

# Project Administration Manual

Project Number: 53264-001

Loan and/or Grant Number(s): {LXXXX; TXXXX}

September 2021

## India: Maharashtra Agribusiness Network Project

## ABBREVIATIONS

ADB	–	Asian Development Bank
AEFS	–	audited entity financial statements
APFS	–	audited project financial statements
ASUF	–	audited statement of utilization of funds
COVID-19	–	coronavirus disease
ESMS	–	environmental and social management system
FIL	–	financial intermediation loan
FPO	–	farmer producer organization
FY	–	fiscal year
GESI	–	Gender Equality and Social Inclusion
GESI AP	–	Gender Equality and Social Inclusion Action Plan
ha	–	hectare
LIBOR	–	London interbank offered rate
MAGNET	–	Maharashtra Agribusiness Network Project
MAVIM	–	Mahila Arthik Vikas Mahamandal
MSAMB	–	Maharashtra State Agricultural Marketing Board
NIPHT	–	National Institute of Post-Harvest Technology
PFI	–	Participating Financial Intermediaries
PFMS	–	Public Financial Management System
PISC	–	Project Implementation Support Consultant
PIU	–	Project Implementation Unit
PMU	–	Project Management Unit
PWD	–	persons-with-disabilities
SMR	–	social monitoring report
SPS	–	ADB Safeguard Policy Statement (2009)
TA	–	technical assistance
VCO	–	value chain operator

## CONTENTS

I.	PROJECT DESCRIPTION	1
II.	IMPLEMENTATION PLANS	3
	A. Project Readiness Activities	3
	B. Overall Project Implementation Plan	4
III.	PROJECT MANAGEMENT ARRANGEMENTS	5
	A. Project Implementation Organizations: Roles and Responsibilities	5
	B. Key Persons Involved in Implementation	8
	C. Project Organization Structure	8
	D. Subproject Selection Under Output 1 and Output 2	12
	E. Preliminary Qualified Partner Financial Intermediaries	12
	F. Matching Grant Subproject Selection and Approval Process	13
IV.	COSTS AND FINANCING	16
	A. Detailed Cost Estimates by Expenditure Category	18
	B. Allocation and Withdrawal of Loan Proceeds	19
	C. Detailed Cost Estimates by Financier	20
	D. Detailed Cost Estimates by Outputs and/or Components	21
	E. Detailed Cost Estimates by Year	22
	F. Contract and Disbursement S-Curve	23
	G. Fund Flow Diagram	24
V.	FINANCIAL MANAGEMENT	25
	A. Financial Management Assessment	25
	B. Disbursement	30
	C. Project Financial Management Arrangements	32
	D. External Auditing and Public Disclosure	32
	PROCUREMENT AND CONSULTING SERVICES	34
	A. Advance Contracting and Retroactive Financing	34
	B. Procurement of Goods, Works, and Consulting Services	35
	C. Procurement Plan	37
VII.	SAFEGUARDS	37
VIII.	GENDER EQUALITY AND SOCIAL INCLUSION	45
IX.	PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION	52
	A. Project Design and Monitoring Framework	52
	B. Monitoring	52
	C. Evaluation	53
	G. Reporting	53
	D. Stakeholder Communication Strategy	53
X.	ANTICORRUPTION POLICY	54
XI.	ACCOUNTABILITY MECHANISM	54
XII.	RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL	55

## **APPENDIXES**

Appendix 1: Design and Monitoring Framework	56
Appendix 2: Eligibility Criteria and Continued Compliance Requirements for Participating Financial Intermediaries	59
Appendix 3: Eligibility Criteria for Beneficiaries' Subprojects under Matching Grant and Financial Intermediation Loan	60
Appendix 4: Outline Terms of Reference for Selection of Project Implementation Support Consultant (PISC) Firm	77
Appendix 5: Procurement Plan	106
Appendix 6: Template for Gender Equality and Social Inclusion Action Plan Implementation Progress Report	111
Appendix 7: Outline of a Semiannual Environment and Social Safeguards Monitoring Report	116
Appendix 8: Sample Quarterly Progress Report	120
Appendix 9: Maharashtra Agribusiness Network Project Detailed Financial Management Procedures	126

### **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The State of Maharashtra acting through the MAGNET Society is wholly responsible for the execution (and implementation through the Maharashtra State Agricultural Marketing Board and selected Participating Financial Intermediaries) of the Project, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the state government, and ADB. ADB staff is responsible for supporting implementation including compliance by executing and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the loan and project agreements. Such agreement shall be reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the loan and project agreements, the provisions of the loan and project agreements shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the PAM.

## I. PROJECT DESCRIPTION

1. The project will increase incomes of small and marginal holding farmers in Maharashtra in line with the state government's Vision 2030 by providing holistic agribusiness and value chain support in horticulture.<sup>1</sup> The project will enhance (i) institutional, technical, and marketing capacities of agribusiness institutions and farmer producer organizations (FPOs), (ii) access to finance of FPOs and value chain operators (VCOs), and (iii) horticulture value chain infrastructure. The infrastructure will apply women and persons-with-disabilities (PWD) friendly designs and include climate adaptation and mitigation financing. The project is expected to enhance food security through reduction of waste, and alleviate rural poverty by providing rural farmers enhanced opportunities for productivity, participation in the value chain, and income generation. In doing so, the project aims to mainstream opportunities for women and vulnerable groups<sup>2</sup> by developing and implementing a gender equality and social inclusion action plan (GESI AP).

2. The project is aligned with the following impacts: average agriculture sector growth rate of 5% achieved; export of agricultural produce promoted; and fair, competitive, and accessible agriculture markets established (footnote1). The project targets 200,000 farmers (200 FPOs) and 100 VCOs as beneficiaries.<sup>3</sup> The target crops include banana, custard apple, green and red chili, guava, okra, orange, pomegranate, sapota, strawberry, sweet lime, and flowers. The target crops were identified based on the state's production values, market demand, and growth potential. The project will have the following outcomes: Maharashtra's horticultural production values increased, and post-harvest losses reduced.<sup>4</sup>

3. **Output 1: Institutional, technical, and marketing capacities of agribusiness institutions and farmer producer organizations strengthened.** The project will provide policy guidance and capacity development support to agribusiness institutions and FPOs through (i) crop-specific, public-private collaboration for achieving higher productivity, better harvest quality and post-harvest handling, and relevant certification; (ii) introducing best practices and latest technologies to improve safety, quality, and productivity; (iii) capacity building of FPOs for sustainable and efficient management of commercial and financial functions, particularly for FPOs owned and led by women; and (iv) supporting digital and direct marketing initiatives by FPOs for generating new business-consumer and business-business trades (including possible exports), and realizing better sale prices. The project will also enhance the institutional capacities of the executing and implementing agencies to ensure the smooth delivery of the project.

4. **Output 2: Access to finance of farmer producer organizations and value chain operators strengthened.** Key challenges that FPOs face after the incubation period is access to finance to improve their crop quality and volume expectations. The project will provide matching grants and FILs to FPOs and VCOs through 300 subprojects.<sup>5</sup> The matching grants will support development of FPOs' post-harvest facilities and finance up to 60% of development costs. The

<sup>1</sup> State Government of Maharashtra, Planning Department. 2017. [Vision 2030](#). Mumbai.

<sup>2</sup> For the purpose of the project "vulnerable groups" and "vulnerability" includes: Scheduled Castes (SCs) and Scheduled Tribes (STs) as defined by the Constitution of India; Persons with disabilities (PWD) defined as a person with long term physical, mental, intellectual or sensory impairment which, in interaction with barriers, hinders his/her full and effective participation in society equally with others; Persons living below the poverty line (BPL) defined within the benchmark used by the GOI to indicate economic disadvantage and to identify individuals and households in need of government assistance and aid; People living with HIV/AIDS and gender/sexual minorities.

<sup>3</sup> The project will target the FPOs with 250 farmer members and annual turnover of ₹500,000 or more.

<sup>4</sup> The design and monitoring framework is in Appendix 1.

<sup>5</sup> Matching grants are defined as one-off, non-reimbursable transfers to project beneficiaries, for particular purposes, based on the condition that the recipient makes a specified contribution for the same purpose or subproject (International Fund for Agricultural Development. 2012. [Matching Grants Technical Note](#). Rome).

FILs will support working capital and infrastructure needs of FPOs and VCOs for domestic and export markets through financial intermediaries.<sup>6</sup> Subprojects and subborrowers will be selected based on the eligibility criteria for the matching grants and FILs set forth in the project administration manual (PAM).<sup>7</sup> At least 20% of the financial support will be allocated to FPOs and VCOs owned or led by women.

**5. Output 3: Agriculture value chain infrastructure improved and operational for the target horticulture crops.** The project will improve 16 existing post-harvest facilities of the Maharashtra State Agricultural Marketing Board (MSAMB) and develop three new ones for the domestic market and export value chains and will improve the facilities of the National Institute of Post-Harvest Technology (NIPHT). The post-harvest facilities are typically located adjacent to local market places and will provide safe and affordable access to farmers and FPOs for precooling, cold storage, ripening chambers, and processing to reduce losses and add value to their crops. The facilities will provide 67,600 tons of handling capacity and handle the produce of 6,200 farmers. Post-harvest facility design will include safe water and sanitation facilities for hand washing and toilets as well as climate mitigation, adaptation, and disaster-resilient features such as rainwater harvesting and solar rooftop power generation. The NIPHT is a research and development hub for post-harvest technologies. The project will enhance its training facilities with design features that are responsive to women and people with a disability and use them for FPO capacity-development activities under output 1.<sup>8</sup>

6. ADB will provide transaction TA for Enhancing Market Linkages for Farmer Producer Organizations. The TA will support the delivery of the project's complex and innovative elements and address poverty reduction. The TA project's outputs will be (i) crop-based center of excellence networks created and capacity development on value chain acceleration conducted, (ii) high-level and innovative technologies in agribusiness and agriculture value chains promoted, (iii) capacity development on post-harvest handling and management conducted, and (iv) asset management and financial management capacities of the MAGNET Society and MSAMB improved. ADB will recruit a consulting firm and individual consultants in accordance with the ADB Procurement Policy (2017, as amended from time to time) to carry out the TA activities. The TA is estimated to cost \$2.5 million, of which (i) \$500,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources) and (ii) \$2.0 million will be financed on a grant basis by the JFPR and administered by ADB. The government will provide counterpart support in the form of counterpart staff, office accommodation, office supplies, secretarial assistance, and other in-kind contributions.

---

<sup>6</sup> Initially selected financial intermediaries (the Bank of India and Samunnati Financial Intermediation and Services Private Limited) were cleared by ADB's financial and integrity due diligence. The eligibility criteria and continued compliance requirements for participating financial intermediaries include financial soundness, credit and risk management policies, and compliance with prudential regulations as described in Appendix 2 of this Project Administration Manual. The financial intermediaries have strong client bases in Maharashtra's horticulture FPOs and VCOs to deliver effective subprojects with sound environmental and social management system arrangements. The government will relend to the financial intermediaries under onlending agreements to be entered into between the Maharashtra Agribusiness Network (MAGNET) Society and financial intermediaries with terms and conditions satisfactory to ADB.

<sup>7</sup> The eligibility criteria are listed in Appendix 3 of this Project Administration Manual.

<sup>8</sup> Gender-responsive design assures a safe work environment for women, including separate toilets and quarters, and design responsive to people with a disability includes features such as ramps and accessible toilets.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

**Table 1: Project Readiness Activities**

Indicative Activities	2020							2021							Responsible Agency				
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul		Aug	Sep	Oct	Nov
Advance contracting actions																			ADB, Magnet Society, MSAMB
Retroactive financing actions																			MAGNET Society, MSAMB
Establish project implementation arrangements																			MAGNET Society, MSAMB
Establish GESI AP baselines <sup>a</sup>																			MAGNET Society, MSAMB
ADB Board approval																			ADB
Loan signing																			ADB, MOF
Government legal opinion provided																			DOF, DOL&J, MOL&J, MOF
Government budget inclusion <sup>b</sup>																			DOF
Loan effectiveness																			ADB

<sup>a</sup> GESI AP Target 20: One baseline survey conducted with established sex, age, caste, tribal, geography and vulnerability -disaggregated data and detailed social analyses, which identify key inequalities and enable the team to set appropriate vulnerable groups defined in footnote 2.

<sup>b</sup> The government has authorized use of MSAMB budget for the project in FY2020–2021 before budget is allocated to MAGNET Society in FY2021–2022. ADB = Asian Development Bank, DOF = Department of Finance, GESI AP = Gender Equality and Social Inclusion Action Plan, MOF = Ministry of Finance, MOL&J = Ministry of Law and Justice, MSAMB = Maharashtra State Agriculture Marketing Board.

Sources: ADB and MSAMB.



## B. Overall Project Implementation Plan

**Table 2: Project Implementation Plan**

Activities	2021				2022				2023				2024				2025				2026				2027				2028
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>Output 1: Institutional, technical, and marketing capacities of agribusiness institutions and FPOs strengthened</b>																													
1.1 Prepare workshop materials (Q4 2021)																													
1.2 Conduct workshops to FPOs and other target beneficiaries (Q1 2022–2027)																													
1.3 Provide hand-holding support to MAGNET Society and other staff (Q3 2021–2027)																													
<b>Output 2: Access to finance of FPOs and VCOs strengthened</b>																													
2.1 Approve subprojects and disburse matching grant (Q4 2021–2027)																													
2.2 Approve subprojects and disburse FIL (Q4 2021–2027)																													
2.3 Conduct audits of subprojects and FIs																													
<b>Output 3: Agriculture value chain infrastructure improved and operational</b>																													
3.1 Conduct works for MSAMB facilities (Q3 2021–2023)																													
3.2 Conduct works for NIPHT facilities (Q4 2021–2023)																													
<b>Project Management</b>																													
4.1 Recruit and mobilize the Project Implementation Support Consultant (PISC)																													
4.1.1 PISC services																													
4.2 Engage and mobilize contractors for works																													
4.3 GESI Action Plan activities																													
4.4 Semi-annual and midterm review missions																													
4.5 Project completion report preparation																													

DMF = design and monitoring framework, GESI = gender equality and social inclusion action plan, FIs = financial intermediaries, FIL = financial intermediation loan, FPO = farmer producer organizations, MAGNET = Maharashtra Agribusiness Network, MSAMB = Maharashtra State Agricultural Marketing Board, NIPHT = National Institute of Post-Harvest Technology.

Source: Asian Development Bank.

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations: Roles and Responsibilities

**Table 3: Project Implementation Organizations**

Project Implementation Organizations	Management Roles and Responsibilities
Oversight Body (State-level Steering Committee)	<p>A State-level Steering Committee (SLC) has been set up under the chairmanship of Chief Secretary, Maharashtra State to monitor the project. Secretaries of the departments of planning, finance, marketing, agriculture, industries, women and child development are members of the SLC. Principal Secretary, Cooperation and Marketing, Department of Cooperation, Marketing and Textiles, will be the member secretary of the SLC.</p> <p>The role of this committee is to monitor and coordinate the implementation of the project and to take policy decisions. The Cabinet of the State has authorized the SLC to approve the final plan of the project, make required changes in the project plan with the approval of ADB, approve strategic changes in project implementation, review the project implementation and progress. The committee will have the power to approve and change the project estimates and administrative matters as required.</p>
Executing Agency (State of Maharashtra acting through the MAGNET Society)	<p>The MAGNET Society is established to function as an apex autonomous body of the Government of Maharashtra to implement, monitor and coordinate the Maharashtra Agribusiness Network Project and any other projects authorized by the State Government. It is incorporated under Society Act of 1860.</p> <p>The management of the MAGNET Society consists of two-tier administrative system comprising a governing council and an executive committee. The governing council is the apex policy making body, while the executive committee is the executive authority of the society.</p> <p>The Principal Secretary, Department of Marketing heads the governing council as its chair. Representatives from related key departments such as finance, planning, agriculture and marketing, and the tribal department,<sup>9</sup> and agencies such as the MAVIM and MSAMB act as members. Project Director, MAGNET serves as member secretary.</p> <p>The MAGNET Society shall act as executing agency for the project and shall be responsible for overall coordination, implementation and monitoring of the project.</p>
Implementing Agencies (MSAMB and selected Partner Financial Intermediaries)	<p>The implementing agencies are the MSAMB and Participating Financial Intermediaries (PFIs), initially including <i>Bank of India</i>; and <i>Samunnati Financial Intermediation and Services Private Limited</i>.</p>

<sup>9</sup> Deputy director rank and a tribal department nodal officer.

	<p>The MSAMB, reporting to the Executing Agency, will be responsible for implementation of Output 3 through its eight regional offices (project implementation units [PIUs]).</p> <p>The PFIs will be responsible for the implementation of the Financial Intermediation Loan (FIL) component under Output 2.</p>
<p>Project Management Unit in the MAGNET Society</p>	<p>A Project Management Unit (PMU) has been established within the MAGNET Society and headed by Project Director, who is concurrently General Manager, MSAMB.</p> <p>The PMU will be responsible for implementation of Output 1 and matching grant component under Output 2.</p> <p>The PMU will be responsible for the following:</p> <ul style="list-style-type: none"> <li>• Overall management and coordination of all the three outputs</li> <li>• Guiding and overseeing the work of implementing agencies and PIUs</li> <li>• Hiring of project staff</li> <li>• Overall leadership, control, monitoring and supervision of project activities and staff</li> <li>• Ensuring funds are available for the project activities as well as implementing agencies.</li> <li>• Ensuring timely submission of reports to the Government of Maharashtra and ADB</li> <li>• Ensuring deployment of staff, service providers and other functionaries as required</li> <li>• Screening and due diligence of subproject proposals under Output 2 for matching grants based on eligibility criteria set out in Appendix 3</li> <li>• Negotiations and grant agreement signing of subproject proposals under Output 1 and Output 2 (for matching grant).</li> <li>• Physical verification and financial audits of approved subproject proposals</li> <li>• Disbursement of matching grant to approved subproject proposals<sup>a</sup></li> <li>• Implementation monitoring of subproject proposals</li> <li>• Approving and certifying subprojects' compliance with the eligibility criteria</li> <li>• Procurement of goods, works and services, following ADB procedures</li> <li>• Preparation of annual forecast of contract awards and disbursements</li> <li>• Establishing and managing project account/s, submission of withdrawal applications to ADB, retention of supporting documents<sup>a</sup></li> <li>• Submission of consolidated statement of expenditures to Asian ADB for reimbursement of claims<sup>a</sup></li> <li>• Submission of progress reports and annual audit reports and financial statements; ensuring that all required audit reports from MAGNET Society, MSAMB and the PFIs are timely submitted to ADB</li> <li>• Preparation of a project completion report<sup>a</sup></li> </ul>
<p>Project Implementation Units in each Participating Financial Intermediaries (PFIs)</p>	<p>The PIUs will be established in each PFI and shall:</p> <ul style="list-style-type: none"> <li>• Carry out credit origination in line with sound banking principles</li> <li>• Monitor and ensure compliance with eligibility criteria for sub-borrowers, subprojects, and subloans</li> <li>• Select subloans in accordance with eligibility criteria set out in Appendix 3</li> </ul>

	<ul style="list-style-type: none"> <li>• Oversee implementation of environmental and social management systems and ensure that sub-borrowers comply with ADB's Safeguard Policy Statement (SPS) and applicable environmental, health and safety, labor and social laws and regulations of the Government of India</li> <li>• Designate dedicated staff for project implementation unit</li> <li>• Implement GESI AP</li> <li>• Ensure that adequate FM arrangements including staffing, internal controls, accounting, financial reporting and audit, etc. are in place with regards to the project activities implemented by the PFI<sup>a</sup></li> <li>• Submit audited statement of utilization of funds to the MAGNET Society within 5 months after the end of the fiscal year; and audited entity financial statements (AEFS) to the MAGNET Society for further submission to ADB in accordance with ADB's requirements<sup>a</sup></li> <li>• Submit to the MAGNET Society, quarterly progress reports within 30 days from the end of each quarter, and respond to other information requests</li> <li>• Provide all the requisite information and documents as required by ADB and Government of Maharashtra</li> <li>• Ensuring timely submission of annual environmental and social monitoring reports of PFIs and shall continue to meet the compliance requirements in Appendix 2 of this PAM</li> </ul>
Project Implementation Units of the PMU and MSAMB	<p>The project will set up eight PIUs across eight divisions/regions in accordance with PMU's and MSAMB's structures.</p> <p>The PIUs will be responsible for:</p> <ul style="list-style-type: none"> <li>• Implementation of project activities at the divisional/regional level, under the management and leadership of the MAGNET Society, PMU, and MSAMB head office</li> <li>• Monitoring and supervising the implementation of subprojects under Output 2 and Output 3</li> <li>• Assisting in implementation of activities under Output 1 with the help of service providers and PMU</li> <li>• Identifying and mobilizing potential farmer producer organizations and value chain operators</li> <li>• Coordinating with PFIs for the subproject proposals</li> </ul> <ul style="list-style-type: none"> <li>• MSAMB will ensure that adequate FM arrangements including staffing, internal controls, accounting, financial reporting and audit, etc. are in place with regards to the project activities implemented by MSAMB.<sup>a</sup></li> <li>• MSAMB will ensure that: (i) quarterly financial information is submitted to the MAGNET Society within 30 days after the end of each quarter and (ii) audited project financial statements are submitted to the MAGNET Society within five months after the end of the fiscal year.<sup>a</sup></li> </ul>
Project Implementation Support Consultant (PISC)	<p>The PISC will provide management and technical support to the MAGNET Society, PMU and implementing agencies in the project implementation. The PISC will also strengthen technical and management capacities of the PIUs and FPOs, and ensure the project's compliance with ADB's environment and social safeguard policies, the Financing Agreement and policies of the Government of Maharashtra.</p>
Asian Development Bank (ADB)	<p>ADB will:</p> <ul style="list-style-type: none"> <li>• Monitor project implementation arrangements, disbursement, procurement, consultant selection, and reporting</li> </ul>

	<ul style="list-style-type: none"> <li>• Monitor schedules of activities, including fund flows</li> <li>• Review compliance with agreed procurement procedures</li> <li>• Review compliance with loan covenants</li> <li>• Monitor effectiveness of safeguard procedures</li> <li>• Analyze the outcome of the three project outputs</li> <li>• Monitor conformity with ADB anti-corruption policies</li> <li>• Undertake periodic review missions</li> <li>• Undertake a joint mid-term review mission with the government</li> </ul>
--	--

<sup>a</sup> Detailed financial management responsibilities of each EA/IA are provided in Appendix 9.

