



Monday, September 13, 2021

**REQUEST FOR PROPOSALS (RFP) FOR
FUND MANAGERS
FOR THE ASSAM AGRIBUSINESS INVESTMENT FUND**

The Government of Assam (GoA) through the Government of India has received a loan from the World Bank (WB) for implementation of the Assam Agribusiness & Rural Transformation Project (APART). The ARIAS Society now intends to apply a portion of the loan for hiring a Fund Manager for setting up and managing an Agribusiness Investment Fund under the World Bank Financed APART. ARIAS Society invites Proposals from Applicants interested in being Fund Managers for the Assam Agribusiness Investment Fund as outlined in this document.

The complete proposal is to be submitted latest by October 11th, 2021 on or before 06:00 PM Indian Standard Time in digitally signed soft copy through e-mail to assam.agrifund@gmail.com. Proposals received after the stipulated date / time shall not be accepted. ARIAS shall not be responsible for failure in receipt of e-mail. The responsibility of submitting the proposals, in the correct format, within the stipulated time/date rests with the Applicant.

For any clarifications, please reach out to the State Project Director, ARIAS Society, Agriculture Complex, Khanapara, G.S. Road, Guwahati-781022 (Assam) Tel: 0361-2332125; website: www.arias.in; email: spd@arias.in, assam.agrifund@gmail.com.

Sd/-
State Project Director, ARIAS Society

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DISCLAIMER

All information contained in this 'Request for Proposal' ("**RFP**") or subsequently provided to persons to whom this RFP has been issued, or those persons who have procured this RFP otherwise, by or on behalf of representatives of ARIASS or any of its employees or advisors, is provided to the applicant ("**Applicant**") on the terms and conditions set out in this RFP.

This RFP, or any of its contents, is not an agreement and is not an offer from ARIASS or to enter into an agreement or arrangement of any kind with any party, including without limitation, the Applicant. The purpose of this RFP is to provide the Applicants with information that may be useful to them in the formulation of their proposals pursuant to this RFP and is issued upon the express understanding that recipients will use such information only for the purposes set out herein. This RFP does not purport to contain all the information and data the Applicant may require in reaching decisions as to their participation in this RFP. The Applicant should conduct its own investigations and analysis and should check the accuracy, reliability, and completeness of the information in this RFP and obtain independent advice from appropriate sources. Some of the information contained herein may be dependent on interpretation of law and this RFP does not purport to give an exhaustive account of any statutory requirements. The Applicant should obtain their independent advice on the statutory compliances required of them for their participation in the engagement envisaged herein.

While this RFP has been prepared in good faith, neither ARIASS nor its employees or advisors make any representation or warranty, express or implied, or accept any responsibility or liability, whatsoever, in respect of any statements or omissions herein, or the accuracy, completeness or reliability of information, and shall incur no liability under any law, statute, rules or regulations, tort, principles of restitution or unjust enrichment or otherwise for any loss, damages, cost, expenses which may arise from or be incurred or suffered on account of anything contained in this RFP or otherwise, including the accuracy, reliability, correctness or completeness of this RFP, even if any loss or damage is caused by any act or omission on the part of ARIASS or its employees or advisors, whether negligent or otherwise.

The Applicant shall bear all costs associated with or relating to the preparation and submission of its bid including but not limited to preparation, copying, postage/ delivery, fees or expenses related to any presentations, conferences, which the Applicant may be required to attend in connection with its bid. ARIASS shall not under any circumstances be responsible or liable for any costs or expenses whatsoever regardless of the outcome or conduct of the bidding process.

