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## **Appendix 1 Outline of visited companies during the Survey**

This Appendix 1 is not available for disclosure.

## Appendix 2 Draft Check List for Food Safety for SMEs

### Check List for Food Safety (Facility and equipment)

Name of Inspector	
Name of inspector's organization	
Date	

Name of the company

Location of plant:

Type of Inspection (first or monitoring):

#	Requirements	Compliance			Observations/Progress from previous visit
		Yes	No	N/A	
<b>1.1</b>	<b>Location</b>				
<b>1.1.1</b>	<p><b>Establishments:</b> In particular, an establishment is located away from:</p> <ol style="list-style-type: none"> <li>1.environmentally polluted areas and industrial activities which pose a serious threat of contaminating food;</li> <li>2.areas subject to flooding unless sufficient safeguards are provided;</li> <li>3.areas prone to infestations of pests; and</li> <li>4. areas where wastes, either solid or liquid, cannot be remove effectively.</li> </ol>				
<b>1.2</b>	<b>Premises and rooms</b>				
<b>1.2.1a</b>	<b>Design and layout:</b>				

	Buildings are kept in good condition to prevent pest or animal access				
<b>1.2.1b</b>	Filling room is kept from outside with door or at least vinyl curtain.				
<b>1.2.1c</b>	Wire mesh screens, for example, on open windows, doors and ventilators, are introduced to reduce the problem of pest entry.				
<b>1.2.2</b>	Floors are constructed to allow adequate drainage and cleaning.				
<b>1.2.3</b>	<p><b>Personnel hygiene facilities and toilets</b></p> <p>Personnel hygiene facilities are suitably located and designated to avoid contamination of food. Facilities include:</p> <p>1.adequate means of hygienically washing and drying hands, including wash basins and a supply of hot and cold (or suitably temperature controlled) water, where appropriate;</p> <p>2.lavatories of appropriate hygienic design;</p>				
<b>1.2.4</b>	Food handlers maintain a high degree of personal cleanliness, and where appropriate, where suitable protective clothing, head covering, and footwear. For the purpose, changing room are established for male and female separately where appropriate and appropriate.				
<b>1.2.5</b>	System is in a place to prevent contamination of foods foreign bodies such as glass or metal shards from machinery, dust, harmful fumes and unwanted chemicals. In manufacturing and processing, suitable detection or screening devices are used where necessary.				
<b>2.0</b>	<b>Control of operation</b>				
<b>2.1</b>	<b>Risk management</b>				
<b>2.1.1</b>	Food business operators control food hazards through the use of following systems: a) identify any steps in their operations which are critical to the safety of food;				

	<p>b) implement effective control procedures at those steps;</p> <p>c) monitor control procedures to ensure their continuing effectiveness</p>				
<b>2.1.2</b>	<p><b>Food control and monitoring equipment:</b>  Equipment used to cook, heat treat, cool, store or freeze food are designed to achieve the required food temperatures as rapidly as necessary in the interests of food safety or suitability and maintain them effectively. These requirements are intended to ensure that:</p> <ol style="list-style-type: none"> <li>1.harmful or undesirable microorganisms or their toxins are eliminated or reduced to safe levels or their survival and growth are effectively controlled:</li> <li>2.where appropriate, critical limits established are monitored; and</li> <li>3.temperatures and other conditions necessary to food safety and suitability are rapidly achieved and maintained.</li> </ol>				

- \* Before using this check sheet, the inspector has to attend a training seminar provided by the JICA Food Value Chain Improvement Project to understand details of check points.
- \* The listed requirements are one of most crucial points but not cover all necessary requirements to avoid food safety incident. Therefore, the inspector shall encourage a food processing company to keep improving their food safety management.

## Check List for Food Safety (Food safety management)

Name of Inspector	
Name of inspector's organization	
Date	

Name of the company

Location of plant:

Type of Inspection (fist or monitoring):

<b>2.2</b>	<b>Customer management</b>				
<b>2.2.1</b>	<p><b>Product Information</b></p> <p>All food products are accompanied by or bear adequate information to enable the next person in the food chain to handle, display, store and prepare and use the product safely and correctly.</p>				
<b>2.2.2</b>	<p><b>Labelling:</b></p> <p>Pre-packaged foods are labelled with clear instructions to enable the next person in the food chain to handle, display, store and use the product safely. Specific product standards may also be referred to.</p>				
<b>2.2.3</b>	<p><b>Consumer management system:</b></p> <p>Standard Operation Procedure for customer management is documented and summarized how to handle claims from customers. Received claim and measurements handed are properly documented.</p>				
<b>3.0</b>	<b>Human resource development</b>				
<b>3.1</b>	<b>Training</b>				

3.1.1	Person in charge of food safety attended a training seminar provided by the Project. The trained person provide training to all people involved in food related activities				
3.2	<b>Instruction and supervision:</b>				
3.2.1	Periodic assessments of the effectiveness of training and instruction programs are made and routine supervisions and checks are undertaken to ensure that procedures are being carried out effectively.				
3.2.2	Managers and supervisors of food processes have the necessary knowledge of food hygiene principles and practices to be able to judge potential risks and take the necessary action to remedy deficiencies.				

- \* Before using this check sheet, the inspector has to attend a training seminar provided by the JICA Food Value Chain Improvement Project to understand details of check points.
- \* The listed requirements are one of most crucial points but not cover all necessary requirements to avoid food safety incident. Therefore, the inspector shall encourage a food processing company to keep improving their food safety management.

## Appendix 3 Draft Check List for Food Safety for Large Companies

### Check List for Food Safety (Facility and equipment)

Name of Inspector	
Name of inspector's organization	
Date	

Name of the company

Location of plant:

Type of Inspection (first or monitoring):

#	Requirements	Compliance			Observations/Progress from previous visit
		Yes	No	N/A	
<b>1.1</b>	<b>Location</b>				
<b>1.1.1</b>	<p><b>Establishments:</b> In particular, an establishment is located away from:</p> <ol style="list-style-type: none"> <li>1.environmentally polluted areas and industrial activities which pose a serious threat of contaminating food;</li> <li>2.areas subject to flooding unless sufficient safeguards are provided;</li> <li>3.areas prone to infestations of pests; and</li> <li>4. areas where wastes, either solid or liquid, cannot be remove effectively.</li> </ol>				
<b>1.2</b>	<b>Premises and rooms</b>				
<b>1.2.1a</b>	<b>Design and layout:</b>				



	Buildings are kept in good condition to prevent pest or animal access				
<b>1.2.1b</b>	Filling room is kept from outside with door or at least vinyl curtain.				
<b>1.2.1c</b>	Wire mesh screens, for example, on open windows, doors and ventilators, are introduced to reduce the problem of pest entry.				
<b>1.2.2</b>	Floors are constructed to allow adequate drainage and cleaning.				
<b>1.2.3</b>	<p><b>Personnel hygiene facilities and toilets</b></p> <p>Personnel hygiene facilities are suitably located and designated to avoid contamination of food. Facilities include:</p> <p>1.adequate means of hygienically washing and drying hands, including wash basins and a supply of hot and cold (or suitably temperature controlled) water, where appropriate;</p> <p>2.lavatories of appropriate hygienic design;</p>				
<b>1.2.4</b>	Food handlers maintain a high degree of personal cleanliness, and where appropriate, where suitable protective clothing, head covering, and footwear. For the purpose, changing room are established for male and female separately where appropriate and appropriate.				
<b>1.2.5</b>	System is in a place to prevent contamination of foods foreign bodies such as glass or metal shards from machinery, dust, harmful fumes and unwanted chemicals. In manufacturing and processing, suitable detection or screening devices are used where necessary.				
<b>1.3</b>	Quality control				
<b>2.0</b>	<b>Control of operation</b>				
<b>2.1</b>	<b>Risk management</b>				
<b>2.1.1</b>	Food business operators control food hazards through the use of following systems:				

	<p>a) identify any steps in their operations which are critical to the safety of food;</p> <p>b) implement effective control procedures at those steps;</p> <p>c) monitor control procedures to ensure their continuing effectiveness</p>				
<b>2.1.2</b>	<p><b>Food control and monitoring equipment:</b></p> <p>Equipment used to cook, heat treat, cool, store or freeze food are designed to achieve the required food temperatures as rapidly as necessary in the interests of food safety or suitability and maintain them effectively. These requirements are intended to ensure that:</p> <ol style="list-style-type: none"> <li>1.harmful or undesirable microorganisms or their toxins are eliminated or reduced to safe levels or their survival and growth are effectively controlled:</li> <li>2.where appropriate, critical limits established are monitored; and</li> <li>3.temperatures and other conditions necessary to food safety and suitability are rapidly achieved and maintained.</li> </ol>				
<b>2.1.3</b>	<p><b>Microbiological and other specification</b></p> <p>Necessary equipment for appropriate monitoring and analytical methods where microbiological, chemical or physical specification are used in any food control system are introduced.</p>				

- \* Before using this check sheet, the inspector has to attend a training seminar provided by the JICA Food Value Chain Improvement Project to understand details of check points.
- \* The listed requirements are one of most crucial points but not cover all necessary requirements to avoid food safety incident. Especially, hygienic structure and specification of the equipment, key points of major or commonly used equipment, such as valves, pumps, pasteurizer, emulsifier, homogenizer, inlet system of the factory, desirable filling room specification and safety operation for production of the factory are missing, but included in the seminar.

\* Therefore, the inspector shall encourage a food processing company to keep improving their food safety management.

## Check List for Food Safety (Food safety management)

Name of Inspector	
Name of inspector's organization	
Date	

Name of the company

Location of plant:

Type of Inspection (fist or monitoring):

<b>2.2</b>	<b>Customer management</b>				
<b>2.2.1</b>	<b>Product Information</b> All food products are accompanied by or bear adequate information to enable the next person in the food chain to handle, display, store and prepare and use the product safely and correctly.				
<b>2.2.2</b>	<b>Labelling:</b> Pre-packaged foods are labelled with clear instructions to enable the next person in the food chain to handle, display, store and use the product safely. Specific product standards may also be referred to.				
<b>2.2.3</b>	<b>Consumer management system:</b> Standard Operation Procedure for customer management is documented and summarized how to handle claims from customers. Received claim and measurements handed are properly documented.				
<b>3.0</b>	<b>Human resource development</b>				
<b>3.1</b>	<b>Training</b>				

<b>3.1.1</b>	Person in charge of food safety attended a training seminar provided by the Project. The trained person provide training to all people involved in food related activities				
<b>3.2</b>	<b>Instruction and supervision:</b>				
<b>3.2.1</b>	Periodic assessments of the effectiveness of training and instruction programs are made and routine supervisions and checks are undertaken to ensure that procedures are being carried out effectively.				
<b>3.2.2</b>	Managers and supervisors of food processes have the necessary knowledge of food hygiene principles and practices to be able to judge potential risks and take the necessary action to remedy deficiencies.				
<b>4.0</b>	Incoming materials				
<b>4.1.1</b>	Incoming materials Where applicable, incoming raw materials or ingredient come from producers certified by Global GAP or HACCP for better traceability of raw materials				
<b>5.0</b>	Food safety certification				
<b>5.1</b>	The facility is certified by or under process of certification of food safety management certificate such as HACCP, ISO22000, or FSSC22000.				

- \* Before using this check sheet, the inspector has to attend a training seminar provided by the JICA Food Value Chain Improvement Project to understand details of check points.
- \* The listed requirements are one of most crucial points but not cover all necessary requirements to avoid food safety incident. Especially, hygienic structure and specification of the equipment, key points of major or commonly used equipment, such as valves, pumps, pasteurizer, emulsifier, homogenizer, inlet and exit system of the factory, desirable filling room specification and safety operation for production of the factory are missing, but included in the seminar.
- \* Therefore, the inspector shall encourage a food processing company to keep improving their food safety management.

## **Appendix 4 Draft Terms of Reference for Consulting Services**

### Terms of Reference for Consulting Services on Food Value Chain Improvement Project

This Appendix 4 is not available for disclosure.

**Appendix 5**

**GOVERNMENT OF PEOPLE'S REPUBLIC OF BANGLADESH**

**JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)**

**OPERATIONAL GUIDELINES**  
**FOR**  
**FOOD VALUE CHAIN IMPROVEMENT PROJECT**  
**IN BANGLADESH**

September 2020

**PROJECT IMPLEMENTATION UNIT**  
**BANGLADESH INFRASTRUCTURE FINANCE FUND LIMITED**

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## Definitions

Advance Procedure	Procedures required for the disbursement from a Japanese ODA loan as stipulated in the Brochure on Advance Procedure for Japanese ODA Loans dated November 2019.
End-Borrower	A borrower of an On-Lending Loan.
Executing Partners	Organizations which support promotion activities and capacity building activities of the Project and are also expected to conduct the similar seminars and trainings with the acquired knowledge and skills by the Project namely: Bangladesh Agro-Processors' Association (BAPA), Small and Medium Enterprise Foundation (SMEF), Bangladesh Small and Cottage Industries Corporation (BSCIC) and Bangladesh Food Safety Authority (BFSA).
Implementing Agency	An agency in charge of the project management that receives the Japanese ODA loan from Ministry of Finance (MOF) and provides On-Lending Loans to End-borrowers directly, selects and employs the Project Consultant, promote the Project by means of publicity campaigns, and monitors the progress of Sub-Projects
On-Lending Loan	A loan lent from the Project Operating Account by Bangladesh Infrastructure Finance Fund Limited (BIFFL) to an End-Borrower to finance an eligible Sub-Project.
On-Lending Loan Agreement	A contract of an On-Lending Loan between BIFFL and an End-Borrower.
Operational Guidelines	Guidelines to facilitate the Project Implementation Unit (PIU) and other stakeholders of the Project to thoroughly understand the policies and mechanism of the Project, to process the ODA loan to Government of Bangladesh (GOB) provided under the Loan Agreement (L/A) and to realize successful implementation of the Project.
The Project	Food Value Chain Improvement Project
Project Implementing Unit (PIU)	A unit established within the Implementing Agency to handle all relevant tasks related to the Projects on a full-time basis.
Sponsoring Ministry	A ministry of GOB which has forms and chairs the Project Steering Committee (PSC) and the Project Working Committee (PWC), formulates necessary policies, rules and regulations for the successful implementation of the Project, ensures coordination among the Implementing Agency and Executing Partners, and so on.
Sub-Project	An objective project of an On-Lending Loan under the Project.
Subsidiary Loan	A loan for the fund of On-Lending Loans, lent by MOF to BIFFL under the Project.
Subsidiary Loan Agreement	A contract of a Subsidiary Loan between MOF and BIFFL under the Project.

## Abbreviations

BAPA	Bangladesh Agro-Processors' Association
BB	Bangladesh Bank
BDT	Bangladesh Taka
BFSA	Bangladesh Food Safety Authority
BIFFL	Bangladesh Infrastructure Finance Fund Limited
BSCIC	Bangladesh Small and Cottage Industries Corporation
CIB	Credit Information Bureau
CRM	Credit Risk Management
ECC	Environmental Clearance Certificate
ECR	Environmental Conservation Rules
ESMF	Environmental Social Monitoring Framework
ESMS	Environmental and Social Management System
ESDD	Environment Social Due Diligence
FVC	Food Value Chain
GOB	Government of Bangladesh
HACCP	Hazard Analysis Critical Control Point
IEE	Initial Environmental Examination
ISO	International Organization for Standardization
JICA	Japan International Cooperation Agency
JPY	Japanese Yen
L/A	Loan Agreement
MOF	Ministry of Finance
MoInd	Ministry of Industries
ODA	Official Development Aid
O&M	Operation and Maintenance
PIU	Project Implementation Unit
PSC	Project Steering Committee
PSR	Project Status Report
PWC	Project Working Committee
QPR	Quarterly Progress Report
SMEF	Small and Medium Enterprise Foundation
TSL	Two-Step Loan

## Introduction

### Purpose of the Operational Guidelines

In Bangladesh, it has been widely recognized that the improvement of food value chain is essential for further economic development of the country through the diversification of the economy. The Food Value Chain Improvement Project (the Project) was hence formulated, and the Loan Agreement (L/A) for the Project was signed between the Japan International Cooperation Agency (JICA) and the Government of Bangladesh (GOB) on August 12, 2020.

Under the L/A, JICA extends the Japanese ODA loan to GOB. The ODA loan, which is in turn on-lent to the Bangladesh Infrastructure Finance Fund Limited (BIFFL) as the Implementing Agency, will be re-lent the funds to End-Borrowers.

The Operational Guidelines intend to enable the Project Implementation Unit (PIU) to thoroughly understand the policies and mechanism of the project management, and to successfully carry out the Project.

### Modification of the Operational Guidelines

The Operational Guidelines are subject to changes or revisions preferable or indispensable, or reflecting changes in the economy or statutory regulations.

Any change in the Operational Guidelines is made by PIU with the approval by the Project Working Committee (PWC). Revisions that changes the substance of the Operational Guidelines, including but not limited to; the proportion of loan proceed allocated to small and medium enterprises and large enterprises (see 1.3 of the Operational Guidelines) and; the eligibility criteria of On-Lending Loans (see 1.5.2 of the Operational Guidelines), such as eligible business sectors, specified in the Operational Guidelines are required the concurrence of JICA in addition to the review and approval by PWC.

# 1. Outline of the Project

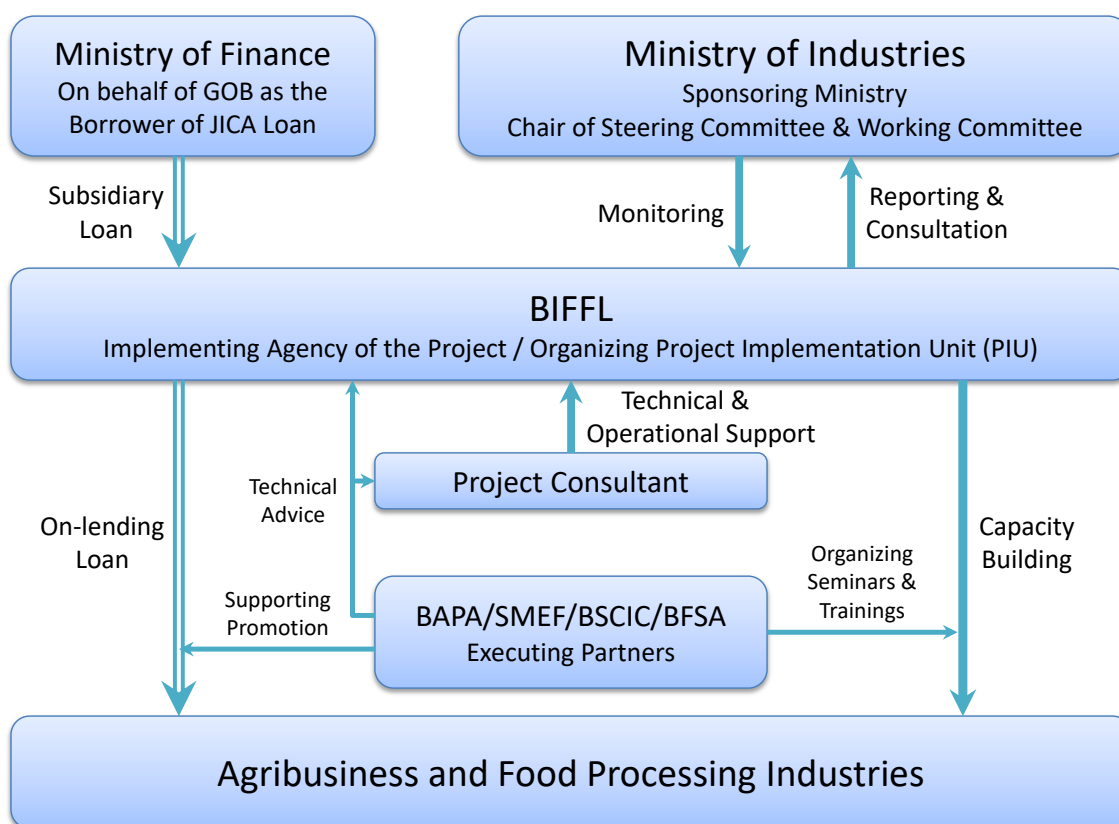
## 1.1. Objective of the Project

The objective of the Project is to improve financial access for agribusiness and food processing industries and to enhance their capacity in business development, food processing, and food safety by providing concessional financing and technical assistance, thereby contributing to the improvement of food value chain in Bangladesh.

## 1.2. Outlines of the Project

With a view to achieving the above mentioned objective of the Project, the Project has two approaches: 1) provision of two-step loan (TSL) as concessional financing to agribusiness and food processing industries; and 2) provision of capacity building to agribusiness and food processing industries as well as to BIFFL as Implementing Agency and Executing Partners.

The overall implementation structure of the Project is shown in the following figure.



**Figure 1: Project Implementation Structure**

The Project offers concessional financing to agribusiness and food processing industries through the Implementing Agency, Bangladesh Infrastructure Finance Fund Limited (BIFFL), in order to address their issues in financial access and capital investment.

In addition to extending concessional financing, the Project also provides technical and operational supports on financial management in agribusiness and food processing industries to BIFFL and builds the capacity of Executing Partners through the consulting services to expand the financial market. Such consulting services include those on (i) market analyses of selected agricultural and food products, (ii) knowledge on the certification system of food safety and hygiene management, and (iii) risk assessment of agribusiness and food processing industries.

The Project also aims to expand and deepen the financial access in agribusiness and food processing industries through providing capacity building to potential End-Borrowers in agribusiness and food processing industries in order to achieve the diversification and higher value addition of food value chain in Bangladesh. The Project then provides technical assistance for the improvement of financial and operational management capacities of agribusiness and food processing industries, such as the preparation of a business plan, enhancement of knowledge on food processing technologies and facilities, and enhancement of capacity on quality control and food safety management in collaboration with the Executing Partners: Bangladesh Food Safety Authority (BFSA); Small and Medium Enterprise Foundation; Bangladesh Small and Cottage Industries Corporation (BSCIC); and Bangladesh Agro-processors' Association (BAPA).

The Ministry of Industries (MoInd) supervises the Project as the Sponsoring Ministry. MoInd forms and chairs the Steering Committee and Working Committee and monitor the progress and impacts of the Project. MoInd also ensures the coordination among BIFFL and the Executing Partners such as SMEF and BSCIC for the implementation of the capacity building of agribusiness and food processing industries.

BIFFL is responsible for selecting and employing the Project Consultant for supporting project management and execution of capacity building, and to extend On-Lending Loans to End-Borrowers as the Implementing Agency directly. They also promote the Project by means of promotion activities through website, brochures and seminars, and monitor the progress of the sub projects to report MoInd and JICA.

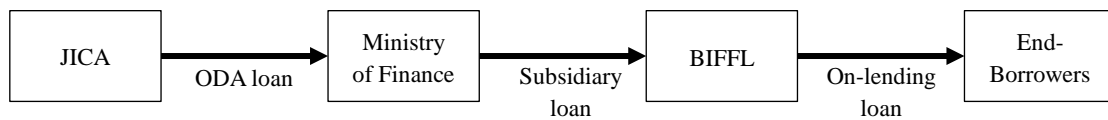
The Project Consultant is responsible for supporting BIFFL by providing the consulting service managing TSL and seminars for End-Borrowers, collaborating with the Executing Partners such

as SMEF, BSCIC and BAPA.

