collected from tenants, contractors, service providers and GOH departments connected and/or related to the Parc Industriel de Caracol (PIC)

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Mots du Directeur Général

C'est avec grand plaisir que je partage avec vous ce bilan trimestriel du Parc industriel de Caracol. Deux ans après son inauguration, le parc accueille 4766 travailleurs. C'est une grande réussite si l'on considère qu'on est dans une région où le taux de chômage dépassait les 46%. Aujourd'hui, une quarantaine de bus fournit un transport gratuit aux ouvriers.

Au cours du troisième trimestre 2014, les emplois ont augmenté de 43% par rapport au trimestre précédent alors que les exportations ont dépassé le précédent de 154%.

L'usine électrique a
localités voisines

Rouge et Limonade tout
alimentation électrique
du Parc. Le « Village La
connu sous le nom
résidences, compte
travaillent au parc et
qualité à 400 enfants.

Du début de l'année
des personnes



branché 7300 clients dans les
de Caracol, Trou du Nord, Terrier
en continuant à fournir une
consistante et stable aux clients
différence », anciennement
d'EKAM, avec ses 750
aujourd'hui 250 ouvriers qui
fournit une éducation gratuite de

2014 à nos jours, le salaire
travaillant au parc était de 5.4

million Usd (244 million Gourdes). L'impact de l'augmentation du pouvoir d'achat se reflète dans l'économie locale. Les exportations du parc sont de 57 millions Usd pour la même période.

Ce troisième trimestre a vu la finalisation d'accord pour la construction de quatre nouveaux bâtiments capable d'accueillir 4000 nouveaux travailleurs dans la période 2015-2016.

Ce fut un bon trimestre pour le Parc industriel de Caracol, et, alors que les résultats sont encourageants, SONAPI se concentre pour continuer à grandir afin de promouvoir les investissements et la création des emplois dont le Nord d'Haïti a tant besoin.

Bernard Schettini,
Directeur Général
Société Nationale des Parcs Industriels

11 Octobre, 2014

The Director General's Remarks

It gives me great pleasure to share the third quarterly update for the Caracol Industrial Park. Two years since it was inaugurated, the Caracol Industrial Park has 4,766 people working on site. In a region where more than 46% of the population was unemployed, this is quite an achievement. Today thirty eight buses provide free transportation for the workers from surrounding communities.



During the third quarter of 2014, jobs increased by 43% over the previous quarter and exports from the PIC exceeded the previous quarter by 154%.

The PIC's power plant connected 7,300 consumers in the surrounding communities of Caracol, Trou du Nord, Terrier Rouge and Limonade while

continuing to supply consistent and reliable energy to clients in the park. The EKAM housing settlement with 750 homes now has 250 workers employed at Caracol and provides free, quality education for 400 children.

Year to date the workers payroll amounted to US\$ 5.4 million (244 million Haitian Gourdes).

The impact of increased spending power of the people is visible in the local economy. Exports from the park were US\$ 57 million in during the same period.

In Q3 decisions were finalized to deliver four new buildings in 2015 which will have the capacity to house another 4,000 workers in 2015-2016.

This was a good quarter for the Caracol Industrial Park and while the accomplishments are encouraging, SONAPI is focused on continued growth to promote investment and job creation which is a critical need in Northern Haiti.

Bernard Schettini,
Director General
Societe National du Parcs Industriel

October 11th, 2014

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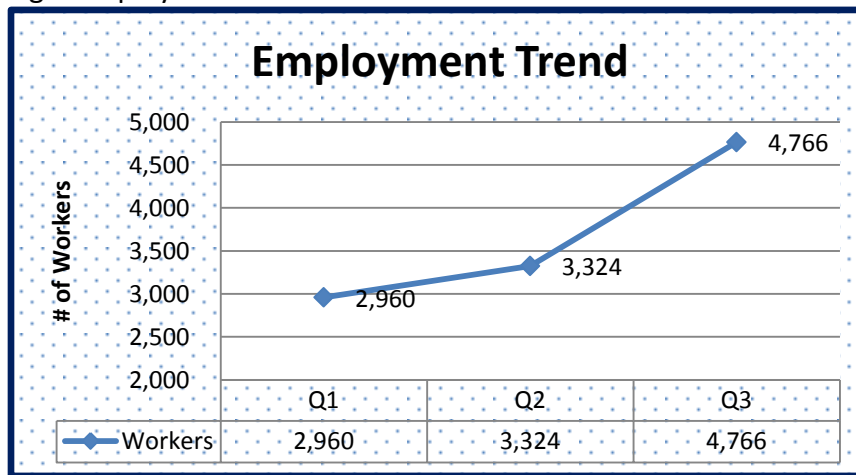
Employment