LIST OF ACRONYMS

AAIF	Assam Agribusiness Investment Fund
AAU	Assam Agricultural University
AIPB	Assam Investment Promotion Board
APART	Assam Agribusiness and Rural Transformation Project
ARIASS	Assam Rural Infrastructure and Agricultural Services Society
EDPF	Enterprise Development and Promotion Facility
EMI	Equated Monthly Installments
GoA	Government of Assam
ha	Hectare
IA	Industry Association
IRR	Internal Rate of Return
LP	Limited Partner
LPAC	Limited Partner Advisory Committee
MFI	Microfinance Institution
MSME	Micro, Small and Medium Enterprise
SME	Small and Medium Enterprise
TA	Technical Assistance

1. Background

The agribusiness sector is well placed to realize emerging opportunities in Assam. With 22% of the industrial output and 26% of gross value added, the agribusiness sector can be a key driver of economic development in the state.¹The opportunities for the agribusiness sector arise from investments in agriculture sector, other key sectors - particularly digital and transport infrastructure, and sustained peace and political stability in the state and the broader Northeast region of India. Assam provides the crucial link between mainland India and not only this region but also the broader South East Asian region. Inherent strengths of the Northeast India in the form of its natural and mineral resources are increasingly becoming more amenable to commercialization through value addition and trade. Physical, economic, political and people-to-people connectivity as envisioned in India's Act East Policy are further opening up unprecedented opportunities economic development of the region.²

The development impact of interventions in agriculture is expected to be substantial. 86% of the state's population lives in rural areas, and agriculture directly or indirectly supports more than 75% of the population and provides employment to about 50% of the workforce.³Despite some of the most suitable conditions for the cultivation of a wide range of agricultural products across 6 agro-climatic zones and being the largest and most well-connected state relative to the rest of Northeast India, commercialization of agriculture has been limited not only in terms of production but also in terms of trade, logistics, financing and value addition.

With a view to help facilitate increased private investment in the agribusiness sector, the Government of Assam ("GoA") intends to support the establishment of the Assam Agribusiness Investment Fund ("AAIF" or "Fund"). The GoA intends to do this through the World Bank supported [Assam Agribusiness and Rural Transformation Project \("APART"\)](#), currently under implementation. APART aims to increase value-added and improve resilience in the production and processing of selected agriculture commodities, focusing on small farmers and agro-entrepreneurs in targeted districts. APART will use a portion of this loan to anchor the establishment of AAIF, as a closed-end Alternative Investment Fund ("AIF"), under the regulation of SEBI.⁴The AAIF feasibility study commissioned by APART and carried out by Ernst and Young confirmed the feasibility of the Fund, proposed the AIF structure, and estimated the average capital requirement for the investment ready businesses at USD 375,000 (See Annex for more details on the study findings).

¹ Economic Survey 2017-18

² <https://pib.gov.in/newsite/printrelease.aspx?relid=133837> and India's Look East - Act East Policy: A Bridge to the Asian Neighbourhood (2015), Symbiosis International University

³ Ibid

⁴ Though the default intent is to provide capital to a single Fund, the GoA retains the right to provide capital contribution to more than one fund.

Access to financing from AAIF is expected to help AAIF investees to achieve accelerated growth of their enterprises, and thereby contribute to improved productivity and job growth in the sector. Further, it is expected that GoA’s investment in AAIF will help crowd in additional private investment, both directly into AAIF as also more broadly into the sector. AAIF is expected to benefit from complementary investments being made by APART in the agriculture sector and in strengthening the investment climate in the state (please see **Error! Reference source not found.** for more details).

In this regard, ARIASS invites proposals for selection of a fund manager for undertaking the Fund Management Services as provided under this RFP and the applicable laws. The fund manager so selected to manage the investments in the AAIF (“**Fund Manager**”) shall be subject to the terms and conditions as prescribed under this RFP.

2. Key features of the proposed fund

1. **Target sectors:** Agriculture, defined to include enterprises at all stages– production, trading, and processing – of value chains in the sector; allied sectors such as rural hand-crafts, and supporting services such as agritech, rural warehousing, clean energy, and logistics.
2. **Geographic focus:** The Fund is expected to be domiciled in India with a locus of activity in Assam.
3. **Eligible Investees:** Micro, small and medium enterprises (as defined under the applicable laws) with high growth potential operating in the target sectors and operating with a locus of activity in Assam⁵.
4. **Investment size:**
 - Ranging from an estimated \$100K - \$2 million.
 - Investees may receive follow-on rounds of investment.
 - A maximum of 10% of the AAIF’s capital may be invested in one investee, with a possible increase to 15% (contingent on permission from the Advisory Committee, as defined in the Shareholders Agreement).
5. **Investors and Fund Size:**
 - The GoA’s contribution of up to \$15 million will constitute anchor capital
 - The Fund Manager is expected to mobilize at least 25% additional capital to that provided by GoA by the first close of the fund.

