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Appendix 1 Outline of visited companies during the Survey

1. Ispahani Food Ltd (<http://www.ispahanifoods.com/about/>)



1) *Establishment year and its history*

Ispahani Food was established in 1999, and it manufactures a wide and varied range of snack food products. It is a subsidiary of M.M. Ispahani Ltd and is based at Ispahani Foods Complex, Konabari, Gazipur, Dhaka.

2) *Number of employees*

- Head office: 23
- Factory: 74
- Plant workers: 1,074

3) **Outline of business**

a) Headquarter

- Location: The Alliance Building (3rd Floor), 63/Ka, Progati Sharani, Baridhara, Dhaka-1212
Phone: +88 02 55048375

b) Plant

- Location: Dewaliabari, Konabari, Holding No B-197

c) Products and production

The company mainly manufactures the following items

	Items (brand name)	Production in 2018-19
1	Toast Biscuits: “Bakery Fresh”	2089MT
2	Biscuits: “Little Bite”, “Milkose”, “Ispahani Orange”	1098MT
3	Potato Crackers: “Mighty Chips”	2582MT
4	Powder Drinks: “ISPI” powder drinks (orange and mango)	1918MT
5	Dry cake	335MT



4) *Sales, gross profit, and operating profit*

- Sales: BDT 174 crore in 2018
- Gross profit 24%
- Operating income 12%,

5) Funding status, funding constraints, funding demand, and supply, etc.

Recent investment

	Purpose	Initial loan amount	Money lenders	Interest rate	Repayment period	Repayment situation
1	Capacity expansion	BDT 30 crore	Private banks	9%	48 months	15% paid
2	Working capital	BDT 30 crore	Private banks			
3	Import finance	BDT 14 crore	Private banks			

* As of July 2019, plant expansion is on-going (from 160,000m² to 200,000m²).

6) Finance status

	Jun-2017	Jun-2018
Total assets	694.0	864.7
Current assets	404.3	428.1
Non-current assets	289.7	436.6
Liabilities	554.4	667.5
Current liabilities	554.4	438.6
Non-current liabilities	0.0	228.9
Equity	139.6	197.2
Revenue	1,283.6	1,503.2
Gross profit	277.1	324.5
Operating profit	81.3	107.3
Net profit before tax	53.7	67.7
Net profit after tax	45.1	57.5

Unit: million BDT

7) Future plan (management and investment) and machineries to purchase

The company would like to invest a processing line for biscuits and corn related food.

8) Way of raw material procurement

The company procures all primary ingredients from local importers or manufacturers. (e.g., Sugar from Abdul Monem (Igloo), local corn starch and tapioca starch from Pran, potato starch and corn starch from local importers, an egg from a local supplier)

9) Facility, machineries, and plant

[Potato Cracker]

Flower mixer, potato cracker cutter, dryer machine, flyer, seasoning mixture machine, flavor coating machine, weighting and packing machine

[Toast/Biscuit]

Drum mixture, sugar grinder machine, cookies making oven, toast dow mixture, paking machine

10) Issues to expand business

Gas supply.

11) Plant management, facility, and design

a) Plant facility and design

Flow of potato crackers production

- Blending equipment,
- Five 1st diesel fuel dryer, five 2nd diesel fuel dryer.
- After 4 hours drying at 60~70°C, baked at 220°C, 4~5seconds.
- After Weight Checker, potato crackers are packed.
- Metal detector is not yet but will be introduced soon.

Flow of biscuit and dry cake production

- Biscuit and dry cakes are baked by 2 stage ovens made by Chinese and/or Indian machineries, adding vitamin C at 150°C, 1hour, then
- Cutting

Other findings

- Ishida's packing machines (Japanese machinery) show very good performance. On the other hand, Chinese machineries always need repair and spare parts. Production loss is only 1.87% with the Japanese machinery, but 5% with the Chinese machinery. For biscuit production, many Indian machineries are introduced.

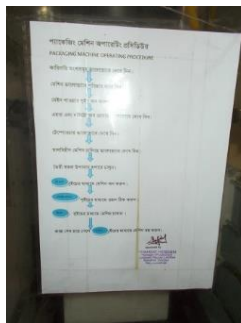
b) Plant management

- The company put the operation procedure on the wall for every worker to understand and do the quality work, which is very good practices (cf. picture).

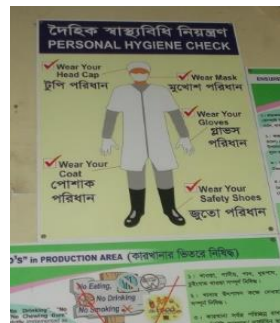
c) Efforts for food safety

- When entering the factory, workers change to white clothes and wear hair net and mask.
- The floor is ceramic tile and worker are bare foot to be careful for food safety, but this is risky practice for workers who may get insured. Workers should ware proper shoes.

- At the entrance of factories, way for proper outfit to enter the factories is displayed as a figure, which is good practice for better understanding for workers and people who enter the factories (cf. picture)
- QC and Lab are pretty good. Employees measure important items such as raw materials and final product including bacteria count and leak detector.
- BSTI came once or twice a year for inspection, BFSA came here only once.



Operation Procedure



Display at Entrance

12) Measurement for food safety and acquired certification (HACCP, ISO, FSSC, etc.)

- They understand the importance of food safety and acquired some certification such as HACCP and ISO22000 by SGS, and Halal certificates. However, because of plant expansion undergoing, both HACCP and ISO22000 are holding now. They said that they plans to renew those certificate once the plant expansion is completed.

2. Chapai Agro Product Marketing Ltd (<http://chapaiagro.com/>)



1) *Establishment year and its history*

Chapai Agro Product Marketing was established in 2007, and it manufactures mango pulp and tomato pulp. It is based at Lalapur, Alampur, Gomostapur, Chapai Nawabgonj.

2) *Number of employees*

- Head Office: 7
- Factory: 150 (during production)

3) **Outline of business**

a) Headquarter

- Location: The Alliance Building (3rd Floor), 63/Ka, Progati Sharani, Baridhara, Dhaka-1212
- Phone: +88 02 5504837

b) Plant

Location: Lalapur, Alampur, Gomostapur, Chapai Nawabgonj

c) Products and production

The company mainly manufactures the following items

	Items	Production in 2018
1	Mango pulp	3,000MT (season)
2	Tomato pulp	NA

4) *Sales, gross profit, and operating profit*

- Sales: Approximately BDT 12.55 crore*
- Gross Profit: 4.27 crore
- Net Profit: 2.87 crore

*BDT 5,000/Barrel of mango pulp, 95% of sale came from mango pulp while 5% from tomato pulp

5) *Funding status, funding constraints, funding demand, and supply, etc.*

Recent investment

	Purpose	Loan amount	Money lenders	Interest rate	Repayment period	Repayment situation
1	Capacity expansion	BDT 8.4 crore	Private banks (LOLC Bangla)	15%	5 years	NA

6) Finance status

NA

7) Future plan (management and investment) and machineries to purchase

The company would like to invest in introducing cold storage to store mango, tomato, and green chili for the export.

8) Way of raw material procurement

The company procures mangoes from 20 suppliers, which purchase mangoes from local farmers.

9) Facility, machineries, and plant

Mango washing machine, belt conveyor, elevator, mango crusher, transfer pump, filling machine, pasteurizer, cooling system

10) Issues to expand business

The company needs the support for the establishment of specialized cold storage for fruit and vegetables (capacity: 500 MT per batch).

11) Plant management, facility, and design

a) Plant facility and design

Flow of mango pulp processing line

- The company bought their machineries from Bangladesh Engineering Design and Plant, which are recommended by Amin Engineer in Dhaka, which is a small company but long trade record with them.
- Mango processing line is not closed but open at some places which is not good from food safety point of view.

b) Plant management

- When the owner ordered the processing line, it is a turn key project and leave every detail to the machinery company or the engineering company. Then plant manager and those level of peoples did not know about the new investment. It is better if the plant manager or those level of people are involved to design the plant because they will operate the plant.

- Also, manager level at Lab do not know the customer's claims because those information go to marketing people. Marketing people discuss with Lab depending on necessity. But those information should be shared with Lab manager all time for better food safety management.
- c) Effort situation for food safety
- The shelf life of mango pulp is two years at below 10°C. They usually ship within 1 to 2 months, but sell throughout the year. Pasteurization conditions are decided by customers, there are no public regulation in Bangladesh. It is better for the plant to have more responsibility for quality and food safety.



Production room separated by glass just in case



Filling room to drum

12) Measurement for food safety and acquired certification (HACCP, ISO, FSSC, etc.)

- They have neither HACCP nor ISO22000. They have neither inhouse hygienic standard nor policy, but they think they do not receive any claims from customers and market.

3. Danish Foods Ltd. (<https://partextargroup.com/companies/danish-foods-limited/home/>)

1) Establishment year and its history

Danish Foods is a part of Partex Star Group, and the Group was established in 1959. Danish Foods manufactures several types of foods and beverages. It is based at Shimrail, Siddirgonj, Narayangonj, Bangladesh.

2) Number of employees

- Head Office: 75
- Factory: 793
- Branches: 4632

3) Outline of business

a) Headquarter

- Location: Shanta Western Tower, L-13, 186 Tejgaon I/A, Dhaka, Bangladesh
- Phone: +880 175 553 0824

b) Plant

Location: Shimrail, Siddirgonj, Narayangonj, Bangladesh

c) Products and production

The company mainly manufactures the following items

	Items (brand name)	Production in 2018-19
1	Biscuits: “Lexus,” “Florida Orange,” “Doreo Cream” etc	NA
2	Edible Oil “Danish Mustard Oil”	NA
3	Noodles “Danish 2Fun Noodles”	NA



4) Sales, gross profit, and operating profit

- Sales: BDT 100 crore in 2010 (Mango Juice)

5) Funding status, funding constraints, funding demand, and supply, etc.

Recent investment

	Purpose	Initial loan amount	Money lenders	Interest rate	Repayment period	Repayment situation
1	Capacity expansion	BTA 200 million crore	Private banks	12%	Six years	NA

6) *Finance status*

NA

7) *Future plan (management and investment) and machineries to purchase*

The company would like to set-up a Juice plant. Also, it plans to expand its business to juice, tea, biscuits.

8) *Way of raw material procurement*

The company procures mango pulp from Igloo (BDT55.5/kg).

9) *Facility, machineries, and plant*

[Potato Chips]

Peeler, cutter, slicer, washer, blancher/vibrator, fryer, pasteurizer

[Mango Pulp]

Homogenizer, reserve tank, filling machine, packing machine, browning machine, labeling machine

10) *Issues to expand business*

Financial Support

11) *Plant management, facility, and design*

a) Plant facility design and management

Flow of mango juice processing line

- The company buys mango pulp of non- aseptic type from IGLOO. They heat it to mix with sugar and other ingredient then heat again up to 65°C for Homogenization at 200bars, then pasteurize at 98°C, 36 seconds.
- Pasteurizer is made by Newamstar in China (JV of European and Chinese companies), tubular type (picture), then pack with Tetra Pak (picture).
- Bottle filling machine is also made by Newamstar, using hot filling. The self-life is one year. Metal detectors are also installed.



Pasteurizer made by Newamstar



Tetra Pak

b) Effort situation for food safety

- The plant uses vinyl curtain to separate the production room from others. Filling room is separated from production room, which is good practice. But it is not pressurized.

12) Measurement for food safety and acquired certification (HACCP, ISO, FSSC, etc.)

- The plant has HACCP, ISO22000 and others, but they said BSTI certification is the most important for them. They also have FDA (Food and Drug Administration, USA) certification for export to USA.

4. Quasem Food Products Ltd.

(<http://www.quasemfood.com/Default.aspx>)



1) *Establishment year and its history*

Quasem Food was established in 1950. It is the first manufacturer of real Potato chips in Bangladesh with its flagship product: Sunchips made in its brand-new, high-tech factory from the most excellent Bangladeshi potatoes, top quality Palm Oil and the freshest and most flavorful seasonings available. It is based at ICON CENTRE, Plot No. 57/4, Pragoti Sarani, North Baridhara, Dhaka, 1229.

2) *Number of employees*

NA

3) **Outline of business**

a) Headquarter

- Location: ICON CENTRE, Plot No. 57/4, Pragoti Sarani, North Baridhara, Dhaka, 1229.
- Phone: +88 096,1200,7700-3

b) Plant

Location: NA

c) Products and production

The company mainly manufactures the following items

	Items (brand name)	Production in 2018-19
1	Potato Chips: “Sunchips”	NA
2	GHEE	NA



4) *Sales, gross profit, and operating profit*

NA

5) Funding status, funding constraints, funding demand, and supply, etc.

NA

6) Finance status

NA

7) Future plan (management and investment) and machineries to purchase

NA

8) Way of raw material procurement

The company procures 4,000MT of potatoes (Lady Rozetta and Taliz) from contract farmers (20~30), who are in Dinaspur, Ranpur, and Thakurgaon.

9) Facility, machineries, and plant

Processing machine, packing machine, weighing machine

10) Issues to expand business

Shortage of labors for packing works.

11) Plant management, facility, and design

a) Plant facility design and management

- The plant produces three kinds of potato chips and GHEE. They use Kawashima packing machines and Yamato inspection device to check the volume. Kawashima has no trouble during last 9 years.

b) Effort situation for food safety

- In potato line, they use slicer to cut, add sugar at Brancher, then add each spice (cf. picture). They use nitrogen when packing, using their equipped nitrogen generator, which is good to assure the quality.
- There are air curtains when entering filling room where Kawashima packing machines (cf. picture) are installed (air curtains at entrance of filling room is good design for food safety).
- Spice adding rooms and Kawashima filling room separated by air curtains, which is also good practice).



Spice adding equipment separated by air curtain



Kawashima filling machine

12) Measurement for food safety and acquired certification (HACCP, ISO, FSSC, etc.)

- The plant has ISO 22000. They do not have HACCP certification, but ISO22000 includes HACCP.

5. Ahmed Food Product



<https://www.ahmedfood.com/profile.php>

1) *Establishment year and its history*

Ahmed Food Product was established in 1983. It is one of the leading manufactures in Food Products and manufacturing food items such as fruit jam and jelly, tomato ketchup and sauce, pickles, vinegar, soya sauce, custard powder, baking powder, cornflour, spices, etc from fresh fruit and vegetables. It is based on M/4/4, Road # 07, Section # 07 Mirpur, Dhaka – 1216, Bangladesh.

2) *Number of employees*

- Head Office: 48
- Factory: 119
- Branches: NA

3) **Outline of business**

a) Headquarter

- Location: Ahmed Food Bhaban M/4/4, Road # 07, Section # 07 Mirpur, Dhaka – 1216, Bangladesh.
- Phone: +88 019 8787 7877

b) Plant

Ashulia, village: Boro Rangamatia Savar, Dhaka

c) Products and production

The company mainly manufactures the following items

	Items	Production in 2018-19
1	Fruits Jam & Jelly	NA
2	Pickles	
3	Squashes	
4	Tomato Sauce, Ketchup	
5	Spices	
6	Chanachur	
7	Chutney	
8	Soya Sauce	

9	White vinegar	
10	Paste	
11	Chips	
12	Cake	

4) Sales, gross profit, and operating profit

- Sales: BDT 14 crore (estimation)
- Gross profit: BDT34,803,442-
- Operating income: BDT5,760,730-

5) Funding status, funding constraints, funding demand, and supply, etc.

BDT 5 crore for machineries with 10% interest rate for 5 years

6) Finance status

- Profit and Loss statement (P/L): BDT 6,763,574
- Balance Sheet (B/S): BDT 62,884,786

7) Future plan (management and investment) and machineries to purchase

The company would like to expand production for bakery, biscuit, water, candy, dry food.

Also, it would like to export its products to the Middle East. It is keen to export its products to Japan too.

And it is interested in introducing the following machines;

Epoxy/synthetic carpet, automation facility for Unit 1(soy source, vinegar, jam/jerry) and Unit 2(tomato sauce, ketchup, garlic source, Tamarindo source, tomato sauce), cold storage for tomato, tomato pulping processing line

8) Way of raw material procurement

[Tomato]

The company procures 250,000ton/season of tomato from 11 contract farmers in Mymensingh and Sherpur

[Mango]

The company procures mango from local regions such as Rajshahi.

9) Facility, machineries, and plant

Filling machine, stove, homogenizer, laboratory

10) Issues to expand business

Electricity, transport, unclean floor

11) Plant management, facility, and design

a) Plant facility, design and management

- There is only one small packaging machine, others are manually packed. Using kettle to heat it up to 80°C, then cooling by using the same kettle, then homogenized at 58°C, 200~250bar by SVAN homogenizer. Then filling cupping, labelling by manual.
- There are no weight checker nor metal detector which are not preferable. Filling machines are made in India and combined with Malaysian.



Packed Mango



Water treatment with RO (reverse Osmosis)

b) Effort situation for food safety

- At the entrance, they use vinyl curtains which is better than fully open entrance.
- When entering the factory, people have to change their clothes to white one, and wear mask, hair net, and long shoes (like boots), then wash their hands, which are good practice.
- They sterilize water by using resin layer, carbon filter, micro filter, UV and sterilize at 80 to 90°C, which means very careful.
- Workers are bare foot and floor are damaged, which are not good for workers safety as well as food safety.
- Almost all the works are made by manual, and their working style is good, being careful for hygienic condition.
- Their equipment and devices at Lab for quality are very poor, old and out of order. They order their product to outside Lab to be inspected. Originally, they measured biological count, chemical residues, acidity, pH, Brix, detection, water content, hardness of the products. They need

investment to improve current situation mentioned above at Lab.

- Their water treatment system is good, using Reverse Osmosis (picture).

12) Measurement for food safety and acquired certification (HACCP, ISO, FSSC, etc.)

- They have certifications of ISO9000, HACCP, GMP, GHP for the production of JAM, Jelly, pickle source, and tomato ketchup.

6. Hashem Foods Limited / Hashem Agro Processing Ltd. (<https://sajeelgroup.com.bd/>)



1) Establishment year and its history

Hashem Foods Limited is a food & beverage company, and it is the sister concern of Sajeel Group (est. 1982). It is based at Shezan Point (Level 6), 2 Indira Road, Farmgate, Dhaka 1215, Bangladesh

2) Number of employees

[Hashem Agro Ltd]

Total: 300 (Full-time: 50, Seasonal Worker: 250)

3) Outline of business

a) Headquarter

- Location: Shezan Point (Level 6), 2 Indira Road, Farmgate, Dhaka 1215, Bangladesh
- Phone: +88 029116944

b) Plant (Hashem Agro Processing Ltd)

24 Nagor, Godagari, Rajshahi

c) Products and production

The company mainly manufactures the following items

[Hashem Food Limited]

	Items	Production in 2018
1	Mango juice	NA
2	mango bar	NA
3	mango jam	NA
4	litchi juice (Sajeel Litchi)	NA
5	carbonated drinks (Wings, Poppin)	NA

6	yogurt milk flavor drink(Dairy Land Lassi)	NA
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[Hashem Agro Processing Ltd]

	Items	Production in 2018
1	Mango Pulp	3,800MT
2	Tomato Pulp	250MT

4) Sales, gross profit, and operating profit

NA

5) Funding status, funding constraints, funding demand, and supply, etc.

NA

6) Finance status

NA

7) Future plan (management and investment) and machineries to purchase

The company would like to introduce an aseptic line, and it would like to expand its business to potato crackers and potato chips in the future. Hashem Agro is also keen to introduce the aseptic line into its mango pulp manufacture.

8) Way of raw material procurement

[Hashem Food Limited]

The company procures mango pulp and tomato pulp from its pulp factory (Hashem Agro Processing)

[Hashem Agro Processing Ltd]

The company procures mangoes from 18 suppliers, not from farmers direct.

9) Facility, machineries, and plant

[Hashem Food Limited]

<Mango Juice>

Stabilizer, mixing tank, homogenizer, ready tank, pasteurizer, filling machine

[Hashem Agro Processing Ltd]

Mango crusher, belt conveyor, pasteurizer, reserve tank, filling machine, etc.

10) Issues to expand business

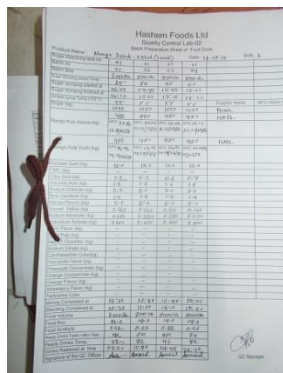
NA

11) Plant management, facility, and design

[Hashem Foods Limited]

a) Plant facility, design and management

- Here, this company is the same group of mango pulp producing company, Hashem Agro Processing Ltd. And make mango juice and bottling, exporting to 51 countries including Japan.
- They are using diaphragm pump to transfer the pulp from outside the factory, which is good for sanitary handling. Then it is heated up to 60 to 70°C, then added with water, sugar, citric acid, stabilizer, then homogenized at 200bar.
- They use plate -type heat exchanger made by Chinese company to pasteurize them then cool down to room temperature, then pack using four Tetra Pak machines.
- The floor is tiled, but get damaged. Like Danish, they use resin then blowing and packed for plastic bottle.
- Production room is pretty old, and equipment are roughly layout, especially blending area (picture). Such layout can reduce production efficiency.



Check record at Lab



Situation of production room

b) Effort situation for food safety

- The door to the production room are open to outside, using shutter to down to close. It takes time to be closed. Such entrance needs to be improved from food safety point of view.
- At lab, they keep record well measuring pH, acidity, BRIX, appearance, viscosity, color, Organic Lactic and so on. They also prepare their own SOP (Standard Operation Procedure) and establish their own QC system, which are good practice.

[Hashem Agro Processing Ltd]

a) Plant facility, design and management

- They use three stages screen filter; first filter, second filter's mesh is 0.75mm, then the third filter's mesh size is 0.5mm to remove residues. Then raw materials go to blending, then is pasteurized with tubular made by Chinese company.
- Thermometers location and direction are poorly designed. After pasteurized at 97°C to 99°C for 30 seconds, then go to filling machine. But filling temperature is 45°C, which means too high to keep the product safe. Then they use reserve tank to be cooled and stored below 10°C, hopefully 4°C. They need to introduce quick cooling system like tubular heat exchanger for better food safety management.
- They want to produce aseptic type of mango pulp without preservatives.
- For tomato paste production, they also use blending for tomato paste to go from extruder to reserve tank without pasteurization process then shipping.

b) Effort situation for food safety

- The entrance of the factory is widely open, no measure to prevent insects to come in. The entrance should be closed.
- Part of the floor is peeled off. Other spaces where currently not used as production area, concrete is bare. The future space also must be prepared well.
- Even though, mango pulp production is finished, there are lots of water on the floor, which is serious source of microbial contamination. Floor should be dried well for food safety.
- One part of inside the equipment, there are fouling remaining which would contact directly with food, so that it must be removed and cleaned immediately. Outside of tanks, there are also similar remains. (picture)
- Filling room is not separated from production room, where the possibility of mixing of foreign matters increases.

- The foot stools are made with iron painted, but already got rusted (picture) . Those material should be stainless so that rust can be avoided.



Remaining product after cleaning



Rusted foot stool

- Now, they use additives to keep the expire date, but they want to introduce mango pulp aseptic line to expand their business.
- They already have enough cold storage equipment.

12) Measurement for food safety and acquired certification (HACCP, ISO, FSSC, etc.)

[Hashem Foods Limited]

- They have certifications of HACCP, ISO22000, GMP and well prepared as a food business operator (picture).

[Hashem Agro Processing Ltd]

- They already have HACCP certification, but not ISO22000 yet. Even e HACCP is obtained; the factory hygienic situation is very poor. Again, this means such kinds of certifications are not trustworthy, probably the situation is the same around Bangladesh.

7. Abid and Brothers

1) *Establishment year and its history*

The company was established in 2013, and it manufactures puffed rice. It exports 20% of the total amount of puffed rice to Malaysia, Italia, Germany, Singapore and other countries.

2) *Number of employees*

NA

3) **Outline of business**

a) Headquarter

- Location: 37, Chapatoli, Madanpur, Bandar, Narayaangonj
- Phone: +88 1715025447

b) Plant

Location: -do

c) Products and production

The company mainly manufactures the following items

	Items	Production in 2018
1	Puffed Rice	NA
2	Chili powder (made to order)	NA

4) *Sales, gross profit, and operating profit*

- Sales: BDT 14.5 million/month (174 million/month)

5) *Funding status, funding constraints, funding demand, and supply, etc.*

No Loan

6) *Finance status*

NA

7) *Future plan (management and investment) and machineries to purchase*

NA

8) Way of raw material procurement

It procures rice both from farmers in Dinaspur and traders.

9) Facility, machineries, and plant

NA

10) Issues to expand business

NA

11) Plant management, facility, and design

- Factory environment and labor condition is so bad that they have to clean the production room and effluent system for drainage.



12) Measurement for food safety and acquired certification (HACCP, ISO, FSSC, etc.)

- They do not have HACCP nor ISO22000. They even do not have such kind of knowledge.

8. Paragon Agro Ltd (<http://www.paragongroup-bd.com/paragonagro>)



1) Establishment year and its history

Paragon Group was established in 1952, and the Paragon Agro Ltd was formed in 2015. It is one of the leading chicken processing, frozen foods manufacturer, garden packed tea, and branded egg producer in Bangladesh. It is a subsidiary of paragon group and is based at Paragon House, 5 Mohakhali C/A, Dhaka 1212, Bangladesh

2) Number of employees

- Head Office: 49
- Factory: 66
- Branches 14
- Number of plant workers: 62

3) Outline of business

a) Headquarter

Location: Paragon House, 5 Mohakhali C/A, Dhaka 1212, Bangladesh

Phone: +88 029882107

b) Plant

Location: P& FP Ashulia Savar, Chittagong, Tea packing unit Sylhet

c) Products and production

The company mainly manufactures the following items

	Items	Production in 2018
1	Frozen vegetable products (e.g., vegetable samosa)	NA
2	Frozen chicken products (e.g., chicken nuggets, chicken burger patty)	NA

4) Sales, gross profit, and operating profit

- Sales: BDT 40 crore in 2018
- Gross profit: NA
- Operating income: NA

5) Funding status, funding constraints, funding demand, and supply, etc.