PIC Quarterly Statistics	Q1	Q2	Q3	Change vs Q2	Change vs Q1
Total # Tenant Employees	2,572	2906	4157	43.05%	61.63%
Caracol	347	427	518	21.31%	49.28%
Terrier Rouge	238	233	317	36.05%	33.19%
Trou Du Nord	664	721	1069	48.27%	60.99%
Limonade	329	396	596	50.51%	81.16%
Quartier Morin	54	34	78	129.41%	44.44%
EKAM	246	177	250	41.24%	1.63%
Cap Haitian	420	575	794	38.09%	89.05%
Ouanaminthe	131	70	141	101.43%	7.63%
Other Communities	87	202	303	50.00%	248.28%
Foreign workers	56	71	91	28.17%	62.50%
Male Employees	586	773	1127	45.80%	92.32%
Female Employees	1,986	2133	3030	42.05%	52.57%
Contractors & Service providers	388	418	609	45.69%	56.96%
Total # Employees incl Contractors	2,960	3,324	4766	43.38%	61.01%
Education					
Foreign Workers	38	70	91	30.00%	139.47%
0 to 2 years	149	224	254	13.39%	70.47%
3 to 5 years	339	363	545	50.14%	60.77%
6 to 9 years	1,121	1250	1294	3.52%	15.43%
High School	541	558	1324	137.28%	144.73%
College	251	289	429	48.44%	70.92%
University Degree / higher	168	152	220	44.74%	30.95%
Total # Employees w/o Contractors	2,569	2906	4156	43.01%	61.78%
# Employees with electricity at home	988	1173	2092	78.35%	111.74%
# Employees with children in school	1,759	1837	2734	48.83%	55.43%

Source: Employers & Service Providers at Caracol Industrial Park

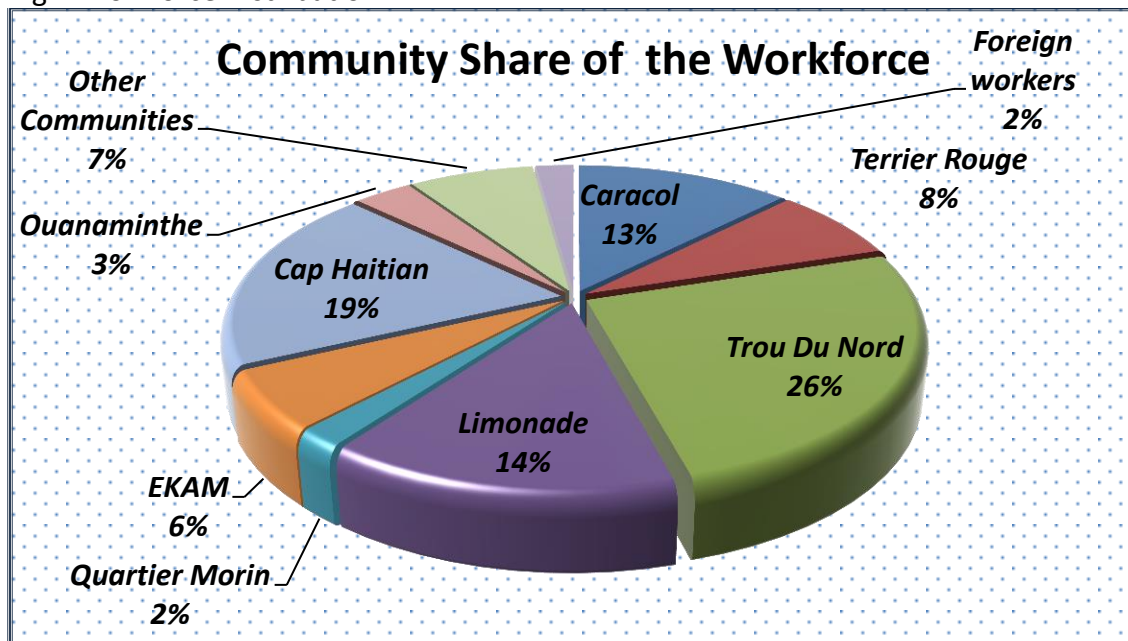
- Employment increased 43.38% over Q2 and 61% compared to Q1
- The community of Trou Du Nord continues to be the largest source of labor (Fig2)
- The largest percentage increase of labor in Q3 was from Quartier Morin
- Caracol, Limonade and Cap Haitian together supply 59% of the workforce
- Recruitment from Ouanaminthe continues to stay low at 3%
- Women constitute 73% of the tenants workforce in Q3 2014
- Sae-A/SHG employs 84.87% of all the people in the Caracol Industrial Park
- One third of the houses from EKAM have a person employed at PIC
- The number of workers able to access electricity from the PIC utility increased 78.35% over the previous quarter and 111.7% compared to Q1

