PROJECT AT A GLANCE

COUNTRY/REGION  BANGLADESH/SOUTH ASIA
PRODUCT  INDUSTRY-SPECIFIC INVESTMENT CLIMATE/AGRIBUSINESS, INVESTMENT PROMOTION

The Bangladesh investment climate project addresses regulatory and policy constraints that hamper the growth of the agribusiness sector throughout the value chain. It aims to catalyze investment in the sector by streamlining regulatory frameworks and strengthening investment facilitation opportunities.

CONTEXT

The agribusiness sector accounts for almost 20 percent of Bangladesh’s economy, providing income for more than half of the country’s 160 million people. While the sector is growing 5 percent annually, the absence of an enabling environment and lack of a concerted public-private effort to promote agribusiness as a growth sector are causing Bangladesh to lose an estimated $850 million in investment projects. Such investments could create 6.2 million job opportunities by 2022.

EXPECTED RESULTS AND IMPACTS

• Private sector savings of $1 million.
• Facilitation of new investments worth $67 million.
• Seven simplified business procedures that are streamlining logistics and storage, food safety and standards, contract farming regulations, and input markets (such as seeds).
Given the importance of the sector to the economy, the government of Bangladesh has identified agribusiness as a high priority. Yet the sector attracts relatively few investors due to constraints such as cumbersome input regulations, limited logistics infrastructure, ineffective food safety regulations, and the absence of a regulatory framework for formal contract farming. These factors are compounded by weak institutional support and the lack of targeted investment facilitation by agencies.

OUR ROLE

Investment climate teams of the World Bank Group are working to streamline regulatory frameworks and strengthen investment facilitation opportunities in the agribusiness sector.

The teams have partnered with the Ministry of Agriculture to review and revise the existing seed policy and facilitate private sector participation in seed sector. The resulting project proposed to simplify eight key processes for regulating seeds, such as new variety registration, quality control, export and import for seed trade, and phytosanitary certification.

After its baseline assessment, the project proposed to revise the environmental classification of cold storage infrastructure to reduce regulatory burdens and submitted appropriate budget recommendations on value added tax (VAT) and cold storage facilities. The project also recommended greater private sector participation in the management and operation of grain warehouses and is currently conducting energy and environmental assessments to increase the efficiency of cold storage facilities.

To improve food safety standards, the project is working with the Bangladesh Standard Testing Institute, a national body for standards and certification, to upgrade select product standards to meet international standards and automate the licensing system for food safety certification. An ongoing needs assessment is currently developing the regulatory framework for contract farming.

“Agribusiness can be a major sector to earn foreign currency if supported by the right policies and promotion. Smooth export facilities for agro-based products can also help save wastage in times of over-production. IFC’s assistance in harnessing investment potential in agribusiness will help reduce imports and boost exports in the long run.”

DR. SYED A SAMAD
Executive Chairman
Bangladesh Board of Investment

In collaboration with Bangladesh Board of Investment, the project selected three specific market opportunities along with high-potential products that need further investments. Direct investment promotion activities are underway to attract investors to these areas.

To better facilitate institutional support, Bangladesh’s Agribusiness Advisory Committee, which is comprised of public and private sector stakeholders, was formed to coordinate policy advocacy and investment promotion in agro-based industries.

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