NA

6) Finance status

NA

7) Future plan (management and investment) and machineries to purchase

The company would like to expand its business to vegetable processing, dairy processing, snack processing. Also, it has a plan to manufacture puffed rice, spice powder, dry cake, and dry toast.

8) Way of raw material procurement

The company procures raw materials as follows;

- Chicken from own factory
- Garlic (Big) from India
- Garlic (Small) from Bangladesh
- Onion (Big) from India
- Onion (Small) from Bangladesh
- Spice from Germany

9) Facility, machineries, and plant

Source filter, grinder, mixer, formatting and milk washer, cramming, smoking room, pastry meat, metal detector, cold storage, blast freezer, chiller, cutting unit, refrigerated van, microbiological lab

10) Issues to expand business

The company does not consider that customers understand the importance of hygiene for a chicken meal. It believes that customers need to be enlightened. Also, a supermarket (customer) needs to keep the frozen products under 20 degrees.

11) Plant management, facility, and design

a) Plant facility and design

- Their products are chicken ball, nugget, spring role, using smoke machine by Chinese company., Metal detector is introduced which is good practice. Raw materials are stored at -20°C, products are at -40°C.

b) Plant management

- At the process room at the plant where chickens are cut and separated, air temperature is

controlled at 16 to 18°C, which is good. But the air intake of the processing room is not filtered to remove bacteria.

- They show Food Safety Objectives, Food Safety Policy, GLASS Policy, Hygiene Policy, Vision, Mission, Process Flow on the wall. So, their preparation is being well done.

c) Effort for food safety

- They prepare the dressing room at the entrance, where workers change shoes, wear mask, hair net, working white coat, wash hands and sanitizer, that is good.
- Inside the factory, they wear long shoes. The production rooms are separated by vinyl curtains. But the floor got damaged, which should be repaired.
- At Lab, they check mold and yeast in the air, TBC (Total Bacteria Count), Salmonella, E-coli, Coliforms, Staphylococcus. At wiping inspection, they check the same items, and various devices, for on the table, knife, hands of worker and birds' flu. Auto claves are well confirmed once a week (picture). From the lab, the whole situation in the plant can be observed. Such layout is good to monitor food safety situation from the lab.
- They use a pond filled with Iodine fluids to kill the bacteria on the tires of the truck and also at the entrance of the factory (picture). That is good practice.
- They run and manage the chicken farming, egg production, process, transportation at -40°C by themselves. But they worry about the temperature control at sales point, because sometimes temperature goes up to - 6 to - 7°C or even higher temperature under which quality of their products cannot be maintained well..
- At Lab their checking devices are good, staff are well knowledgeable, system are well developed, and best among others which the JICA study team visited in terms of QC. They have GLP (Good Laboratory Practices) certification.



Auto clave at Lab



Entrance at their factory

12) Measurement for food safety and acquired certification (HACCP, ISO, FSSC, etc.)

- They have certification of ISO22000, HACCP, GMP from SGS, and Halal from Islamic associations.

9. Fresh and Green Frozen Food

(<https://freshngreen-bd.com/>)

Fresh & Green Frozen Food
Processor & Exporter of Frozen Food

1) *Establishment year and its history*

Fresh and Green Frozen Food starts the business from 2003, and it manufactures frozen finger snacks and vegetable products for the Bengali in another country. It is a subsidiary of Asia Food Distributor. It is based at 8/3, Topkhana Road, Segun Bagicha, Dhaka Plant Site: Plot # C-136, Tongi BSCIC, Gazipur Bangladesh

2) *Number of employees*

- Total: 150-200

3) **Outline of business**

a) Headquarter

- Location: 8/3, Topkhana Road, Segun Bagicha, Dhaka Plant Site: Plot # C-136, Tongi BSCIC, Gazipur
- Phone: +88 01716204668

b) Plant

Location: -do

c) Products and production

The company mainly manufactures the following items

	Items	Production in 2018
1	Paratha	NA
2	Snacks & Pithas	NA
3	Vegetables	NA
4	Fish & Shrimp	NA

4) *Sales, gross profit, and operating profit*

- Sales: BDT 120-150 million
- Gross profit: NA
- Operating income: NA

5) Funding status, funding constraints, funding demand, and supply etc.

NA

6) Finance status

NA

7) Future plan (management and investment) and machineries to purchase

NA

8) Way of raw material procurement

The company procures raw materials from the listed vendors.

9) Facility, machineries, and plant

Cold storage

10) Issues to expand business

NA

11) Plant management, facility, and design

- Machines are made by Chinese company. Temperature are well controlled at refrigerator and freezer.
- They have HACCP certification, as well as fish related certification and plant quarantine certification which are more important for their business.



Working Scene

12) Measurement for food safety and acquired certification (HACCP, ISO, FSSC, etc.)

The company has HACCP.

10. PRAN AGRO BUSINESS LIMITED

<https://www.pranfoods.net/about>



1) *Establishment year and its history*

PRAN was established in 1981, and it leads internationally compliant consumer brands producing 200 agro-food products in 10 food categories delivering over 110 countries. PRAN AGRO BUSINESS LIMITED was established in 2001 and started its commercial production from the end of 2018. It is based at PRAN-RFL Centre 105, Progoti Sarani Middle Badda Dhaka 1212, Bangladesh

2) *Number of employees*

- Head office: Approximately 20
- Factory: Approximately 100

3) **Outline of business**

a) Headquarter

- Location: PRAN-RFL Centre, 105, Progoti Sarani Middle Badda, Dhaka 1212, Bangladesh
- Phone: +88 09613737777

b) Plant

Location: Rajshahi

c) Products and production

Food processing companies which mainly manufactures the following items

	Items	Production
1	Mango pulp	15,000MT/season
2	Tomato pulp	1,500MT (only for own company)

* Final products are not manufactured in this factory.

4) *Sales, gross profit, and operating profit*

NA (mainly for PRAN Group)

5) *Funding status, funding constraints, funding demand, and supply etc.*

Recent investment

	Purpose	Loan amount	Money lenders	Interest rate	Repayment period	Repayment situation
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1	Pulping Line	Total is BDT 475 Crore (Approx.)	Equity is 30% Rest 70% from International Finance Corporation & Agrani Bank Limited	NA	NA	Not Completed yet
2	Bread & Biscuits					
3	Drinks					
4	Tomato Sauce					
5	Mustard Oil					
6	Pasta					
7	Flour					

6) Finance status

NA

7) Future plan (management and investment) and machineries to purchase

The company has an investment plan, but it does not have machineries/equipment list yet.

8) Way of raw material procurement

The company procures raw materials from suppliers, contract farmers (near 40,000), and its procurement centers.

9) Facility, machineries, and plant

Washer, belt conveyor, crusher, pulp holding tank, extruder, ELP ASEPTIC, blending tank, pre-heater, centrifugal separator, buffer tank, balance tank, evaporator(tomato), metal detector, homogenizer, deaerator, pasteurizer, Filing machine

10) Issues to expand business

- Current money market's liquidity crisis.
- The short period of mango season.
- Need to train mango suppliers.
- Low productivity of mango tree (need to prune and replace the tree).

11) Plant management, facility, and design

a) Plant facility and design

- After receiving mango, they clean them by normal water, hot water and brushing, then finally human check by ten workers (2lines, each five checkers). Washer is made in Italy, Crasher is made in India, after this, many machines are made by ELPO of Italy.
- Fibers are extruded and discharged. After that, blending → preheating → blending tank → Separator of GEA (Germany company), capacity is 8 ton/hr. This separator is very important one

to remove forging matters. GEA has good reputation as a food processing machinery manufacturer so that the separator would work well.

- And they installed decanter for other product, and finally homogenizer to crush. On top of that, they use deaerator with vacuum to improve the quality, and finally pasteurize with tubular heat exchanger. They have metal detector which is good practice.
- Outside of the factory, they installed Continuous Evaporator for tomato to concentrate from 4 to 5 Brix to 20 to 22Brix. These tubular and Evaporator are also made by ELPO in Italy. The plant introduced European technology.
- Mango pulp shelf life is two years, with pH adjustment with citric acid to be pH=3.45.

b) Plant management

- They use lots of machines from Europe, it means machine itself are well designed. However, as overall production facilities, such as layout, flowchart, connection and combination parameters among these machines, basic knowledge of hygienic design, they need improvement. They do not order them as a turn key project, so there is some unbalance between machines and process. To improve this, they need well educated or well experienced technologist in house or outside expert, even though they have 25 engineers in house. It is wasteful of investment that excellent machine is located at poor condition. It is pity to say, but there are no excellent food engineering company in Bangladesh.

c) Effort for food safety

- There is double door system, which prevent insects to come in. They check mango out of shape, bad size, pesticide residue at random.
- At first glance, many equipment is very well designed. However, for example thermometer location and direction of the pasteurizer, which are fully automated with three direction valves, are wrong position and too close to the three-direction valve (picture). And ELPO filling machine is located at the production room, nor separated, which is risky and must be avoided (picture). On the other hand, they use Separator and Homogenizer in series to remove fiber, and deaeration before pasteurization, which are very good for quality. These processing line indicate their attention to increase their quality.
- They use epoxy resin on the surface of concrete, and gradient to drainage, which show their awareness for controlling the hygienic condition (picture) .



Tubular Pasteurizer



Filling Machine



Floor and slope

12) Measurement for food safety and acquired certification (HACCP, ISO, FSSC, etc.)

- They have HACCP, and planning for ISO22000.

11. Ejab group



(https://www.ejabgroup.com/naicol_food.php)

1) *Establishment year and its history*

Ejab group was established in 1959, and it manufactured Jute based products, Edible oil mill, cold potato storage, food products, and seeds. It has 11 companies such as Himadri Ltd, Multipurpose Himadri Agro Processing Co. Ltd, Northern Agricultural & Industrial Co. Ltd and Ejab Agro Ltd. It is based at Ejab Flora Unity Tower, 42 Mohakhali C/A Dhaka-1212

2) *Number of employees*

- Himadri Limited: 110
- Multipurpose Himadri Agro Processing Company Limited: 20
- Northern Agricultural & Industrial Company Limited: 140
- Ejab Agro limited: 20

3) **Outline of business**

a) Headquarter

- Location: Ejab Flora Unity Tower, 42 Mohakhali C/A Dhaka-1212
- Phone: +88 0258816691

b) Plant

Location: NA

c) Products and production

The main business of the following subsidiaries is stated below;

- Himadri Limited: Cold Storage
- Multipurpose Himadri Agro Processing Company Limited: Cold Storage
- Northern Agricultural & Industrial Company Limited: Mustard Oil, cooking spices, Toast biscuits, vermicelli
- Ejab Agro limited: Hybrid rice, potato seed of courage, etc.

4) *Sales, gross profit, and operating profit*

	Total Sales of Food Processing Business (Tk)	Sale of Potato Business (Tk)	Sale of Rice Business (Tk)	Income From Himadri Ltd.	Income from Multipurpose Himadri
2018	114,243,221	9,108,901	291,853,433	94,411,171	126,639,053

2017	95,222,490	13,776,512	294,487,693	96,887,960	23,313,880
2016	87,869,197	7,209,966	258,865,790	94,781,700	22,811,400

5) Funding status, funding constraints, funding demand, and supply etc.

NA

6) Finance status

	Ejab Agro	Himadri Ltd	Multi purpose Himadri Ltd	Northern Agricultural & Industrial co. ltd
	Jun-2018	Jun-2018	Jun-2018	Jun-2018
Total assets	14.6	757.0	172.6	727.0
Current assets	6.4	128.6	138.2	381.0
Non-current assets	8.1	628.4	34.4	346.0
Liabilities	11.3	260.6	164.3	486.4
Current liabilities	11.3	253.8	114.8	318.2
Non-current liabilities	0.0	6.8	49.5	168.3
Equity	3.3	496.4	8.3	240.5
Revenue	9.1	94.4	23.4	406.1
Gross profit	4.9	12.2	-	90.4
Operating profit	4.2	28.1	5.3	41.7
Net profit before tax	0.9	-15.9	0.9	3.1
Net profit after tax	0.9	-16.5	0.6	0.7

Unit: million BDT

7) Future plan (management and investment) and machineries to purchase

The potential business which the company considers is below;

- Frozen chips (manufacture)
- Baby carrot (export)
- Controlled atmosphere Cold Storage
- Fruit Ripening Plant

8) Way of raw material procurement

The company procures potatoes from contract farmers and its farm.

9) Facility, machineries, and plant

NA

10) Issues to expand business

NA

11) Plant management, facility, and design

NA (no plant visit)

12) Measurement for food safety and acquired certification (HACCP, ISO, FSSC, etc.)

The company does not have any certificate.

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	
1.1	Location				
1.1.1	<p>Establishments: In particular, an establishment is located away from:</p> <ol style="list-style-type: none"> 1.environmentally polluted areas and industrial activities which pose a serious threat of contaminating food; 2.areas subject to flooding unless sufficient safeguards are provided; 3.areas prone to infestations of pests; and 4. areas where wastes, either solid or liquid, cannot be remove effectively. 				
1.2	Premises and rooms				
1.2.1a	Design and layout:				

	Buildings are kept in good condition to prevent pest or animal access				
1.2.1b	Filling room is kept from outside with door or at least vinyl curtain.				
1.2.1c	Wire mesh screens, for example, on open windows, doors and ventilators, are introduced to reduce the problem of pest entry.				
1.2.2	Floors are constructed to allow adequate drainage and cleaning.				
1.2.3	<p>Personnel hygiene facilities and toilets</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>				
1.2.4	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.				
1.2.5	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.				
2.0	Control of operation				
2.1	Risk management				
2.1.1	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>				
2.1.2	<p>Food control and monitoring equipment:</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"> 1.harmful or undesirable microorganisms or their toxins are eliminated or reduced to safe levels or their survival and growth are effectively controlled: 2.where appropriate, critical limits established are monitored; and 3.temperatures and other conditions necessary to food safety and suitability are rapidly achieved and maintained. 				

- * 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):

2.2	Customer management				
2.2.1	<p>Product Information 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>				
2.2.2	<p>Labelling: 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>				
2.2.3	<p>Consumer management system: 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>				
3.0	Human resource development				
3.1	Training				

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	Instruction and supervision:				
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	
1.1	Location				
1.1.1	<p>Establishments: In particular, an establishment is located away from:</p> <ol style="list-style-type: none"> 1.environmentally polluted areas and industrial activities which pose a serious threat of contaminating food; 2.areas subject to flooding unless sufficient safeguards are provided; 3.areas prone to infestations of pests; and 4. areas where wastes, either solid or liquid, cannot be remove effectively. 				
1.2	Premises and rooms				
1.2.1a	Design and layout:				

	Buildings are kept in good condition to prevent pest or animal access				
1.2.1b	Filling room is kept from outside with door or at least vinyl curtain.				
1.2.1c	Wire mesh screens, for example, on open windows, doors and ventilators, are introduced to reduce the problem of pest entry.				
1.2.2	Floors are constructed to allow adequate drainage and cleaning.				
1.2.3	<p>Personnel hygiene facilities and toilets</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>				
1.2.4	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.				
1.2.5	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.				
1.3	Quality control				
2.0	Control of operation				
2.1	Risk management				
2.1.1	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>				
2.1.2	<p>Food control and monitoring equipment:</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> <p>1.harmful or undesirable microorganisms or their toxins are eliminated or reduced to safe levels or their survival and growth are effectively controlled:</p> <p>2.where appropriate, critical limits established are monitored; and</p> <p>3.temperatures and other conditions necessary to food safety and suitability are rapidly achieved and maintained.</p>				
2.1.3	<p>Microbiological and other specification</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):

2.2	Customer management				
2.2.1	Product Information 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.				
2.2.2	Labelling: 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.				
2.2.3	Consumer management system: Standard Operation Procedure for customer management is documented and summarized how to handle claims from customers. Received claim and measurements handed are properly documented.				
3.0	Human resource development				
3.1	Training				

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	Instruction and supervision:				
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.				
4.0	Incoming materials				
4.1.1	Incoming materials Where applicable, incoming raw materials or ingredient come from producers certified by Global GAP or HACCP for better traceability of raw materials				
5.0	Food safety certification				
5.1	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

Chapter 1. Background

The Government of the People's Republic of Bangladesh has received a loan from the Japan International Cooperation Agency (hereinafter referred to as "JICA") to improve credit access for agribusiness and food processing industries and promote higher value of processed food products by providing concessional financing and technical assistance for improving the end borrowers' business management and food safety management skills, thereby contributing to enhancement of competitiveness of agribusiness and food processing industries through the improvement of food value chain in Bangladesh.

The Government of the People's Republic of Bangladesh also intends to use part of the proceeds of the loan for eligible payments for consulting services for which this ToR is issued.

The outline of the Project is as follows:

- Executing Agency: Bangladesh Infrastructure Finance Fund Limited (hereinafter referred to as "BIFFL")
- Major output: To provide medium and long-term loans to agribusiness and food processing companies through BIFFL
- Expected project completion: XXXXX

Chapter 2. Objectives of Consulting Services

The consulting services shall be provided by consulting firm(s) (hereinafter referred to as "the Consultant") in compliance with Guidelines for the Employment of Consultants under Japanese ODA Loans, April 2012. The objective of the consulting services is to achieve the efficient and proper preparation and implementation of the Project through the following works:

- (1) Technical supports for TSL
- (2) Technical supports for potential end-borrowers
- (3) Coordination, public relations, and promotion of the project

Chapter 3. Scope of Consulting Services

(1) Technical Supports for TSL

1) Technical supports for project management

The Consultant shall

- (a) Assist BIFFL in facilitating effective management of the Project and control of the funds
- (b) Assist the fund planning arrangement for the future operation, including (i) forecasting funds requirement of BIFFL, (ii) requesting JICA disbursement based on the above-mentioned forecast quarterly basis/ preparation of necessary documents.
- (c) Assist BIFFL to prepare and submit reports on TSL implementation;
 - i) Quarterly progress report (To be submitted quarterly)
 - Project status report
 - Time-bound action plan
 - Sub-project status report
 - Appraisal process status report
 - On-site physical inspection report
 - ii) Current repayment and overdue status report (To be submitted yearly)
 - iii) Ongoing Sub-project Summary and Financial Report (To be submitted yearly)
 - iv) Sub-project report on monitoring indicators (To be submitted yearly for any update)
 - v) Project completion report (To be submitted after all disbursements to end-borrowers have been completed)

2) Technical supports for sector analysis

The Consultant shall

- (a) Assist BIFFL to analyze the market trend of agribusiness and food processing industries including identification of the potential sectors,
- (b) Assist BIFFL to analyze the characteristics and credit risks of agribusiness and food processing industries,
- (c) Assist BIFFL to identify the analytical viewpoints on food safety management of potential and existing borrowers upon loan appraisal and loan monitoring,
- (d) Assist BIFFL to review the appropriateness of the equipment to be procured by borrowers, and
- (e) Organize workshop, seminars or on-the-job training for BIFFL to facilitate the understanding on food safety and food processing (including food safety certifications).

3) Technical supports for monitoring and evaluation activities

The Consultant shall

- (a) Assist BIFFL to conduct site visit/ physical verifications to the subprojects financed by BIFFL to gather information on the installation, operation and maintenance status, appropriate use of the fund and compliance with food safety requirements,
- (b) Assist BIFFL to develop the framework to monitor sub-projects, and
- (c) Assist BIFFL in conducting baseline and endline assessment through interviews and on-site visits on topics of, including but not limited to
 - Number of suppliers and customers of end-borrowers,
 - Number of certifications and licenses relating to food safety
 - Amount of purchases of agricultural products of end-borrowers from contract farmers, and
 - Improvement in the food safety management of the benefited food processing companies

(2) Technical supports for potential end-borrowers

1) Capacity development on food safety management (basic training course)

The Consultant shall

- (a) Assist BIFFL and Bangladesh Food Safety Authority (BFSA) to formulate training / seminar materials of food safety management basic training course on topics of, including but not limited to, regulatory requirements and necessary actions on food safety management,
- (b) Assist BIFFL and BFSA to arrange resource persons as lectures for the food safety management basic training course, and
- (c) Assist BIFFL and BFSA to organize the food safety management basic training course for candidate and existing end-borrowers at least twice a year for five years at Dhaka and Chattagram.

2) Capacity development on food safety management (Advanced training course)

The Consultant shall

- (a) Assist BIFFL and Bangladesh Agro-Processors' Association (BAPA) to formulate training / seminar materials of food safety management advanced training course on topics of, including but not limited to
 - Food safety and international trend,
 - Factory operation, and
 - Hygienic Engineering Design,
- (b) Assist BIFFL and BAPA to arrange resource persons as lectures for the food safety management advanced training course, and

- (c) Assist BIFFL and BAPA to organize the food safety management advanced training course at least twice a year for five years at Dhaka.

3) Capacity development on food processing and business development

The Consultant shall

- (a) Assist BIFFL and Small and Medium Enterprise Foundation (SMEF) to formulate training / seminar materials of food processing in the area, including but not limited to
 - Quality improvement (including contract farming) and processing techniques and facilities
 - Cold chain management, and
 - Productivity improvement.
- (b) Assist BIFFL and SMEF to formulate training / seminar materials on the enhancement of financial access of small and medium agribusiness and food processing companies in the area, including but not limited to
 - Formulation of investment planning / business planning, and
 - Regulatory procedures required upon loan applications (such as BSTI certificates, trade license and other certifications)
- (c) Assist BIFFL and SMEF to arrange resource persons as lectures for the training course on food processing and business development, and
- (d) Assist BIFFL and SMEF to organize the training course on food processing and business development at least twice a year for throughout the Project period at three locations including Dhaka and Chattagram.

4) Capacity development on food processing of baked goods and edible oil

The Consultant shall

- (a) Assist BIFFL and Bangladesh Small and Cottage Industries Corporation (BSCIC) to formulate training / seminar materials for training course on the enhancement of food processing of baked goods and edible oil,
- (b) Assist BIFFL and BSCIC to arrange resource persons as lectures for the training course on the enhancement of food processing of baked goods and edible oil, and
- (c) Assist BIFFL and BSCIC to organize the training course on the enhancement of food processing of baked goods and edible oil at least twice a year for five years at Dhaka and Chattagram.

5) Technical supports on the enhancement of value addition of Bangladeshi food processing industries

The Consultant shall

- (a) Assist BIFFL and BAPA to organize an overseas study tour during the Project period for related government officials, personnel from food processing companies to enhance their knowledge in food processing and food safety management,
- (b) Assist BIFFL and BAPA to organize business matching seminars for Bangladeshi food processing companies domestically and globally once in the Project period respectively, and
- (c) Assist BIFFL and BAPA to support Bangladeshi food processing companies to participate in international exhibition events three times during the Project period, which will include but not limited to
 - International Food Machinery & Technology Exhibition (FOOMA JAPAN)
 - The Global Food Marketplace (Salon International de l'alimentation, SIAL) and
 - Gulfood.

(3) Coordination, public relations, and promotion of the Project

The Consultant shall

- (a) Assist BIFFL to coordinate with MoInd, governmental organizations such as the executing partners, business association, and donor partners for the Project implementation;
- (b) Assist BIFFL in preparing such publicity materials as brochure and advertisement for the Project, and
- (c) Assist BIFFL in promoting the Project in use of the above-mentioned publicity materials through such a channel as BAPA, SMEF and BSCIC.

Chapter 4. Expected Time Schedule

The total duration of consulting services will be 60 months. The implementation schedule expected is as shown in Table #.

Table # : Implementation Schedule Expected

Key Activities	Date
Commencement of Consulting Services	September 2021
End of Consulting Services	September 2026

Chapter 5. Staffing (Expertise required)

3 of International Experts and 2 of Local Experts will be engaged, for a total of 58.1 man-months for International Experts and 90.5 man-months for Local Experts. Total consulting input is 148.6 man-months.

(1) Qualification of Key Experts

The qualification of Key Experts is shown in Table #.

Table # : Qualification of Key Experts

Designation	Qualification
A1 Team Leader / Financial Specialist	<p>Education:</p> <ul style="list-style-type: none"> • Bachelor degree or higher in the field of Economics, Finance and / or Business Administration <p>Experience:</p> <ul style="list-style-type: none"> • Working experience: 15 years or more • Experience in finance / banking field: 5 years or more • Experience of working in developing countries • At least 1 experience of Team Leader or Deputy Team Leader <p>* Preference will be given to candidates having financing experiences in agribusiness and food processing industries and consulting experiences in two-step loan projects.</p>
A2 Agro-processing specialist	<p>Education:</p> <ul style="list-style-type: none"> • Bachelor degree or higher in the field of agriculture, food science or other related topics <p>Experience:</p> <ul style="list-style-type: none"> • Working experience: 10 years or more • Experience in agro- or food-processing: 5 years or more • Experience of working in developing countries
A3 Food safety specialist	<p>Education:</p> <ul style="list-style-type: none"> • Bachelor degree or higher in the field of food science, hygiene engineering or other related topics <p>Experience:</p> <ul style="list-style-type: none"> • Working experience: 10 years or more

Designation	Qualification
	<ul style="list-style-type: none"> • Experience in food safety management: 5 years or more • Experience of working in developing countries
B1 Monitoring & Evaluation Specialist	Education: <ul style="list-style-type: none"> • Bachelor degree or higher in the field of Economics, Finance and / or Business Administration Experience: <ul style="list-style-type: none"> • Working experience in finance and banking field: 10 years or more • Experience in monitoring and evaluation: 5 years or more
B2 Promotion / Public Relations Specialist	Education: <ul style="list-style-type: none"> • Bachelor degree or higher in the field of business administration, business management and other appropriate topics Experience: <ul style="list-style-type: none"> • Working experience: 5 years or more • Experience in project coordination: 3 years or more
B3 Fund Management specialist/ Administration Staff	Education: <ul style="list-style-type: none"> • Bachelor degree or higher in the field of Economics, Finance and / or Business Administration Experience: <ul style="list-style-type: none"> • Working experience in finance and banking field: 3 years or more

The Consultant may propose other experts and supporting staffs required to accomplish the tasks outlined in the ToR in addition to experts indicated in Table # and # above in this Chapter.

