Early Warning System

IFC-48117

ETG Edible Oils

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Quick Facts

Countries	Malawi, Zambia
Specific Location	Mumbwa Road in the Chilanga District, Lilongwe, Mchinji
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	A
Voting Date	2025-06-30
Borrower	ETC GROUP
Sectors	Agriculture and Forestry, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 75.00 million
Loan Amount (USD)	$ 75.00 million
Project Cost (USD)	$ 125.00 million

Project Description

As stated by the IFC, the proposed investment is for up to $50M USD loan as part of a US$100 million unsecured long-term facility to ETC Group (ETG), a leading vertically integrated agricultural supply chain manager in Sub Saharan Africa with an expanding global presence. This proposed funding will be in support of the Group's US$200 million capital expenditure and working capital needs for the expansion of three edible oil processing plants in Malawi, Rwanda, and Zambia ("the Project").

Operations in these three countries are through a joint venture between ETG and Parrogate, a longstanding agri-business company in the region. Specifically, the use of proceeds will support an expansion in the crushing and refining capacity of the plants. The Mwembeshi plant, established in 2017 and located on the Mumbwa Road in the Chilanga District, approximately 40 km west of Lusaka, Zambia, will be expanded from 200 tpd to 600 tpd capacity by adding seed offloading and storage, seed cleaning and separation, extraction and meal receiving, and warehouse storage.

The Msundwe AVC plant is located off the Lilongwe to Mchinji (M12) road approximately 35 kilometers from Mchinji Roundabout in Lilongwe, Malawi and was established in 2019. Current crushing capacity is 200 tons of soy/day and expansion will result in similar capacities to Zambia operations.

The plant in Rwanda started operations in February 2023 with a production capacity of 200 tons per day; this could be expanded to up to 500 tons/day (however not all of that increase in capacity would be attributable to this IFC investment) and future production volumes are dependent on market conditions.

The Zambia and Malawi plants crush soy, sourced from within those two countries. The plant in Rwanda sources crude palm oil which it refines into edible oils. As well as expansion in capacity, including refining, capex associated with the proposed investment will be used for modification/upgrades of the existing coal-fired boilers to enable them to use alternative energy uses. The remaining funds are expected to be utilized mainly in Sub Saharan Africa to finance ETG's trading flows in agri commodities including fertilizer, pulses, grains and oilseeds among others.

Early Warning System Project Analysis

As stated by the IFC, this investment is classified as a Category A project in accordance with IFC's Policy on Environment and Social Sustainability due to the risks associated with sourcing soy for crushing from within Malawi and Zambia and the associated potential for conversion of natural and/or critical habitats from an expanding area under cultivation.

Investment Description

- International Finance Corporation (IFC)

Private Actors Description

As stated by the IFC, ultimate beneficial owners of ETG together controlling 52.51% are Mr. Mahesh Patel (Chairman), Mr. Ketan Patel (Joint Group CEO) and Mr. Birju Patel (Joint Group CEO). Other key shareholders are Mitsui & Co. via its African arm MIT African Management Limited (31.9%) and Public Investment Corporation (13.9%) with the balance held by Executive Directors (1.69%).

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
Mitsui & Co., Ltd.	Investor	Industry and Trade	invests in	ETC Group	Client	Agriculture and Forestry

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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 & Social Review Summary (ESRS)

Other Related Projects

- IFC-43692 ETG Term Facility