Fig:1 Employment Trend



With the addition of buildings, job creation continued to grow and in the absence of external disturbances, the number of jobs in Q3 increased significantly.

Fig:2 Workforce Distribution

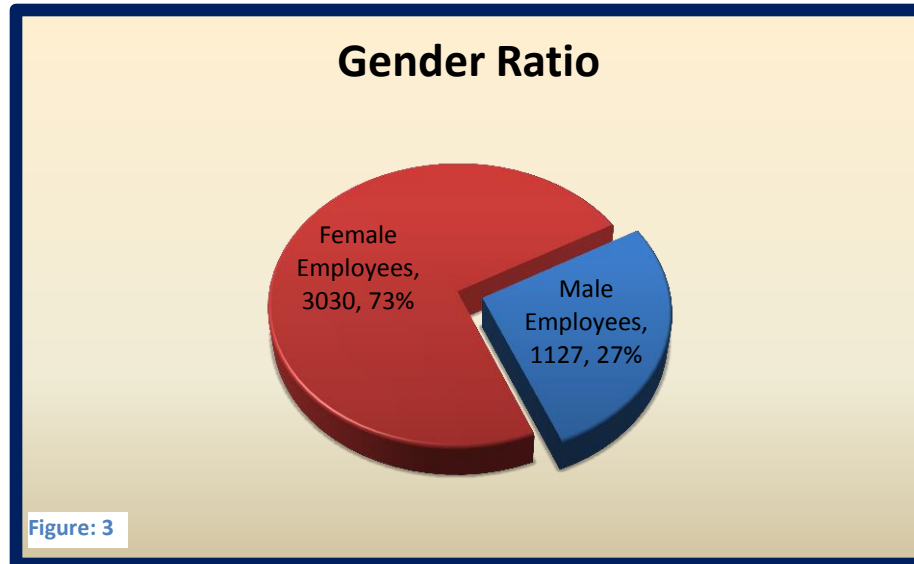


The pattern of communities contributing human capital to PIC has not changed. Trou Du Nord continues to be the largest, followed by Cap Haitian, Limonade and Caracol. 250 workers are from EKAM which would imply one third of the homes at EKAM have a person working in the PIC. Those workers with children of a school going age attend the school inside the EKAM perimeter.

Quartier Morin previously had 34 people working at Caracol and the number jumped to 78 in Q3 for an increase of 129%. The park is beginning to have an increasing impact across the Northern region.

Gender ratio

Female workers made up 73% of the workforce in Q3, but, the increase over the previous quarters was similar for both genders. The increase in male workers was 45% over the previous quarter whereas the

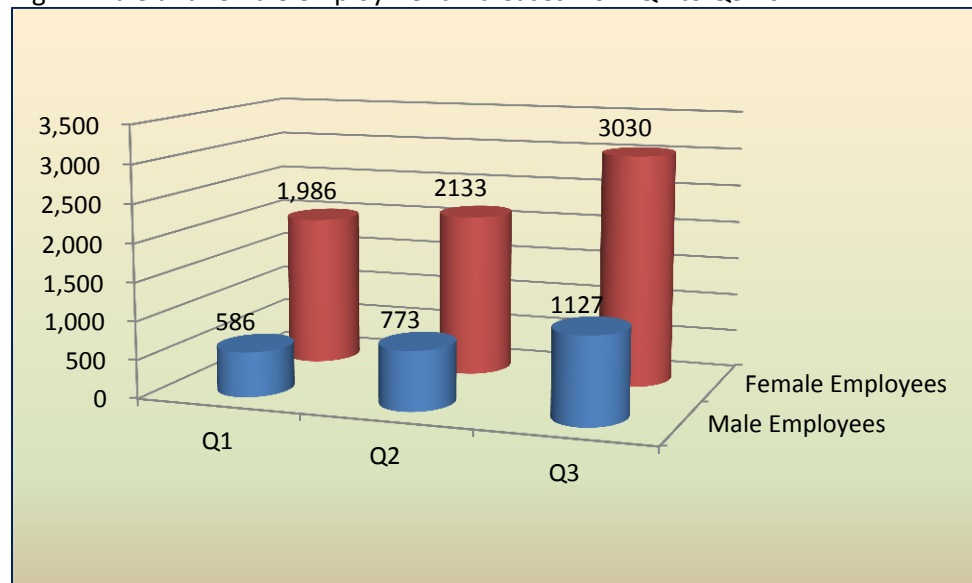


female increase by 42% in the same period.