BFSA, SMEF, BSCIC, and BAPA are responsible for collaborating with BIFFL in the TSL scheme and capacity building for agribusiness and food processing industries as the Executing Partners. The detail of the Executing Partners' roles and the collaboration activities are elaborated later in Chapter 5.

### 1.3. Overview of the Project Fund Flow

The original fund of the Project for TSL is the concessional loan (ODA loan) extended from the Government of Japan (represented by JICA) to GOB represented by MOF. The fund, which is extended from MOF to BIFFL under the Sub-Loan Agreement, is then on-lent to End-Borrowers.



**Figure 2: Project Fund Flow**

BIFFL provides On-Lending Loans to End-Borrowers, taking all credit risks of End-Borrowers. No matter whether On-Lending Loans are defaulted, BIFFL has the obligation to make repayments of the Subsidiary Loans.

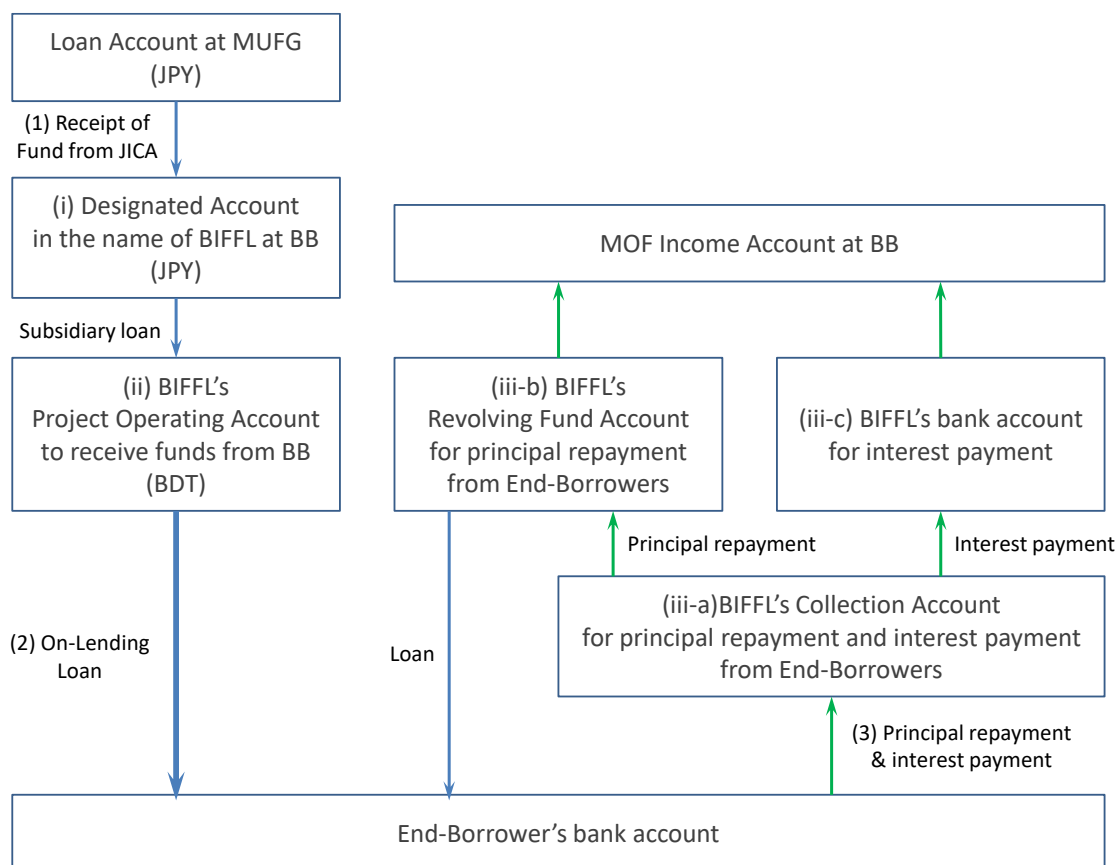
As the credit risks of End-Borrowers are taken solely by BIFFL, BIFFL makes all decisions on the On-Lending Loans, including the selection of End-Borrowers, at its discretion. Other parties, including the sponsoring ministry, are not involved in any decision making of On-Lending Loans.

The allocation of loan proceeds of On-Lending Loans to small and medium enterprises and large enterprises is set as 40% and 60% respectively. The allocation will be reviewed and revised by PWC with the concurrence of JICA based on actual disbursement of On-Lending Loans.

Besides, the Project fund disbursed under the subsidiary loan is managed by BIFFL at its discretion, as described in 1.4. of the Operational Guidelines. Other parties, including the sponsoring ministry, are not involved in the fund management.

## 1.4. Outlines of the Project Fund Flow

The Project fund flow and bank accounts of the Project are illustrated in the figure below.



**Figure 3: Fund Flow and Accounts**

### (1) Receipt of Fund from JICA

BIFFL receives the fund from JICA based on the Project Memorandum (to be) concluded between JICA and BIFFL and the Subsidiary Loan Agreement (to be) concluded between the Ministry of Finance and BIFFL.

The procedures required to be taken for receiving funds from JICA are prescribed in the Brochure on Advance Procedure for Japanese ODA Loans which is incorporated as a part of the Loan Agreement (L/A).

### (2) On-Lending Loans to End-Borrowers

The disbursements of On-Lending Loans to End-Borrowers are made from (ii) the Project Operating Account.



After the final disbursement is made, BIFFL as the Implementing Agency, has to prove that all Loan funds have been utilized for On-Lending Loans.

In case deposit interest is paid by the agent bank to (ii) the Project Operating Account, BIFFL can withdraw it from the account and use it only for the operational expenses of the Project, including personnel expenses and repayment of the subsidiary loans.

### (3) Principal Repayments and Interest Payments by End-Borrowers

To receive the principal repayments and interest payments of On-Lending Loans from End-Borrowers, BIFFL opens and maintains (iii-a) the Collection Account (iii -b) the Revolving Fund Account, and (iii-c) the BIFFL's bank account for interest payment at a BIFFL's agent bank.

BIFFL utilizes funds accumulated in the Revolving Fund Account for the 2<sup>nd</sup> and subsequent generations of loans to End-Borrowers at least until 50% of the On-Lending Loan has been utilized for the 2<sup>nd</sup> generation of loans to End-Borrowers through the Revolving Fund.

BIFFL pays the interest of subsidiary loans to the MOF income account at Bangladesh Bank from (iii-c) the BIFFL's bank account for interest payment. The difference between the interest paid by the End-Borrowers and the interest paid to the MOF income account is the interest margin. BIFFL can withdraw it from the account and use it for the operational expenses of the Project, including personnel expenses and repayment of the subsidiary loans.

In case deposit interest is paid to (iii-a) the Collection Account, (iii -b) the Revolving Fund Account, and (iii-c) the BIFFL's bank account for interest payment by the agent bank, BIFFL can also withdraw it from the accounts and use it for the operational expenses of the Project.

### (4) Reporting and Auditing of Accounts

Outstanding balances of these accounts are reported annually to JICA by the Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s) prepared by PIU.

The statements are audited by an independent auditor, as explained in 5.2. of the Operational Guidelines.

## 1.5. Eligibility Criteria of On-Lending Loans

Eligibility criteria of On-Lending Loans to be provided under the Project are described in this section. Note that any changes in the eligibility criteria used under the Project are first reviewed and approved by PWC with concurrence of JICA.

### 1.5.1 Business Type of Eligible End-Borrowers

The business types of eligible End-Borrowers are:

- 1) Public limited company;
- 2) Private limited company;
- 3) Partnership;
- 4) Sole proprietorship; and
- 5) Cooperative.

Eligible End-Borrowers must be duly registered under the Company Act 1994 or the Cooperative Society Act 2001, or have appropriate licenses or registrations issued by competent authorities. State-owned companies and public corporations are not eligible.

Entities legally registered both in Bangladesh or abroad at the time of loan application can submit a loan application. However, at the time of On-Lending Loan Agreement signing, a foreign entity is required to be registered as a legal entity in Bangladesh.

### 1.5.2 Eligible Business Sectors for Investment

Business sectors eligible for financing under the Project are as follows:

- 1) Fruit processing industry;
- 2) Vegetable processing industry;
- 3) Spice processing industry;
- 4) Rice, wheat and bean processing industry;
- 5) Edible oil producing industry;
- 6) Seed Processing industry;
- 7) Organic fertilizer producers / biological pesticide producers;
- 8) Wholesalers and logistics industries, including warehouse and transport industries; and
- 9) Retail industries (including super markets).

For each business sector, eligible raw materials and eligible products are also specified, as in Annex 3.

When eligible business sectors are reviewed and revised, PWC makes the approval with the concurrence of JICA.

In order to be selected as an eligible business sector, it must be proved that the value addition of agribusiness and food processing industries in Bangladesh is increased directly or indirectly by promoting the capital investment in the business sector. It is also necessary to examine whether the raw materials in the business sector are domestically produced and also to examine whether the products can be exported or can substitute imported products.

### 1.5.3 Eligible Geographical Location

There are no conditions set on the geographical location of business. Special attention will be given to industrially less developed area.

### 1.5.4 Eligible and Ineligible investments

Eligible investments for financing under the Project are:

- 1) Fixed assets, including equipment, machinery and structures; and
- 2) Technical know-how, consulting services and training.

#### **1) Fixed assets, including equipment, machinery and structures**

##### **1)-1 Equipment and machineries**

###### **(a) Purchase of equipment and machineries**

If a Sub-Project meets eligibility criteria mentioned above, such as eligible raw materials and eligible products, the equipment and machineries included in the Sub-Project are basically eligible for financing. However, equipment and machineries which can be used for other purposes may NOT be regarded eligible.

Equipment and machineries are regarded as eligible if they meet one of the following criteria:

- i) The investment item is installed in the production / processing lines, and the line cannot continue operation without the item;
- ii) The investment item is installed and mainly used for the production of eligible products during busiest seasons. It is however used for other purposes than the production / processing of eligible products temporarily or occasionally; and
- iii) The investment item is not installed, but it is difficult to use for other purposes than the

production / processing of eligible products.

Equipment and machineries movable and usable for other purposes than the eligible business sectors are NOT eligible. Examples of such ineligible investments are vehicles without freezing, refrigerating or humidity or temperature controlling equipment.

In addition to this, ineligible investments are specified for each business sector as in Annex 3.

#### **(b) Associated expenses with equipment and machineries**

In the Project, associate expenses with equipment and machineries are eligible for financing. Such expenses include:

- i) Transport, assembly and installation costs;
- ii) Customs duties, insurance and other administrative costs and commissions;
- iii) Costs of spare parts of equipment and machineries; and
- iv) Other incidental costs.

#### **1)-2 Structures**

Eligible fixed assets include 1)-2 Structures as mentioned above. Such structures are those necessary for the operation of the equipment and machineries purchased under the Project.

Structures regarded as eligible investments are therefore as follows:

- i) Construction or renovation of factory buildings in which the equipment or machineries procured under the respective On-Lending Loan are installed;
- ii) Construction or renovation of buildings and warehouses in which freezing, refrigerating or humidity or temperature controlling equipment procured under the respective On-Lending Loan is installed; and
- iii) Other civil works accompanied with the equipment, machineries and structures procured under the respective On-Lending Loan, such as foundation work for equipment, machineries and structures, construction of effluent treatment plants and installation of drainage ditches.

Structures which can be used for other purposes than the business sectors listed above are NOT eligible for financing. Such structures include warehouses without freezing, refrigerating or humidity or temperature controlling equipment. Office buildings in which any production equipment or machineries are not installed are NOT eligible either.

Civil works, which are not accompanied with the equipment, machineries and structures procured under the respective On-Lending Loan, such as construction of boundary fences, gates and access roads of factories, are NOT eligible. Land clearance works are NOT eligible either.

Purchase of land or land use rights and payment of tax are NOT eligible for financing under the Project. Other ineligible investments, which are specified for each business sector, are explained in Annex 3.

## **2) Technical know-how, consulting services and training.**

Expenses for technical know-how, consulting services and training are also regarded as eligible investments. Such technical know-how, consulting services and training is eligible if they are expected to improve or enhance the operation of End-Borrowers in eligible business sectors.

Expenses for the consulting services for the improvement of food safety management at factories are one of such eligible investments.

Such technical know-how, consulting services and training include expenses for obtaining accreditation related to food safety and food processing including ISO, HACCP, and halal certification.

### **1.5.5 Eligibility Criteria on Environmental and Social Impacts**

Any Sub-Projects which are likely to have significant adverse environmental and social impacts are not financed by the Project.

Upon loan application, End-Borrowers are requested to submit documents evidencing the compliance with the environmental and social standards in Bangladesh. In case End-Borrowers are unable to prove their compliance with the environmental and social standards by submitting such documents, they are not eligible for financing under the Project.

BIFFL then reviews Subprojects using Screening Form for FVC (Annex 5) and exclude Sub-Project classified into “Category A”. BIFFL also categorizes Sub-Projects into “Low”, “Moderate” or “High” using its Environmental and Social Risk Rating Criteria. BIFFL scrutinizes the environmental and social risks of Sub-Projects categorized as “Moderate” and “High” using and the Environmental and Social Due Diligence (ESDD) check list for FVC (Annex 6 and 7). In case

BIFFL recognizes significant adverse environmental and social risks in a Sub-Project, it is not eligible for financing.

## 1.6. Terms and Conditions of On-Lending Loans

The terms and conditions of On-Lending Loans under the Project are outlined in the following table.

**Table 1: General Terms and Conditions of On-Lending Loan**

Lender	BIFFL
Borrower	Any companies and businesses meeting the eligibility criteria of the Project
Currency	Bangladesh Taka (BDT)
Amount	Maximum BDT 500,000,000
Term	Long term loans: 5 - 10 years including a grace period of 2 years Medium term loans: 2 - 5 years including a grace period of 1 year
Interest rate	Not exceeding 6%
Repayment schedule	To be determined by agreement between BIFFL and End-Borrowers in compliance with the rules and regulations in Bangladesh
Interest payment	To be determined by agreement between BIFFL and End-Borrowers in compliance with the rules and regulations in Bangladesh
Prepayment	To be determined by agreement between BIFFL and End-Borrowers in compliance with the rules and regulations in Bangladesh
Security	To be determined by agreement between BIFFL and End-Borrowers in compliance with the rules and regulations in Bangladesh

In case an On-Lending Loan requires terms and conditions that do not comply with the general terms and conditions listed above (e.g. On-Lending Loan amount and term), BIFFL obtains a prior approval for the exception by PWC before deciding the finance to the On-Lending Loan.

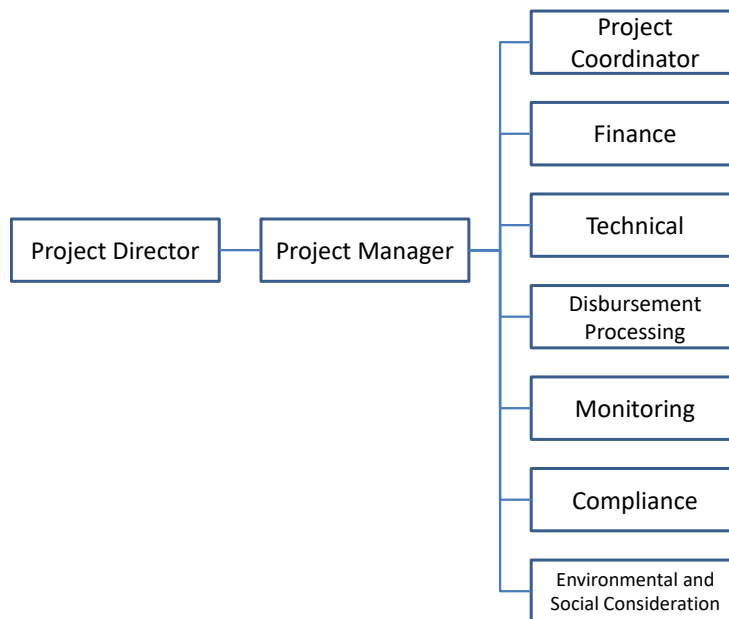
Any change in the general terms and conditions of On-Lending Loans specified above in the Operational Guidelines is subject to approval by PWC with the concurrence of JICA. Such

changes in the general terms and conditions are applied to the On-Lending Loans after the date of approval by PWC.

### 1.7. Composition and Roles of PIU

BIFFL establishes the Project Implementation Unit (PIU) within the institution with 10 members including Project Director, full-time Project Manager and the adequate number of staff members who specifically handle all relevant tasks related to the Project.

PIU consists of Project Director, Project Manager, one Project Coordinator, two financial analysts, one technical member, one disbursement processing member, one monitoring member, one member for compliance, and one member for environmental and social considerations. The organogram of PIU is shown below.



**Figure 4: Organogram of Project Implementation Unit**

## 2. On-Lending Loan Arrangement by BIFFL

### 2.1. Pre-Screening of Sub-Projects

Potential End-Borrowers, who wish to have financing under the Project, contact PIU or Investment Division of BIFFL. PIU then explains the eligibility criteria, general terms and conditions of On-Lending Loans, and necessary documents for loan applications.

However, before submitting a loan application, a potential End-Borrower goes through financial pre-screening and technical pre-screening by BIFFL, so that BIFFL can decide the loan policy.

### 2.2. Credit Appraisal of Sub-Projects

#### 2.2.1. Loan Application

Only after a Preliminary Letter of Support is issued, an End-Borrower is requested to submit a Loan Application Form. PIU also requests the potential End-Borrower to submit supporting documents attached to the Loan Application Form.

#### 2.2.2. Credit Analysis

Based on the Credit Policy and procedural rules of BIFFL and the eligibility criteria of the Project, PIU carries out credit analysis of a Sub-Project and an End-Borrower.

### 2.3. Credit Approval

After a loan application is comprehensively examined in the credit appraisal, PIU prepares an Appraisal Report and submits it to Credit and Investment Division (C&ID). Credit and Investment Division then sends it to Credit Committee of BIFFL for their review. Credit Committee will then recommend the Sub-Project to Chief Executive Officer for comments and decision. A memo along with the decision of Chief Executive Officer is send to Board of Directors through Executive Committee for final approval.

Target duration from the start of credit appraisal /due diligence to the final loan approval is as follows:



**Table 2: Target Duration from credit appraisal to final approval**

Approving body	Target duration
Executive Committee	Within 1 month
Board of Directors	Within 3 month

Note that the loan appraisal / due diligence starts only when the End-Borrower provided full set of information that PIU requests.

#### 2.4. On-Lending Loan Agreement

After completing the process of credit appraisal for an applied On-Lending Loan, BIFFL concludes the On-Lending Loan Agreement with the End-Borrower. An On-Lending Loan Agreement contains those requirements specified in 1.6 of the Operational Guidelines.

As explained in 1.6 of the Operational Guidelines, terms and conditions, such as loan term, interest rate, repayment schedule and loan security, are determined based on the agreement between BIFFL and End-Borrowers in compliance with the rules and regulations in Bangladesh. When determining terms and conditions of On-Lending Loans, BIFFL will try not to rely too much on real estate security.

#### 2.5. Data Collection of Monitoring Indicators

In the year of the On-Lending Loan approval, PIU collects the baseline data of Monitoring Indicators specified in 5.2 of the Operational Guidelines from End-Borrowers. PIU inputs them into Sub-Project Report on Monitoring Indicators (Annex 9).

### 3. Monitoring of On-Lending Loans and Sub-Projects by BIFFL

An effective credit monitoring system is a key element that ensures the soundness of the whole performance and leads to the ultimate success of the Project.

The Project envisages that BIFFL bears the credit risk of End-Borrowers and On-Lending Loans. The credit risk relates to the possibility that a borrower or counterparty including a guarantor will fail to meet agreed obligations. The management of the credit risk is the most crucial task for BIFFL as the Implementing Agency and, as such, policies and procedures need to be solidly established and strictly enforced. In addition to the compliance with the laws, regulations and regulatory guidelines, BIFFL takes necessary measures for credit risk management.

The PIU is therefore obliged to closely monitor the progress of On-Lending Loans and Sub-Projects through on-site visits and management interviews.

**Table 3: Monitoring activities**

<b>Monitoring activities</b>	<b>Report prepared as the result of monitoring</b>
Monitoring of the progress of Sub-Projects	Sub-project Status Report (Annex 8, I-(2))
Monitoring of repayment by End-Borrowers	Ongoing Sub-Project Summary and Financial Report (Annex 8, I-(7))
Monitoring of Financial Status and Regulatory Documents of End-Borrowers	-
Monitoring of Environmental and Social Aspects of Sub-Projects	Environmental and Social Performance Report (Annex 8, I-(6))
On-site Physical Inspections of Sub-Projects	On-site Physical Inspection Report (Annex 8, I-(5))
Data Collection of Monitoring Indicators	Sub-project Report on Monitoring Indicators (Annex 9)

#### 3.1. Monitoring of the progress of Sub-Projects

PIU monitors the progress of Sub-Projects after loan decisions are made. PIU records the dates when Sub-Projects reached the following milestones and summarizes them in Sub-Project Status Report (Annex 8, I-(2)):

- Purchase of equipment / starting civil construction or consulting service, etc.;
- Installation of equipment / construction or consulting service etc. on progress; and
- Start of production activities.

### 3.2. Monitoring of repayment by End-Borrowers

PIU takes steps to make sure that End-Borrowers make repayments of On-Lending Loans properly.

Repayment status of each On-Lending Loans are summarized by PIU. PIU prepares Ongoing Sub-Project Summary and Financial Report (Annex 8, I-(7)) and the report is submitted to MoInd as well as JICA every quarter.

Number of rescheduled loans, total amount of loans rescheduled and total repaid amount from rescheduled loans are reported in Current Repayment and Overdue Status Report (Annex 8, III)

### 3.3. Monitoring of Financial Status and Regulatory Documents of End-Borrowers

PIU reviews the financial aspects of End-Borrowers every fiscal year following the internal rules of BIFFL.

### 3.4. Monitoring of Environmental and Social Aspects of Sub-Projects

PIU reviews the compliance of Sub-Projects with the environmental and social standards in Bangladesh and the JICA Guidelines periodically, through examining ECCs, factory licenses and fire licenses of End-Borrowers. Such legal documents are collected by PIU through “3.3. Monitoring of Financial Status and Regulatory Documents of End-Borrowers” mentioned above.

The results of such reviews are summarized in an Environmental and Social Performance Report (ESPR, Annex 8, I-(6)) and reported to MoInd as well as JICA quarterly.

Whenever any negative environmental and social impacts caused by Sub-Projects are identified during implementation, PIU immediately reports it to MoInd as well as JICA by sending a Project Status Report.

### 3.5. On-site Physical Inspections of Sub-Projects

PIU arranges on-site physical inspection of Sub-Projects following the internal rules of BIFFL.

Through on-site inspections, PIU examine goods (e.g. equipment, machineries, warehouses, factory buildings), sites and works included in the Sub-Project. PIU also examines any relevant

records and documents (invoice, receipt, etc.) are complied with the Credit Policy of BIFFL.

BIFFL conducts on-site physical inspections at least once upon the completion of Sub-Projects. The results of such inspections are compiled by PIU in the On-site Physical Inspection Report (Annex 8, I-(5)) and submitted to JICA and MoInd quarterly.

