



BANGLADESH 2024

Cold Chain Investment

Options Analysis

Regulatory & Policy Review



FOREWORD

The Investment Options Analysis: Policy & Regulatory Review report focuses on the temperature-controlled logistics (TCL) industry in Bangladesh, aiming to identify key support mechanisms and areas for improvement. By reviewing the policy and regulatory landscape governing trade, food safety, value chains, market entry and access to finance, this analysis provides valuable insights for government entities and stakeholders to enhance the investment and business environment for cold chain projects. Additionally, the report highlights existing economic incentives and efforts like trade and transportation infrastructure development initiatives and support programs for agricultural value chains. By considering the recommendations provided to ease constraints on development of the TCL sector, future policies can foster a conducive environment for the sustainable growth of the TCL sector in Bangladesh.

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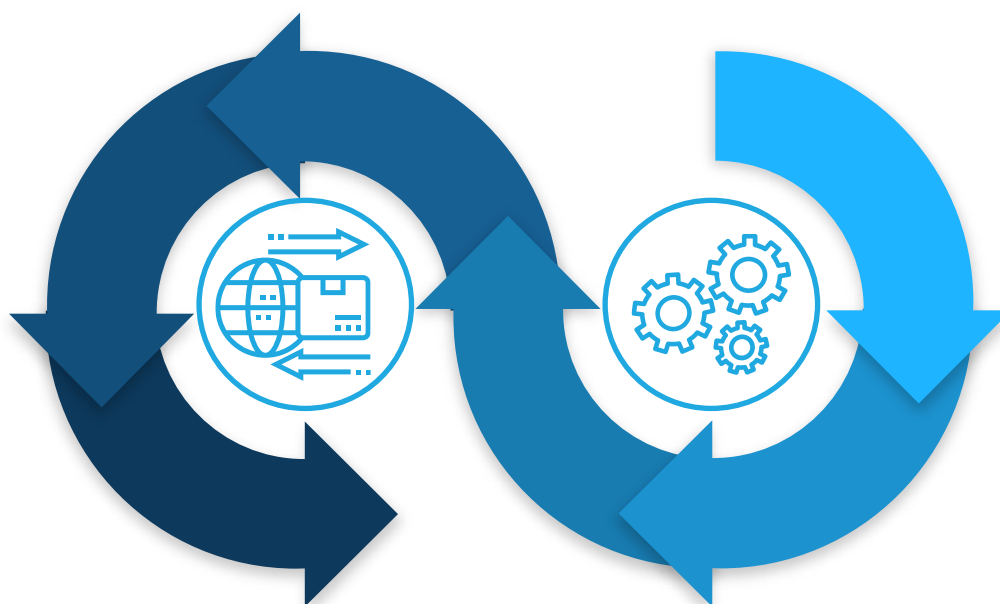
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Trade & industry: key regulations & policies



National Logistics Policy (2024)

The National Logistics Policy 2024 is a comprehensive strategy aimed at enhancing Bangladesh's logistics sector. It encompasses goals such as developing multimodal infrastructure, improving production, storage, transportation, and distribution of goods, ensuring institutional coordination, establishing advanced tracking systems, fostering skilled workforce development, and reforming laws and regulations related to logistics, trade, investment, and customs. Additionally, the policy aims to attract domestic and foreign investments across all logistics sub-sectors while promoting an information technology-driven and environmentally friendly logistics ecosystem. For the temperature-controlled logistics

(TCL) sector, the policy emphasizes priorities such as improving TCL transportation standards, implementing international safety certifications to boost perishable exports, and enabling nationwide investment in TCL facilities. Recent efforts include establishing three pilot cold storages in 2021 to preserve mangoes and other high-value fruits and vegetables. Since January 2020, a five-year project has been ongoing in 67 Upazilas across all eight districts in the division, totaling around USD 13.4 million. These initiatives highlight the government's commitment to enhancing cold chain infrastructure and supporting the growth of the TCL sector.

2021

National Industrial Policy

The Industrial Policy of 2021, implemented by the GoB, strategically supports export-led growth in selected priority sectors through incentives, exceptions, and governmental support. While the TCL industry isn't identified as a priority sector, the policy targets areas relevant to TCL such as agro-processing, information technology (IT), and attracting foreign direct investment (FDI). It also aims to build human capital, strengthen the skilled labor force, and reduce the cost of doing business. Focusing on IT logistics could help Bangladesh capitalize on the momentum

for e-commerce and online retail that has persisted since the COVID-19 pandemic. Despite TCL not being specifically mentioned, the global success of value-added agro-processing and IT integration in logistics suggests potential. The policy also seeks to improve coordination between public and private efforts in the logistics sector. Notably, a draft revision of the Industrial Policy was approved by Parliament in 2022, indicating ongoing efforts to refine and update Bangladesh's industrial strategies.

2021

National Export Policy

The Export Policy set forth for 2021-2024 seeks to improve product quality in export-oriented industries, as well as diversifying products and markets. Other key aspects that are relevant to TCL and trade infrastructure include implementing projects related to 100 special economic zones, promoting improved market linkages, and more widespread use of IT with the goal of simplifying procedures related to goods release and disbursement at Chittagong and Mongla seaports, and promoting a business-friendly environment

for conducting export-related activities with ease. Regarding the TCL industry, the Export Policy of 2018 previously defined duty-free tariffs for exported perishable products and imported spare parts that can be used in the TCL industry, including duty-free import of spare parts up to 10% of the total capital machinery will be allowed every two years, mainly for export-oriented industries, and reduced air fare for the export of plants, fruits, flowers including vegetables, and specially privileged products.

