

**ARIAS SOCIETY**  
Assam Rural Infrastructure and Agricultural Services Society  
*(An Autonomous Body under Govt. of Assam)*  
Project Coordination Unit (PCU) of the World Bank funded  
**Assam Agribusiness & Rural Transformation Project (APART)**

**Draft TERM OF REFERENCE (TOR)**  
**For Feasibility Assessment to set up an**  
**Investment Fund for Small and Medium Enterprises in the Agribusiness Sector in Assam**

**1. BACKGROUND**

Government of Assam (GoA), through the Government of India has applied for a loan of US\$200 million from the World Bank (W.B.) for implementation of the proposed **Assam Agribusiness and Rural Transformation Project (APART)**, which is currently under preparatory stage. The proposed Project Development Objective is 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. To achieve this objective, among other activities, APART plans to support the setting up of an Investment Promotion Agency; develop and implement an agribusiness developmental framework; support the establishment of business incubators, and, support the establishment of an investment fund. These activities will be undertaken in collaboration with Department of Industries & Commerce.

These Terms of Reference detail the objectives, scope, deliverables, and time-line for a **study to be undertaken by a Consultancy Firm to assess the feasibility of establishing an investment fund (“the Fund”) focusing on Small and Medium Enterprises (SMEs) in the Agribusiness sector in Assam**. The main deliverables will be a Report that captures all background information, analysis, and, recommendations of the study.

**2. OBJECTIVE:** The objective of the assignment is to produce a feasibility study report for an SME Fund sponsored by the Govt. of Assam (the “GoA SME Fund”) that could help effectively provide risk financing for SMEs in the agribusiness sector in Assam. The analysis conducted for this report would help identify:

- a) Options on the design, structure, governance arrangements, investment strategy and potential co-investor base for the GoA SME Fund with a focus on agribusiness sector, which would help ensure the commercial viability of the fund as well as effectively provide risk financing to the agribusiness sector in Assam.
- b) If the analysis deems that such a GoA SME Fund would not be a viable option to pursue, the report will detail why this is the case, and also provide a range of alternate recommendations that the Govt of Assam could pursue instead to further the objective of catalysing risk financing for SMEs in the agribusiness sector.

**3. SCOPES OF THE ASSIGNMENT & TASKS TO BE CARRIED OUT BY THE CONSULTANT:**

- a) This research will review existing investment funds, if any, that have Assam as the focus, other similar sector-specific or state-specific funds in India (including those set up by Development Financial Institutions (DFIs) or other multilaterals, and other international experiences where appropriate. The study will also look briefly at the legal/regulatory/taxation environment within which such a fund would be set up (which would have direct bearing on the types of fund managers and co-investors the Fund would be able to attract) and the business enabling environment within which they would have to operate. Lastly, the study will estimate the potential deal flow for the proposed GoA SME Fund through various sources.

While the study will necessarily focus on Private Equity/ Venture Capital (PE/VC) in agribusiness in India, in order to draw lessons from other operational funds across India, it will not be a comprehensive report on the PE/VC industry in India, which would be beyond the scope of this study.

**b) The Consultant will be responsible for carrying out the following tasks:**

- i) **Conduct desk research and phone interviews to assemble all relevant background information for the preparation of the Report** such as (i) recent evolution and performance of PE/VC funds that include a focus on agribusiness and operating in and investing in Assam or in select states of India as of to date, both registered off-shore and on-shore; (ii) existing laws and regulations necessary for establishing a new PE/VC fund, and the business enabling environment for PE/VC in Assam; and, (iii) the status, trends, and key issues relating to the SME sector, in general and that of SMEs in the agribusiness sector.
- ii) **Undertake a mission to Assam and potentially other locations in India** to discuss with the authorities and with PE/VC industry participants, and other stakeholders the characteristics of the PE/VC industry, the legal, regulatory, institutional and market impediments to the development of the PE/VC industry, the recent evolution of the business enabling environment, and, meet with key stakeholders in the SME sector, in general and SMEs in the agribusiness sector, in particular.
- iii) **Based on analysis of the desk-based research and mission**, produce a first draft of the Report for review by the GoA .
- iv) **Produce a Final Report** including the comments from GoA.

**c) The analysis and report is expected to cover four broad areas:**

- i) **The primary area is analysis of funds** (registered both onshore and offshore, including hybrid funds), fund managers, and investors investing in the Agribusiness sector in Assam, in particular, and India, in general. The analysis will discuss the market drivers and impediments that propel or impede the industry (this could include government sponsored initiatives). The analysis will be built on data (subject to availability) gathered on each fund in activity (registered offshore or onshore) or in fund raising mode, including:
  - fund type [venture capital growth, buy-out, pre- Initial Public Offer (IPO)]
  - fund legal structure (investment company, trust, limited partnership by shares, etc.)
  - date of establishment
  - fund general partner or management company
    - ✓ legal structure
    - ✓ registration
    - ✓ ownership of fund manager
    - ✓ fund manager's commitment to fund
    - ✓ fund management team composition
  - fund limited partners or investors
  - composition of investment committee/ advisory board
  - fund size or target fund raising (for funds being raised), including currency denomination
  - assets under management
  - investment strategy
  - investments (targeted and/ or actual)

- ✓ by sector of activity
- ✓ by type of investee (e.g. SME)
- ✓ by size
- ✓ by geography
- ✓ dry powder
- ✓ transactions executed
- ✓ instruments used or targeted
- ✓ exits executed or targeted strategy for exits
- ✓ use of Environmental, Social and Governance (ESG) principles or safeguards
- fee structure (management fee, carry, hurdle rate, etc..)
- technical assistance facilities available to the fund or any other form of indirect subsidy
- fund performance [target Internal Rate of Returns (IRR) and actual]

The dataset collected in this analysis should be included in the annex of the report, with references to this dataset as appropriate in the main text of the report. While the bulk of this analysis may focus on finite life PE/VC funds, if the industry includes players structured as holding companies or other legal structures that provide risk capital to enterprises in the agribusiness sector, the analysis will also include a description of such players as well.