(2) Scope of works for the respective personnel

Detailed information on the major tasks and duties each member of the consultant team shall perform is provided as follows:

The following table is reference and the Consultant may modify it or propose additional experts to better accomplish the tasks indicated in the TOR.

No	Position	I:International Experts or L: Local Experts	Major Tasks and Duties
----	----------	--	------------------------

International Expert			
A1	Team Leader / Financial Specialist (Key Expert)	I	<ul style="list-style-type: none"> ▪ To lead Consultant team ▪ To ensure all deliverables are prepared in accordance with quality and time constraints ▪ To assist PIU in facilitating effective management of the Project and control of the funds ▪ To assist the fund planning arrangement for the future operation ▪ To assist PIU to prepare and submit reports on TSL implementation ▪ To assist BIFFL to identify the analytical viewpoints on food safety management of potential and existing borrowers ▪ To organize workshop, seminars or on-the-job training for BIFFL to facilitate the understanding on food safety and agribusiness and food processing industries. ▪ To assist BIFFL and SMEF to prepare and organize training course on food processing and business development ▪ To assist BIFFL and BAPA to conduct capacity development on export promotion
A2	Agro-processing specialist (Key Expert)	I	<ul style="list-style-type: none"> ▪ To assist BIFFL to analyze the market trend of food processing industries ▪ To conduct physical verification of subprojects ▪ To assist BIFFL to conduct monitoring and evaluation activities ▪ To assist BIFFL and SMEF to prepare and organize training course on food safety and business development ▪ To assist BIFFL and BSCIC to prepare and organize training course on food processing of baked goods and edible oil ▪ To assist BIFFL and BAPA to conduct capacity development on export promotion
A3	Food safety specialist (Key Expert)	I	<ul style="list-style-type: none"> ▪ Organize workshop, seminars or on-the-job training for BIFFL to facilitate the understanding on food safety and agribusiness and food processing industries. ▪ To conduct physical verification of subprojects ▪ To assist BIFFL and BFSA to prepare and organize food safety management basic training course ▪ To assist BIFFL and BAPA to prepare and organize food safety management advanced training course
Local Expert			
B1	Monitoring & Evaluation Specialist	L	<ul style="list-style-type: none"> ▪ Assist PIU in conducting monitoring and evaluation including baseline and impact assessment on topics through interviews and on-site inspections
B2	Promotion / Public Relations Specialist	L	<ul style="list-style-type: none"> ▪ Assist PIU in preparing such publicity materials as brochure and advertisement for the Project, ▪ Assist PIU to providing technical assistance to candidates of end-user by organizing training programs or seminars.
B3	Fund Management	L	<ul style="list-style-type: none"> ▪ To assist PIU in facilitating effective management of

	specialist/ Administration Staff		the Project and control of the funds ▪ To assist the fund planning arrangement for the future operation
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Chapter 6. Reporting

Within the scope of consulting services, the Consultant shall prepare and submit reports and documents to BIFFL as shown in Table #. The Consultant shall provide electronic copy of each of these reports.

Category	Type of Report	Timing	No. of Copies
Consultancy Services	Inception Report (including detailed work plan)	Within 1 month after commencement of the services	10
	Quarterly Progress Report	Every quarter	10
	Project Completion Report	At the end of Services	10

Contents to be included in each report are as follows:

- a) Inception Report: To be submitted within 1 month after the commencement of the services, presenting the methodologies, schedule, organization, etc.
- b) Quarterly Progress Report: Describes briefly and concisely all activities and progress for the previous quarter by the 10th day of each quarter. Indicates also the work to be performed during the coming quarter.
- c) Project Completion Report: To be submitted within one (1) month after the completion of consultancy services, which describe all activities together with all seminar materials.

Chapter 7. Obligations of the Executing Agency (Client)

A certain range of arrangements and services shall be provided by BIFFL to the Consultant for smooth implementation of the Consulting Services. In this context, BIFFL shall:

(1) Assistance and exemption

Use its best efforts to, as described in the Sub-Clause 5.1 of General Conditions of Contract: *Assist the Consultant with obtaining work permits and such other documents as shall be necessary to enable the Consultant to perform the Services.*

- (a) Assist the Consultant with promptly obtaining, for the Experts and, if appropriate, their eligible dependents, all necessary entry and exit visas, residence permits, exchange permits and any other documents required for their stay in the Client's country while carrying out the Services under the Contract.
- (b) Facilitate prompt clearance through customs of any property required for the Services and of the personal effects of the Experts and their eligible dependents.
- (c) Issue to officials, agents and representatives of the Government all such instructions and information as may be necessary or appropriate for the prompt and effective implementation of the Services.
- (d) Assist the Consultant and the Experts with obtaining exemption from any requirement to register or obtain any permit to practice their profession or to establish themselves either individually or as a corporate entity in the Client's country according to the applicable law in the Client's country.
- (e) Assist the Consultant and the Experts of either of them with obtaining the privilege, pursuant to the applicable law in the Client's country, of bringing into the Client's country reasonable amounts of foreign currency for the purposes of the Services or for the personal use of the Experts and of withdrawing any such amounts as may be earned therein by the Experts in the execution of the Services.

(2) Services, Facilities and Property of BIFFL

Make available to the Consultant and the Experts, for the purposes of the Services and free of any charge, the services, facilities and property in accordance with Sub-Clause 5.4 (a) of General Conditions of Contract, described as follows:

- Provide an office space in the Headquarters of BIFFL with necessary equipment, furniture and utility. However, the Consultant's requirement for office space, including necessary equipment, furniture and utilities, should be clearly stated in the proposal with its rental cost for the case where BIFFL would

be unable to provide such facilities.

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.

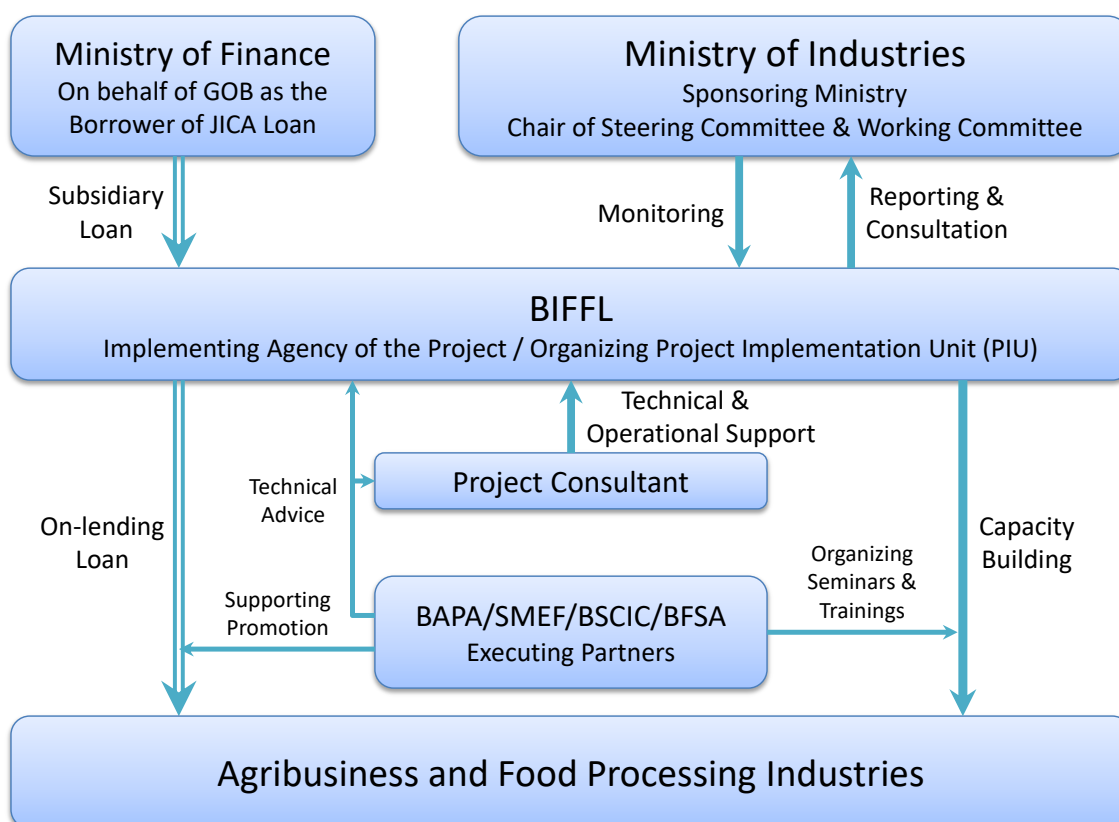


Figure 1: Project Implementation Structure

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.

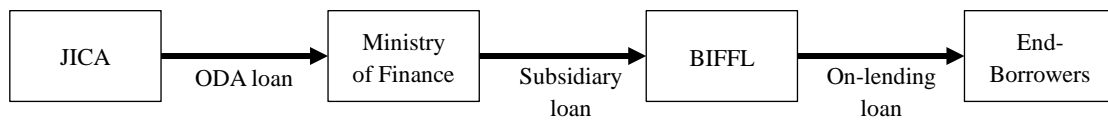


Figure 2: Project Fund Flow

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.

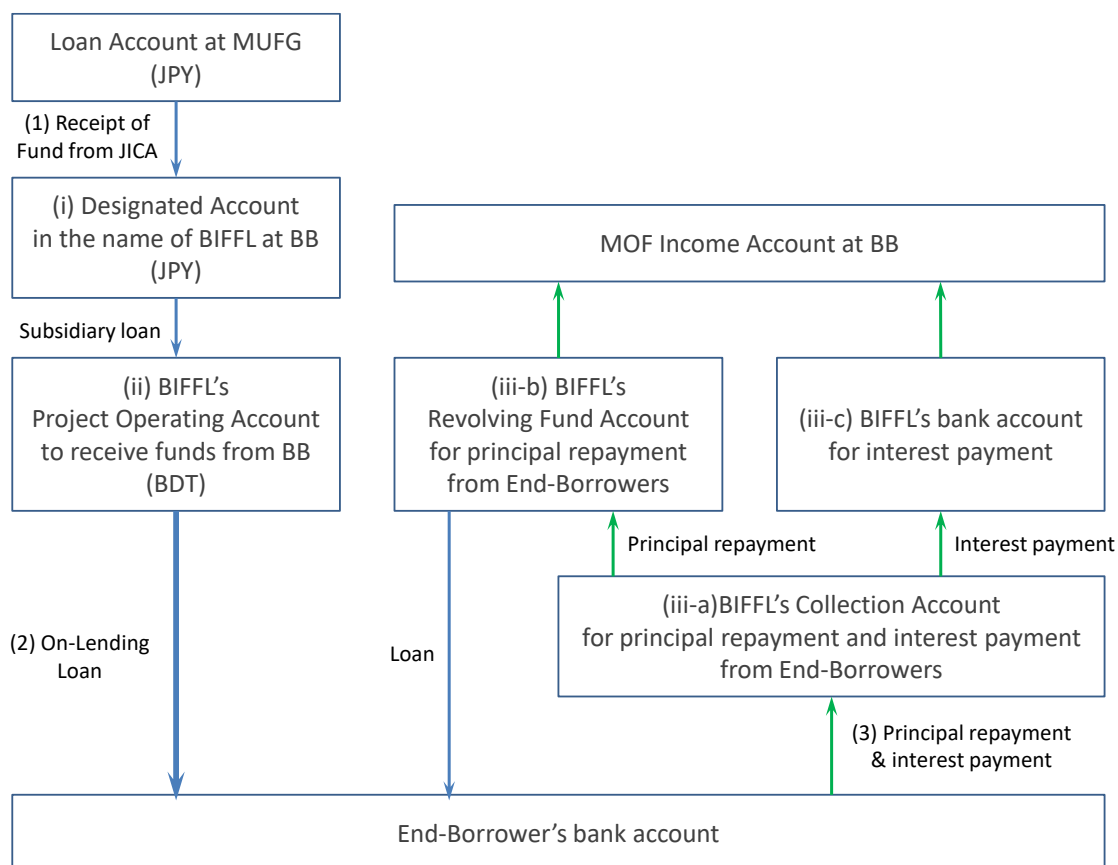


Figure 3: Fund Flow and Accounts

(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 2nd and subsequent generations of loans to End-Borrowers at least until 50% of the On-Lending Loan has been utilized for the 2nd 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.

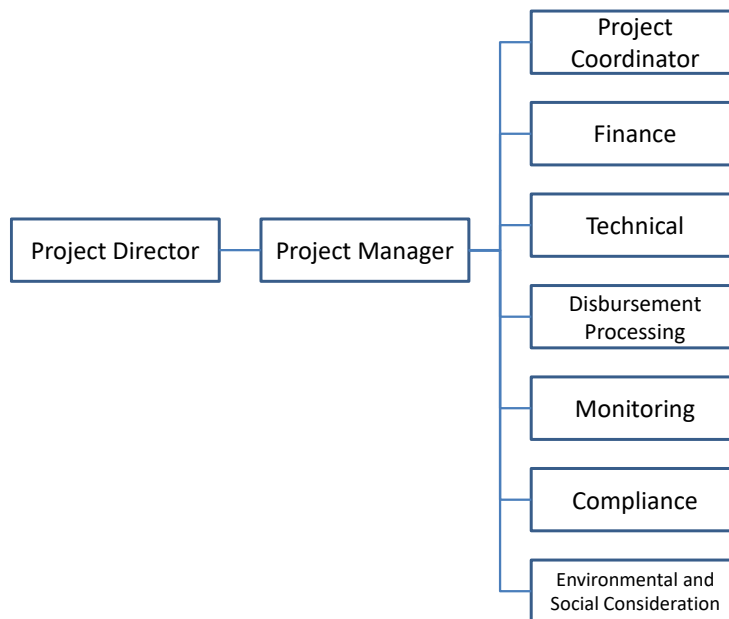


Figure 4: Organogram of Project Implementation Unit

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

Monitoring activities	Report prepared as the result of monitoring
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"> - 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

	<p>hygiene management, food safety certifications and quality assurance.</p> <ul style="list-style-type: none"> - Working with BIFFL to mobilize appropriate resource persons as lectures, and - Holding seminars jointly with BIFFL, with the support of the consultants. <p>(3) Support potential End-Borrowers to find export opportunities through;</p> <ul style="list-style-type: none"> - Working with BIFFL to organize business matching seminars, and - Participating in trade exhibition in other countries.
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"> - 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. - Working with BIFFL to mobilize appropriate resource persons as lectures, and - Holding seminars jointly with BIFFL, with the support of the Project Consultant.
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"> - 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, - Working with BIFFL to mobilize appropriate resource persons as lectures, and - Holding seminars jointly with BIFFL, with the support of the Project Consultant.
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"> - 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. - Working with BIFFL to mobilize appropriate resource persons as lectures, and - Holding seminars jointly with BIFFL, with the support of the Project Consultant.
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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"> ● Business matching seminar with overseas companies, visit to food safety related organizations and food processing companies ● Once in this Project (for a week) 	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"> ● Joining overseas exhibitions related to food processing (e.g. FOODEX Japan (Japan), SIAL Paris (France) and Gulfood (UAE)) ● Three times (once a year for three years) in the Project (for a week) 	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 2nd and subsequent generations of loans to End-Borrowers at least until 50% of the On-Lending Loan has been utilized for the 2nd generation of loans to End-Borrowers through the Revolving Fund.

After 50% of the On-Lending Loan has been utilized for the 2nd 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 2nd 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 2nd 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
(1) Quarterly monitoring			
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
(2) Annual monitoring			
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 **
Reporting upon Project completion			
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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- Annex 8: Forms of Reporting
 - I – (1) Time-bound Action Plan
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 - I – (3) Appraisal Process Status Report
 - I – (4) Anti-corruption Monitoring Sheet
 - I – (5) On-Site Physical Inspection Report
 - I – (6) Environmental and Social Performance Report to JICA
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 - II. Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s)
 - III. Current Repayment and Overdue Status Report
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- 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* ¹ , such as equipment, machineries and structures* ² , for the products listed above* ³ - 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* ¹ , such as equipment, machineries and structures* ² , for the products listed above* ³ - 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"> - Fixed asset^{*1}, such as equipment, machineries and structures^{*2}, for the products listed above^{*3} - Technical know-how, consulting services and training 	<ul style="list-style-type: none"> - 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 metal detection

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 ^{*1} , such as equipment, machineries and structures ^{*2} , for the products listed above ^{*3} - 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* ¹ , such as equipment, machineries and structures* ² , for the products listed above* ³ - 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* ¹ , such as equipment, machineries and structures* ² 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* ¹ , such as equipment, machineries and structures* ² , 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"> - Fixed asset*¹ for the cold chain of food products*², such as vehicles and warehouses with freezing, refrigerating or humidity or temperature controlling equipment - Technical know-how, consulting services and training 	<ul style="list-style-type: none"> - Purchase of land /land use rights and payment of taxes - Vehicles and warehouses without freezing, refrigerating or humidity or temperature controlling equipment - Vehicles, warehouses and other facilities not used for food products

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

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 Industry¹

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 & 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 ²)				
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 /				

¹ Fruit processing industry, Vegetable processing industry, Spice processing industry, Rice, wheat and bean processing industry

² 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?				
2.1.2. Wastewater (Industry specific measures for Food and Beverage Processing)				
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?				
2.1.3. Energy Consumption (Industry specific measures for Food and Beverage Processing)				
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?				
2.1.4. Particulate Matter (Industry specific measures for Food and Beverage Processing)				
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?				
2.1.5. Odor (Industry specific measures for Food and Beverage Processing)				
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
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?				
3.2. Living and Livelihood				
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?				
3.3. Heritage				
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?				
3.4. Landscape				
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?				
3.5. Ethnic Minorities and Indigenous Peoples				
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?				
3.6. Occupational Health and Safety (Refer to General EHS for <u>Physical Hazard, Chemical Hazard, Heat and Cold</u>)				
Do you follow any laws and ordinances associated with the working conditions of Bangladesh?				
3.6.1. Physical Hazard (Industry specific measures for Food and Beverage Processing)				
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
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

2.1. Environment				
2.1.1. Solid Waste and By-Products (Industry specific measures for Edible Oil Industry ³)				
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 ⁴ ?				
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 ⁵ the nickel catalyst from				

³ Refer to EHSg for Vegetable Oil Production and Processing for ALL Industry specific measures

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

⁵ 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 ⁶ 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?				

⁶ 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?				
2.3. Energy Consumption and Management (Refer to General EHSG for <u>Energy Consumption</u>)				
2.3.1 Energy Consumption and Management (Industry specific measures for Edible Oil Industry)				
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?				
2.4 Atmospheric Emission (Refer to General EHSG for <u>VOC, Combustion Products, Greenhouse Gas Emissions (GHG)</u>)				
2.4.1 Process Emissions (Industry specific measures for Edible Oil Industry)				
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?				
3.2. Living and Livelihood				
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?				
3.3. Heritage				
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?				
3.4. Landscape				
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?				
3.5. Ethnic Minorities and Indigenous Peoples				
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?				
3.6 Occupational Health and Safety (Refer to General EHS for <u>Occupational Health and Safety</u>)				
Do you follow any laws and ordinances associated with the working conditions of Bangladesh?				
3.6.1 Chemical Hazards (Refer to General EHS for <u>Chemical Hazards</u>)				
3.6.1.1 Chemical Hazards (Industry specific measures for Edible Oil Industry)				
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?				
3.6.2. Physical Hazards (Refer to General EHS for <u>Physical Hazards, Confined Space Entry, Electrical Hazards, Risk of Fire and Explosion</u>)				
3.6.2.1 Combustible Dust and Silo Safety (Industry specific measures for Edible Oil Industry)				
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?				
3.6.2.2 Processing Risks (Industry specific measures for Edible Oil Industry)				
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&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
Sub-Projects under appraisal	
Receipt of application from End-Borrower	
Loan Approval	
Disbursement	
Sub total	
On-going Sub-Projects	
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)
JICA CONCURRENCE NO.											
1											
2											
3											
SUBTOTAL (JICA CONC. NO.)						-		-			JPY -
JICA CONCURRENCE NO.											
1											
2											
3											
SUBTOTAL (JICA CONC. NO.)						-		-			JPY -
CONTRACTS NOT REQUIRING CONCURRENCE											
1											
2											
3											
SUBTOTAL (CONTRACTS NOT REQUIRING CONCURRENCE)						-		-			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

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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.

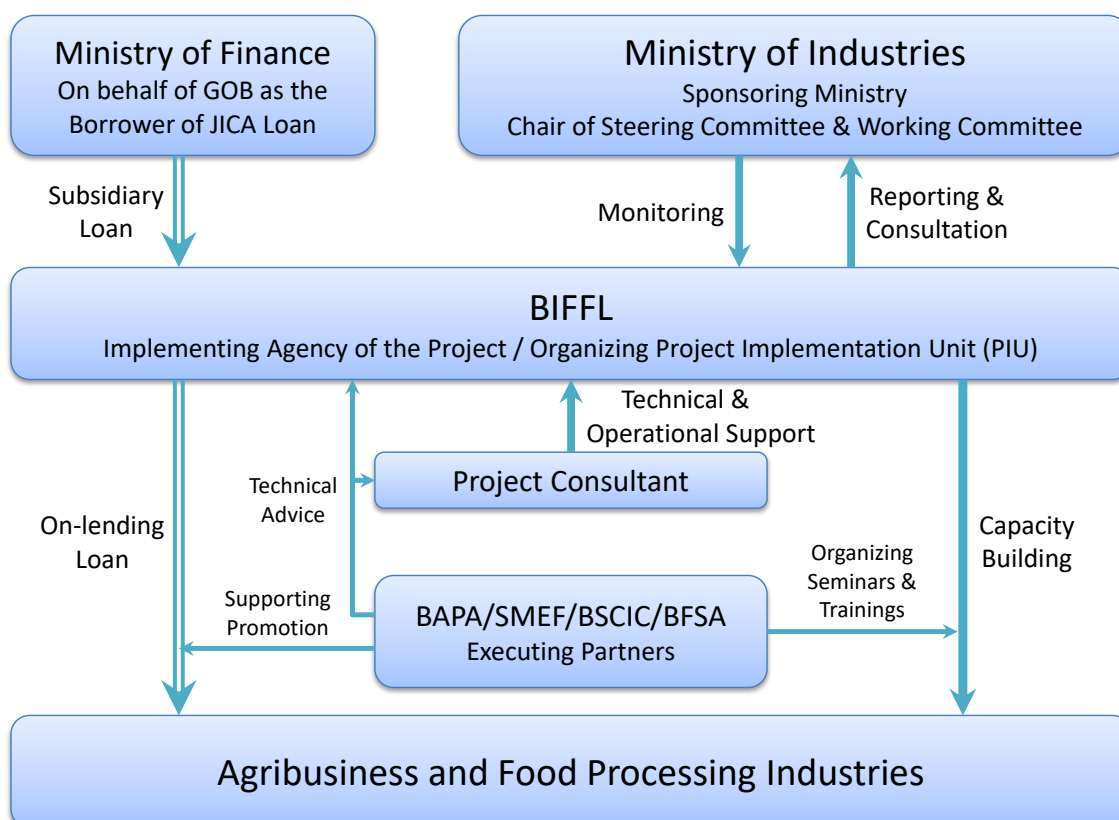


Figure 1: Project Implementation Structure

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.

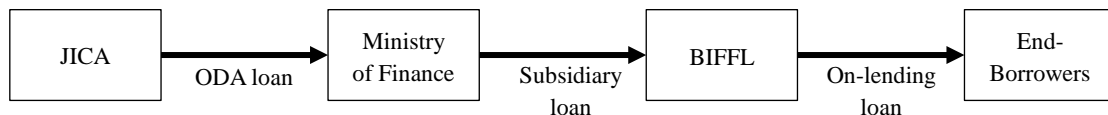


Figure 2: Project Fund Flow

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. One (i) Designated Account in the name of BIFFL is maintained at Bangladesh Bank to receive disbursements from JICA. The disbursed amount is transferred to (ii) the Project Operating Account of BIFFL maintained at BIFFL's agent bank under the Project's name. Disbursements from BIFFL to End-Borrowers are directed from (ii) the Project Operating Account of BIFFL to End-Borrowers' bank accounts.

BIFFL also maintains (iii-a) the Collection Account to receive principal repayments and interest payments from End-Borrowers. The principal repayments are then transferred to (iii -b) the Revolving Fund Account, and the interest payments are transferred to (iii-c) the BIFFL's bank account for interest payment. For the disbursements of the second and subsequent generations of On-Lending Loans to End-Borrowers, BIFFL utilizes funds accumulated in (iii -b) the Revolving Fund Account.

(i) the Designated Account, (ii) the Project Operating Account, (iii-a) the Collection Account and (iii-b) the Revolving Fund Account and (iii-c) the BIFFL's bank account for interest payment are audited annually by an independent auditor and the Certified Audit Report on Statement of Expenditure and Internal Audit Report (Annex 8, IV) is furnished to JICA annually.

