Early Warning System

IFC-604436

Industrial Infrastructure and Logistics Enabling to Advance Private sector growth

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Quick Facts

Countries	Bangladesh
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	U
Voting Date	2020-10-26
Borrower	Government of Bangladesh
Sectors	Industry and Trade, Infrastructure
Investment Type(s)	Advisory Services

Project Description

As stated by the IFC, Temperature Controlled Logistics (TCL) facilities is an integral part of the logistics supply chain. TCLs are crucial for countries with erratic weather changing conditions such as Bangladesh, as perishable products require temperature-controlled means of transportation to markets. Moreover, TCLs are also vital in ensuring quality of product delivery throughout the supply chain. One of the reasons why the TCL industry in Bangladesh continues to be underdeveloped is due to a lack of a national vision for the overall logistics sector. Lack of a National Logistics Strategy translates into absence of policies of guidelines for logistical subsectors such as TCL.

The TCL sector in Bangladesh entails various challenges including lack of an overarching sector policy, operating standards and encompasses regulatory challenges that hinders private participation in this sector. Lack of a policy directive in TCL sector has led to proliferation of captive TCL services that provide sub-par quality services at a comparatively higher cost. Lack of operating standards resulted in absence of compliance whereby products are stacked on the floor without palletization, restricting airflow leading to damage of goods. On the other hand, regulatory challenges have hindered TCL sector from expanding, for instance, key components for TCL facilities are subjected to higher tariff incidences which makes setting up TCL facilities comparatively costlier. Moreover, current regulations restricts foreign investors in logistics including TCL to operate in Bangladesh with limited equity threshold. Although Economic Zones (EZs) are expected to address the constraint of unavailability and higher price of land for establishing TCLs, it does not entail any specific regulatory framework for promoting and setting up of logistics and TCL facilities.

The project aims to improve policy and regulatory framework to enhance private sector participation in industrial logistics, specifically in temperature-controlled logistics (TCL) and warehousing in Bangladesh. It will be implemented under three interconnected components as described below: .

Component 1: Improving Policy and Coordination
The project will support in formulating a guideline for the TCL sector to provide comprehensive policy guidance to this important sub-sector of logistics. It will be a foundational step for TCL to be recognized as an industrial sub-sector of Logistics and obtain the same fiscal and other incentives and benefits as other recognized sectors. Additionally, the project will facilitate in establishing a policy coordination mechanism comprised of relevant government agencies and private sector stakeholders to extend systematic and sustained policy advocacy for the TCL guideline.

Component 2: Simplifying TCL Regulations
The project will support removal of the key regulatory challenges that are restricting investment in the TCL subsector and streamline up to three such regulations. Moreover, as there is no formal operating standard for the TCL industry, the component will also develop and disseminate TCL-industry operating standards.

Component 3: Enabling TCL/Logistics Facilities in Economic Zones (EZs)
The project will support in developing a regulatory framework for promoting and setting up TCL/Logistics facilities in EZs.

Investment Description

- International Finance Corporation (IFC)

Estimated total budget pending at the time of disclosure.

Contact Information

No project contacts provided at the time of disclosure.

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