2023

Customs Act

The Customs Act of 1969 was amended in 2023 to update regulations on import customs and revenue collection. The revised regulations introduce stricter measures aimed at enhancing efficiency and transparency in customs operations. Importers who fail to promptly clear goods from ports will face a 10% penalty fee. To promote transparency in customs assessments and transactions, imported goods will be valued using floating exchange rates. Furthermore, the new rules encourage the adoption of electronic record-keeping and payment systems.

Instead of cash payments for taxes, the customs authority will accept collateral and bank guarantees as alternative payment methods. Of relevance to the TCL industry, the Customs Act states warehouse keepers are responsible for the "safe custody" of the goods but claims against them are limited to cases where the loss or damage was caused by a willful act or neglect. However, there are no legal provisions dealing with the kinds of storage that might be required for perishable goods, such as cold storage.



Import Policy Order (2021-2024)

The 2021-2024 Import Policy Order (IPO) for Bangladesh introduced key changes with some efforts to improve ease of doing business. It seeks to address fee-related issues and increases the number of mandatory standards. It also introduces bonded warehouse facilities for small exporters. Industrial importers can import capital machinery, for example, up to USD 500,000, up from

USD 200,000. Importing under telephonic transfer (TT) without opening letter of credit (LC) was simplified. The time for opening LC has been simplified based on buyer-seller contracts, and the shipment period has been extended to 24 months from 17 months, increasing import flexibilities. The IPO specifies that HS codes will align with the first schedule of the Customs Act and must be eight or more digits.

Export Policy Order (2021-2024)

This Export Policy of 2021-2024 focused on facilitating the export of diversified, non-traditional goods and labor-based products. Prepared by the Ministry of Commerce, the policy is designed to enhance the shipment of high-value products by ensuring standards and compliance, and by encouraging the use of modern, sustainable, and green technologies. It emphasizes product

diversification, the expansion of export industries, and simplifying trade and investment processes to boost exports. It also supports the ICT and services sectors, e-commerce, e-governance, and aims to empower women and small entrepreneurs in export-oriented industries. The policy also aimed to identify areas of cooperation among public entities.

The Container Handling Manual of the Chattogram Port Authority (CPA)

The CPA Container Handling Manual requires TCL products, i.e., perishables, to be transported in thermal and/or refrigerated containers. These regulations, when properly enforced, adhere to international food safety standards required by Bangladesh's trade partners, including the EU, the US, Australia, New Zealand, and the Middle East. Thermal

containers are unpowered ISO containers with insulating walls, doors, floor and roofs that delay the rate of heat transmission from outside. Refrigerated (reefer) containers contain a mechanical compressor unit to refrigerate products, particularly frozen fish, meat and other agricultural products.



USD 10

Daily fee for electricity hookup for one reefer container (approx.)

USD 72

Daily storage fee (approx.)

Additional fees

Additional charges depend on type and size of container, as well as duration of stay. Charges for loading and discharging containers have reportedly ranged from USD 6 - USD 50. At times, there appears to be varying consistency of overall fee application.

Food safety: key regulations & policies



The **Bangladesh Food Safety Authority (BFSA)** is responsible for delineating and enforcing specific regulations for appropriate food safety and handling. Established under the Food Safety Act of 2013, the BFSA stipulates that continuous temperature monitoring and record-keeping is required, and that the information must be made available to relevant authorities. This way, food producers and marketers will ensure that cold chain items are always maintained as per specified temperature, according to their types and stages of distribution. While additional measures to improve food safety have been made since the establishment of the BFSA, evidence indicates that food safety knowledge and enforcement of best practices among food handlers in Bangladesh is still unsatisfactory, indicating a need to strengthen monitoring systems during storage, transportation, distribution, and delivery to consumers.

2013

The Food Safety Act

The 2013 Food Safety Act establishes basic food safety standards, food safety rules and delineates coordination mechanisms between different public authorities responsible for food safety. The BFSA was established through Section 5 of the 2013 Food Safety Act. The main duties and functions of BFSA are “to regulate and monitor the activities related to the manufacture, import, processing, storage, distribution, and sale of food to ensure access

to safe food through exercise of appropriate of scientific methods, and to coordinate the activities of all organizations concerned with food safety management.” The act also states that information needed for traceability as well as accurate record-keeping of product information is of prime importance for actors in agricultural supply chains to ensure consumer safety and nutrition.