- ii) **The *second area* is an analysis of relevant local and international experience with sector-specific SME funds** (particularly those that are government sponsored, or hybrid funds) **and other types of interventions that catalyse risk financing for SMEs**. The analysis will consider the funds, fund managers, and investor base in play in such funds. The analysis will derive lessons learned on the design, structure, governance arrangements, and investment strategy of such funds that can be useful in the setup of the proposed Fund.
- iii) **The *third area* will look briefly at the legal, regulatory and taxation framework** within which the GoA SME Fund would be set up, providing potential setup options on on-shore versus off-shore registration, legal structure etc. for both fund and fund manager.
- iv) **The *fourth area* will look status of development of SMEs in general and SMEs in the agribusiness sector in particular in Assam and the business enabling environment within which they operate as inputs into the estimation of potential deal flow for the Fund**. This analysis will aim to assess the overall state of development of the sector and the emerging trends; infrastructure and advisory support being provided by the state (through the District Industrial Centres, food parks etc) and private players; policy actions being taken (such as the Ease of Doing Business Act and other investment promotion policies); level, types, and trend in financing available; and lastly, any residual challenges that are not being addressed.

#### 4. REPORTS AND SCHEDULE OF PAYMENT:

- a) **REPORTING:** The consultant will report to the State Project Director (SPD), ARIAS Society. The consultant shall furnish to the SPD the following in English electronically (in pdf and MS Word):
  - i) Based on the scope of work described above, an **Inception Report**, which includes an annotated outline of the final report; activities to be conducted – in particular institutions and individuals identified for phone interviews and physical meetings in Assam and other Indian states; and a detailed work plan. This output shall be provided within 1st week of signing of the Contract Agreement.
  - ii) Based on comments received on the Inception Report and additional desk-based research and phone interviews, provide an **Interim Progress Report**. The objective of this report is to identify residual issues that need to be further explored, and hence help facilitate a well-

targeted set of physical meetings to address key unaddressed questions. This output will be provided within two months from the date of contract signing.

iii) **Draft Report, including complete annexes, dataset, bibliography and interview list:** Within three months from date of contract signing.

iv) **Final Report** (incorporating suggestions of ARIAS Society): Within four months of approval of the date of agreement signing.

**b) PAYMENT SCHEDULE WITH TIMELINES**

Sl.	Type of Report Submission	Days from contract signing	Payment %
1	Inception Report	07	10
2	Interim Progress Report	60	20
3	On submission of the Draft Report	90	40
4	On submission of Final Report	120	30

**5. LIST OF KEY PROFESSIONALS WHOSE CV AND EXPERIENCE WILL BE EVALUATED:**

The Consultancy firm will have to deploy the following key staff whose CVs will be evaluated for the purpose of evaluation of technical proposal

Sl.	Positions	Qualifications and Experience Desired
1	Team Leader	<ul style="list-style-type: none"> <li>• Post Graduate in Economics/ Finance/ Finance &amp; Accounts/ Agricultural Economics/ Banking or a closely related field</li> <li>• Fifteen (15) years senior managerial position in facilitating SME investments, preferably in the start up segment</li> <li>• Knowledge of financial schemes of Government / Financial Institutions/ Banks/ other Funding agencies especially w.r.t. SMEs</li> <li>• Good knowledge of Venture capital industry, challenge funds, SME investment funds, social impact funds etc</li> <li>• Strong interpersonal and communication skills, fluency in English and Hindi</li> <li>• People management, leadership and mentoring skills to lead a high performing team</li> </ul>
2	Finance Specialist	<ul style="list-style-type: none"> <li>• A Post graduate in Finance/ Finance and Accounts/ Financial Management or a closely related field</li> <li>• 10 years of professional experience in financial analysis of SME ventures</li> <li>• Experience in identifying potentially successful business ventures and strong capabilities to analyse project viability (both technically and commercially)</li> <li>• Experience in assessment of b-plans and proposals for start up funding particularly for SMEs</li> <li>• Fluency in English and Hindi and excellent networking and written communication skills.</li> </ul>
3	Entrepreneurship Specialist	<ul style="list-style-type: none"> <li>• A Post graduate in Entrepreneurship Management, Family Business Management or a closely related field</li> <li>• 10 years of professional experience in development and promotion of entrepreneurship/SMEs</li> <li>• Experience in business incubation</li> <li>• Experience in feasibility studies/viability studies for new business ventures particularly in the SME segment</li> <li>• Strong interpersonal skills with fluency in English and Hindi</li> </ul>
4	Agribusiness Specialist	<ul style="list-style-type: none"> <li>• A Post graduate in Agri Business/ Agri Business Management/ Agri Business Economics or a closely related field</li> <li>• 10 years of professional experience in agribusiness industry</li> <li>• Experience of entrepreneurship development/facilitation in agribusiness sector</li> <li>• Experience of running own agribusiness will be an added advantage</li> <li>• Strong interpersonal skills with fluency in English and Hindi</li> </ul>

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