⁵ Micro-enterprises are defined as enterprises with the investment in plant and machinery or equipment up to INR crore and turnover up to INR 5 crore, small enterprises as enterprises with the investment in plant and machinery or equipment up to INR 10 crores and turnover up to 50 crore and medium enterprises as enterprises with the investment in plant and machinery or equipment up to INR 50 crores and turnover up to INR 250 crore. Please refer to the relevant notification issued by the Government of India in this regard (available at https://msme.gov.in/sites/default/files/IndianGazzate_0.pdf)

- At a minimum, one additional investor would need to be in place for the GoA capital to be available for first close of the Fund.
 - Final fund size will depend upon additional capital garnered from other investors.
6. **Fund Management:** The fund is expected to be managed by an experienced Fund Manager. The Fund Manager shall also be the Sponsor of the Fund.
 7. **Fund Manager’s capital commitment:** The Fund will require the Fund Manager to have a continuing interest in the Fund, in accordance with SEBI requirements, of not less than 2.5 % of the Fund size or INR 5 crore, whichever is lower.
 8. **Fund Governance:**
 - *Advisory Committee:* The Advisory Committee (“AC”) will include the GoA and other voting investor representatives and will be responsible for overall strategic oversight of the AIIF. The AC will have no influence over investment decisions of the Fund. A representative of the Industries Department (“Department”) will act for the GoA in the AC and will carry out all the functions expected of a typical investor or “Limited Partner”⁶ in the Fund.
 - *Investment Committee:* The investment committee constituted by the fund manager must include independent members, and sector and geography experts as needed. There will be no government participation on the investment committee (IC) or on Board of Directors of the Fund. The composition of the IC is intended to reassure investor partners of good governance of the AAIF and no political interest capture. Decisions will be made independently based on the commercial viability of the proposals.
 9. **Time to first close:** The first close of the fund is expected to be completed within 6 months from the time of announcement of fund manager selection.
 10. **Fund life:** 8-10 years from the Fund’s first closing date, extendable to 12 years with the approval of the AC.
 11. **Returns:** At the Fund level, a risk-adjusted market rate of return is expected. GoA may consider accepting asymmetric returns as per an agreed capital structure to enhance the incentives for other capital contributors, based on the winning bid’s proposal.
 12. **Instruments:** Primarily Equity, quasi-equity, debt, and any other eligible instrument under SEBI regulations.

⁶ This RFP uses the term Limited Partner (or Limited Partnership Advisory Committee) synonymously with shareholder/investor given the limited partnership structure is widely used to constitute private equity funds. However, bidders are free to use legal structures of their choice and as available in the Indian environment.

13. **Technical Assistance (TA):** Enterprises in nascent ecosystems with constrained availability of business enablers often require technical assistance to counter shortcomings inherent in the ecosystem.⁷
- The Fund envisages a TA Fund, provided by the GoA, alongside the Investment Fund to finance pre- and post-investment TA needs with Grants / partial Grants/ Zero-interest loans.
 - The final size of the TA Fund is expected to be arrived at based on assessment of the needs, as proposed by the potential fund managers during the Fund Manager selection process and during the Fund set-up phase.
14. **TA Fund Management:** The Fund Manager selected to manage the AAIF will also be expected to manage the TA Fund, either with an in-house team or through a partnership with a specialized TA provider, based on agreed governance arrangements.
15. **Remuneration.** In line with best practices, the remuneration of the AAIF's manager will reflect current market remuneration, including management fees and profit-sharing, in comparable situations, which is ensured through the competitive bidding. They will be based on international best practices and market principles.