When compared to Q1 however, the pattern shows a very different trend with a 92% increase in the male recruitment and only 52% increase among female workers. The male increase can be attributed to the startup of SHG's washing factories where the

majority of operations are performed by males. In SHG's sewing factories the female ratio tends to be almost 80% female. Among some of the contractors and service providers the male ratio tends to be as high as 75%. A big increase (144%) was registered among workers hired with some high school education.

Fig: 4 Male and female employment increases from Q1 to Q3 2014.



Productivity, Exports and Payroll

PIC Quarterly Statistics	Q1	Q2	Q3	Change vs Q2	Change vs Q1
Absenteeism & Lost output					
Man hours lost to external issues	0	52,648	1,200	-97.72%	
Man hours lost to absenteeism	34,820	74,572	51,816	-30.52%	48.81%
Man hours for maternal leave	21,634	23,926	31,192	30.37%	44.18%
Total man hours of lost output	56,454	151,146	83,848	-44.53%	48.52%

The absence of external disturbances in Q3 showed a dramatic decrease in lost man hours and so did the overall absenteeism. The number of workers taking maternal leave increased. In comparison to Q1 the absenteeism appears to be high and does not reflect the absenteeism in proportion to the size of the increased workforce. Despite the increase in maternal leave the hours lost per capita decreased 8% from 19 to 17 hours between Q1 and Q3.

PIC Quarterly Statistics	Q1	Q2	Q3	Change vs Q2	Change vs Q1
Total Sales for the quarter	\$ 8,357,403	\$ 7,814,245	\$18,284,455	133.99%	118.78%
Domestic Sales	\$ 500,000	\$ 935,000	\$ 800,000	-14.44%	60.00%
Export Sales	\$ 8,357,322	\$ 6,865,971	\$17,484,455	154.65%	109.21%
Total Payroll for the quarter	\$ 928,691	\$ 2,009,263	\$ 2,500,326	24.44%	169.23%
Output per worker	\$ 2,823.45	\$ 2,350.86	\$ 3,836	63.19%	35.88%

While domestic sales registered a 14.44% decrease due to a sluggish domestic economy, exports increased 154.6% over the previous quarter and 109.21% over Q1. With the increase in the number of jobs, the payroll showed a significant increase of 24.44% for the quarter. ***It must be noted that year to date, the Caracol Industrial Park generated a local worker payroll of US\$ 5,438,280. At the current conversion rate that is equivalent to HTG244,722,600.***

In Q3 exports made up 96% of the PIC's output and for the first three quarters of 2014 the ***PIC contributed US\$57,085,175 to Haiti's exports.***

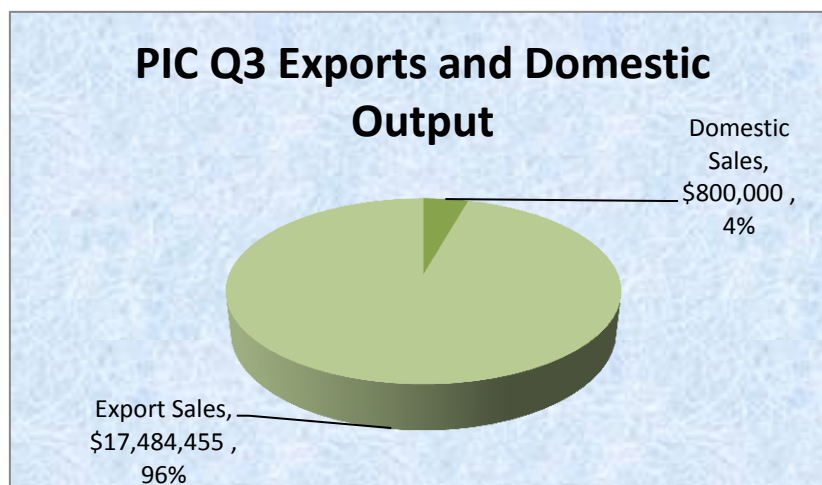


Fig:5 Exports vs Domestic

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Logistics

As exports increased, so did the container traffic. Outbound container traffic increased 317.86% over the previous quarter while the total volume of two way traffic increased 44.3%