Sources: ADB, MSAMB.

## B. Key Persons Involved in Implementation

### Executing Agency

Agency Name

State of Maharashtra acting through the MAGNET Society  
 Mr. Anoop Kumar  
 Principal Secretary, Cooperation and Marketing,  
 Department of Cooperation, Marketing and Textiles,  
 Government of Maharashtra  
 Telephone: +91 22- 22025283  
 Email address: psec.coop@maharashtra.gov.in  
 Office Address: Mantralaya, Mumbai, Maharashtra  
 400032

### Asian Development Bank

Environment, Natural Resources  
 and Agriculture Division, South  
 Asia Department

Mio Oka  
 Director  
 Telephone No.: +63-2-8632-6834  
 Email address: moka@adb.org

Mission Leader

Masahiro Nishimura  
 Senior Rural Development Specialist  
 Telephone No: +63-2-8632-6460  
 Email address: mnishimura@adb.org

## C. Project Organization Structure

7. The project will follow the organization structure in Figure 1. The executing agency will be the MAGNET Society, established under the Department of Marketing, Government of Maharashtra. The Project Management Unit (PMU), established under the MAGNET Society, will coordinate and oversee the implementation of all the three project outputs and will be responsible for directly implementing Output 1 and matching grant under Output 2 (Figure 2). Accordingly, it will be provided with staff on deputation from the MSAMB, NIPHT, MAVIM and other government departments, and requisite contractual staff will be hired by the MAGNET Society at PMU and Project Implementation Unit (PIU) levels. Each of the Participating Financial Intermediaries (PFIs) will establish an implementation unit within itself to oversee the implementation of FIL activities.

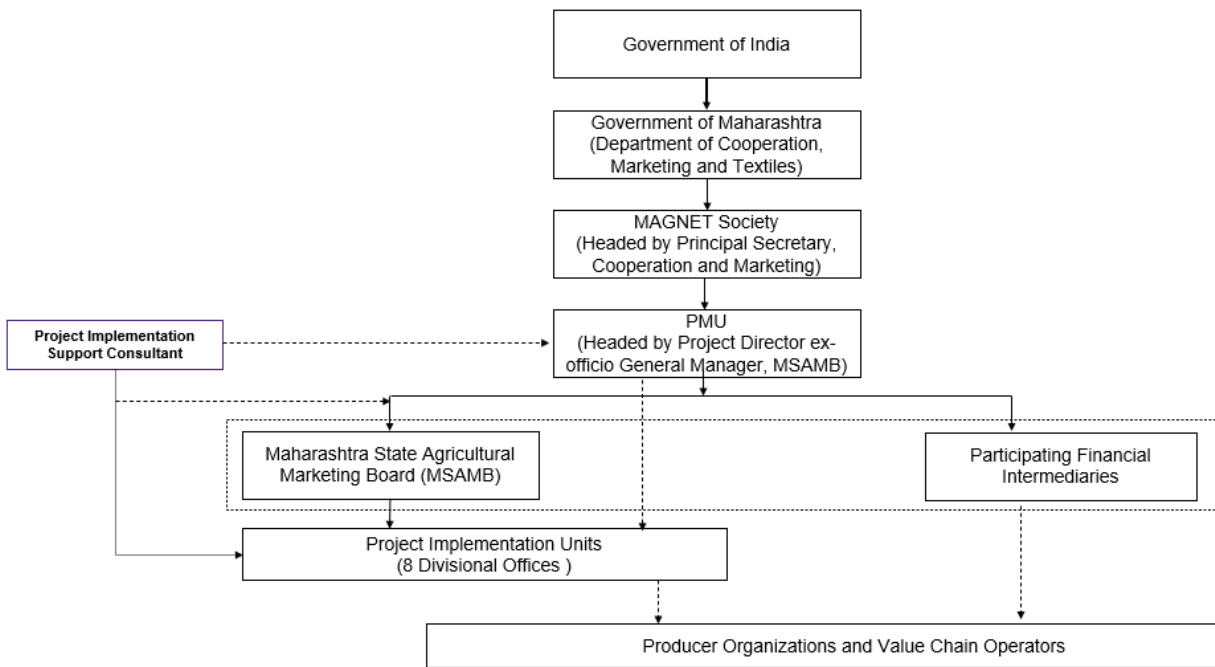
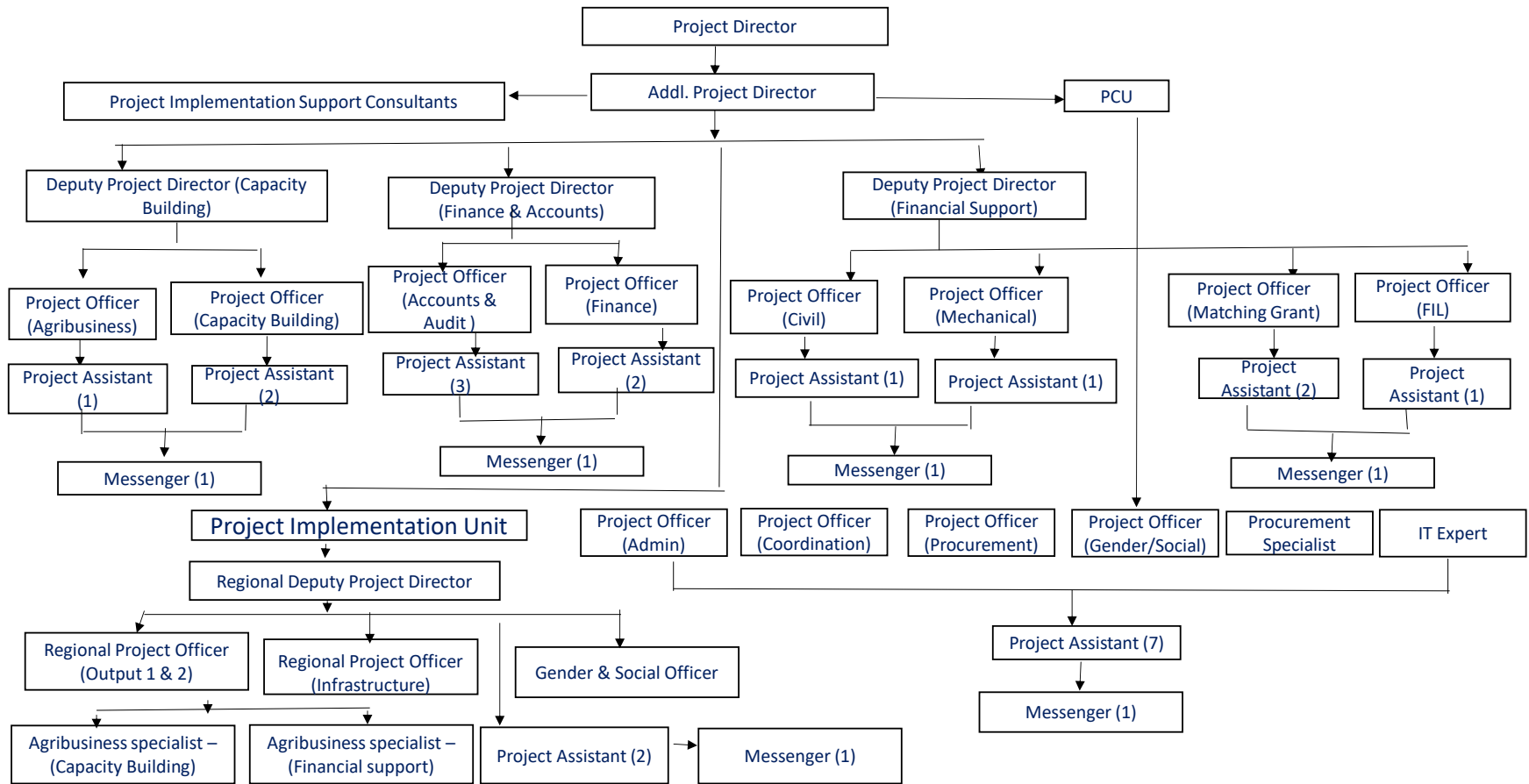
**Figure 1: Project Organization Structure**

Figure 2: PMU and PIU Staffing



FIL = financial intermediation loan, PCU = project coordination unit, PISC = Project Implementation Support Consultant.

**Table 4: Project Staffing Structure of the Project Management Unit**

<b>S No.</b>	<b>Position</b>	<b>Appointment</b>	<b>Department/Organization</b>	<b>No. of Posts</b>
1	Project Director	Additional Charge	MSAMB - General Manager	1
2	Additional Project Director	Deputation	Cooperation -- DRCS	1
3	Deputy Project Director - Capacity Building	Deputation	Agriculture - Deputy Director	1
4	Deputy Project Director - Finance & Accounts	Deputation	Finance – Assistant Director	1
5	Deputy Project Director - Financial Support	Deputation	MSMAB- AGM	1
6	Project Officer - Agribusiness	Deputation	MSAMB - Manager	1
7	Project Officer - Capacity Building	Deputation	MSAMB – Manager / NIPHT	1
8	Project Officer - Admin & HR (PCU)	Deputation	MSAMB - Manager	1
9	Project Officer- Civil	Deputation/ Contractual	MSAMB – Manager/ Open Market	1
10	Project Officer- Coordination PCU	Deputation	MSAMB - Manager	1
11	Project Officer - Mechanical	Contractual	Open Market	1
12	Project Officer - Matching Grant	Deputation	MSAMB – Manager / NIPHT	1
13	Project Officer – FIL	Contractual	Open Market	1
14	Project Officer - Accounts and Audit	Deputation	Finance – Account Officer	1
15	Project Officer – Finance	Deputation	Finance – Account Officer	1
16	Project Officer- Procurement	Deputation/ Contractual	MSAMB - Manager/ Government Departments/ Open Market	1
17	Procurement Specialist	Contractual	Open Market	1
18	IT Expert	Contractual	Open Market	1
19	Project Officer – Gender and Social	Deputation	MAVIM	1
20	Project Assistant (Support Staff)	Deputation / Contractual	MSAMB/NIPHT/Government Departments/Institutes/Open Market	20
21	Messenger	Deputation /Contractual	MSAMB/Open Market	5
	<b>Total</b>			<b>44</b>

AGM = Assistant General Manager, DRCS= Deputy Registrar, Cooperative Societies, FIL = financial intermediation loan, HR = human resources, MAVIM = Mahila Arthik Vikas Mahamandal, MSAMB = Maharashtra State Agricultural Marketing Board, NIPHT = National Institute of Post-Harvest Technology, PCU = project coordination unit.



**Table 5: Staffing Structure for Project Implementation Units  
at Eight MSAMB Division/Regional Levels**

No.	Position	Appointment	Department/ Organization	No. of Posts
1	Regional - Deputy Project Director - PIU Head	Additional Charge	MSAMB – DGM	8
2	Regional Project Officer - PIU	Deputation/Contractual	MSAMB - AGM / MANAGER/ Open Market	8
3	Project Officer - Infrastructure	Additional Charge	MSAMB-Jr. Engineer	8
4	Agribusiness Specialist (Capacity Building)	Deputation/ Contractual	MSAMB/Open Market	8
5	Agribusiness Specialist (Financial Support)	Contractual	To be assigned from the PISC	8
6	Gender and Social Officer	Deputation	MAVIM	8
7	Regional Project Assistants	Deputation/Contractual	MSAMB/NIPHT/Open Market	16
8	Messenger	Contractual	Open Market	8
	<b>Total</b>			<b>72</b>

AGM = Assistant General Manager, DGM = Deputy General Manager, MSAMB = Maharashtra State Agricultural Marketing Board, NIPHT = National Institute of Post-Harvest Technology, PISC = Project Implementation Support Consultant.

#### **D. Subproject Selection under FIL and Matching Grant**

8. The MAGNET Society will have the primary responsibility for subproject selection under FIL and matching grant using the eligibility criteria outlined in Appendix 3. The MAGNET Society will compile and submit to ADB an initial list of subprojects for the FIL and matching grant components. The MAGNET Society will regularly update and refine the list thereafter.

#### **E. Preliminary Qualified Partner Financial Intermediaries**

9. The project (through FIL) aims to enhance access to financial services for FPOs and other value chain operators operating in Maharashtra's horticulture sector (specifically in targeted value chains), to enable them to undertake the investments to strengthen their productivity and competitiveness. It will support activities including the setting up of post-harvest processing facilities, i.e., facilities like appropriate storage at farm level, collection center, pack house, primary processing facilities such as sorting, grading and packaging facilities, secondary processing—any mechanized and mobile processing facilities, appropriate transportation infrastructure, setting-up of retail outlets, creation of e-market etc.; as well as support working capital requirements—aggregation, processing and trade (including for exports), other productive purposes—based on a submitted investment plan (subproject proposal).

10. The project will attempt to alleviate the lack of short-term and long-term financing for the horticulture subsector by providing funding with a 7-year maturity to the banking sector to be revolved in the PFIs. The project is expected to encourage PFIs to introduce a range of innovative structured finance products, to support development of targeted value chains. These products, such as financing of specific contracts where such contract serves as collateral, are expected to take the focus of the financial sector off the traditional forms of collateral, help subprojects borrow to deliver under signed contracts, and develop relationships between farmers, processors, wholesalers, retailers, etc.

11. The preliminary qualified PFIs under the project include Bank of India, and Sammunati Financial Intermediation and Services Private Limited. They have been shortlisted and selected based on a request for expressions of interest (EOI) published in July 2020. These PFIs went through the due process of due diligence and qualification. The selection criteria included financial soundness, credit and risk management policies, and compliance with prudential regulations. All PFIs will be selected and approved in accordance with the agreed criteria detailed in Appendix 2. Notably, the initial two PFIs are interested to support the horticulture sector development working with borrowers in the sector, and to participate in the training offered by the project. These PFIs have established project implementation units as given in Table 6.

**Table 6: Project Implementation Units of Participating Financial Intermediaries**

<b>Name of Participating Financial Institution</b>	<b>Project Implementation Unit Office Location</b>	<b>Nodal Officer/PIU Head</b>	<b>No. of PIU Staff</b>
Bank of India	National Banking West 2, Pune	Sameer Deshpande	30
Samunnati Financial Intermediation and Services Private Limited	Pune	Sridhar Eswaran	7

12. PFIs to on-lend FILs are required to meet the criteria provided in Appendix 2. The credit line will be open to all PFIs. Specific eligibility criteria are included in Appendix 3 for subborrowers and subprojects to be financed under the project and the procedures for all parties involved in the implementation of the subprojects. Use of high-level and innovative technologies and support to promote women-owned and -led FPOs and VCOs will be considered. The executing and implementing agencies will administer the implementation of the subprojects on behalf of the Government of Maharashtra and ensure that the provisions of the loan and project agreements and relevant criteria are complied with. The detailed responsibilities under the FILs will be set forth in specific project documents.

#### **F. Matching Grant Subproject Selection and Approval Process**

13. The following are the subproject proposal selection criteria:

- (i) Only integrated value chain development projects (As determined by Technical Committee/Sanctioning Committee on case to case basis.) will be eligible. Stand-alone facilities/ component will not be considered for assistance under this scheme
- (ii) Proposals should be technically sound and financially viable as well as have satisfactory environmental and social safeguards.
- (iii) Proposals must adhere to MAGNET's environmental and social safeguards.
- (iv) Only Greenfield projects will be eligible.
- (v) All compliances/ permissions/ documentation/ clearances/ No Objection Certificates etc. as required by the concerned departments/authorities of the government against industrial norms, registrar of companies (ROC), Food Safety and Standards Authority of India Act, etc.
- (vi) Projects shall conform to the national and local industrial development plans and shall not include projects that are restricted or prohibited.
- (vii) Projects that do not involve storage/processing/value addition/marketing of at least any one of the target crops (banana, custard apple, green and red chili, guava, okra, orange, pomegranate, sapota, strawberry, sweet lime, and flowers) will not be eligible.

- (viii) A minimum of 50% of applicant's capacity to operate should be utilized for processing/facilitating services for listed crops produced in project's catchment zone and/or within Maharashtra. Detailed project reports of applicants should clearly state project's catchment area, production capacity, available raw material crop-wise in the catchment area indicating source of data.
- (ix) Projects proposing to set up their infrastructure outside Maharashtra will not be considered.
- (x) Land title in the name of the applicant or land lease, duly registered with the competent authority for not less than a period of 15 years, will be required.
- (xi) Preference will be given to projects possessing Change in Land Use permission provided by a competent authority.
- (xii) Preference will be given to projects utilizing high-level and innovative technologies.
- (xiii) At least 20% of the projects are targeted to be provided to women-owned or -led FPOs or VCOs. Preference will be given to vulnerable group-led and -owned FPOs or VCOs.
- (xiv) Submission of all documents which include among other documents: estimates/quotations, drawings and Building Plan Sanction, Consent to Establish (Maharashtra Pollution Control Board), Undertakings, No Objection Certificates from concerned departments/authorities, etc.
- (xv) Financial Indicators Criteria:
  - (a) The financial internal rate of return should be greater than the weighted average cost of capital for the subproject.
  - (b) Total debt/equity ratio of the subproject should not be more than 70:30.
  - (c) The overall current ratio of the subproject should be at least 1.1.
  - (d) The average debt-service coverage ratio of the subproject should be at least 1.25.

14. The following are some specific conditions for the selection of subprojects:

- (i) Grants will be extended only for selected projects of eligible organizations.
- (ii) Final selection for assistance to any entity will be based on meeting of qualifying and selection criteria and final discretion of MAGNET Society for approval.
- (iii) Only projects appraised by Technical Consultant (appointed by the MAGNET Society) and approved by Sanctioning Committee of MAGNET Project will be given a grant sanction.
- (iv) The MAGNET Society may use their sole discretion to reject any project/any specific component that is eligible under specific grant schemes of other institutions like National Horticulture Board (NHB), Ministry of Food Processing and Industries (MoFPI), Rashtriya Krishi Vikas Yojana (RKVY), and World Bank-funded projects such State of Maharashtra's Agribusiness and Rural Transformation (SMART) and Project on Climate Resilient Agriculture (PoCRA). The idea here is to complement the existing schemes and not to compete with them. For example, some stakeholders may be eligible for a grant scheme of NHB for stand-alone cold storages. Such SMEs shall not be considered for the same component under MAGNET, unless otherwise allowed by the MAGNET Society.
- (v) Applicant can avail assistance under this scheme in conjunction with other schemes being implemented by central ministries/departments or state government. However, no assistance will be provided for the projects that have already been approved/ availed capital grant assistance/subsidy on same components from any other central government /state government agencies/departments.