BIFFL additionally conducts on-site inspections of Sub-Projects before and during the implementation to avoid any risks or to clarify problems of Sub-Projects. The results of such inspections are also compiled in the On-Site Physical Inspection Report. BIFFL will also report any profound problems in Sub-Projects to JICA immediately when they are found.

BIFFL also receives JICA's review on Sub-Projects. JICA reviews at least first three Sub-Projects and conducts reviews of randomly selected Sub-Projects every fiscal year.

### 3.6. Data Collection of Monitoring Indicators

PIU collects the data of Monitoring Indicators specified in 5.2 of the Operational Guidelines from End-Borrowers in the year of the On-Lending Loan approval (baseline) and two years after the commencement of commercial operation (end line). Such data are collected through the monitoring of financial status and on-site physical inspections explained above.

Compiling the data collected, PIU inputs them Sub-Project Report on Monitoring Indicators (Annex 9).

### 3.7. Other On-Lending loan procedures

#### 3.7.1. Prepayment of On-Lending Loan

##### (1) Prepayment by Sales Proceeds of Fixed Assets Originally Financed by On-Lending Loan

If an End-Borrower sells fixed assets financed by an On-Lending Loan, the End-Borrower must prepay the On-Lending Loan with the sales proceeds. If the sales proceeds are smaller than the outstanding balance of the On-Lending Loan, the End-Borrower must agree with BIFFL on the repayment schedule of the remaining principal.

##### (2) Prepayment at the Request of End-Borrower

Upon request by an End-Borrower, BIFFL may accept the prepayment of the On-Lending Loan,

provided that the End-Borrower is not coerced by BIFFL and cordially wishes to do so. The prepayment to be made by the End-Borrower is appropriated to the installments of principal in the inverse order starting from the last one. The End-Borrower is not allowed to apply for another On-Lending Loan under the Project for the same Sub-Project.

### (3) Other Prepayment of On-Lending Loans

In case an End-Borrower fails to meet terms and conditions specified in the On-Lending Loan Agreement, BIFFL may request the End-Borrower to prepay the On-Lending Loan. For example, if the End-Borrower fails to comply with laws and regulations in Bangladesh, including but not limited to the anti-bribery related laws and regulations, the End-Borrower will be obliged to prepay the On-Lending Loan as soon as possible.

## 4. Promotion and Capacity Building Activities by BIFFL and Executing Partners

As it has been mentioned in 1.2 of the Operational Guidelines, BIFFL and the Executing Partners closely collaborate in On-Lending Loans promotion and capacity building activities. The roles of BIFFL and the Executing Partners and their concrete activities are elaborated in the following sections.

### 4.1. Roles of BIFFL and Executing Partners in promotion and capacity building activities

All the Executing Partners support BIFFL to promote On-Lending Loans and also to provide capacity building programs to potential End-Borrowers of agribusiness and food processing industries. The roles of BIFFL and each Executive Partner are shown in the table below.

**Table 4: Roles of BIFFL and the Executing Partners**

Organization	Role
BIFFL	<p>(1) Promote On-Lending Loans for potential End-Borrowers with the support of the Executive Partners by: (i) planning annual promotion activities; (ii) advertising On-Lending Loans by making brochures and developing its website; (iii) explaining the On-Lending Loan scheme to Executing Partners to deepen their understanding on the overall scheme, particularly on its eligibility criteria; and (iv) conducting any other necessary activities to carry out effective promotion.</p> <p>(2) Conduct capacity building programs for potential End-Borrowers with the support of the Executive Partners and the Project Consultant by: (i) planning annual capacity building programs; (ii) developing syllabus and training materials; (iii) making arrangement of training venue and trainers; (iii) conducting any other necessary activities including administrative and logistic works.</p>
BAPA	<p>(1) Support BIFFL to: (i) promote On-Lending Loans to the member companies; (ii) conduct an overseas study tour by recommending participating companies; (iii) organize business matching seminar and; (iv) arrange the participation to international exhibition events for the potential end borrowers.</p> <p>(2) Support BIFFL to organize seminars and training programs for potential End-Borrowers with the support of the Project Consultant (mainly about business development and advanced food safety) through</p> <ul style="list-style-type: none"> <li>- Working with BIFFL and the Project Consultant to formulate training or seminar materials for agribusiness and food processing companies to enhance their food safety management, including</li> </ul>

	<p>hygiene management, food safety certifications and quality assurance.</p> <ul style="list-style-type: none"> <li>- Working with BIFFL to mobilize appropriate resource persons as lectures, and</li> <li>- Holding seminars jointly with BIFFL, with the support of the consultants.</li> </ul> <p>(3) Support potential End-Borrowers to find export opportunities through;</p> <ul style="list-style-type: none"> <li>- Working with BIFFL to organize business matching seminars, and</li> <li>- Participating in trade exhibition in other countries.</li> </ul>
SMEF	<p>(1) Support BIFFL by introducing On-Lending Loans to potential End-Borrowers and inviting them to the seminars and training programs through its network.</p> <p>(2) Support BIFFL to organize seminars and training programs for potential End-Borrowers with the support of the Project Consultant (mainly about business development and food processing for SMEs) through</p> <ul style="list-style-type: none"> <li>- Working with BIFFL and the Project Consultant to formulate training or seminar materials for agribusiness and food processing companies to enhance their food production skills and capacity (e.g. fruit and vegetable processing, cold chain management and productivity improvement), and financial access. The main targets are SMEs.</li> <li>- Working with BIFFL to mobilize appropriate resource persons as lectures, and</li> <li>- Holding seminars jointly with BIFFL, with the support of the Project Consultant.</li> </ul>
BSCIC	<p>(1) Support BIFFL by introducing On-Lending Loans to potential End-Borrowers and inviting them to the seminars and training programs leveraging its nationwide network.</p> <p>(2) Support BIFFL to organize seminars and training programs for potential End-Borrowers with the support of the Project Consultant (about productivity improvement in edible oil processing and baked goods if the needs are confirmed in the area) through</p> <ul style="list-style-type: none"> <li>- Working with BIFFL and the Project Consultant to formulate training or seminar materials for agribusiness and food processing companies to enhance their food production skills and capacity (e.g. fruit and vegetable processing, cold chain management and productivity improvement), and financial access. The main targets are SMEs,</li> <li>- Working with BIFFL to mobilize appropriate resource persons as lectures, and</li> <li>- Holding seminars jointly with BIFFL, with the support of the Project Consultant.</li> </ul>
BFSA	<p>(1) Provide technical advice to BIFFL and the Project Consultant about the training on food safety</p> <p>(2) Support BIFFL to organize seminars and training programs about the basics of food safety with the support of the Project Consultant through</p>

	<ul style="list-style-type: none"> <li>- Working with BIFFL and the Project Consultant to formulate training or seminar materials for agribusiness and food processing companies to enhance their basic food safety management, including meeting regulatory requirements.</li> <li>- Working with BIFFL to mobilize appropriate resource persons as lectures, and</li> <li>- Holding seminars jointly with BIFFL, with the support of the Project Consultant.</li> </ul>
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#### 4.2. Promotion activities

Based on the annual promotion plan to be prepared by BIFFL with the support of the Project Consultant, BAPA, SMEF and BSCIC support BIFFL to advertise On-Lending Loans, for example by disseminating the information of On-Lending Loans to potential End-Borrowers through their networks.

In addition, the above organizations (in particular BSCIC) support BIFFL for promotion of On-Lending Loans and capacity building programs by utilizing their nationwide established training facilities.

For ensuring effective promotion, BIFFL with the support of the Project Consultant, duly explains the overall On-Lending Loan scheme and its eligibility criteria to the Executive Partners so that they can properly respond to the enquiries from their member companies or potential End-Borrowers.

In case such member companies do not meet any eligibility criteria, such as business sectors, they will be screened out by the Executive Partners at early stage. Potential End-Borrowers meeting eligible criteria will contact directly with BIFFL.

Note that the budget and details of promotion activities are determined by BIFFL.

#### 4.3. Capacity building activities

There are four types of capacity building programs to improve capacity of potential End-Borrowers in agribusiness and food processing industries: 1) business and financial management; 2) food processing improvement; 3) food safety; and 4) export competitiveness. In principle, the capacity building programs are carried out in the form of a series of seminars as elaborated in the following sections.



Note that the budget and details of capacity building activities are determined by BIFFL.

### (1) Capacity Building for Business and Financial Management

For the capacity building for business and financial management, both SMEF and BSCIC organize joint seminar with BIFFL on developing business plans and preparing for legal documents required for loan application. Such seminar is proposed to be organized together with the capacity building program for food processing improvement mentioned below.

### (2) Capacity Building for Food Processing Improvement

For the capacity building for food processing improvement, both SMEF and BSCIC organize joint seminar with BIFFL on “Diversification of processed products, processing technology and processing equipment, and quality improvement” and “Promotion of multipurpose cold storage facilities and improvement in the transportation of fruits and vegetables”, with the support of Project Consultant. The tentative seminar topics and executing partners are shown in the following table.

**Table 5: Tentative seminar topics and executing partners (food processing improvement)**

Seminar title	Frequency and location
1) Diversification of processed products, processing technology and processing equipment, and quality improvement	
Potato processing	At least twice a year at Dhaka, Chattogram, and another city (three cities in total)
Other vegetable processing	At least twice a year at Dhaka, Chattogram, and another city (three cities in total)
Fruit processing such as mango	At least twice a year at Dhaka, Chattogram, and Rajshahi (three cities in total)
Edible oil manufacturing and bread manufacturing	At least twice a year at Dhaka, Chattogram, and other city (three cities in total)
2) Promotion of multi-purpose cold storage facilities and improvement in the transportation of fruits and vegetables	At least twice a year at Dhaka, Chattogram, and another city (three cities in total)

### (3) Capacity Building for Food Safety

For the capacity building for food safety, both organize joint seminar with BIFFL on “Basic course on food safety” and “Advanced course on food safety”, with the support of Project Consultant. The tentative seminar topics and schedule are shown in the following table.

**Table 6: Tentative seminar topics and executing partners (food safety)**

Seminar title	Frequency and area
1) Basic course on food safety	At least twice a year in each city: Dhaka and Chattogram
2) Advanced course on food safety (i) Food Safety and International Trend (ii) Factory Operation (iii) Hygienic Engineering Design	At least twice a year in each city: Dhaka and Chattogram

#### (4) Capacity Building for Export Competitiveness

For capacity building for export competitiveness, the following two programs are proposed to be implemented by BIFFL in collaboration with BAPA, with the support of the Project Consultant.

The tentative programs, schedule and participants are shown in the following table.

**Table 7: Tentative overseas program**

Program	Content and number of implementations	Number of participants
Overseas study tour	<ul style="list-style-type: none"> <li>● Business matching seminar with overseas companies, visit to food safety related organizations and food processing companies</li> <li>● Once in this Project (for a week)</li> </ul>	15 participants in total - The composition of participants are determined by BIFFL. The PIU and the Consultant Team will consult with JICA for the selection of participants, so that most appropriate members join the study tour.
Overseas exhibitions	<ul style="list-style-type: none"> <li>● Joining overseas exhibitions related to food processing (e.g. FOODEX Japan (Japan), SIAL Paris (France) and Gulfood (UAE))</li> <li>● Three times (once a year for three years) in the Project (for a week)</li> </ul>	10 participants in total - The composition of participants are determined by BIFFL. The PIU and the Consultant Team will consult with JICA for the selection of participants, so that most appropriate members join exhibitions.

## 5. Project Monitoring and Reporting

### 5.1. Management of the Revolving Fund

#### 5.1.1. Utilization of the Fund

Principal repayments from End-Borrowers are credited to the Revolving Fund Account through the Collection Account. BIFFL utilizes funds accumulated in the Revolving Fund Account for the 2<sup>nd</sup> and subsequent generations of loans to End-Borrowers at least until 50% of the On-Lending Loan has been utilized for the 2<sup>nd</sup> generation of loans to End-Borrowers through the Revolving Fund.

After 50% of the On-Lending Loan has been utilized for the 2<sup>nd</sup> generation of loans to End-Borrowers, BIFFL will utilize the fund at its discretion until otherwise specified by MOF or the end of the repayment period.

Total number and disbursement amount of On-Lending Loans from the Project Operating Account and the 2<sup>nd</sup> generation of loans to End-Borrowers from the Revolving Fund Account are reported to JICA in the Project Status Report.

While the Project Status Report is submitted by BIFFL to MoInd together with JICA until the completion of the Project, the PIU is supposed to prepare and submit the Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s) until 50 % of the principal of the original loan amount are used for the second and successive generations of the loans to the end-borrowers.

#### 5.1.2. Eligibility of the Lending from the Revolving Fund

The eligibility of the loans to End-Borrowers from the Revolving Fund will be same as the eligibility criteria explained in 1.5. of the Operational Guidelines until three years after the Project completion and until 50% of the On-Lending Loan has been utilized for the 2<sup>nd</sup> generation of loans to End-Borrowers through the Revolving Fund.

The Project completion is defined as (i) the last JICA's disbursement for TSL under the L/A of the Project or (ii) the expiry of the L/A period of the Project, whichever comes earlier.

### 5.2. Project monitoring and reporting by PIU

PIU monitors the progress of the Project and prepares monitoring reports quarterly and annually.

Reports prepared as a result of such monitoring activities, and frequency of reporting are summarized in the following table.

**Table 8: List of Monitoring Reports \***

Document	Prepared by	Submitted to	Timing of submission/frequency
<b>(1) Quarterly monitoring</b>			
Quarterly Progress Report (QPR)	BIFFL	MoInd / JICA	Every quarter until the completion of the Project
1) Project Status Report	BIFFL	MoInd / JICA	Every quarter until the completion of the Project
2) Time-bound Action Plan	BIFFL	MoInd / JICA	Every quarter until the completion of the Project
3) Sub-project Status Report	BIFFL	MoInd / JICA	Every quarter until the completion of the Project
4) Appraisal Process Status Report	BIFFL	MoInd / JICA	Every quarter until the completion of the Project
5) Anti-corruption Monitoring Sheet	BIFFL	MoInd / JICA	Every quarter, until the procurement of the project consultants is completed
6) On-site Physical Inspection Report	BIFFL	MoInd / JICA	Quarterly, only when the inspection is conducted
7) Environmental and Social Performance Report	BIFFL	MoInd / JICA	Every quarter until two years after the completion of the Project.
8) Ongoing Sub-project Summary and Financial Report	BIFFL	MoInd / JICA	Every quarter until the completion of the Project
<b>(2) Annual monitoring</b>			
1) Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s)	BIFFL / Auditor	JICA	Annually within 6 months after the end of each fiscal year, i.e. by December of each year **
2) Current Repayment and Overdue Status Report	BIFFL	JICA	Annually within 6 months after the end of each fiscal year, i.e. by December of each year **
3) Certified Audit Report on Statement of Expenditure and Internal Audit Report	BIFFL / Auditor	JICA	Annually, within 9 months after the end of each fiscal year **
<b>Reporting upon Project completion</b>			
Project Completion Report	BIFFL	JICA	Not later than 6 months after all disbursement to the end borrowers have been completed

\* Forms of reporting are attached in Annex 8.

\*\* To be submitted until 50 % of the principal of the original loan amount are used for the second and successive generations of the loans to the end-borrowers

### (1) Quarterly monitoring

PIU prepares “Quarterly Progress Report” and submit it to MoInd as well as JICA.

A Quarterly Progress Report is composed of the following:

- 1) Project Status Report (PSR);
- 2) Time-bound Action Plan;
- 3) Sub-Project Status Report;
- 4) On-site Physical Inspection Report;
- 5) Appraisal Process Status Report;
- 6) Anti-corruption Monitoring Sheet;
- 7) Environmental and Social Performance Report (ESPR); and
- 8) Ongoing Sub-Project Summary and Financial Report.

The Quarterly Progress Report is submitted quarterly until the completion of the Project. Meanwhile, 7) Environmental and Social Performance Report (ESPR) is to be submitted to JICA and MoInd quarterly until two (2) years after the completion of the Project.

### (2) Annual monitoring

In addition to the quarterly monitoring explained previous section, PIU carries out annual monitoring of the Project.

The reports to be prepared by PIU through the annual monitoring are as follows:

- 1) Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s);
- 2) Current Repayment and Overdue Status Report; and
- 3) Certified Audit Report on Statement of Expenditure and Internal Audit Report.

Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s) (Annex 8, II) to be prepared by BIFFL are submitted to MoInd as well as JICA within six (6) months after the end of each fiscal year or before the end of December every year. The statements are audited by an independent auditor until 50% of the principal of the original loan amount are used for the second and successive generation of the loans to the End-Borrowers

through the Revolving Fund Account.

Current Repayment and Overdue Status Report (Annex 8, III) to be prepared by PIU is submitted to JICA within six (6) months after the end of each fiscal year or before the end of December every year. This report is prepared and submitted until 50% of the principal of the original loan amount are used for the second and successive generation of the loans to the End-Borrowers through the Revolving Fund Account.

Certified Audit Report on Statement of Expenditure and Internal Audit Report (Annex 8, IV) is the audit report to be arranged by PIU and authorized by a certified independent auditor within nine (9) months after the end of each fiscal year or before the end of March next year. This report is submitted to JICA annually within nine (9) months after the end of each fiscal year.

### (3) Reporting upon Project completion

PIU prepares the Project Completion Report and submitted to JICA not later than six (6) months after all Project Funds were disbursed to the End-Borrowers.

The items to be reported by the Project Completion Report are same as the Project Status Report.

### (4) Impact Assessment

JICA conducts 1) ex-ante project evaluation and publish the “Ex-Ante Project Evaluation Report” soon after the signing of the L/A, and 2) ex-post evaluation in two years after the completion to assess the relevance, effectiveness, efficiency, impact and sustainability of the Project.

Upon ex-post evaluation, PIU provides JICA with necessary evaluation results, operation and effect indicators and the data used for calculation. In order to do so, PIU keeps the records, data and information of Sub-Projects and End-Borrowers, represented by the qualitative and quantitative data of monitoring indicators listed in Table 9 and Table 10.

**Table 9: Quantitative data of monitoring indicators (Operation and Effect Indicators)**

	Indicator	Unit	Data source	Frequency of acquisition
1	Total amount of On-Lending Loans approved	Million JPY	GOB or Implementing Agency	Every year since the Project starts
2	Annual sales of the End-Borrowers	Million BDT	Financial statements of End-Borrowers	Every year, since the year of the On-Lending Loan approval
3	Annual profit of the End-Borrowers	Million BDT		
4	Capital productivity of the End-Borrowers (=Operating or gross profit / Tangible fixed assets)	%		
5	Capital-labor ratio of the End-Borrowers (=Tangible fixed assets / number of employees)	BDT		
6	Number of suppliers of the End-Borrowers	(Number)	Interview with End-Borrowers	Twice (The year of the On-Lending Loan approval and two years after the commencement of commercial operation)
7	Number of customers of the End-Borrowers	(Number)		
8	Number of certifications and licenses related to food safety (e.g. HACCP, ISO) the End-Borrowers receive	(Number)		
9	Amount of purchases of agricultural products of the End-Borrowers	Thousand BDT	Interview with End-Borrowers (or the financial statements)	
10	Amount of purchases from their contract farmers by the End-Borrowers	Thousand BDT	Interview with End-Borrowers	

**Table 10: Qualitative data of monitoring indicators (Operation and Effect Indicators)**

Item	Data source	Frequency of acquisition
Improvement in the food safety management of End-Borrowers	Interview with End-Borrowers	Twice (The year of the On-Lending Loan approval and two years after the commencement of commercial operation)
Diversification of products manufactured by End-Borrowers		
Improvement of the Implementing Agency's screening capacity for agribusiness and food processing industries	Self-assessment undertaken by the Implementing Agency	Twice (At the commencement of the Project and two years after the completion of the Project)

## Annexes

- Annex 1: Management Structure of the Project
- Annex 2: Governing Agreements of the Project
- Annex 3: Eligible Investment List
- Annex 4: Eligible Investment Check Sheet
- Annex 5: Screening Form for FVC
- Annex 6: ESDD Checklist for Food Processing Industry
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  - I – (1) Time-bound Action Plan
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  - I – (5) On-Site Physical Inspection Report
  - I – (6) Environmental and Social Performance Report to JICA
  - I – (7) Ongoing Sub-project Summary and Financial Report
  - II. Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s)
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  - IV. Certified Audit Report on Statement of Expenditure and Internal Audit Report
- Annex 9: Sub-project Report on Monitoring Indicators
- Annex 10: Forms for Advance Procedure



## Annex 1: Management Structure of the Project

### (1) Sponsoring Ministry: Ministry of Industries

The Ministry of Industries (MoInd) is the sponsoring ministry of the Project which has the roles to:

- Create conducive environment for the implementation of the Project by coordinating with the Implementation Agency and the Executing Partners for the implementation of the capacity building component,
- Formulate necessary policies, rules and regulations for the successful implementation of the Project,
- Form and chair the Project Steering Committee and the Project Working Committee, and
- Ensure the coordination among the Implementing Agency and the Executing Partners for the implementation of the capacity development component and,
- Monitor the progress and impacts of the Project through reports submitted from the Implementing Agency.

### (2) Implementing Agency: Bangladesh Infrastructure Finance Fund Limited

BIFFL acts as the Implementing Agency for the operation of the TSL and employment of the Project Consultant. The functions of BIFFL as the Implementing Agency are to:

- Receive the Japanese ODA loan fund from MOF in accordance with the Subsidiary Loan Agreement between MOF and BIFFL,
- Provide On-Lending Loans to End-Borrowers directly,
- Select and employ the Project Consultant for supporting project management and execution of capacity building,
- Promote the Project by means of publicity campaigns through websites, brochures and seminars, and
- Monitor the progress of Sub-Projects to report MoInd and JICA, and take necessary measures to solve issues if any.

### (3) Project Steering Committee

The Project Steering Committee (PSC) is formulated by MoInd in consultation with PMO who is the head of executing ministerial body for the Project. The PSC convenes the project review meeting biannually and whenever required to discuss the Project's progress and recommends

necessary instructions in policy level such as rules, regulations and taxes for the problems, bottlenecks and the space of improvement in the Project.

1) The principal functions of the PSC are to:

- Monitor and supervise the overall project progress,
- Create conducive environment for the implementation of the Project and coordinate among the various stakeholders in an effective manner,
- Formulate necessary policies, rules and regulations for the successful implementation of the Project,
- Provide policy level instructions to the Implementing Agency and Executing Partners for the Project implementation,
- Approval of important issues or major changes if arises during the Project implementation with JICA's concurrence,
- Coordination among the Project's stakeholders in effective manner and,
- Address any other issues necessary for the implementation of the Project.

2) The members of the PSC are as follows:

- Secretary, MoInd (Chairperson),
- Representative from MoInd (as the representative of the Project Working Committee, not below the rank of Joint Secretary),
- Representative from Prime Minister's Office,
- Representative from Economic Relations Division, MOF (not below the rank of Joint Secretary),
- Representative from Financial Division, MOF (not below the rank of Joint Secretary),
- Representative from Financial Institution Division, MOF (not below the rank of Joint Secretary),
- Representative from Ministry of Agriculture (MOA),
- Representative from Ministry of Commerce (MOC),
- Representative from Bangladesh Bank,
- CEO, BIFFL,
- Project Director from PIU/BIFFL, and
- Observer: JICA.

