



ARIAS SOCIETY

Assam Rural Infrastructure and Agricultural Services Society

(An Autonomous Body of the Govt. of Assam)

Project Coordination Unit (PCU) for the proposed World Bank financed Assam Agri-business & Rural Transformation Project (APART)

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Draft Indicative

Terms Of Reference

For hiring a Fund Manager for setting up and managing an Agribusiness Investment Fund

A. BACKGROUND

1. The Government of Assam (GoA) through Government of India (GoI) has received a Loan from the World Bank for implementation of Assam Agribusiness and Rural Transformation Project (APART). Assam Rural Infrastructure and Agricultural Services (ARIAS) Society is the apex coordinating and monitoring agency for the project. The project will be implemented by eight line departments of GoA including their Directorates/Agencies/Commissionerates. The project interventions would be taken up in 23 prioritized Districts of Assam (earlier 16 undivided Districts) i.e. Kokrajhar, Barpeta, Nalbari, Darrang, Sonitpur, Goalpara, Nagaon, Cachar, Karbi Anglong, Golaghat, Dhubri, Morigaon, Jorhat, Sivasagar, Hojai, Biswanath Chariali, West Karbi Anglong, Kamrup (M), Kamrup(R), Mankachar, Charaideo, Majuli and Lakhimpur .
2. **Project Development Objective (PDO):** The Assam Agribusiness and Rural Transformation Project (APART) aims to *“add value and improve resilience of selected agriculture value chains focusing on smallholder farmers and agro-entrepreneurs in targeted districts of Assam.”*
3. There are four components of APART: **The first component is Enabling Agri Enterprise Development**, with sub components being (i) Enhancing state capacity to attract private investments, (ii) Setting up of an Enterprise Development and Promotion Facility (EDPF) (iii) Agribusiness Investment Fund support (iv) Establishing stewardship councils. **The second component is Facilitating Agro Cluster Development** with sub-components being- (i) Support establishment of cluster level Industry Associations (IAs), (ii) Supply Chain Support. **The third component is Fostering Market Led Production and Resilience Enhancement** with sub components being (i) Promoting climate resilient technologies and their adoption (ii) Facilitating market linkages through market intelligence and product aggregation (iii) Facilitating access to and responsible use of financial services. **The fourth component is Project Management, Monitoring & Learning.**
4. Subcomponent A-3 i.e. Agribusiness Investment Fund support will contribute capital to an existing or a new fund, which would in turn provide risk capital to 10 to 15 agribusiness SMEs with high growth potential and with a locus of activity in Assam, through investments ranging from an estimated \$100K - \$2 million. Access to risk capital along with capacity building from a professional fund manager is expected to allow some of the investees to contribute to improved productivity and job growth in the sector. Key features of the Fund are expected to be: (i) managed by a private fund manager; (ii) co investment by other investors including private investors; (iii) have no government participation on the investment committee or on Board of Directors of fund manager; (iv) fund life of 10 years extendable to 12 or 15 years; (v) allow for a broad definition of agribusiness, including sub sectors like agri warehousing/logistics etc.; and (vi) provide technical assistance to SMEs to relieve capacity constraints. In addition, the fund manager and the Fund will need to commit to using the

project funds in a manner that complies with the World Bank's fiduciary as well as environmental and social safeguards.

5. The ARIAS Society now intends to apply a portion of the loan for hiring a specialized agency hereinafter referred as Fund Manager (FM) for setting up and managing an Agribusiness Investment Fund or "Fund" under APART to achieve the objectives of the ToR and the targets given in this ToR.

B. OBJECTIVES OF THE ASSIGNMENT:

6. The main objective of the assignment will be to set up and manage the Fund and provide risk capital and technical assistance to agribusiness SMEs with scalable ideas/innovations/business models and with a locus of activity in Assam.

C. SCOPE OF CONSULTANCY SERVICE:

7. The final scope of the consultancy will depend on whether a new Fund is set up or Capital contributions are to other existing Fund(s). The scope is expected to be finalized once the ongoing Fund Feasibility Study is completed. Subject to this caveat, the draft scope is expected to be as follows:
 8. Designing the fund operational manual and getting the same approved from client.
 9. Setting up and managing the Fund, either as a new fund or through contributions to other existing fund(s). If setting up new Fund, the scope would include: develop fund design; developing operational, financial, and reporting procedures; raise additional investment; make investments in eligible companies; and, closing the fund. If co-investing with existing funds, the scope would include developing operational, financial, and reporting procedures to enable deployment of the fund proceeds in alignment with project objectives and fund operational manual.
 10. Market the Fund widely to maximize the likelihood of co-investments by private sector investors at the fund or investment level.
 11. Making investments in the investee companies: The investments will be made as per detailed business plans received and vetted by the Fund Manager in tranches as deemed feasible by the Investment Committee.
 12. Providing Technical Assistance to investee companies: The Fund Manager will provide the required technical assistance to the investee companies through its own resources or outsourced.

D. ACTIVITIES/TASKS TO BE PERFORMED

13. The detailed list of activities/tasks to be performed will be made available in the Request for Proposal (RFP) document.

E. DURATION OF THE ASSIGNMENT

14. The Fund Manager services shall commence with effect from the date of signing of the contract agreement for a period of 6 years with a provision for annual performance reviews by IIAC (Independent Investment Advisory Committee) or a LPAC (Limited Partner Advisory Committee). However, as the intended fund life is 10 years extendable upto 12-15 years, the assignment duration may be extended depending on the mutual consent of Client and the Consultant, based on the norms provided in the RFP document.

F. CHART OF DELIVERABLES & PAYMENT SCHEDULE

15. To be provided at the RFP stage.

G. SERVICES TO BE PROVIDED BY THE CLIENT

16. The Client would provide the SP the following:
 - a. Project Appraisal Document (PAD), Environment Management Framework (EMF), Social Management Framework (SMF), Indigenous Peoples Development Framework (IPF) and other relevant available documents of APART.
 - b. Facilitate access to relevant available data that is required to fulfill the tasks outlined in the ToR
 - c. Ensuring where appropriate cooperation of concerned line departments for smooth conduct of the assignment

H. REVIEW MECHANISM AND REVIEW COMMITTEE

17. IIAC (Independent Investment Advisory Committee) or a LPAC (Limited Partner Advisory Committee) shall review the performance of the Fund Manager.

I. PROCEDURE FOR REVIEW OF REPORTS AND STATUS

18. The consultant would be required to make a presentation to the Committees mentioned above after submission of each report at mutually agreed dates and venues. The observations of the Committee would have to be addressed within the given time.

J. SHORTLISTING CRITERIA

19. The following will be the shortlisting criteria for firms which apply against the REOI
 - a. Experience of having managed at least two similar assignments in last five years i.e. (i.e. 2017-18, 2016-17, 2015-16, 2014-15 and 2013-14)
 - b. Minimum annual average turnover of Rs. 50 Crores in last three years i.e. i.e. 2017-18, 2016-17 and 2015-16

Note: The applicant fund managers should be registered under suitable Act/law and qualified to apply for setting up and managing the Fund legally by law/regulation. For this, the applicant organizations should make their own due diligence before submitting the EOI.

20. List of key professionals whose CVs will be evaluated to determine the merit of the technical proposal will be provided in the RFP document.

Note: This is a draft indicative ToR and the same will be updated and will be finalized at the RFP stage.