- (vi) Not more than one application from the same applicant / company will be entertained. An application will be considered as a second proposal if there are cross holdings of the promoter(s) / partner(s) between two applicants / entities.
- (vii) All equipment / plants & machinery of the project should be new. Reconditioned / refurbished equipment / plant & machinery will not be eligible for grant assistance.
- (viii) Expansion / upgrading of the existing facility/ies will not be entertained.
- (ix) The grant will be restricted only to the plant & machinery and technical civil works created after the date of issuance of the request for EOI.
- (x) Eligible projects that have gained a detailed in-principle term loan sanction from any financial institution will be given preference. In such a case, the date of sanction of term loan should not be earlier than the date of EOI issuance.
- (xi) During implementation, project promoters will not be allowed to drop / remove / reduce capacity of any item approved for grant assistance. If circumstances may still require such action on behalf of promoter, the revised project will be considered / rejected for grant approval only after appraisal by Technical Consultant and approval of Sanctioning Committee.

15. Detailed guidelines are included in Appendix 3. The MAGNET Society shall discuss and agree with ADB when they need to be revised during the course of project implementation.

#### IV. COSTS AND FINANCING

16. The project is estimated to cost \$142.9 million (Table 7). Detailed cost estimates by expenditure category and by financier are shown in Table 10 and Table 12, respectively. Output 1 includes consulting services, Output 2 includes financial intermediation loans and matching grants, and Output 3 includes works.

**Table 7: Summary Cost Estimates**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Institutional, technical, and marketing capacities of agribusiness institutions and FPOs strengthened	24.1
2. Access to finance of FPOs and VCOs strengthened	88.5
3. Agriculture value chain infrastructure improved and operational for the target agriculture crops	19.1
<b>Subtotal (A)</b>	<b>131.7</b>
<b>B. Contingencies<sup>c</sup></b>	<b>7.3</b>
<b>C. Financial Charges During Implementation<sup>d</sup></b>	<b>3.9</b>
<b>Total (A+B+C)</b>	<b>142.9</b>

<sup>a</sup> Includes taxes and duties of \$20.1 million. Such amount does not represent an excessive share of the project cost. ADB will finance taxes and duties of \$14.1 million. The government will finance taxes and duties of \$6.0 million through cash contribution.

<sup>b</sup> In mid-2020 prices as of 28 October 2020.

<sup>c</sup> Includes physical contingencies for goods, civil works, consulting services, and government's recurrent costs, price contingencies based on ADB cost escalation factors, and provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest, commitment, and other charges on all sources of financing.

Sources: State of Maharashtra and Asian Development Bank estimates.

17. The government has requested a regular loan of \$100 million from ADB's ordinary capital resources to help finance the project. The loan will have a 15-year term, including a grace period of 6 years; an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; a commitment charge of 0.15% per year and such other terms and conditions set forth in the draft loan and project agreements. Based on the straight-line method, the average maturity is 10.75 years, and there is no maturity premium payable to ADB.

18. The summary financing plan is in Table 8. ADB will finance the expenditures in relation to the FIL, matching grant, works, goods, and consulting services. The state government of Maharashtra assured that any shortfall in the required finances during the implementation of the current project scope will be covered by the government.

**Table 8: Summary Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary capital resources (regular loan)	100.0	70.0
Government	42.9	30.0
<b>Total</b>	<b>142.9</b>	<b>100.0</b>

Sources: State of Maharashtra and Asian Development Bank estimates.

19. Food security investments are estimated to cost \$100 million, comprising \$100 million in ordinary capital resources loan. The project will contribute to agribusiness, support rural and agricultural finance, and contribute to capacity building in the agriculture and natural resources

sector. Climate mitigation is estimated to cost \$190,000 comprising solar rooftop power generation at new facilities in Pachod and Baramati. Climate adaptation is estimated to cost \$300,000 comprising rainwater harvesting systems across all the facilities including the NIPHT training facility. ADB will finance 76% of mitigation cost and 76% of adaptation cost.

## A. Key Assumptions

20. The following key assumptions underpin the cost estimates and financing plan:

- (i) Exchange rate: India Rupee (₹) 73.78 = \$1.00 (as of 28 October 2020).
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

**Table 9: Escalation Rates for Price Contingency Calculation**

Item	2021	2022	2023	2024	2025	2026	2027	Average
Foreign rate of price inflation	1.60%	1.70%	1.70%	1.80%	1.80%	1.80%	1.80%	1.74%
Domestic rate of price inflation	3.80%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	3.97%

Source: Asian Development Bank estimates.

- (iii) In-kind contributions were calculated based on recurrent administration costs such as government staff salaries, office rental and supplies, vehicle hire, and training-related logistics.

**B. Detailed Cost Estimates by Expenditure Category****Table 10: Detailed Cost Estimates by Expenditure Category**

Item	INR million			\$ million			% of Total Base Cost
	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total <sup>a</sup> Cost	
<b>A. Investment Costs<sup>b</sup></b>							
1. Goods	0.00	118.46	118.46	0.00	1.61	1.61	1.22%
2. Civil works	329.33	966.03	1,295.36	4.46	13.09	17.56	13.33%
3. Financial intermediation loan	0.00	4,845.67	4,845.67	0.00	65.69	65.69	49.86%
4. Matching grant	0.00	1,939.19	1,939.19	0.00	26.28	26.28	19.96%
5. Consulting Services - PISC	194.30	264.24	458.54	2.63	3.58	6.21	4.72%
6. Consulting Services - Detailed design	0.00	73.69	73.69	0.00	1.00	1.00	0.76%
<b>Subtotal (A)</b>	<b>523.62</b>	<b>8,207.28</b>	<b>8,730.90</b>	<b>7.10</b>	<b>111.25</b>	<b>118.35</b>	<b>89.85%</b>
<b>B. Recurrent Costs</b>							
1. Project administration	0.00	986.79	986.79	0.00	13.37	13.37	10.15%
<b>Subtotal (B)</b>	<b>0.00</b>	<b>986.79</b>	<b>986.79</b>	<b>0.00</b>	<b>13.37</b>	<b>13.37</b>	<b>10.15%</b>
<b>Total Base Cost</b>	<b>523.62</b>	<b>9,194.07</b>	<b>9,717.69</b>	<b>7.10</b>	<b>124.62</b>	<b>131.72</b>	<b>100.00%</b>
<b>C. Contingencies</b>							
1. Physical	29.68	120.46	150.14	0.40	1.45	1.85	1.56%
2. Price	32.07	1,567.43	1,599.50	0.43	4.96	5.39	4.56%
<b>Subtotal (C)</b>	<b>61.75</b>	<b>1,687.89</b>	<b>1,749.64</b>	<b>0.84</b>	<b>6.41</b>	<b>7.24</b>	<b>6.12%</b>
<b>D. Financial Charges During Implementation<sup>c</sup></b>							
1. Interest during construction	253.88	0.00	253.88	3.44	0.00	3.44	2.91%
2. Commitment charges	37.00	0.00	37.00	0.50	0.00	0.50	0.42%
<b>Subtotal (D)</b>	<b>290.88</b>	<b>0.00</b>	<b>290.88</b>	<b>3.94</b>	<b>0.00</b>	<b>3.94</b>	<b>3.33%</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>876.25</b>	<b>10,881.96</b>	<b>11,758.21</b>	<b>11.88</b>	<b>131.03</b>	<b>142.90</b>	<b>108.49%</b>

PISC = Project Implementation Support Consultant.

Notes: numbers may not sum precisely because of rounding.

<sup>a</sup> Includes taxes and duties of \$20.1 million. Such amount does not represent an excessive share of the project costs.

<sup>b</sup> In 2020 prices as of October 2020.

<sup>c</sup> Interest during construction for the OCR loan(s) has been computed at the 5-year US dollar fixed swap rate plus an effective contractual spread of 0.50% and no maturity premium. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates

### C. Allocation and Withdrawal of Loan Proceeds

**Table 11: Allocation and Withdrawal of Loan Proceeds**

<b>No.</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (\$)</b>	<b>Basis for withdrawal</b>
1	Works	13,350,000	76% of total expenditure claimed*
2	Goods and consulting services	7,820,000	100% of total expenditure claimed*
3	Matching grant**	26,280,000	100% of total expenditure claimed*
4	Financial intermediation loan***	52,550,000	80% of total expenditure claimed*
	<b>Total</b>	<b>100,000,000</b>	

\* Inclusive of taxes and duties imposed within the territory of the Borrower.

\*\* Up to 60% of the cost of subprojects of Farmer Producer Organizations is given as a grant and disbursed entirely from the ADB loan.

\*\*\*Subloans to Participating Financial Intermediaries.



## D. Detailed Cost Estimates by Financier

**Table 12: Detailed Cost Estimates by Financier**  
(\$ million)

Item	ADB		Government <sup>a</sup>		Total Cost
	Amount	% of Cost	Amount	% of Cost	
<b>A. Investment Costs<sup>b</sup></b>					
1. Goods	1.61	100.0%	0.00	0.0%	1.61
2. Civil works	13.35	76.1%	4.20	23.9%	17.56
3. Financial intermediation loan	52.55	80.0%	13.14	20.0%	65.69
4. Matching grant	26.28	100.0%	0.00	0.0%	26.28
5. Consulting Services (PISC)	6.21	100.0%	0.00	0.0%	6.21
6. Consulting Services (Detailed design)	0.00	0.0%	1.00	100.0%	1.00
<b>Subtotal (A)</b>	<b>100.00</b>	<b>84.5%</b>	<b>18.34</b>	<b>15.5%</b>	<b>118.35</b>
<b>B. Recurrent Costs</b>					
1. Project administration	0.00	0.0%	13.37	100.0%	13.37
<b>Subtotal (B)</b>	<b>0.00</b>	<b>0.0%</b>	<b>13.37</b>	<b>100.0%</b>	<b>13.37</b>
<b>Total Base Cost (A+B)</b>	<b>100.00</b>	<b>75.9%</b>	<b>31.71</b>	<b>24.1%</b>	<b>131.72</b>
<b>C. Contingencies</b>					
1. Physical	0.00	0.0%	1.85	100.0%	1.85
2. Price	0.00	0.0%	5.39	100.0%	5.39
<b>Subtotal (C)</b>	<b>0.00</b>	<b>0.0%</b>	<b>7.24</b>	<b>100.0%</b>	<b>7.24</b>
<b>D. Financial Charges During Implementation<sup>c</sup></b>	<b>0.00</b>	<b>0.0%</b>	<b>3.94</b>	<b>100.0%</b>	<b>3.94</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>100.00</b>	<b>70.0%</b>	<b>42.90</b>	<b>30.0%</b>	<b>142.90</b>
<b>% Total Project Cost</b>		<b>70.0%</b>		<b>30.0%</b>	<b>100.0%</b>

ADB = Asian Development Bank, PISC = Project Implementation Support Consultant.

Notes: Numbers may not sum precisely because of rounding.

<sup>a</sup> Includes taxes and duties.

<sup>b</sup> October 2020 prices: ₹ 73.78 = \$1.00.

<sup>c</sup> Interest during construction for the OCR loan(s) has been computed at the 5-year US dollar fixed swap rate plus an effective contractual spread of 0.50% and no maturity premium. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.

## E. Detailed Cost Estimates by Outputs and/or Components

**Table 13: Detailed Cost Estimates by Outputs and/or Components**

Item	(\$ million)						
	Total <sup>a</sup> Cost	Institutional capacities of agribusiness institutions and FPOs strengthened		Financial and agribusiness capacities of FPOs and VCOs strengthened		Agriculture value chain infrastructure improved and operational	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
<b>A. Investment Costs<sup>b</sup></b>							
1. Goods	1.61	1.10	68.6%	0.00	0.0%	0.50	31.4%
2. Civil works	17.56	0.00	0.0%	0.00	0.0%	17.56	100.0%
3. Financial intermediation loan	65.69	0.00	0.0%	65.69	100.0%	0.00	0.0%
4. Matching grant	26.28	3.43	13.0%	22.85	87.0%	0.00	0.0%
5. Consulting Services (PISC)	6.21	6.21	100.0%	0.00	0.0%	0.00	0.0%
6. Consulting Services (Detailed design)	1.00	0.00	0.0%	0.00	0.0%	1.00	100.0%
<b>Subtotal (A)</b>	<b>118.35</b>	<b>10.75</b>	<b>9.1%</b>	<b>88.54</b>	<b>74.8%</b>	<b>19.06</b>	<b>16.1%</b>
<b>B. Recurrent Costs</b>							
1. Project administration	13.37	13.37	100.0%	0.00	0.0%	0.00	0.0%
<b>Subtotal (B)</b>	<b>13.37</b>	<b>13.37</b>	<b>100.0%</b>	<b>0.00</b>	<b>0.0%</b>	<b>0.00</b>	<b>0.0%</b>
<b>Total Base Cost</b>	<b>131.72</b>	<b>24.12</b>	<b>18.3%</b>	<b>88.54</b>	<b>67.2%</b>	<b>19.06</b>	<b>14.5%</b>
<b>C. Contingencies</b>							
1. Physical	1.85	0.17	9.1%	1.39	74.8%	0.30	16.1%
2. Price	5.39	0.49	9.1%	4.03	74.8%	0.87	16.1%
<b>Subtotal (C)</b>	<b>7.24</b>	<b>0.66</b>	<b>9.1%</b>	<b>5.42</b>	<b>74.8%</b>	<b>1.17</b>	<b>16.1%</b>
<b>D. Financial Charges During Implementation<sup>c</sup></b>							
1. Interest During Construction	3.44	0.31	9.1%	2.57	74.8%	0.55	16.1%
2. Commitment Charges	0.50	0.05	9.1%	0.38	74.8%	0.08	16.1%
<b>Subtotal (D)</b>	<b>3.94</b>	<b>0.36</b>	<b>9.1%</b>	<b>2.95</b>	<b>74.8%</b>	<b>0.63</b>	<b>16.1%</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>142.90</b>	<b>25.14</b>	<b>17.6%</b>	<b>96.91</b>	<b>67.8%</b>	<b>20.86</b>	<b>14.6%</b>
<b>% Total Project Cost</b>	<b>100.0%</b>		<b>17.6%</b>		<b>67.8%</b>		<b>14.6%</b>

ADB = Asian Development Bank, PISC = Project Implementation Support Consultant.

Notes: numbers may not sum precisely because of rounding.

<sup>a</sup> Includes taxes and duties of \$20.4 million.

<sup>b</sup> October 2020 prices: INR 73.78 = \$1.00.

<sup>c</sup> Interest during construction for the OCR loan(s) has been computed at the 5-year US dollar fixed swap rate plus an effective contractual spread of 0.50% and no maturity premium. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.

## F. Detailed Cost Estimates by Year

**Table 14: Detailed Cost Estimates by Year**  
(\$ million)

Item	Total <sup>a</sup> Cost	2021 Year 1	2022 Year 2	2023 Year 3	2024 Year 4	2025 Year 5	2026 Year 6	2027 Year 7
<b>A. Investment Costs<sup>b</sup></b>								
1. Goods	1.61	0.00	0.80	0.80	0.00	0.00	0.00	0.00
2. Civil works	17.56	0.00	1.76	3.51	5.27	3.51	3.51	0.00
3. Financial intermediation loan	65.69	0.00	13.15	19.70	26.27	6.57	0.00	0.00
4. Matching grant	26.28	0.00	3.94	5.26	5.26	5.26	3.94	2.63
5. Consulting Services (PISC)	6.21	0.00	1.24	1.24	1.24	1.24	0.93	0.31
6. Consulting Services (Detailed design)	1.00	0.40	0.20	0.20	0.10	0.10	0.00	0.00
<b>Subtotal (A)</b>	<b>118.35</b>	<b>0.40</b>	<b>21.09</b>	<b>30.72</b>	<b>38.14</b>	<b>16.68</b>	<b>8.39</b>	<b>2.94</b>
<b>B. Recurrent Costs</b>								
1. Project administration	13.37	0.67	2.67	2.67	2.67	2.01	2.01	0.67
<b>Subtotal (B)</b>	<b>13.37</b>	<b>0.67</b>	<b>2.67</b>	<b>2.67</b>	<b>2.67</b>	<b>2.01</b>	<b>2.01</b>	<b>0.67</b>
<b>Total Base Cost</b>	<b>131.72</b>	<b>1.07</b>	<b>23.76</b>	<b>33.39</b>	<b>40.81</b>	<b>18.68</b>	<b>10.39</b>	<b>3.61</b>
<b>C. Contingencies</b>	<b>7.24</b>	<b>0.04</b>	<b>0.53</b>	<b>1.27</b>	<b>2.27</b>	<b>1.53</b>	<b>1.19</b>	<b>0.42</b>
<b>D. Financial Charges During Implementation<sup>c</sup></b>	<b>3.94</b>	<b>0.15</b>	<b>0.22</b>	<b>0.38</b>	<b>0.60</b>	<b>0.79</b>	<b>0.88</b>	<b>0.93</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>142.90</b>	<b>1.26</b>	<b>24.51</b>	<b>35.04</b>	<b>43.68</b>	<b>21.00</b>	<b>12.46</b>	<b>4.95</b>
<b>% Total Project Cost</b>	<b>100.0%</b>	<b>0.9%</b>	<b>17.1%</b>	<b>24.5%</b>	<b>30.6%</b>	<b>14.7%</b>	<b>8.7%</b>	<b>3.5%</b>

ADB = Asian Development Bank, PISC = Project Implementation Support Consultant.

Notes: numbers may not sum precisely because of rounding.

<sup>a</sup> Includes taxes and duties of \$20.04 million.

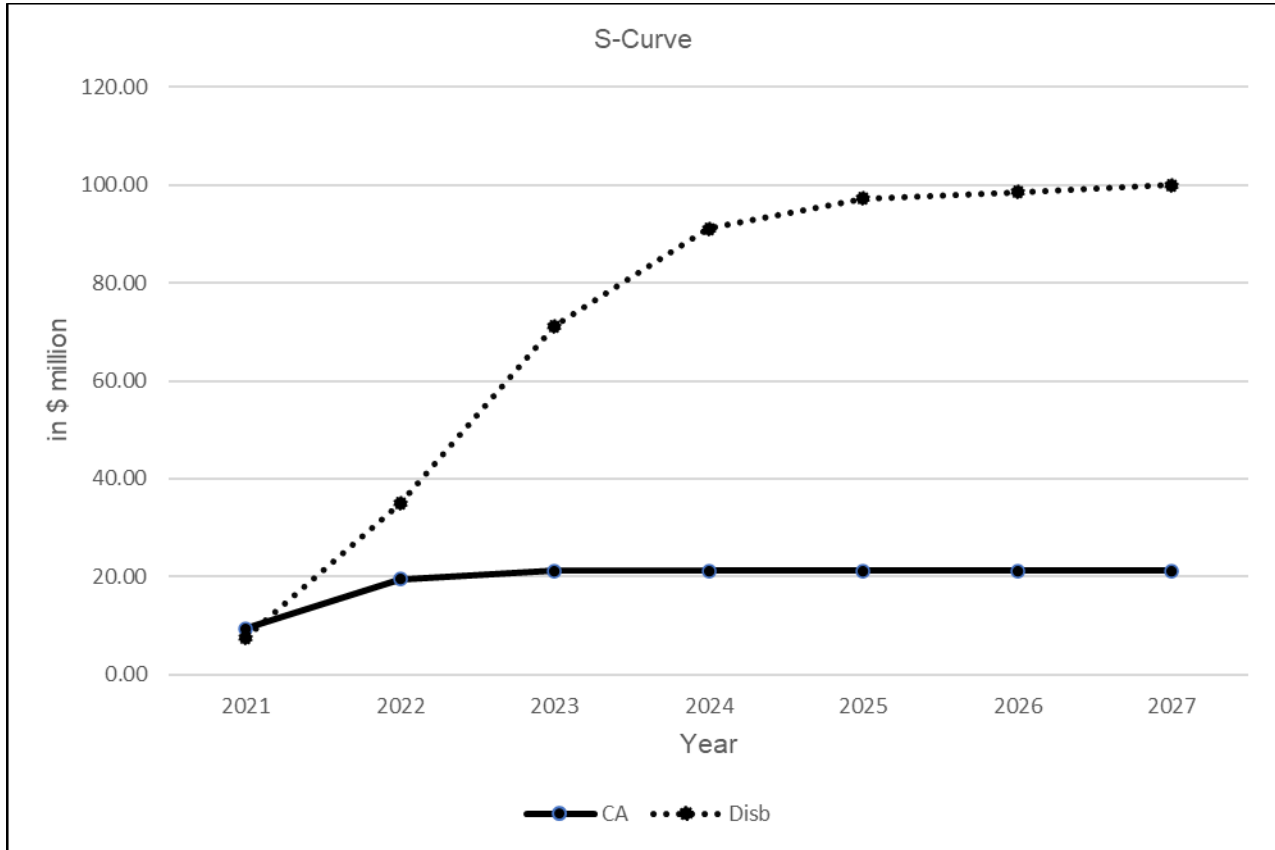
<sup>b</sup> October 2020 prices: INR 73.78 = \$1.00.