PIC Quarterly Statistics	Q1	Q2	Q3	Change vs Q2	Change vs Q1
Logistics					
Inbound containers	68	130	111	-14.62%	63.24%
Outbound containers	58	28	117	317.86%	101.72%
Total 40' FCL	126	158	228	44.30%	80.95%
Inbound Thru' Cap Haitian	8	14	18	28.57%	125.00%
Outbound thru' Cap Haitian	3	4	25	525.00%	733.33%
Inbound thru' DR	54	116	101	-12.93%	87.04%
Outbound thru' DR	41	24	92	283.33%	124.39%
Total 40' FCL	104	158	236	49.37%	126.92%

Unfortunately the bulk of the containers continue to be processed through the Dominican Republic because the importer's preference, the frequency of sailing, concerns about port security and safety. There is however an increase, albeit a small one of traffic through the port of Cap Haitian.

Energy

In Q3, the Caracol power plant, managed and operated by NRECA continued to play a stellar role in delivering reliable and consistent power to the park's tenants while connecting Terrier Rouge, Trou Du Nord and Limonade to the park's grid. These communities were connected at the request of GOH.

Power consumption inside and outside the park has increased reaching a peak demand of 2976 KW in September. Due to the preferential rates granted to the anchor tenants and low rates stipulated for low income consumers by GOH, there is a deficit between the tariff collected for energy and the cost of generation.

PPSELD for Q3			
Month	July	August	September
Energy produced kwh	982,338	1,158,833	1,547,633
Internal Energy Usage	77,733	77,634	77,634
PIC Tenants	307,667	350,229	361,580
Caracol (outside of CIP less Univ)	67,776	66,814	69,487
Trou du Nord (takeover)	309,732	319,024	328,595
Terrier Rouge (takeover)	106,787	121,292	123,718
Limonade (takeover)		107,185	110,401
Total Energy forecast/month in KWH	869,695	1,042,178	1,432,994
Average Load kW	1,169	1,401	1,488
Peak Demand kW	2,205	2,598	2,976
Estimated Fuel Requirement (Gals)	66,354	77,017	106,148

Until the PIC tenants and neighboring communities reach a full cost recovery solution, GOH will need to subsidize the deficit to maintain the existing service levels. Based on a cost recovery basis, the energy rate for the month of October 2014 is US\$0.31 /KWH.

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Water

SONAPI provides tenants with potable water, water for sanitation and industrial water. At the current time, water treatment for sanitation is available but industrial waste water treatment has not yet been installed. As the number of buildings and jobs continues to increase, the water consumption has increased. SHG have started two washing factories and as they ramp up their capacity the demand for industrial water and waste water treatment will continue to increase.

PIC Quarterly Statistics	Q1	Q2	Q3	Change vs Q2	Change vs Q1
Water Consumption (Cu Mtrs)					
Sanitary (Cu Mtrs)	12,716	16,139	16,429	1.80%	29.20%
Industrial (Cu Mtrs)	2,818	2,999	7,419	147.38%	163.27%
Total Water Consumed (Cu Mtrs)	15,534	19,138	23,848	24.61%	53.52%

Water consumption by month. Data provided by SONAPI.

	July '14	Aug '14	Sep '14	Total
Sanitary water (m3)	4940	5823	5666	16,429.00
Industrial Water(m3)	2986	3592	841	7,419.00
Waste water (m3)	4918	5800	5644	16,362.00

Solid Waste

In keeping with the EHS requirements all solid waste is sorted by category and transported to an authorized dump site. The designated contractor is GOLSA and the details of solid waste are below.