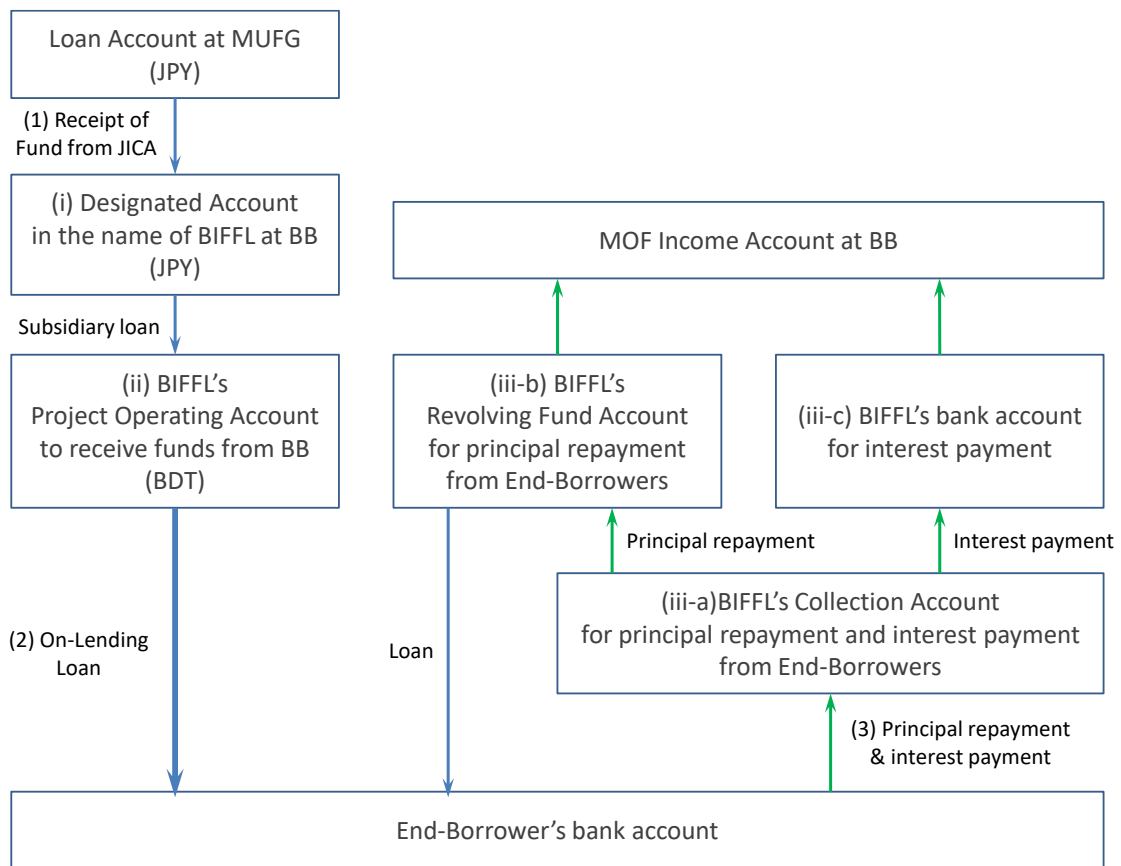


Figure 3: Fund Flow and Accounts

(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.

(i) the Designated Account denominated in Japanese Yen (JPY) is opened and maintained at Bangladesh Bank in the name of BIFFL to receive disbursements from JICA under the Advance Procedure.

The amount received at (i) the Designated Account is withdrawn, exchanged to BDT and transferred to (ii) the Project Operating Account by BIFFL. The exchange risk between JPY and BDT is borne by GOB.

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).

In order to request the initial disbursement under the Project, BIFFL submits the Request for Disbursement as per Form RFD (A) attached to the Operational Guidelines and the Brochure on Advance Procedure for Japanese ODA Loans and the following documents:

- A financial forecast for the subsequent two terms; and
- A document evidencing the opening of the Designated Account.

JICA, upon receipt of the request for disbursement in the prescribed format, makes the initial disbursement of the loan in the amount not exceeding the amount agreed between JICA and the BIFFL.

In order to request semi-annual replenishment of funds for the Designated Account, BIFFL submits the Request for Disbursement as per Form RFD (A) attached to the Brochure on Advance Procedure for Japanese ODA Loans (Annex 10). Replenishment of the account is made by JICA upon receipt of the request for disbursement accompanied by the following documents:

- A financial forecast for the subsequent two terms;
- Reconciliation Statement as per Form RS;
- Statement of Expenditure as per Form SOE (A); and
- A document evidencing the balance of the Designated Account.

(2) On-Lending Loans to End-Borrowers

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

BIFFL opens and maintains (ii) the Project Operating Account at a BIFFL's agent bank. The disbursed funds from JICA are transferred from (i) the Designated Account to (ii) the Project Operating Account before being spent for the disbursement of On-Lending Loans to End-Borrowers. In order to make disbursements of On-Lending Loans to End-Borrowers, BIFFL debits (ii) the Project Operating Account and credits accounts designated by End-Borrowers.

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.

Following the Advance Procedure, BIFFL submits the Statement of Expenditure as per Form SOE (A) (Annex 10) and list all On-Lending Loans as "expenditures" in the Statement. If all Loan funds are utilized for On-Lending Loans, the total amount of expenditures to be expressed in the

last column “Amount for JICA Financing in Request Currency (JPY)” of the Statement equals to the total amount of Loan disbursements.

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. Deposit interest paid by the agent bank, withdrawal of the deposit interest and the expenditures are reported in Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s) and audited by an independent auditor, as explained in 5.1. of the Operational Guidelines.

(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.

The principal repayments and interest payments from End-Borrowers are received by (iii-a) the Collection Account. Then, the principal repayments are transferred to (iii -b) the Revolving Fund Account, and the interest payments are transferred to (iii-c) the BIFFL’s bank account for interest payment.

The principal portion of repayments from End-Borrowers are credited to the Revolving Fund Account for subsequent applications for funding the second and succeeding generations of loans to End-Borrowers.

BIFFL utilizes funds accumulated in the Revolving Fund Account for the 2nd and subsequent generations of loans to End-Borrowers at least until 50% of the On-Lending Loan has been utilized for the 2nd generation of loans to End-Borrowers through 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 2nd 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 the PIU member in charge of Disbursement processing.

Amounts of interest margins, deposit interest paid by the agent bank, withdrawal of the interest margins, withdrawal of deposit interest and operational expenditures of the Project are also reported in the Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s).

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.

In case of 1) Fruit processing industry for example, “Mango, Pineapple and other fruits” are specified as the eligible raw materials, while “Processed fruits, including fruit juice, jam and jelly, dried fruits, frozen fruits, canned fruits and fruit pickles” are eligible products. Sub-Projects for the production of fruit flavored candies, fruit flavored drink (proportion of fruits is smaller than 10%) or alcoholic products are NOT regarded as eligible products.

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.

For example, 1) Fruit processing industry was selected as one of the business sectors because:

- Only a small proportion of raw materials (fruits) are processed into juice, jam, jelly and other products;
- The sizes of domestic market and foreign market of such products are expected to increase in the future; and
- Thus the value addition of the fruits in Bangladesh is expected to expand by promoting capital investment in the fruit processing industry through enhancing the domestic production of processed fruits.

If the raw materials are domestically consumed or exported without any processing, the value addition created by the business sector is marginal. Such business sector is NOT regarded as eligible.

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.

Fixed assets to be financed under the Project are mainly divided into 1)-1 Equipment and Machineries and 1)-2 Structures.

1)-1 Equipment and Machineries consist of (a) expenses for the purchase of equipment and machineries and (b) associated expenses with equipment and machineries. (b) Associated expenses include transport, assembly and installation costs for such equipment and machineries.

1)-2 Structures to be financed under the Project include expenses for the construction or renovation of factory buildings or civil works for the installation of equipment and machineries.

2) Technical know-how, consulting services and training to be financed under the Project include expenses for the consulting services for the improvement of food safety management at factories. Expenses for obtaining accreditation related to food safety and food processing including ISO,

HACCP, and halal certification.

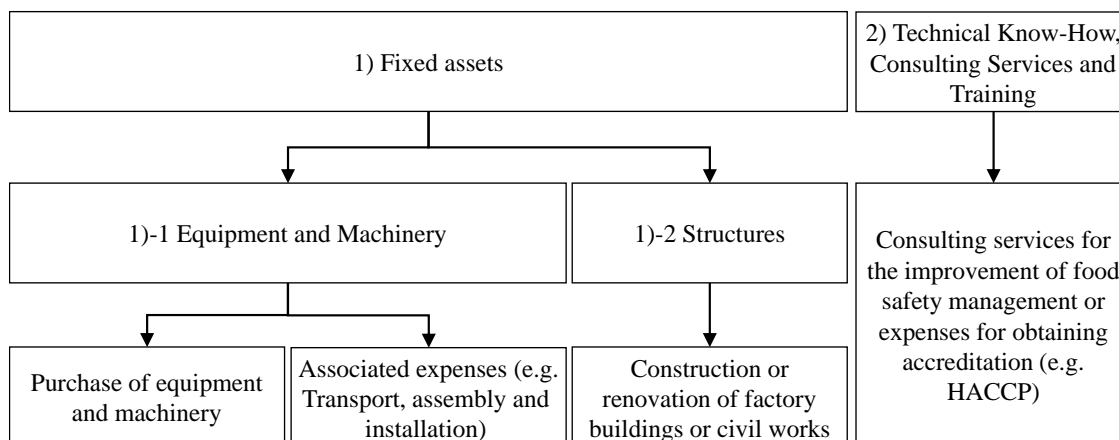


Figure 4: Overview of eligible investments

On the other hand, 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.

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.

This is illustrated as in the following diagram.

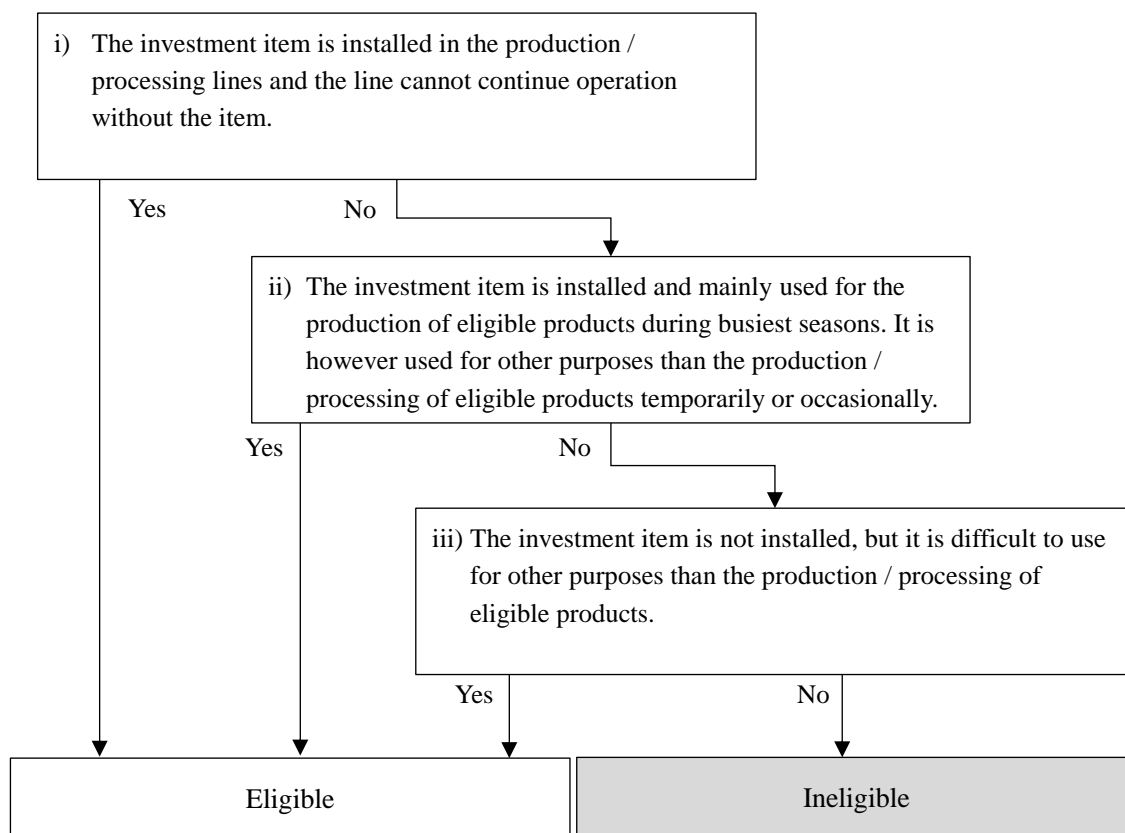


Figure 5: Identification of Eligible Investment items

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. In case of Fruit Processing Industry, any production processes which do not include foreign object detection system, such as doors and curtains at the entrance of production lines, are NOT eligible from food safety management viewpoint.

(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.

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. Such documents include Environmental Clearance Certificates (ECCs), factory licenses and fire licenses. 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 Sub-Projects 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 Sub-Projects, they are 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

An On-Lending Loan agreement, to be signed between BIFFL and an End-Borrower, stipulates the terms and conditions of the On-Lending Loan. Under the terms and conditions of the On-Lending Loan agreement, the End-Borrower is obliged to:

- a) Use the On-Lending Loan proceeds exclusively for the Sub-Project;
- b) Submit supporting documents evidencing the usage of On-Lending Loan proceeds (e.g. receipts, bills or invoices from suppliers);
- c) Submit financial statements for every accounting term, at least once a year, until the full repayment of the On-Lending Loan;
- d) Allow BIFFL, the PIU, MOF or JICA to inspect the sub-project, if BIFFL, the PIU, MOF or

JICA so requests;

- e) Follow all the environmental and social regulations established by GOB and the JICA Guidelines for Environmental and Social Considerations; and
- f) Allow the PIU and BIFFL to suspend, terminate or withdraw the on-lending if any of the terms and conditions are violated.

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.

1.7.1. Composition of PIU

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.

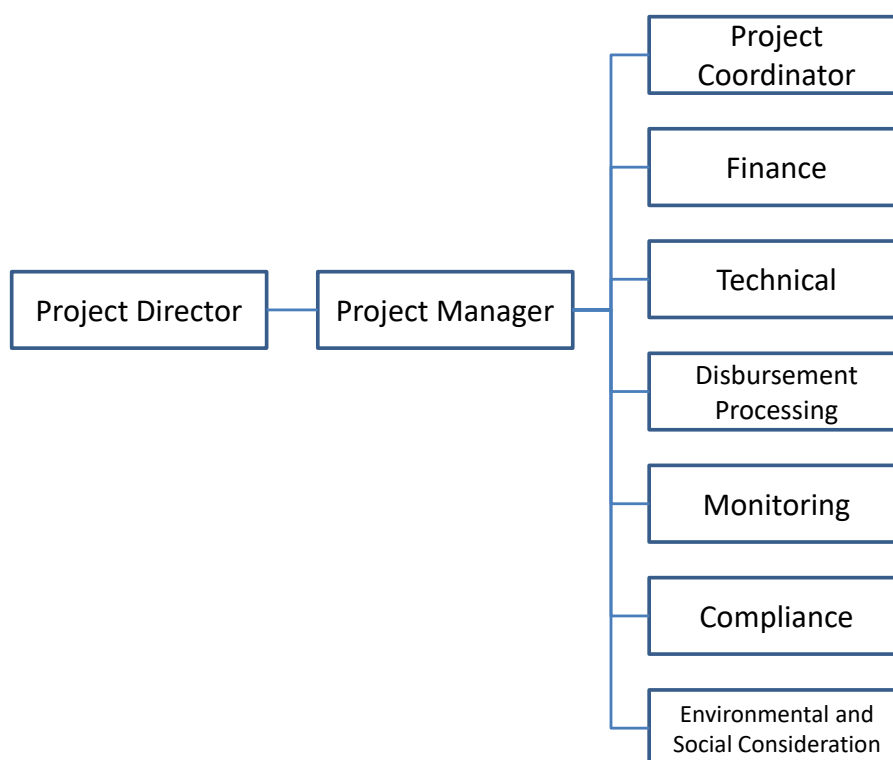


Figure 6: Organogram of Project Implementation Unit

1.7.2. Roles of PIU members

Roles of PIU members are shown below. Project Director may be on part time basis in addition to handling BIFFL’s existing business; however, Project Manager as well as the staff members who are in charge of the administration and appraisal of the Project are dedicated to the Project on a full-time basis.

Member	Role
Project Director	<ul style="list-style-type: none"> - Be an interface with JICA and other international and governmental organizations. - Review the Quarterly Progress Report and submit it to MoInd and JICA. - Review the Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s), the Current Repayment and Overdue Status Report, and the Certified Audit Report on Statement of Expenditure and Internal Audit Report and submit them to JICA
Project Manager	<ul style="list-style-type: none"> - Be responsible for external communications representing the Project.

	<ul style="list-style-type: none"> - Be responsible for decision making and managerial tasks for the Project. - Review the credit proposals of Sub-Projects and submit them to Credit Risk Management (CRM) team. - Review the following documents and submit them to Project Director: <ul style="list-style-type: none"> ➤ Quarterly Progress Report; ➤ Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s); ➤ Current Repayment and Overdue Status Report; and ➤ Certified Audit Report on Statement of Expenditure and Internal Audit Report and submit them to Project Director.
Project coordinator (PIU Secretariat)	<ul style="list-style-type: none"> - Be the focal point of external and internal communication representing the Project. - Support decision making and managerial tasks of Project Manager. - Organize activities for the promotion of On-Lending Loans. - Organize seminars on food processing and food safety management for potential and existing End-Borrowers in cooperation with BAPA, SMEF, BSCIC and BFSAs. - Assist the administration of the Project fund and accounts, including the Designated Account, the Project Operating Account, the Revolving Fund Account, the Collection Account and the Account for Interest Payment, - Prepare fund forecast of the disbursement from JICA. - Prepare the following reports and submit to Project Manager <ul style="list-style-type: none"> ➤ Quarterly Progress Report and its attachments ➤ Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s) ➤ Review Ongoing Sub-project Summary and Financial Report and Current Repayment and Overdue Status Report prepared by Monitoring member ➤ Certified Audit Report on Statement of Expenditure and Internal Audit Report and submit them to Project Director.
Financial analyst	<ul style="list-style-type: none"> - Carry out loan appraisal of Sub-Projects, prepares credit proposals in cooperation with Technical member and Environmental and Social Consideration member and submit them to Project Manager. - Monitor the progress of Sub-Projects and conduct on-site physical

	<p>inspections.</p> <ul style="list-style-type: none"> - Monitor the financial status and other regulatory documents of End-Borrowers. - Support Monitoring member to monitor the repayments by End-Borrowers. - Be the focal point to End-Borrowers and collect other necessary information including monitoring indicators. - Prepare the Sub-project Status Report and Appraisal Process Status Report and submit them to the Project Coordinator.
Technical member	<ul style="list-style-type: none"> - Support Financial Analyst to carry out Sub-Project appraisal from technical aspects, - Provide capacity development support to End-Borrowers from technical aspects, including assisting the implementation of the seminars on food processing and food safety management for potential and existing End-Borrowers in cooperation.
Disbursement processing member	<ul style="list-style-type: none"> - Process the disbursement of On-Lending Loans. - Make the payment arrangement for the consultant team, including tax treatment and other procedures. - Administer the Designated Account, the Project Operating Account, the Revolving Fund Account, the Collection Account and the Account for Interest Payment. - Cooperate with the independent auditor to prepare the Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s).
Monitoring member	<ul style="list-style-type: none"> - Monitor the repayments by End-Borrowers - Support Financial Analyst to conduct on-site physical inspection of Sub-Projects. - Support the Project Coordinator to prepare following reports: <ul style="list-style-type: none"> ➤ Ongoing Sub-project Summary and Financial Report; and ➤ Current Repayment and Overdue Status Report
Member for compliance	<ul style="list-style-type: none"> - Carry out legal appraisal of Sub-Projects, including checking loan agreements and other related documents from legal aspects, and ensure legal compliance of the Project.
Member for environmental and social	<ul style="list-style-type: none"> - Review environmental and social consideration aspects of Sub-Projects. - Supports Financial Analyst to monitor financial status and other regulatory documents from environmental and social consideration

consideration	aspects. - Prepare Environmental and Social Performance Report and submit it to the Project Coordinator.
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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 the Financial Analyst of the PIU or Investment Division of BIFFL. The Financial Analyst 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.

Pre-Screening processes are carried out as in the following diagram.

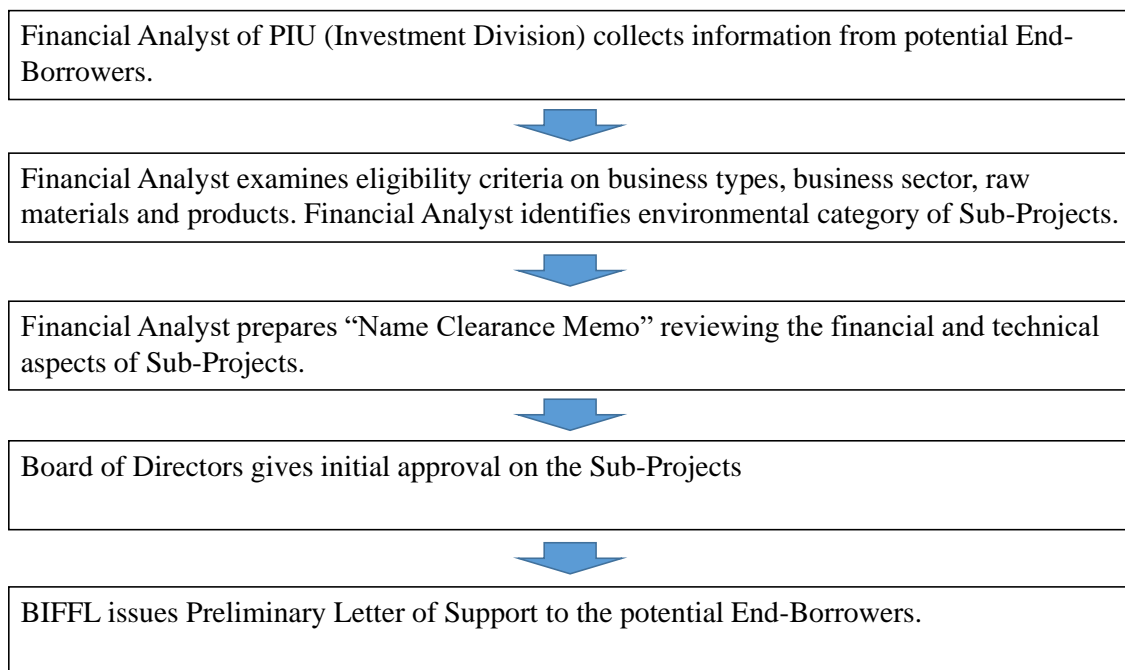


Figure 7: Pre-Screening processes

2.1.1. Preliminary information collection of Sub-Projects and End-Borrowers

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 with the company letterhead of the End-Borrower;

- 2) Documents¹ which evidence that the potential End-Borrower is registered under the Company Act 1994 or the Cooperative Society Act 2001, or licenses or registrations issued by competent authorities;
- 3) Present director's list;
- 4) Audited financial reports for the last three years (for existing companies);
- 5) Credit Information Bureau Report;
- 6) Tax return / Net Worth Statement of directors; and
- 7) 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.

2.1.2. Preliminary Eligibility Check of Sub-Projects and End-Borrowers

Using the information mentioned above, the Financial Analyst of PIU identifies the business type of an End-Borrower and the business sector of a Sub-Project.

In case either the business type and business sector of a Sub-Project does not meet eligibility criteria specified in 1.5 of the Operational Guidelines, such a loan application is not accepted.

The Financial Analyst also identifies the 1) raw material to be processed, and the 2) products of a Sub-Project. In case either 1) raw material to be processed or 2) products do not comply with the eligibility criteria, the Financial Analyst does not continue pre-screening processes.

2.1.3. Environmental and Social Consideration upon Pre-Screening

BIFFL is primarily responsible for examining environmental and social impacts associated with On-Lending Loans and Sub-Projects in accordance with the JICA Guidelines for Environmental and Social Considerations as well as the domestic laws and regulations concerned.

Upon pre-screening, the Financial Analyst identifies the business sector of a Sub-Project and its environmental category. During this process any Sub-Projects which might have significant negative impacts on environment and society are excluded.

Under the Environment Conservation Rules (ECR), Sub-Projects are classified into four categories, namely Green, Orange-A, Orange-B, and Red, based on the location of the Sub-

¹ In case of companies, such documents include (i) certificate of incorporation, (ii) memorandum of association and (iii) articles of association).

Projects and their potential environmental impacts. Similarly by the JICA Guidelines, Sub-Projects are classified into four categories: Category FI; Category C; Category B; and Category A, based on the extent of the potential impact to the natural and social environment.

Sub-Projects classified as Red by the ECR, which will be also classified as Category A by the JICA Guidelines, are required to go through Environmental Impact Assessment (EIA) by Department of Environment (DOE) before execution, due to their significant negative impacts on the environment and society. In the Project, any Sub-Projects which are categorized as Red by the ECR and Category A by the JICA Guidelines, for example Sub-Projects of urea fertilizer production, are not eligible for financing.

Similarly, Sub-Projects categorized as Orange-B by the ECR need to go through IEE (Initial Environmental Examination). In contrast, those classified into Green and Orange-A by the ECR do not need either EIA or IEE. In the Project, Sub-Projects categorized as Orange-B, Orange-A, and Green are eligible for financing.

This is summarized as in the table below.

Table 2: Environmental Category of Sub-Projects and requirement

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

Note: Sub-Projects are required to submit several documents in order to obtain ECCs. In case Sub-Projects are categorized as Red and Orange-B, they are required to submit EIA and IEE reports respectively.

Environmental categories of the eligible business sectors of the Project according to the ECR are shown in the following table.