3. Special Conditions:

1. **Since the GoA intends to commit capital to AAIF through APART, the Fund would need to comply with the World Bank's fiduciary, environmental and social (E&S) safeguards.** To ensure compliance with these requirements, applicable investment documents and first two investments will be subject to the PMU and World Bank's review and No Objection. The Fund Manager will ensure compliance of these E&S requirements throughout the Fund including the TA's lifecycle by the investees.
2. **The Fund would be specifically excluded from making any investments in activities that are part of the APART exclusion list.** These include:
 - Production or trade in any product or activity deemed illegal under Indian laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB, wildlife or products regulated under CITES (Convention on International Trade in Endangered Species)
 - All activities listed under the 'Negative List' and all activities that do not comply with applicable 'Legal and Regulatory Requirements' listed in the Environment Management Framework (EMF) document⁸.

⁷ Examples include, though are not limited to, the provision of Business advisory services/ mentoring, financial management, corporate governance support, process improvement for long term sustainability/compliance with standards beyond minimum acceptable regulatory standards that enhance commercial potential and / or social impact, training of smallholder farmers, implementation of technology with a long term impact etc.

⁸ The document (**Environmental Assessment and Environmental Management Framework (EA & EMF) of APART**) can be accessed at - <http://www.arias.in/publication.html> (OR) <http://www.arias.in/download/APART/EASA/FINAL%20REPORT%20ON%20ENVIRONMENTAL%20ASSESSMENT%20AND%20ENVIRONMENTAL%20MANAGEMENT%20FRAMEWORK.pdf>

- Production or trade in alcoholic beverages (excluding beer and wine)
- Production or trade in tobacco
- Production or trade in any product or activity that uses all forms of forced labour and child labour.
- Activity which is not in compliance with existing national and state labour standards.

- 3. Fund Managers submitting proposals/applications shall present a signed acceptance at the time of bidding,** to be incorporated in any resulting contracts, confirming application of, and compliance with, the sector specific environmental compliances and mitigations/guidelines (specified in the EMF document), the [World Bank's Anti-Corruption Guidelines](#), including without limitation the Bank's right to sanction and the Bank's inspection, audit rights and the rights for the Bank to review related documentation and activities.

4. Fund Management Services

The selected Fund Manager is expected to:

1. Set up a fund (i) with minimum economically viable size; (ii) in a manner compliant with regulatory and investor requirements on governance, reporting and applicable policies and standards
 2. Be responsible for: (i) fundraising to mobilize capital that co-invests with GoA at fund level; (ii) actively seeking deals; (iii) presenting deals to the investment committee; (iv) mobilizing additional capital to co-invest at the transaction level in portfolio companies;(v) monitoring performance of approved investments; (vi) supporting portfolio companies; (vii) reporting; (viii) managing the TA envelope of funding to support investments.
 3. Ensure that the principles of good governance i.e. transparency, accountability, equitable and inclusive participation, among others are adhered to by the investees during the Fund life. Towards this, the manager will report and monitor on environmental and social risks and opportunities of potential and approved investments including TA. Appropriate measures to be taken to mainstream gender in the fundraising, selection and implementation processes, to ensure equal opportunities are given to female entrepreneurs. Any grievances related to the fund will be efficiently dealt by the Fund Manager or through existing mechanism under APART.
 4. Be solely and exclusively responsible for the investment and exit decisions of the AAIF.
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5. Summary of proposal contents

A. Technical Proposal

Interested Applicants are expected to have read the RFP document in full and submit their proposals demonstrating how they expect to deliver the objectives of the Fund. The submission must include a narrative captured in a PDF Document with a maximum length of 50 pages, excluding any supporting documents. For the Proposal to be considered as complete and pre-qualified for submission to the Evaluation Committee, all requested information should be presented in the order suggested below:

1. **Company Information:**

- i. Name and address of the **Applicant**, telephone number and email address;
- ii. Shareholding structure
- iii. History of operations
- iv. List of funds currently and historically managed, if any, including assets under management
- v. Latest available audited and non-audited financial statements

2. **Fund Information (if existing):**⁹

- i. Name;
- ii. Name of the Management Company;
- iii. Name of the Administration Company;
- iv. Name of the person(s) responsible for the management and administration of the **Fund**;
- v. Legal Structure (Corporation, Partnership, Trust, etc.) and legal/regulatory framework¹⁰

3. **Proposed strategy, approach and methodology:**

- i. Investment thesis/strategy/business model(s)
- ii. Analysis of the investment target market, substantiated by research and citing sources, where applicable;
- iii. Target sub-sectors
- iv. Proposed stages of investments (size of assets of investee at time of investment)
- v. Number of Investee Companies to be targeted
- vi. Proposed maximum and minimum investment of the Fund by sub-sector; stages of investment; and investee company
- vii. Initial indicative pipeline prospects¹¹

⁹ Existing funds should provide Private Placement Memorandum and any other relevant information, including capital raised etc.