2018

Food Safety (Food Hygiene) Regulations

The Food Safety (Food Hygiene) Regulations address various sanitation and hygiene issues like cleanliness of food processing establishment, health guidance for workers, rules of cleaning drainage system, equipment used for food processing and safe storage. This framework helps BFSA raise awareness about hygienic transportation of food, controlling temperature for improved preservation, and hygienic conditions for selling street food. Rule number 11 states that to prevent health risks, perishable food products must be kept

in an adequate cold or warm environment. Its stipulations include:

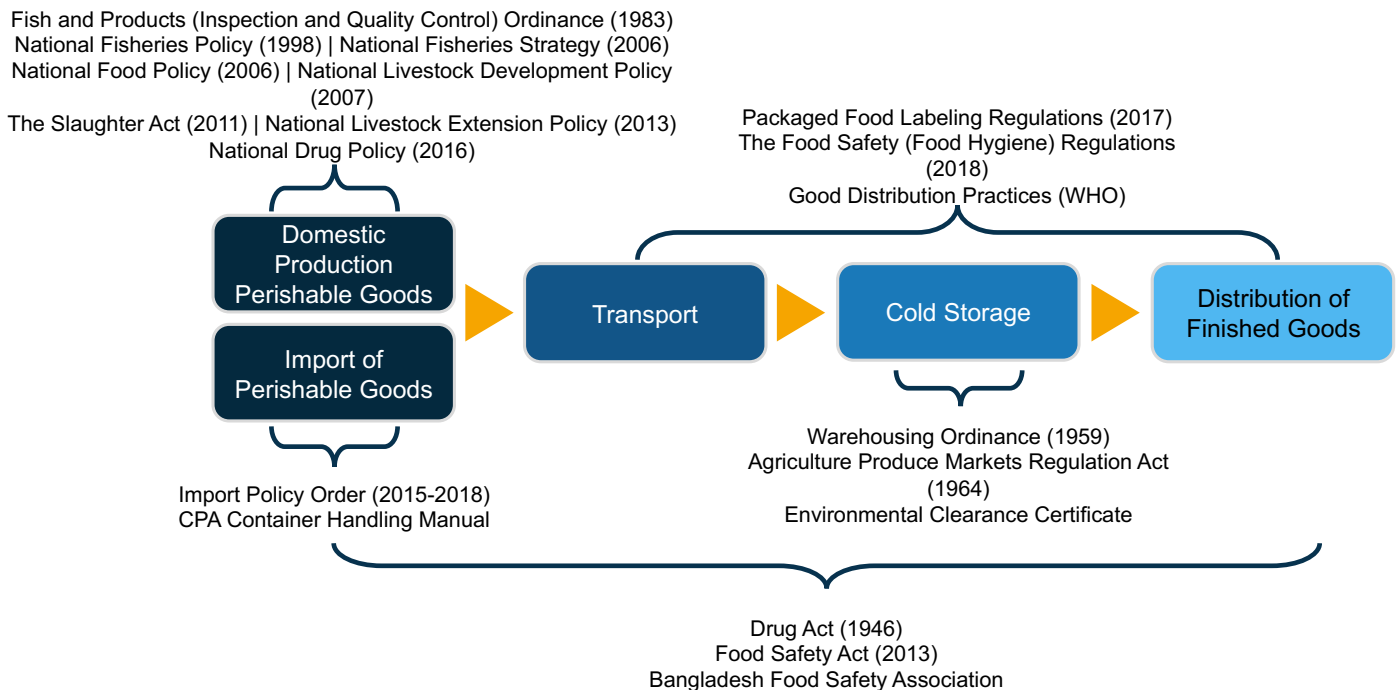
1. Cooled and chilled foods to be kept <math>< 5^{\circ}\text{C}</math> during processing, transport and storage.
2. Frozen foods to be kept $\leq -18^{\circ}\text{C}$ during processing, transport and storage.
3. Foods in retail spaces to be kept $\leq -12^{\circ}\text{C}$ during display.
4. Additional food items to be kept at proper conditions to avoid rapid spoilage.

2023 Labelling of Packaged Food Regulations*

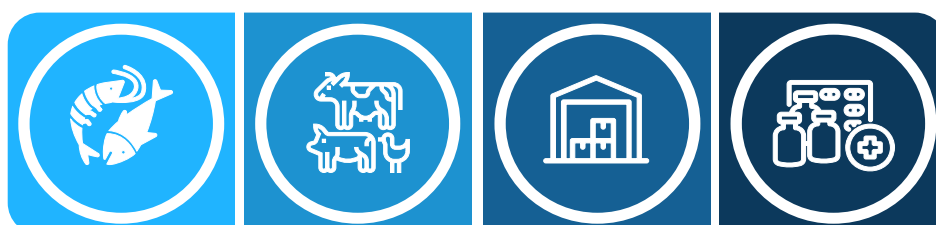
The Food Safety (Labelling of Packaged Food) Draft Regulations build on the Packaged Food Labelling Act 2017 and aim to protect consumers' health and safety by ensuring that they receive accurate and essential information about packaged food products. Aspects that are most relevant to the safety of perishable products include required labelling of the date of manufacture, packaging, as well as expiry date. The regulations also call for lot/code/batch identification

numbers to improve product traceability throughout manufacturing and distribution. The regulation also outlines conditions for labelling packaged food including basic information such as the name of the food, list of ingredients, declaration of food additives, and quantitative ingredients declaration (QUID). It also requires the inclusion of allergen information, nutritional details, manufacturer details and country of origin.