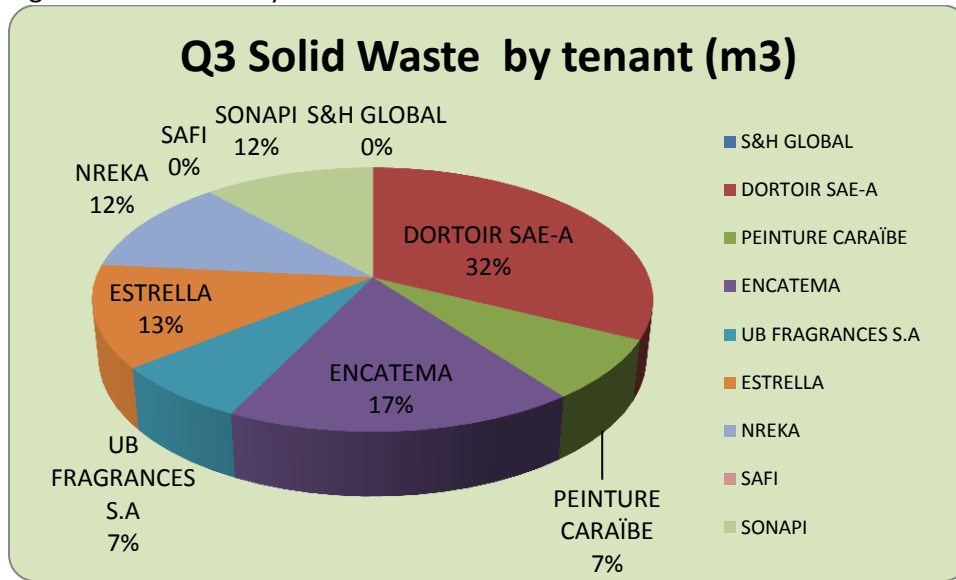
Solid Waste by Tenant (m ³)				
Tenant	14-Jul	14-Aug	14-Sep	TOTAL (m ³)
S&H GLOBAL	0	0	0	0
DORTOIR SAE-A	73.8	106	93	272.8
PEINTURE CARAÏBE	20	20	22	62
ENCATEMA	55.2	43	47.4	145.6
UB FRAGRANCES S.A	26	17.6	14.8	58.4
ESTRELLA	26.6	35.2	43.2	105
NREKA	40.4	0	59	99.4
SAFI	0	0	0	0
SONAPI	20	34.8	42.6	97.4
Total par type (m³)	262	256.6	322	840.6

Source: GOLSA

It should be noted that S&H Global registers zero because all of the wood and cartons are incinerated in their boilers to generate steam for the presses.

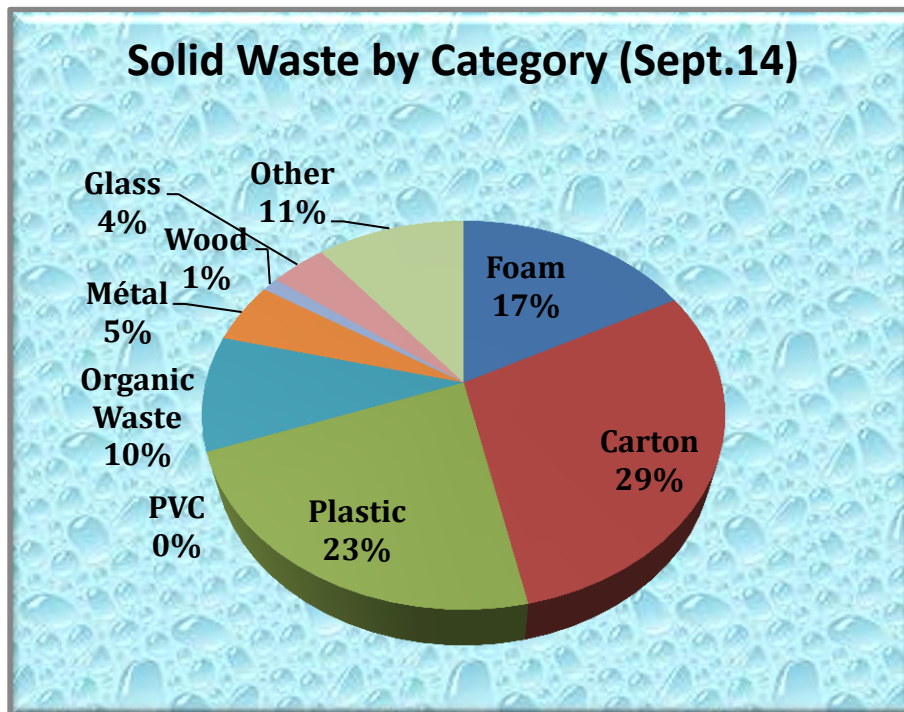
The contractor monitors all solid waste by tenant and by category.