Table 3: Environmental Category of Eligible Business Sectors of the Project

Eligible business sectors of the Project	Subsectors by Environment Conservation Rules (ECR)	Categories by ECR
Fruit processing industry	N/A	Orange B
	Processing and bottling of drinking water and carbonated drinks	Orange B
Vegetable processing industry	Processing and bottling of drinking water and carbonated drinks	Orange B
	Starch and glucose	Orange B
	N/A	Orange B
Spice processing industry	Grinding husking of wheat, rice, turmeric, pepper, pulses (above 20 Horse Power)	Orange B
	Grinding husking of wheat, rice, turmeric, pepper, pulses (up to 20 Horse Power)	Orange A
	N/A	Orange B
Rice, wheat, and bean processing industry	N/A	Orange B
	Biscuit and bread factory (capital above BDT 500,000)	Orange B
	Factory for production of biscuit and bread (capital up to BDT 500,000)	Orange A
Edible oil-producing industry	Edible oil	Orange B
Seed processing industry	Seed producer	Green
Organic fertilizer producers*	Organic fertilizer manufacture	Green
Biopesticide producers*	Pesticide (Biopesticide)	Green
Logistic industries, wholesalers and transport industries	Cold storage	Green
	N/A	N/A
Retail industries (including supermarkets)	Cold storage	Green
	N/A	N/A

* The category was confirmed with a discussion with Department of Environment, as the category was not explicitly specified in the ECR.

Upon pre-screening, the Financial Analysts identifies the business sectors of a Sub-Project and its environmental category.

If the business sector of a Sub-Project is included in the eligible business sectors of the Project, the Sub-Project will be eligible from environmental and social aspects, because its category by

the ECR will be either Orange-B, Orange-A or Green.

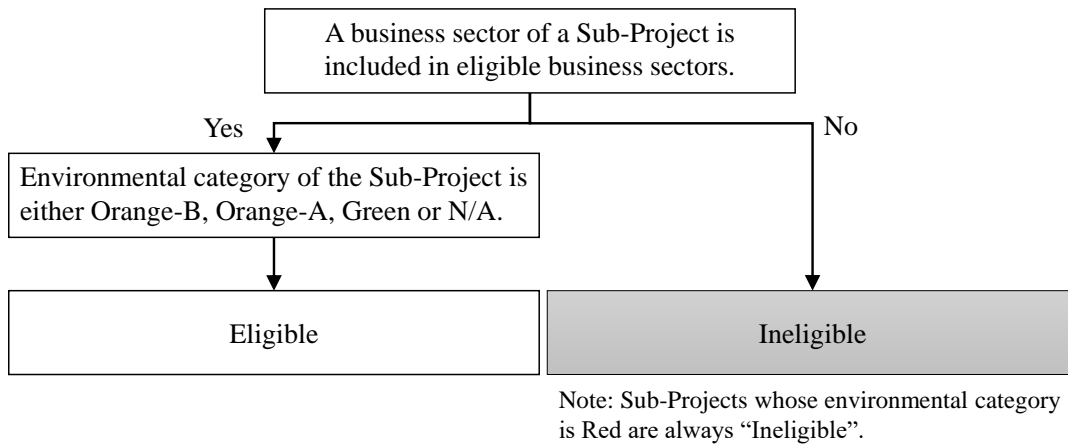


Figure 8: Eligibility check of business sector and environmental category

2.1.4. Preliminary Consent by BIFFL Board

The Financial Analyst then carries out financial pre-screening, reviewing the financial aspects of the potential End-Borrower and technical pre-screening of a Sub-Project.

If the potential End-Borrower is regarded eligible for financing through pre-screening, the Financial Analyst prepares an internal memo (name clearance memo) on the result of financial pre-screening and technical pre-screening and submit it to the Board of Directors for initial approval.

If approved by the Board, BIFFL issues a Preliminary Letter of Support expressing BIFFL’s initial interest to provide financing subject to the satisfactory project appraisal and due diligence regarding financial, technical, management, legal, social and environmental and social aspects and final approval by the Board.

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.

The Financial Analyst of 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. The analysis conducted by PIU will be as follows:

(1) Sub-Project analysis

The Financial Analyst of PIU carries out the Sub-Project analysis, focusing on the following points:

- Project description;
- Rationale of the Sub-Project;
- Purpose of Credit;
- Implementation status (e.g. i. Status of clearances/permits, ii. Status of land acquisition, iii. Project agreements);
- Management team;
- Project cost;
- Revenue potential;
- Regulatory / legal framework governing the Sub-Project; and
- Profitability and the factors that could adversely impact it.

In this process, the Financial Analyst verifies the compliance of a Sub-Project with the eligibility requirements by the Project.

After receiving an application for On-Lending Loan from an End-Borrower, the Financial Analyst examines whether the investments of the Sub-Project comply with the eligibility criteria specified in 1.5 and Annex 3 of the Operational Guidelines.

The Financial Analyst identifies the (a) eligible raw material to be processed, (b) eligible products and (c) eligible investment items of the Sub-Project determined based on the business sector of the Sub-Project, using the Eligibility Investment Check Sheet attached in Annex 4 of the Operational Guidelines.

1)-1 Eligibility check of equipment and machineries

The Financial Analyst makes a list of investment items of a Sub-Project filling the Eligible Investment Check Sheet to examine whether all equipment, machineries and associated expenses are eligible for financing. Equipment and machineries are eligible if they meet one of the following conditions:

- 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.

This is illustrated as in the following diagram.

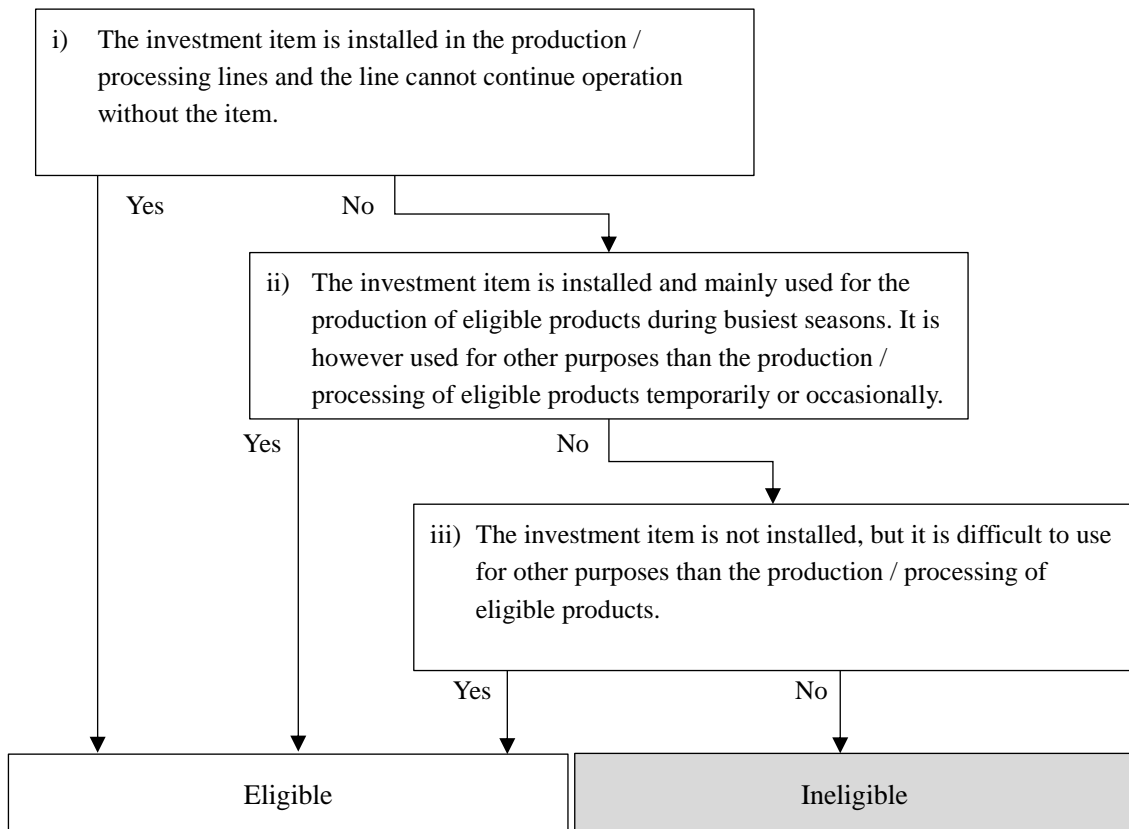


Figure 9: Eligibility check flow of equipment and machineries

In addition, 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.

The Financial Analyst also checks whether expenses (transport expense, custom duties or costs for spare parts) are associated with eligible equipment or machineries.

1)-2 Eligibility check of structures

In case expenses for structures are included in the Sub-Project cost, the Financial Analyst examines their eligibility.

Structures regarded as eligible investments are 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.

The Financial Analyst then checks whether the proposed expenses for structures are applicable to one of the eligible investments mentioned above.

2) Eligibility check of technical know-how, consulting services and training

In case, expenses for technical know-how, consulting services and training, the Financial Analyst reviews the details and examines their eligibility. If they are expected to improve or enhance the operation of End-Borrowers in eligible business sectors, such expenses are regarded as eligible.

(2) Financial and economic analysis

The Financial Analyst of PIU carries out financial and economic analysis of a Sub-Project,

focusing on the following points:

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

(3) Environmental and Social Impact analysis

The Financial Analyst also requests End-Borrowers to submit documents evidencing the compliance with the environmental and social standards in Bangladesh, such as the ECCs, factory licenses and fire licenses, as a part of loan applications. End-Borrowers whose subsectors are categorized as “Not Applicable (N/A)” by the ECR do not submit the ECCs. In case End-Borrowers are unable to prove their compliance with the environmental and social standards by submitting such documents, loan applications are not accepted.

The Financial Analyst, with the support of the environmental and social consideration members of PIU, then reviews the environmental and social impacts of Sub-Projects using Screening Form for FVC (Annex 5) and classify Sub-Projects into Category A, Category B and Category C based on the JICA Guidelines for Environmental and Social Considerations.

By the Screening Form, categories of Sub-Projects are determined based on the environmental categories of the ECR and also on the sizes of potential social impacts, such as on livelihood, heritage or surrounding communities caused by land acquisitions and other reasons.

Sub-Projects which are classified into “Category A” as a result of the screening will not be eligible for financing.

After this, the Financial Analyst, with the support of the environmental and social consideration members of PIU, categorize Sub-Projects into “Low”, “Moderate” or “High” using Environmental and Social Risk Rating Criteria.

Environmental and social consideration member scrutinizes the environmental and social risks of Sub-Projects categorized as “Moderate” and “High” using the ESDD check list for FVC (Annex

6 and 7). If significant adverse environmental and social risks are recognized in Sub-Projects, BIFFL does not finance such Sub-Projects.

In case BIFFL finances Sub-Projects with potential environmental and social impacts, which are categorized as “Moderate” or “High”, BIFFL requests the End-Borrowers to prepare “Corrective Action Plan”.

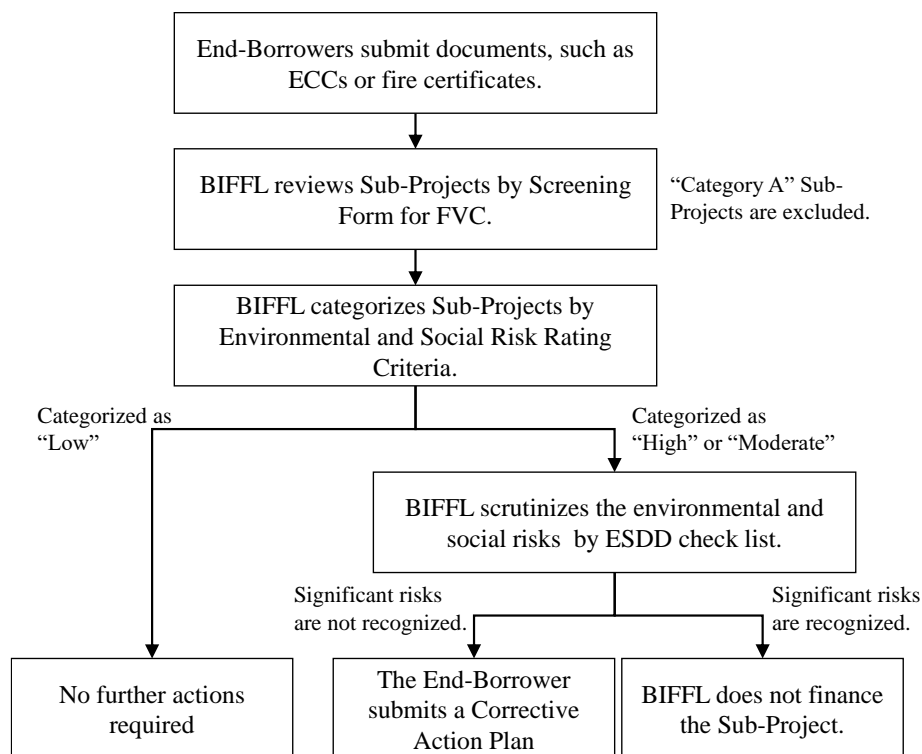


Figure 10: Flow of Environmental and Social Impact analysis

(4) Technical analysis

The Technical member of PIU carries out technical analysis of Sub-Projects, focusing on the following points:

- Choice of technology;
- Technical design and adequacy;
- Review of civil, mechanical and electrical designs;
- Review of supply contracts;
- Review of engineering, procurement and construction contract;
- Review of operation and maintenance (O & M) contract; and
- Review of other contracts, if any.

Upon reviewing the choice of technology, the Technical member is recommend to review whether there are any possibility in improving the quality of products or food safety management of End-Borrowers.

For example, in case of mango pulp production, the introduction of aseptic lines is expected to increase the investment costs but decrease the operating costs, such as electricity charges for refrigeration. The Technical member should identify such alternatives and examine whether the End-Borrower selected most appropriate technology.

The Technical member is also recommended to review the food safety management of End-Borrowers. It is also recommended to examine whether End-Borrowers have or are planning to obtain accreditation related to food safety and food processing including ISO, HACCP, and halal certification.

(5) Sector and Market Analysis

The Financial Analyst, with the support of Technical member of PIU, carries out sector and market analysis of Sub-Projects, focusing on the following points:

- Market forecast and potential risks of raw materials; and
- Market forecast and potential risks of final products.

When reviewing the potential risks of raw materials, the Financial Analyst is recommended to examine whether the End-Borrowers can receive stable supply of raw materials, by checking whether the End-Borrower is implementing contract farming or taking any measures for the reduction of post-harvest losses, such as the use of cold storage facilities. It is also recommended to examine whether the raw materials that the End-Borrower procures are the species suitable for processing.

When reviewing the potential risks of final products, the Financial Analyst is recommended to identify the competitiveness of the products and potential competitors. The Financial Analyst also examines the competitions of the products with imported goods.

(6) End-Borrower analysis

The Financial Analyst of PIU carries out End-Borrower analysis, focusing on the following points:

- Business skill;
- Management & succession;

- Account Conduct; and
- Historic performance in meeting repayment obligations.

2.3. Credit Approval

After a loan application is comprehensively examined in the credit appraisal, the Financial Analyst of 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. For the loan application up to BDT 500 million, Executive Committee is authorized to make the final loan approval. However, Executive Committee also decides to make recommendations to the Board of Directors for the final approval even though the loan application amount is within BDT 500 million.

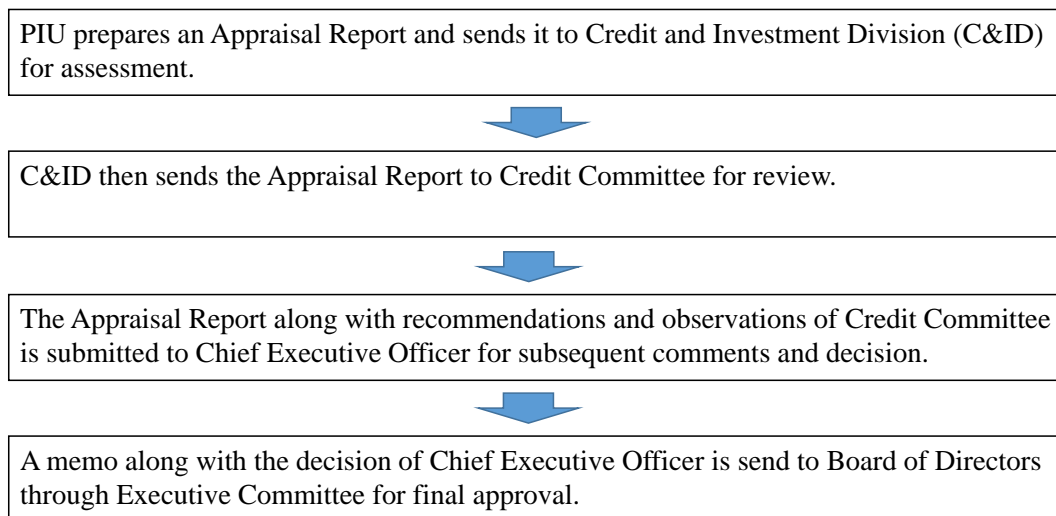


Figure 11: Credit Approval Process

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

Table 4: 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 the Financial Analyst of 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, the Financial Analyst collects the baseline data of Monitoring Indicators specified in 5.2 of the Operational Guidelines from End-Borrowers. The Financial Analyst provides the collected data to the Project Coordinator, and the Project Coordinator 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.

In the PIU, the Financial Analyst is responsible for the monitoring of Sub-Project progress and financial status of End-Borrowers, while the Monitoring member is responsible for monitoring the repayments of On-Lending Loans. Environmental and Social Consideration member is primarily responsible for the monitoring of Environmental and Social aspects of Sub-Projects.

Monitoring activities, responsible PIU members and reports prepared as the result of monitoring activities are summarized as in the following table.

Table 5: Monitoring activities and responsible PIU members

Monitoring activities	Responsible PIU member	Report prepared as the result of monitoring
Monitoring of the progress of Sub-Projects	Financial Analyst	Sub-project Status Report (Annex 8, I-(2))
Monitoring of repayment by End-Borrowers	Monitoring member	Ongoing Sub-Project Summary and Financial Report (Annex 8, I-(7))
Monitoring of Financial Status and Regulatory Documents of End-Borrowers	Financial Analyst	-
Monitoring of Environmental and Social Aspects of Sub-Projects	Environmental and Social Consideration member (Financial Analyst)	Environmental and Social Performance Report (Annex 8, I-(6))
On-site Physical Inspections of Sub-Projects	Financial Analyst	On-site Physical Inspection Report (Annex 8, I-(5))

Data Collection of Monitoring Indicators	Financial Analyst	Sub-project Report on Monitoring Indicators (Annex 9)
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3.1. Monitoring of the progress of Sub-Projects

The Financial Analyst of PIU monitors the progress of Sub-Projects after loan decisions are made. The Financial Analyst records the dates when Sub-Projects reached the following milestones and the Project Coordinator 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

The PIU member in charge of Monitoring takes the following steps to make sure that End-Borrowers make repayments of On-Lending Loans properly:

- Prepare the repayment schedule of On-lending loans;
- Give direction to the End-Borrower's banks to transfer the repayment fund to the bank account of BIFFL within the stipulated timeframe; and
- Check repayment status of the On-Lending Loans every month.

In case, repayments by End-Borrowers are delayed, the PIU member in charge of Monitoring takes immediate actions in order to minimize credit losses, in collaboration with the Financial Analyst, following the Credit Policy and internal procedures of BIFFL. Such actions would include:

- Sending a billing statement to the End-Borrower at least 10 business days prior to due date;
- Sending reminder letters; and
- Paying a visit to the End-Borrowers to assess business conditions or cash flow.

Repayment status of each On-Lending Loans are summarized by the Monitoring member of PIU. Based on the information provided by the Monitoring member, the Project Coordinator 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.

Upon request by an End-Borrower, BIFFL may examine and, if judged to be appropriate, accept the rescheduling of an On-Lending Loan at its discretion in accordance with the Bangladesh Bank's regulatory guidelines.

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

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

Such annual review on financial aspects of an End-Borrower include:

- Obtaining the updated rating report of the End-Borrower issued by one of External Credit Assessment Institutions (ECAIs); and
- Obtaining the updated financial statements of the End-Borrower.

The Financial Analyst stores such information of End-Borrowers into the core banking system of BIFFL.

The Financial Analyst also collects regulatory documents regularly (before the expiry of such documents), such as updated trade licenses, factory licenses and fire service certificates. The Financial Analyst also collects information necessary for the monitoring of environmental and social aspects, such as ECCs or factory licenses.

After receiving, the Financial Analyst inputs the new expiry dates of such documents into the database of BIFFL.

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

The PIU member in charge of Environmental and Social Consideration reviews the compliance of Sub-Projects with the environmental and social standards in Bangladesh and the JICA Guidelines for Environmental and Social Considerations periodically, through examining ECCs, factory licenses and fire licenses of End-Borrowers. Such legal documents are collected by the Financial Analyst 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

The Financial Analyst arranges on-site physical inspection of Sub-Projects following the internal rules of BIFFL.

Through on-site inspections, the Financial Analyst or other relevant PIU members examine goods (e.g. equipment, machineries, warehouses, factory buildings), sites and works included in the Sub-Project. Upon necessity, the Financial Analyst seeks supports from the Technical member or the Environmental and Social Consideration member. The Financial Analyst 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 the Project Coordinator 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

The Financial Analyst 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 by the Financial Analyst, the Project Coordinator input them Sub-

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 6: 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"> - 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 hygiene management, food safety certifications and quality assurance. - Working with BIFFL to mobilize appropriate resource persons as lectures, and - Holding seminars jointly with BIFFL, with the support of the consultants. <p>(3) Support potential End-Borrowers to find export opportunities through;</p> <ul style="list-style-type: none"> - Working with BIFFL to organize business matching seminars, and - Participating in trade exhibition in other countries.
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"> - 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. - Working with BIFFL to mobilize appropriate resource persons as lectures, and - Holding seminars jointly with BIFFL, with the support of the Project Consultant.
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</p>

	<p>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"> - 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, - Working with BIFFL to mobilize appropriate resource persons as lectures, and - Holding seminars jointly with BIFFL, with the support of the Project Consultant.
BFSA	<ol style="list-style-type: none"> (1) Provide technical advice to BIFFL and the Project Consultant about the training on food safety (2) Support BIFFL to organize seminars and training programs about the basics of food safety with the support of the Project Consultant through <ul style="list-style-type: none"> - 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. - Working with BIFFL to mobilize appropriate resource persons as lectures, and - Holding seminars jointly with BIFFL, with the support of the Project Consultant.

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 7: Tentative seminar topics and executing partners (food processing improvement)

Seminar title	Frequency and location	Executing partner
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)	SMEF, BSCIC
Other vegetable processing	At least twice a year at Dhaka, Chattogram, and another city (three cities in total)	SMEF, BSCIC
Fruit processing such as mango	At least twice a year at Dhaka, Chattogram, and Rajshahi (three cities in total)	SMEF, BSCIC
Edible oil manufacturing and bread manufacturing	At least twice a year at Dhaka, Chattogram, and other city (three cities in total)	BSCIC
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)	SMEF

(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 8: Tentative seminar topics and executing partners (food safety)

Seminar title	Frequency and area	Executing partner
1) Basic course on food safety	At least twice a year in each city: Dhaka and Chattogram	BFSA
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	BAPA

(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 9: Tentative overseas program

Program	Content and number of implementations	Number of participants
Overseas study tour	<ul style="list-style-type: none"> ● Business matching seminar with overseas companies, visit to food safety related organizations and food processing companies ● Once in this Project (for a week) 	<p>15 participants in total</p> <ul style="list-style-type: none"> - 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"> ● Joining overseas exhibitions related to food processing (e.g. FOODEX Japan (Japan), SIAL Paris (France) and Gulfood (UAE)) ● Three times (once a year for three years) in the Project (for a week) 	<p>10 participants in total</p> <ul style="list-style-type: none"> - 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 2nd and subsequent generations of loans to End-Borrowers (see *1 in Figure 12) at least until 50% of the On-Lending Loan (see *2) has been utilized for the 2nd generation of loans to End-Borrowers through the Revolving Fund.

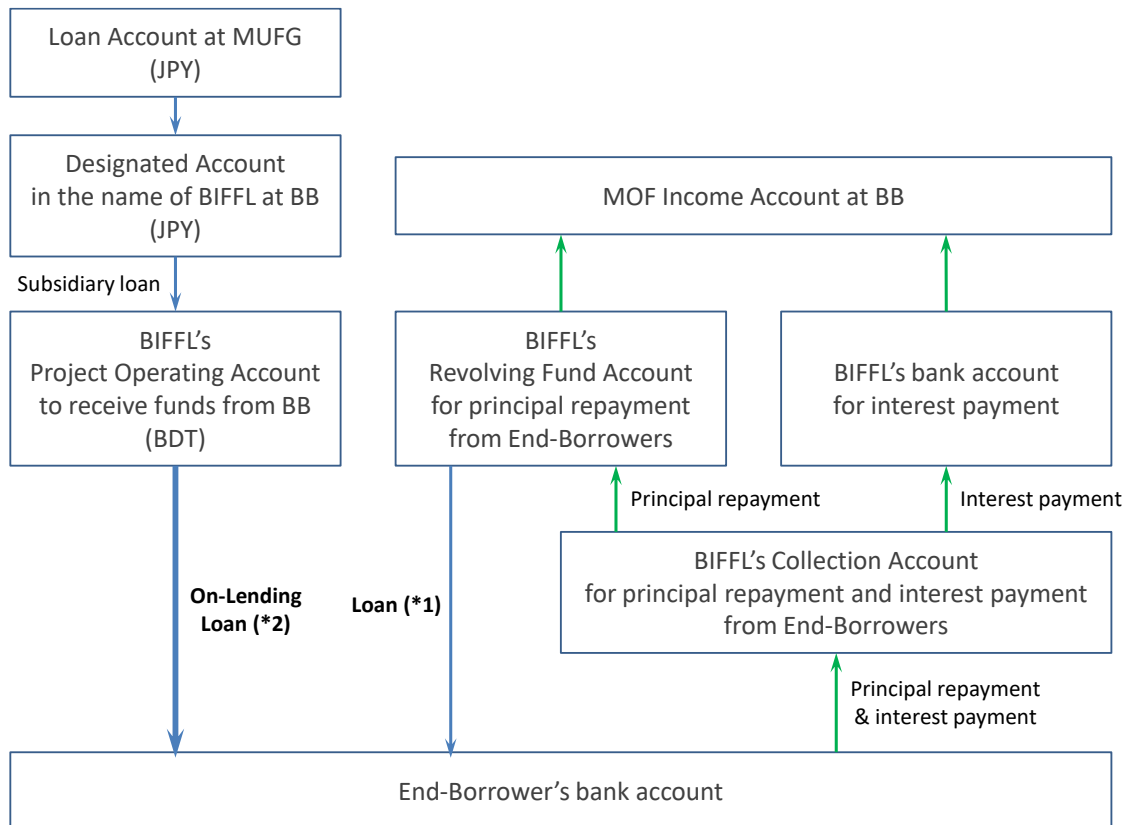


Figure 12: Fund Flow and Accounts

After 50% of the On-Lending Loan has been utilized for the 2nd 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.