Flowchart of regulations and standards applicable to TCL supply chains in Bangladesh



Value chain-specific regulations & policies



Policy/law	Summary
<p>➤ The Drug Act (1940)</p>	<p>Regulates the import, export, manufacture, distribution and sale of pharmaceuticals/drugs. Its rules specify inspection of any premises wherein any drug is being sold or is stocked or exhibited for sale or is being distributed. It also dictates all relevant records and registers as well as prescribing the manner of storage at import locations.</p>
<p>➤ The Warehousing Ordinance (1959)</p>	<p>Stipulates that all cold storage warehouses must be licensed by the Director General. The licenses are valid for one year. Each warehouse must also employ a person licensed by the Director General as a sampler of agricultural products. Additionally, warehouse owners must take out an insurance policy for products stored in their warehouse in case of any event that may result in loss or damage.</p>
<p>➤ Fish and Products (Inspection and Quality Control) Ordinance (1983)</p>	<p>Seeks to ensure the quality of fisheries products for production and exports purposes. Its major stipulations include requiring the registration of establishments and licenses of people dealing with fish processing, packing, freezing, and preservation and determining the requirements of the equipment, construction and sanitary operations of fish processing and fish packing plant, establishment, boats, vehicles and other carriers used.</p>
<p>➤ National Fisheries Policy (1998)</p>	<p>Intends to optimize and enhance fish production, meet demand for animal protein and promote growth through more aggressive export of fishery products and job creation through self-employment in the sector. Section 9.2 specifically deals with transportation and marketing of fish, and it states that “fishers will be encouraged to keep fish in cold storage prior to marketing” and “a cold-chain system will be established in fish marketing. Entrepreneurs will be encouraged to establish marketing of frozen fish.”</p>
<p>➤ National Fisheries Strategy (2006)</p>	<p>Reformulation and update of the 1998 National Fisheries Policy. Section 4.3 includes a rule to targeted at improving the quality and safety of shrimp products to ensure that shrimp is produced in compliance with international food safety standards, HACCP rules, the Human Rights and Labor rules and environmental codes.</p>



Policy/law	Summary
<p>➤ The National Food Policy (2006)</p>	<p>Established to ensure an adequate and stable supply of safe food. Section 1.2 mentions that the government will relax private sector regulations for construction of appropriate infrastructure such as commodity specific warehouses, cold storages and acquiring transportation vehicles for freightage.</p>
<p>➤ National Livestock and Poultry Development Policy (2007)</p>	<p>Seeks to guarantee safe supply of dairy, livestock and poultry products for human consumption. Section 4.7 seeks to improve the productivity of dairy and meat production and facilitate private sector investment to enhance the infrastructure and marketing of meat and dairy products. Section 4.8 states that the livestock sector must build the capacity to fully comply with sanitary and phytosanitary measures as defined by the WTO's Agreement on Agriculture.</p>
<p>➤ The Slaughter Act (2011)</p>	<p>Stipulates the rules and restrictions for slaughtering. The act highlights the importance of maintaining an unpolluted, sanitary environment during and after processing to guarantee the health and freshness of pre-slaughter animals and the quality and safety of post-slaughter products (Section 5 and 6). It also mentions the importance of issuing and maintaining valid licenses as well as establishing slaughterhouses with adequate equipment for best practices (Sections 7-11).</p>
<p>➤ The National Drug Policy (2016)</p>	<p>Aims to ensure that the manufacturing of medicines follows international standards to increase export of pharmaceutical products. Its objectives include ensuring appropriate preservation methods, such as temperature and humidity control at all drug wholesale shops, pharmacies or drug storage facilities and during drug transport and distribution in order to maintain quality, appropriate use and dispensing. Likewise, it specifies that regular training will be provided for the appointed personnel to enhance their skill and competency those involved in the area of drug registration, manufacturing, storage, distribution. It will also prepare guidelines on good distribution practices, as stipulated by the WHO, for safe warehousing, storage, vehicles, and distribution of pharmaceutical products.</p>

Constraints on TCL market entry



Tariffs on cold chain equipment

Project developers often lack locally produced alternatives for cold chain equipment, and lowering import tariffs on essential components like industrial chilling/freezing units, (which in some cases reach 77%) , would reduce upfront costs for investment. This policy shift would improve access to state-of-the-art refrigeration technology, enhancing the profitability of agribusinesses and better preserving the value of both agricultural and pharmaceutical products. The annex contains a list of HS codes recommended for a lower import tariff.

Food safety standards for TCL transportation

To improve food safety practices regarding transported perishable goods, it is key to address gaps in the Bangladesh Food Safety Act of 2013. The public sector should codify explicit language that establishes and enforces standards for sanitary and temperature conditions during transport. In tangent, the prerogative of the Bangladesh Food Safety Authority (BFSA) should be consolidated and given the proper resources to oversee and effectively monitor/enforce standards for the transportation of perishable products. Looking to successful models such as the EU, some key improvements would be requirements for redundancy in temperature monitoring systems and the application of Hazard Analysis and Critical Control Points (HACCP) systems in refrigerated vehicles. Additionally, there should be well-monitored safety standards specific to the manufacturing and testing of TCL vehicles. By addressing these key areas, Bangladesh can create a more robust regulatory framework that ensures the safe and sanitary transport of perishable goods.

Lack of standard operating procedures (SOPs)

The cold chain sector in Bangladesh is dominated by rapidly constructed go downs, of which almost 90% are being used for potatoes. Meanwhile, economic losses from the spoilage of 10 other fruits and vegetables amount to USD 2.4 billion of losses annually. Investors have highlighted the need for Bangladesh's TCL sector to build workforce capacity to utilize industry-standard technologies for refrigeration, insulation and post-harvest management. The Government of Bangladesh should engage with international standards organizations and promote local vocational training for advanced post-harvest equipment and cold chain standard operating procedures (SOPs).

