



Bangladesh: PRAN Agribusiness Project

Project Name	PRAN Agribusiness Project
Project Number	46904-014
Borrower/Company	SYLVAN AGRICULTURE LIMITED
Country	Bangladesh
Location	
Approval Number	7358/2883
Type of ADB Assistance / Amount	7358/2883 Loan USD 25.10 million Approved
Strategic Agendas	Inclusive economic growth
Drivers of Change	Private sector development
Sector / Subsector	Agriculture, natural resources and rural development - Agro-industry, marketing, and trade
Gender Equity and Mainstreaming	
Responsible ADB Department	Private Sector Operations Department
Responsible ADB Division	Portfolio Management Division, PSOD
Responsible ADB Officer	Singh, Samarendra
Project Sponsor(s)	
Description	<p>PRAN Agribusiness Project</p> <p>ADB will support the development of new agribusiness production facilities by PRAN, the largest food and agribusiness group in Bangladesh. As part of its vertical integration and import substitution strategy, PRAN will invest in a liquid glucose plant and a flour mill. The project also includes a frozen food processing plant. Frozen food produced will be mainly flat breads made from flour. Maize and wheat will be procured from local farmers to produce liquid glucose and flour. ADB will provide a \$25.1 million loan to the new project company, which will be guaranteed by several existing group companies.</p> <p>This is ADB's first non-sovereign agribusiness project since 1985. It reflects PSOD's strategy of being more active in sectors with high development impact potential, particularly in Asian Development Fund countries such as Bangladesh</p>
Objectives and Scope	<p>The project will help sustain high agricultural growth by connecting farmers to local and global food markets. The project will help strengthen national food security by improving nutrition with affordable, high-quality food products. PRAN will be one of the first groups in Bangladesh to produce flour fortified with vitamins and minerals. The project will create significant employment opportunities for the poor. The project company will hire about 1,000 workers, at least 30% of which will be women. In addition, some 50,000 farmers will benefit from guaranteed purchase from the project. PRAN has been leading the development of contract farming in Bangladesh, with 42,000 farmers already under contract with the group.</p>
Status of Operation/Construction	<p>Financial close was achieved 26 June 2013 and first disbursement occurred shortly thereafter on 3 July 2013. In 13 January 2014, SAL formally notified ADB of their intent to partially cancel the facility corresponding to the flour mill and the frozen food processing plant, amounting to USD 12.95 million. Final disbursement for the liquid glucose plant was achieved on 27 January 2014 and the said plant is ramping up to full operations.</p>
Linkage to Country/Regional Strategy	<p>The project aligns with ADB's agriculture sector strategy. In particular, the Operational Plan for Sustainable Food Security in Asia and the Pacific recommends an _expanded partnership with the private sector_ to attract _more direct investments in productivity enhancement, agro-processing, agro-retailing, and other nonfarm rural business._ Assistance to an integrated food and agribusiness company also addresses the operational plan's objective of _increasing synergy and value addition in the backward and forward linkages along the food and agriculture value chain._ Improved linkages along the value chain enhance productivity, employment opportunities, exports, and regional trade, as well as food security for the poor.</p> <p>Agriculture and natural resources is one of the six sectors identified for ADB assistance under its country partnership strategy for Bangladesh, 2011-2015. In particular, the strategy document mentions that ADB's private sector operations will consider financial support for the food processing industry. The project will benefit from synergies with ADB's sovereign assistance to rural infrastructure and water resource management.</p>

Safeguard Categories	
Environment	B
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	In compliance with ADB's Safeguard Policy Statement (2009), the project is category B for environment, category C for involuntary resettlement, and category C for indigenous peoples. The potential environmental, health, and safety impacts and risks of the project have been identified in the Initial Environmental Examination (IEE), and effective corrective measures to avoid, minimize, or mitigate them are incorporated in the Environmental Management Plan. The project has no involuntary resettlement or impact on indigenous peoples. The institutional capacity and commitment of SAL to manage the project's social and environmental impacts are deemed adequate. Measures to benefit women and facilitate their involvement in constructing and operating the project have been incorporated into project design in accordance with ADB's Policy on Gender and Development (1998). SAL will comply with ADB's Social Protection Strategy and report regularly to ADB on its compliance, and that of its contractors, with national labor laws and their adherence to internationally recognized core labor standards. Information disclosure and consultations with project stakeholders are consistent with ADB requirements
Involuntary Resettlement	The project has no involuntary resettlement or impact on indigenous peoples.
Indigenous Peoples	The project has no involuntary resettlement or impact on indigenous peoples.
Stakeholder Communication, Participation, and Consultation	Consultations have been carried out as part of the IEE study with relevant project stakeholders, especially with the local farmers in surrounding communities who will be providing raw materials for the plants. The participation of beneficiaries will include awareness activities concerning the public health and food safety issues.

Timetable for assistance design, processing and implementation

Concept Clearance	16 Jan 2012
Due Diligence	04 Oct 2012
Credit Committee Meeting	21 Jun 2012 to 21 Jun 2012
Approval	08 Aug 2012
PDS Creation Date	11 Jul 2012
Last PDS Update	17 Sep 2014

Project Page	https://www.adb.org/projects/46904-014/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=46904-014
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