The PIU and the Policy Wing from MoInd work together for the PSC operation (MoInd appoints a focal person for the purpose).

#### (4) Project Working Committee

The Project Working Committee (PWC) is formulated by MoInd. The PWC meeting is held bimonthly and whenever necessary. The PWC ensures smooth implementation of the Project by coordinating among the executing agencies and deciding the operational issues of the Project.

1) The principal functions of the PWC are to:

- Monitor the Project's progress and make the necessary decision for the operation through the required procedure such as the government's procedure and JICA's concurrence,
- Approve the Operational Guidelines and its revision if any change is necessary,
- Review and approve the fund allocation ratio and the eligibility criteria of sub-sector with the concurrence of JICA,
- Review the content of the technical assistance based on the needs from BIFFL and End-Borrowers,
- Review and recommend to the PSC and the related organizations to maintain the Time-bound Action Plan of the Project, and
- Ensure regular submission of the Quarterly Progress Reports (QPR) to JICA through MoInd.

2) The members of the PWC are as follows:

- Additional Secretary or Joint Secretary, MoInd (Chairperson),
- Project Director and Project Manager from PIU/BIFFL,
- Representative from BAPA,
- Representative from SMEF,
- Representative from BSCIC,
- Representative from BFSA, and
- Representative from the Project Consultant.

The PIU and the Policy Wing from MoInd work together for the PWC operation (MoInd appoints a focal person for the purpose).

## Annex 2: Governing Agreements of the Project

### (1) Loan Agreement between JICA and GOB

The Loan Agreement (L/A) stipulates obligations of the Borrower of the Japanese ODA loan, inter alia:

- 1) The amount and allocation of proceeds of the loan,
- 2) The disbursement procedure,
- 3) The administration structure, and
- 4) Reporting requirements to JICA.

### (2) Project Memorandum between JICA and GOB

The Project Memorandum (P/M) stipulates various issues on the implementation of the Project, inter alia:

- 1) Confirmation on the contents of the Minutes of Discussion (M/D) including the Project Status Report (PSR), and the Main Points Discussed (MPD),
- 2) Submission of reports and information required as per L/A and M/D,
- 3) Monitoring indicators in the PSR, and
- 4) Public relations (PR) activities.

Essentials of P/M, M/D, PSR and MPD has been incorporated in this Operational Guidelines; it is, however, recommended to refer to these original documents from time to time to obtain deeper understanding of the TSL as well as the overall Project.

### (3) Subsidiary Loan Agreement and Subsidiary Grant Agreement between MOF and BIFFL

The Subsidiary Loan Agreement (SLA) of the Japanese ODA loan for the TSL and the Subsidiary Grant Agreement (SGA) for the consulting service are signed between MOF and BIFFL.

The SLA and SGA cover the following clauses:

- 1) Comply with the eligibility criteria at all times unless BIFFL is at the remedial stage and is so allowed by MOF,
- 2) Comply with all the terms and conditions of the Subsidiary Loans as specified in the Agreement,
- 3) Supervise and monitor the implementation of Sub-Projects by End-Borrowers,
- 4) Submit the Annual Performance Review including On-Lending Loan registered, repaid, the

Annual Report of BIFFL (including the balance sheet, the profit and loss statement and the auditor's report), and Ongoing Sub-Project Summary and Financial Report,

- 5) Allow MOF to suspend, terminate or withdraw an On-Lending Loan when violations are observed, as stipulated in the Operational Guidelines,
- 6) Ensure the compliance of Environmental and Social Management System and the JICA Environmental Guidelines,
- 7) Allow MOF and JICA to review the equipment and conduct the inspection,
- 8) Disclose or submit all information required by JICA, including but not limited to audited financial statements and reports required by MOF for the implementation and monitoring of the Project, and
- 9) Enable MOF and JICA to inspect BIFFL or any Sub-Projects and review any relevant records and documents maintained by BIFFL, if MOF or JICA requests so.

(4) On-Lending Loan Agreement between BIFFL and End-Borrower

An On-Lending Loan Agreement are signed between BIFFL and an End-Borrower that stipulates the Terms and Conditions of the On-Lending Loan. Obligations of an End-Borrower in the On-Lending Loan Agreement are described in Section 3.2 of the Operational Guidelines.

### Annex 3: Eligible Investment List

#### (1) Fruit processing industry

	Eligible	Ineligible
1) Eligible raw materials to be processed	- Mangoes, pineapples and other fruits	
2) Eligible products	- Processed fruits, including fruit juice, jam and jelly, dried fruits, frozen fruits, canned fruits and fruit pickles	- Fruit flavored candies - Fruit flavored drink (proportion of fruits is smaller than 10%) - Alcoholic products
3) Eligible investment items	- Fixed asset* <sup>1</sup> , such as equipment, machineries and structures* <sup>2</sup> , for the products listed above* <sup>3</sup> - Technical know-how, consulting services and training	- Purchase of land /land use rights and payment of taxes - Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment - Any items which are movable and usable for other purposes - Any production processes which do not include foreign object detection system, such as doors and curtains at the entrance of production lines

Note:

\*1 Associated expenses with fixed assets, including (i) transport, assembly and installation costs, (ii) customs, insurance and other administrative costs and commissions, (iii) costs of spare parts and (iv) other incidental costs, are eligible for financing.

\*2 Structures include (i) constructed or renovated factory buildings in which the equipment or machineries procured under the respective on-lending loan are installed, (ii) constructed or renovated warehouses in which freezing, refrigerating or humidity or temperature controlling equipment procured under the respective on-lending loan is installed.

\*3 Production processes include sorting, washing, pressing / extraction, pasteurization, aseptic filling, drying, cooling, packing and cartooning.

**(2) Vegetable processing industry**

	Eligible	Ineligible
1) Eligible raw materials to be processed	- Tomatoes, potatoes, and other vegetables	
2) Eligible products	- Processed vegetables, including ketchup, frozen vegetables, frozen samosa, frozen French fries, dried vegetables, vegetable juice, pickles, starch and sauce	- Any products which are not mainly produced from vegetables, such as mayonnaise and oyster sauce - Alcoholic products
3) Eligible investment items	- Fixed asset* <sup>1</sup> , such as equipment, machineries and structures* <sup>2</sup> , for the products listed above* <sup>3</sup> - Technical know-how, consulting services and training	- Purchase of land /land use rights and payment of taxes - Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment - Any items which are movable and usable for other purposes - Any production processes which do not include foreign object detection system, such as doors and curtains at the entrance of production lines

Note:

\*1 Associated expenses with fixed assets, including (i) transport, assembly and installation costs, (ii) customs, insurance and other administrative costs and commissions, (iii) costs of spare parts and (iv) other incidental costs, are eligible for financing.

\*2 Structures include (i) constructed or renovated factory buildings in which the equipment or machineries procured under the respective on-lending loan are installed, (ii) constructed or renovated warehouses in which freezing, refrigerating or humidity or temperature controlling equipment procured under the respective on-lending loan is installed.

\*3 Production processes include washing, sorting, grinding, peeling, cutting, concentration, frying, weight measurement, homogenization, cooling, pasteurization, aseptic filling, metal detection, freezing, packing and cartooning.

**(3) Spice processing industry**

	Eligible	Ineligible
1) Eligible raw materials to be processed:	- Spices, including peppers, chili peppers, corianders, turmeric, onions and other spices	
2) Eligible products	- Processed spices, including dried powdered spices	
3) Eligible investment items	<ul style="list-style-type: none"> <li>- Fixed asset<sup>*1</sup>, such as equipment, machineries and structures<sup>*2</sup>, for the products listed above<sup>*3</sup></li> <li>- Technical know-how, consulting services and training</li> </ul>	<ul style="list-style-type: none"> <li>- Purchase of land /land use rights and payment of taxes</li> <li>- Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment</li> <li>- Any items which are movable and usable for other purposes</li> <li>- Any production processes which do not include metal detection</li> </ul>

Note:

\*1 Associated expenses with fixed assets, including (i) transport, assembly and installation costs, (ii) customs, insurance and other administrative costs and commissions, (iii) costs of spare parts and (iv) other incidental costs, are eligible for financing.

\*2 Structures include (i) constructed or renovated factory buildings in which the equipment or machineries procured under the respective on-lending loan are installed, (ii) constructed or renovated warehouses in which freezing, refrigerating or humidity or temperature controlling equipment procured under the respective on-lending loan is installed.

\*3 Production processes include cooling, magnet, sorting, washing, drying, metal detection, filling, packing and cartooning.



**(4) Rice, wheat and bean processing industry**

	Eligible	Ineligible
1) Eligible raw materials to be processed	- Rice, wheat, and beans	
2) Eligible products	- Rice snacks (including puffed rice), biscuits, cookies, breads, chanachur and processed beans (including fried dal), frozen beans	- Milled and powdered rice - Wheat flour - Snacks which are not mainly produced from rice, wheat and beans, such as chocolate, gum and candies - Alcoholic products
3) Eligible investment items	- Fixed asset <sup>*1</sup> , such as equipment, machineries and structures <sup>*2</sup> , for the products listed above <sup>*3</sup> - Technical know-how, consulting services and training	- Purchase of land /land use rights and payment of taxes - Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment - Any items which are movable and usable for other purposes are not eligible. - Any production processes which do not include foreign object detection system, such as doors and curtains at the entrance of production lines

Note:

\*1 Associated expenses with fixed assets, including (i) transport, assembly and installation costs, (ii) customs, insurance and other administrative costs and commissions, (iii) costs of spare parts and (iv) other incidental costs, are eligible for financing.

\*2 Structures include (i) constructed or renovated factory buildings in which the equipment or machineries procured under the respective on-lending loan are installed, (ii) constructed or renovated warehouses in which freezing, refrigerating or humidity or temperature controlling equipment procured under the respective on-lending loan is installed.

\*3 Production processes include weighing, mixing, fermentation, formation, baking, frying, metal detection, packing and cartooning.

**(5) Edible oil producing industry**

	Eligible	Ineligible
1) Eligible raw materials to be processed:	- Mustard, rice bran and sesame	
2) Eligible products	- Mustard oil, rice bran oil, sesame oil	- Edible oil other than mustard oil, rice bran oil and sesame oil - Refined oil produced from imported crude oil
3) Eligible investment items	- Fixed asset* <sup>1</sup> , such as equipment, machineries and structures* <sup>2</sup> , for the products listed above* <sup>3</sup> - Technical know-how, consulting services and training	- Purchase of land /land use rights and payment of taxes - Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment - Any items which are movable and usable for other purposes - Any production processes which do not include pressing

Note:

\*1 Associated expenses with fixed assets, including (i) transport, assembly and installation costs, (ii) customs, insurance and other administrative costs and commissions, (iii) costs of spare parts and (iv) other incidental costs, are eligible for financing.

\*2 Structures include (i) constructed or renovated factory buildings in which the equipment or machineries procured under the respective on-lending loan are installed, (ii) constructed or renovated warehouses in which freezing, refrigerating or humidity or temperature controlling equipment procured under the respective on-lending loan is installed.

\*3 Production processes include heating, cracking, pressing, refining, bleaching, dewaxing, filtering, deodorization, packing.

**(6) Seed Processing industry**

	Eligible	Ineligible
1) Eligible products	- Seeds	
2) Eligible investment items	- Fixed asset <sup>*1</sup> , such as equipment, machineries and structures <sup>*2</sup> for (i) the improvement of the quality of seeds (including laboratories and inspection equipment) and (ii) seed production (including drying, coloring and storage) - Technical know-how, consulting services and training	- Purchase of land /land use rights and payment of taxes - Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment - Any items which are movable and usable for other purposes

Note:

\*1 Associated expenses with fixed assets, including (i) transport, assembly and installation costs, (ii) customs, insurance and other administrative costs and commissions, (iii) costs of spare parts and (iv) other incidental costs, are eligible for financing.

\*2 Structures include (i) constructed or renovated factory buildings in which the equipment or machineries procured under the respective on-lending loan are installed, (ii) constructed or renovated warehouses in which freezing, refrigerating or humidity or temperature controlling equipment procured under the respective on-lending loan is installed.

**(7) Organic fertilizer producers / biological pesticide producers**

	Eligible	Ineligible
1) Eligible products	- Organic fertilizers and biological pesticide	- Chemical fertilizer and chemical pesticide
2) Eligible investment items	- Fixed asset <sup>*1</sup> , such as equipment, machineries and structures <sup>*2</sup> , for the production of organic fertilizers (including fermenter mixers and packing equipment), and for the production of biological pesticide (including laboratory equipment, production equipment and packaging equipment) - Technical know-how, consulting services and training	- Purchase of land /land use rights and payment of taxes - Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment - Any items which are movable and usable for other purposes

Note:

\*1 Associated expenses with fixed assets, including (i) transport, assembly and installation costs, (ii) customs, insurance and other administrative costs and commissions, (iii) costs of spare parts and (iv) other incidental costs, are eligible for financing.

\*2 Structures include (i) constructed or renovated factory buildings in which the equipment or machineries procured under the respective on-lending loan are installed, (ii) constructed or renovated warehouses in which freezing, refrigerating or humidity or temperature controlling equipment procured under the respective on-lending loan is installed.

**(8) Logistic industries, wholesalers and transport industries**

	Eligible	Ineligible
1) Eligible investment items	<ul style="list-style-type: none"> <li>- Fixed asset*<sup>1</sup> for the cold chain of food products*<sup>2</sup>, such as vehicles and warehouses with freezing, refrigerating or humidity or temperature controlling equipment</li> <li>- Technical know-how, consulting services and training</li> </ul>	<ul style="list-style-type: none"> <li>- Purchase of land /land use rights and payment of taxes</li> <li>- Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment</li> <li>- Vehicles, warehouses and other facilities not used for food products</li> </ul>

Note:

\*1 Associated expenses with fixed assets, including (i) transport, assembly and installation costs, (ii) customs, insurance and other administrative costs and commissions, (iii) costs of spare parts and (iv) other incidental costs, are eligible for financing.

\*2 Food products include all kinds of foods, such as fruits, vegetables, meat, fish and dairy products.

**(9) Retail industries (including super markets)**

	Eligible	Ineligible
1) Eligible investment items	<ul style="list-style-type: none"><li>- Fixed asset*<sup>1</sup>, for the cold chain of food products*<sup>2</sup>, such as (i) freezing and refrigerating or humidity and temperature controlling equipment and (ii) vehicles and warehouses with freezing, refrigerating or humidity or temperature controlling equipment</li><li>- Technical know-how, consulting services and training</li></ul>	<ul style="list-style-type: none"><li>- Purchase of land /land use rights and payment of taxes</li><li>- Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment</li><li>- Equipment, vehicles, warehouses and other facilities not used for food products</li></ul>

Note:

\*1 Associated expenses with fixed assets, including (i) transport, assembly and installation costs, (ii) customs, insurance and other administrative costs and commissions, (iii) costs of spare parts and (iv) other incidental costs, are eligible for financing.

\*2 Food products include all kinds of foods, such as fruits, vegetables, meat, fish and dairy products.

## Annex 4: Eligible Investment Check Sheet

### 1. Eligibility check on raw materials and products

Outline of the capital investment	
Raw material to be processed ( )	<input type="checkbox"/>
Products ( )	<input type="checkbox"/>

### 2. Eligibility check of investments

Name of equipment / machinery	Intended use	Check on utilization and removal		Check on Associated expenses with eligible equipment	Final check on loan eligibility
		Installed and essential / mainly used for operation	Not-installed but cannot be used for other purpose		
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 3. Other eligibility check

- 1) If the End-Borrower is categorized a (1) Fruit processing industry, (2) Vegetable processing industry, or (4) Rice, wheat and bean processing industry, examine the following:

The existing processing / production lines to be updated are already / planned to be equipped with measures to exclude foreign objects.	<input type="checkbox"/>
The new processing / production lines are planned be equipped with measures to exclude foreign objects.	<input type="checkbox"/>

Note: Any processing / production lines which do not fulfill the conditions above are not eligible for financing.

- 2) If the End-Borrower is categorized as (3) Spice processing industry, examine the following:

The existing processing / production lines to be updated are already / planned to be equipped with measures for metal detection.	<input type="checkbox"/>
The new processing / production lines are planned to be equipped with measures for metal detection.	<input type="checkbox"/>

Note: Any processing / production lines which do not fulfill the conditions above are not eligible for financing.

- 3) If the End-Borrower is categorized as (5) Edible oil producing industry, examine the following:

The existing processing / production lines to be updated are already / planned to be equipped with pressing equipment.	<input type="checkbox"/>
The new processing / production lines are planned to be equipped with pressing equipment.	<input type="checkbox"/>

Note: Any processing / production lines which do not fulfill the conditions above are not eligible for financing.

## Annex 5: Screening Form for FVC

Date:	
Name of Borrow:	
Name of Sub-Project (No.):	( )
Name of Officer in charge: e:	

Please write “to be advised (TBA)” if the details of the Sub-Project are yet to be determined.

Question 1: Address of the project site

Question 2: Scale and contents of the Sub-Project
Please explain the scale and contents of the Sub-Project, such as approximate area, facilities area, production, and electricity generated. ( )

Question 3: Sub-Project status
Is the Sub-Project a new one or an ongoing one? In the case of an ongoing one, have you received strong complaints or other comments from local residents? <input type="checkbox"/> New <input type="checkbox"/> Ongoing (with complaints) <input type="checkbox"/> Ongoing (without complaints) <input type="checkbox"/> Other ( )

Question 4: Environmental Category of the Sub-Project
Business sector of the Sub-Project ( )
Environmental Category (ECR Category) of the Sub-Project <input type="checkbox"/> Red <input type="checkbox"/> Orange-B <input type="checkbox"/> Orange-A <input type="checkbox"/> Green

Question 5: Social Impacts of the Sub-Projects
--



Does the Sub-Project include any of the following?  
 If so, please mark the appropriate items and explain the details.

Involuntary resettlement (scale: households persons)

Groundwater pumping (scale: m3/year)

Land reclamation, land development, and/or land-clearing (scale: hectors)

Logging (scale: hectors)

Please mark the level of the adverse social impact of the Sub-Project in the following area, and explain such social impacts if you mark Moderate or High. Then select the overall social category of the Sub-Project.

Items	Levels of impact	Note
Involuntary resettlement	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Local economies, such as employment, livelihood, etc.	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Land use and utilization of local resources	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Social institutions such as social infrastructure and local decision-making institutions	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Existing social infrastructures and services	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Poor, indigenous, or ethnic people	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Misdistribution of benefits and damages	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Local conflicts of interest	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Gender	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Children's rights	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Cultural heritage	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Working condition	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Infectious diseases such as HIV/AIDS	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	
Others	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	

[Overall Social Category of the Sub-Project]

One or more items were marked as "High" : High

One or more items were marked as "Moderate" : Moderate

No items were marked as "High" or "Moderate" : Low

**Question 6: Other Environmental and Social Impacts**

Are any of the following areas present either inside or surrounding the project site?

If so, please mark the appropriate items.

- National parks, protection areas designated by the government (coastline, wetlands, reserved area for ethnic or indigenous people, cultural heritage)
- Primeval forests, tropical natural forests
- Ecologically important habitats (coral reefs, mangrove wetlands, tidal flats, etc.)
- Habitats of endangered species for which protection is required under local laws and/or international treaties
- Areas that run the risk of a large scale increase in soil salinity or soil erosion
- Remarkable desertification areas
- Areas with special values from an archaeological, historical, and/or cultural points of view
- Habitats of minorities, indigenous people, or nomadic people with a traditional lifestyle, or areas with special social value

**Overall Environmental and Social Category (JICA Category) of the Sub-Project**

Please choose the category of the Sub-Project from the matrix below.

		Overall Social Category**		
		High	Moderate	Low
Environmental Category (ECR Category) *	Red	Category A	Category A	Category A
	Orange-B	Category A	Category B	Category B
	Orange-A	Category A	Category B	Category C
	Green	Category A	Category B	Category C

\* Use the result of Question 4.

\*\* Use the result of Question 5.

Please determine the final Overall Environmental and Social Category (JICA Category), considering the answers in Question 6 and Criteria of JICA Categorization below.

- Category A    Category B    Category C

**[Criteria of JICA Categorization]**

- Category A: Proposed Sub-Projects are classified as Category A if they are likely to have significant adverse impacts on the environment and society. Sub-Projects with complicated or unprecedented impacts that are difficult to assess, or Sub-Projects with a wide range of impacts or irreversible impacts, are also classified as Category A. (Please see Appendix: Illustrative List of Sensitive Sectors, Characteristics, and Areas)
- Category B: Proposed Sub-Projects are classified as Category B if their potential adverse impacts on the environment and society are less adverse than those of Category A projects. Generally, they are site-specific; few if any are irreversible; and in most cases, normal mitigation measures can be designed more readily.
- Category C: Proposed Sub-Projects are classified as Category C if they are likely to have minimal or little adverse impact on the environment and society.

**Consent of Information Disclosure**

Do you agree to disclose the information of the Sub-Project or have a meeting with BIFFL and related institutions following the JICA Guidelines on Environmental and Social Consideration, if Environmental and Social Consideration measures are required for the Sub-Project.

Yes

No

(End)

## Appendix: Illustrative List of Sensitive Sectors, Characteristics, and Areas

The project of sensitive sectors, characteristics, and areas shown in this illustrative list are those that will likely have a significant adverse impact on the environment and society. Each individual project is categorized in accordance with the standards for “Category A” indicated in the categorization section of the guidelines, depending on the impacts of the individual projects. Consequently, projects that are likely to have a significant adverse impact on the environment and society are categorized as “Category A” even if they are not included in the sectors, characteristic, or areas on the list.