Restricted product handling at off-dock ports

The National Board of Revenue (NBR) restricts off-docks, or inland container depots (ICDs), in Bangladesh to handle only 37 imported products. To fully capitalize on trade opportunities, a policy revision is recommended to allow ICDs to handle imported perishable products. This expansion would diversify trade opportunities, enhance regional competitiveness, lower product wastage, reduce congestion at the maritime ports, and would increase local access to agricultural and pharmaceutical products. Leveraging existing infrastructure for imported perishable goods is a cost-effective strategy to meet evolving trade demands. ICDs will be pushed to invest in cold chain infrastructure to secure their market share driving economic growth in the country.

Limited TCL development at major trading hubs

Currently, key trading hubs like Chattogram port lack adequate TCL services within their premises. This causes cargo handling congestion and reliance on outdoor reefer plugs, which results in open air inspections of perishables and unnecessary product spoilage. The Public-Private Partnership (PPP) Authority should make efforts to identify private sector partners for investment opportunities within Chattogram port, Hazrat Shahjalal airport etc. to implement comprehensive TCL services. Combining public and private sector efforts will bolster the development of cold chain infrastructure at major trading hubs and reduce the spoilage of both exported and imported perishable goods.

OTHER BARRIERS TO TCL MARKET ENTRY

Barrier/risk factor	Analysis
<p>➤ Access to reliable sources of electricity</p>	<p>Rural access to electricity in Bangladesh (81%) is lower than the Asian regional average along with high transmission losses and high tariffs. Use of renewables is notably low, which may be contributing to high tariffs and limited access. Due to hot and humid climatic conditions of Bangladesh, cold storages consume a significant amount of electricity. Without optimizing energy consumption, there is a high cost of operating these storages hence it is very difficult to maintain profits.</p>
<p>➤ Water and sanitation access</p>	<p>Water and sanitation access are significantly low, with rural areas lagging behind urban areas by a wide margin. Piped water access was estimated at 14.9% combined, with piped sewage access estimated at 5.3%. Limited water and sanitation access has widespread public health impacts and makes the business environment less attractive.</p>
<p>➤ Road infrastructure</p>	<p>According to the World Bank (2020), rural accessibility to roads in Bangladesh was last measured at a mere 47%. Inadequate access to roads prevents farmers in rural areas from accessing proper transportation services to ensure that their goods reach the market. Dhaka has significant levels of congestion, and long wait times increase operation costs for TCL transportation businesses. In an effort to address congestion, trucks may only enter Dhaka City at night hours, between midnight to 06:00 local time.</p>
<p>➤ Land access/property registration</p>	<p>Bangladesh obtained a very low score for registering property (29 out of 100) in 2020, a slight improvement from 2016's score (27 out of 100). The quality of the land administration index in Bangladesh was a low 6.5 out of 30 in 2020, still an improvement from 2016's 4.5 score. In contrast, the reported average time for registering property was 271 days in 2020, a decline from 2016's average time (244 days). Except for those conducted by a few internationally affiliated accounting firms, financial audits often follow clients' instructions and fail to conform to international standards. Documents affecting title to real property are often not registered, complicating transfer of ownership and collateral agreements.</p>
<p>➤ Lack of procedural transparency</p>	<p>While the GoB has made efforts to ensure greater transparency, like the establishment of the Anti-Corruption Commission (ACC), enforcement is still considered lacking. Corruption is still present in public procurement, tax/duties collection and regulatory authorities. According to Transparency International, Bangladesh's Corruption Perceptions Index (CPI), is ranked among the lowest. On a scale of 0 (corrupt) to 100 (transparent), Bangladesh scored 24 points in 2023. It is ranked 149th out of 180 countries, which is relatively low considering neighboring countries such as India (93rd) and China (76th). Corruption raises the costs and risks of doing business. By some estimates, off-the-record payments by firms may result in an annual reduction of 2 to 3% of GDP, which ultimately decreases the attractiveness of the Bangladesh market.</p>

Trade development initiatives



Regional cooperation agreements with Bangladesh membership

Regional cooperation with regional Asian and South Asian markets has brought numerous benefits to Bangladesh, fostering closer economic ties and enhancing trade opportunities. Collaborative efforts have helped create a more favorable environment for investment, facilitating the flow of goods and services across borders. This cooperation has also led to the sharing of best practices and technological advancements, particularly in sectors like agriculture and cold chain logistics, improving productivity and increasing income for farmers. Additionally, regional initiatives have supported Bangladesh in addressing common challenges, such as climate change and natural disasters, through joint efforts aimed at building resilience and sustainability. Overall, regional cooperation has played a vital role in promoting economic growth, enhancing technology transfer and the development of Bangladesh's agricultural supply chains.

Asia-Pacific Trade Agreement (APTA)

South Asian Association for Regional Cooperation (SAARC)

Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)

Incentives available in Economic Zones

Special Economic Zones (SEZs) are governed by the Bangladesh Economic Zones Authority (BEZA) and are subject to different economic regulations whose objective is to attract more foreign direct investment. Benefits to the zone developers range from income tax exemptions to reduction of capital expenditure requirements. Incentives for investors include tax exemptions, custom/excise duties to non-fiscal incentives such as no FDI ceiling, issuance of work permits and recommendation for residency and citizenship.

