Early Warning System

IFC-31566

Olam Corp Loan

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

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Quick Facts

Financial Institutions	International Finance Corporation (IFC)
Status	Completed
Bank Risk Rating	B
Borrower	OLAM INTERNATIONAL LIMITED

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Project Description

PROJECT DESCRIPTION

From its establishment in 1989 as cashew trader in Nigeria, Olam has progressively expanded into a multi-country, multi-product supply chain manager. Olam today is a leading global integrated supply chain manager and processor of agricultural products and food ingredients, supplying various products across 16 platforms to over 12,300 customers worldwide, including leading sustainability manufacturers, such as Unilever, Nestle, Coca-Cola, Costco, Kraft/Cadbury, etc. From a direct presence in more than 65 countries with sourcing and processing in most major producing countries, Olam has built a global leadership position in many of its businesses, including Cashew, Spices & Vegetable Ingredients, Cocoa, Coffee, Rice, Cotton and Wood Products.Since 2008, its business model has significantly evolved and developed both in depth as well as breadth, pursuing selected value chain adjacencies that both complement and enhance Olam's core supply chain model. Specifically, Olam has successfully completed transactions addressing opportunities in both upstream (plantation, forest concession and farming) and midstream (manufacturing and processing) parts of agro-commodities value chain. Olam's operations in primary production includes the following products and locations; tropical forest concessions in the Republic of Congo and Gabon; palm and rubber plantations in Gabon; almond orchards in Australia and the United States; coffee plantations in Laos, Zambia and Tanzania; rice farming in Nigeria; cotton farming in Brazil and dairy farming in Russia and Uruguay.In addition, Olam has had an exponential growth from a limited number of agro-processing units in 2009 to more than 110 by June 2012, including cashew/cocoa/ sesame/spice processing units, wheat/rice/sugar milling, palm oil refinery, tomato paste plant, dairy processing plant, noodles factory, etc. Olam plans to reach 200 processing / packaging units by 2020 through greenfield investments and acquisitions. More than 50% of its processing footprint is in Africa.Lastly, as per its original business model, Olam's trading activities include multiple agro-commodities across 16 product platforms spanning 65 countries, including beans, pulses, cotton, coffee, cocoa, wool, dairy, package foods, edible nuts, palm oil, rubber, rice, grains, sesame, sheanuts, spices, sugar and timber. Olam is also a major importer of agro-commodities (e.g. rice) from Asia to Africa.The proposed investment is up to a US$100 million corporate loan facility to Olam International Limited ("Olam" of the "Borrower"). The proceeds of the loan provided by IFC shall be used for: (a) partial refinancing of existing financial debt of Olam's subsidiaries in respect of Approved Projects pre-agreed between Olam and IFC; and (b) financing permanent working capital and capital expenditure requirements in respect of Approved Projects (the "Transaction"). Approved Projects are projects of Olam's subsidiaries that are pre-agreed between Olam and IFC in the Loan Agreement. Currently, Approved Projects are expected to consist of the following: 1) India - Hemarus Industries Limited (HIL) - Sugar Mill and Co-Generation Facility Acquisition and Upgrade; 2) India - SVI Spices Processing Facility Upgrade; 3) Nigeria: Crown Flour Mill (CFM) Factory Expansion; 4) Nigeria: Greenfield Cashew Nut Processing Plant; 5) Nigeria: Greenfield Sesame Hulling Unit - Relocation of Existing Facility and Upgrade.

OVERVIEW OF IFC'S SCOPE OF REVIEW

The scope of the IFC's environmental and social (E&S) review for this corporate investment in Olam (or the "Company") included meetings with Olam senior management at its headquarters in Singapore, E&S team based in London, UK and at the numerous operations mentioned above, including:- Meetings with the Managing Director, Olam Cocoa and Chairman of the Corporate Responsibility and Sustainability (CRS) Executive Committee, the Senior Vice President and Head of CRS, the President & Global Head of Manufacturing, Innovation and Technical Services (MATS), the Senior Vice-President, MATS/Africa & Europe, the President & Global Head, Human Resources, the Certification Programme Manager & Social Services, the Head of Corporate & Sustainability Communications, and, India and Nigeria's Country Managers, Business Heads for sugar, spice, cashew, coffee, and grains, and respective plant/plantation managers:- Review and assessment of key technical

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Investment Description

- International Finance Corporation (IFC)

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Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

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Other Related Projects

- IFC-46759 Olam WC Loan
- IFC-39310 Olam Palm Gabon