¹⁰Based on initial due-diligence and AAIF feasibility study, the project assumes the default option to be the Alternative Investment Fund (AIF) structure regulated by the Security and Exchange Board of India (SEBI), although applicants may propose alternative structures.

- viii. Participation of the Fund in Investee Companies (majority/minority stakes);
- ix. Proposed instruments for the Fund and regulatory limits to the use of the instruments
- x. Strategies for investment exit
- xi. Proposed reporting/performance metrics and targets

4. Fund Management

- i. Duration of the Fund;
- ii. Period of investment and divestment;
- iii. Target minimum and maximum size of the Fund;
- iv. Fundraising strategy (proposed investors) and target;
- v. Current stage of fundraising;¹²
- vi. Timeline for first close based on stage of fundraising
- vii. Commitment of capital of the management company to the Fund.

5. TA Management

- i. Strategy for deployment of TA
- ii. Estimated use of TA funds (\$ value and purpose)
- iii. Structure of the TA fund and services envisaged to be provided under TA
- iv. Resources needed to deploy TA, if any

6. Governance

- i. Proposed members of Investment Committee
- ii. Proposed members of Advisory Board /Advisory Committee and meetings
- iii. Governance arrangements related to investees
- iv. Governance arrangements for TA
- v. Policies related to ESG based on internal and external requirements
- vi. Other Governance Arrangements, if any
- vii. Key Governance Documents

7. Fund Management Team

- i. Expected team size and organization structure, including org chart (Indicate if members already identified or recruited)
- ii. Expertise and qualifications of each member:
 - a. Name, address, telephone number and email contact information
 - b. CV and personal references
 - c. Role in the management of the Fund,
 - d. Respective time that will be dedicated by each team member.
 - e. Indicate if stationed in Assam on full-time basis/not
- iii. Experience and history working as a team
- iv. Recruitment strategy for team members not identified

¹¹ Description of the contours of potential suitable pipeline prospects will also suffice in lieu of actual names of potential pipeline enterprises, though the latter is preferred.

¹²Letters of intents should be provided, when possible, and if not an indication providing for the timeline for being able to secure the letter of intents.

- v. Details of management team retention policy, including the distribution rate for performance fees between the Management Company and members of the team;

8. Experience/Track Record of investments into SMEs (provide specifics on deals for each).

- i. Experience/Track Record and Exits Achieved on deals that fit the MSME/agribusiness parameters and exits achieved. (Including full deal sheet of all deals done)
- ii. Experience/Track Record in Fundraising
- iii. Experience/Track record using self-liquidating investment structures.
- iv. Experience/Track Record in using Technical Assistance (TA) and managing a TA facility in parallel to a Fund
- v. Experience of working with (a) government (b) public sector entities as capital contributor (Limited Partner).

B. Financial Proposal (provide scenario analysis as needed based on expected fund size)

- i. *Expected financials of the Fund*
 - a. Eligible expenses to be met by the Fund
 - b. Assessment of specific costs associated with Fund and how these costs will be covered
 - c. Proposed cost structure of the Fund along its life cycle (including remuneration for the members of the team, fixed and variable costs, presented in an Excel spreadsheet);
 - d. Projected Cash Flow of the **Fund**;
- ii. *Expected returns of the Fund*
 - a. Investment return goals, including simulations for baseline scenario, favorable and unfavorable with:
 - i. Rates of return on investments
 - ii. Internal rate of return for the **Fund** and for the investors (net and gross).
- iii. *Proposed compensation structure and terms, with rationale*
 - a. Hurdle rate
 - b. Management Fees (separately for Commitment and invested periods)
 - c. Carried Interest in % and catch-up proposed, if any
 - d. Other fees, if any
- iv. *Financial incentives anticipated for co-investors, and strategy proposed*
- v. *Other terms proposed*