Export Processing Zones (EPZs) are governed by the Bangladesh Export Processing Zones Authority (BEPZA). The goal of EPZ's is to delineate areas near trading hubs that will attract investors by providing a congenial investment climate free from cumbersome procedures. Companies operating in EPZ have various fiscal incentives and can be exempted (partially or completely, depending on the case) from certain laws in an effort to increase their competitiveness.

Fiscal incentives in SEZs

1. Up to 10-year tax exemption
2. Capital gains from transfer of shares tax exemption for 10 years
3. 10-year tax exemptions on royalties, technical know-how and assistance fees
4. Three-year tax exemption on salary of expatriate employees
5. VAT exemption on all utilities
6. Repatriation of sales proceeds of investment
7. Dedicated customs procedure
8. Exemption of customs duty, regulatory duty, VAT, and supplementary duty for import of vehicles
9. Duty exemptions on exports
10. No FDI ceiling
11. Warehousing station and home consumption and other bond facilities
12. Foreigners work permit allowed
13. Resident visas granted (more than USD 75,000 investment)
14. Citizenship granted (more than USD 1 million investment)

Fiscal incentives in EPZs

1. Five- to seven-year tax exemption depending on EPZ location
2. Dividend tax exemption during exemption period
3. Import tariff exemptions and duty drawback facilities on raw materials, capital machinery, equipment, and construction materials imports
4. 100% foreign investment is allowed
5. Medium/long term foreign borrowing facilities
6. Operation of foreign currency accounts
7. Bonded warehousing approval.
8. Potentially eligible for partial or complete exemption from The Foreign Exchange Regulation Act (1947), The Employment of Labour (Standing Orders) Act (1965), The Industrial Relations Ordinance (1969) and The Income-tax Ordinance (1984).

Transportation infrastructure development initiatives



The **Japan International Cooperation Agency (JICA)**, a leading bilateral donor in Bangladesh, is dedicated to supporting the country's social and economic development as a key trading partner. To drive economic growth and help revitalize the private sector, JICA has supported various public-private partnerships to develop infrastructure projects, especially in transportation infrastructure. Improved road access and development of Bangladesh's key trading hubs are key priorities for TCL enterprises whose business models depend on adequate road infrastructure and port facilities.



Active JICA-supported transportation infrastructure projects

2010	Chittagong City Outer Ring Road Project
2015	Western Bangladesh Bridge Improvement Project
2016	Cross-Border Road Network Improvement Project Jamuna Railway Bridge Construction Project
2017	Kanchpur Meghna and Gumti 2nd Bridges Construction Project II Hazrat Shahjalal International Airport Expansion Project (Terminal 3)
2018	Matarbari Port Development Project
2020	Axle Load Control on Major Highways Project

Other relevant infrastructure projects

Western Economic Corridor and Regional Enhancement (WeCARE) Project

WeCARE is a project developed by the World Bank Group (WB) and the WB's International Development Association (IDA). IDA has agreed to provide USD 500 million to finance the project. The credit has a 34-year term and a 4-year grace period. With this project, the WB's total financial commitment to Bangladesh stands at USD 2.27 billion. The project consists in upgrading the 110 km 2-lane highway between Jashore and Jhenaidah

to a 4-lane highway, supporting GoB's plan to build a 260 km economic corridor in the western part of Bangladesh and benefit around 20 million people. The project will also improve 600 km of connecting rural roads and 32 rural markets/growth centers to stimulate the economy. Western regions are being targeted due to their importance to agricultural production; 57% of people living in these areas work in the agricultural sector.

Second Rural Transport Improvement Project

The World Bank's Second Bangladesh Rural Transport Improvement Project (RTIP II) was approved in 2018 to enhance rural communities' access to social services and economic opportunities by improving rural transport infrastructure. This additional financing of USD 100 million, provided through an IDA Credit, will scale up activities in 26 districts. It will focus on rehabilitating

1,433 km of Upazila and Union roads damaged by heavy rainfall and floods, with a focus on climate-resilient rehabilitation. The project also includes a road safety program to improve safety on rural roads. The financing terms include a 30-year maturity period and a 5-year grace period.

Rural Connectivity Improvement Project

The ongoing Rural Connectivity Improvement Project (RCIP) in Bangladesh, funded by the Asian Development Bank (ADB) and the GoB, aims to upgrade rural roads to all-weather standards in 34 districts. This will improve about 2,210 km of upazila roads and 495 km of Union Roads, critical for supporting agricultural value chains. The project also focuses on protecting roads from climate change

impacts and reducing damage caused by monsoon floods. Additionally, it seeks to enhance the managerial and technical capacity of LGED officials, raise road safety awareness, and improve the skills of women workers in road construction. The project utilizes GIS to identify agricultural value chains, prioritize road improvements, and optimize resource allocation.

Support programs for agricultural value chains



The **Department of Agricultural Marketing** trains farmers on marketing management, post harvest management, supply chain, value chain development and entrepreneurship development. In 2019, it initiated an USD 18.9 million funding mechanism to provide infrastructure support and training to vegetable growers across the country. The project aimed to introducing rural farmers to modern technology for setting up storages at households to ensure quality of agro products, targeting both export and local markets. Intermediaries like small traders, agro products export firms and entrepreneurs of agricultural products will also receive training to learn the packaging and wrapping techniques of farm produce to maintain international standards.



