Early Warning System

IFC-35534

RG Brands

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Quick Facts

Countries	Kazakhstan
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	RG Brands AO

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Project Description

PROJECT DESCRIPTION

RG Brands LLP (RG Brands or the "company") is the largest diversified food and beverages company in Kazakhstan, which has 2 production centers: the main one is nearby Almaty where the Company produces all products in the portfolio except ultra-high-temperature (UHT) processed milk (3 separate plants producing beverages, tea bags and chips) and the other one in Kostanay, northern Kazakhstan where the company produces UHT milk, carbonated beverages and fruit juices from concentrates. The proposed IFC's corporate loan will be utilized for partial refinancing of the company's bank debt, working capital financing and capital expenditures (collectively, the Project). The company' investment program during the 2014 - 2016 is targeting the following main areas: (i) new UHT milk production line in Aksengir plant; (ii) new coolers in retail chains; (iii) new trucks and cars to strengthen the distribution fleet; and (iv) new tea bags line.RG Brand has four production facilities:1. The Aksengir plant is located in Almaty province of Kazakhstan on 21 hectares. The land plot is surrounded by land which belongs to the Jetysuu Farmers' Association; however the land is not used for agricultural or any other economic activities. There are no residences, recreational areas or water reservoirs around. The nearest village is located over 1 km far from the plant. The currently manufactured products are juices, carbonated drinks, ice-tea and ozonized water; the planned products are tea and snacks (to be relocated from two other currently production sites) and UHT milk. The plant area is fenced. The plant includes railway track, carbonated drinks and ozonized water shop, juices, fruit drinks and ice tea shop, back-up diesel generators, finished goods warehouse, CO2 production shop, boiler, warehouses and a parking lot. A shop for production of snacks and tea packaging is currently under construction. The manufacturing process consists of mixing/blending (product preparation), pasteurization, filling and packaging.2. The Almaty Snack Food is located in Almaty oblast, Talgarskii region, Internacionalnyi str. 99, 112 meters from Talgar village. The company manufactures potato chips in a one-story industrial building. The facility includes a production line, laboratory, and separately standing warehouses (specialized warehouses for potato, ingredients, and finished goods). RG Brands plans to relocate this facility to Aksengir.3. The Tea Land is located in Almaty, Almalinskiy rayon, Rayimbek a-e, 212a, in an industrial zone with the nearest residential are being 920 meters away. The manufacturing is done in a 2-storey building. The process includes tea blending according to recipes, packing and packaging and weighing the different varieties of tea bags. The raw materials (granular and loose tea) come from India, Ceylon, China, and Kenya. The production is also planned to be moved to Aksengir to the new premises to be built up there.4. Kosmis is located in Kostanay, in the northern part of Kazakhstan, in an industrial zone on the northeastern outskirts of the city. The plant is surrounded by industrial facilities, and occupies a total area of 4.4 ha. There is no residential zone in close proximity, nearest houses are located at a distance of over 1,500 meters. There are no health care facilities, sanitary protection zones, resorts or vacation homes, water bodies or agricultural land that could be negatively affected from the plant's operations. The plant produces juices, soft drinks (Pepsi, Merinda and alike), and UHT milk.

OVERVIEW OF IFC'S SCOPE OF REVIEW

The project review included:Site visits to the Sponsor's facilities in Almaty, near Almaty and in Kostanay, Kazakhstan: (i) Tea Land, (ii) Almaty Snack Food, (iii) Aksengir and (iv) Kosmis.Meetings with the plants' management, human resources (HR) manager, quality managers, staff responsible for environmental and social (E&S), occupational, health and safety (OHS) and life and fire safety (LFS) issues, heads of production, laboratory staff, warehouses management, technical staff responsible for maintenance of water wells, boilers, compressors and other equipment, and company's workers.A review of documentation provided by RG Brands on environmental and social management and performance, including the company's environmental policy and plans; environmental management program, Environmental Impact Assessment (EIA) documentation for all four

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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

- EBRD-56680 RG Brands Kazakhstan (Project Ava)
- EBRD-56681 RG Brands Kyrgyzstan (Project Ava)