C. Adherence to legal/regulatory/policy guidelines

- i. *Legal/regulatory framework for the proposed fund (if not currently existing)*¹³
- ii. *Legal structure of manager (if not currently existing)*
- iii. *Signed acceptance, to be incorporated in any resulting contracts, confirming the application of, and compliance with, applicable environmental safeguard measures, the World Bank's Anti-Corruption Guidelines, including without limitation the World Bank's right to sanction and the Bank's inspection and audit rights.*
- iv. *National and state legal/regulatory/policy requirements pertaining to occupational health and safety standards, labour welfare and land management relevant for any investment.*

6. Selection process, Evaluation Criteria and Timeline

The selection process will be as follows:

1. First technical proposals will be reviewed and scored. Thereafter, financial proposals will be reviewed, and scored
2. Scores of technical and financial evaluations combined to arrive at final score.
3. Based on final score, top 5 applicants will be invited to make a presentation to the Evaluation Committee.¹⁴
4. The Evaluation Committee would review and confirm the scores on the technical and financial proposals based on additional information/clarifications received during the presentation, and confirmed in writing, and identify the top three applicants in ranked order.
5. Institutional Due Diligence will be carried out on the top ranked applicant.¹⁵
6. In the event that the applicant with the highest combined score does not clear the Institutional Due Diligence, such Diligence will be carried out on the next highest scoring fund manager. This will be repeated, if needed, until the first applicant who clears the Due Diligence is confirmed.

¹³Based on initial due-diligence and AAIF feasibility study, the project assumes the default option to be the Alternative Investment Fund (AIF) structure regulated by the Security and Exchange Board of India (SEBI), although applicants may propose alternative structures.

¹⁴ ARIASS may choose to increase or decrease this number based on quality of responses received.

¹⁵ ARIASS may choose to conduct due diligence on more than 1 applicant if needed

The technical and financial proposals will be scored in accordance with the criteria below:

Technical Proposal	Maximum score
FUND MANAGER'S TRACK RECORD and TEAM¹⁶ <ol style="list-style-type: none"> 1. Demonstrated financial track record 2. Evidence of successful execution of investment deals in alignment with AAIF anticipated needs 3. Fundraising track record 4. Experience 5. Technical expertise 6. Local expertise 7. Alignment with and dedication to AAIF needs 8. Complementarities within Team 9. Cohesion/History of Working Together 10. Retention policy 	30
INVESTMENT PROPOSAL <ol style="list-style-type: none"> 1. Attractiveness, clarity and viability of overall proposal 2. Alignment with GoA Strategy 3. Credibility of pipeline of investment opportunities 4. Ability to add value to portfolio companies 5. Framework for monitoring and reporting 6. Credibility of proposed fundraising strategy at fund level and commitments received 7. Innovative structures proposed to mobilize co-investment at deal level, enhance development impact etc. 8. Overall Governance Arrangements, including factors such as Manager's Financial commitment to the Fund 	25
TA <ol style="list-style-type: none"> 1. Effective use proposed of TA 2. Ability to manage TA, including track record for managing TA 3. Governance arrangements proposed to deploy TA 	15
FUNDRAISING <ol style="list-style-type: none"> 1. Credibility of proposed fundraising strategy, and commitments received so far 	10
Financial Proposal	
<ol style="list-style-type: none"> 1. Credibility and realism of expected financials of the Fund 2. Attractiveness and realism of compensation structure 	20

¹⁶This criteria will be assessed both at the "team" level and at the level of the "individuals" that comprise the team. The default assumption is that applicants have an entity setup. If this is not the case, the applicants should submit an undertaking to setup a dedicated entity (equivalent to the "General Partner") if they are selected. Additionally, if such a team has not had experience of working together in a similar context in the past, it will be expected to provide an explanation of why the lack of experience as a team will not be a barrier to their ability to deliver on the objectives of the fund.