Agricultural Marketing Bill (2018)

For better management of agriculture marketing, the GoB passed the “Agricultural Marketing Bill 2018” to expedite improvements in the management system, cold chain systems, trading, production and marketing of agro-based products by adopting, inventing and transferring new technologies to ensure food safety traceability. The bill seeks to replace the Warehouses Ordinance, 1959, along with two other acts: the Agricultural

Produce Markets Regulation Act, 1964, and the Agricultural Produce Markets Regulation (Amendment) Ordinance, 1985. The new act aims to accelerate improvements in the marketing management of agricultural products, promote the development of agricultural trading, production, and marketing, and ensure fair prices for products produced by farmers.



Agro-food Processing Industry Promotion Policy (2021)

The Agro-food Processing Industry Promotion Policy aimed to boost the agro-food processing industry through a comprehensive set of incentives. Investors in this sector can expect to benefit from capital assistance at low interest rates, interest subsidies, tax exemptions on imported machinery, research incentives, laboratory grants, income tax waivers, and access to skilled labor. The policy set a target of securing USD 5 billion in foreign investment from 2021-2026. The GoB will provide capital

subsidy of 35% for setting up cold chain for agriculture, horticulture, dairy, meat produce up to a maximum of 50 crore taka in the form of soft loans. For food processing units and cold chain infrastructure, GoB will offer interest subsidies of 5% per annum on the term loan taken for fixed capital investment, for a period of 5 years from the commencement of operations, with a maximum limit of BDT 20 crore.

Other support for agricultural value chains

Farmers' Hubs Agri-Marketing Enterprise (FHAME)

Networking and knowledge exchange among value chain actors remains limited. This leaves room for strengthening networking opportunities for the various actors involved in the value chain in a single platform. Farmers' Hubs Agri-Marketing Enterprise (FHAME) is one of those few networks, it is a one-stop service platform for smallholder farmers that helps ensure a more sustainable agriculture and a more effective and efficient value chain. The Farmers' Hub acts as an aggregator for input buying and output sales, provides agricultural know-how in machinery, including cold chain systems and infrastructure, and links farmers to potential buyers, including medium to large traders, processors and export companies. The hubs are close to farming zones and transport infrastructure.

Smallholder Agricultural Competitiveness Project (SACP)

With around USD 190 million of funding from the International Fund for Agriculture Development (IFAD) and technical assistance from the Food and Agriculture Organization (FAO) of the United Nations, the Government of Bangladesh (GoB) is continuing to implement the Smallholder Agricultural Competitiveness Project (SACP) to increase farmer incomes and livelihood resilience, with the project set to end in 2024. The focus is to enhance production quantity and quality through appropriate productive infrastructures, quality agriculture inputs and training of farmers and value chain actors, improving cold chain and supply chain management, as well as linking farmers with private dealers and traders to enhance fair price as well as fair contract farming and postharvest and processing contracts. Implementation is supported by the Department of Agriculture Extension (DAE) with partner organizations such as the Department of Agricultural Marketing (DAM), Bangladesh Agricultural Development Corporation (BADC) and Bangladesh Agricultural Research Institute (BARI).



Access to finance for cold chain projects



The **International Finance Corporation (IFC)** is a member of the World Bank Group and is the largest private-sector international development institution focused on supporting the private sector in emerging markets. In Bangladesh, the IFC offers financing support to the TCL sector by funding and assisting throughout the whole development phase of TCL-related projects. One of those projects is the establishment of the Cold Chain Bangladesh Limited (CCBL), a joint private sector initiative (2019) owned by Golden Harvest Ice Cream Limited and Golden Harvest Foods Limited, co-financed by the IFC. Following an investment from the IFC of BDT 54.68 crore, the project aims to continue development of an integrated network of temperature-controlled warehouses and logistics assets in 12 target storage locations across the country.



Secure Transactions [of Moveable Assets] Bill (2023)

The Secure Transactions (of Moveable Assets) Bill, if enacted, has the potential to impact the cold chain logistics sector and SMEs seeking to access or establish TCL services for new markets. By including movable property as collateral for bank loans, the legislation could offer a new avenue for financing. However, its actual impact may vary depending on how it is implemented and the broader economic context. While it expands collateral options beyond traditional assets like land or buildings to include a variety of movable assets, such as fixed deposits, gold, silver, raw

materials for export, copyrighted materials, furniture, electronics, software, apps, fish in ponds, garden trees, and cattle, there may be challenges in valuing and accepting these assets as collateral. Additionally, the effectiveness of the law in promoting financial inclusion and business growth for SMEs in the cold chain logistics sector will depend on various factors, including the availability of credit, the ease of the loan application process, and the overall business environment.



Other support for access to finance

Commercial banking sector

The banking system acts as a major contributor for the development of the agri-processing sector. Different banks undertook special scheme to intensify financial support for establishment and expansion of agri-based industries such as special loan facilities to set up an agri-business venture. Bangladesh Krishi Bank (BKB) finances the following seven priority sectors, namely: crop, fisheries, livestock,

farm and irrigation equipment, agro-based industrial project, SMEs, continuous loan (working capital and cash credit), and micro credit (the average small micro loan in Bangladesh is about BDT 4,000). Financial products from the commercial banking sector will encourage stakeholders to invest in the TCL sector and support investment in the cold chain, as well as its growth.

