

Public Information Summary
Australis Aquaculture Vietnam Limited

Host Country	Vietnam
Name of Borrower	Australis Aquaculture Vietnam Limited
Project Description	The project will support the construction of a fish processing facility and expansion of existing aquaculture operations in Vietnam
Proposed DFC Loan/Guaranty	\$11 million for a term of 10 years.
All-Source Funding Total	\$13,750,000
Policy Review	
U.S. Economic Impact	The U.S. market for aquaculture-raised fish is largely dependent on imports to meet demand as domestic production has continued to supply less than 20 percent of total consumption since 2013. Though U.S. production of farmed finfish has gone down slightly since 2013, employment levels have remained steady and there have been no TAA petitions that explicitly reference barramundi. Furthermore, the exports to the U.S. generated from this project will be very small compared to industry production levels – less than one percent of the U.S. finfish import market. The pattern of increasing U.S. consumption and steady levels of employment together with a project that is small in size, suggest that this investment does not have the potential for a significant negative impact on the U.S. economy.
Developmental Objectives	This Project is expected to be highly developmental for Vietnam by expanding a large-scale, open ocean barramundi farm and constructing a high-tech fish processing facility. The Project, located in an underdeveloped province in Central Vietnam, expects to provide over 400 high-quality, contracted jobs to locals, helping to address the country’s high informal employment rate. The Project is also expected to contribute over \$100 million to the local economy through tax payments and local procurement within the first five years of operations and has the potential to boost annual export sales of barramundi by over \$49 million. Lastly, the Project will continue to improve upon the innovative technologies the company uses for breeding, farming and harvesting sustainable fish stocks in addition to expanding its Greener Grazing seaweed program, which is experimenting with the possibility of growing a species of red seaweed that has the potential to be used as a livestock feed additive that inhibits natural methane emissions during digestion.

Environment and Social Assessment

SCREENING: The Project has been reviewed against DFC’s categorical prohibitions and has been determined to be categorically eligible. Loans to fish processing and aquaculture industries are screened as Category B projects under DFC’s environmental guidelines because impacts are site specific and readily mitigated using standard industry practices. Environmental and social issues associated with the Project include the need for a robust environmental and social management system to manage potential environmental and social risks from the operation of the processing facility, occupational health and safety measures, fire prevention and control measures, and proper disposal of small quantities of effluents and wastes generated.

APPLICABLE STANDARDS¹: Under DFC’s Environmental and Social Policies, the Borrower is required to comply with applicable national laws and regulations related to environmental and social performance. DFC’s environmental due diligence indicates that the Project will have impacts which must be managed in a manner consistent with the following International Finance Corporation’s (IFC) 2012 Performance Standards (PS):

- P.S. 1: Assessment and Management of Environmental and Social Risks and Impacts;
- P.S. 2: Labor and Working Conditions;
- P.S. 3: Resource Efficiency and Pollution Prevention;
- P.S. 4: Community Health, Safety, and Security; and
- P.S. 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

Additionally, the Project will be required to meet applicable provisions of the IFC’s April 30, 2007 Environmental Health and Safety (EHS) General Guidelines; IFC’s April 30, 2007 EHS Guidelines for Aquaculture; and IFC’s April 30, 2007 EHS Guidelines for Fish Processing.

KEY ENVIRONMENTAL & SOCIAL ISSUES AND MITIGATION:

With the Environment, Health, Safety and Social Plan (EHS & S Plan), Australis Aquaculture Vietnam (AAV) demonstrates their understanding, monitoring and managing on social, environmental and impact to enable them to contribute to society’s wider goal of sustainable development. AAV is currently Best Aquaculture Practices (BAP) 4-Star certified and plans to become the first tropical marine aquaculture facility to receive Aquaculture Stewardship Council (ASC)

¹ Issues related to P.S. 5, 7 and 8 are addressed in DFC’s Social Impact Assessment.

certification under the newly issued standard in early 2020. As a 4-Star certified company, the BAP certification covers the entire seafood production chain from the feed mill, to the hatchery, to the farm, and then to the processing plant. AAV represents the project will be designed to comply with all applicable local building and fire safety requirements. AAV has a plan to mitigate the impacts from the construction of the processing facility.

SOCIAL ASSESSMENT

The Project will have impacts that must be mitigated in a manner consistent with the IFC PSs, International Development Finance Corporation (DFC)'s Environmental and Social Policies and Procedures (ESPP) and applicable local laws. DFC's statutorily required language regarding the rights of association, organization and collective bargaining, minimum age of employment, and prohibition against the use of forced labor, will be supplemented with provisions concerning non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers.

The Project will build an automated fish processing facility within the existing footprint in the Van Phong Economic Zone where their existing facilities are located to increase their production capacity, quality assurance and quality control. Since the construction will take place within the existing industrial facility, the social impacts will be limited and readily mitigated using standard industry practice. The Project has an Environmental, Health, Safety and Social Plan which provides similar content to that associated with a Environmental and Social Management System, and has a Stakeholder Grievance Mechanism. The Project has bi-annual engagement activities with stakeholders but no formal Stakeholder Engagement Plan which will be required by DFC as a contract condition.

This review covers the commensurate human rights risks associated with fisheries in Vietnam.