Fig: 6 Solid Waste % by tenant



Source: GOLSA

Fig: 7 Solid Waste % by Category



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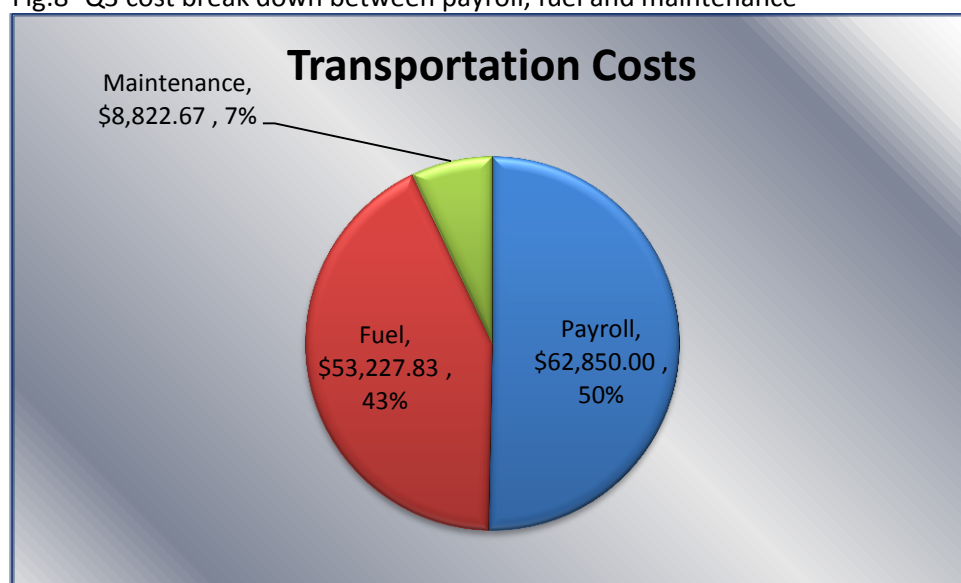
Transportation

With the addition of 22 buses purchased by S&HG, a fleet of 38 buses currently managed by SONAPI, transports over 4,000 workers each day, to and from the PIC to five locations within a 15 Km radius in the surrounding communities. The Caracol Industrial Park is the only location in Haiti that provides workers with free transportation (funded by the employers).

The cost of transportation managed by SONAPI includes fuel, maintenance, insurance, drivers, mechanics, staff and administration salaries.

Transportation Statistics	July '14	Aug '14	Sep '14	Q3 Total U\$
Drivers	33	33	32	32
Administrative+Supervision	4	4	4	4
Others	24	24	23	23
Total Employees	61	61	59	59
Driver Payroll	HTG 495,000.00	HTG 495,000.00	HTG 480,000.00	\$ 32,666.67
A+S Payroll	HTG 198,500.00	HTG 198,500.00	HTG 188,750.00	\$ 13,016.67
Mechanics (5)	HTG 110,000.00	HTG 110,000.00	HTG 110,000.00	\$ 7,333.33
Washers (8)	HTG 80,000.00	HTG 80,000.00	HTG 80,000.00	\$ 5,333.33
Helpers (8)	HTG 67,500.00	HTG 67,500.00	HTG 67,500.00	\$ 4,500.00
Total Transportation Payroll	HTG 951,000.00	HTG 951,000.00	HTG 926,250.00	\$ 62,850.00
Fuel (Diesel + Lube) Expenses	HTG 825,918.60	HTG 855,821.60	HTG 713,512.00	\$ 53,227.83
Maintenance & Repairs	HTG 111,020.00	HTG 0.00	HTG 286,000.00	\$ 8,822.67
Total Fuel & Maintenance	HTG 936,938.60	HTG 855,821.60	HTG 999,512.00	\$62,050.49
Total Q3 Transportation Cost	HTG 1,887,938.60	HTG 1,806,821.60	HTG 1,925,762.00	\$ 124,900.49

Fig:8- Q3 cost break down between payroll, fuel and maintenance



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Crime Statistics (North East Department)

SONAPI has been building closer ties with police and local administration the North East Department. In an effort to foster transparency and inspire investor confidence, the Department for the North East shared their statistics on crime and other events for the year 2014 (January to September). **There were no kidnappings in the North Eastern Department.**