Export-oriented government incentives

The GoB supports establishment of agri-based industries by providing equity finance and other funds to banks and financial institutions to disburse to entrepreneurs. The government has plans to establish four agri-product processing centers to facilitate the commercialization and knowledge sharing of agricultural technology. The agri-processing sector has been declared as a “thrust sector” by the government and

therefore receives preferential treatment like income tax exemption, tax return, cheaper air transport, low interest rates and export assistance. The GoB also gives 12.5% cash incentives to export of frozen shrimp and fish and 20% cash incentives to export of agri-processed products. This financial aid will encourage stakeholders to invest in the TCL sector and will complement investment and growth in the cold chain.



Global Agriculture and Food Security Program (GAFSP)

Active since 2010, GAFSP is a multi-donor trust fund covering WB International Development Association (IDA) only countries and is aiming to improve income, food and nutrition security in low-income countries, including Bangladesh, by boosting their agricultural productivity. Under this program (GAFSP), the International Finance Corporation (IFC) invests across the entire food supply chain from farm inputs to logistics and storage, to processing and financing for agricultural sectors, which have perceived high risk and are thus not targeted by other investors. The core issue is to address market failures by providing affordable funding with less demanding terms. This allows IFC to invest in early stage or riskier projects that hold high potential for development

impact and financial sustainability. IFC partners with companies who include farmers as part of their overall value chain, providing access to markets, financing and storage, and increasing production and incomes. This program also helps to raise capacity building thanks to IFC's advisory services, providing on the ground training and advice for businesses and farmers in improving farmer productivity, strengthening standards, reducing risks, and mitigating climate change effects. The program is funded by Australia, Canada, Japan, the Netherlands, the UK, and the US. This program will contribute to the development and growth of the cold chain industry and will help improve TCL services in Bangladesh.



iFarmer digital platform

"iFarmer" is a crowd-farming platform which provides financial services and networks to farmers by connecting them to sponsors. It enables individuals and institutions to fund the capital requirement of the farmers. iFarmer bundles finance with agriculture inputs, advisory services, insurance and market access for the farmers. The company uses an agriculturally relevant and data-driven model to assess risk and return to develop funding schemes that fit the needs of smallholder farmers and the farm funders.

iFarmer work with wholesalers, modern trade retailers, exporters and processors to give them access to quality farm produce at a competitive price without having to deal with multiple intermediaries. TCL projects could have synergies with efforts invested by iFarmer. These efforts could include connecting TCL operators with iFarmer stakeholders, or directly benefiting from funding through iFarmer. This platform has the potential to facilitate access to TCL services in Bangladesh, hence increasing TCL services demand in the market.

Annex I: Key equipment HS codes recommended for reduced duties/taxes

HS code	Product description	Total tax incidence (TTI)
84186996	Industrial chiller imported for cold storage	77%
39211100	Floor insulation	59%
94032020	Racking used in pharmaceutical industry	59%
73089020	Industrial racking system, other	59%
76101000	Doors, windows and their frames and thresholds made of aluminum	59%
73083000	Doors, windows and their frames and thresholds made of iron or steel	59%
87081000	Bumpers and parts thereof	37%
84186910	Refrigerating or freezing equipment, heat pumps, industrial	26%
84143010	Compressors for refrigerating equipment for industrial use	26%
84186110	Industrial refrigeration/freezing equipment, compression type, heat exchanger	26%
94069010	Sandwich panels	26%
84289000	Dock levelers	26%

Annex II: Certifications to enhance market access

Name of certificate	Issuing organization(s) in Bangladesh	Description
➤ BRCGS Food Safety Global Standard	SCS Global Services	BRCGS certification is relevant to any food processing or packing operation in which food is handled, processed, packed, stored, or distributed, including packhouses, slaughterhouses, food processors, canneries, and handlers of high-risk ready-to-eat products.
➤ ISO 22000 Food Safety Management System	Bureau Veritas Bangladesh	Considered all-encompassing of similar standards, ISO (International Standards Organization) 22000:2018 requires development of a robust Food Safety Management System that drives continuous improvement of all processes with an impact on the safety of food end-products.
➤ SQF (Safe Quality Food) Program	BSI	SQF (Safe Quality Food) is globally recognized as the minimum standard to export food products. Services provided by BSI include certification, training, assessment, supply chain software and capacity building. Certification to SQF demonstrates commitment to a preventative, risk-based food safety and quality management system.
➤ IFS Logistics	AIB International	IFS (International Featured Standard) Logistics is a standard for auditing companies whose activities are logistics-oriented for food and nonfood products, such as transport, storage, loading/unloading, etc. This standard also applies to freezing and thawing service providers, as well as to logistics companies that use service providers for their transport and/or storage activities.
➤ HACCP (Hazard Analysis and Critical Control Points) Certification	1. Integrated Assessment Services 2. VertValue 3. TopCertifier	HACCP certification is an approval system that recognizes that a food business has developed, documented, and implemented systems and procedures in accordance with HACCP. It is an internationally recognized tool to help identify and control food safety hazards that may occur within the food business.
➤ GHP (Good Hygiene Practice)	TQCS International	TQCSI's Good Hygiene Practices (GHP) certification is designed to certify organizations who comply with GHP within the food industry based on the requirements of Codex Alimentarius - General Principles of Food Hygiene. GHP is fundamental for food business operators to effectively control food safety hazards within their business and ensure compliance with legal and regulatory requirements, and industry norms.



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Investment Options Analysis Policy & Regulatory Review

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