Early Warning System

IFC-32156

Muyuan 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

Countries	China
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	MUYUAN FOODSTUFF CO LTD

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Project Description

PROJECT DESCRIPTION

Muyuan Foodstuff Co, Ltd is a large-scale, integrated, farrow-to-finish intensive pig breeder and hog producer located in Neixiang County, Henan Province, China. Since the establishment of the first hog farm in 1992, the business has seen progressive expansion. IFC previously made an equity investment in Muyuan in 2010. Currently Muyuan operates 17 farms, including two boar station, breeder farms (great grandparent, grandparent and parent farms) and hog farms. The farms occupy a total area of 427.55 ha, with individual farm sizes ranging from 0.43 ha to 109.5 ha. In addition, Muyuan operates one feed mill in Guanzhang Town with an annual production capacity of 400,000 tons. Eight facilities are currently under construction; two feed mills and six farms (including those at Wolong and Dengzhou). Muyuan previously partnered with Shandong Longda Group Limited (Longda) to establish a slaughter house with a processing capacity of 1 million hogs per year (i.e., 3,000 hogs/day). The slaughter house is a dedicated facility designed to process mainly Muyuan pigs with Muyuan owning a 40% stake.Individual farms are located away from local communities in rural areas in the agricultural Neixiang County. The majority of the land area of each farm is occupied by housing for the pigs. Pigs are provided with on-demand feed and water, the former deriving from silos located outside each unit. Pigs are provided with slatted floors allowing for the collection and storage of solid waste and urine below the unit with subsequent flushing or gravity flow to biogas digestors. Summer cooling is provided through ceiling or wall fans and opening of shutters: buildings are designed to maximize air flow through the unit. Winter heating is provided by water heated by small coal-fired boilers and pumped through a ground level piping system. Farms also have offices, accommodation and a canteen.IFC's proposed loan investment of $20M can be considered a corporate loan but it is understood that the proceeds will primarily support the development of the Wolong commercial hog farm facility to allow for annual production of 300,000 hogs. Upon completion, this Project would expand Muyuan's annual hog production capacity to 1.35 million.

OVERVIEW OF IFC'S SCOPE OF REVIEW

The IFC Environmental and Social (E&S) Review of Muyuan included a review of E&S policies, procedures and practices managed by the Muyuan Foodstuff Co, Ltd ('Muyuan" or the "Guarantor") and a field visit to the pig farm of Wolong Muyuan Breeding Co., Ltd ("Wolong" or the "Borrower"), which is being built to allow for the rearing of 300,000 pigs ("the Project"). The review included: (i) interviews with key management staff responsible for project development, production, environment, human resources, and occupational health and safety (OHS); (ii) review of documents and reports made available by Muyuan, including site screening procedures, environment management manual and procedures, human resource manual, OHS policy and manual, worker contracts, emergency response procedures, the results of a comprehensive safety report of the feed mill operation and other selected inspection/ monitoring records, and (iii) a site visit to two operating hog farms (Farm 11 and 17) to oversee the operations and in particular to review a biogas generation facility. The appraisal included a review of the progress of E&S commitments made by Muyuan in conjunction with a previous IFC investment.Biosecurity practices restricted close-up access to farms and employees. These above activities however allowed for an assessment to be made of the effectiveness of the Company's environmental and social management system for the proposed project and its ability to ensure and monitor compliance with Chinese regulatory requirements, IFC's Performance Standards and IFC General, Mammalian Livestock and Meat Processing Environmental, Health and Safety Guidelines

IDENTIFIED APPLICABLE PERFORMANCE STANDARDS**

While all Performance Standards are applicable to this investment, IFC'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.PS 1 - Assessment and Management of Environmental and Social Risks and ImpactsPS 2 - Labor and working

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Investment Description

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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-43279 Muyuan ASF