proposed	
Total Score	100

The tentative timeline for the selection is as follows:

Description	Dates
Release of RFP	Sept 13, 2021
Receipt of queries / clarifications from Applicants by email	Sept 20, 2021
Pre-submission discussions with interested applicants to response to queries / clarifications	Sept 27, 2021
Dissemination of written responses to all questions received to all Applicants	Oct4, 2021
Receipt of Proposals	Oct 11, 2021
Evaluation	Oct12 to Oct 26, 2021
Intimation to shortlisted Applicants	Oct 27, 2021
Presentations	Oct 28 to Nov2, 2021
Due Diligence	Nov 8 to Nov 19, 2021
Invitation for negotiation	Nov 22, 2021
Negotiation and finalization	Nov 29 to Dec 3, 2021
Announcement of Fund Manager Selection	Dec10, 2021

7. Terms and Conditions

a. Right to accept Proposal

ARIASS reserves the right to accept or reject any proposal, and to annul the selection process and reject all proposals at any time prior to the selection of the fund manager, without thereby incurring any liability to the affected Applicant(s) or any obligation to inform the affected Applicant(s) of the grounds for such decision.

b. Amendments in RFP

At any time prior to deadline for submission of proposal, ARIASS may for any reason, modify the RFP. The modifications will be notified on ARIASS's website and such amendments shall be binding on the Applicant(s).

c. Pre-Proposal Queries

The Applicants, requiring any clarification on the RFP may notify the same in the form of query to ARIASS latest by [●]of[●]. Queries can be sent to[●].ARIASS would respond to the queries at the earliest. Pre-proposal clarifications shall also be placed on ARIASS's website for the purpose of downloading by all the Applicants. All such clarifications shall form part of this RFP.

d. Confidentiality

Information relating to the examination, clarification and comparison of the proposals shall not be disclosed to any Applicants or any other persons not concerned with such process. The undue use by any Applicant of confidential information related to the process may result in rejection of its Proposal.

e. Interpretation of the RFP

In case of any conflict of interpretation of any clause in the RFP, the interpretation of ARIASS shall be final and binding on the Applicants.

Annex I: Assam agribusiness landscape

Unprecedented opportunities for accelerated development are emerging in the Northeast region. Rapid positive changes over the last few years are creating momentum for rapid development. Improvements in information and communications technologies, massive investments in enabling transport infrastructure and sustained peace and political stability are ushering in a new era of development¹⁷. India's Act East Policy has recognized connectivity in its broadest sense – including physical, economic, political and people-to-people - as the key which are guiding investments and strategic initiatives in transport and communication infrastructure¹⁸.

The state of Assam is well placed to realize these opportunities. Assam provides the crucial link between mainland India and not only this region but also the much larger South East Asian region. Inherent strengths of this region in the form of its natural and mineral resources are thus increasingly becoming more amenable to commercialization through value addition and trade.

With 22% of the industrial output and 26% of gross value added, the agribusiness sector¹⁹ can be a key driver of economic development in the state. 86²⁰% of the state's population lives in rural areas, agriculture directly or indirectly supports more than 75% of the population and provides employment to about 50% of the workforce. This makes the impact of interventions delivered in agriculture particularly important from a development point of view. Despite some of the most suitable conditions for the cultivation of a wide range of agricultural products across 6 agro-climatic zones and being the largest and most well-connected state relative to the rest of Northeast India, commercialization of agriculture is limited not only in terms of production but also in terms of trade, logistics, financing and value addition for access to lucrative markets within and outside of the region. As an example, according to the National Horticulture Board, the state has only 0.5% of the country's cold storage capacity even while though the state produces almost 2.5% of the country's horticulture products with some of the most exotic and temperature sensitive products like flowers and spices at over 4%.

However, even as the entrepreneurial ecosystem in the state is thriving²¹, the availability of finance suitable for facilitation of this ecosystem has been limited. A total of only 9 such transactions with a total investment value of ~\$38million have taken place in Assam with only 2 in the Agribusiness sector with a total investment value of \$0.7million. The existing ecosystem for finance does not sufficiently provide for such instruments. Commercial loans are available but require track record and collateral centered around conventional secured lending principles.

