

# Kandal Cold Storage

Mekong River, Kandal Province

## Context

Cambodia has an **underdeveloped cold chain**. This means there are huge wastage and inefficiencies in the overall value chain for imports and exports. Most large users in Cambodia have their own cold storage requiring significant investments in non-core business activities, as there are **few dedicated and reliable cold storage suppliers**. Where available, cold logistics services are expensive, up to double the price of neighboring countries. In addition to cost optimization, some users have internalized cold storage for quality control reasons, where a food safety incident could have major negative consequences.

**Infunde Development** is lead-developing (including all development activities from site hunting to authority's engagement, to financial close) a cold storage facility equipped with insulated doors and walls, refrigeration equipment and other logistics equipment in Kandal province, Cambodia.

## Project Highlight

<b>36,205 m<sup>3</sup></b>	<b>5.91M</b>	<b>Q1 2022</b>
Cold storage size	US\$ of Project cost	Expected COD



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## Country and Sectoral Background

At present, the exporters are having **a large scale of perishable fruits** to export and expected to pick up in the near term. Therefore, there is a potential need to improve the cold chain to support export, import and distribution of food products.

For some importers, **some informal methods** are being used that can compromise food safety, **without the end user's knowledge**.

Transporters borrow, rent or buy **outdated refrigerated containers** that are past their useful life. Perishable fruit is **trucked unprotected** from temperature abuse that leads to damage and wastage.

Seafood is sometimes imported on-ice via commercial bus service or trucks rather than with controlled and traceable chilled transportation. These practices undermine food safety standards.

## Project Overview

<b>Company:</b>	Khmer Cold Chain Co., Ltd.
<b>Country:</b>	Cambodia
<b>Location:</b>	Kandal province
<b>Sector:</b>	Logistics and transport infrastructure
<b>Status:</b>	In development
<b>Timeline:</b>	Expected exit: Q4 2022
<b>Shareholder(s):</b>	InfraCo Cambodia Cold Chain Pte. Ltd.

## Development Impact



Enable large-scale export of perishable products in **best possible condition**.

Also support the safe storage and distribution of imported food products to stores and prevent informal methods to have more food safety.



Create **healthier foods** by the improved temperature control standard.

Partner with local famers, modern grocery retailers, and local producers will improve the farm productivity, food processing, export, import, and incomes.



More than **32,000 people** will have improved access to infrastructure services.

Cold storage at the port eases logistical difficulty and lengthens shelf life of fruits. Ensures fruits shipped to international markets.



**140+ jobs** is estimated to create during and after the construction finished.

Nearly 100 short-term jobs will be created during the construction and more than 40 long-term jobs will be created during the operation.

## More Project Information

The Project will consist of a Public Refrigerated Warehouse facility (cold storage) in Cambodia. The Project will be located at the LM17 container port on **the Mekong River**, allowing easy access to highways, rail and river barge routes to **Ho Chi Minh port** and the **South China Sea**. This makes it strategically attractive and in a prime position to be highly utilized. The Project objectives are to improve the cold chain, allow for better use of capital and contribute to more economic development in Cambodia.

## Environment and Community



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The Kandal Cold Storage Project will adhere to international standards in order to provide adequate, cost-efficient and reliable cold storage.

As to the development process, Infunde Development will ensure IFC Performance Standards are followed and that social and environmental risks are well identified, avoided when possible, and otherwise minimized and mitigated.

Key Investment Strengths	Market Overview
<b>Strengths and opportunities</b> <ul style="list-style-type: none"> <li>Ministry of Agriculture, Forestry, and Fisheries forecasts a 21% per annum growth rate leading to a yearly trading volume for agricultural goods of over 2 million tons.</li> <li>Strategic locations for local and international trade.</li> <li>Broad government support for private investment and further development of the logistic sector.</li> <li>Fulfill local demand via distribution centers or retails.</li> <li>Growing other sectors to balance trade agreement uncertainty.</li> </ul>	<b>Demand</b> <ul style="list-style-type: none"> <li>Agriculture, forestry, and fishing value added services grew by 42% since 2010 (US\$5.4B).</li> <li>Temperature controlled-logistics trade volume will grow progressively to reach 178,000 MT per year by 2030.</li> <li>More than 1.5M new urban residents expected to be added by 2030. Young and more affluent population with demand for ice-cream and other refrigerated products. Pharmaceutical imports market is growing 10% per year and requires TCL services to increase the shelf life of drugs.</li> </ul>
<b>Weakness and threats</b> <ul style="list-style-type: none"> <li>Greenfield investment will increase permitting and regulatory challenges.</li> <li>Competitive pressures from existing market leaders.</li> <li>Lack of local skills on temperature-controlled logistics (TCL) and services.</li> </ul>	<b>Supply</b> <ul style="list-style-type: none"> <li>An expected additional 140,000 cubic meters must be added to Cambodia's existing cold storage capacity to meet the demand of its supply chain by 2030.</li> </ul>

## Infunde's Role

Infunde Development is leading overall project management, negotiations with strategic partners, installers, and financing activities. It will also help the local building the business plan and investment case, obtaining the necessary licenses, project and partnership structuring, overseeing feasibility studies, management of design work, EPC procurement and contracting and arranging the necessary debt facilities.

## INFRACOA

InfraCo Asia (IAD) is a commercially managed infrastructure development and investment company of the Private Infrastructure Development Group (PIDG) – an innovative infrastructure development and finance organization delivering pioneering infrastructure in the poorest and most fragile countries.