Early Warning System

IFC-33405

Pearl Dairy

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	Uganda
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	PEARL DAIRY

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Project Description

PROJECT DESCRIPTION

The project consists of an A loan of USD $6.5m by IFC to support Pearl Dairy Farms Limited ("Pearl Dairy" or "the Company") to establish a modern milk processing plant in Mbarara District of Uganda (the "Project"). The total project cost is USD $13.35m, including working capital. The balance will be financed by USD $3.95m of Sponsor equity and working capital facility of USD $2.9m from a commercial bank. The plant will have a handling capacity of 240,000 liters of milk per day. Its main final product is milk powder and some other products, such as butter, ghee, cheese and cream. In addition, the team is considering a Global Agriculture and Food Security Program component of USD $1m to finance the roll-out of the Company's extension services program to dairy farmers as well as investments in cooling plants in selected hub districts to facilitate milk collection from smallholder farms.Pearl Dairy is a new venture established by the Midland Group based in Uganda. The Company is jointly owned by the family trusts of the two Sponsors Mr Bhasker Kotecha & Family (50.5%) and Mr Anand Kapoor & Family (49.5%). They are the key shareholders in all Midland Group companies. Construction of the greenfield Project commenced in 2010. The Project is in the final stages of construction phase and its commissioning is expected by the second quarter of 2013. The construction has been financed by Sponsor equity, shareholder loans as well as bank loans from Stanbic Uganda.

OVERVIEW OF IFC'S SCOPE OF REVIEW

IFC's environmental and social (E&S) review included the following:- Meetings with the following people: Chairman of Midland Group, Group General Manager, Group Managing Director, Midcom Head Finance, Pearl Dairy Production Manager, Pearl Dairy General Manager Operations, Pearl Dairy Milk Procurement Manager, Pearl Dairy Managing Director, Pearl Dairy Quality Manager, Heifer International Livestock Specialist, and Jan Engineers Construction Manager;- Site visit in Mbarara, including visit of the dairy plant and dairy cooperatives (one privatly owned and two owned by farmers); and meetings with the following people: former owner of Pearl Dairy's land, Chairman of the NDFCU Property, Awamu Freshmilk Supplier Ltd. Station Manager, and Local Council Representative;- Review of technical documents provided by Pearl Dairy, including the Pearl Dairy Organizational Chart, Environment Policy, Environmental Impact Assessment (EIA) for the dairy processing plant, Certificate of Approval of Environmental Impact Assessment, Certificate of Title for the Kashari Block 7 in Mbarara, Management Programs of the Environmental Management System, Training plan for Occupational Health and Safety (OHS), OHS General Register for Workplaces in Uganda, Effluent Treatment and Water Treatment Scheme for Pearl Dairy, Hydrogeological Feasibility Study for the drilling of two boreholes for specific use by Pearl Dairy, Key Performance Indicators (KPIs) for Pearl Dairy, Strategy and Procedures for Milk Reception, Sampling Plan for Raw Milk for Pearl Dairy, Pearl Dairy Processing and Product Flow, Pearl Dairy Milk Procurement Agreement, list of Cooperatives surveyed by Pearl Dairy, and the Emergency Preparedness and Response Plan.

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 conditionsPS 3 - Resource Efficiency and Pollution PreventionPS 4 - Community Health, Safety and SecurityIf IFC's investment proceeds, IFC will periodically review the the project's ongoing compliance with the Performance Standards

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- 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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Bank Documents

- ESIA Pearl Dairy.pdf

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Other Related Projects

- IFC-47227 Pearl Dairy IV