Early Warning System

IFC-39459

Kingenta

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Quick Facts

Countries	China
Specific Location	Shandong province
Financial Institutions	International Finance Corporation (IFC)
Status	Completed
Bank Risk Rating	B
Voting Date	2017-06-01
Borrower	KINGENTA ECOLOGICAL ENGINEERING GROUP CO LTD
Sectors	Construction, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 100.00 million
Project Cost (USD)	$ 1,000.00 million

Project Description

Kingenta Ecological Engineering Group Co., Ltd. (“Kingenta” or the “sponsor”) is the largest producer and supplier of specialty and compound fertilizer in China with a production capacity of approximately 7 million tons per annum spread across 10 facilities across China. Kingenta’s specialty products are designed to reduce the consumption of fertilizer and/or water while increasing crop yield. The main products include compound fertilizers (CF) with both conventional and specialty CF, slow/controlled release fertilizers (SCRF), nitro-compound fertilizers (NCF), water-soluble fertilizers (WSF), and bio-fertilizers. Kingenta has strong R&D capacity with 201 patents. Kingenta has approximately 12,000 employees, including 3,000 sales staff and 200 researchers.

IFC and Kingenta will jointly fund a project by investing equity and debt into a new joint venture company, Jinfeng Agricultural Services Co., Ltd (“Jinfeng” or the “company”) in China.

Jinfeng plans to establish, control and operate several individual projects in China (jointly called the “project”), including i) the conversion of about 300 of Kingenta’s existing distributors into Crop Production Service Centers (“Service Centers”) in rural farming areas to provide one-stop shop services; and ii) the establishment of about 20 production plants (“Upgrade Plants”) to upgrade local conventional fertilizer output into specialty fertilizers, to be built jointly by Kingenta and local fertilizer producers. Typically, the upgrade plants will be located adjacent to the existing fertilizer factories, from where, liquid urea will be sourced.The manufacturing processes include mixing, formulation, granulation, etc.and the final products thus produced will be packed and stored in the warehouse. Typically, the Upgrade Plants will be spread across 10 – 15 ha of land, majority of which will be used as warehouses. A typical Upgrade Plant will have about 500-700 employees, working in 3 shifts. To facilitate the rollout of the project across China, local fertilizer distributors and conventional fertilizer producers (jointly called the “Local Partners”) will also invest at the level of their individual projects, however Jinfeng will remain the majority shareholder and shall manage the operations. The development of the project is expected to be implemented over 3 years.

The company’s proposed services include field application of CF, SCRF, NCF, WSF using specialized equipment; as well as safe application of pesticide using drones as per the specific needs of the farm. The Service Centers will therefore consist of warehouses and whole sale/retail stores. Kingenta will staff the agronomists and other technical workers to conduct trials and provide trainings and advise to the farmers. The Service Centers will also have special equipment to provide application services for fertilizer and pesticides.

Investment Description

- International Finance Corporation (IFC)

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Kingenta Ecological Engineering Group	Client	-

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/