Infractions/Faits	Jan	Fev	Mars	Avril	Mai	Juin	Juil.	Aout	Sept	TOTAL
Traffic Violation des lois de la circulation	27	140	97	79	92	71	69	27	98	700
Déportation/Rapatriment	0	0	130	0	0	0	0	79	0	209
Blessure à l'arme blanche	10	25	20	20	15	20	18	20	22	170
Petty Theft / Vols simples	12	20	15	15	12	30	20	20	17	161
Traffic Accident de circulation	17	15	10	10	15	12	14	7	17	117
Abus de confiance/escroquerie	8	8	8	8	10	10	10	4	8	74
Menaces de mort	2	3	3	3	1	5	3	2	2	24
Meurtre et Assassinat/homicide	3	2	1	2	4	2	3	2	3	22
Association de malfaiteurs	0	2	1	7	1	1	1	7	1	21
Trouble à l'ordre public	2	2	2	5	2	0	1	2	2	18
Theft /Viol	2	1	1	1	4	2	2	1	2	16
Cambriolage	3	2	1	3	2	0	0	2	2	15
Enquête à la justice	1	2	2	1	1	2	1	1	2	13
Blessure par balle	0	0	8	0	0	0	0	0	4	12
Meurtre par arme blanche	1	1	0	0	2	0	2	1	1	8
Vol de véhicule : motocyclette	0	1	2	1	0	0	0	2	2	8
Usage de faux/Fraude	2	0	1	0	0	2	2	0	0	7
Voyage clandestine	1	0	0	1	0	5	0	0	0	7
Découverte de cadavre	0	1	1	2	1	1	0	0	0	6
Empoisonnement/sorcellerie	0	0	0	1	2	0	1	0	0	4
Armed Robbery / Vol à main armée	0	1	0	0	0	0	0	1	1	3
Attaque à main armée/Rançonnement	0	1	0	0	0	0	0	1	1	3
Homicide involontaire	0	0	0	0	0	1	1	0	1	3
Incendie	0	1	0	0	0	1	1	0	0	3
Outrage à la magistrature	1	1	0	0	0	0	0	0	1	3
Trafic de stupéfiants	0	1	0	1	0	0	0	0	1	3
Délit de spoliation	0	0	0	0	0	1	1	0	0	2
Détention illégale d'arme à feu+	0	0	0	0	0	0	1	0	1	2
Détournement de mineurs	0	0	1	0	0	0	1	0	0	2
Lynchage	0	0	0	0	0	0	2	0	0	2
Mort par balles	0	0	0	0	0	0	0	0	2	2
Faux en écriture/fraude	0	0	1	0	0	0	0	0	0	1
Délit de rébellion	0	1	0	0	0	0	0	0	0	1
Destruction de propriété	0	1	0	0	0	0	0	0	0	1
Atteinte à la pudeur	0	0	0	0	0	0	0	0	0	0
Catastrophe naturelle	0	0	0	0	0	0	0	0	0	0
Détournement de fonds	0	0	0	0	0	0	0	0	0	0
Diffamation	0	0	0	0	0	0	0	0	0	0
Infanticide	0	0	0	0	0	0	0	0	0	0
Kidnapping	0	0	0	0	0	0	0	0	0	0
Suicide/disparition	0	0	0	0	0	0	0	0	0	0
Usage de stupéfiants	0	0	0	0	0	0	0	0	0	0
Violation de domicile	0	0	0	0	0	0	0	0	0	0
Vol de Véhicule : voiture	0	0	0	0	0	0	0	0	0	0

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Appendix 1 – Contractor jobs and payroll

Contractor		July	Aug	Sep	Q3
Water Supply employees	#	10	10	10	10
Total payroll	HTG	689,025.00	689,025.00	689,025.00	\$45,935.00
Waste Water INCATEMA emps	#	43	43	43	43
Total payroll	HTG	901,125.00	857,125.00	879,125.00	\$58,608.33
Security employees	#	88	88	88	88
Total payroll	HTG	700,000.00	700,000.00	700,000.00	\$46,666.67
SONAPI + Transportation	#	83	83	84	84
Total payroll	HTG	1,655,250.00	1,682,750.00	1,651,250.00	\$110,872.22
GOLSA employees	#	11	11	11	11
Total payroll	HTG	82,000.00	82,000.00	82,000.00	\$5,466.67
Estrella employees		303	313	310	310
Total payroll	U\$	\$ 140,918.03	\$ 129,989.07	\$ 136,546.45	\$ 407,453.55
NRECA employees		58	58	58	58
NRECA Payroll	U\$	\$ 25,401.65	\$ 34,355.31	\$ 54,367.71	\$ 114,124.67
Total Contractor Employees					604
Total Contractor Payroll					\$ 789,127.11