The PIU member in charge of Disbursement Processing is responsible for managing the Project Operating Account and the Revolving Fund Account.

Total number and disbursement amount of On-Lending Loans from the Project Operating Account and the 2nd generation of loans to End-Borrowers from the Revolving Fund Account are reported to JICA in the Project Status Report that the Project Coordinator of PIU updates quarterly in cooperation with the Disbursement Processing member.

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 2nd 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. In PIU, the Project Coordinator is mainly responsible for such monitoring activities.

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

Table 10: List of Monitoring Reports *

Document	Prepared by	Submitted to	Timing of submission/frequency
(1) Quarterly monitoring			
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
(2) Annual monitoring			
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 **
Reporting upon Project completion			
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

Roles of PIU members in the preparation of these reports are as in the table below.

Table 11: Roles of PIU members in the report preparation

Document		Data collected by	Report prepared by
(1) Quarterly monitoring			
Quarterly Progress Report (QPR)			
1)	Project Status Report	-	Project Coordinator
2)	Time-bound Action Plan	-	Project Coordinator
3)	Sub-project Status Report	-	Project Coordinator
4)	Appraisal Process Status Report	Financial Analyst	Project Coordinator
5)	Anti-corruption Monitoring Sheet	Internal Control of Compliance	Project Coordinator
6)	On-site Physical Inspection Report	Financial Analyst	Project Coordinator
7)	Environmental and Social Performance Report	Environmental and Social Consideration member	Environmental and Social Consideration member/ Project Coordinator
8)	Ongoing Sub-project Summary and Financial Report	Monitoring member	Project Coordinator
(2) Annual monitoring			
1)	Statements of Designated Account, Project Operating Account(s), and Revolving Fund Account(s)	Disbursement processing member	Project Coordinator
2)	Current Repayment and Overdue Status Report	Monitoring member	Project Coordinator
3)	Certified Audit Report on Statement of Expenditure and Internal Audit Report	Disbursement processing member	Project Coordinator

(1) Quarterly monitoring

The Project Coordinator prepares “Quarterly Progress Report” and submit it to MoInd as well as JICA, compiling the information provided by the Financial Analyst, Monitoring member and Environmental and Social Consideration member.

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.

Among them, 3) Sub-Project Status Report, 4) On-Site Physical Inspection Report and 5) Appraisal Process Status Report are prepared by the Project Coordinator compiling the information provided by the Financial Analyst. On the other hand, Environmental and Social Performance Report is prepared by the Environmental and Social Consideration member, while 8) Ongoing Sub-project Summary and Financial Report is prepared by the Monitoring member. 6) Anti-corruption Monitoring Sheet is prepared by Internal Control of Compliance Unit.

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.

1) Project Status Report

The Project Coordinator summarizes the findings from monitoring activities in a Project Status Report. The outline of PSR is as follows:

(i) Project Description (Relevance):

- Project objective;
- Necessity and priority of the Project; and
- Rationale of the project design.

(ii) Project Implementation (Efficiency):

- Project scope;
- Implementation schedule;
- Project cost;
- Organization for implementation;

- Precautions (Measures to be adopted/points which require special attention); and
 - Photographs of output of the Project.
- (iii) Benefits Derived from the Project (Effectiveness):
- Operational and physical condition of each facility developed/supplied by the Project;
 - Precautions (Measures to be adopted/points which require special attention);
 - Environmental and social impacts;
 - Gender mainstreaming;
 - Qualitative and quantitative data of monitoring indicators;
 - Monitoring plan for the indicators; and
 - Achievement of the Project objective.
- (iv) Operation and Maintenance (O&M) (Sustainability):
- O&M management; and
 - O&M cost and budget.
- (v) Evaluation:
- JICA and the Borrower/executing agency performance;
 - Overall evaluation; and
 - Lessons learned and recommendations.

In case, the PIU member in charge of Environmental and Social Consideration identifies the any negative environmental and social impacts caused by Sub-Projects during implementation, the PIU member immediately reports it to MoInd as well as JICA by sending a Project Status Report.

2) Time-bound Action Plan

A Time-bound Action Plan shows the target dates of milestones of the Project, such as:

- Formulation of Project Implementation Unit (PIU);
- Formulation of Project Steering Committee (PSC);
- Formulation of Project Working Committee (PWC);
- Preparation and Approval of Operating Guidelines;
- Conclusion of Subsidiary Loan Agreement;
- Procurement of Consulting Services: and
- Banking Arrangement.

The Project Coordinator updates the target dates based on the progress and fill the actual

completion date and status of each milestone (Annex 8, I-(1)).

3) Sub-Project Status Report

A Sub-Project Status Report summarizes the number of (i) Sub-Projects under appraisal and (ii) On-going Sub-Projects (Annex 8, I-(2)).

The Project Coordinator updates the number and status of such Sub-Projects, based on the information provided by the Financial Analyst.

4) Appraisal Process Status Report

An Appraisal Process Status Report (Annex 8, I-(3)), which summarizes the progress of the appraisal of each Sub-Project, shows the following information:

- Date of loan application received;
- Date of credit analysis completed;
- Date of board approval;
- Date of loan sanction;
- Date of loan agreement; and
- Date of L/C opening (if needed).

The Project Coordinator compiles the information of appraisal status of Sub-Projects provided by the Financial Analyst to prepare An Appraisal Process Status Report.

5) Anti-corruption Monitoring Sheet

In order to make sure that the consulting services are procured in a fair and transparent processes, PIU is required to take several actions. Such actions include:

- Participation in the Proposal Evaluation Committee (PEC);
- Formulation of Fraud and Corruption Hotline;
- Internal Audit;
- Implementation of Special Training Program;
- Formulation of Bid Opening Committee (BOC);
- Disclosure of Procurement;
- Establishment of Complaint mechanism; and
- Monitoring and inspection of irregularities

Using the Anti-corruption Monitoring Sheet (Annex 8, I-(4)), Internal Control and Compliance Unit of BIFFL reports when and whether such necessary actions were taken, until the contract

with Consultant is concluded.

6) On-site Physical Inspection Report

BIFFL conducts on-site inspection of Sub-Projects following the internal rules of BIFFL.

Through on-site inspections, the Financial Analyst or other relevant PIU members examine goods (e.g. equipment, machineries, warehouses, factory buildings), sites and works included in the Sub-Project. Upon necessity, the Financial Analyst seeks supports from the Technical member or the Environmental and Social Consideration member. The Financial Analyst 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 Project Coordinator summarizes the results of such on-site inspection provided by the Financial Analyst in On-site Physical Inspection Report (Annex 8, I-(5)), indicating the date of inspection.

BIFFL additionally conducts on-site inspections of Sub-Projects before and during 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.

7) Environmental and Social Performance Report

The PIU member in charge of Environmental and Social Consideration also reviews the compliance of Sub-Projects with the environmental and social standards in Bangladesh periodically, through examining ECCs, factory licenses and fire licenses of End-Borrowers, which are collected by the Financial Analyst. The Environmental and Social Consideration prepare the Environmental and Social Performance Report (ESPR, Annex 8, I-(6)) to submit it to the Project Coordinator for review.

In case, BIFFL makes any changes in its Environmental and Social Management System (ESMS), PIU reports it to MoInd as well as JICA describing the details in the ESPR.

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.

8) Ongoing Sub-Project Summary and Financial Report

The PIU member in charge of Monitoring summarizes the outstanding loan balances and overdue balance, compiling all On-Lending Loan information in an Ongoing Sub-Project Summary and Financial Report (Annex 8, I-(7)). Sub-Projects which do not have any outstanding balance are not included in the Report.

The PIU member in charge of Environmental and Social Consideration, also summarize the Environmental and Social categories of all Sub-Projects in Ongoing Sub-Project Summary and Financial Report. Any negative environmental and social impacts by the Sub-Projects are also described in the Report.

(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.

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

The statements report the (i) Opening Balance, (ii) Total Revenue, (iii) Total Expenditure and (iv) Closing Balance of all Project accounts, such as the Designated Account, the Project Operating Account, the Revolving Fund Account, the Collection Account and the Account for Interest Payment (Annex 8, II).

The statements also report interest margins, deposit interest paid by the agent bank, withdrawal of the interest margins, withdrawal of deposit interest and operational expenditures of the Project.

BIFFL submit them 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 prepared by Disbursement processing member, reviewed by the Project Coordinator and 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.

2) Current Repayment and Overdue Status Report

Current Repayment and Overdue Status Report (Annex 8, III) to be prepared by PIU summarizes (i) number of the On-Lending Loans with arrears, (ii) Total amount of arrears, (iii) Total loan amount of the On-Lending Loans with arrears and (iv) Total repaid amount from On-Lending Loans.

The Monitoring member of PIU prepares the report for the review of the Project Coordinator. The Project Coordinator submit it 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.

3) Certified Audit Report on Statement of Expenditure and Internal Audit Report

Certified Audit Report on Statement of Expenditure and Internal Audit Report (Annex 8, IV) is the audit report to be arranged by Disbursement processing member 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.

The Audit Report typically examines the following points:

- (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.

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

Account(s) are to be submitted annually within six (6) months after the end of each fiscal year, i.e. by December of each year until 50 % of the principal of the original loan amount are used for the second and successive generations of On-Lending Loans to End-Borrowers through the Revolving Fund Account.

The Certified Audit Report on Statement of Expenditure and Internal Audit 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 12 and Table 13.

In PIU, the Project Coordinator is mainly responsible for collecting and compiling such records, data and information. For “1. Total amount of On-Lending Loans approved” of Table 12 Quantitative data, the Project Coordinator regularly monitor it through the core banking system operated in BIFFL.

The data for 2-5 of Table 12 are taken from financial statements of End-Borrowers. As mentioned in 3.3 of the Operational Guidelines, the Financial Analyst collects financial statements from End-Borrowers periodically and input the data into the core banking system. Using the data stored in the core banking system, the Project Coordinator updates Sub-Project Report on Monitoring Indicators (Annex 9).

Similarly the data for 6-10 of Table 12 and all data for Table 13 Qualitative data are collected by

the Financial Analyst through on-site physical inspections or telephone communications. The Financial Analyst provides the collected data to the Project Coordinator, and the Project Coordinator inputs them into Sub-Project Report on Monitoring Indicators (Annex 9).

Table 12: 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 13: 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

Annex 7: ESDD Checklist for Edible Oil Industry

Annex 8: Forms of Reporting

I – (1) Time-bound Action Plan

I – (2) Sub-Project Status Report

I – (3) Appraisal Process Status Report

I – (4) Anti-corruption Monitoring Sheet

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)

III. Current Repayment and Overdue Status Report

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

Annex 9: Sub-project Report on Monitoring Indicators

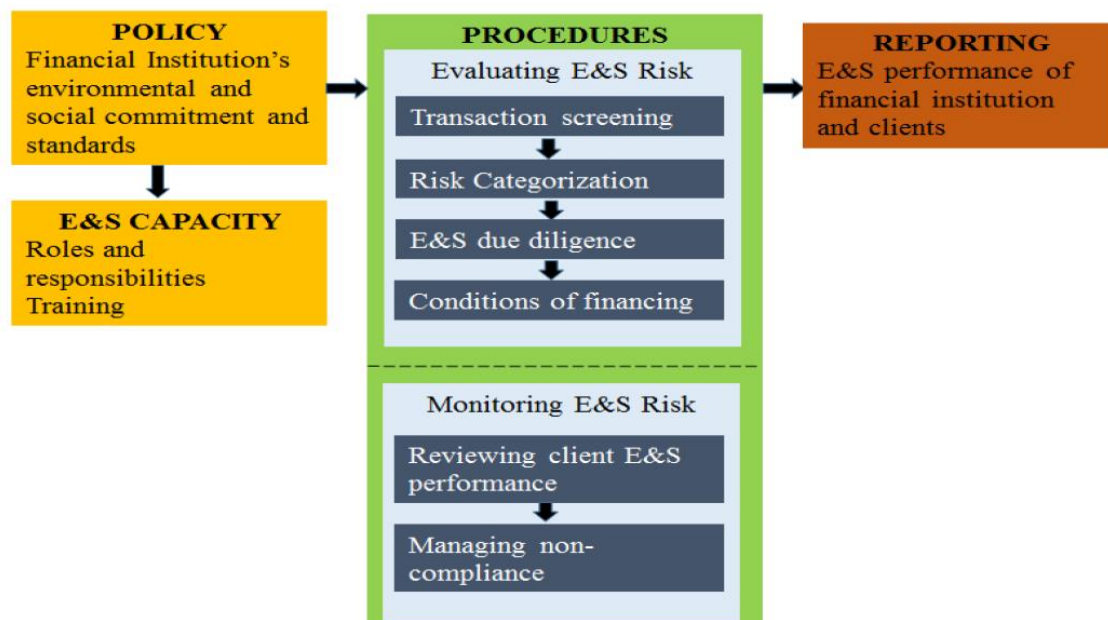
Annex 10: Forms for Advance Procedure

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
1. Environmental and Social Consideration Policy			
(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?	【BIFFL】 Yes. BIFFL has Environmental Social Monitoring Framework (ESMF) (e.g. BIFFL follows the Exclusion list of IFC, MIGA, and ADB)	【BIFFL】 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	【BIFFL】 Yes. BIFFL complies with ESRM.	【BIFFL】 —

	ESRM and your policy, please describe.		
2. Procedures for Environmental and Social Considerations			
(1)	Does your financial institution have any environmental and social procedures such as screening, categorization, environmental review? If yes, please describe.	【BIFFL】 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.	【BIFFL】 —
(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.	【BIFFL】 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.	【BIFFL】 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?	【BIFFL】 BIFFL regularly checks the renewed ECC of the company. BIFFL checks the compliance on the site inspection.	【BIFFL】 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.
3. Organization and Staff			

(1)	Please describe the organizational chart of your Environmental and Social Management System (ESMS).	<p>【BIFFL】 BIFFL has Environmental & Social Unit which includes: -Environmental Specialist -Social Specialist -Panel of experts on E&S</p>	<p>【BIFFL】 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>【BIFFL】 [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>【BIFFL】 —</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>【BIFFL】 Almost of all BIFFL officers working on the investment section has received training on Environment and Social Safeguards offered by ADB.</p>	<p>【BIFFL】 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&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?	【BIFFL】 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.	【BIFFL】 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.	【BIFFL】 Yes. BIFFL currently has four environmental and social consultants.	【BIFFL】 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.	【BIFFL】 ESMF was supported by Technical assistance from donors. BIFFL has one permanent officer to maintain ESMS.	【BIFFL】 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.
4. Monitoring and Reporting			
(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.	【BIFFL】 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	【BIFFL】 -

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

(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



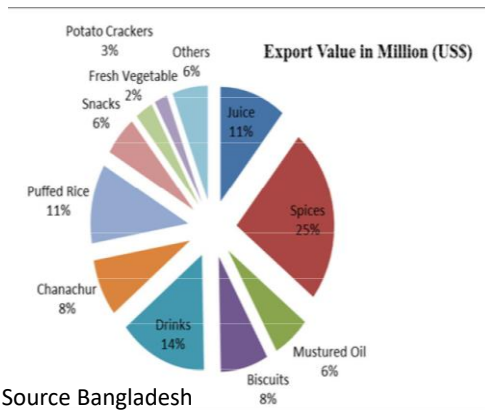
- ❖ Agriculture sector in Bangladesh contributes to around 14.23.% to GDP
- ❖ It provides employment about 40.62 percent of the labour force.
- ❖ The agro-food processing industry contributes about 8.0 per cent to manufacturing output in Bangladesh which now accounts for about 1.7 per cent of gross domestic 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

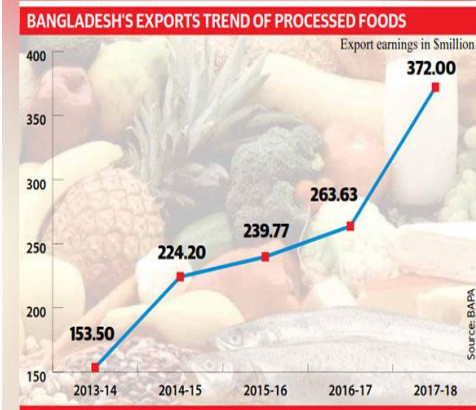
EXPORT SCENARIO of this Sector



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



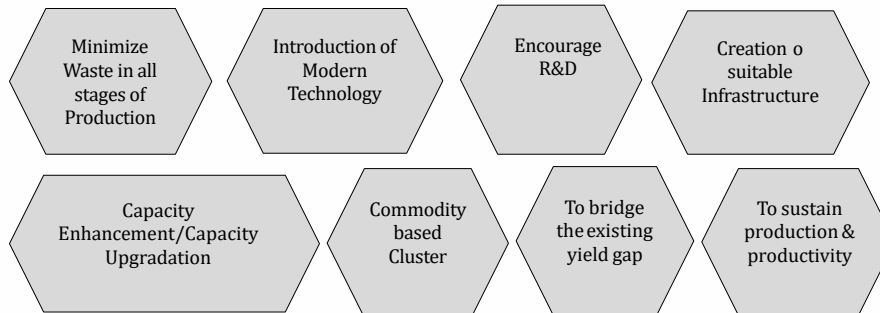
Source BAPA 2019

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

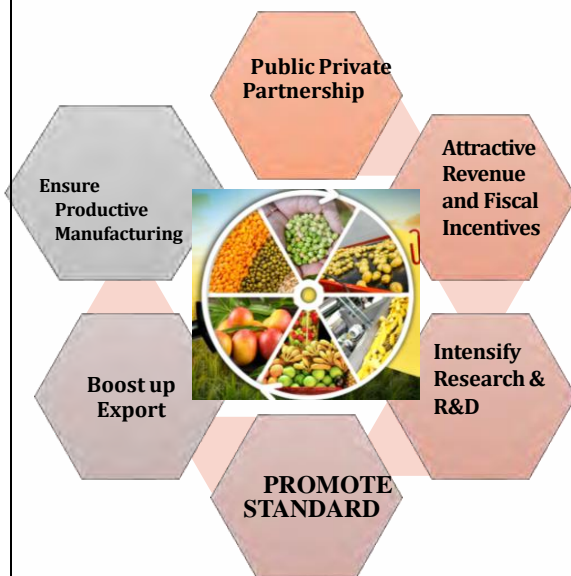
- food processing units and cold chain infrastructure, Government will offer interest subsidy of 5% per annum on the term loan

Export Cash Subsidy

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

25

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

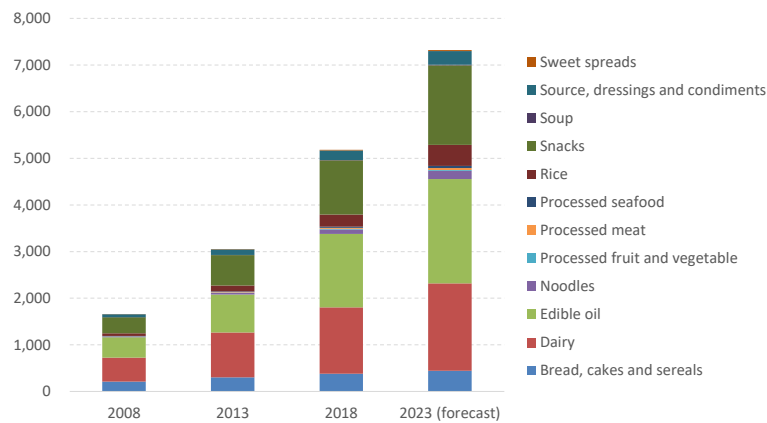
Takuji Kameyama

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)



(Source) Euromonitor International

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.

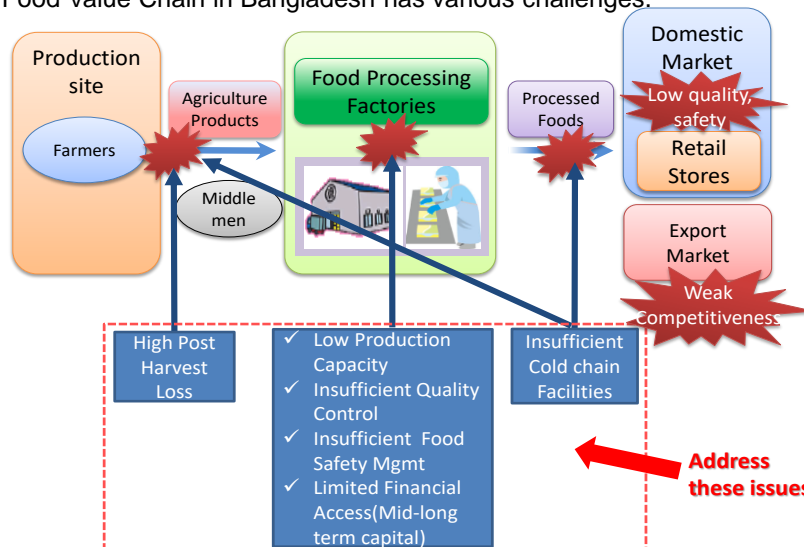
Value Added Ratio and Proportion of Food Processing Industry to GDP

	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%
Bangladesh	13.5%	2.7%

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

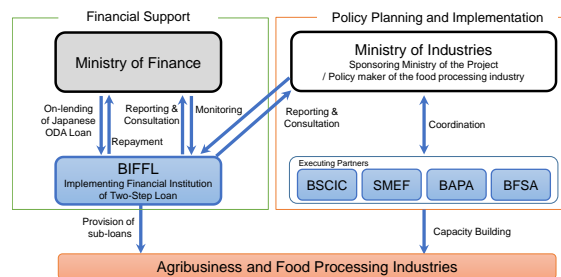
- ✓ Formulates necessary policy, rules and regulations to create conducive environment for the Project and coordinates with BIFFFL and the Executing Partners for the successful implementation of the Project.

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.

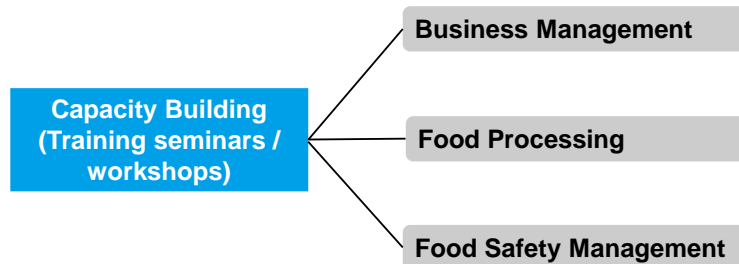
6. Eligible Business Sectors for Investment

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

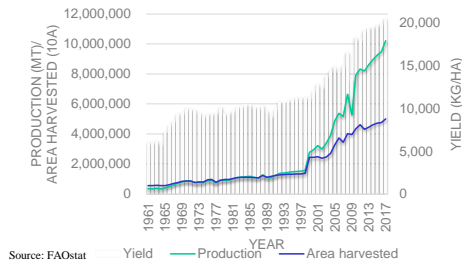


Figure Potato production, area harvested, and yield

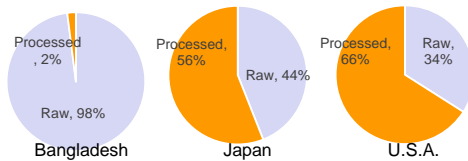


Figure Potato processed ratio in Bangladesh, Japan and U.S.A.

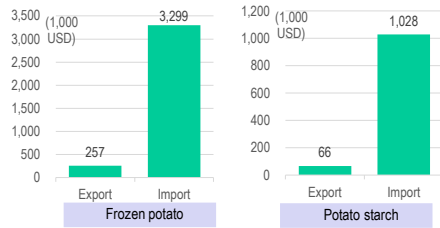
Source: Bangladesh: Catalyst (2016), Study on the roles and opportunities for private sector in agro-food processing industry of Bangladesh etc.