### 1. Sensitive Sectors

Large-scale projects in the following sectors:

- (1) Mining, including oil and natural gas development
- (2) Oil and gas pipelines
- (3) Industrial development
- (4) Thermal power, including geothermal power
- (5) Hydropower, dams, and reservoirs
- (6) Power transmission and distribution lines involving large-scale involuntary resettlement, large-scale logging, or submarine electrical cables
- (7) River/erosion control
- (8) Roads, railways, and bridges
- (9) Airports
- (10) Ports and harbors
- (11) Water supply, sewage, and wastewater treatment that have sensitive characteristics or that are located in sensitive areas or in their vicinity
- (12) Waste management and disposal
- (13) Agriculture involving large-scale land clearing or irrigation

### 2. Sensitive Characteristics

- (1) Large-scale involuntary resettlement
- (2) Large-scale groundwater pumping
- (3) Large-scale land reclamation, land development, and land clearing
- (4) Large-scale logging

### 3. Sensitive Areas

Projects in the following areas or their vicinity:

- (1) National parks, nationally-designated protected areas (coastal areas, wetlands, areas for ethnic

minorities or indigenous peoples and cultural heritage, etc. designated by national governments)

(2) Areas that are thought to require careful consideration by the country or locality

Natural Environment

- a) Primary forests or natural forests in tropical areas
- b) Habitats with important ecological value (coral reefs, mangrove wetlands, tidal flats, etc.)
- c) Habitats of rare species that require protection under domestic legislation, international treaties, etc.
- d) Areas in danger of large-scale salt accumulation or soil erosion
- e) Areas with a remarkable tendency towards desertification

Social Environment

- a) Areas with unique archeological, historical, or cultural value
- b) Areas inhabited by ethnic minorities, indigenous peoples, or nomadic peoples with traditional ways of life, and other areas with special social value

(End)

## Annex 6: ESDD Checklist for Food Processing Industry<sup>1</sup>

Company name		Site location	
Inspection date		Reported by	

### 1. Basic Information

Inspection Items	Yes	No	n/a	Remarks
1.1. Basic information (Certification)				
Is your factory certified BSTI?				
Is your factory certified HACCP?				
Is your factory certified ISO22000, ISO9000series, or ISO14001? (Please cycle which ISO certified)				

### 2. Environmental Consideration

Inspection Items	Yes	No	n/a	Remarks
2.1. Environment (Refer to General EHS for <u>Wastewater, Process Wastewater Treatment, Other Wastewater Streams &amp; Water Consumption, Water conservation, Energy Consumption, Emission to air, Particulate Matter</u> )				
2.1.1. Solid Waste (Industry specific measures for Food and Beverage Processing <sup>2</sup> )				
Do you (plan to) minimize inventory storage time for raw materials?				
Do you (plan to) monitor and regulate refrigeration and cooling systems during storage and processing activities?				
Do you (plan to) use enclosure techniques to minimize damage?				
Do you (plan to) monitor and optimize process yields, and encourage the most productive employees to train others?				
Do you (plan to) clean, sort, grade raw foodstuffs at early stage?				
Do you (plan to) contain solid waste in dry form, and consider disposal through composting and /				

<sup>1</sup> Fruit processing industry, Vegetable processing industry, Spice processing industry, Rice, wheat and bean processing industry

<sup>2</sup> Refer to EHS for Food and Beverage Processing for ALL Industry specific measures

or use for soil amendment?				
Do you (plan to) recycle organic and non-organic debris / soil, solid organic matter, and liquid effluents as a soil amendment, or use those for other beneficial ways such as energy production?				
Do you (plan to) collect and reuse rejected raw materials for manufacturing other products?				
Do you (plan to) provide leak-proof containers for collected solid and liquid waste?				
Do you (plan to) segregate individual by-products from each other and from waste to maximize their use and minimize waste?				
<b>2.1.2. Wastewater (Industry specific measures for Food and Beverage Processing)</b>				
Do you (plan to) optimize product conveying systems?				
Do you (plan to) optimize process line operations and reduce the need to wastewater treatment and associated energy consumption?				
Do you (plan to) use dry methods for the primary cleaning of robust raw materials with low moisture content?				
Do you (plan to) use a continuous / batch steam or a dry caustic process for peeling activities?				
Do you (plan to) minimize rate of make-up supply?				
Do you (plan to) use taps with automatic shut-off valves and use high water pressure and optimized nozzles?				
Do you (plan to) use counter-current wash techniques for primary wash of raw materials?				
Do you (plan to) implement dry clean of equipment with scraper or broom before cleaning with water?				
Do you (plan to) minimize wet transport of waste?				
Do you (or have a plan to) separate and				

recirculate cooling water from the process and wastewater streams?				
Do you (plan to) recirculate and reuse thawing water in a closed circuit provided this practice does not compromise food safety?				
Do you (plan to) recirculate fluming water used in vegetable transfer provided this practice does not compromise food safety?				
Do you (plan to) return condensate for use as boiler feed water?				
Do you (plan to) recycle low grade wash water and reuse it?				
Do you (plan to) collect and use storm water consistent with food safety requirements?				
Do you (plan to) use dry methods to clean raw materials?				
Do you (plan to) install grids to reduce or avoid the introduction of solid materials into the wastewater drainage system?				
Do you (plan to) ensure regular integrity testing of bulk storage tanks for product and waste?				
Do you (plan to) provide secondary containment for storage and process vessels to contain spills?				
Do you (plan to) adopt best-practice methods for plant cleaning?				
<b>2.1.3. Energy Consumption (Industry specific measures for Food and Beverage Processing)</b>				
Do you (plan to) insulate refrigeration room/areas and use automatically closing doors and airlocks?				
Do you (plan to) insulate refrigeration rooms / areas?				
Do you (plan to) use CHP particularly in plants which have high heat and power demand for more than 5,000 hours/year?				
Do you (plan to) reduce the size of refrigeration rooms, taking food safety into consideration?				
Do you (plan to) design plant layout to reduce				



pumping and conveyor belt transportation distances?				
Do you (or have a plan to) ensure that fouling on heat transfer surfaces is regularly cleaned to ensure optimum efficiency?				
Do you (plan to) avoid refrigeration of fruits, vegetables and byproducts intended for animal feed by storing outside in clean covered areas or in containers?				
Do you (plan to) use high temperature pre-cooling before refrigerated cooling and freezing?				
Do you (plan to) recover heat from ovens, dryers, evaporators, pasteurizers and sterilizers?				
Do you (or have a plan to) maximize regeneration efficiency in plate heat exchanger pasteurizers?				
Do you (plan to) recover heat from condensed steam for blanching and steam peeling operations before it is discharged?				
Do you (plan to) use multi-effect evaporators in large scale evaporator applications?				
<b>2.1.4. Particulate Matter (Industry specific measures for Food and Beverage Processing)</b>				
Do you (plan to) cover skips and vessels, and stockpiles, especially outdoors?				
Do you (plan to) enclose silos and containers used for bulk storage of powders and fine materials?				
Do you (plan to) use sprays, windbreaks, sweeping, sprinkling, and other stockpile management techniques to suppress dust?				
Do you (plan to) use closed conveyors equipped with filters?				
Do you (plan to) use cyclones and fabric filters?				
Do you (plan to) remove particulate matter from the gas stream using dry cyclones, venturi scrubbers, ESPs or dry filter systems?				
<b>2.1.5. Odor (Industry specific measures for Food and Beverage Processing)</b>				
Do you (plan to) use exhaust stack heights that				

are consistent with Good Engineering Practice (GEP)?				
Do you (plan to) consider the use of wet scrubbers to remove odor emissions?				
Do you (plan to) install integrated systems that combine air cleaning, incineration, and heat recovery during the procurement of air emission systems for smoking units?				
Do you (plan to) recirculate exhaust gas from frying and other cooking operations to the burner?				
Do you (plan to) minimize storage duration for solid waste to avoid putrefaction?				
Do you (plan to) operate facilities under partial vacuum to prevent fugitive odor emission?				
Do you (plan to) regular inspection of chilling and freezing equipment to monitor loss of refrigerants?				

### 3. Social Consideration

Inspection Items	Yes	No	n/a	Remarks
<b>3.1. Resettlement</b>				
Is involuntary resettlement caused by project implementation? If involuntary resettlement is caused, are efforts made to minimize the impacts caused by the resettlement?				
Is adequate explanation on compensation and resettlement assistance given to affected people prior to resettlement?				
Is the resettlement plan, including compensation with full replacement costs, restoration of livelihoods and living standards developed based on socioeconomic studies on resettlement?				
Is the compensations going to be paid prior to the resettlement?				
Is the compensation policies prepared in document?				

Does the resettlement plan pay particular attention to vulnerable groups or people, including women, children, the elderly, people below the poverty line, ethnic minorities, and indigenous peoples?				
Are agreements with the affected people obtained prior to resettlement?				
Is the organizational framework established to properly implement resettlement? Are the capacity and budget secured to implement the plan?				
Are any plans developed to monitor the impacts of resettlement?				
Is the grievance redress mechanism established?				
<b>3.2. Living and Livelihood</b>				
Is there a possibility that the project will adversely affect the living conditions of inhabitants? Are adequate measures considered to reduce the impacts, if necessary?				
Is there a possibility that the amount of water used (surface water, groundwater) by the project will adversely the downstream fisheries and water uses?				
Is there a possibility that water-borne or water-related diseases (e.g., schistosomiasis, malaria, filariasis) will be introduced? Is adequate consideration given to public health education, if necessary?				
<b>3.3. Heritage</b>				
Is there a possibility that the project will damage the local archeological, historical, cultural, and religious heritage? Are adequate measures considered to protect these sites in accordance with the Bangladesh laws?				
<b>3.4. Landscape</b>				
Is there a possibility that the project will adversely affect the local landscape? Are necessary measures taken?				

Is there a possibility that landscape is spoiled by construction of high-rise buildings such as huge factories?				
<b>3.5. Ethnic Minorities and Indigenous Peoples</b>				
Are considerations given to reduce impacts on the culture and lifestyle of ethnic minorities and indigenous peoples?				
Are all of the rights of ethnic minorities and indigenous peoples in relation to land and resources respected?				
<b>3.6. Occupational Health and Safety (Refer to General EHSG for <u>Physical Hazard, Chemical Hazard, Heat and Cold</u>)</b>				
Do you follow any laws and ordinances associated with the working conditions of Bangladesh?				
<b>3.6.1. Physical Hazard (Industry specific measures for Food and Beverage Processing)</b>				
Do you (plan to) maintain walking and working surfaces clean and dry by preventing spillages through equipment design and operation, and provide workers with anti-slip footwear?				
Do you (a plan to) address residual risks based on hygiene and safety surveys and by providing workers with training in the proper use and maintenance of safety devices and PPE?				
Do you (plan to) ensure that the process layout reduces opportunities for process activities to cross paths to avoid collisions and falls?				
Do you (plan to) demarcate transport corridors and working areas and ensure the proper placement of handrails on platforms, ladders, and stairs?				
Do you (plan to) prevent ingress of water?				
Do you (plan to) ground all electrical equipment and installations?				
Do you (plan to) prepare emergency plans and train staff for emergency situations?				

3.6.2. Biological Hazard (Industry specific measures for Food and Beverage Processing)				
Do you (plan to) avoid dust- and aerosol-generating activities?				
Do you (plan to) install exhaust ventilation equipped with filters?				
Do you (plan to) provide workers with PPE?				
Do you (plan to) ensure to maintain worker personal hygiene?				
3.7. Community Health and Safety (Refer to General EHSG for <u>Community Health and Safety</u> )				
3.7.1. Process, Equipment, and Staff Hygiene				
Do you (plan to) organize the design of the processing plant to ensure that products must be products move from “dirty” to “clean” areas to avoid recontamination?				
Do you (plan to) regulate employee movement within the facility to be opposite to the flow direction of products?				
Do you (plan to) do daily cleaning and disinfection?				
Do you (plan to) train staff in food safety issues?				
3.7.2. Food Safety Impacts and Management				
Do you (plan to) follow to internationally recognized food safety standards consistent with the principles and practices of HACCP?				
Do you (plan to) strictly maintain cold chains and other preservation processes?				
Do you (plan to) follow Full institutionalization of HACCP prerequisites as well as Standard Operational Procedures?				

(End)

## Annex 7: ESDD Checklist for Edible Oil Industry

Company name		Site location	
Inspection date		Reported by	

### 1. Basic Information

Inspection Items	Yes	No	n/a	Remarks
<b>1.1. Basic information (Certification)</b>				
Is your factory certified BSTI?				
Is your factory certified HACCP?				
Is your factory certified ISO22000, ISO9000series, or ISO14001? (Please cycle which ISO certified)				

### 2. Environmental Consideration

<b>2.1. Environment</b>				
<b>2.1.1. Solid Waste and By-Products (Industry specific measures for Edible Oil Industry <sup>3</sup>)</b>				
Do you (plan to) reduce product losses through better production/storage control?				
Do you (plan to) collect residues from the raw material preparation phase for conditioning (drying) and reprocessing (grinding)?				
Do you (plan to) return waste and residues to fields?				
Do you (plan to) use waste and residues for energy generation in the project plant's boiler(s)?				
Do you (plan to) investigate the options (e.g. use as fertilize) for the responsible disposal of spent bleaching earth <sup>4</sup> ?				
Do you (plan to) consider the options (e.g., use as fuel for energy production) for the use of distillates?				
Do you (plan to) recycle and recover for reuse or proper store and dispose <sup>5</sup> the nickel catalyst from				

<sup>3</sup> Refer to EHSg for Vegetable Oil Production and Processing for ALL Industry specific measures

<sup>4</sup> If contaminated, manage according to the waste management guidance presented in the General EHSg.

<sup>5</sup> Refer to the hazardous waste management guidance presented in the General EHSg.

hydrogenation?				
Do you (plan to) manage filtering aid mixed with nickel?				
Do you (plan to) use uncontaminated sludge and effluent from on-site wastewater treatment <sup>6</sup> as fertilizer?				
2.2. Water Consumption and Management (Refer to General EHS for <u>Water Consumption, Process Wastewater Treatment, Other Wastewater Streams</u> )				
2.2.1. Water Consumption and Management (Industry specific measures for Edible Oil Industry)				
Do you (plan to) consider the use of physical refining instead of chemical refining to reduce water consumption?				
Do you (plan to) replace water-based conveyor systems by mechanical systems?				
Do you (plan to) apply CIP procedures to help reduce chemical, water, and energy consumption in cleaning operations?				
Do you (plan to) you recover and reuse condensate from heating processes?				
Do you (plan to) upgrade equipment water sprays?				
Do you (plan to) use dry cleanup techniques before rinsing floors?				
Do you (plan to) manually clean vessels before rinsing?				
Do you (plan to) use high-pressure, low-volume washing systems, and auto shut-off valves?				
Do you (plan to) reduce contaminant loading?				
Do you (plan to) use grids to cover drains in the production area?				
Do you (have a plan to) select disinfection chemicals?				
Do you (plan to) apply cleaning chemicals using the correct dose and application method?				

<sup>6</sup> Management of EHS issues common to sludge and effluent are provided in the General EHS and the Water and Sanitation EHS.

Do you (plan to) treat and discharge cleaning solutions to separate oil and fatty acids from the water phase and pass through a fat trap?				
Do you (plan to) reduce phosphoric acid in degumming operations through use of improved neutralization processes or alternatives?				
<b>2.3. Energy Consumption and Management (Refer to General EHSG for <u>Energy Consumption</u>)</b>				
<b>2.3.1 Energy Consumption and Management (Industry specific measures for Edible Oil Industry)</b>				
Do you (plan to) improve uniformity of energy feed?				
Do you (plan to) increase efficiency of air removal in sterilization vessels to improve heat transfer?				
Do you (plan to) identify and implement opportunities for process heat exchange?				
Do you (plan to) reduce stripping steam consumption?				
Do you (plan to) adopt co-generation CHP?				
Do you (plan to) adopt more advanced approaches for processes?				
Do you (plan to) use anaerobic digestion for wastewater treatment and capture methane for heat and / or power production?				
<b>2.4 Atmospheric Emission (Refer to General EHSG for <u>VOC, Combustion Products, Greenhouse Gas Emissions (GHG)</u>)</b>				
<b>2.4.1 Process Emissions (Industry specific measures for Edible Oil Industry)</b>				
Do you (plan to) improve process for the management techniques to prevent and control VOCs?				
Do you (plan to) adopt abatement technologies for the management techniques to prevent and control VOCs?				
Do you (plan to) ensure proper maintenance of cleaning, screening, and crushing equipment?				
Do you (plan to) install cyclones and/or fabric filters or electrostatic precipitators on selected				



vents?				
Do you (plan to) reduce odor emissions?				
2.4.2 GHG (Industry specific measures for Edible Oil Industry)				
Do you (plan to) avoid open anaerobic conditions for wastewater treatment?				
Do you (plan to) use biological methods of wastewater treatment?				
2.5. Hazardous Materials (Refer to General EHS for <u>Hazardous Materials</u> )				

### 3. Social Consideration

Inspection Items	Yes	No	n/a	Remarks
3.1. Resettlement				
Is involuntary resettlement caused by project implementation? If involuntary resettlement is caused, are efforts made to minimize the impacts caused by the resettlement?				
Is adequate explanation on compensation and resettlement assistance given to affected people prior to resettlement?				
Is the resettlement plan, including compensation with full replacement costs, restoration of livelihoods and living standards developed based on socioeconomic studies on resettlement?				
Is the compensations going to be paid prior to the resettlement?				
Is the compensation policies prepared in document?				
Does the resettlement plan pay particular attention to vulnerable groups or people, including women, children, the elderly, people below the poverty line, ethnic minorities, and indigenous peoples?				
Are agreements with the affected people obtained prior to resettlement?				
Is the organizational framework established to properly implement resettlement? Are the capacity and budget secured to implement the plan?				

Are any plans developed to monitor the impacts of resettlement?				
Is the grievance redress mechanism established?				
<b>3.2. Living and Livelihood</b>				
Is there a possibility that the project will adversely affect the living conditions of inhabitants? Are adequate measures considered to reduce the impacts, if necessary?				
Is there a possibility that the amount of water used (surface water, groundwater) by the project will adversely affect the downstream fisheries and water uses?				
Is there a possibility that water-borne or water-related diseases (e.g., schistosomiasis, malaria, filariasis) will be introduced? Is adequate consideration given to public health education, if necessary?				
<b>3.3. Heritage</b>				
Is there a possibility that the project will damage the local archeological, historical, cultural, and religious heritage? Are adequate measures considered to protect these sites in accordance with the Bangladesh laws?				
<b>3.4. Landscape</b>				
Is there a possibility that the project will adversely affect the local landscape? Are necessary measures taken?				
Is there a possibility that landscape is spoiled by construction of high-rise buildings such as huge factories?				
<b>3.5. Ethnic Minorities and Indigenous Peoples</b>				
Are considerations given to reduce impacts on the culture and lifestyle of ethnic minorities and indigenous peoples?				
Are all of the rights of ethnic minorities and indigenous peoples in relation to land and				

resources respected?				
<b>3.6 Occupational Health and Safety (Refer to General EHS for <u>Occupational Health and Safety</u>)</b>				
Do you follow any laws and ordinances associated with the working conditions of Bangladesh?				
<b>3.6.1 Chemical Hazards (Refer to General EHS for <u>Chemical Hazards</u>)</b>				
<b>3.6.1.1 Chemical Hazards (Industry specific measures for Edible Oil Industry)</b>				
Do you (plan to) ensure that there is adequate air circulation to reduce the concentration of solvents in oil extraction areas?				
Do you (plan to) provide ventilation, especially at workstations devoted to raw-material handling, milling, handling of bleaching earth, and use of solvents?				
Do you (plan to) maintain air concentrations of VOCs and hexane with lower explosive limit?				
Do you (plan to) ensure proper distillation of oil after extraction for effective solvent removal?				
Do you (plan to) prevent leaks and spills of oils?				
Do you (plan to) control the flash-point temperature of the incoming extracted oils and use temperature control for all facilities receiving solvent-extracted oils?				
Do you (plan to) use hot water, rather than solvents?				
<b>3.6.2. Physical Hazards (Refer to General EHS for <u>Physical Hazards, Confined Space Entry, Electrical Hazards, Risk of Fire and Explosion</u>)</b>				
<b>3.6.2.1 Combustible Dust and Silo Safety (Industry specific measures for Edible Oil Industry)</b>				
Do you (or have a plan to) use recognized international standards in design and operation?				
Do you (plan to) classify areas according to respective hazard classes?				
Do you (plan to) develop and implement a comprehensive maintenance program to avoid dust build-up?				
Do you (plan to) avoid heat sources from friction?				

Do you (plan to) control static electricity?				
Do you (plan to) provide proper grounding and lightning protection for silos following internationally recognized standards?				
Do you (plan to) control access to high risk area of explosion?				
Do you (plan to) ensure that the tipping area is completely enclosed and that the design and maintenance of the grid in the tipping area prevent stones and metal from entering?				
Do you (plan to) separate heating systems and surfaces from dust?				
Do you (plan to) deploy dust suppression/control systems in silo elevators and conveyor belts?				
Do you (plan to) ensure that emergency plans and procedures are developed and understood by staff?				
Do you (or have a plan to) establish a suitable extinguishing operation based on the silo construction and bulk material stored?				
Do you (plan to) separate emergency discharge system to safe place outside?				
Do you (or have a plan to) consider a fixed gas fire extinguishing system, adapted to the diameter and construction of the silo, to enable a quick and appropriate response to fire?				
Do you (plan to) ensure that vessels or tanks have sufficient emergency venting capacity?				
<b>3.6.2.2 Processing Risks (Industry specific measures for Edible Oil Industry)</b>				
Do you (plan to) ensure regular and proper maintenance of equipment?				
Do you (plan to) establish procedures for startup, shutdown, and maintenance, and train personnel?				
Do you (plan to) connect a nitrogen supply line to the deodorizer so that the oxygen level can be decreased in the event of fire?				