<sup>c</sup> Interest during construction for the OCR loan(s) has been computed at the 5-year US dollar fixed swap rate plus an effective contractual spread of 0.50% and no maturity premium. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.

**G. Contract and Disbursement S-Curve**

**Figure 3: Contract Award and Disbursement S-Curve**



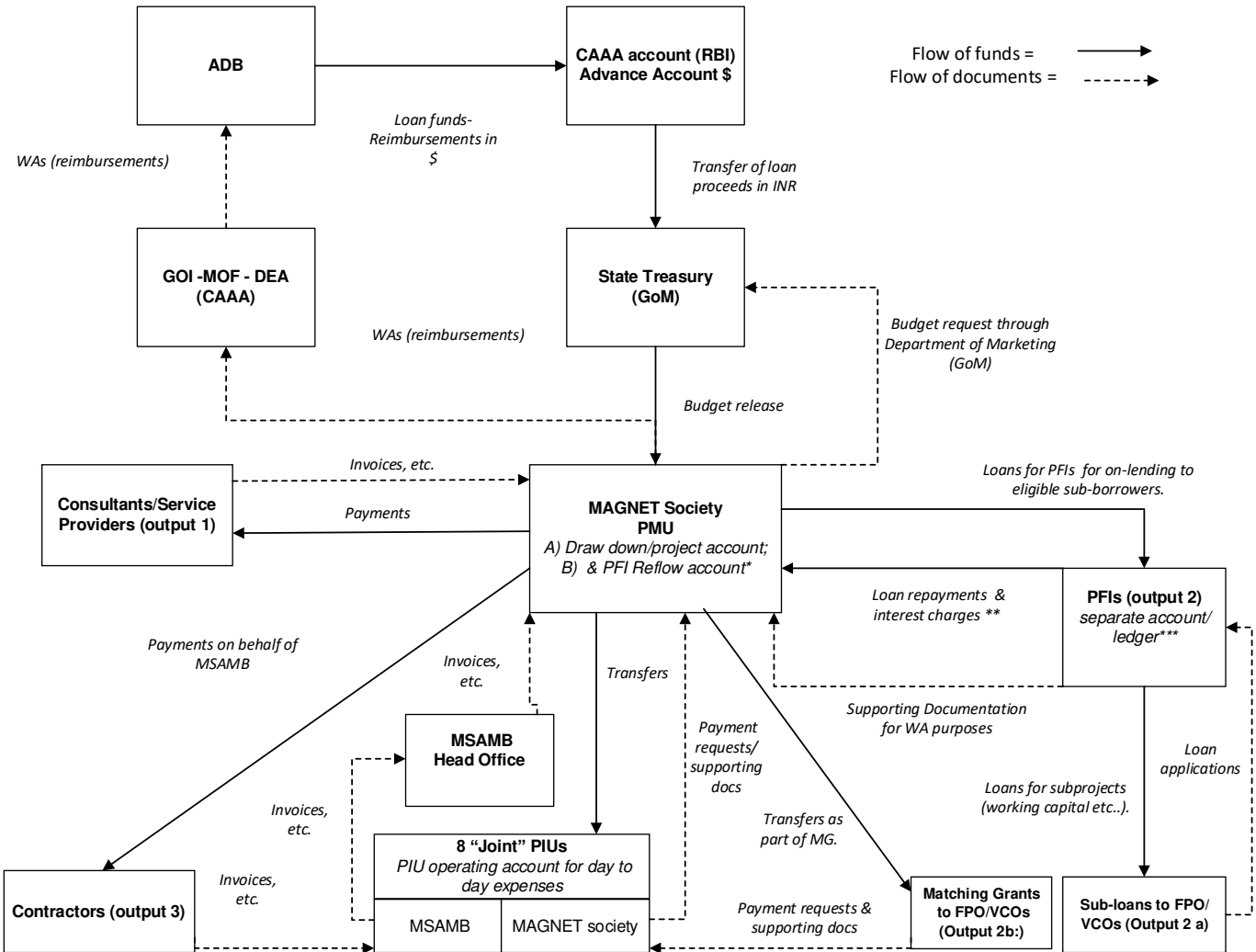
**Table 15: Quarterly Contract Awards and Disbursement Projections (\$ million)**

Year	Contract Awards					Disbursements				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2021	0.00	0.00	0.00	9.31	9.31	0.00	0.00	0.00	7.13	7.13
2022	3.09	4.88	1.43	0.72	10.12	6.15	6.85	7.10	7.28	27.36
2023	0.00	0.00	0.00	1.77	1.77	9.67	9.67	9.06	8.21	36.60
2024	0.00	0.00	0.00	0.00	0.00	4.98	4.98	4.98	4.98	19.92
2025	0.00	0.00	0.00	0.00	0.00	1.55	1.55	1.55	1.55	6.20
2026	0.00	0.00	0.00	0.00	0.00	0.34	0.34	0.34	0.34	1.36
2027	0.00	0.00	0.00	0.00	0.00	0.34	0.34	0.34	0.41	1.43
					21.20 <sup>a</sup>					100.00

<sup>a</sup> Contract awards do not include the loan proceeds for financial intermediation loans and matching grants, which total \$78.8 million.

H. Fund Flow Diagram

Figure 4: Fund Flow Chart



ADB = Asian Development Bank, CAAA = Aid, Accounts & Audit Division, FPO = farmer producer organization, GOI = Government of India, GOM = Government of Maharashtra, MAGNET = Maharashtra Agribusiness Network, MOF = Ministry of Finance, MSAMB = Maharashtra State Agricultural Marketing Board, PFI = Participating Financial Intermediaries, PIU = Project Implementation Unit, PMU = Project Management Unit, RBI = Reserve Bank of India, VCO = value chain operator.

Notes to the fund flow diagram:

\*The repayment of loans and interest charges will be deposited in a separate account as agreed between the MAGNET society and the GoM.

\*\* The financing terms between the MAGNET Society and the PFI's will be stipulated in a sub agreement or equivalent.

\*\*\* The PFI's may either ask for an advance under the Project or prefinance the sub-loans using their own resources request the project to refund expenditures.

The fund flow arrangements are discussed in detail in Appendix 9 of this Project Administration Manual.

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

21. The financial management assessment (FMA) was conducted in March 2020–March 2021, in accordance with Financial Due Diligence: A Methodology Note, and Technical Guidance Notes (ADB). The FMA has reviewed the capacity of the MAGNET Society, MSAMB and the PFIs, which will implement the project, including fund flow arrangements, governance, staffing, budgeting, accounting and financial reporting systems, internal control procedures, financial information systems, and internal and external audit arrangements.

22. The FMA found that the MAGNET Society, MSAMB and the PFIs have adequate financial management (FM) capacity to: (i) record the required financial transactions, (ii) provide reliable annual financial statements and audit reports in a timely manner, (iii) safeguard the financial assets and (iv) use the statement of expenditure (SOE) procedure under ADB's disbursement procedures up to a threshold of \$100,000 for each expenditure item. However, the assessment also identified the following risks: (i) complex project financial management arrangements and decentralized fund flow fund involving several IAs, (ii) the FM systems of the MAGNET Society have still not been fully set up, (iii) the IAs lack knowledge and experience of ADB FM requirements and disbursement procedures, and (iv) the some of the key accounts and finance positions are still vacant. As a result, the overall financial management risk is assessed as *substantial*.

23. These risks will be mitigated by the following: (i) setting up robust FM arrangements at the project level, (ii) developing detailed project-specific FM procedures (iii) filling the vacant FM positions, and engaging an FM expert to support the PMU; (iv) providing continuous training in ADB's FM requirements, (v) including comprehensive financial information in the quarterly project progress reports, and (vi) engaging an external firm to conduct internal audits of the MAGNET Society. Moreover, the project financial statements will be audited annually by an auditor acceptable to ADB, following auditing standards acceptable to ADB. Moreover, the project financial statements will be audited annually by an auditor acceptable to ADB, following auditing standards acceptable to ADB.

**Table 16: Financial Management Inherent and Control Risk Assessment**

Risk	Risk Assessment	Proposed Mitigation Measures
<b>A. Inherent Risks</b>		
1. Country-Specific Risks (India)	<b>MODERATE</b> The financial standards and capacity in GOI's public and private sector are sound. India has a strong accounting profession although most levels of the government still use a cash basis of accounting.	Not applicable
2. Entity-Specific Risks (GOM)	<b>SUBSTANTIAL</b> There are strong institutional mechanism and legislative framework for budgeting, accounting, and audit in a time-bound manner. However, the MAGNET Society is a newly established entity, which FM	Robust FM arrangements need to be established as outlined below.

Risk	Risk Assessment	Proposed Mitigation Measures
	arrangements are still being set up and it lacks experience in implementing externally financed projects.	
3. Project-Specific Risks	<p><b>SUBSTANTIAL</b></p> <p>The project implementation arrangements are complex with several implementing agencies, large number of transactions and in scattered locations;</p>	<p>The roles and responsibilities including flow of funds, financial reporting and audit arrangements will need to be formalized and documented. Project specific risk mitigation actions will also include the establishment of:</p> <ul style="list-style-type: none"> <li>• a project audit review committee (PARC) to review internal and external audit observation and recommendations and to ensure these are implemented in a timely fashion.</li> <li>• a sanctioning committee to review and approve matching grant proposals and monitor the financial performance of the PFIs;</li> <li>• FM arrangement for the matching grants were designed and documented in the separate project FM procedures;</li> </ul>
<b>Overall Inherent Risk: Substantial</b>		
<b>B. Control Risks – MAGNET SOCIETY and PMU (IA)</b>		
1. Implementing Agency	<p><b>SUBSTANTIAL</b></p> <p>MAGNET Society and the PMU have been only recently established.</p>	The PMU of the MAGNET Society is to be properly staffed and trained to implement the project and to comply with ADB requirements. The FM related roles and responsibilities will need to be documented in the Project FM procedures.
2. Funds Flow	<p><b>SUBSTANTIAL</b></p> <p>GOM allocates the ADB loan and its counterpart funds to MAGNET Society using its budgetary mechanisms and as a result delays in release of funds and/or midyear budget cuts may occur which may have an impact on the implementation. Decentralized flow of funds with several IAs; MAGNET Society has no prior experience in ADB's disbursement procedures or systems.</p>	<ul style="list-style-type: none"> <li>• Assurances to be sought that GoT will provide government funding in a timely fashion.</li> <li>• The PMU at MAGNET Society open a separate account designated to the project funds and these funds will not be mingled with other funds.</li> <li>• Training to be provided in ADB disbursement procedures and systems.</li> <li>• Templates for subloan agreements with PFIs will be submitted to ADB for no objection.</li> </ul>
3. Staffing	<p><b>SUBSTANTIAL</b></p> <p>Several key finance and accounts positions are still vacant in the PMU and the exiting staff has no previous experience with ADB projects.</p>	<ul style="list-style-type: none"> <li>• The MAGNET Society must fill all accounts and finance positions by November 2021;</li> <li>• An accounts staff is to be assigned as a project focal in MSMAB and each of the PFIs;</li> <li>• An FM expert to be hired to support the PMU in the Magnet society.</li> <li>• Continuous training to be provided in ADB's FM and disbursement systems and procedures.</li> </ul>
4. Accounting Policies and Procedures	<p><b>SUBSTANTIAL</b></p> <p>GoM Policies and procedures are well documented but given</p>	<ul style="list-style-type: none"> <li>• Supplement the existing GoM &amp; GOI FM procedures with project specific FM procedures to ensure ADB's requirements are met at all levels.</li> </ul>

Risk	Risk Assessment	Proposed Mitigation Measures
	the complex nature of the project, a project specific FM manual including a chart of account needs to be developed.	<ul style="list-style-type: none"> <li>• Develop a detailed chart of accounts to allow the project to track receipts and payments separately for the project and track loans to PFIs and loan repayments.</li> <li>• All project records and supporting documentation are to be orderly filed, backed up regularly and made available for auditors and ADB for inspection staff as necessary.</li> </ul>
5. Internal Audit	<b>SUBSTANTIAL</b> No internal audit function has been set up in the MAGNET Society	MAGNET SOCIETY will engage an external chartered accounting firm to conduct quarterly internal audits.
6. External Audit	<p><b>SUBSTANTIAL</b></p> <ul style="list-style-type: none"> <li>• The MAGNET Society has not been audited to date;</li> <li>• The project is implemented by several entities which have limited or no experience in ADB's audit requirements and timelines. This may result in delays in submitting the audit report and/or non-compliance with ADB's audit requirements; and,</li> <li>• The matching grant proceeds may not be audited.</li> </ul>	<ul style="list-style-type: none"> <li>• The MAGNET Society and MSMAB will cause its respective the project financial statements to be audited by the CAG or an independent firm of chartered accountants empaneled by the CAG in accordance with international standards on auditing and agreed ToRs between DEA, ADB and CAG.</li> <li>• The respective auditors are to be sensitized in ADB's audit requirements and the agreed ToRs between DEA, ADB and CAG.</li> <li>• The MAGNET Society will collect all APFS&amp;ASUF and submit them to ADB within six months after the end of the fiscal year.</li> <li>• With regards to the matching grants, the beneficiary organizations must submit audited utilization certificates to justify the use of the matching grants to the MAGNET society. In addition, the scope of the MAGNET society project audit will need to be modified to cover the matching grants.</li> </ul>
7. Reporting & Monitoring	<b>SUBSTANTIAL</b> The project includes several implementing entities which lack experience in the reporting requirements of an ADB funded project, which may lead to delays and/or submission of fragmented and incomplete information.	<ul style="list-style-type: none"> <li>• Consolidated financial information to be included in the quarterly progress reports to be submitted to ADB within 45 days after the end of the quarter. The format of the QPRs will be agreed between ADB and the Magnet society.</li> <li>• The project financial statements of the MAGNET Society and MSAMB will follow the reporting templates included the in the Agreed audit TORs with supplementary information included as the notes disclosure.</li> </ul>
8. Information Systems	<b>SUBSTANTIAL</b> • The MAGNET society does still not have an accounting software in place.	<ul style="list-style-type: none"> <li>• The MAGNET society will procure accounting software to be used by the PMU and the PIUs.</li> <li>• The project will make use of the PFMS system for effecting payments and transfers.</li> <li>• The MAGNET Society through its PMU to make use of ADB FM systems including the client portal for submitting and tracking withdrawal applications and LFIS for reconciling project accounts with ADB's disbursement records.</li> </ul>
<b>Overall Control Risk</b>	<b>SUBSTANTIAL</b>	



Risk	Risk Assessment	Proposed Mitigation Measures
Overall FM risk	<b>SUBSTANTIAL</b>	

ADB = Asian Development Bank, APFS = audited project financial statements, ASUF = audited statement of utilization of funds. CAG = Comptroller and Audit General, FM = financial management, GOI = Government of India, LFIS = loan and grant financial information system, MAGNET = Maharashtra Agribusiness Network Project, MSAMB = Maharashtra State Agricultural Marketing Board, PAM = Project Administration Manual, PFIs = Participating Financial Intermediaries, PFMS = Public Financial Management System, PIU = Project Implementation Unit, PMU = Project Management Unit, QPRs = quarterly progress reports, TORs = terms of reference.

24. The MAGNET Society, MSAMB and the PFIs have agreed to implement an action plan with key measures to address the deficiencies. The financial management action plan is provided in Table 17 below.

**Table 17: Financial Management Action Plan**

Area	Agreed action	Responsibility	Timeframe
Staffing	<ol style="list-style-type: none"> <li>Fill all key accounts and finance staff positions in the PMU;</li> <li>Assign an accountant as a project focal to ensure the required financial information and supporting documentation is provided to the PMU in a timely manner; and</li> <li>Engage an FM expert (national consultant) to support the project.</li> </ol>	<p>MAGNET Society</p> <p>MSAMB &amp; Each PFI</p> <p>MAGNET Society</p>	<p>1&amp;2) By November 2021</p> <p>3) Within one quarter of after loan effectiveness</p>
Capacity building	Undertake training in ADB's FM requirements and disbursement procedures and systems (LFIS, CPD etc.)	ADB & MAGNET Society	Continuous
Accounting	<ol style="list-style-type: none"> <li>Adopt a project specific FM procedures/chapter to ensure ADB's requirements are met at all levels.</li> <li>Develop a detailed chart of accounts to allow the project to track bank accounts, receipts, advances and expenditures under the project.</li> </ol>	MAGNET Society	1 & 2) Within one month after loan effectiveness
Financial reporting	<ol style="list-style-type: none"> <li>Include consolidated financial information in a format agreed in the quarterly progress reports and submit to ADB;</li> <li>Prepare project financial statements (PFS) following the financial reporting templates included in the audit ToRs agreed between ADB, CAG and DEA with additional disclosures as agreed with ADB and outlined in the PAM</li> <li>Prepare a statement of utilization of funds (SUF) in a format acceptable to ADB.</li> </ol>	<p>MAGNET Society</p> <p>MAGNET Society &amp; MSAMB</p> <p>PFIs</p>	<p>Within 45 days after each quarter</p> <p>Within 60 days after the ends of the each FY</p> <p>Within 60 days after the ends of the each FY</p>
Internal controls	<ol style="list-style-type: none"> <li>Establish a project audit review committee (PARC) to review internal and external audit observation and recommendations and to ensure these are implemented in a timely fashion.</li> <li>Establish a project sanctioning committee to review and approve matching grant proposals and monitor the financial performance of the PFIs;</li> </ol>	1&2 MAGNET Society	Within one month after loan effectiveness

<b>Area</b>	<b>Agreed action</b>	<b>Responsibility</b>	<b>Timeframe</b>
Internal audit	1. Engage an external Chartered Accountant firm to perform the internal audit function of the project on a quarterly basis.	MAGNET Society	Within one quarter after loan effectiveness
External audit - project level	1. Engage CAG-empanelled CA firm to for the project audit using the audit ToRs agreed between CAG, ADB and DEA  2. Agree with the auditors about the inclusion of the matching grant subprojects in the scope of the audit;  3. Cause the statement of utilization of funds (SUF) to be audited by an independent auditor; and  4. Submit the compiled set of Audited Project Financial Statements (APFS) and audited statement of Utilization of funds (ASUF) including the management letters to ADB.	MAGNET Society and MSAMB  MAGNET Society  PFIs  MAGNET Society	1 & 2) one quarter after loan effectiveness   Annually  Within six months after the end of the fiscal year
External audit – Entity level	1. Appoint a statutory auditor to audit the entity financial statements of the MAGENT society;  2. Submit the Audited Entity Financial statements (AEFS) to ADB annually within one month after the approval of the relevant.	MAGNET Society  MAGNET Society, and PFIs	Within one quarter after loan effectiveness  Annually
Information systems	1. Procure an accounting software to record project transactions, and advances/loans to the PFIs as well as repayments & interest payments from the PFIs;  2. Obtain access to ADB disbursement systems LFIS and Client Portal for disbursement (CPD) to reconcile project accounts with ADB disbursement records.  3. Enroll in the Public Financial Management System (PFMS)	MAGNET Society & MSAMB  MAGNET Society  MAGNET Society, MSAMB, PFIs, and the beneficiary organizations receiving matching grants (FPOs and VCOs)	1&2) Within one quarter after loan effectiveness  Continuous
Financial intermediati on loans and matching grants	Finalize the subloan agreements between the MAGNET Society and the PFIs, and the matching grant agreement template between the MAGNET Society and the grantee, and obtain ADB's non-objection.	MAGNET Society	By November 2021

ADB = Asian Development Bank, CAG = Comptroller and Audit General, CPD = Client Portal for Disbursements, FM = financial management, FPOs = farmer producer organizations, MAGNET = Maharashtra Agribusiness Network Project, MSAMB = Maharashtra State Agricultural Marketing Board, PAM = Project Administration Manual, PFIs = Participating Financial Intermediaries, PIU = Project Implementation Unit, PMU = Project Management Unit, VCOs = value chain operators.

## B. Disbursement

### 1. Fund Flow and Disbursement Arrangements

25. ADB will provide a loan to the Government of India and the government will provide the loan on back to back basis to the State Government of Maharashtra (GOM). To finance project expenditures, the State Government of Maharashtra will provide the financing in the form of a grant to the MAGNET Society. The GOM will bear the exchange rate risk.

26. The project funds will be transferred to the MAGNET Society as part of the GOM budget allocation under a separate budget line established for the project. The ADB loan proceeds will be disbursed using the reimbursement procedure. The annual budget allocation will be based on budget estimates prepared by the MAGNET Society and the funds will be transferred to an account designated for the project and maintained by the MAGNET Society in a commercial bank.

