Early Warning System

IFC-45972

BaF Vietnam Agri

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Quick Facts

Countries	Vietnam
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	BAF VIETNAM AGRICULTURE JOINT STOCK COMPANY
Sectors	Agriculture and Forestry
Investment Type(s)	Loan
Investment Amount (USD)	$ 38.90 million
Loan Amount (USD)	$ 38.90 million
Project Cost (USD)	$ 352.70 million

Project Description

According to IFC documents, the proposed investment consists of (i) a VND600 billion convertible bond and (ii) a VND300 billion senior bond to BaF Vietnam Agriculture Joint Stock Company (BaF or the Company) to support the Company's capacity expansion of its farm and food business across Vietnam (the Project). The Project is expected to provide BaF with a significant platform and presence in a fragmented market. With Vietnam's pork sector severely impacted by African Swine Fever (ASF), BaF's expansion is expected to contribute to a recovery of pork supply as well as an improvement in biosecurity across Vietnam.

The Project includes the Company's operations involving 13 sow farms, 18 hog farms, 1 slaughter and processing factory, and 2 feed mills at the following identified locations across Vietnam (locations not listed are as yet unidentified):

Sow farms:

- Economic Village 2, Eatrol Commune, Song Hinh District, Phu Yen Province
- Hoi Thanh Base, Tan Hoi Commune, Tan Chau District, Tay Ninh Province
- Base 4, Suoi Day Commune, Tan Chau District, Tay Ninh Province
- Suoi Day Commune, Tan Chau District, Tay Ninh Province
- Dang Ha Commune, Bu Dang District, Binh Phuoc Province
- Po To Commune, Ia Pa District, Gia Lai Province
- Giai Xuan Commune, Tan Ky District, Nghe An Province

Hog farms:

- Suoi Day Commune, Tan Chau District, Tay Ninh Province
- Hoa Hiep Commune, Tan Bien District, Tay Ninh Province
- Thanh Binh Commune, Tan Bien District, Tay Ninh Province
- Thung Base, Duc Binh Dong Commune, Song Hinh District, Phu Yen Province

Slaughter and processing factory:

- Block B1 Minh Hung - Sikico Industrial Park, Dong No Commune, Hon Quan District, Binh Phuoc Province

Feed mills:

- Nam Cam Industrial Park, Nghi Xa Commune, Nghi Loc District, Nghe An Province
- Nhon Hoa Industrial Park, Binh Dinh Province

The financing package will help strengthen the Company's capital structure and improve liquidity. This has been proposed to be as important during the current period of market disruption, as the industry has been severely affected by outbreaks of ASF and is experiencing additional turmoil stemming from the COVID-19 pandemic. Knowledge, innovation and capacity building: IFC is looking to provide technical expertise and facilitate knowledge sharing on animal welfare best practices. As part of this initiative, IFC is exploring an opportunity to provide advisory services to support the Company with designing and implementing a group housing transition for its pig farming operations. Standard setting: IFC will support BaF to implement best practices through raising the level of compliance to that of IFC's Performance Standards, European-level animal welfare standards, and industry best practices.

The Project is assessed as part of IFC Agribusiness's African Swine Fever (ASF) Regional Recovery Program, to respond to the impacts of ASF on the regional pork industry. The most significant, expected Project-level outcome resulting from this expansion is the impact on consumers from the provision of safe pork at the time of severe supply shortage as well as implementation of advanced biosecurity procedures at the new farms. At the market level, the Project, alongside other planned

Investment Description

- International Finance Corporation (IFC)

The Project is to support BaF's 2021 – 2023 capex expansion plan totaling US$352.7 million equivalent and includes building and machinery for 13 sow farms, 18 hog farms, 2 feed mills, 1 slaughter and processing factory, and other costs for biological assets, systems, and office.

The Project is expected to be funded by a combination of debt, quasi-equity / equity, and internal cash generation. The IFC investment will consist of a VND600 billion Convertible Bond (US$25.9 mn equivalent) and a VND300 billion senior bond (US$13.0 mn equivalent).

Private Actor Relationship

The project Sponsors are (i) Mr. TRUONG Sy Ba, the Chairman and Founder of Tan Long Group Joint Stock Company (Tan Long Group), (ii) Tan Long Group, and (iii) Siba Holdings Joint Stock Company (Siba Holdings). Mr. Truong Sy Ba holds 88% ownership of Tan Long Group, and 98% ownership of Siba Holdings.

Tan Long Group is the leading commodity trader of animal feed raw materials in Vietnam. Siba Holdings, an entity holding the farming, food, and technology assets of Mr. Truong Sy Ba, is the largest shareholder in BaF, with 20.5% ownership. Mr. Truong Sy Ba was appointed as the Chairman of BaF in March 2022.

Contact Information

BaF Vietnam Agriculture Joint Stock Company
Mr. Phan Ngoc An
Deputy CEO
+84 098 959 7219
anpn@baf.vn
44/16 group 16, Dong Quarter, Vinh Phu Ward, Thuan An City, Bình Duong Province, Vietnam
https://baf.vn/

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

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

Bank Documents

- Environmental and Social Review Summary