Do you (or have a plan to) protect deodorizers from overpressure?				
Do you (or have a plan to) store catalyst drums in enclosed, dry areas with grounded electrical connections?				
Do you (plan to) transport bags from the drum to the dosing system within a container to avoid contact with moisture (e.g., use the complete contents of bags)?				
3.7. Community Health and Safety (Refer to General EHSG for <u>Community Health and Safety, Water Quality and Availability, Structural Safety of Project Infrastructure, Life and Fire Safety (L&amp;FS), Traffic Safety, Transport of Hazardous Materials, Disease Prevention, Emergency Preparedness and Response</u> )				
3.7.1. Community Health and Safety (Industry specific measures for Edible Oil Industry)				
Do you (plan to) implement measures to eliminate the potential presence of pathogens and contaminants in processed oil?				
3.7.2 Food Safety Impacts and Management (Industry specific measures for Edible Oil Industry)				
Do you (plan to) follow to internationally recognized food safety standards consistent with the principles and practices of HACCP, FAO/WHO Codex Alimentarius, and ISO 22000?				
Do you (plan to) trace the products back to specific lot numbers, when the recall occurs?				
Do you (plan to) follow full institutionalization of HACCP prerequisites?				
Do you (or have a plan to) consider enhanced monitoring schemes for dioxin and dioxin-like PCBs?				
Do you (plan to) provide training with all personnel to ensure they are aware of potential microbiological contamination and growth during processing, material handling, storage and maintenance?				
Do you (plan to) use food grade-quality fresh bleaching earth for processing food and feed-grade products to avoid risks to public health				

from food and feed contamination?				
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(End)

## Annex 8: Forms of Reporting

### I. Quarterly Progress Report

#### I – (1) Time-bound Action Plan

<u>No.</u>	<u>Area</u>	<u>Agreed Action</u>	<u>Responsible Agency</u>	<u>Target Date</u>	<u>Revised Target Date</u>	<u>Actual Date and Status</u>
1	Project Implementation Unit (PIU)	To formulate PIU by assigning appropriate personnel for the 11 members including the Project Director, who will be the focal point of the Project, in BIFFL.	BIFFL	Immediately after JICA's appraisal		
2	Project Steering Committee	To formulate the PSC and nominate the members.	MOI	August 2020		
3	Project Working Committee	To formulate the PWC and nominate the members.	MOI	August 2020		
4	Operating Guidelines	To prepare and approve the Operating Guidelines for the Project.	BIFFL, WC	June 2020		
5	Subsidiary Loan Agreement (covering Subsidiary Grant Agreement)	To prepare a draft of the Subsidiary Loan Agreement (covering Subsidiary Grant Agreement) to receive the concurrence of JICA.	BIFFL, JICA	Within five months after the effectuation of the Loan Agreement between JICA and GOB		
6		To sign the Subsidiary Loan Agreement (covering Subsidiary Grant Agreement) between MOF and BIFFL.	BIFFL	Within five months after the effectuation of the Loan Agreement between JICA and GOB		

10	Consulting Services	To start the selection of Consulting Services, issue EOI by June 2020, and complete EOI Evaluation by August 2020.	BIFFL	June / August 2020		
11		To complete JICA's concurrence to Shortlist/RFP by September 2020, and issue the RFP by October 2020.	BIFFL	September / October 2020		
12		To close the proposal submission by December 2020, and conduct Technical Proposal evaluation (incl. JICA's concurrence) by February 2021.	BIFFL	December 2020 / February 2021		
13		To conduct overall evaluation (incl. JICA's concurrence).	BIFFL	May 2021		
14		To conduct contract negotiation by June 2021, and signing contract (incl. JICA's concurrence) by August 2021.	BIFFL	June / August 2021		
15	Banking Arrangement	To conclude banking arrangements.	MOF/FD, BIFFL, BTMU, BB	Immediately after L/A		
16		To open the Project Operating Account at Bangladesh Bank.	BIFFL, BB	Within 3 months of L/A signing		
17	Audit Reporting	To issue audit reports.	BIFFL	Annually from the L/A, within 9 months of the FY end		
18	Reporting	Quarterly Progress Report (QPR) compiled and submitted to JICA until project completion, which includes Project Status Report, Time-bound Action Plan, Sub Project Status Report, Appraisal Process Status Report, Anti-corruption Monitoring Sheet and On Site Physical Inspection Report.	BIFFL	Quarterly after the first disbursement		



19		Annual Reports will be compiled and submitted to JICA until project completion, including the Current Repayment and Overdue Status Report.	BIFFL	Annually after the first disbursement		
20		The Project Completion Report (PCR) will be compiled and submitted to JICA not later than 6 months after all project activities have been completed.	BIFFL	Upon completion of the repayment		

I – (2) Sub-Project Status Report

Summary of Sub-Project status

Status	Total number of cases
<b>Sub-Projects under appraisal</b>	
Receipt of application from End-Borrower	
Loan Approval	
Disbursement	
Sub total	
<b>On-going Sub-Projects</b>	
Purchase of equipment / starting civil construction or consulting service, etc.	
Installation of equipment / construction or consulting service etc. on progress	
Start of production activities	
Sub total	

Approved by

Officer in charge	Manager
(Date)	(Date)

I – (3) Appraisal Process Status Report

Loan appraisal status (as of dd/mm/yyyy)

Application No.	Loan application received	Credit analysis completed	Board approval	Loan sanction	Loan agreement	L/C opening (if necessary)	Loan amount (BDT million)

I – (4) Anti-corruption Monitoring Sheet

Note: This sheet shall be used for procurement of consultants.

Subject	Agreed Actions	Responsible Agency	Target Date	Measures to achieve
(a) Participation in the Proposal Evaluation Committee (PEC)	To invite one representative from JICA as an observer in evaluation process of EOI, RFP and Tender.	BIFFL/JICA		JICA is invited to PEC as an observer
(b) Fraud and Corruption Hotline	To include the contact information on the fraud and corruption hotline in the bidding documents	BIFFL		
(c) Internal Audit	To appoint a chartered accountant firm for internal audit and to submit the annual internal audit report to JICA within 6 months after the end of each fiscal year.	BIFFL		
(d) Special Training Program	To organize a special training course on procurement procedure and financial management for each staff involved in procurement for the Project in cooperation with the training unit.	BIFFL		BIFFL will arrange trainings and seminars
(e) Bid Opening Committee (BOC)	To set up the BOC under the Project with the participation of representatives from BIFFL. To invite one representative from JICA as an observer.	BIFFL /JICA		Through procurement process
(f) Disclosure of Procurement	To publish the procurement plan in its respective website and update twice a year. In addition, to post	BIFFL		Through publishing in website

Subject	Agreed Actions	Responsible Agency	Target Date	Measures to achieve
	the information about contract within two weeks of contract awarding.			
(g) Complaint mechanism	To set up a complaint box.	BIFFL		
(h) Monitoring and inspection of irregularities	To detect and take a disciplinary action against those concerned in a possible corrupt or unethical practice, in accordance with the service rules of the GOB and to publish a summary of the disciplinary action taken by the authority in the annual report.	BIFFL	If necessity arises	Through official letter, website

I – (5) On-Site Physical Inspection Report

Sub-project Number	Fund disbursement date	Inspection date	Result of inspection
	dd/mm/yyyy	dd/mm/yyyy	

(Note)

1. On-site Physical Inspection Report shall summarize the results of those conducted after the completion of sub-projects and those conducted for sub-projects with difficulties. The Report shall be submitted to the Sponsoring Agency on a quarterly basis, only when the inspection is conducted.
2. An on-site physical inspection shall examine such goods (equipment, machineries, warehouses, factory buildings etc.), sites and works, included in the sub-loan of the end-borrower, the operation thereof, and any relevant records and documents (invoice, receipt, etc.) in compliance with the Credit Policy of BIFFL.

I – (6) Environmental and Social Performance Report to JICA

Date: \_\_\_\_\_

Name of Officer in charge: \_\_\_\_\_

1. Subprojects using JICA funds during the Reporting Period

Sub-project No.	Name of sub-borrower	Sub sector	Sanctioned date	JICA/Bangladesh Category*	ECC	FCL**	FRL***
e.g. 01	ABC International	Fruits processing	April 6, 2019	JICA Category A <input type="checkbox"/> Yes, <input type="checkbox"/> No Bangla: Orange B	✓	✓	✓

\*Subprojects are categorized based on “JICA Screening Format” (JICA Category) and “Environmental Clearance Certificate (ECC)” (Bangladesh)

\*\* Factory License

\*\*\* Fire License

2. Subprojects using JICA Funds to be Approved in the Next FY

Applicat ion No.	Name of sub-borrower	Sub sector	Submissio n date	JICA/Bangladesh Category	ECC	FCL	FRL
e.g. 05	DEF International	vegetable Processing	Dec 20, 2019	JICA Category A <input type="checkbox"/> Yes, <input type="checkbox"/> No Bangla: Orange B	✓	✓	✓

3. Environmental and Social Management System (ESMS)

Please report if you have any progress about your improvement plan below. And if ESMS of BIFFL is changed anyway (e.g. establishment of a new division of environmental and social management) since JICA’s appraisal, please update your ESMS Checklist and send it to JICA.

Progress of the improvement plan

(End)

I – (7) Ongoing Sub-project Summary and Financial Report

Condition				Environmental & social		Balance				Overdue			
Sub-project ID	Account (designate/ revolving)	Interest rate	Tenure	Category (A / B / C / FI)	Negative impact, if any	Outstanding (at beginning of quarter)	Loan disbursed during quarter	Loan repayment during quarter	Outstanding (at end of quarter)	Overdue Outstanding (at beginning of quarter)	Overdue Accrued	Overdue Recovered	Overdue Outstanding (at the end of the quarter)
						a	b	c	d = a + b - c	e	f	g	h = e + f + g



II. Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s)

(Covering Period: From DD/MM/YYYY To DD/MM/YYYY)

(Unit: million BDT, unless otherwise specified)

No.	Category	Amount
Designated Account		
1	Opening Balance	
2	Disbursement from JICA (million JPY)	
3	Disbursement from JICA (million BDT)	
4	Total Revenue (2+3)	
5	Transfer to the Project Operating Account	
6	Total Expenditure	
7	Closing Balance	
Project Operating Account		
8	Opening Balance	
9	Transfer from the Designated Account	
10	Deposit interest paid by the agent bank	
11	Total Revenue	
12	1st-generation On-lending Loan Disbursement to End-Borrowers	
13	Deposit interest withdrawn by BIFFL	
14	Total Expenditure	
15	Closing Balance	
Collection Account		
16	Opening Balance	
17	Installment from End-Borrowers on the 1st-generation On-lending Loans	
18	Installment from End-Borrowers on the On-lending Loans from the Revolving Fund (2nd- and succeeding generation)	
19	Deposit interest paid by the agent bank	
20	Total Revenue (15+16)	

21	Transfer of principal repayment from End-Borrowers on the 1st-generation On-lending Loans to the Revolving Fund Account	
22	Transfer of interest payment from End-Borrowers on the 1st-generation On-lending Loans to the Account for Interest Payment	
23	Transfer of principal repayment from End-Borrowers on the On-lending Loans from the Revolving Fund (2nd- and succeeding generation) to the Revolving Fund Account	
24	Transfer of interest payment from End-Borrowers on the On-lending Loans from the Revolving Fund (2nd- and succeeding generation) to the Account for Interest Payment	
25	Deposit interest withdrawn by BIFFL	
26	Total Expenditure (18+19+20+21)	
27	Closing Balance	
Revolving Fund Account		
28	Opening Balance	
29	Transfer of principal repayment from End-Borrowers on the 1st-generation On-lending Loans from the Collection Account	
30	Transfer of principal repayment from End-Borrowers on the On-lending Loans from the Revolving Fund (2nd- and succeeding generation) from the Collection Account	
31	Deposit interest paid by the agent bank	
32	Total Revenue (25+26)	
33	Disbursement to End-Borrowers for the 2nd and succeeding generation of on-lending loans from the Revolving Fund	
34	Deposit interest withdrawn by BIFFL	
35	Total Expenditure	
36	Closing Balance	
Account for Interest Payment		
37	Opening Balance	

38	Transfer of interest payment from End-Borrowers on the 1st-generation On-lending Loans from the Collection Account	
39	Transfer of interest payment from End-Borrowers on the On-lending Loans from the Revolving Fund (2nd- and succeeding generation) from the Collection Account	
40	Deposit interest paid by the agent bank	
41	Total Revenue (32+33)	
42	Interest payment to the MOF-FD	
43	Interest margin withdrawn by BIFFL	
44	Deposit interest withdrawn by BIFFL	
45	Total Expenditure	
46	Closing Balance	
Total deposit interest paid out from the Project Operating Account, Revolving Fund Account, Collection Account and Account for Interest Payment		
47	Total deposit interest paid out until the end of last period	
48	Total deposit interest paid out during this period	
49	Total deposit interest paid out	
Total deposit interest paid out from the Account for Interest Payment		
50	Total interest margin paid out until the end of last period	
51	Total interest margin paid out during this period	
52	Total interest margin paid out	
Total expenditures made for the operation of the Project		
53	Total expenditures out until the end of last period	
54	Total expenditures during this period	
55	Total expenditures	

III. Current Repayment and Overdue Status Report

(As of DD/MM/YYYY)

(Unit: million BDT)

**1. Loans from the Project Operating Account (1st generation) to End-borrowers**

Duration of arrears	Number of Loans with arrears	Total amount of arrears	Total amount of Loans with arrears	Total repaid amount from Loans identified in each category
3 to 6 months				
6 months to 1 year				
1 to 2 years				
Over 2 years				

**2. Loans from the Revolving Fund Account (2nd- and succeeding generation) to End-borrowers**

Duration of arrears	Number of Loans with arrears	Total amount of arrears	Total amount of Loans with arrears	Total repaid amount from Loans identified in each category
3 to 6 months				
6 months to 1 year				
1 to 2 years				
Over 2 years				

**3. Rescheduled Loans from the Project Operating Account (1st generation) to End-borrowers**

Number of rescheduled loans	Total amount of loans rescheduled	Total repaid amount from rescheduled loans

**4. Rescheduled Loans from the Revolving Fund Account (2nd- and succeeding generation) to End-borrowers**

Number of rescheduled loans	Total amount of loans rescheduled	Total repaid amount from rescheduled loans

IV. Certified Audit Report on Statement of Expenditure and Internal Audit Report

**Audit Report on the Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s)**

To: Bangladesh Infrastructure Finance Fund Limited

Date: [            ]

We have audited the accompanying Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s) of the Loan relating to the Food Value Chain Improvement Project financed under Loan Agreement No. BD-[    ] for the year(s) [            ]. The said Statements are the responsibility of Bangladesh Infrastructure Finance Fund Limited's management. Our responsibility is to express an opinion on the said Statements based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards [or relevant national standards or practices], and accordingly, included such tests of the accounting records, and other auditing procedures necessary to confirm that:

- (a) the proceed of the Loan are used for the purpose of the Project;
- (b) the claims to the Designated Account, Project Operating Account, Collection Account, Revolving Fund Account and Interest Payment Account are made only for expenditures on eligible items under the Loan;
- (c) the deposit interest paid by an agent bank to the Designated Account, the Project Operating Account, the Revolving Fund Account, the Collection Account, and the Account for Interest Payment and the interest margins on the On-Lending Loans are withdrawn and used for the operating expenses of the Project; and
- (d) the Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s) are correct.

During the course of the audit referred to above, the said Statements and the concerned documents, together with the procedures and internal controls involved in their preparation, were examined, and they can be relied upon to support the related disbursement under the aforesaid Loan Agreement.

On the basis of the information and explanations that have been obtained as required and according to the best of our information as a result of the test audit, it is certified that the Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s) read with the observations set out below represent a true and fair view of the implementation of the Project for the year.

---

[Name of the Auditor]  
[Title of the Auditor]  
[Name and Address of Audit Firm]  
[Completion Date of Audit]



Annex 10: Forms for Advance Procedure

Form RFD (A)

Request for Disbursement  
to D/A Name : Account no. or name

	Request for Disbursement
	Request for Disbursement (in installments)
	Request for reporting justified expenditures only

Date:  
Application Serial No.:

To: JAPAN INTERNATIONAL COOPERATION AGENCY  
Attn: Name of the Department or JICA Office in charge

Ladies and Gentlemen:

Pursuant to the Loan Agreement No.        dated       , between the JAPAN INTERNATIONAL COOPERATION AGENCY (hereinafter referred to as "JICA") and (the Borrower) (hereinafter referred to as the "Loan Agreement"), the undersigned hereby requests for Advance Disbursement, under the said Loan Agreement, of ¥        in number        (Say Japanese Yen        in wording       ) by being paid to the Loan Account of (Agent Bank of the Borrower) with (Paying Bank), Tokyo, Japan, from which (Agent Bank of the Borrower) transfers the amount to the Designated Account.

1. The undersigned has prepared the accompanying documents (including the Financial Forecast, if applicable) in good faith. The undersigned has not obtained nor will obtain funds for such purpose out of the proceeds of any other loan, credit or grant available to the undersigned except short-term loans or credits, if any, established in anticipation of the disbursement requested for herein and to be repaid pro-tanto with the funds disbursed hereunder and any charges, commission or interest paid or payable under such anticipatory short-term credits are not included in the amount herein requested to be disbursed.
2. Required documents as per the Loan Agreement attached to this request shall form an integral part hereof.

Very truly yours,

\_\_\_\_\_  
(Name of the Borrower)

\_\_\_\_\_  
(Authorized Person's Signature, Name & Title)



## REQUESTED SCHEDULE FOR ADVANCE PAYMENTS in INSTALLMENTS

**Instruction:** Please complete this form and attach it to the related Request for Disbursement (RFD) form, when applicable. When attached, this will be deemed to be an integral part of the RFD.

1. Loan No.

\_\_\_\_\_

2. Application Serial No. of related Request for Disbursement

\_\_\_\_\_

3. Requested payment schedule

Ref. (a)	Requested Value Date for Disbursement (b)	Amount to be Paid in JPY (c)	
I.		JPY	
II.		JPY	
III.		JPY	
TOTAL		JPY	-

NOTE: i) The requested dates should be in accordance with section 6.01 of the Brochure.

ii) JICA will make its best effort to make the payments on the requested dates, but if difficult, JICA will shift the date to the nearest date appropriate for disbursement by JICA.

iii) Once JICA approves the request, the request will become irrevocable and the dates and amount may not be changed.

## RECONCILIATION STATEMENT

LOAN NO.: \_\_\_\_\_ APPLICATION NO.: \_\_\_\_\_  
 NAME: \_\_\_\_\_ (Borrower or E/A)  
 REPORTING PERIOD: From \_\_\_\_\_ To \_\_\_\_\_  
 CATEGORY: \_\_\_\_\_  
 DESIGNATED ACCOUNT: Bank Name \_\_\_\_\_ Account NO. \_\_\_\_\_  
 DATE: \_\_\_\_\_

(in Japanese Yen)

Detail	Current Period	Cumulative
Beginning cash balance		
1. D/A balance as of		-
ADD: Advances from JICA		
2. Advances credited to D/A		
3. Amount claimed but not yet credited as of the date of the bank statement	-	-
4. Total cash available (1+2+3)		a
LESS: Advances withdrawn from D/A		
5. Total amount justified by supporting documents		b
6. Total amount withdrawn but not yet justified by supporting documents	-	c (d-b)
7. Total withdrawn (5+6)		d (a-e)
8. Cash available less withdrawn (4-7)	-	-
Closing cash balance		
9. D/A balance as of	e	-
Difference (8-9) should be zero	0 OK!	
Recovery Percentage (Total justified amount / Total amount withdrawn from D/A)	The percentage stipulated on the L/A 70%	#DIV/0! b/d #DIV/0!

(in Japanese Yen)

Detail	Next Period
Forecast of amount needed for next 2 periods	
10. Total Fund requirement	
11. Amount requested to be advanced (10-9)	- f
(Reference)	
Unjustified Amount when request for advance above is approved	- a+f-b

\_\_\_\_\_  
 Authorized Signature(s), name, and title of representative of the E/A  
 which hold the title of the designated account

## NOTES:

- Copy of bank statement for the period should be attached
- \_\_\_\_\_ is automatically calculated.

## REMARKS:

--

**STATEMENT OF EXPENDITURE**

Advance Procedure

PROJECT \_\_\_\_\_ D/A NO. \_\_\_\_\_ DATE \_\_\_\_\_  
 LOAN NO. \_\_\_\_\_ CATEGORY \_\_\_\_\_ APP. NO. \_\_\_\_\_

No.	JICA CONC. NO./CONTRACT No.	NAME OF SUPPLIER	NATIONALITY	Month/Date of Payment	Description	Amount Paid (without Tax)	Disbursement %	Amount for JICA Financing in Contract Currency	Exchange Date *	Exchange Rate	Amount for JICA Financing in Request Currency (JPY)
<b>JICA CONCURRENCE NO.</b>											
1											
2											
3											
<b>SUBTOTAL (JICA CONC. NO.)</b>						-		-			JPY -
<b>JICA CONCURRENCE NO.</b>											
1											
2											
3											
<b>SUBTOTAL (JICA CONC. NO.)</b>						-		-			JPY -
<b>CONTRACTS NOT REQUIRING CONCURRENCE</b>											
1											
2											
3											
<b>SUBTOTAL (CONTRACTS NOT REQUIRING CONCURRENCE)</b>						-		-			JPY -

The undersigned certifies that the Supplier(s) and payments stated above are procured according to the applicable guidelines and eligible under the Loan Agreement.

**TOTAL AMOUNT in JPY** \_\_\_\_\_

For (Name of the Borrower)

\* Exchange Date: the date of withdrawal from D/A

\_\_\_\_\_  
 Authorized Person's Signature,  
 Name & Title

**Appendix 6**

**BUSINESS PROCESS MANUAL**  
**FOR**  
**FOOD VALUE CHAIN IMPROVEMENT PROJECT**  
**IN BANGLADESH**

September 2020



**PROJECT IMPLEMENTATION UNIT**  
**BANGLADESH INFRASTRUCTURE FINANCE FUND LIMITED**

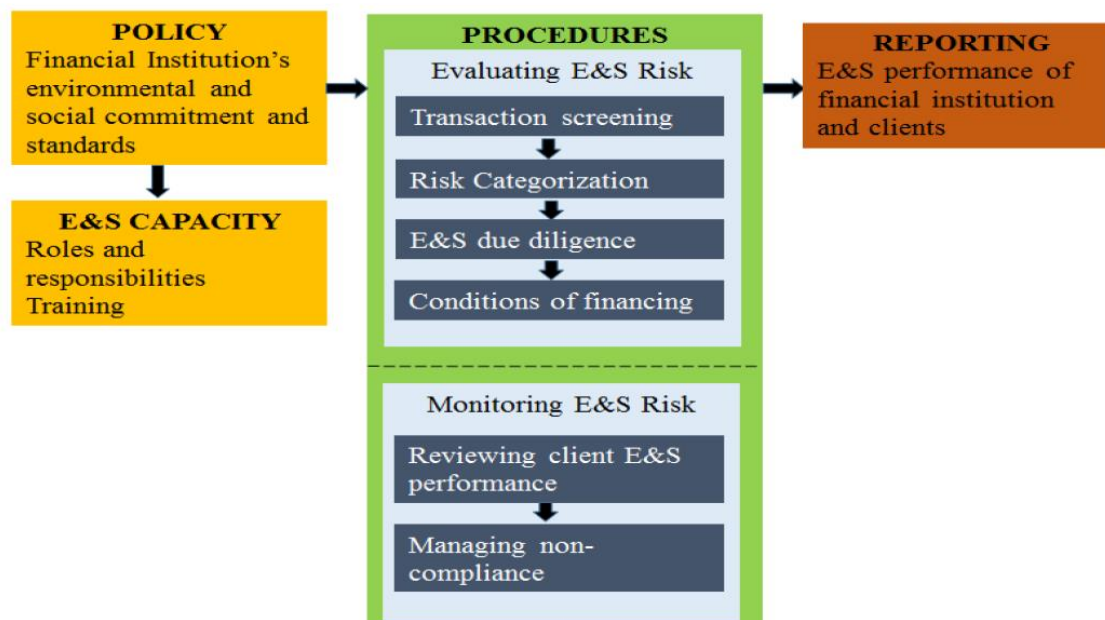
This Appendix 6 is not available for disclosure.