### 2. Disbursement Arrangements for ADB Funds

27. The loan proceeds will be disbursed according to the *Loan Disbursement Handbook* (2017, as amended from time to time),<sup>10</sup> and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.<sup>11</sup> Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

28. The MAGNET Society through its PMU will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting all supporting documents from the MSAMB and PFIs, and (iv) preparing and sending draft withdrawal applications (WAs) to Controller of Aid, Accounts and Audit (CAAA) for approval and further submission to ADB using the Client Portal for Disbursements. To facilitate consolidation of ADB disbursement records and the different IAs' books of accounts, the MAGNET Society will claim expenditures incurred by MSAMB and each PFI in separate WAs.

29. The executing agency, implementing agencies, and project management unit should ensure that project funds are used as intended. The checklist on disbursements<sup>12</sup> will establish whether (i) adequate documentation is available to support the expenditures; (ii) contract payments are accurate, and promptly paid in accordance with payment terms stipulated in the contract; (iii) all transactions are genuine, authorized, and have been appropriately reviewed and approved; and (iv) all transactions are eligible for ADB financing. Ideally, the checklist should periodically be accomplished for each contract based on sample transactions/withdrawal applications by the key project staff, specifically from the project financial management team.

30. **Statement of expenditure (SOE) procedure.**<sup>13</sup> The SOE procedure may be used for reimbursement of eligible expenditures. The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment under the works, goods and consulting services. Supporting documents and records for the expenditures claimed under the SOE should be maintained and

<sup>10</sup> The handbook is available electronically from the ADB website: <http://www.adb.org/documents/loan-disbursement-handbook>.

<sup>11</sup> Disbursement eLearning: [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning).

<sup>12</sup> Checklist: EA Disbursements: <https://www.adb.org/sites/default/files/page/232096/pprr-checklist2-ea-disbursements.pdf>

<sup>13</sup> SOE forms are available in Appendix 7B and 7D of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement, of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the draft WA to CAAA for approval and further submission to ADB.

31. In order to expedite the disbursement process for the proposed project, the ADB's SOE procedure for FILs and Matching Grants will be applied up to the "free limit" threshold<sup>14</sup> of \$2 million per individual subproject with the exception of the first five matching grant applications and first five subloan applications for which full supporting documentation will be submitted to ADB.<sup>15</sup>

32. With regards to the matching grants and FILs, the supporting documentation listed in Table 18 must be submitted to ADB together with the WA if required by ADB as explained in para. 31 or exceeded the free limit threshold for SOE. Otherwise, they should be retained by the MAGNET Society for annual audit of project financial statements and/or ADB's review. ADB reserves the right to request submission of such documents, if deemed necessary.

**Table 18: Supporting Documents for Financial Intermediation Subloans and Matching Grants**

Category	Supporting documentation to be submitted to ADB	Supporting documentation to be retained
Financial Intermediation – subloans & Matching grants	Subborrowers/matching grant recipient's payment request, (indicating date, amount, and bank account details) and official receipt, bank transfer record or other proof of payment.	<ul style="list-style-type: none"> <li>Subloan/matching grant eligibility information including documentation evidencing the subproject approval by the PFI in the case of a subloan and by the sanctioning committee in the case of a matching grant;</li> <li>Subloan/matching grant agreement including the terms and conditions which refer to payment of advance and progress payments, breakdown of amount due, and other documents as required in the contract/subloan agreement.</li> </ul>

33. Before the submission of the first WA, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the WAs on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is stipulated in the *Loan Disbursement Handbook* (2017, as amended from time to time). Individual payments below such amount should be paid by the respective implementing agency and subsequently claimed from ADB through reimbursement, unless otherwise accepted by ADB. The borrower should ensure sufficient cost category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements (CPD) is encouraged for submission of WAs.<sup>16</sup>

<sup>14</sup> The requirement of a free limit, above which subloan proposals need to be submitted by the financial intermediary to ADB for prior approval, enables ADB to satisfy itself on the quality of the financial intermediary's appraisal of projects and advise on appraisal techniques and methodology.

<sup>15</sup> If significant gaps are identified in the supporting documentation submitted as part of the first five subloan and/or matching grant applications, ADB may extend the requirement of submitting full supporting documentation for the subsequent five subloan and/or matching grant applications.

<sup>16</sup> The Client Portal for Disbursements (CPD) facilitates online submission of withdrawal application to ADB, resulting in faster disbursement. The forms to be completed by the Borrower are available online at <https://www.adb.org/documents/client-portal-disbursements-guide>.

### 3. Disbursement Arrangements for Counterpart Fund

34. The government counterpart funds will be sufficiently allocated in the budget annually. The MAGNET Society will be responsible for preparing consolidated disbursement projections and requesting budgetary allocations for the project, including counterpart funds from the State Government of Maharashtra. All disbursements under government financing will be carried out in accordance with the regulations of the Government of India and the state government and accounting principles acceptable to ADB. In addition, each PFI will maintain a separate account or a ledger account in its accounting system for receiving funds from the MAGNET Society.

#### C. Project Financial Management Arrangements

35. **Accounting and financial reporting.** The MAGNET Society, MSAMB and each of the PFIs will maintain, or cause to be maintained, separate books and records covering all sources and uses of funds under their respective project components/outputs.

36. The MAGNET Society and MSAMB will prepare separate project financial statements, in accordance with Government of India accounting standards, cash basis of accounting, which are consistent with international accounting principles. The template financial statements provided in the Standardized Terms of Reference for audit of ADB assisted projects, agreed with the Comptroller and Auditor General of India, the DEA and ADB can be referred to as a guide for preparing financial statements, as relevant with necessary modifications.

37. The PFIs will prepare an annual statement of utilization of funds in a format agreed with ADB and in accordance with International Financial Reporting Standards or Indian Accounting Standards which are acceptable to ADB.

38. **Quarterly financial reporting.** In order to provide timely information on the project's financial progress and the status of financial management to ADB, the MAGNET Society will, based on inputs from the MSAMB and PFIs, include consolidated financial information, in a format agreed with ADB in the Quarterly Progress Reports (QPRs) to be submitted to ADB within 45 days after the end of the quarter. To monitor the financial sustainability of MSAMB's facility network, MSAMB will, on an annual basis, provide a brief analysis of the financial performance of its network of facilities including a breakdown whether the income generated from its facilities is sufficient to cover the related operation and maintenance with a satisfactory margin. The financial information will be based on MSAMB's final accounts of the previous financial year. The analysis will also cover any significant changes in its facility operation and maintenance as well as pricing practices in the previous financial year. The financial sustainability analysis will be included in the first quarterly progress report of each year starting from FY 2022/23.

39. **Project Financial Management Procedures.** The detailed project financial management arrangements including roles and responsibilities, guidance on flow of funds, arrangements for releasing funds as part of the matching grant scheme, etc. are outlined in the project financial management procedures (PFMP) attached to the PAM (Appendix 9). The PFMP also provides formats for the various financial reports required by ADB.

#### D. External Auditing and Public Disclosure

40. The MAGNET Society, MSAMB and PFIs will each cause their respective project financial statements (PFS), or the statement of utilization of funds (SUF) in the case of the PFIs, to be

audited separately on an annual basis by an auditor acceptable to ADB.<sup>17</sup> The detailed audit requirements are as follows:

- (i) The MAGNET Society and MSAMB will cause their respective project financial statements to be audited annually by the Comptroller and Auditor General (CAG) or a chartered accountant firm as agreed with the CAG, in accordance with the government's audit regulations and the Terms of Reference for audit of ADB-assisted projects, agreed with the CAG, DEA and ADB.<sup>18</sup> The audit reports for the respective project financial statements will include auditor's opinions on (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; and (ii) whether the loan proceeds were used only for the purposes of the project
- (ii) Each PFI will cause their respective statement of utilization of funds to be audited annually in accordance with International standards on Auditing or national equivalents. The PFIs will have the auditors prepare a report which includes the auditor's opinions on (i) whether the SUF presents a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; and (ii) whether the loan proceeds were used only for the purposes of the project. Moreover, each PFI will cause their statutory auditor to provide a separate opinion whether the PFI was in compliance with the financial ratios contained in the legal agreements (where applicable).
- (iii) Each of the audited project financial statements (APFS) and Audited Statements of Utilization of Funds (ASUF) will also include a management letter outlining the deficiencies in the internal controls that were identified in the course of the audit, (if any). From the second audit onwards, the management letter will include a follow-up on the implementation status of previous audit recommendations (where applicable). In case the auditor does not issue a management letter, the auditor must provide a written confirmation that no internal control issues were identified as part of the audit.
- (iv) The respective APFS/ASUF, together with the auditor's opinion, and the management letter will be presented in the English language to ADB within 6 months from the end of the fiscal year.

41. The MAGNET Society, through its PMU, will ensure that the MSAMB and each of the PFIs submit their respective APFS and ASUF to the PMU in a timely manner to allow the PMU to compile the APFSs and ASUFs, audit opinions and management letters, and submit the complete package to ADB within 6 months after the end of the fiscal year (sample APFS format is in Appendix 9). As part of the compilation, the MAGNET Society will make sure the financial information presented in the APFS and ASUF reconcile with ADB's disbursement records. In this regard, a separate unaudited reconciliation statement, in a format acceptable to ADB, will be submitted to ADB.

42. In addition to the APFS and ASUF referred to above, the MAGNET Society, and each of the PFIs shall submit their audited entity financial statements, together with the auditor's report and management letter, in the English language to ADB within 1 month after their approval by the relevant authority.

---

<sup>17</sup> Comptroller and Auditor General (CAG) or a chartered accountant firm empaneled by the CAG.

<sup>18</sup> The agreed audit terms of reference are in Appendix 9 of this PAM.

43. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal project supervision, and followed up regularly with all concerned, including the external auditor. Accordingly, the submission of the following audit reports, listed in the table below will be monitored by ADB:

**Table 19: Schedule of Submission of Audit Reports**

Entity	Audit report	Date
MAGNET Society	APFS	6 months after the end of the fiscal year - 30 September each year
MAGNET Society	AEFS	1 month after approval by the relevant authority
MSAMB	APFS	6 months after the end of the fiscal year - 30 September each year
Each PFI	ASUF	6 months after the end of the fiscal year - 30 September each year
Each PFI	AEFS	1 month after approval by the relevant authority

AEFS = audited entity financial statements, APFS = audited project financial statements, ASUF = audited statement of utilization of funds, MSAMB = Maharashtra State Agricultural Marketing Board, PFI = Participating Financial Intermediaries.

44. The government, MAGNET Society, MSAMB and PFIs have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>19</sup> ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed.

45. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Access to Information Policy 2018.<sup>20</sup> After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.<sup>21</sup>

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting and Retroactive Financing

46. All advance contracting and retroactive financing will be undertaken in conformity with *ADB Procurement Policy* (2017, as amended from time to time) and *Procurement Regulations for*

<sup>19</sup> Following is ADB's policy on delayed submission of audited project financial statements:

- (i) When audited project financial statements are *not received by the due date*, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of advance fund accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements *have not been received within 6 months after the due date*, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance fund accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements *have not been received within 12 months after the due date*, ADB may suspend the loan.

<sup>20</sup> Available at <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

<sup>22</sup> Procurement Staff Instructions: <https://www.adb.org/documents/procurement-staff-instructions>.

*ADB Borrowers* (2017, as amended from time to time). The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower, executing, and implementing agencies have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

47. **Advance contracting.** The agreed timeline, which should be strictly followed to meet the project readiness criteria is summarized in Table 20.

**Table 20: Timeline for MSAMB Advance Procurement Actions**

<b>Actions</b>	<b>Actual / Target</b>
<b>1. Works</b>	
ADB will provide no-objection to the bidding document of the prior-review package, i.e., CW2	Completed
MSAMB will float the tenders of the prior-review package and other 6 packages	Completed
MSAMB will submit the technical bid evaluation report for the prior-review package	Completed
MSAMB will submit the financial bid evaluation report for the prior-review package	Completed
ADB will provide no-objection to the bid evaluation report of the prior-review package	Completed
MSAMB will negotiate and sign the contract for the prior review package	Completed
<b>2. Consulting Services</b>	
MAGNET Society/PMU will advertise PISC recruitment in ADB's CSRN	Completed
MAGNET Society/PMU will submit Submission 1 (shortlisting and RFP)	Completed
ADB will provide no-objection to Submission 1	Completed
MAGNET Society/PMU will submit Submission 2 (technical proposal evaluation)	Completed
ADB will provide no-objection to Submission 2	Completed
MAGNET Society/PMU will submit Submission 3 (financial proposal evaluation)	Completed
ADB will provide no-objection to Submission 3	Completed
MAGNET Society/PMU will negotiate and sign contract with PISC	31 August 2021

ADB = Asian Development Bank, CSRN = Consulting Services Recruitment Notice, MSAMB = Maharashtra State Agricultural Marketing Board, PISC = project implementation support consultant, PMU = project management unit.

48. **Retroactive financing.** Eligible expenditures for civil works, goods, and consulting services incurred before loan effectiveness, and not more than 12 months before the signing of the loan agreement, of up to 20% of the loan proceeds can be reimbursed using retroactive financing. Procurement Contract Summary Sheet (PCSS) data for expenditures incurred prior to the effective date of the loan agreement will be entered into the LFIS only after loan effectiveness

## **B. Procurement of Goods, Works, and Consulting Services**

49. All procurement of goods, works and consulting services will be undertaken in accordance with *ADB Procurement Policy* (2017, as amended from time to time) and *Procurement Regulations for ADB Borrowers* (2017, as amended from time to time) and associated staff instructions.<sup>22</sup>

<sup>22</sup> Procurement Staff Instructions: <https://www.adb.org/documents/procurement-staff-instructions>.



50. **Electronic procurement (e-procurement).** Tendering of goods and works packages under open competitive bidding will be done through the government e-procurement portal (mahatenders.gov.in) upon ADB's verification that the ADB Organization has been installed in the system.<sup>23</sup> Since the e-procurement portal of the Government of Maharashtra is unable to support consultant recruitment following ADB procedures, advance recruitment of the consulting firm has used Tenderlink.<sup>24</sup> ADB provides this service to executing and implementing agencies in its developing member countries which do not have an internal e-procurement system. This is to support procurement process in the COVID-19 scenario of travel and mobility restrictions.

51. **Post review sampling.** ADB will undertake post review (sampling) of civil works and goods procurement. Sample size will represent (i) about 30% of the project value and (ii) about 20% of the total number of contracts under post review (sampling). Post review procedures will follow ADB's Guidance Note on Procurement Review.<sup>25</sup> The EA/IA will retain a record of all procurement documentation, including copies of the signed contracts and the bid evaluation reports, to be available for inspection. At the time of each contract award, the EA will provide ADB a certified summary sheet reporting on the main aspects of the bid evaluation and contract award. The procurement processes and contract awards will be audited as part of the performance audit. If any contract award is found to be unacceptable, ADB may suspend the loan or withdraw ADB financing from the awarded contract package in accordance with clause 1.29 and 1.30 of the Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

52. **Civil works.** Civil works (CW) packages will follow the Standard Bidding Document for the procurement of works – Small Contracts (SBD Works-Small) that has been prepared by ADB for use in contracts valued at generally below \$10 million by open competitive bidding (OCB). OCB with national advertisement will be used to procure seven CW contracts. ADB's prior review and concurrence are required for the first set of bidding documents, i.e., CW2. ADB-approved procurement documents will be used as a model for procurement financed by ADB for the project. Likewise, the initial bid evaluation reports and/or draft negotiated contract will be submitted to ADB for concurrence. The EA will ensure conformity of all procurement documents and bid evaluation reports with ADB's Procurement Regulations for ADB Borrowers (2017, as amended from time to time). Bidding documents are forwarded to ADB for information.

53. **Goods.** Request for quotation (RFQ) procedure may be followed if the estimated contract amount is less than \$100,000 for procuring low-value, readily available off-the-shelf goods. OCB through national advertisement will be used for goods procurement between \$100,000 and \$1 million. Prior review will be used for the first goods contract (i.e., SG4 for purchase of computers and printers for the PMU office). The remaining goods contracts will be subject to post review (sampling) arrangements.

54. **Consulting Services.** All consultants will be recruited according to the *Procurement Regulations for ADB Borrowers* (2017, as amended from time to time) and associated staff instructions. The terms of reference for the consulting services are detailed in Appendix 4.

55. A firm, comprising international and domestic consultants, will be engaged as project implementation support consultant (PISC) to provide management and technical support to the MAGNET Society, PMU, and the project implementing agencies (MSAMB and PFIs). The PISC

<sup>23</sup> The National Informatics Centre is to create the 'ADB' funding tab in the e-procurement module.

<sup>24</sup> ADB's Tenderlink portal may be accessed through <https://portal.tenderlink.com/adb/login?ReturnUrl=%2Fadb%2F>. PMU staff were trained to use the portal and provided user accounts.

<sup>25</sup> ADB. 2018. *Procurement Review: Guidance Note on Procurement*. Available: <https://www.adb.org/documents/procurement-review>

will also strengthen technical and management capacities of the PIUs and FPOs and ensure compliance with ADB's social, safeguard, and environmental policies and financing agreement and Government of Maharashtra policies. About 22 person-months of international consultants and 330 person-months of national consultants will be required. Recruitment of the PISC will use ADB's quality- and cost-based selection (QCBS) method with full technical proposal (FTP) with a standard quality–cost ratio of 90:10.

### C. Procurement Plan

56. An 18-month procurement plan is in Appendix 5. The procurement plan provides: (i) a list of goods, works, and consulting services contract packages that will be processed over the next 18 months with milestone dates for activities; (ii) the proposed methods for procurement of such contracts that are permitted under the loan and project agreements; and (iii) the related ADB review procedures. The procurement plan will be updated at least once annually after the initial 18-month procurement plan, or whenever a change in the procurement arrangements is required and agreed. Any changes to the approved procurement plan must be informed to ADB.

## VII. SAFEGUARDS

57. In compliance with ADB's *Safeguard Policy Statement, 2009* (SPS), the project's safeguard categories are as follows.

58. **Environment (category B and FI).** The project has both a project loan component, which follows the general environment requirements of SPS, and investment of funds through FIL and matching grant requiring a tailored approach to address environmental impacts and risks. The project is categorized as “B” because the project adheres to ADB's classification system, which is based on the most environmentally sensitive component. The environmental risks and impacts due to the infrastructure development under Output 3 are only site-specific and temporary. Under the FIL and matching grant components, the proposed financial support for FPOs and value chain operators under Output 2 will not allow large investments that can cause significant and irreversible environmental impacts (i.e., category A projects). The FIL and matching grant components will only allow subprojects that are category B and C according to SPS' categorization, and the MAGNET Society and financial intermediaries will agree on environment and social management system (ESMS) arrangements.

59. **Initial Environment Examination (IEE).** An IEE report was prepared for the proposed infrastructure development under Output 3. The IEE report assessed and documented the potential environmental risks and impacts due to the proposed expansion and modernization activities, and establishment of new post-harvest facilities. An environmental management plan (EMP) was prepared covering the potential environmental impacts, mitigation measures, and the costs of these measures. As part of the IEE and in compliance with the prohibited investment activities of ADB SPS 2009, due diligence was performed on the irradiation facility to demonstrate that the radioactive source is trivial and adequately shielded.<sup>26</sup>

---

<sup>26</sup> Production of or trade in radioactive materials is not allowed under SPS, but this does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

60. **Environment Management Plan (EMP).** The plan outlines measures to mitigate all anticipated environment impacts, and health and safety issues including mitigating COVID-19 risks during pre-construction, construction, and operation stages, and will be included in the respective contract agreements with the civil works contractors. Prior to construction, specific mitigation measures will be updated by the contractor with details of the location and schedule of implementation, and other information based on their survey of the project area. Environment safeguard activities identified as corrective actions for the irradiation facility will be implemented by the respective PIU.

61. **Roles and responsibilities related to environmental safeguards.** The PMU is responsible for the full compliance of the project with the loan agreement, ADB's SPS, and all applicable laws and rules of the government. The PMU will be supported by PIUs and PFIs to ensure compliance with environmental safeguards stated in this PAM, the IEE report and ESMS. The PMU will:

- (i) comply with Government of India's The Environmental (Protection) Act, 1986 for the protection of the environment; Atomic Energy (Radiation Protection) Rules, 2004 for practices adopted and interventions applied with respect to radiation sources; and other environment-related statutory requirements of the project;
- (ii) review and approve the contractor EMP/s prepared by the contractor/s with the support of PISC and PIUs;
- (iii) be overall responsible for application of key documents and forwarding to government agencies for the processing of clearances and permits;
- (iv) ensure the preparation, review, and submission of semi-annual environment and social safeguards monitoring report (ESMR) for disclosure on ADB's website;
- (v) conduct training and workshops on environmental management, and site induction of all staff and workers involved in the project implementation. The staff and workers will include all engineers, and staff and laborers of contractors;
- (vi) implement effective environmental monitoring during pre-construction, construction, and operation phases. This includes, but is not limited to, inspections, review of monitoring forms prepared by the contractors and records on quality assurance procedures related to the irradiation facility, and documentation of the issues received through GRM;
- (vii) take proactive and timely measures to address any environment and safeguards related challenges at the national or division/district levels such as (a) delays in processing of clearances during pre-construction stage and (b) significant grievances during construction and operation stages)
- (viii) review and approve, for submission to ADB, semi-annual ESMRs prepared with the PIU and PISC;
- (ix) lead in complying with disclosure of semi-annual ESMRs;
- (x) review and approve corrective action plans for unanticipated environmental impact/s that occur during the project implementation phase; and
- (xi) ensure GRM, as envisaged in the IEE, is in place at the early stage of project implementation.