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

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

2. Food Value Chain Analysis (Potato)

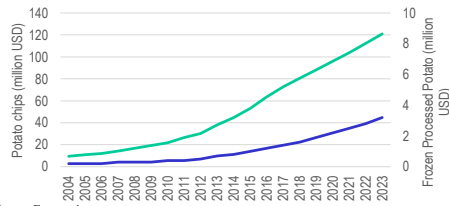
Current situation and issues



- ✓ 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



- ✓ **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

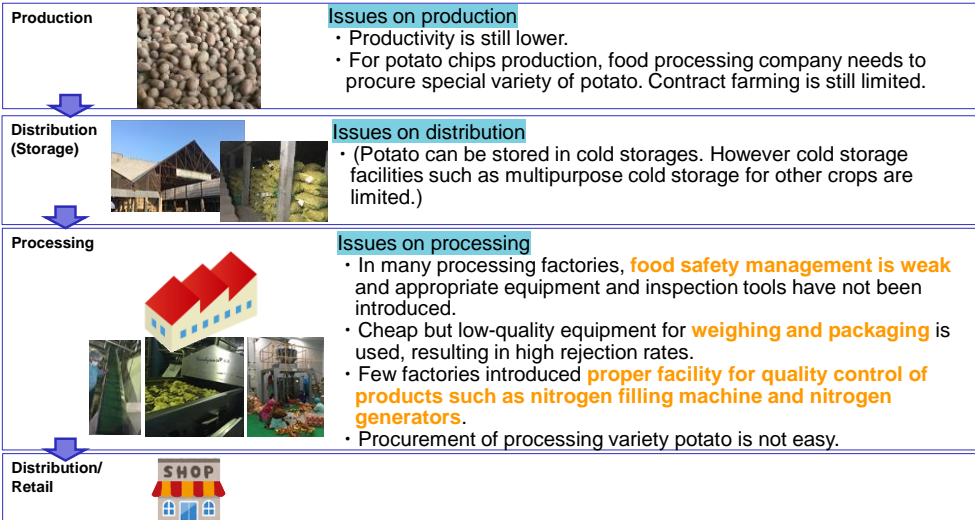
Source: Euromonitor

— Potato Chips — Frozen Processed Potato

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

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



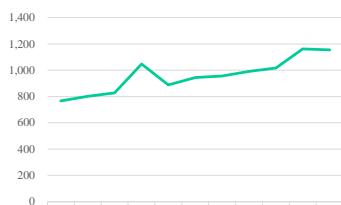
High quality weighing and packaging machinery



Nitrogen generator

3. Food Value Chain Analysis (Mango)

Current situation and issues



Source: FAO (2017) Food Outlook Special Feature

Figure Mango production in Bangladesh

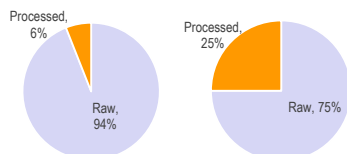


Figure Comparison of Processing Ratio for Mango

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



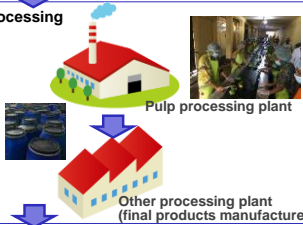

- ✓ The mango production in Bangladesh has been increasing. Mango production in Bangladesh is 1,166 thousand MT, which is 23.6% of the total fruit production (4,948 thousand MT) in 2017–18, and Bangladesh is **the 8th largest mango growing country in the world.**

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



3. Food Value Chain Analysis (Mango)

Current situation and issues

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

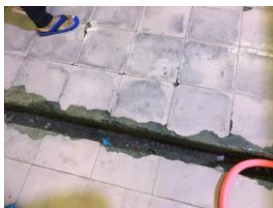


Water residues in processing line

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
Eligible raw materials to be processed	- Mangoes, pineapples and other fruits	
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



Vegetable processing industry

	Eligible	Ineligible
Eligible raw materials to be processed	- Tomatoes, potatoes, and other vegetables	
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



Spice processing industry

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



Rice, wheat and bean processing industry

	Eligible	Ineligible
Eligible raw materials to be processed	- Rice, wheat, and beans	
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



Edible oil producing industry

	Eligible	Ineligible
Eligible raw materials to be processed	- Mustard, rice bran and sesame	
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



Seed Processing industry

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



Organic fertilizer producers / biological pesticide producers

	Eligible	Ineligible
Eligible products	- Organic fertilizers and biological pesticide	- Chemical fertilizer and chemical pesticide



Logistic industries, wholesalers and transport industries

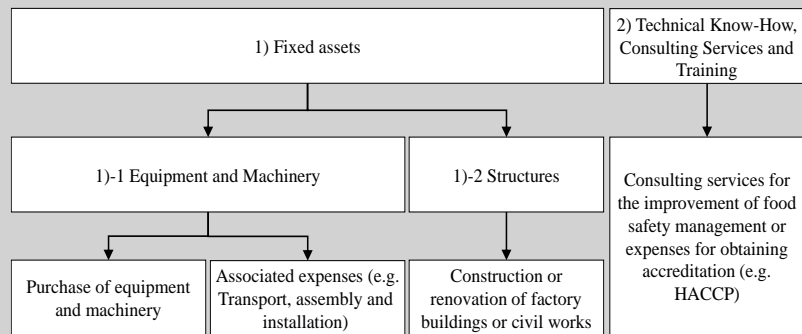
	Eligible	Ineligible
Eligible investment items	<ul style="list-style-type: none"> - Fixed asset for the cold chain of food products, such as vehicles and warehouses with freezing, refrigerating or humidity or temperature controlling equipment - Technical know-how, consulting services and training 	<ul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



Retail industries (including supermarkets)

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

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



1

Application Procedure for Loans



Sheikh Anower Sadat
Assistant Vice President

2

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.

Bangladesh Infrastructure Finance Fund Limited (BIFFL)
Unique Heights, Level-3 Borak, 117 Kazi Nazrul Islam Ave,
Dhaka 1217



4

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.

5

Sub-project



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

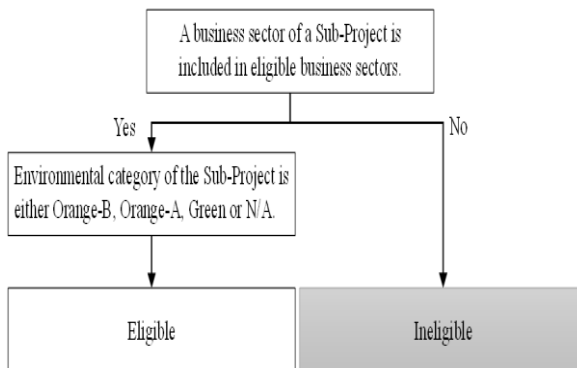
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Environment Conservation Rules (ECR)



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

7



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



Environmental Eligibility Criteria

8

Step 2 Credit Appraisal Process

9

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.

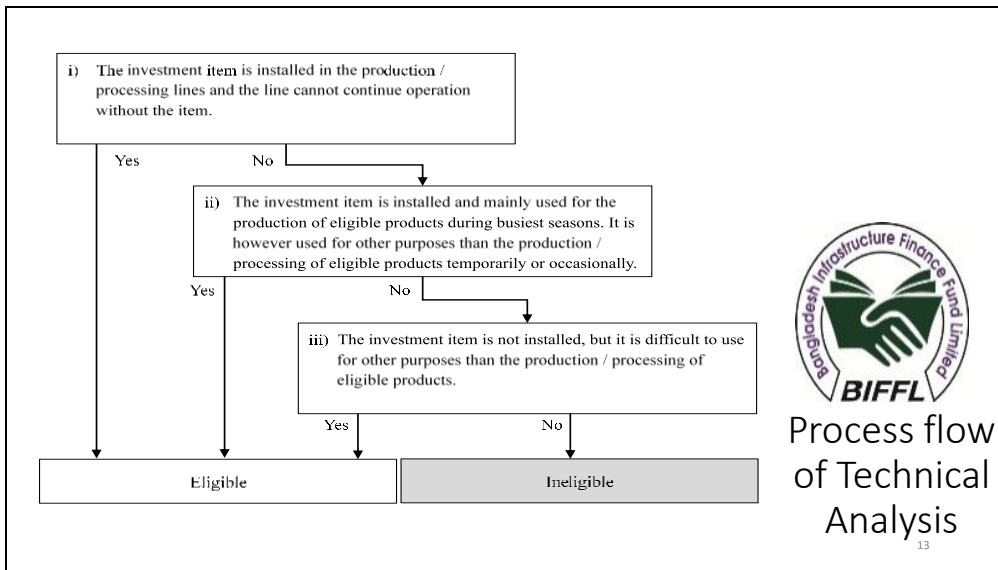
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Financial Analysis



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

12



Component to be checked by BIFFL

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

BIFFL (Bangladesh Infrastructure Finance Fund Limited)

14

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.

17

Other key points



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

18

Thanks

Appendix 11 Reference information on food processing and other eligible equipment

Examples of machinery and facilities

	Target industry	Product examples	Typical Items	Typical machinery and facilities	
				Production	Hygiene management
1	Fruit processing industry	Fruit puree	Mango Guava	Ripening room	Temperature & Humidity control
				Storing room	Fresh Air changing arrangement
				Washer	Drainage facility
				Crusher	Waterproof floor/wall
				Decanter centrifuge	Swing door
				Mixer	Plastic curtain
				Tank	Foot bath/hand bath
				Pasteurizer	Partition wall
				Conveyer/pipes	Ventilator
				Metal detector	Air conditioner
				X-ray detector	ATP tester
				Vacuum seamer	Laboratory
				Heat sterilizer	
				Cooling machine	
		Labeler			
		CIP System			
		Packaging / Cartoning machine			
		Warehouse / Store			
		Fruit juice/drink	Mango Papaya Pineapple Guava Pomelo Tangerine Mandarine etc	Ripening Room	Temperature & Humidity control
				Storing room	Fresh Air changing arrangement
				Washer	Drainage facility
				Peeler	Waterproof floor/wall
				Decorer	Swing door
				Cutter	Plastic curtain
				Crusher	Foot bath/hand bath
				Decanter centrifuge	Partition wall
				Mixer	Ventilator
				Tank	Air conditioner
Pasteurizer	ATP tester				
CIP System	Laboratory				
Conveyer/pipes					
Metal detector					
X-ray detector					
Bottling machine					
Labeler					

				Automatic bottling system	
				Automatic packing	
				Wrapping / Cartoning machine	
				Cold storage	
		Dried fruit Fruit chips	Mango Pineapple Papaya Banana Jackfruits etc	Ripening Room	Temperature & Humidity control
				Storing room	Fresh Air changing arrangement
				Washer	Drainage facility
				Peeler	Waterproof floor/wall
				Decorer	Swing door
				Cutter	Plastic curtain
				Blanching machine	Foot bath/hand bath
				Air dryer	Partition wall
				Sun drying facility	Ventilator
				Freeze dryer	Air conditioner / Dehumidifier
				Vacuum fryer	ATP tester
				CIP System	Laboratory
				Seasoner	
				Conveyer/pipes	
				Packer	
		Metal detector			
		X-ray detector			
		Packer			
		Nitrogen generator			
		Frozen fruit/ice bar	Mango Papaya Pineapple Dragon fruits etc	Ripening Room	Temperature & Humidity control
				Storing room	Fresh Air changing arrangement
				Washer	Drainage facility
				Peeler	Waterproof floor/wall
				Decorer	Swing door
				Cutter	Plastic curtain
				Blanching machine	Foot bath/hand bath
				Seasoner	Partition wall
				Molder	Ventilator
				Conveyer	Air conditioner
				Metal detector	ATP tester
				X-ray detector	Laboratory
				Blast freezer	
				IQF machine	
				Packer	
		CIP System			
		Freezing Van			
		Freezer storage			

2	Vegetable processing industry	Canned fruit	Mango Pineapple Guava Papaya Pomelo Tangerine Mandarinine etc	Nitrogen generator	
				Ripening Room	Temperature & Humidity control
				Storing room	Fresh Air changing arrangement
				Washer	Drainage facility
				Peeler	Waterproof floor/wall
				Decorer	Swing door
				Cutter	Plastic curtain
				Syrup filler	Foot bath/hand bath
				Vacuum seamer	Partition wall
				Heat sterilizer / Retort	Ventilator
				CIP System	Air conditioner
				Conveyer/pipes	ATP tester
				Cooling machine	Laboratory
				Labeler	
				Wrapping / Cartoning machine	
	Warehouse / Store				
	Vegetable processing industry	Dried vegetable	Cabbage Carrot Spinach Onion Garlic etc	Storing room	Fresh Air changing arrangement
				Washer	Drainage facility
				Peeler	Waterproof floor/wall
				Cutter	Swing door
				Blanching machine	Plastic curtain
				Air dryer	Foot bath/hand bath
				Sun drying facility	Partition wall
				Freeze dryer	Ventilator
				Conveyer	Air conditioner / Dehumidifier
				Metal detector	ATP tester
				X-ray detector	Laboratory
Packer					
Cartoning machine					
Warehouse / Store					
Vegetable processing industry	Vegetable chips	Potato Taro Bell pepper Bitter gourd etc Carrot	Storing room	Fresh Air changing arrangement	
			Washer	Drainage facility	
			Peeler	Waterproof floor/wall	
			Cutter	Swing door	
			Fryer	Plastic curtain	
			Deoiler	Foot bath/hand bath	
			Vacuum fryer	Partition wall	
			Oil filter / Centrifuge	Ventilator	
			Seasoning Machine	Air conditioner	
			Central Cleaning system	ATP tester	
Packer	Laboratory				

				Cartoning machine	
				Conveyer	
				Metal detector	
				X-ray detector	
				Warehouse / Store	
				Nitrogen generator	
		Frozen vegetable	Okra Taro Spinach	Storing room	Fresh Air changing arrangement
				Washer	Drainage facility
				Cutter	Waterproof floor/wall
				Blanching machine	Swing door
				Conveyer	Plastic curtain
				Metal detector	Foot bath/hand bath
				X-ray detector	Partition wall
				Blast freezer	Ventilator
				IQF machine	Air conditioner
				Packer	ATP tester
				Freezing Van	Laboratory
				Freezer storage	
		Puree Ketchup Sauce	Tomato Onion Garlic Celery	Storing room	Fresh Air changing arrangement
				Washer	Drainage facility
				Peeler	Waterproof floor/wall
				Crusher	Swing door
				Cooker	Plastic curtain
				Strainer	Foot bath/hand bath
				Mixer	Partition wall
				Tank	Ventilator
				Pasteurizer	Air conditioner
				Filler	ATP tester
				Capper	Laboratory
				Labeler	
				Conveyer/pipes	
				Metal detector	
				X-ray detector	
CIP System					
Cartoning machine					
Warehouse					
Canned vegetables	Corn Baby corn Beans Peas etc	Storing room	Fresh Air changing arrangement		
		Washer	Drainage facility		
		Peeler	Waterproof floor/wall		
		Decorer	Swing door		
		Cutter	Plastic curtain		

				Seasoning filler	Foot bath/hand bath
				Vacuum seamer	Partition wall
				Heat sterilizer	Ventilator
				Conveyer/pipes	Air conditioner
				Autoclave	ATP tester
				Cooling machine	Laboratory
				Labeler	
				CIP System	
				Cartoning machine	
				Warehouse	
		Pickled vegetables	Green mango Garlic Shatkora Chili Olive Lemon etc	Storing room	Fresh Air changing arrangement
				Washer	Drainage facility
				Peeler	Waterproof floor/wall
				Cutter	Swing door
				Mixer	Plastic curtain
				Tank	Foot bath/hand bath
				Sterilizer / Pasteurizing / Cooking	Ventilator / Heat Exhaust system
				Cooling machine	Air conditioner
				Bottling machine	Partition wall
				Capping	Ventilator
				Conveyer	ATP tester
				Metal detector	Laboratory
				X-ray detector	
				Cartoning machine	
				Warehouse	
				3	Spice processing industry
Drying System / Moisture control	Hot Air exhaust system				
Color sorter	Drainage facility				
Length grader	Waterproof floor/wall				
Conveyer	Swing door				
Metal detector	Plastic curtain				
Roaster	Foot bath/hand bath				
Pulverizer	Partition wall				
Hammer mill	Ventilator				
Screener	Air conditioner / Dehumidifier				
Blender	ATP tester				
Sterilizer	Laboratory				
Conveyer					
Metal detector					
X-ray detector					
Packer					

		Chili sauce	Chili Tomato Onion Garlic etc	Cartoning machine	
				Warehouse	
				Storing room	Fresh Air changing arrangement
				Washer	Drainage facility
				Soaking machine	Waterproof floor/wall
				Mincer	Swing door
				Crusher	Plastic curtain
				Peeler	Foot bath/hand bath
				Transfer system by Pump	Partition wall
				Strainer	Ventilator
				Mixer	Air conditioner
				Tank	ATP tester
				Pasteurizer / Cooking	Heat exhaust system
				Filler	Laboratory
				Capping system	
				Conveyer/pipes	
				Metal detector	
				X-ray detector	
		Packer			
		CIP System			
		Cartoning machine			
		Warehouse			
		Fried onion Fried garlic	Onion Garlic	Storing room	Fresh Air changing arrangement
				Washer	Drainage facility
				Peeler	Waterproof floor/wall
				Cutter	Swing door
				Fryer	Plastic curtain
				Deoiler / Centrifuge	Foot bath/hand bath
				Conveyer	Partition wall
				Metal detector	Ventilator
X-ray detector	Air conditioner				
Pillow / Pouch Packing	ATP tester				
Packer / Cartoning machine	Laboratory				
Warehouse					
4	Cereal and pulse processing industry	Vermicelli	Rice	Storing room	Fresh Air changing arrangement
				Mixer	Drainage facility
				Steamer	Waterproof floor/wall
				Kneader	Swing door
				Extruder	Plastic curtain
				Boiler	Foot bath/hand bath
				Dryer	Partition wall

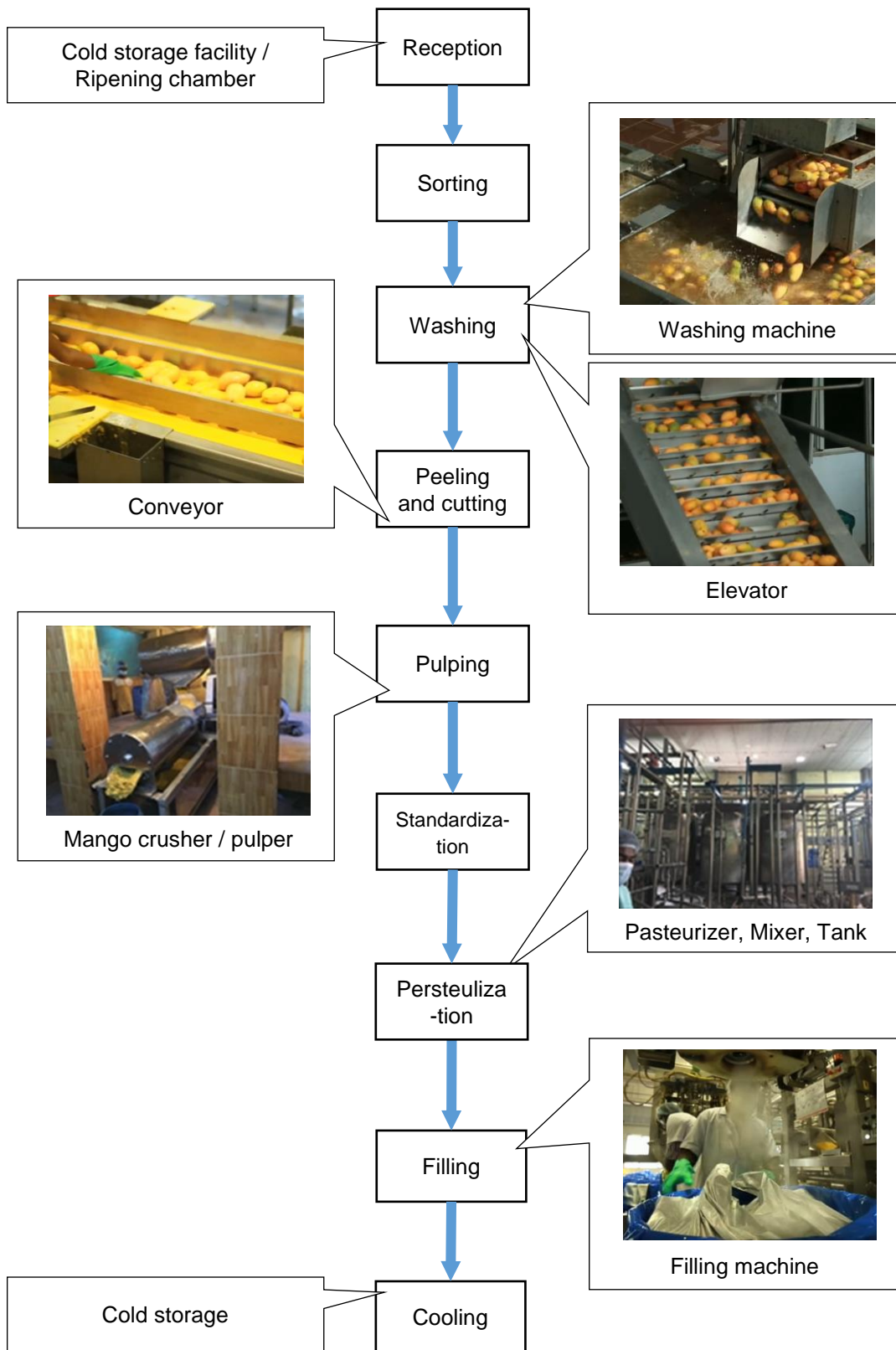
				Conveyer	Ventilator
				Metal detector	Air conditioner
				X-ray detector	ATP tester
				Packer	Air conditioner / Dehumidifier
				Cartoning machine	Laboratory
				Warehouse	
		Paratha Somosa Bread Cake Cracker Chips	Wheat etc	Glutine checking machine	Fresh Air changing arrangement
				Mixer	Drainage facility
				Kneader	Waterproof floor/wall
				Mill roll	Swing door
				Moulder	Plastic curtain
				Oven	Foot bath/hand bath
				Fryer	Partition wall
				Deoiler / Centrifuge	Ventilator
				Seasoner	Air conditioner
				Oil filter	ATP tester
				Metal detector	Laboratory
				X-ray detector	
				UV sterilizer	
				Conveyer	
				Packer	
		Blast freezer			
		Freezer / Cold room			
		Nitrogen generator			
		Chanatur	Beans/pea	Batch preparation / weighing	Fresh Air changing arrangement
				Mixer	Drainage facility
				Extruder	Waterproof floor/wall
				Fryer	Swing door
				Deoiler / Centrifuge	Plastic curtain
				Seasoner	Food bath/hand bath
				Conveyer	Partition wall
				Packer	Ventilator
				Conveyer	Partition wall
Metal detector	Air conditioner				
Cartoning machine	ATP tester				
Warehouse	Laboratory				
5	Edible oil producing industry	Edible oil	Mustard Sesame Rice bran	Shorting	Fresh Air changing arrangement
				Cleaner	Drainage facility
				Seed grader	Waterproof floor/wall
				Roaster	Swing door
				Expeller	Plastic curtain

				Filter press	Foot bath/hand bath
				Tank	Partition wall
				Conveyer/pipes	Ventilator
				Metal detector	Air conditioner
				X-ray detector	ATP tester
				Bottling machine / Pouch packer	Laboratory
				Labeler	
				Cartoning machine	
				Warehouse	
6	Seed production industry	Cereal seed Vegetable seed Fruit seedlings		Seed cleaner	Fresh Air changing arrangement
				Length grader	
				Gravity sorter	
				Color sorter	
				Seed coating machine	
				Seed pelletizer	
				Packer	
				Warehouse	
7	Organic fertilizer production industry	Organic fertilizer		Composting facility	Fresh Air changing arrangement
				Aeration system	
				Turning-over vehicle	
				Transportation vehicle	
				Crusher	
				Mixer	
				Combined composter	
				Pelletizer	
				Packer / Bagging machine	
				Warehouse	
8	Wholesale, logistics and transport industries			Warehouse	Fresh Air changing arrangement
				Racking system	Drainage facility
				Cold storage	Swing door
				Refrigerator truck	Plastic curtain
					Ventilator
					Air conditioner
					ATP tester
9	Retail industries (including super markets)			Racking system	Fresh Air changing arrangement
				Ladder display	Drainage facility
				Cold showcase	Waterproof floor/wall
				Cold storage / Cold Room	Swing door
					Plastic curtain
					Foot bath/hand bath
					Partition wall

					Ventilator
					Air conditioner
					ATP tester

Mango pulp

<Production processes>



<Examples of equipment>

Mango pulp production line (500 MT / day)

	Price	No. of Unit	Recommended specification
Mango crusher	10 lac	(2 units)	✓ Aseptic processing line is recommended for better quality and preservability. ✓ Introduction of automated CIP (Cleaning in Place) and/or SIP (Sterilizing in Place) is recommended.
Mango pulper	8 lac	(2 units)	
Pasteurizer	50 lac	(2 units)	
Vacuum evaporator	15 lac	(1 unit)	
Elevator	7 lac	(1 unit)	
Conveyor	15 lac	(1 unit)	
Storage tanks	48 lac	(4 units)	
Plastic drums	200 lac	-	
Others	97 lac		
- Generators			
- Boilers			
Total	450 lac		

<Example of recommended equipment>

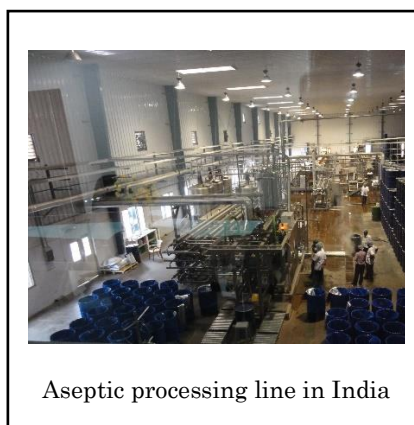
Aseptic processing line

Foods that contain water are rotten and deformed due to propagation of microorganisms such as mold, yeast, and bacteria. By eliminating microorganisms in foods, it is possible to improve the preservability of foods.

An aseptic processing line is to package sterilized food in a sterile environment using aseptic packaging materials.