¹⁷Kathuria, Sanjay, and Priya Mathur, eds. 2020. Playing to Strengths: A Policy Framework for Mainstreaming Northeast India. International Development in Focus. Washington, DC: World Bank.

¹⁸<https://pib.gov.in/newsite/printrelease.aspx?relid=133837>

¹⁹Economic Survey 2017-18

²⁰Ibid

²¹http://startup.assam.gov.in/?page_id=2393; <https://neatehub.org/>

A wide range of opportunities suitable for facilitation through risk capital can be envisaged. Substantial production in high value horticulture, fish and meat takes place in Assam with annual growth rate of production of fruits, spices and vegetables at 19.2%, 6.4% and 72.2% respectively in the last decade. Assam also contributes significantly to national production in commodities like ginger, banana, pineapple and litchi. However, the commercial potential of these commodities is under-explored. For example, even though original cultivars of pineapples are grown in the Northeastern region of India in abundance, various hybrids that are far removed from the original varieties grown in the rest of India are more widely consumed in mainland India even as high levels of production of pineapple are wasted / spoilt or fetch low realizations in Assam. As the largest state in the North-Eastern region consisting of 7 states and the most industrially developed among these states the region's proximity to regional and international markets can also be exploited better with the improving business environment.

The Government of India and the GoA have taken many actions to improve the investment climate in Assam. The state enjoys several tax incentives, has the benefit of a dedicated central ministry for the development of its region and houses a development finance institution dedicated to the region (the North East Development Finance Institution). State Government initiatives to improve the investment climate include the enactment of new Ease of Doing Business Act that envisages setting up a Single Window Agency / Assam Investment Promotion Board (AIPB) to reduce the cost and speed up the process and time enterprises need to obtain clearances.

Annex II: Summary findings from demand-assessment undertaken as part of AAIF Feasibility Study

Ernest and Young carried out the feasibility study that confirmed the feasibility of the proposed AAIF. The study assessed the demand for risk capital, the investor appetite for investing in the AAIF, and interest among potential fund managers.

For the demand side assessment, a list of SMEs operating in Assam was compiled based on which the total breakdown of agribusiness SMEs was done. Two market (primary) surveys were conducted to identify the total number of agribusiness SMEs in Assam. The surveyed SMEs were then evaluated to identify the investment ready businesses. The main data sources for identifying the list of agribusiness SMEs were Enterprise Memorandum Data (EM-II), Udyog Aadhar Memorandum (UAM), Company registration from Registrar of Companies and Enterprise Cluster data from the State Project Department.

Agribusinesses' were identified in six subsectors viz. Food processing, agricultural production, agricultural services, forestry, livestock and fisheries and tea across all districts in Assam. The total number of agribusiness SMEs was estimated to be around 2200 to 2400 as of 2017. A total of 447 companies were interviewed for the listing survey to understand SME's interest in equity financing and their capitalization requirement. The detailed survey was conducted for 100 companies and the focus was to identify investment ready businesses by analyzing their business operation, management strength and their financial strength.

Out of the surveyed companies, 42% of the SMEs expressed an interest in equity financing with an average preferred dilution of 9.11%. The average capital requirement for the investment ready businesses is USD 375,000 (INR 2.5 crores).

The demand side assessment showed that the key strengths of the SMEs operating in Assam lie in the strength of the management team and their financial growth over the past 3 years. Promoters of the business have a good understanding of the business landscape having spent at least 6 to 10 years working in the agriculture sector. They are well-educated with over 60% having post-graduate degrees. The combination of their experience and knowledge would make it easier for investors to guide them into expanding the companies and attaining peak growth. Companies have been on a steady growth for the past three years. The gross profit margins have increased from 16% to 20% in the last three years. Similarly, the revenues have also increased significantly with an annual growth rate of 15%.

However, the unorganized nature of conducting business has often limited the growth of agribusiness SMEs. Word of mouth contracts, absence of an efficient sales and marketing team and lack of optimized process management systems are still prevalent in majority of the agribusiness SMEs across Assam.