62. The PIUs will:

- (i) ensure that the project and all contractors obtain permits, licenses, etc. for activities such as the operation of asphalt plants, quarries, borrow areas, etc. before the implementation of the respective construction activity;
- (ii) carry out regular field verification and review environmental compliances by the Contractor during project implementation, in coordination with the PISC and the

- (iii) Contractor's environmental focal person; with the support from the PISC, provide and record environmental observations during any site visits that may include, but are not limited to, excessive dust, loud noises, improper disposal of wastes, chemical/oil spills, camp hygiene, radioactive risks and health and safety;
  - (iv) in case of potential risks and hazards to environmental quality, life, and properties that may result from poor EMP implementation, immediately instruct the Contractor to cease and desist the construction activities that pose a risk and conduct immediate containment and mitigation activities.
63. The PIUs under FI component will:
- (i) with the PISC, support the PFIs on social and environmental screening and categorization of the subprojects, and detailed environmental and social risk assessments as required in the ESMS;
  - (ii) assist in the grievance redressal of issues and concerns related with environmental and social safeguards;
  - (iii) monitor and report to the PMU about the performance of PFIs;
  - (iv) be a point of contact for the PFI for any queries regarding environmental and social performance and compliances;
  - (v) ensure the subprojects comply with the requirements assigned to sub-borrowers under the ESMS;
  - (vi) obtain the required approvals from relevant authorities in accordance with all applicable national laws and regulations;
  - (vii) provide monitoring and evaluation information to the PMU, and participate in the review missions of the project;
  - (viii) comply with applicable national laws and regulations and ADB SPS 2009 as well.
64. Where unanticipated environmental impacts become apparent during project implementation, the PMU, with support from PISC, will update the environmental assessment and EMP or prepare a new environmental assessment and EMP to assess the potential impacts, and outline mitigation measures and resources to address those impacts.
65. The PFI and the matching grant components will need to establish respective ESMS that are commensurate to the environmental risks. Subprojects having potential adverse environmental impacts will not be financed. Each ESMS will be agreed by ADB and the MAGNET Society.
66. The PFI and matching grant component will:<sup>27</sup>
- (i) ensure that subproject investments comply with applicable national laws and regulations;
  - (ii) apply the prohibited investment activities list of SPS to subprojects financed by ADB;
  - (iii) not finance subprojects that are categorized as A for environment and Indigenous Peoples safeguards or have involuntary resettlement impacts;
  - (iv) be required to establish an appropriate ESMS commensurate to the nature and risks of the subprojects to be maintained as part of the overall management system. The ESMS should include all the elements of the ESMS template as

---

<sup>27</sup> This covers environmental safeguards, as well as involuntary resettlement and indigenous peoples safeguards, in relation to the FIL component and matching grant.

- required by SPS, including the subproject screening checklist. The ESMS will be documented and agreed with ADB;
- (v) ensure that such subprojects meet ADB's safeguard policy requirements, including those specified in Safeguard Requirements 1-3;
  - (vi) be required to designate suitably qualified staff responsible for implementation of the ESMS; and
  - (vii) prepare consolidated monitoring reports annually to reflect the subprojects' safeguard implementation and progress.

67. **Contractor.** The Contractor is the principal agent to implement the EMP and environmental quality monitoring during the pre- and construction stages.<sup>28</sup> Specifically, the Contractor will:

- (i) appoint the Contractor's environment, health and safety focal person and attend the site induction workshop to be organized by the PMU/PIUs;
- (ii) obtain necessary environmental license(s), permits, etc. from relevant agencies as specified in the IEE and this project administration manual for the associated facilities;
- (iii) as part of detailed survey, collect the baseline data on environmental quality of the construction sites before the start of physical works and continue collection of information (e.g., air quality, noise level, and water quality) during civil works;
- (iv) revise and finalize the construction EMP and environmental quality monitoring plan;
- (v) implement and document all mitigation measures in the EMP and environmental quality monitoring plan;
- (vi) ensure that all workers, site agents, including site supervisors and management, participate in all environmental safeguard related training sessions;
- (vii) ensure compliance with environmental statutory requirements and contractual obligations;
- (viii) respond promptly to grievances raised by the local community or any stakeholder and implement environmental corrective actions or additional environmental mitigation measures as necessary; and
- (ix) based on the results of EMP monitoring, cooperate with the PIUs to implement environmental corrective actions and corrective action plans, as necessary.

68. If there is non-compliance to EMP and government requirements, the PMU will prepare necessary corrective action plan (CAP), and reflect them in the ESMRs. ADB will monitor the PMU's performance on the CAP.

69. ADB is responsible for the following:

- (i) review ESMRs, and disclose the final reports on ADB's website;
- (ii) explain policy requirements and safeguard covenants in the loan and project agreements to PMU, PIUs and PFIs;
- (iii) monitor implementation of the EMP through due diligence missions;
- (iv) monitor the PFI's performance on the basis of its environment and social management system
- (v) assess the adequacy of the PFI's capacity to manage environment and social impacts and risks. Where there are gaps in the FI's capacity, the ADB and PFI will establish a time-bound plan to address identified gaps.
- (vi) assist PMU, if required, in carrying out its responsibilities and in building capacity

---

<sup>28</sup> Including subcontractor/s commissioned by the contractor.

- for safeguard compliance;
- (vii) monitor overall compliance of the subprojects to this PAM; and
- (viii) if necessary, provide further guidance to PMU on the format, content, and scope of the ESMRs for submission to ADB.

70. **Involuntary resettlement safeguards (category C and FI-C).** The project is categorized as *C* for involuntary resettlement. Improvement of the 16 existing post-harvest facilities and construction of the 3 new post-harvest facilities will not result in physical or economic displacement. The three new post-harvest facilities will be constructed on government land and right of way, free of encumbrances. For the financial intermediation component of the project, only subprojects not resulting in any involuntary resettlement impacts will be financed (category C according to ADB SPS). The MAGNET Society and financial intermediaries have prepared ESMS arrangements agreed by ADB. Subproject screening, the process for which is detailed in ESMS documents, will be mandatory for all subprojects to be financed under the project, and the MAGNET Society will report in the ESMRs the status of the screening checklist to ADB. Meaningful consultation will be conducted in the selection process of subprojects among stakeholders, including among women and indigenous peoples and the vulnerable, to ensure such activities are socially inclusive and mindful of the needs and priorities of the most vulnerable.

71. **Indigenous peoples (category B and FI).** The project is categorized as *B* for indigenous peoples safeguards. Project activities under Output 1 (capacity development) may positively impact FPOs with indigenous peoples as members by providing them with training to improve agribusiness, including introduction of best practices and latest technologies to enhance safety, quality, and productivity; sustainable and efficient management of commercial and financial functions; and support to digital and direct marketing initiatives. In developing the training and capacity building activities, meaningful consultation with FPOs with indigenous peoples' members will be carried out to ensure that such activities are socially inclusive and culturally responsive. Output 1 project activities will not adversely affect the dignity, human rights, livelihood systems, culture, territory, natural, or cultural resources of indigenous peoples. As such, a separate indigenous peoples plan is not required; the project design has mainstreamed a socially inclusive approach to information sharing, meaningful consultation, and benefit sharing. Project activities under Output 2 (financial intermediation loan) may have positive impacts for indigenous peoples by providing them access to finance and opportunities to positive development. A GESI AP has been designed supporting the enhanced inclusion of IPs in the project including a baseline assessment of IP involvement in FPOs and a quota of X% (to be defined in the GESI/AP baseline study) of financing and training to target IP-owned and/or -led FPOs and VCOs. Subprojects with significant and/or adverse impacts on indigenous peoples will not be financed under the FIL; only category B and C subprojects according to ADB SPS will be supported. The MAGNET Society and financial intermediaries will prepare and develop ESMS arrangements to be agreed by ADB. Subproject screening will be mandatory for all subprojects to be financed under the project, and the MAGNET Society will report on the status of the screened and processed subprojects to ADB in the ESMRs. Project activities under output 3 (improve existing and develop new post-harvest facilities) will not have impacts on indigenous peoples since there are no indigenous peoples present in the areas where new post-harvest facilities will be built. A social development (GESI) expert (senior level officer) from MSAMB will be appointed to the PMU to ensure overall compliance with the SPS and that all the activities laid down in the GESI AP are effectively achieved. The social development (GESI) expert will be assisted by one experienced Social Specialist and one experienced social development (GESI) expert to be engaged under the PISC.

72. Notwithstanding the foregoing, if there will be any unanticipated involuntary resettlement or indigenous peoples safeguards impacts, PMU will promptly inform ADB and prepare the necessary safeguards document to address such impacts for ADB's review and approval.

73. **Roles and responsibilities related to social safeguards.** The PMU is responsible for the full compliance of the project with the loan agreement, ADB's SPS, and all applicable laws and rules of the government. The PMU will be supported by PIUs and PFIs to ensure compliance with social safeguards stated in this PAM and ESMS. The PMU will:

- (i) comply with Government of India's laws and policies related to STs, land acquisition and resettlement and other statutory requirements of the project;
- (ii) ensure the preparation, review, and submission of semi-annual environment and social safeguards monitoring report (ESMR) for disclosure on ADB's website;
- (iii) conduct training and workshops on social safeguards where necessary, including core labor standards for site induction of all staff and workers involved in the project implementation. The staff and workers will include all engineers, and staff and laborers of contractors;
- (iv) implement effective social monitoring during pre-construction, construction, and operation phases. This includes, but is not limited to, inspections, review of monitoring forms prepared by the contractors, and documentation of the issues received through GRM;
- (v) take proactive and timely measures to address any social safeguards related challenges at the national or division/district levels such as significant grievances during construction and operation stages;
- (vi) review and approve, for submission to ADB, semi-annual ESMRs prepared with the PIU and PISC;
- (vii) lead in complying with disclosure of semi-annual ESMRs;
- (viii) review and approve corrective action plans for unanticipated social impact/s that occur during the project implementation phase; and
- (ix) ensure GRM is in place at the early stage of project implementation.

74. The PIUs will:

- (i) carry out regular field verification and review social compliances by the Contractor during project implementation, in coordination with the PISC social development (GESI) expert and the Contractor's GESI focal person;
- (ii) in case of potential social impacts quality, immediately instruct the Contractor to cease and desist the construction activities that pose a risk and conduct immediate containment and mitigation activities.

75. Where unanticipated social impacts become apparent during project implementation, the PMU, with support from PISC, will update the social due diligence assessment and outline mitigation measures and resources to address those impacts.

76. The PFI and the matching grant components will need to establish respective ESMS that are commensurate to the social risks. Subprojects having potential adverse social impacts will not be financed. Each ESMS will be agreed by ADB and the MAGNET Society.

77. The PFI and matching grant component will:<sup>29</sup>
- (i) ensure that subproject investments comply with applicable national laws and regulations;
  - (ii) apply the prohibited investment activities list of SPS to subprojects financed by ADB;
  - (iii) not finance subprojects that are categorized as A for environment and Indigenous Peoples safeguards or have involuntary resettlement impacts;
  - (iv) be required to establish an appropriate ESMS commensurate to the nature and risks of the subprojects to be maintained as part of the overall management system. The ESMS should include all the elements of the ESMS template as required by SPS, including the subproject screening checklist. The ESMS will be documented and agreed with ADB;
  - (v) ensure that such subprojects meet ADB's safeguard policy requirements, including those specified in Safeguard Requirements 1-3;
  - (vi) be required to designate suitably qualified staff responsible for implementation of the ESMS; and
  - (vii) require subproject beneficiaries to submit semi-annual safeguards monitoring reports.
78. If there are non-compliance to EMP and government requirements, the PMU will prepare necessary corrective action plan (CAP), and reflect them in the ESMRs. ADB will monitor the PMU's performance on the CAP.
79. ADB is responsible for the following:
- (i) review ESMRs, and disclose the final reports on ADB's website;
  - (ii) explain policy requirements and safeguard covenants in the loan and project agreements to PMU, PIUs and PFIs;
  - (iii) monitor implementation through due diligence missions;
  - (iv) monitor the PFI's performance on the basis of its environment and social management system
  - (v) assess the adequacy of the PFI's capacity to manage environment and social impacts and risks. Where there are gaps in the FI's capacity, the ADB and PFI will establish a time-bound plan to address identified gaps.
  - (vi) assist PMU, if required, in carrying out its responsibilities and in building capacity for safeguard compliance;
  - (vii) monitor overall compliance of the subprojects to this PAM; and
  - (viii) if necessary, provide further guidance to PMU on the format, content, and scope of the ESMRs for submission to ADB.
80. **Grievance Redress Mechanism (GRM).** A dedicated multi-tier GRM will be established to receive, evaluate, and facilitate the concerns and complaints of the affected people if any about the social and environmental performance at the project level. The GRM will aim to provide a time bound and transparent mechanism to voice and resolve social and environmental concerns linked with the project. The GRM shall aim to ensure:
- (i) The basic rights and interests of every person affected by poor environmental or social performance of the project are protected; and
  - (ii) Concerns arising from the poor environmental or social performance of the project during the conduct of pre-construction, construction and operation activities are

---

<sup>29</sup> This covers environmental safeguards, as well as involuntary resettlement and indigenous peoples safeguards, in relation to the FIL component and matching grant.



effectively and timely addressed.

81. GRM is proposed to be simple, transparent, and responsive. GRM will address only the concerns arising due to the project implementation activities. At the PMU, a centralized control and monitoring system will be established to provide adequate platform for the GRM, and address issues of all the relevant stakeholders of the project (i.e., FPOs, local community, contractors, and other members in the value chain). The GRM will ensure that all grievances of all stakeholders, including from scheduled tribal communities, scheduled castes, women, and other vulnerable groups<sup>30</sup>, are addressed within a time-bound and effective manner. The GRM will include service standards and an implementation modality by assigning Grievance Redressal Officer (GRO) at each PIU, and IAs to handle specific matters related to public grievances / complaints flagged to their respective offices.

82. The GRM will establish multiple channels by which grievances can be received by the PMU. These can be broadly classified as – online-services (e.g., Toll-Free Helpline and via the Project web-platform) and offline/manual (e.g., mail, in-person and drop boxes). For all grievances submitted through online mode, PMU will review for sensitivity and confidentiality, before such complaints will be channelled to the GRO at the PIU and IA levels. In the processing of all grievances, GRO, PIUs, and IAs will follow best practices such as adoption of necessary procedures including acknowledging all grievances and complaints, and assigning a central tracking number or ID for all grievances alongside basic service standards for the response. GRM will also cover handling of unresolved grievances and complaints through a process of escalation. The unresolved grievances will be transmitted to the next higher level – to PMU and then ADB. The PMU will aggregate all grievances to a single consolidated database to monitor the performance of PIUs and IAs, and generate aggregate statistics on performance to be publicly disclosed on the project's web-platform. Awareness of grievance redress procedures will be created through the public awareness campaign, with the help of print and electronic media and radio. Redress through the GRM does not impede access to the country's judicial or administrative remedies.

83. To ensure the GRM is in line with the SPS, the GRM will be culturally appropriate and gender responsive, equipped to receive and facilitate resolution of the Indigenous Peoples' concerns. This will be supported through: (i) membership of the indigenous peoples or their representative at the first tier GRM at field/village level; (ii) availability of the GRM form in local/indigenous dialect; (iii) installation of grievance box at all project locations; (iv) and installation of project billboard in the villages with grievance focal person's contact details and procedure on how to file a complaint, including in local or indigenous dialect.

84. **Other dispute redress mechanisms.** The complainant, if not satisfied with the resolution through the GRM, can always have legal recourse to judicial processes at any stage of grievance redressal. In the ADB Accountability Mechanism, people adversely affected by ADB-financed projects can express their grievances; seek solutions; and report alleged violations of ADB's operational policies and procedures, including safeguards. This is a separate resolution mechanism from the GRM described above.

---

<sup>30</sup> For the purpose of the project "vulnerable groups" includes: Scheduled Castes (SC) and Scheduled Tribes (ST) as defined by the [Constitution of India](#); Persons with disabilities (PWD) defined as a person with long term physical, mental, intellectual or sensory impairment which, in interaction with barriers, hinders his full and effective participation in society equally with others; Persons living below the poverty line (BPL) defined within the benchmark used by the government of India to indicate economic disadvantage and to identify individuals and households in need of government assistance and aid; People living with HIV/AIDS and Sexual Minorities.

85. The Accountability Mechanism has two separate but related phases. First is problem solving, led by ADB's special project facilitator, to assist complainant in finding solutions to their problems. The second is the compliance review led by a three-member panel that investigates alleged violations of ADB's operational policies and procedures, including safeguard policies, that have already resulted in, or are likely to result in, direct adverse and material harm to Project-affected people. It recommends how to ensure Project compliance with these policies and procedures.

86. **Prohibited investment activities.** Pursuant to ADB's Safeguard Policy Statement (2009), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the Safeguard Policy Statement (2009). All PFIs will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list (Appendix 5) to subprojects financed by ADB.

## VIII. GENDER EQUALITY AND SOCIAL INCLUSION

87. The project is categorized as *effective gender mainstreaming*. The operational priorities and targets of Strategy 2030 are addressed and supported through a gender equality and social inclusion action plan (GESI AP) and will be implemented by the project with the support of MAVIM. The GESI AP aims to particularly promote women, vulnerable groups (footnote 2) and people with disabilities (PWDs). To ensure the project effectively achieves the GESI AP targets, a baseline survey will be conducted establishing sex, age, caste, tribal, and geography-disaggregated data and a detailed social analyses. The project will also establish a management information system (MIS) with the GESI indicators established in order to continuously assess progress against baselines and target, including information disaggregated by sex, age, caste, tribal, and geography to ensure participation by target groups and increased understanding of other vulnerable groups e.g., youth. This will help to identify key GESI related issues while enabling the team to set realistic baseline percentages.

88. Project outputs in tandem with the GESI AP activities will ensure that women-owned or -led FPOs and VCOs will be prioritized in capacity development and financial support in collaboration with MAVIM. Of the 34,000 FPO and VCO members reporting increased knowledge on good agriculture practices and post-harvest management, at least 6,800 or 20% will be women and X (number) or X% will be vulnerable groups (footnote 2) – the GESI AP baseline study will establish "X". These specialized trainings will include skills related to processing, packaging, branding, marketing infrastructure management, and climate smart agriculture while exposing participants to relevant high level technologies, and empowering both women and members of vulnerable groups to become trainers of some of these skills across the 11 target crops. The project will ensure that women-owned and -led FPOs are benefitted and empowered by further support for value-chain acceleration and market linkage services. Women and members of vulnerable groups' leadership and participation in the horticulture value chain (HVC) will be promoted through GESI capacity development training and consultation with FPO and VCO members.

89. Financial and agribusiness capacities of FPOs and VCOs will be strengthened as women-led and -owned FPOs/VCOs will be prioritized for financial intermediation loans (FILs) and matching grants. This will be implemented through: (i) the matching grant applicant selection criteria; (ii) GESI responsive outreach from FIs; and, (iii) 20% of the finances will be prioritized for women-owned or -led FPOs/VCOs. Further enhancing access to financial resilience, the project will ensure that employment opportunities for women in the horticulture value chain are promoted,

directly in the facilities constructed as well as through the sub-projects.

90. One NPHIT and 19 MSAMB facilities will be rehabilitated or developed to be climate/disaster resilient and energy efficient with gender-responsive design to promote access to women and PWDs (ramps, accessible toilets) and assure a safe work environment for women<sup>31</sup>, through implementation of separate bathrooms for men, women and others (if feasible) and changing rooms,<sup>32</sup> and GESI friendly standard operating procedures.<sup>33</sup> The project will also promote and monitor jobs for women and vulnerable groups working with MSAMB and NIPHT facilities in the HVC. During construction, facilities for women/men laborers will be available in each construction site and at least 10 orientation sessions on labor standards/equal wages/OHS and awareness on STI (incl. HIV) prevention, human trafficking, sexual harassment, exploitation and abuse conducted.