## Appendix 7 Necessary Documents for Obtaining ECC by Category

Category			
Green	Orange-A	Orange-B	Red
1. Form-3 under Environment Conservation Rules 1997			
2. Fees under schedule-13 under Environment Conservation Rules 1997 (Amended 2002)			
	3. General information 4. Exact description of the raw materials and the manufactured product 5. No objection certificate	3. Report on feasibility (proposed industrial unit or project); 4. Report on the Environmental Management Plan (EMP) 5. Process Flow Diagram 6. Layout Plan (showing location of Effluent Treatment Plant)	
	6. Process flow diagram; 7. Layout Plan (showing location of Effluent Treatment Plant (ETP)); 8. Effluent discharge arrangement; 9. Outlines of the plan for relocation, rehabilitation (if applicable); 10. Other necessary information (if applicable);	7. Design of the Effluent Treatment Plant and information about the effectiveness of the ETP (existing industrial unit or project); 8. No objection certificate 9. Emergency plan relating adverse environmental impact and plan for mitigation of the effect of pollution; 10. Outline of the relocation, rehabilitation plan (where applicable) 11. Other necessary information (where applicable).	
		12. Report on the Initial Environmental Examination (IEE)	12. Report on IEE 13. Terms of reference (ToR) for the Environmental Impact Assessment (EIA) 14. Report on EIA report

Source: DOE (2010) Environmental Clearance Procedure

## Appendix 8 The System of ESRM



Source: Bangladesh Bank (2017) Guidelines on Environmental & Social Risk Management for Banks and Financial Institutions in Bangladesh

## Appendix 9 ESMS Check List

### Checklist for Environmental and Social Management System of Financial Institutions

Date: 15, Dec, 2019

FI Name: BIFFL

Persons interviewed/received: Mr. Molla Karimul Islam

No.	Questions	Answer	Improvement Plan
<b>1. Environmental and Social Consideration Policy</b>			
(1)	Does your financial institution have any formal environmental and social policy, procedures, or guidelines? (e.g. ESMS) If yes, please describe them and provide appropriate documentation. If no, does your institution have any plan to set such policy, procedures, or guidelines?	<b>【BIFFL】</b> Yes. BIFFL has Environmental Social Monitoring Framework (ESMF) (e.g. BIFFL follows the Exclusion list of IFC, MIGA, and ADB)	<b>【BIFFL】</b> BIFFL informs the changes of ESMS (ESMF) to JICA immediately (at least within 1 week).
(2)	Does your financial institution's environmental and social policy, procedures, or guidelines in compliance with Environmental and Social Risk Management (ESRM) by Bangladesh Bank? If there are any differences between	<b>【BIFFL】</b> Yes. BIFFL complies with ESRM.	<b>【BIFFL】</b> —



	ESRM and your policy, please describe.		
<b>2. Procedures for Environmental and Social Considerations</b>			
(1)	Does your financial institution have any environmental and social procedures such as screening, categorization, environmental review? If yes, please describe.	<b>【BIFFL】</b> Yes. BIFFL must submit an Environmental and Social Due Diligence (ESDD) report which includes project screening, categorization, impact identification for the approval of the project from the board.	<b>【BIFFL】</b> —
(2)	Does your financial institution have any Environmental and Social Due Diligence Checklist for relevant of the eligible sector for FVC TSL such as food processing? If so, please describe.	<b>【BIFFL】</b> BIFFL has Generic ESDD Checklist and ESDD Checklist for Energy Efficiency and Conservation Promotion Financing Project (EECP). BIFFL does not have ESDD Checklist for the eligible sector of FVC TSL such as food processing.	<b>【BIFFL】</b> BIFFL should develop ESDD checklist for FVC TSL.
(3)	Please describe how you ensure that your subproject are operated in compliance with the national laws/regulations (eg. ECA, ECRs,), and international laws/regulations?	<b>【BIFFL】</b> BIFFL regularly checks the renewed ECC of the company. BIFFL checks the compliance on the site inspection.	<b>【BIFFL】</b> BIFFL monitor the environmental and social issues and refers to Bangladesh regulations, but not refers to JICA's GL. It might be difficult to avoid to the possibility of disbursement to JICA Category A. So, BIFFL uses JICA Screening form (for FVC) to avoid JICA Category A Project.
<b>3. Organization and Staff</b>			

(1)	Please describe the organizational chart of your Environmental and Social Management System (ESMS).	<p><b>【BIFFL】</b>  BIFFL has Environmental &amp; Social Unit which includes:  -Environmental Specialist  -Social Specialist  -Panel of experts on E&amp;S</p>	<p><b>【BIFFL】</b>  It has possibility that BIFFL will disburse to more than 100 subprojects in the FVC TSL. In this regard, it can be proposed BIFFL increase human resources which manage FVC TSL.</p>
(2)	Who is responsible for environmental and social management (name/position/role)	<p><b>【BIFFL】</b>  [Name]  Mr. Molla Karimul Islam  [Position]  Senior Officer  [Role]  1. Conducting Environmental and Social Due Diligence  2. Guiding and supervising subproject companies to meet the applicable standards and compliance</p>	<p><b>【BIFFL】</b>  —</p>
(3)	Are there any staff with training for environmental and social considerations in your financial institutions, and what institution offer it to you? If so, please describe it.	<p><b>【BIFFL】</b>  Almost of all BIFFL officers working on the investment section has received training on Environment and Social Safeguards offered by ADB.</p>	<p><b>【BIFFL】</b>  Even though BIFFL officers working on the investment had training about Environment and Social Safeguards, they do not have any training about food safety, which is significant of this FVC TSL. To improve their understanding about food safety, BIFFL officer, especially E&amp;S unit needs to receive a food safety</p>

			training.
(4)	Are there any technical staff with a background of the eligible sector for FVC TSL such as food processing industry, who is responsible for technical analysis of credit proposals?	<b>【BIFFL】</b> BIFFL has done many kinds of projects and it can conduct ESDD to any sectors in general. But BIFFL did not work directly to the eligible sectors for FVC such as food processing.	<b>【BIFFL】</b> BIFFL needs to have a training about food safety, which is significant of this FVC TSL To improve their understanding about food safety, BIFFL needs to receive a food safety training.
(5)	Does your financial institution have any experience of hiring or dealing with environmental and/or social consultants? If so, please describe them.	<b>【BIFFL】</b> Yes. BIFFL currently has four environmental and social consultants.	<b>【BIFFL】</b> BIFFL hires four consultants for ECCP, BIFFL does not use those consultants for the FVC TSL. In this regard, it can be proposed BIFFL increase human resources which manage FVC TSL.
(6)	What was the budget allocated to the ESMS and its implementation during a year? Please provide budget details including staff costs and training as well as any actual cost.	<b>【BIFFL】</b> ESMF was supported by Technical assistance from donors. BIFFL has one permanent officer to maintain ESMS.	<b>【BIFFL】</b> BIFFL has only one permanent officer, it does not enough to manage FVC TSL. In this regard, it can be proposed BIFFL increase human resources which manage FVC TSL.
<b>4. Monitoring and Reporting</b>			
(1)	Does your institution receive environmental and social monitoring reports from subprojects companies that you finance? If yes, please describe report component and how many times you receive it in a year.	<b>【BIFFL】</b> BIFFL receives monitoring reports from some subproject companies based on nature of subproject. But BIFFL receives ECC, Factory License, and Fire license when those are	<b>【BIFFL】</b> -

		renewed and check the compliance of all subproject.	
(2)	How does your financial institution monitor the subproject' social and environmental performance?	<b>【BIFFL】</b> BIFFL receives ECC, Factory License, and Fire license when those are renewed and check the compliance of all subproject.	<b>【BIFFL】</b> BIFFL needs to submit ESPR for this TSL every six months (If E&S problem occurs, BIFFL inform it on PSR).
(3)	Are there any internal processes to report on environmental and social issues to senior management?	<b>【BIFFL】</b> Yes. BIFFL has internal process to repot.	<b>【BIFFL】</b> —
(4)	Does your financial institution prepare any environmental and social reports for other multilateral agencies or other stakeholders, and for your annual report?	<b>【BIFFL】</b> BIFFL submits the annual report for JICA (Environmental and Social Performance Report (ESPR))	<b>【BIFFL】</b> BIFFL needs to submit ESPR for this TSL every six months (If E&S problem occurs, BIFFL inform it on PSR).
<b>5. Experience</b>			
(1)	Has your financial institution signed any national or international agreement or declarations concerning environmental and social issues?	<b>【BIFFL】</b> No. However, the projects with MDBs including ADB, WB, BIFFL must have to upload Environmental & Social Impact Assessment report on BIFFL's website	<b>【BIFFL】</b> —
(2)	Has your financial institution ever received any criticism of its environmental and social record? If so, what was the criticism?	<b>【BIFFL】</b> No.	<b>【BIFFL】</b> —

(3)	Does your financial institution carry out environmental and social audits of its properties to analyze health and safety issues, waste disposal, etc.?	【BIFFL】 BIFFL asks those when it is required.	【BIFFL】 —
(4)	Please state any difficulties and/or constrains related to the implementation of the ESMS	【BIFFL】 No.	【BIFFL】 —

6. Need of Capacity Development and Improvement Plan

BIFFL has well organized ESMS called ESMF, however, there are some contents should be improved or complied with JICA GL (especially for avoiding JICA Category A). Also, the number of officers in charge of ESMS (belonging to BIFFL Environmental and Social Unit) is not enough to manage ESMS for FVC TSL.

As a result of the ESMS Checklist, the necessary capacity development and improvement plan are below;

- BIFFL develops ESDD checklist for FVC TSL **before the FVC TSL starts.**
- BIFFL uses JICA Screening form (for FVC) to avoid JICA Category A Project **during the FVC TSL.**
- BIFFL increases human resources which manage FVC TSL **during the FVC TSL.**
- BIFFL receives a food safety training **during the FVC TSL.**
- BIFFL checks the validity date of ECC, Factory License, and Fire License to confirm the compliance of subproject **during the FVC TSL.**
- BIFFL submits ESPR (FVC) **during the FVC TSL every six months (If E&S problem occurs, BIFFL inform it on PSR).**
- BIFFL informs the changes of ESMS (ESMF) to JICA immediately (at least within 1 week) **during the FVC TSL every six months.**

## Appendix 10 Presentation materials of the promotional seminar



# Draft Agro-food Processing Industry Development Policy 2020

Md Salim Ullah  
Senior Assistant Secretary (Policy)  
Ministry of Industries

15 December 2020

### OVERVIEW of the Sector



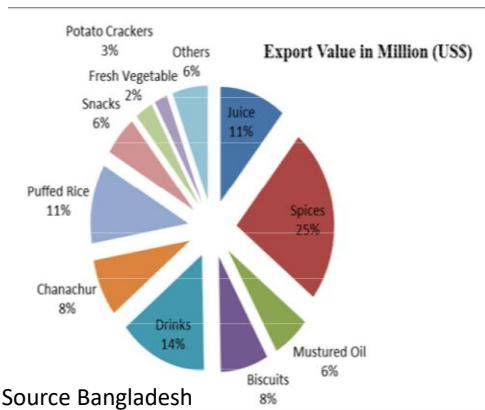
- ❖ Agriculture sector in Bangladesh contributes to around 14.23% to GDP
- ❖ It provides employment about 40.62 percent of the labour force.
- ❖ The agro-food processing industry contributes about 8.0 per cent to manufacturing output in Bangladesh which now accounts for about 1.7 per cent of gross domestic product (GDP) of the country.
- ❖ This industry now employs about 2.2 per cent of total workforce in the country of which close to 70 per cent are unskilled labour.
- ❖ Its share of total exports now stands at around 1.5 per and has a huge potential to achieve a higher growth rate relative to other industries of the country.

Excerpt from Draft Agrofood processing Industry Development Policy 2020

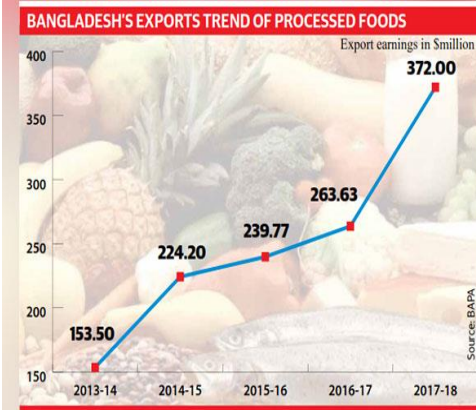
## EXPORT SCENARIO of this Sector



Agro- Food processing industry has opened a new avenue for the Bangladesh in the field of export earnings, which already witnessed a 41% rise to \$372 million in 2017-2018.



Source Bangladesh Bank 2014



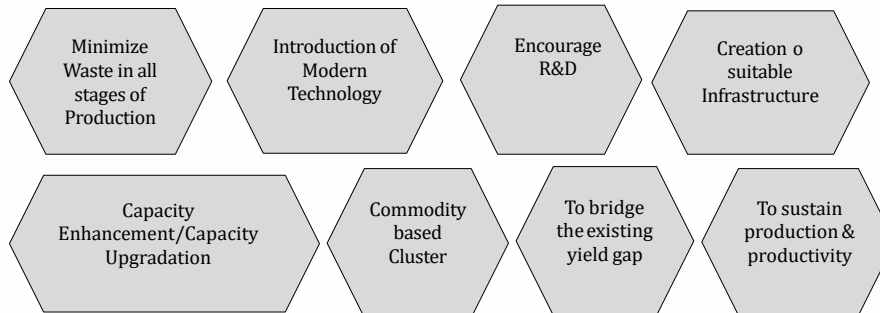
Source BAPA 2019

## Draft Agro Food Processing Industry Development Policy 2020 VISION and OBJECTIVES



**VISION:** "To make Bangladesh one of the most preferred manufacturing hub for agro food processing industries in Asia".

### OBJECTIVES:



## GOALS of this Policy



- ❑ Attract new investments worth 5 billion US dollar in the sector by 2025;
- ❑ Create 100,000 additional employment opportunities in the sector by 2025;
- ❑ Enhance Agro-food sector's contribution in GDP from existing 2% to 4% by 2025 through better utilization and value addition of agricultural produce;
- ❑ Undertake and accomplish capacity building projects minimum 8 by BSCIC and BSFIC (at least one in each Division) to enhance competitiveness of food processing industry in both domestic and international markets by 2025.

## Policy Measures



- Ensure availability of the supply of raw materials;
- Expand and diversifying food processing activities and promoting balanced growth of the targeted areas;
- Enhance sectoral linkages and support services;
- Intensify innovation and R&D;
- Boost competitiveness for the steady increase of the export of Bangladeshi food products in the regional and international markets;
- Strengthen human resource development (HRD); and
- Reinforce institutional support and delivery system for the further development and promotion of the industry.
- Facilitate modernization and expansion of existing food processing units
- Ensure rapid infrastructure development
- Priorities of local manufacturing
- Confirm institutional framework for business development services
- Ensure environment friendly green management development activities



## FISCAL INCENTIVES to enhance Productivity – An Example



### No Land Revenue Tax

- the Non-Agriculture Land Assessment (NALA) tax will be exempted for five years of the commencement of the industry

### Capital subsidy

- For establishment of new food processing units, Government will provide capital support up to 50% of project cost (includes plant & machinery, technical civil works), limited to 50 croretaka in the form of soft loan

### Interest subsidy

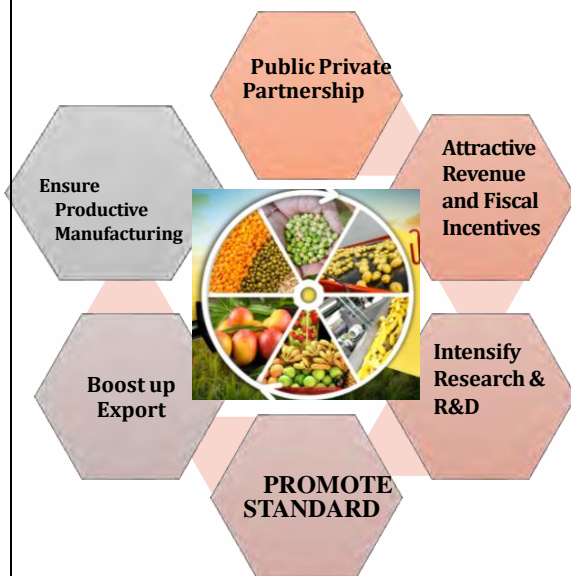
- food processing units and cold chain infrastructure, Government will offer interest subsidy of 5% per annum on the term loan

### Export Cash Subsidy

- Government is currently providing 20% cash incentives to export of Agrofood processed goods

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## Summarizing the Policy



## Features

Create a Base for Local Manufacturing

Encourage Foreign Direct Investment

Support to Develop Export Market

Proactive Framework for Business Development



# Thank You

For Further Query  
Please Contact  
Md Salim Ullah  
salimullah1969@gmail.com  
cell 01557863557

# Outline of Food Value Chain Improvement Project (FVCIP)

December 15, 2020

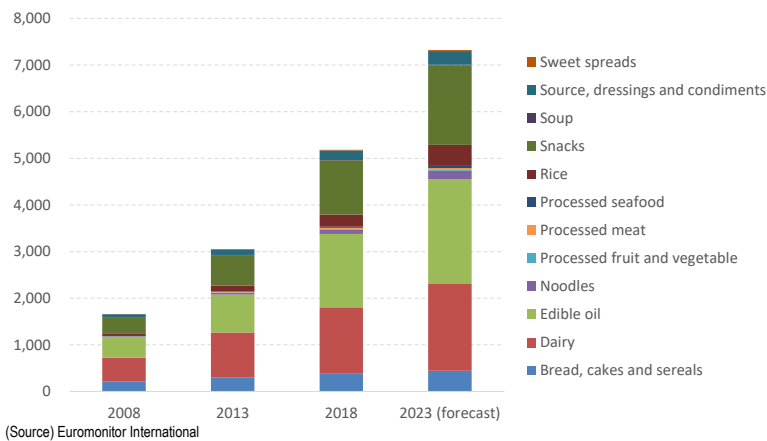
Takuji Kameyama

Preparatory Survey Team for FVCIP

## 1. Background of the Project (1)

Packaged food market has grown rapidly at YOY 11.1% in the last five years, and is expected to grow at YOY 7.2% in the next five years.

Market size of packaged food in Bangladesh (million USD)



## 1. Background of the Project (2)

Bangladeshi food processing industry's value addition and its proportion to GDP still small. It has huge potential to develop the industry.

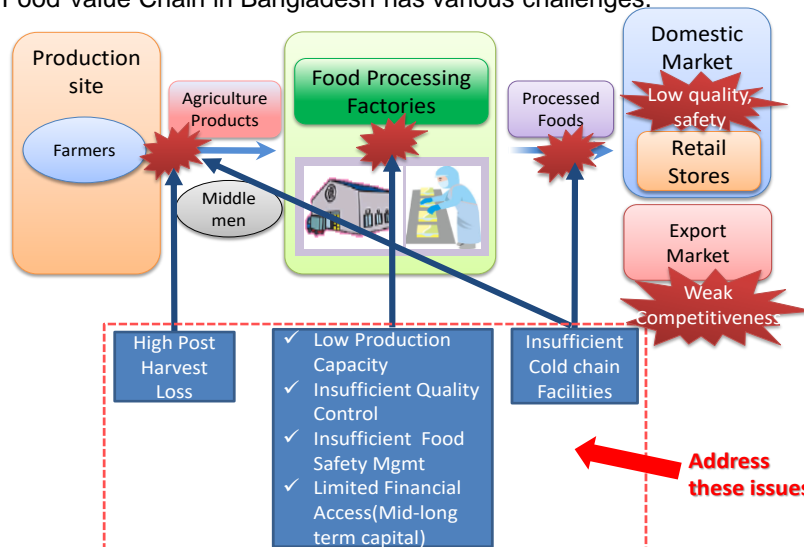
Value Added Ratio and Proportion of Food Processing Industry to GDP

	Value Added Ratio	Proportion to GDP
Thailand	20.1%	15.3%
Malaysia	12.7%	5.9%
Philippines	34.6%	9.7%
Indonesia	29.6%	6.3%
Vietnam	22.8%	15.0%
India	9.9%	7.6%
<b>Bangladesh</b>	<b>13.5%</b>	<b>2.7%</b>

Source: World Bank (web) World Development Indicator, BBS(2019) Statistical Year Book Bangladesh 2018

## 1. Background of the Project (3)

Food Value Chain in Bangladesh has various challenges.



## 2. Objective of the Project

The objective of the Project is to improve credit access for agribusiness and food processing industries and to enhance their capacity in business development, food processing, and food safety by providing concessional financing and technical assistance, thereby contributing to the improvement of food value chain in Bangladesh.

The Project is composed of two components; 1. Two-step loan (TSL) and 2. Capacity building.

1. TSL is to provide concessional loans for long term investment to the end borrowers through Bangladesh Infrastructure Finance Fund Limited (BIFFL).
2. Capacity building programs, such as training seminars, are provided to potential and existing end-borrowers in the topics of business management, food processing, and food safety management

## 3. Project Implementation Structure

### Ministry of Industries (MoInd) / Sponsoring ministry of the Project

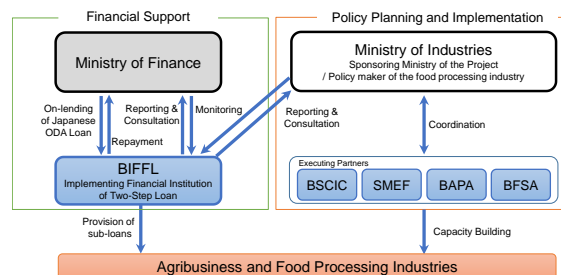
- ✓ Formulates necessary policy, rules and regulations to create conducive environment for the Project and coordinates with BIFFFL and the Executing Partners for the successful implementation of the Project.

### BIFFFL / Implementing financial institution

- ✓ Receives the Japanese ODA Loan from the GOB (Ministry of Finance)
- ✓ Provides sub-loans to end borrowers directly.

### BAPA, SMEF, BSCIC and BFSA / Executing Partners

- ✓ Support the capacity building activities



## 4. General Terms and Conditions of the Loan

Eligible loan purposes	i) Long term capital investment in agribusiness and food processing industries ii) Technical know-how such as necessary expense for obtaining accreditation related to food safety and food processing including ISO, HACCP, and halal certification * Purchase of land / land use rights and payment of taxes are NOT eligible.
Loan amount	Maximum BDT 500 million
Interest rate	Not exceeding 6%
Loan tenure and collateral	To be determined based on the discussions between a borrower and BIFFL in compliance with the rules and regulations in Bangladesh.

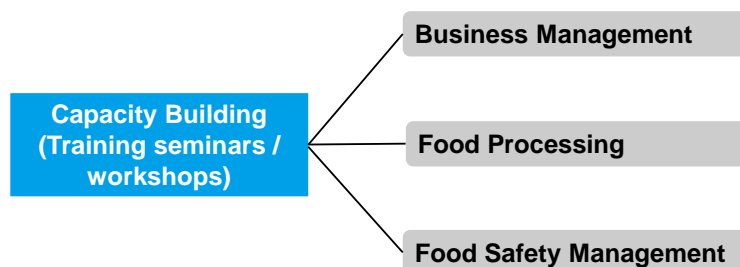
## 6. Eligible Business Sectors for Investment

Eligible business sectors are as follows:

- 1) Fruit processing industry;
- 2) Vegetable processing industry;
- 3) Spice processing industry
- 4) Rice, wheat and bean processing industry
- 5) Edible oil producing industry
- 6) Seed Processing industry
- 7) Organic fertilizer producers / biological pesticide producers
- 8) Wholesalers and logistics industries including warehouse and transport industries
- 9) Retail industries (including super markets)

## 7. Capacity Building Program (1)

Capacity building program (training seminars/ workshops) will be provided to potential end-borrowers by the support of Executing Partners (BSCIC, SMEF, BFSA and BAPA) in the following topics.



## 8. Capacity Building Program (2)

### 1. Business management seminars

<Tentative topics> Development of business plans and preparation of legal documents required for loan application.

### 2. Food processing seminars

<Tentative topics>

- i) Diversification of processed products and quality improvement
- ii) Promotion of multi-purpose cold storage facilities and improvement in the transportation of fruits and vegetables.

### 3. Food safety management

<Tentative topics> Factory operation and hygienic engineering design.

Thank you  
for your attention!