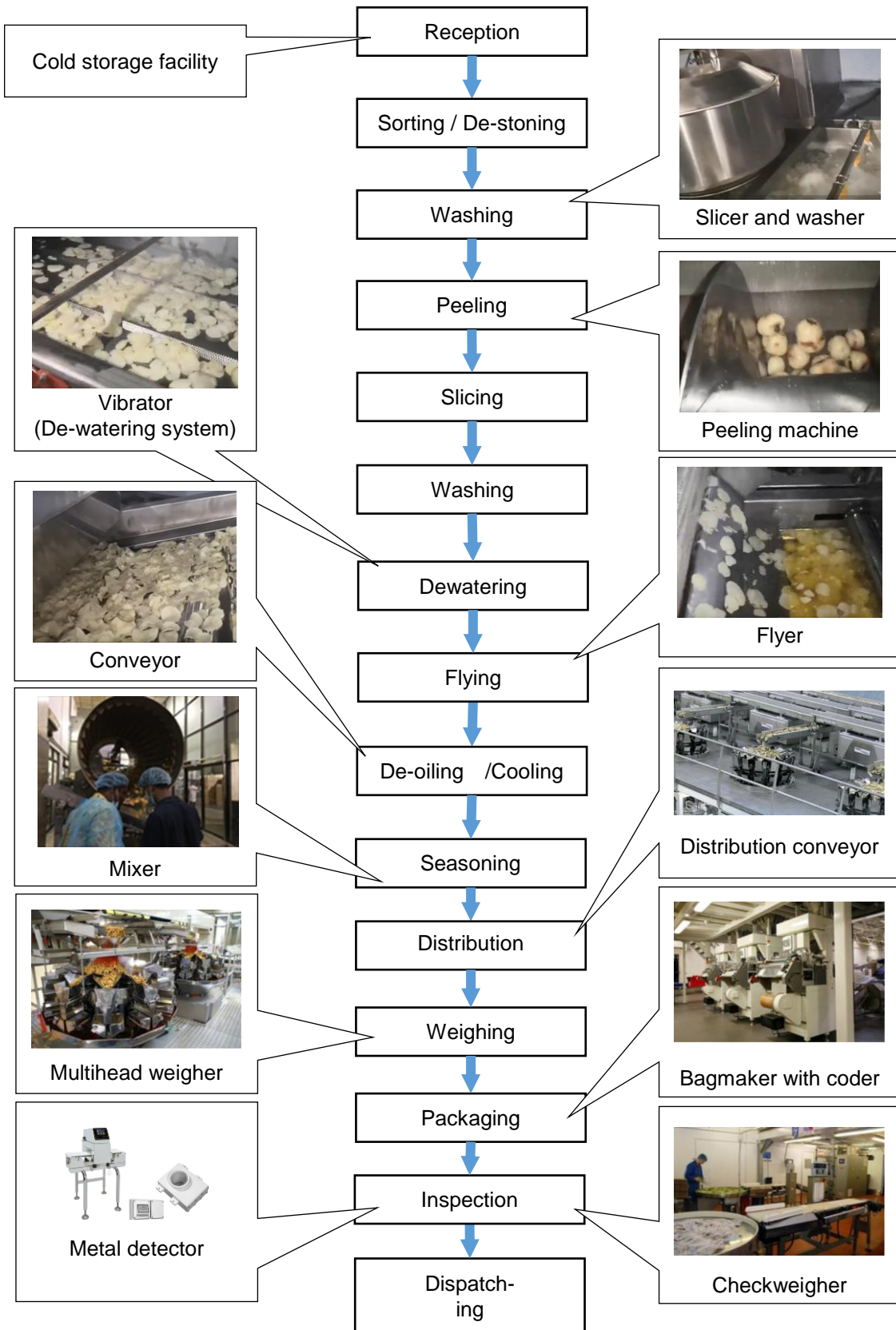
A quality of food processed by an aseptic processing line can be kept at room temperature. Due to its long-term storage properties at room temperature, cost for freezing and chilled storage and transportation can be reduced.

The aseptic processing line generally requires (i) sterilization and disinfection facilities for sterilizing food, (ii) facilities for sterilizing packaging materials, and (iii) aseptic packaging machines.



Potato chips

<Production processes>



<Examples of equipment>

Potato chips production line (200kg / hour)

	Price	No. of Unit	Recommended specification
Lifter	-	1 unit	
De-stone machine	-	1 unit	
Conveyor	-	1 unit	
Peeling machine	-	1 unit	✓ Structure of machine is easy to clean.
Slicer	-	1 unit	✓ Structure of machine is easy to clean.
Washing machine	-	1 unit	
De-watering system	-	1 unit	
Flyer	-	1 unit	✓ Cocking part is covered to avoid contamination of foreign matters and splashing oil.
De-oil vibration machine		1 unit	
Seasoning machine / mixer		1 unit	
Others (Pipes, pumps etc.)		1 set	
Total	USD 400,000	(FOB price)	

<Example of recommended equipment>

Ishida Multi-head weigher and Bagmaker

Ishida RV series is a fully automated multi – head weigher which works at high speed (210 weighments per minute) and with high accuracy (0.5-1.0 grams).

The bagmaker is also high speed, which can pack a wider range of formats, from pillow packs to gusset and block-bottom packs. Ishida provides several range of bagmaker, such as 65 bag per minute (bpm), 170 bpm, 200bpm and 300bpm.

Using such multi-head weigher and bagmaker, a plant would be able to avoid losses from mismeasurement or packaging errors.



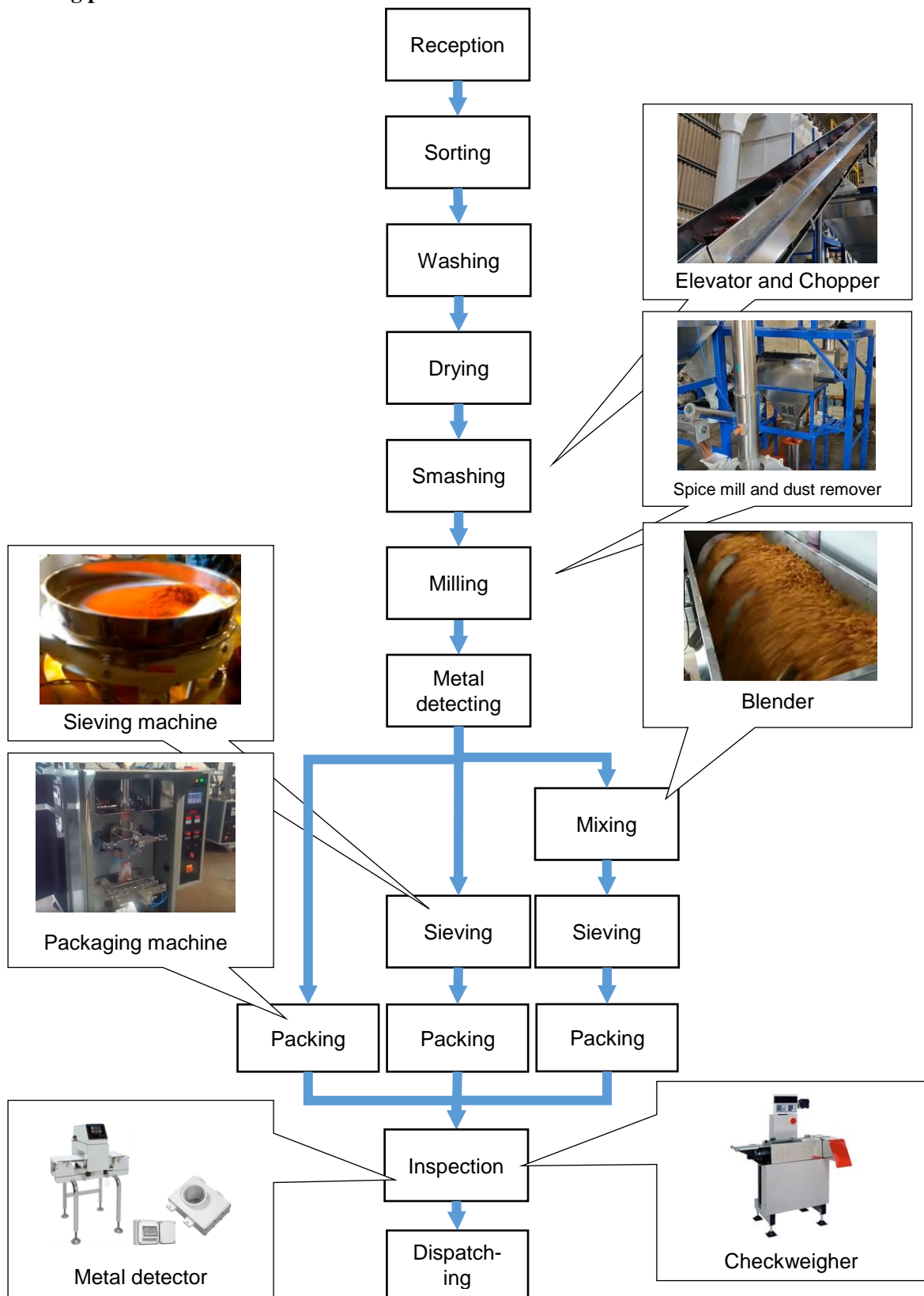
Multi-head weigher



Bagmaker with Coder

Spice

<Milling processes>



<Examples of equipment>

Spice processing line (200kg / hour)

	Price	No. of Unit	Recommended specification
<Crushing and drying>			✓ Processing parts is covered to avoid contamination of foreign matters
Hopper	-	1 unit	
Elevator	-	1 unit	
Chopper	-	1 unit	✓ Structure of machine is easy for cleaning
Conveyor	-	1 unit	
Air lock valve	-	1 unit	
Dust collector	-	1 unit	
Dryer		1 unit	
<Grinding and sieving>			✓ Processing parts is covered to avoid contamination of foreign matters
Conveyor		1 unit	
Spice mill		1 unit	✓ Easy to disassemble and clean
Air lock valve		1 unit	
Dust collector		1 unit	✓ Easy to disassemble and clean
Sieving machine		1 unit	✓ Easy to disassemble and clean
<Blending and sieving>			✓ Processing parts is covered to avoid contamination of foreign matters
Screw conveyor		1 unit	
Blender		1 unit	✓ Easy to disassemble and clean
Sieve separator		1 unit	✓ Easy to disassemble and clean
<Others>			✓
Packing machine		1 unit	✓ Easy to disassemble and clean
Printer		1 unit	
Others			
Total	USD 150,000	(FOB price)	

<Example of a recommended equipment>

Ishida metal detectors and check-weighers

Metal detectors and check-weighers are essential equipment for the inspection of final products.

Using a metal detector, it is possible to reduce food safety risks, since metal pieces are most likely to be mixed as toxic foreign substances, and are likely to cause health hazards if ingested.

Ishida IND series is one of the examples of recommended metal detectors which achieved high precision detection. It can also handle a wide range of products.

Ishida Checkweighers, which is applicable for both loose bags and stackered packages for moulded biscuits, are also recommended to achieve high precision inspection of the weight of final products.



Metal Detectors



Check-weigher & Rotary Table

<Example of a recommended equipment>

Color sorter

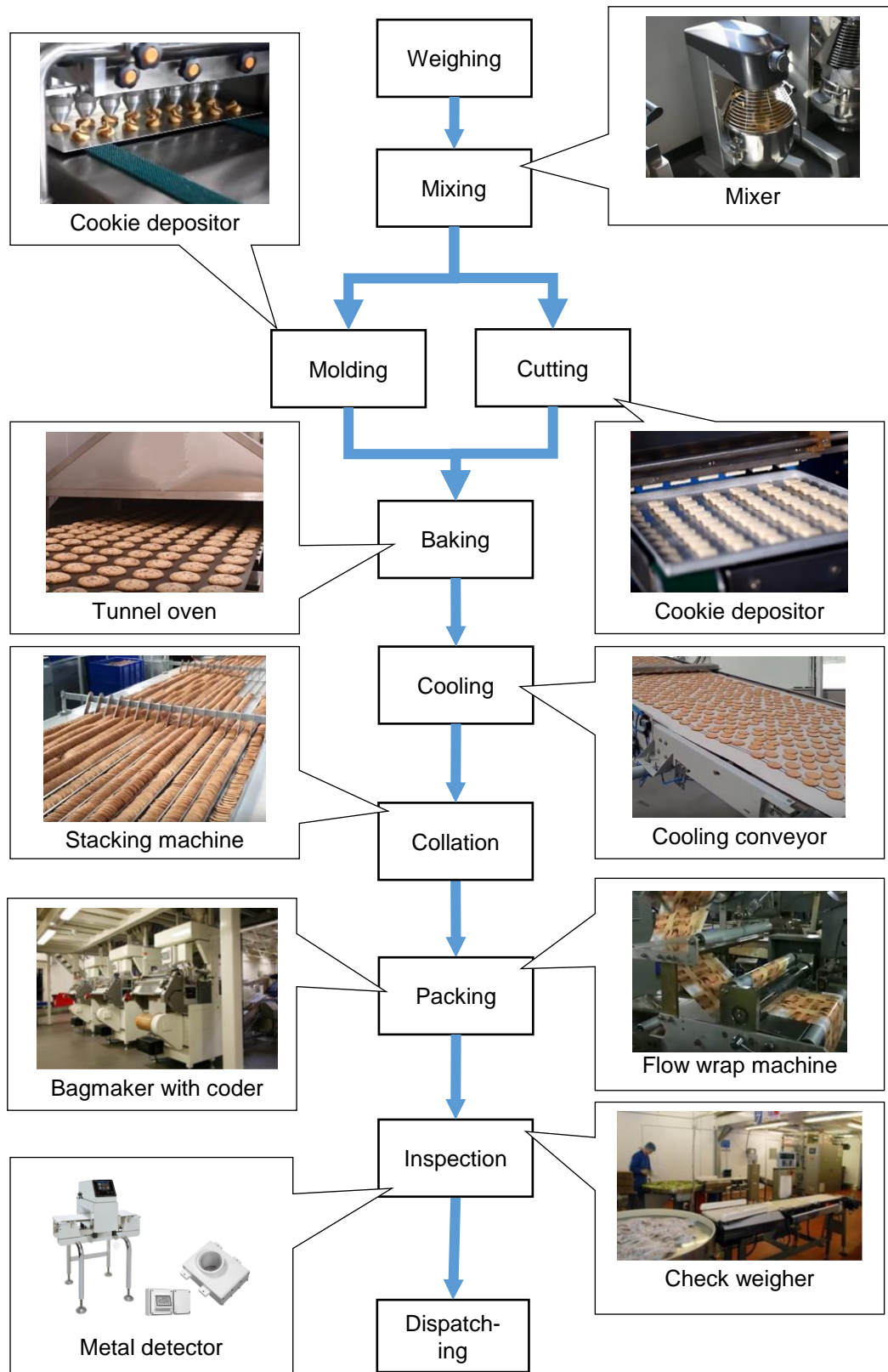
By using the combined technologies of optical cameras, air separator, static electricity and the near-infrared, foreign objects such as tiny dark colored pieces even hairs, bones, insects or thin films can be rejected from spices. Such foreign objects cannot be captured by other inspection equipment, such as X ray or metal detectors.



Color sorter

Cookies

<Production processes>



<Examples of equipment>

Cookie production line (200kg / hour)

	Price	No. of Unit	Recommended specification
Mixer	8,500	1 unit	✓ Easy to disassemble and clean
Cookie depositor	22,000	1 unit	✓ Easy to disassemble and clean
Baking tunnel oven	50,000	1 unit	
Cooling conveyor	8,500	1 unit	
Stacking machine	5,000	1 unit	
Packing machine	18,000	1 unit	✓ Packing machine with gas filling devices is recommended for quality control purpose.
Others	63,000	1 set	
Total	USD 175,000	(FOB price)	

<Example of recommended equipment>

Ishida Multi-head weigher and Bagmakers

Ishida RV series is a fully automated multi – head weigher which works at high speed (210 weighments per minute) and with high accuracy (0.5-1.0 grams).

The bagmaker is also high speed, which can pack a wider range of formats, from pillow packs to gusset and block-bottom packs. Ishida provides several range of bagmaker, such as 65 bag per minute (bpm), 170 bpm, 200bpm and 300bpm.

Using such multi-head weigher and bagmaker, a plant would be able to avoid losses from mismeasurement or packaging errors.



Multi-head weigher



Bagmaker with Coder

<Example of recommended equipment>

Ishida metal detectors and check-weighers

Metal detectors and check-weighers are essential equipment for the inspection of final products.

Using a metal detector, it is possible to reduce food safety risks, since metal pieces are most likely to be mixed as toxic foreign substances, and are likely to cause health hazards if ingested.

Ishida IND series is one of the examples of recommended metal detectors which achieved high precision detection. It can also handle a wide range of products.

Ishida Checkweighers, which is applicable for both loose bags and stackered packages for moulded biscuits,

are also recommended to achieve high precision inspection of the weight of final products.



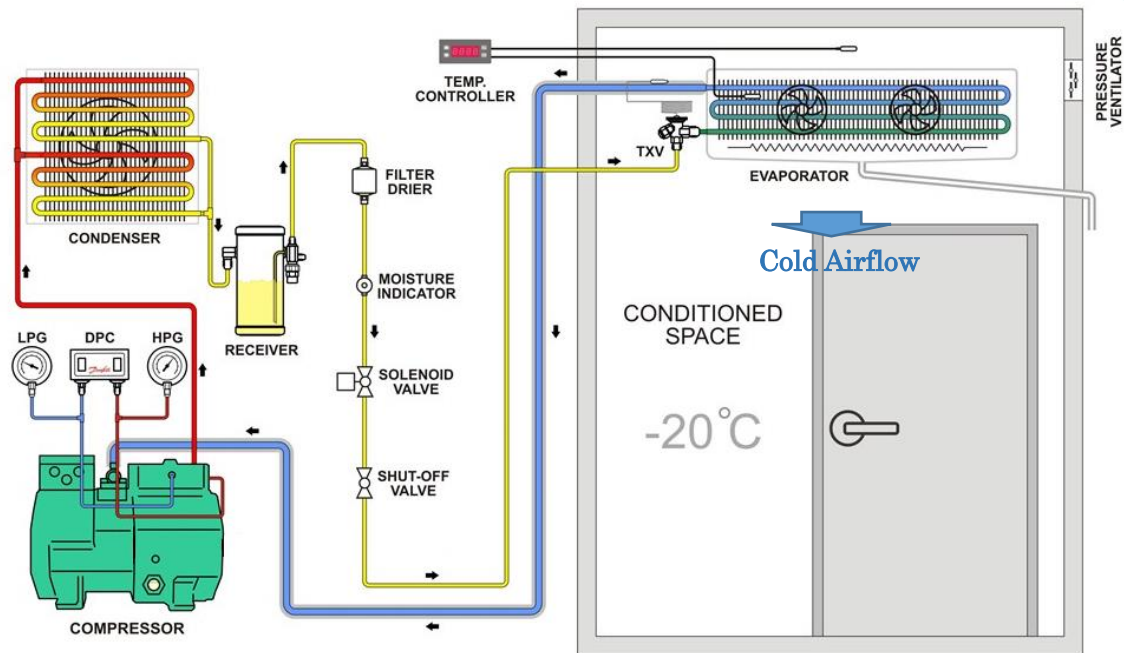
Metal Detectors



Check-weigher & Rotary Table

Cold Storage Facility

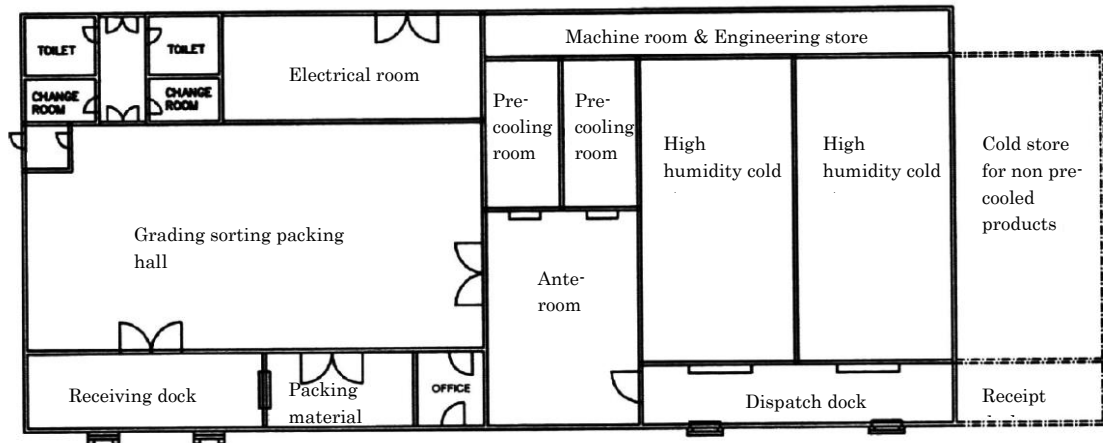
<Refrigeration system>



Refrigerant is compressed by the Compressor into high pressure and high temperature gas, which is pumped to Condenser. Condenser then cools and liquefies the high pressured and high temperature refrigerant by outside air. Through vaporizing refrigerant by Evaporator, the air temperature in a chamber is lowered, which is then circulated by Fan.



Sample layout of multi-purpose cold storage facility



<Example of a recommended equipment>

Mayekawa J series Compressor

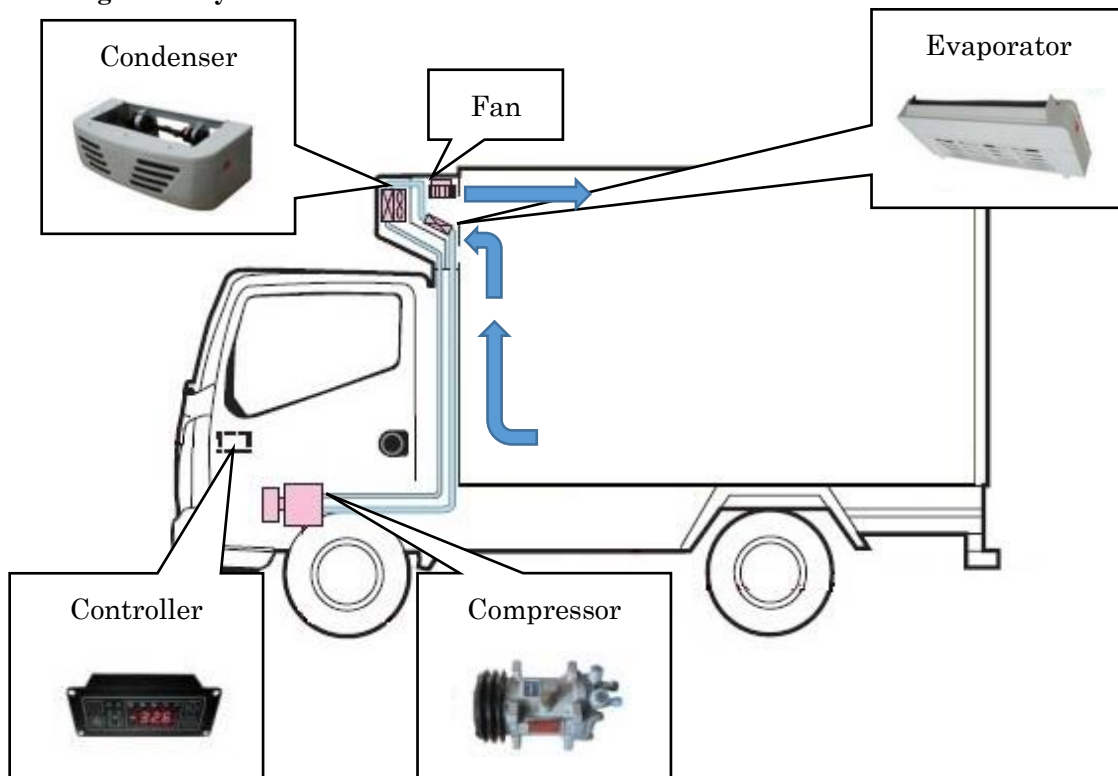
This is a screw compressor, which can function in the wide range of operational conditions. The specification of this compressor is as follows;

- Refrigerant: NH₃, CO₂, HC
- Maximum operating discharge pressure: 3.2 MPaG
- Maximum operating suction pressure: 1.0 MPaG
- Oil feed: Differential oil feeding
- Maximum speed of rotation: 4500 rpm
- Theoretical displacement @3550rpm: 610 m³/h
- Weight: 715 kg



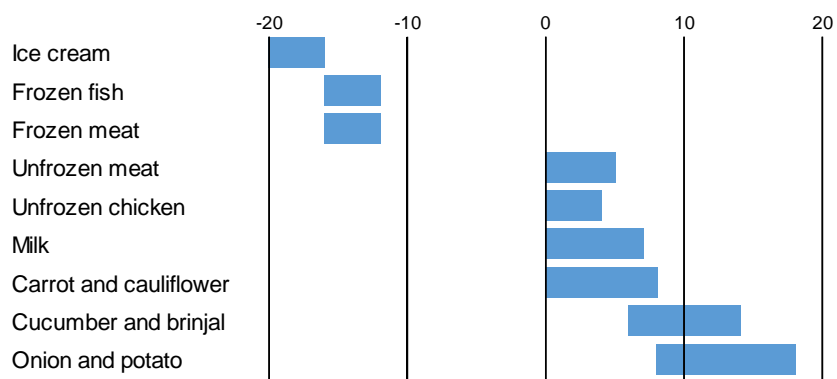
Refrigerator / freezing / insulation vans

<Refrigeration system>



Refrigerant is compressed by the Compressor into high pressure and high temperature gas, which is pumped to Condenser. Condenser then cools and liquefies the high pressured and high temperature refrigerant by outside air. Through vaporizing refrigerant by Evaporator, the air temperature is lowered, which is then circulated by Fan.

Appropriate temperature in a refrigerator and freezing van is different from product to product.



<Examples of equipment>

	Price	No. of Unit	Recommended specification
Compressor	USD 15,000	1 unit	
Condenser		1 unit	
Evaporator		1 unit	
Fan		1 unit	
Controller		1 unit	
Freezer box		1 unit	
Van	USD 15,000	1 unit	
Total	USD 30,000	(FOB price)	

<Example of recommended equipment>

DNP Smart Insulation Box >

- Outer size : W1,075×D1,075×H1,080 (mm)
- Inner size : W1,005×D1,005×H1,000 (mm)
- Capacity : 1,000L
- Weight : 35kg (Main Body)
- Insulation material : VIP (Vacuum Insulation Panel)



“DNP Smart Insulation Box” can be loaded on normal vans without any special installation works.

Due to its high insulation capacity, it can maintain low temperature for a long time (e.g. 8 hours) without any electricity consumption.