# Challenges of Food Value Chain in Bangladesh, Needs and Impacts of Capital Investment

December 15, 2020

Fumiko Ikegaya  
Preparatory Survey Team for FVCIP

## Outline of the Presentation

1. Methodology of Food Value Chain Study
2. Food Value Chain Analysis (Potato)
3. Food Value Chain Analysis (Mango)
4. Food Value Chain Analysis (Food Safety)

# 1. Methodology of Food Value Chain Study

Field Survey: July 2019 to December 2019

- ✓ **Literature review** including analysis of statistic data and market data
- ✓ **Discussion with government organizations** including Ministry of Industry, Ministry of Agriculture, BADC, BARI, BIRI, Hortex, BFSA, BSTI, BIDA, etc.
- ✓ **Discussion and field visit of food value chain of major crops namely rice, potato, mango, and tomato**
- ✓ **Discussion and plant visit of food processing company, seed processing company, fertilizer company, bio-pesticide company, agrochemical company, plastic crate manufacturing company, rice mill etc.**
- ✓ Discussion with **major associations** including Bangladesh Agro-processors Association (BAPA), Bangladesh Cold Storage Association, Bangladesh Fruits Vegetables and Allied Products Exporters Association, Bangladesh Fertilizer Association, Bangladesh Seed Association, Bangladesh Auto Rice Mill Owner's Association, Bangladesh Crop Protection Association, Bangladesh Flexible Packaging Industries Association etc.
- ✓ Discussion with **other donors** including World Bank/IFC, IFAD, FAO, USAID, Delegation of the European Union to Bangladesh, GAIN

# 2. Food Value Chain Analysis (Potato)

Current situation and issues

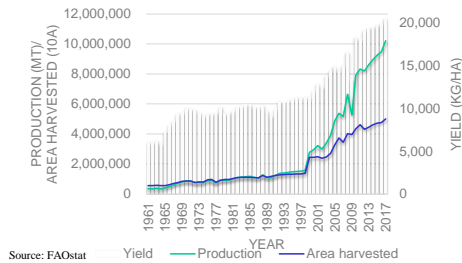


Figure Potato production, area harvested, and yield

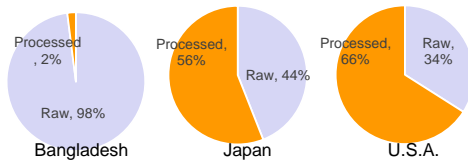


Figure Potato processed ratio in Bangladesh, Japan and U.S.A.

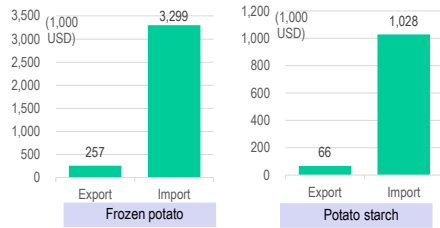
Source: Bangladesh: Catalyst (2016), Study on the roles and opportunities for private sector in agro-food processing industry of Bangladesh etc.

- ✓ The potato production in Bangladesh has been increasing. **14.3% of the total agricultural production in Bangladesh** consists of potatoes, and Bangladesh is **the 7<sup>th</sup> largest potato growing country in the world.**

- ✓ However, **only 2% of potato produced in Bangladesh is processed.**

## 2. Food Value Chain Analysis (Potato)

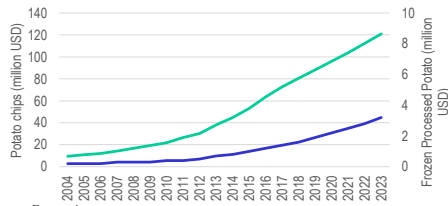
### Current situation and issues



- ✓ Import value and volume of major processed potato products such as frozen potato and potato starch **exceed export volume and value.**

Figure Export/Import value of processed potato

Source: International Trade Center website



Source: Euromonitor

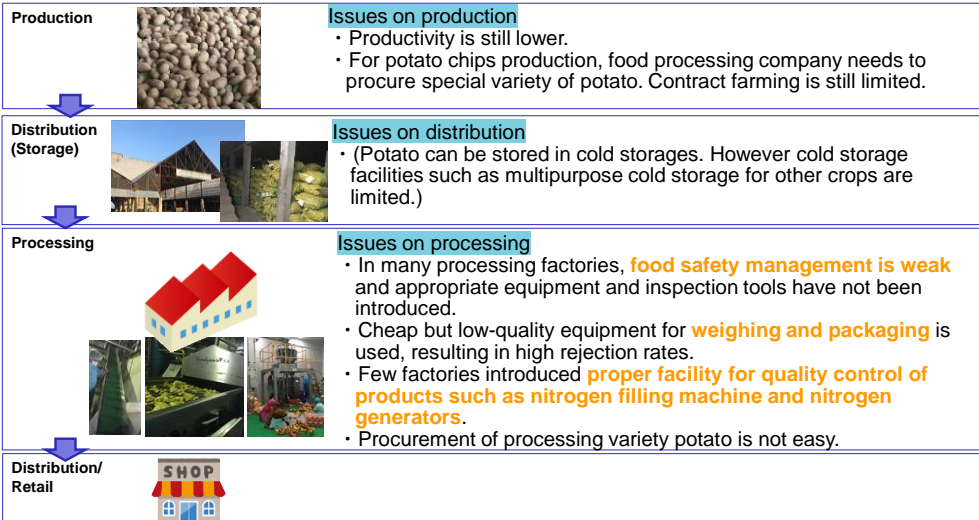
— Potato Chips — Frozen Processed Potato

Figure Retail value of potato chips and frozen processed potato in Bangladesh

- ✓ **Potato chips and frozen processed potatoes** in Bangladesh are expected to be expanded by 8.5% and 14.9% annually over the next five years

## 2. Food Value Chain Analysis (Potato)

### Current situation and issues



## 2. Food Value Chain Analysis (Potato)

### Proposed investment

- To increase production of processed potato products such as frozen potato and potato starch by **establishing or expanding processing facility**
- To improve profitability of the business by installing or replacing **weighing and packaging machinery** (decrease rejection ratio)
- To improve quality of products by installing **proper facility such as nitrogen filling machine and nitrogen generators**
- To improve food safety by introducing necessary equipment and improve facilities



Potato starch factory



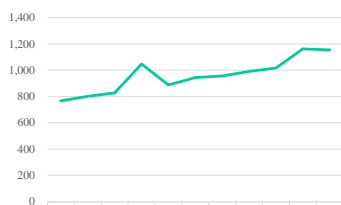
High quality weighing and packaging machinery



Nitrogen generator

## 3. Food Value Chain Analysis (Mango)

### Current situation and issues



Source: FAO (2017) Food Outlook Special Feature

Figure Mango production in Bangladesh

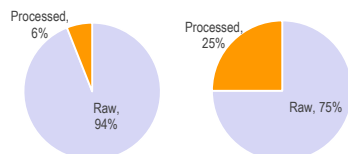


Figure Comparison of Processing Ratio for Mango

Source: Bangladesh: Katalyst (2016), Study on the roles and opportunities for private sector in agro-food processing industry of Bangladesh etc.



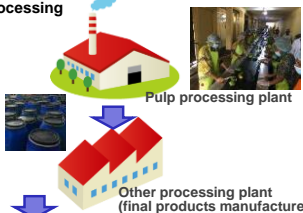

- ✓ The mango production in Bangladesh has been increasing. Mango production in Bangladesh is 1,166 thousand MT, which is 23.6% of the total fruit production (4,948 thousand MT) in 2017–18, and Bangladesh is **the 8<sup>th</sup> largest mango growing country in the world.**

- ✓ However, **only 6% of mango produced in Bangladesh is processed.**



### 3. Food Value Chain Analysis (Mango)

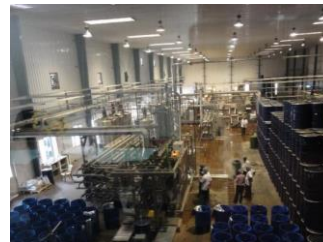
Current situation and issues

<p>Production</p> 	<p><b>Issues on production</b></p> <ul style="list-style-type: none"> <li>The yields are low because of inadequate farm management including proper application of fertilizer and biopesticide</li> </ul>
<p>Distribution</p> 	<p><b>Issues on distribution</b></p> <ul style="list-style-type: none"> <li>Post-harvest losses are large because of inadequate post harvest handling including lack of usage of plastic crate and cold chain.</li> <li>Ripening is ununified because of the lack of proper ripening chambers.</li> <li>VHT facilities are not established so that necessary treatments for export cannot be done properly.</li> </ul>
<p>Processing</p> 	<p><b>Issues on processing</b></p> <ul style="list-style-type: none"> <li>Although fruits production, including mango production, is large, <b>quality processing facility including aseptic processing lines are not yet well-established.</b></li> <li>In many processing factories, <b>food safety management is weak,</b> and appropriate equipment and inspection equipment have not been introduced.</li> <li>Types and volumes of processed products, other than juice and pickles, are limited, and processed products, such as jams are imported</li> </ul>
<p>Distribution/ Retail</p> 	

### 2. Food Value Chain Analysis (Mango)

Proposed investment

- To increase production of processed mango by establishing or expanding **processing facility**
- To improve quality and preservability by establishing **aseptic mango pulp processing line**
- To reduce post harvest loss by introducing plastic crate during distribution
- To improve food safety by introducing necessary equipment and improve facilities



Aseptic mango processing line (India in 2014)

## 4. Food Value Chain Analysis (Food Safety)

Current situation and issues

- ✓ In many food safety factories, food safety management is weak, and appropriate equipment and inspection equipment have not been introduced
  - ✓ Open entrance from outside at a processing plant and outfit of workers is not appropriate at some plants
  - ✓ Trestles are corroded
  - ✓ Water residues in processing lines or floor



Inappropriate worker's outfit/  
Open entrance from outside



Open entrance from outside



Trestles are corroded



Water residues in processing line

## 4. Food Value Chain Analysis (Food Safety)

Current situation and issues

- ✓ In many food safety factories, food safety management is weak, and appropriate equipment and inspection equipment have not been introduced (cont..)
  - ✓ Damaged floors
  - ✓ Filling machine is not separated with processing room
  - ✓ Improper temperature control
  - ✓ Insufficient measurement for contamination of foreign matters
  - ✓ Lack of laboratories and testing equipment



Damaged floors



Filling machine in processing room



Some plants don't have laboratories and testing equipment

## 4. Food Value Chain Analysis (Food Safety)

Proposed investment

- To minimize food safety risk by acquiring basic and advanced knowledge on food safety and introducing better practice from food safety viewpoint and necessary facility such as
  - **Door, curtain, stepover and other necessary measurement at entrance**
  - **Separated room for filling/processing,**
  - **Metal detector,**
  - **Inclined floor** for better draining and washable material for floor
  - **Necessary practices** and **laboratories and testing equipment**



Proper outfit

Door and hand-washing facility at entrance

Stepover at entrance

Floor inclined to drains

Separated room

Thank you  
for your attention



## Food Value Chain Improvement Project (FVCIP)



### Sponsoring Ministry



শিল্প মন্ত্রণালয়



### Executing Partners

## Eligibility of End-Borrowers

### Presented By:

**Amir Hossain Nadim**

**MTO, Credit Risk Management, BIFFL**



## Eligible End-Borrowers

- Types of Business
- Business Sectors
- Raw Materials Processed
- Products or Output
- Investment Areas
- Environmental Category



## Business Type of Eligible End-Borrowers

The business types of eligible End-Borrowers are:

- 1) Public limited company
- 2) Private limited company
- 3) Partnership
- 4) Sole proprietorship; and
- 5) Cooperative.

Eligible End-Borrowers must be duly registered under the Company Act 1994 or the Cooperative Society Act 2001, or have appropriate licenses or registrations issued by competent authorities. State-owned companies and public corporations are not eligible.



## Eligible Geographical Location

Throughout Bangladesh



## Eligible Business Sectors for Investment

Business sectors eligible for financing under the Project are as follows:

- 1) Fruit processing industry;
- 2) Vegetable processing industry;
- 3) Spice processing industry;
- 4) Rice, wheat and bean processing industry;
- 5) Edible oil producing industry;
- 6) Seed Processing industry;
- 7) Organic fertilizer producers / biological pesticide producers;
- 8) Wholesalers and logistics industries, including warehouse and transport industries; and
- 9) Retail industries (including supermarkets).



## Fruit processing industry

	Eligible	Ineligible
<b>Eligible raw materials to be processed</b>	- Mangoes, pineapples and other fruits	
<b>Eligible products</b>	- Processed fruits, including fruit juice, jam and jelly, dried fruits, frozen fruits, canned fruits and fruit pickles	- Fruit flavored candies - Fruit flavored drink (proportion of fruits is smaller than 10%) - Alcoholic products



## Vegetable processing industry

	Eligible	Ineligible
<b>Eligible raw materials to be processed</b>	- Tomatoes, potatoes, and other vegetables	
<b>Eligible products</b>	- Processed vegetables, including ketchup, frozen vegetables, frozen samosa, frozen French fries, dried vegetables, vegetable juice, pickles, starch and sauce	- Any products which are not mainly produced from vegetables, such as mayonnaise and oyster sauce - Alcoholic products



## Spice processing industry

	Eligible	Ineligible
<b>Eligible raw materials to be processed</b>	- Spices, including peppers, chili peppers, corianders, turmeric, onions and other spices	-
<b>Eligible products</b>	- Processed spices, including dried powdered spices	-



## Rice, wheat and bean processing industry

	Eligible	Ineligible
<b>Eligible raw materials to be processed</b>	- Rice, wheat, and beans	
<b>Eligible products</b>	- Rice snacks (including puffed rice), biscuits, cookies, breads, chanachur and processed beans (including fried dal), frozen beans	- Milled and powdered rice - Wheat flour - Snacks which are not mainly produced from rice, wheat and beans, such as chocolate, gum and candies - Alcoholic products



## Edible oil producing industry

	Eligible	Ineligible
<b>Eligible raw materials to be processed</b>	- Mustard, rice bran and sesame	
<b>Eligible products</b>	- Mustard oil, rice bran oil, sesame oil	- Edible oil other than mustard oil, rice bran oil and sesame oil - Refined oil produced from imported crude oil



## Seed Processing industry

	Eligible
<b>Eligible raw materials to be processed</b>	- Seeds
<b>Eligible products</b>	- Fixed asset such as equipment, machineries and structures for: <ol style="list-style-type: none"> <li>1. the improvement of the quality of seeds (including laboratories and inspection equipment) and.</li> <li>2. seed production (including drying, coloring and storage)</li> </ol> - Technical know-how, consulting services and training



## Organic fertilizer producers / biological pesticide producers

	Eligible	Ineligible
<b>Eligible products</b>	- Organic fertilizers and biological pesticide	- Chemical fertilizer and chemical pesticide



## Logistic industries, wholesalers and transport industries

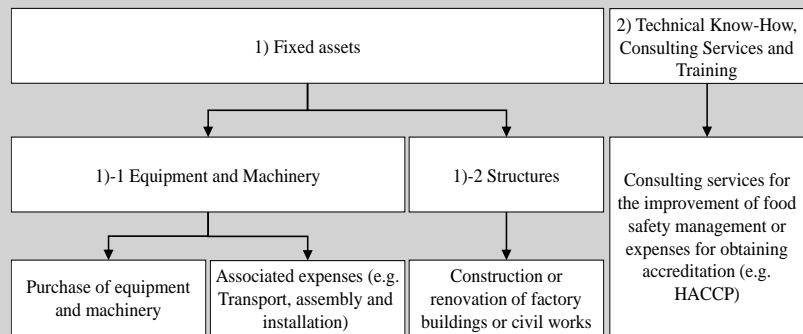
	Eligible	Ineligible
<b>Eligible investment items</b>	<ul style="list-style-type: none"> <li>- Fixed asset for the cold chain of food products, such as vehicles and warehouses with freezing, refrigerating or humidity or temperature controlling equipment</li> <li>- Technical know-how, consulting services and training</li> </ul>	<ul style="list-style-type: none"> <li>- Purchase of land /land use rights and payment of taxes</li> <li>- Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment</li> <li>- Vehicles, warehouses and other facilities not used for food products</li> </ul>



## Retail industries (including supermarkets)

	Eligible	Ineligible
Eligible investment items	<ul style="list-style-type: none"> <li>- Fixed asset for the cold chain of food products               <ol style="list-style-type: none"> <li>1. freezing and refrigerating or humidity and temperature controlling equipment and</li> <li>2. vehicles and warehouses with freezing, refrigerating or humidity or temperature controlling equipment</li> </ol> </li> <li>- Technical know-how, consulting services and training</li> </ul>	<ul style="list-style-type: none"> <li>- Purchase of land /land use rights and payment of taxes</li> <li>- Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment</li> <li>- Equipment, vehicles, warehouses and other facilities not used for food products</li> </ul>

## Eligible Investments



## Ineligible Investments

- Working Capital financing
- Purchase of land /land use rights and payment of taxes
- Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment
- Any machineries which are movable and usable for other purposes
- Any production processes which do not include foreign object detection system, such as doors and curtains at the entrance of production lines
- Structures which can be used for other purposes than the eligible business sectors

## Environmental Eligibility

Under the Environment Conservation Rules (ECR), industries or businesses are classified into four categories, namely Green, Orange-A, Orange-B, and Red.

- ❖ Industries or businesses classified as Red are not eligible for financing.
- ❖ Industries or businesses classified as Green, Orange-A and Orange-B are eligible for financing.

Categories of Sub-Projects	Eligibility in the Project
Red	Ineligible
Orange-B	Eligible
Orange-A	Eligible
Green	Eligible







# Food Value Chain Improvement Project (FVCIP)



Sponsoring Ministry



শিল্প মন্ত্রণালয়



Executing Partners



## Application Procedure for Loans



Sheikh Anower Sadat  
Assistant Vice President

## Step 1 Pre-screening Process

3

### Contact BIFFL

- Potential end borrower seeking financial assistance may contact Credit and Investment Division of BIFFL to discuss about the eligibility criteria and other information.
- BIFFL may request the end-borrower to submit the initial documents for pre-screening.

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## Initial documents for pre-screening



In order for such pre-screening, the Financial Analyst of PIU requests an End-Borrower to submit following documents:

1. Forwarding letter applying for loan;
2. Documents of business entities.
3. Audited financial reports for the last three years (for existing companies);
4. Credit Information Bureau Report;
5. Tax return / Net Worth Statement of directors; and
6. Business plan, quotation for the investments, catalogues of equipment or design layout.

Only after such documents are submitted, the Financial Analyst starts following pre-screening processes.

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## Sub-project



- Business Type.
- Business sector.
- Raw material to be processed.
- Products of the Sub-Project.

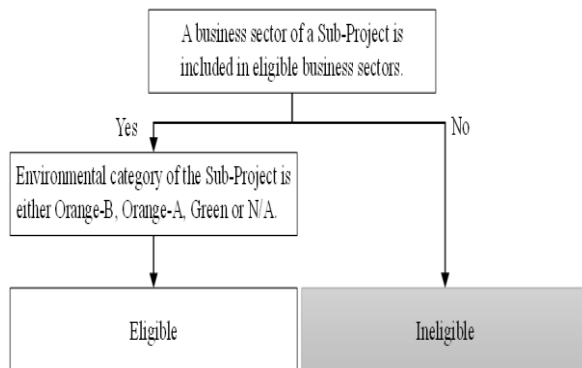
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## Environment Conservation Rules (ECR)



Categories of Sub-Projects		Environmental Assessment Requirement*	Eligibility in the Project
By ECR	By JICA Guidelines		
Red	Category A	EIA	Ineligible
Orange-B	Category B	IEE	Eligible
Orange-A	Category C	None	Eligible
Green		None	Eligible

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Note: Sub-Projects whose environmental category is Red are always "Ineligible".



Environmental Eligibility Criteria

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## Step 2 Credit Appraisal Process

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### Key focus of BIFFL



- Project description;
- Rationale of the Sub-Project;
- Purpose of Credit;
- Implementation status;
- Management team;
- Project cost;
- Revenue potential;
- Regulatory / legal framework governing the Sub-Project; and
- Profitability and the factors that could adversely impact it.

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## Required documents



- Licenses & Approvals
- Company information and documents
- Directors' information
- Sister Concerns (if any)
- Technical documents
- Project Land
- Security Land/Assets.
- Other applicable documents.

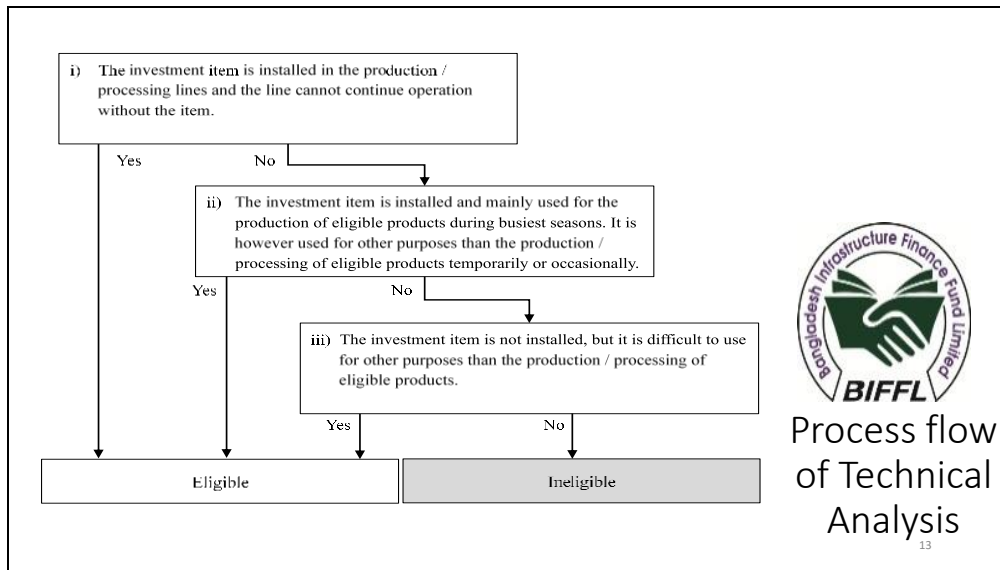
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## Financial Analysis



- Financing Plan;
- Construction Cost Management;
- Operations and Maintenance expenses (annual and periodic);
- Revenue streams;
- Financial Statement Analysis;
- Projected Financial Performance; and
- Key Financial Indicators.

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## Component to be checked by BIFFL

- **Technical know-how of sponsors.**
- **Technical Analysis**
- **Environmental and Social Impact analysis**
- **Sector and Market Analysis**

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# Credit approval process



PIU prepares an Appraisal Report and send it to CRM Division and then to Credit Risk Management Committee.



Once approved, CRM Committee submits the appraisal report with draft term sheet to Credit Committee.



Credit Committee recommends the Sub-Project for final approval.



Executive Committee makes the final approval of the credit.



Executive Committee reviews the credit proposal.



The Board of Directors makes the final approval of the credit.

# Step 3 Other key issues

## On-site Physical Inspections



- The Financial Analyst conducts on-site physical inspection to all Sub-Projects upon completion of Sub-Projects following the internal rules of BIFFL, for example, equipment, machineries, warehouses, factory buildings etc.
- The Financial Analyst also conducts inspections upon necessity especially when End-Borrowers and Sub-Projects face any difficulties.

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## Other key points



- Time-bound Action Plan
- Maintenance of Machineries.
- Submission of applicable NoCs and approvals periodically.

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Thanks

## **Appendix 11 Reference information on food processing and other eligible equipment**

This Appendix 11 is not available for disclosure.