91. To ensure successful implementation of the aforementioned, adequate budget will be established and disbursed in a timely manner. Relevant and technically capable staff to fulfill the work will be instituted in line with GESI AP specifications. GESI focal points will be deputed as a core team members per: (i) PMU (one staff - social development (GESI) expert); (ii) PFI (one staff – GESI focal point) (iii) PIU (seven staff – GESI focal points - at local PIUs, plus one staff at regional level – GESI focal point). In addition, there will be one social specialist and one social development (GESI) expert hired at PISC. The social development (GESI) expert in the PISC, in tandem with the relevant social development (GESI) expert and GESI focal points in the PMU, PIU and PFIs will be responsible for the implementation and monitoring of the GESI AP (Table 21). To support effective implementation and monitoring, training will be conducted to establish increased capacity among the PMU, PIUs, PFIs, IAs, and contractors with at least 80% of project staff participation. Progress of the project will be tracked in a timely fashion from the baseline study through an MIS. The template for GESI AP implementation progress reporting is in Appendix 6.

92. **Labor.** The employment opportunities provided during upgradation and maintenance activities will generate positive impacts. The project will support the recruitment of local men and women, including SCs, STs and other vulnerable groups, for construction and operations. MSAMB will supervise contractors to ensure that labor standards are followed. Civil works contracts will stipulate priorities to (i) employ local people for works; (ii) ensure equal opportunities for women and men; (iii) equal wages for work of equal value, and pay women's wages directly to them, and (iv) not employ child or forced labor. Contractors will be required to provide appropriate facilities for child dependents in construction campsites. Labor Management provisions are included in the IEE, which will be monitored during project implementation.

93. **Health, Sexually Transmitted Infections (STI), and Human Trafficking.** Issues of waterborne diseases and limited HIV/AIDS risks are anticipated in construction / civil works projects. Contractors and local authorities will distribute information on sexually transmitted diseases to employees and communities around project sites. All contracts will include clauses on these undertakings, and the government will strictly monitor compliance during implementation. The civil works contractors must carry out STI (including HIV/AIDS) and human

---

<sup>31</sup> All the project's supported facilities will ensure provisions for a lactation room (for nursing mother), safe transportation to/from work, drinkable water, time to rest, female officers for reporting and representation.

<sup>32</sup> Women's bathroom with menstrual hygiene management including provision of sanitary machine and incinerator, adequate water and agents and spaces for washing and bathing and private disposal facility. The ratio of male and female facilities will be adjusted based on the number male and female workers.

<sup>33</sup> Provisions for minimum wage, equal pay, occupational accident insurance, protection from sexual harassment, necessary infrastructure (like drainage, lactation room), etc.

trafficking awareness sessions for their laborers at work sites as part of their contract. Completion of trainings will be monitored and reported by the SGS within the annual safeguard monitoring reports.

94. **Implementation arrangements for the gender equality and social inclusion action plan (GESI/AP).** Consultations were conducted with MSAMB and relevant partners while preparing the GESI/AP. A social development (GESI) expert (senior level officer) from MSAMB will be appointed to the PMU to ensure that all the activities laid down in the GESI AP are effectively achieved. The social development (GESI) expert will be assisted by one experienced Social Specialist and one experienced social development (GESI) expert to be engaged under the PISC. The MSAMB Social Development (GESI) expert will oversee the work of the one GESI focal point at the PIU regional level, and the GESI focal points, one each of which will be assigned per local PIU. The project MIS will be designed to record data disaggregated by sex, age, caste, tribal, and geography to ensure critical progress tracking and effective targeting and participation of vulnerable groups across all project components.

95. **PMU and Social and Gender Specialists.** An experienced social development (GESI) Consultant will be recruited as part of PMU. Specific terms of reference are prepared for this role. The qualified consultant with expertise in gender/women's studies, STs, social inclusion and community participation will assist the social development (GESI) expert at PMU and GESI focal points at PIU to ensure overall compliance with SPS and oversee the implementation of the GESI AP.

96. **Contractor.** The Contractor is responsible for implementing agreed targets in the GESI AP. The Contractor will:

- (i) appoint the Contractor's Safeguard and GESI focal person and attend the site induction workshop to ensure implementation of national core labor standards such as equal pay for work of equal value, and protection of women and other vulnerable workers (footnote 34) from discrimination and other forms of harassment is elucidated in project contracts;
- (ii) hire women and other vulnerable workers in construction; and
- (iii) report sex, ST and SC disaggregated labor data periodically.

97. **ADB.** ADB is responsible for the following:

- (i) reviewing the GESI AP updates and endorse the progress reports; and
- (ii) providing guidance and support to the MAGNET Society, MSAMB, PMU, and PIUs, if required, in carrying out their responsibilities regarding GESI AP and in building capacity for GESI activities.

**Table 21: Gender Equality and Social Inclusion Action Plan**

Activities	Targets / Indicators	Responsibility	Timeframe
<b>Output 1: Institutional, technical, and marketing capacities of agribusiness institutions and FPOs strengthened</b>			
1. Ensure participation of women and vulnerable members of FPOs in trainings towards good agricultural practices and post-harvest management.	1. Of the minimum 34,000 members of FPOs and VCOs reporting increased knowledge on good agriculture practices and post-harvest management, at least 20% are women and X% <sup>i</sup> members of vulnerable groups <sup>ii</sup> (2020 baseline: 0, 0, NA). <sup>iii</sup> 2. At least 30 women and X members of vulnerable groups trainers trained from the targeted 250 trainers for 11 crops. (Baseline 2020: 0 and 0).	MAGNET Society; PMU; social development (GESI) expert; PIUs	Completed by 2027 Quarterly monitoring and reporting on achieved results
2. Disseminate information and ensure the participation of women-owned and-led FPOs in creation of quality jobs and decent working conditions for other women in projects, improving business and entrepreneurial skills and establishing linkages with organized markets and complying with export requirements.	3. Of the minimum 200 FPOs supported by value-chain acceleration and market linkage services 20% are women-owned <sup>iv</sup> or -led <sup>v</sup> with training including: national labor legislation and decent treatment of employees/workers and particularly women and vulnerable groups, improving business and entrepreneurial skills and establishing linkages with organized markets and complying with export requirements (Baseline 2020: 0 NA). <sup>vi</sup>	MAGNET Society; GESI focals, to be assisted by social development (GESI) expert; PMU; PIUs	
3. Facilitate GESI capacity development training and consultation with FPO and VCO members to improve HVC participation.	4. Average percentage members in FPOs increased to at least 15% women and X% members of vulnerable groups (Baseline 2020: 13%, X%). <sup>vii</sup> 5. Average board of directors' representation in assisted FPOs raised to at least 8% women and X% members of vulnerable groups (Baseline 2020: 6%, X%).	PMU; social development (GESI) expert, PMU in consultation with PIUs	
<b>Output 2: Access to finance of FPOs and VCOs strengthened</b>			
4. Promote quality jobs for women and members of vulnerable groups of the MAGNET subprojects.	6. At least 10,000 quality jobs (at least 20% for women and X% members of vulnerable groups generated by the project including other outputs (Baseline 2020: 0, 0). <sup>viii</sup>	MSAMB; GESI focals; PFI; ESMS coordinator	Completed by 2027

Activities	Targets / Indicators	Responsibility	Timeframe
5. Facilitate women-owned or -led FPOs and VCOs to avail of FILs and matching grant.	7. Financial support (FIL or matching grant) provided to at least 300 FPOs and value chain operators, of which at least 40 FPOs are women-owned or -led (2019 baseline: 0, 0). <sup>ix</sup> 8. At least 20% of the total financial support allocated to women-led/owned FPOs or VCOs -and sub-borrowers (Baseline 2020: 0). 9. Financial intermediaries and PMU implement GESI provisions in sourcing FPOs and VCOs e.g., GESI-responsive outreach strategy.	PFIs; ESMS coordinator to be supported by social development (GESI) expert, PMU; MAVIM	Quarterly monitoring and reporting on achieved results
<b>Output 3: Agriculture value chain infrastructure improved and operational</b>			
6. Ensure that construction activities abide by core labor standards including OHS, prohibition of child labor and GESI related aspects.	10. Adequate facilities and separate women/men and others' (if feasible) toilets and quarters exist in each construction site for laborers. 11. Orientation sessions on labor standards/equal wages/OHS and awareness on STI (incl. HIV) prevention, human trafficking, sexual harassment, exploitation and abuse targeting 10 sessions from PMU/field office, staff/contractors. <sup>x</sup>	MSAMB; GESI focals; PMU; Contractor	Completed by 2027  Quarterly monitoring and reporting on achieved results
7. Ensure 19 MSAMB and 1 National Institute of Post-Harvest Technology (NIPHT) facilities rehabilitated or developed with GESI responsive design to be climate/disaster resilient and energy efficient.	12. Nineteen MSAMB facilities rehabilitated or developed with gender inclusive design to be climate/disaster resilient and energy efficient, including: accessible/friendly to women and persons with disabilities (ramps, accessible toilets); assuring a safe work environment <sup>xi</sup> for women, including separate bathrooms for males and females and others (if feasible) <sup>xii</sup> and changing rooms; GESI standard operating procedures. <sup>xiii</sup> (2020 baseline: 0). <sup>xiv</sup> 13. NIPHT facility improved with women- and PWD-friendly design (2020 baseline: 0) <sup>xv</sup>	PMU; social development (GESI) expert, in consultation with GESI focals, MSAMB; Contractor	
8. Promote and monitor quality jobs for women and members of vulnerable groups working with MSAMB and NIPHT facilities in the HVC, to ensure they are not mistreated and/or deprived of their rights to decent working conditions, pay, day off,	14. At least 30% direct incremental jobs for women and X% for members of vulnerable groups in the HVC created by 20 facilities; (Baseline 2020: 22% of 558 workers in 16 projects of the facilities are women, 0).	MSAMB, PIUs; social development (GESI) expert, PMU; GESI focals	

Activities	Targets / Indicators	Responsibility	Timeframe
among other provisions specified by country labor law and ILO conventions.			
<b>Gender actions related to project management</b>			
9. GESI budget and staffing established for the implementation and monitoring of GESI action plan (GESI AP).	15. Adequate budget allocated and disbursed in a timely manner for GESI AP successful achievement of activities and targets. 16. One (1) social development (GESI) expert; deputed as a core team member: (i) at PMU; and (ii) PFI and Eight (8) GESI focal points at the PIU (one for regional level); one (1) Social Specialist and one (1) Gender Equality and Social Inclusion (GESI) Specialist hired at PISC.	PMU, MSAMB and IAs	Completed by 2027 Quarterly monitoring and reporting on achieved results
10. Ensure GESI-responsive project implementation, monitoring and reporting.	17. At least two (2) GESI training workshops (including training on the core labor standards and national legislation to be implemented across the project) each for PMU, PIUs, participating FIs, IAs, and contractors conducted. 18. At least 80% of project staff participated in the workshops. 19. Quality jobs are to be provided and all contracts for workers employed for civil works are to be monitored and reported to ensure national labor legislation and ILO commitments on CLS are complied with.	PMU; social development (GESI) expert, in consultation with GESI focals	Training 1 completed: Q1 of project implementation; Training 2 completed: Q4 of project implementation.
11. Baselines established, and regular collection and maintenance of sex, age, caste, tribal, geography and vulnerability <sup>ii</sup> - disaggregated data and results established.	20. One baseline survey conducted to establish sex, age, caste, tribal, geography and vulnerability-disaggregated data and detailed social analyses, which identify key inequalities and enable the team to set appropriate figures and percentages for the above targets and specifically members of vulnerable groups. 21. MIS with GESI indicators established and updated on a monthly basis through regular assessment at all levels of implementation against established baselines and their targets - including information disaggregated by sex, age, caste, tribal, geography and vulnerability to ensure participation by target groups and increased understanding of other vulnerable groups e.g., youth.	PMU and PISC; assistance of the GESI focals	Complete by year 1 of project implementation.

BPL = below the poverty line; ESMS = environmental and social management system (ESMS); FIL = financial intermediation loan; FPO = farmer producer organization; GESI AP = gender and social inclusion action plan; HVC = horticulture value chain; IA = Implementing Agency; MAGNET = Maharashtra Agribusiness Network Project; MAVIM = women's organization; MSAMB = Maharashtra State Agricultural Marketing Board; NIPHT = National Institute of Post-Harvest Technology; PFI = Participating financial intermediary; PIU = Project Implementation Unit; PMU = Project Management Unit; PISC = Project Implementation Support Consultant; PWD = person with disability; SC = Scheduled Caste ST = Scheduled Tribe; VCO = Value Chain Operators.

- i All "X" figures and percentages will be defined upon completion of target 20.
- ii For the purpose of the project "vulnerable groups" and "vulnerability" includes: Scheduled Castes (SCs) and Scheduled Tribes (STs) as defined by the [Constitution of India](#); Persons with disabilities (PWD) defined as a person with long term physical, mental, intellectual or sensory impairment which, in interaction with barriers, hinders his/her full and effective participation in society equally with others; Persons living below the poverty line (BPL) defined within the benchmark used by the GOI to indicate economic disadvantage and to identify individuals and households in need of government assistance and aid; People living with HIV/AIDS and gender/sexual minorities.
- iii DMF target 1a.
- iv Women-owned FPOs and VCOs are those with 100% female membership.
- v Women-led FPOs and VCOs are those wherein majority of shareholders and board representatives are women or (51% or more).
- vi DMF target 1b.
- vii Per the Japan Fund for Poverty Reduction (JFPR), ADB funded project's end-term report, category wise participation of FPO member: SC 0.20%, ST 0.03% and 8.7 OBC.
- viii DMF target 2a.
- ix DMF target 2b.
- x At least one orientation in PMU and one in each Site office; and minimum 2 times over the project period to verify and ensure that conditions are met. The person in charge of giving the orientations sessions will be the social development (GESI) expert or an equivalent from the PIC.
- xi All the project's supported facilities will ensure provisions for a lactation room (for nursing mother), safe transportation to/from work, drinkable water, time to rest, female officers for reporting and representation.
- xii Women's bathroom with menstrual hygiene management including provision of sanitary machine and incinerator, adequate water and agents and spaces for washing and bathing and private disposal facility. The ratio of male and female facilities will be adjusted based on the number male and female workers
- xiii Provisions for minimum wage, equal pay, occupational accident insurance, protection from sexual harassment, necessary infrastructure (like drainage, lactation room) etc.
- xiv DMF target 3a.
- xv DMF target 3b.



## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

### A. Project Design and Monitoring Framework

98. The Design and Monitoring Framework is in Appendix 1.

### B. Monitoring

99. **Project performance monitoring.** The achievement of the project performance targets will be assessed following the design and monitoring framework. The MAGNET Society will implement a project's performance system acceptable to ADB to monitor and evaluate the project information and data to ensure that planned interventions achieve the desired results, including key outcome indicators. Disaggregated baseline data for output and outcome indicators gathered during project processing will be updated and reported semi-annually through the MAGNET Society's quarterly progress reports and/or after each ADB review missions. These quarterly reports will provide information necessary to update ADB's project performance reporting system

100. **Compliance monitoring.** Compliance with covenants will be monitored through ADB's project administration missions—including project inception mission to discuss and confirm the timetable for compliance with the loan covenants; project review missions to assess the government's compliance with particular loan covenants and, where there is any noncompliance or delay, discuss proposed remedial measures with the government; and mid-term review mission, if necessary, to assess whether the covenants are still relevant or need to be changed, or waived due to changing circumstances.

101. **Safeguards monitoring.** The ESMR, covering the 6-month periods January to June and July to December, will be submitted on semi-annual basis within 45 days of the reporting period, and document the progress made on safeguards implementation, including on the EMP and ESMS. PFIs will report on respective ESMS on an annual basis with said reports to be included in the July-December ESMRs. The PMU will be supported by the PISC to monitor EMP implementation (pre-, during, and post-construction), as well as respective PFIs' ESMS implementation. An outline of the ESMR is in Appendix 7. This outline is the current default template and further revisions, such as addition of tables, charts, figures, among others, may be done to ensure proper documentation of (i) project implementation progress, (ii) compliance with safeguard measures and their progress, and (iii) necessary corrective actions. The semi-annual ESMRs will be due for submission to ADB within one month following the ESMR period covered and will continue until the end of the project and a completion report is issued. The ESMRs will be disclosed on the ADB's website after review and acceptance by ADB. In the event of a noncompliance arising, ADB is to be informed immediately and a timebound corrective action plan (CAP) to be shared with ADB within 30 days of the issue arising. CAP is to also be attached to the subsequent ESMR for public disclosure.

102. **Gender equality and social inclusion monitoring.** The GESI AP activities will be monitored by the PMU and they will submit a monthly progress report to MAGNET Society and MSAMB and QPR on GESI AP implementation in the prescribed format to ADB. ADB will assess the progress of these activities during review missions. The template for GESI AP implementation progress report is in Appendix 6.

### C. Evaluation

103. The project inception mission will be fielded soon after the legal agreements for the project are declared effective; thereafter, regular reviews will follow, at least twice annually. As necessary, special loan administration missions and a midterm review mission will be fielded, under which any changes in scope or implementation arrangements may be required to ensure achievement of project objectives. MAGNET Society and MSAMB will monitor project implementation in accordance with the schedule and time-bound milestones and keep ADB informed of any significant deviations that may result in the milestones not being met. Within six months of physical completion of the project, MSAMB will submit a project completion report to ADB.

### D. Reporting

104. The executing agency will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system (Appendix 8); (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; (iii) semi-annual ESMR; and (iii) a project completion report within 6 months of physical completion of the project. To ensure that projects will continue to be both viable and sustainable, project accounts and the executing agency audited financial statement together with the associated auditor's report, should be adequately reviewed.

### E. Stakeholder Communication Strategy

105. ADB will provide project information (e.g., project documents, implementation progress reports, and other updates) on its website. At the subproject level, ADB will work closely with MAGNET Society, MSAMB, MAVIM, PFIs, and FPOs/VCOs (subproject borrowers) to disseminate relevant ADB project and subproject related information through stakeholders and/or community consultations and other means. All project information will be disclosed to the general public and concerned stakeholders in both local language and the languages or dialects of local scheduled tribes as per the following table.

**Table 22: Documents for Disclosure**

<b>Project Document</b>	<b>Means of Communication</b>	<b>Frequency</b>	<b>Audience</b>
Project Data Sheet	ADB website	Initial project data sheet no later than 30 calendar days of approval of the concept paper; quarterly updates afterwards	General public
Design and Monitoring Framework	ADB website	Draft design and monitoring framework after fact-finding mission	General public
Initial Environmental Examination Reports	ADB website MSAMB website	Prior to Board consideration	General public, project-affected people in Particular
Gender Equality and Social Inclusion Action Plan	ADB website MAGNET Society / MSAMB website	Post fact-finding mission	General public, project-affected people in Particular

<b>Project Document</b>	<b>Means of Communication</b>	<b>Frequency</b>	<b>Audience</b>
Summary Poverty Reduction and Social Strategy	ADB website MAGNET Society / MSAMB website	Post fact-finding mission	General public, project-affected people in Particular
Legal Agreements	ADB website	No later than 14 days of Board approval of the project	General public
Project Administration Manual	ADB website	After loan negotiations	General public
Social and Environment Monitoring Reports	ADB website MAGNET Society / MSAMB website	Annually	General public

ADB = Asian Development Bank, MAGNET = Maharashtra Agribusiness Network, MSAMB = Maharashtra State Agriculture Marketing Board.

Source: ADB and MSAMB.

## **X. ANTICORRUPTION POLICY**

106. The Government of India, State Government, MSAMB and MAGNET Society are advised of ADB's Anticorruption Policy (1988 as amended to date). Consistent with its commitment to good governance, accountability and transparency, implementation of the Project shall adhere to ADB's Anticorruption Policy. ADB reserves the right to review and examine, directly or through its agents, any violations of the Anticorruption Policy relating to the project.<sup>34</sup> In this regard, investigation of government officials, if any, would be requested by ADB to be undertaken by the government. All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.<sup>35</sup>

107. To support these efforts, relevant provisions are included in the loan agreement and the bidding documents for the project. All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the MAGNET Society, MSAMB, PFOs, and all project contractors, suppliers, consultants, and other service providers as they relate to the project. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.

## **XI. ACCOUNTABILITY MECHANISM**

108. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should try in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>36</sup>

<sup>34</sup> Anticorruption Policy: <https://www.adb.org/documents/anticorruption-policy>

<sup>35</sup> ADB's Office of Anticorruption and Integrity website: <https://www.adb.org/site/integrity/main>

<sup>36</sup> Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>.

**XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL**

109. The revisions and/or updates to the PAM during the course of implementation are recorded in this section.

<b>No.</b>	<b>PAM Changes/Updates</b>	<b>Date</b>	<b>Remarks</b>
1	Initial draft	12 November 2021	Fact-finding mission
2	Second draft	1 June 2021	Request for loan negotiations
3	Third draft	11 August 2021	Loan negotiations

### APPENDIX 1: DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with			
Average agriculture sector growth rate of 5% achieved; export of agricultural produce promoted; and fair, competitive, and accessible agriculture markets established (Vision 2030) <sup>a</sup>			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
<b>Outcome</b> Maharashtra's horticultural production values increased, and post-harvest losses reduced	By 2028: a. Production of horticulture crops of participating FPOs increased by 5% (2020 baseline: 17,000 metric tons per FPO <sup>b</sup> )  b. At least 10,000 jobs (at least 20% for women) generated by the project (2020 baseline: 0, not applicable) (OP 1.2, OP 2.1)  c. Annual profits of the FPOs supported by the project increased by 10% on average (2019 baseline: ₹52,000 per FPO <sup>c</sup> )  d. Horticultural food losses reduced by 8% in participating FPOs (2020 baseline: 3,800 metric tons per FPO <sup>d</sup> )	a. MAGNET Society and consultant's quarterly report on FIL and matching grant recipients  b. Consultant's surveys to beneficiaries to be included in consultant's quarterly progress reports  c. MAGNET Society and consultant's quarterly report on FIL and matching grant recipients  d. Consultant's surveys to beneficiaries to be included in consultant's quarterly progress reports	A: Relevant national and state governments' initiatives are substantially implemented.
<b>Outputs</b> 1. Institutional, technical, and marketing capacities of agribusiness institutions and FPOs strengthened	By 2027: 1a. At least 34,000 members of FPOs and VCOs (at least 20% are women) reporting increased knowledge on good agricultural practices and post-harvest management (2020 baseline: 0, not applicable) (OP 2.2)  1b. At least 200 FPOs (at least 20% are owned or led by women) <sup>e</sup> supported by value-chain acceleration and market link services (2020 baseline: 0, not applicable)  1c. Knowledge on best practices from the project shared in two international events, with at least 50 participants each with increased knowledge on international best practices	1a. Survey of workshop participants to be included in consultant's quarterly progress reports   1b–1c. Consultant's quarterly progress reports	A: Government counterpart funds are disbursed in a timely manner based on the project needs.

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
<p>2. Access to finance of FPOs and VCOs strengthened</p> <p>3. Agriculture value chain infrastructure improved and operational for the target horticulture crops</p>	<p>and with at least one other state (2020 baseline: 0, 0, 0)</p> <p>2. 300 FPOs and VCOs provided with matching grants or FILs, of which at least 40 are owned or led by women<sup>e</sup> (2020 baseline: 0, 0) (OP 1.2.1, OP 1.3.2, OP 2.1.3)</p> <p>3a. Nineteen MSAMB facilities rehabilitated or developed with gender-responsive<sup>f</sup> design to be climate- and/or disaster-resilient and energy efficient<sup>g</sup> (2020 baseline: 0) (OP 1.3.1, OP 3.1.3, OP 3.2.5, OP 5.1.1)</p> <p>3b. NIPHT facility improved with design that are responsive to gender and people with a disability<sup>h</sup> (2020 baseline: 0) (OP 1.3.1, OP 3.1.3, OP 3.2.5, OP 5.1.1)</p>	<p>2. Consultant's quarterly progress reports</p> <p>3a.–3b. Consultant's quarterly progress reports</p>	
<p><b>Key Activities with Milestones</b></p> <p><b>1. Institutional, technical, and marketing capacities of agribusiness institutions and FPOs strengthened</b></p> <p>1.1 Prepare workshop materials (Q1 2022).</p> <p>1.2 Conduct workshops for FPO and VCO beneficiaries (Q2 2022–Q3 2027).</p> <p>1.3 Provide support to MAGNET Society and other staff (Q4 2021–Q3 2027).</p> <p><b>2. Access to finance of FPOs and VCOs strengthened</b></p> <p>2.1 Approve subprojects and disburse matching grants (Q4 2021–Q3 2027).</p> <p>2.2 Approve subprojects and disburse FILs (Q4 2021–Q3 2027).</p> <p><b>3. Agriculture value chain infrastructure improved and operational for the target horticulture crops</b></p> <p>3.1 Conduct works for MSAMB facilities (Q3 2021–Q4 2023).</p> <p>3.2 Conduct works for NIPHT facilities (Q4 2021–Q4 2023).</p> <p><b>Project Management Activities</b></p> <ul style="list-style-type: none"> <li>• Recruit and mobilize consultants (Q3 2021).</li> <li>• Engage and mobilize contractors for works (Q3 2021–Q4 2022).</li> </ul>			
<p><b>Inputs</b></p> <p>Asian Development Bank: \$100.0 million (loan)</p> <p>Government: \$43.2 million (including \$0.3 million in-kind contribution to the technical assistance)</p> <p>Technical assistance: Technical Assistance Special Fund (TASF-other sources): \$0.5 million</p>			

Japan Fund for Poverty Reduction: \$2.0 million
---

A = assumption, FIL = financial intermediation loan, FPO = farmer producer organization, MAGNET = Maharashtra Agribusiness Network, MSAMB = Maharashtra State Agricultural Marketing Board, NIPHT = National Institute of Post-Harvest Technology, OP = operational priority, Q = quarter, R = risk, VCO = value chain operator.

- <sup>a</sup> State Government of Maharashtra, Planning Department. 2017. *Vision 2030*. Mumbai.
- <sup>b</sup> The production baseline data was calculated from the average number of farmers comprising FPO, average landholding per farmer, and average productivity of the FPOs which submitted expression of interest for MAGNET subprojects in July 2021.
- <sup>c</sup> The profit baseline data was calculated from the median annual profit of the FPOs which submitted expression of interest for MAGNET subprojects in July 2021.
- <sup>d</sup> The food loss baseline was calculated based on the crop-wise average post-harvest losses between farm and retail for the FPOs which submitted expression of interest for MAGNET subprojects in July 2021.
- <sup>e</sup> FPOs and VCOs owned by women are those with 100% female membership, and FPOs and VCOs led by women are those wherein a majority of shareholders and board representatives are women.
- <sup>f</sup> Gender-responsive design assures a safe work environment for women, including separate toilets and quarters.
- <sup>g</sup> Climate and/or disaster resilience is enhanced by rainwater harvesting, and energy efficiency is enhanced by solar rooftop power generation systems.
- <sup>h</sup> Design responsive to people with a disability includes accessibility features including ramps and accessible toilets.

### **Contribution to Strategy 2030 Operational Priorities**

Expected values and methodological details for all OP indicators to which this operation will contribute results are detailed in the Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President). In addition to the OP indicators tagged in the design and monitoring framework, this operation will contribute results for

OP 2.1.4: Women and girls benefiting from new or improved infrastructure (number)

OP 3.1.1: Additional climate finance mobilized (\$)

OP 3.1.4: Installed renewable energy capacity (megawatts)

OP 5.1: People benefiting from increased rural investment (number)

OP 5.2: Farmers with improved market access (number)

OP 5.2.1: Wholesale markets established or improved (number)

OP 5.2.2: Storages, agri-logistics, and modern retail assets established or improved (number)

OP 5.2.3: Agribusinesses integrating farmers in efficient value chains (number)

OP 5.3.3: Commercial farming land supported (hectares)

OP 6.1: Entities with improved management functions and financial stability (number)

OP 6.1.1: Government officials with increased capacity to design, implement, monitor, and evaluate relevant measures (number)

OP 6.2.4: Citizen engagement mechanisms adopted (number)

OP 7.2: Trade and investment facilitated (\$)

Source: Asian Development Bank.

## **APPENDIX 2: ELIGIBILITY CRITERIA AND CONTINUED COMPLIANCE REQUIREMENTS FOR PARTICIPATING FINANCIAL INTERMEDIARIES**

1. The participating financial intermediaries (PFIs) to on-lend financial intermediation loans will be selected based on the following criteria:
  - (i) financial soundness as evidenced by adequate capital, asset quality, liquidity, and profitability;
  - (ii) adequate credit and risk management policies, operating systems, and procedures;
  - (iii) compliance with prudential regulations, including exposure limits;
  - (iv) acceptable corporate and financial governance and management practices including, among other things, transparent financial disclosure policies and practices;
  - (v) sound business objectives and strategy and/or plan;
  - (vi) autonomy in lending and pricing decisions;
  - (vii) adequate policies, systems, and procedures to assess and monitor the economic, social, and environmental impact of subprojects in accordance with parameters established by ADB for this purpose<sup>37</sup>; and
  - (viii) PFIs should have or build up capacity for mobilizing domestic resources.
  
2. Each PFI shall maintain financial and integrity soundness throughout the project implementation period, in particular:
  - (i) maintain capital adequacy ratios of at least 9% for banks and 15% for non-bank financial companies and conform to other requirements such as leverage ratios and exposure norms as required by the Reserve Bank of India and other governing statutory authorities from time to time;
  - (ii) maintain Net Non-Performing Assets Ratio (as defined by the Reserve Bank of India) of less than 7.5% at all times;
  - (iii) maintain compliance with the governing laws and regulations including but not limited to the Prevention of Money Laundering Act 2002 and the rules thereunder, the Unlawful Activities (Prevention) Act 1967, applicable to banks and non-bank financial companies regarding anticorruption and integrity; and
  - (iv) operate based on the board-approved policies delineating the components of spread charged to a customer and any changes effected.
  
3. The EA shall:
  - (i) monitor compliance of all financial and integrity covenants and include the status of compliance in the quarterly progress reports to ADB;
  - (ii) promptly report any non-compliance to ADB; and
  - (iii) submit rectification plans within 60 days in case any non-compliance is found.

---

<sup>37</sup> ADB will conduct safeguard due diligence to assess and confirm adequacy of the PFI's ESMS.



### **APPENDIX 3: ELIGIBILITY CRITERIA FOR BENEFICIARIES' SUBPROJECTS UNDER MATCHING GRANT AND FINANCIAL INTERMEDIATION LOAN**

#### **A. Eligible Sectors: Primary Condition for Application under Capacity Strengthening**

1. Projects or interventions that facilitate productivity improvement, reduction in post-harvest losses, improving quality, value addition and marketing of one or group of the following horticulture crops:

- (i) Banana
- (ii) Custard apple
- (iii) Green and Red chili
- (iv) Guava
- (v) Okra
- (vi) Orange
- (vii) Pomegranate
- (viii) Sapota
- (ix) Strawberry
- (x) Sweet lime
- (xi) Flowers

2. The detailed guidelines for implementation of activities on capacity strengthening of the project will be prepared by PMU, MAGNET and approved by ADB. The MAGNET Society shall discuss and agree with ADB when they need to be revised during the course of project implementation.

#### **B. Eligible Organizations**

- (i) Farmer Producer Organizations (FPOs are farmers' organizations registered under Company Act, Co-op Society Act, Farmer Groups/ Cluster Level Federations (CLFs)/ Community Managed Resources Centers (CMRCs) registered with Agricultural Technology Management Agency (ATMA)/ Maharashtra State Rural Livelihood Mission (MSRLM)/ Mahila Arthik Vikas Mahamandal (MAVIM) also including Cluster Level FPO Federations/ Associations)
- (ii) Value Chain Operators (non-FPO entities) which may include aggregators/ processors/ exporters/mid- and large-sized retail organizations/Ag-tech or Fin-tech organizations working actively with producers and their collectives of any horticultural commodities
- (iii) Research institutes and state agricultural universities working on varietal development, innovation and value addition in the selected commodities

##### **1. Qualification Criteria for Farmer Producer Organizations**

- (i) Legally registered FPOs – farmer producer companies, farmer cooperative societies, and other producer organizations (legal entities) also including cluster level FPO federations/associations
- (ii) FPO should be a legally registered entity with audited books of accounts (audited by a chartered accountant).
- (iii) FPO should not have been declared as a non-performing asset (NPA) by a bank/FI due to a past loan default.
- (iv) FPO should not have any significant adverse audit observations in its previous annual audits.

## 2. Qualification Criteria for Value Chain Operators

- (i) Eligible applicant can be central and state public sector utilities / joint ventures / public and pvt. ltd. companies / limited liability partnerships/corporate entity/ proprietorship firms/ partnership firms.
- (ii) Only applicants proposing projects which are of pioneering nature by way of new product / new process **OR** projects that ensure plugging of critical gaps in supply-chain (and lead to considerable increase in producer's remuneration) and have high gestation period (hence delayed break-even) will qualify for grant assistance. Established business model/s of private sector will not qualify for any grant assistance.
- (iii) Applicant should be a legally registered entity with audited books of accounts (audited by a Chartered Accountant).
- (iv) Applicant should not have been declared as a non-performing asset (NPA) by a bank/FI due to a past loan default.
- (v) Applicant should not have any significant audit observations.

## 3. Research institutes, state agricultural universities selected/nominated for R&D, innovation and new product development

3. A collaboration proposing an R&D project that meets the requirements of the overall vision of the MAGNET Project and support value addition in the selected value chain. The eligibility criteria are:

- (i) The participating entities/organizations from India have to be a legal entity as per Indian law. The Indian entities eligible to participate include:
  - (a) Government of India supported or recognized (public or private) academia; research organizations and urban or other local bodies; and
  - (b) Government of India recognized research foundations having research as one of the imperative mandates are eligible for funding subject to fulfilment of technical, administrative and financial guidelines.
- (ii) The research institute should have experience in viable product development and value addition in selected horticulture crops.
- (iii) The institution should have a proven track record in conducting applied research, innovation and implementation in the sector.
- (iv) The institution should be eligible for receiving government funds/grants. Evidence of successful (technical and financial) implementation of minimum of two projects funded by any government agency.
- (v) The research institute or university should have requisite networking and linkages with other academic and research institutions to take advantage of existing expertise.
- (vi) Project proposal must be innovative and market-driven, leading to the proposed development of a new product, service or process, leading ultimately to commercialization.
- (vii) Project proposal duration should be up to 36 months.

## I. ELIGIBILITY CRITERIA FOR BENEFICIARIES FOR CAPACITY STRENGTHENING

**Table 1: List of Activities**

<b>S. No.</b>	<b>Primary Responsibility</b>	<b>Activities</b>	<b>Implementation Mechanism</b>	<b>Eligibility</b>	<b>Nature of Support</b>
1	MAGNET Society	Setting up new hi-tech nursery for non-tissue culture propagation crops such as pomegranate, orange, sweet lime, custard apple, guava, chili, sapota, and flowers.	Activity reserved for FPOs. Based on the eligibility criteria, the qualifying FPOs shall receive support from the project.	<p>1) Minimum membership strength should be 1000 member farmers, with 60% Small &amp; Marginal (S&amp; M) farmers including women and vulnerable group members.</p> <p>2) Experience of minimum 1 year in successful management of any kind of farmer support services (e.g. Agricultural machinery custom hiring center, inputs supply, procurement center etc.).</p> <p>3) Anchor FPO should have annual turnover of at least Rs. 50.00 Lakh in any 1 year in last 3 years with positive net worth.</p> <p>4) For women-led/owned FPOs, annual turnover of at least Rs.25.00 Lakh in any 1 year in last 3 years with positive net worth</p>	Capital subsidy – 40% on the total cost, subject to a maximum of Rs. 40.00 Lakh per unit.

S. No.	Primary Responsibility	Activities	Implementation Mechanism	Eligibility	Nature of Support
2	MAGNET Society	Setting up tissue culture units for Banana, Strawberry, Guava, Pomegranate and Flowers.	FPO/ New start-up/ existing small labs – promoted by qualified professional(s) turning entrepreneurs	<p>1) Minimum membership strength of 2000 farmers with annual turnover of at least Rs. 1.00 Crore in at least one audited financial statement in last 3 years with positive net worth.</p> <p>2) For non-FPO applicant Lead promoter or representative of the lab, must possess at a minimum a master's degree in plant biotechnology with experience of 3 years in commercial tissue culture laboratory, with turnover of Rs. 2.00 Crore in at least one audited financial statement in last 3 years with positive net worth.</p> <p>3) Project appraised by any commercial bank, with sanction for a loan based on business plan.</p>	Capital subsidy – 40% on the total cost, subject to a maximum of Rs. 100.00 Lakh per unit.
3	MAGNET Society	Introduction of new varieties of MAGNET focused crops	Under an agreement/MOU with the respective crop specific national research centres/state agriculture universities for R&D	Proposals with specific objectives aligned with the value chain growth strategy and results deliverable within 3 years.	Cost of project and dedicated manpower to be considered, subject to a ceiling of Rs.50.00 Lakh per MOU for the designated period.
4	Value Chain Acceleration Services	Capacity building on GAP, GAP certification, MRL testing and export compliance	Technical training will be organized by VCA services through a technical consulting agency as per the requirement.	FPOs who have availed financial assistance for post-harvest infrastructure under MAGNET and/or have forward market linkages with the private players and export market.	<p>1) The project will cover the complete training cost for all the participants.</p> <p>2) The project will also provide 50% subsidy on total certification cost to 5% of farmers from each selected FPO subject to a ceiling of Rs. 10000.00 per farmer.</p> <p>3) The project will also provide 50% subsidy on MRL testing cost to 5% of farmers from each selected FPO</p>

S. No.	Primary Responsibility	Activities	Implementation Mechanism	Eligibility	Nature of Support
					subject to a ceiling of Rs. 5000.00 per farmer.
		Support for fruit care activities and post-harvest management	Technical training will be organized by VCA services through a technical consulting agency as per the requirement	FPOs who have availed financial assistance for post-harvest infrastructure under MAGNET and / or have forward market linkages with the private players and export market.	The project will cover the complete training cost for the selected farmers and labor workers at farm and aggregator levels. The project will also provide 50% subsidy on total equipment cost for fruit care management to 5% of farmers from each selected FPO, subject to a ceiling of Rs. 25000.00 per farmer.
5	Value Chain Acceleration Services	Demonstration farms on HDP with micro irrigation systems	The implementation and management responsibility of HDP demonstration farms will be by FPOs under the supervision of VCA services.	FPOs who have availed financial assistance for post-harvest infrastructure under MAGNET and / or have forward market linkages with the private players and export market.	Eligible FPOs will be given a 50% grant based subsidy on the overall cost of HDP as per the cost norms under Mission for Integrated Development of Horticulture (MIDH) scheme or commercial horticulture scheme, NHB
6	MAGNET Society/ NIPHT	Innovation in new product R&D for new product development in focused value chain	Under an agreement / MoU with the research institutes	As per the eligibility criteria of research institutes mentioned below. 1. Government of India recognized/supported (public/ private) academia, Central Government Institute under ICAR, CSIR, SAUs, national level government agencies and other location-specific institutes. 2. Research foundations having research as one of the imperative mandates are eligible for funding subject to fulfilment of technical, administrative and financial guidelines.	Cost of project and dedicated manpower to be considered, subject to a ceiling of Rs. 50.00 Lakh per MOU for the determined period

S. No.	Primary Responsibility	Activities	Implementation Mechanism	Eligibility	Nature of Support
				3. The institution should be eligible for receiving government funds/grants.	
		Innovation in packaging in all 11 commodities	Under an agreement / MOU with the research institutes	<p>As per the eligibility criteria of Research Institutes mentioned below.</p> <p>1. Government of India recognized/supported (public/private) academia, central government institute under ICAR, CSIR, SAUs, national level government agencies and other location-specific institutes.</p> <p>2. Research foundations having research as one of the imperative mandates are eligible for funding subject to fulfilment of technical, administrative and financial guidelines.</p> <p>3. The institution should be eligible for receiving government funds/grants.</p>	Cost of project and dedicated manpower to be considered, subject to a ceiling of Rs.10.00 Lakh per MOU for the determined period
		Bio-waste to wealth	Under an agreement /MOU with the research institutes	<p>As per the eligibility criteria of Research Institutes mentioned below.</p> <p>1. Government of India recognized/supported (public/private) academia, central government institute under ICAR, CSIR, SAUs, national level government agencies and other location-specific institutes.</p> <p>2. Research foundations having research as one of the imperative</p>	50% grant on the capex subject to maximum support of Rs. 25.00 Lakh per project.

S. No.	Primary Responsibility	Activities	Implementation Mechanism	Eligibility	Nature of Support
				mandates are eligible for funding subject to fulfilment of technical, administrative and financial guidelines. 3. The institution should be eligible for receiving Government funds/grants.	
		Support for commercialization of new technology	Value chain operators, agri-start-ups/ agripreneurs, FPO's	As per the eligibility criteria of Value Chain Operators and FPOs mentioned below. 1) Annual turnover of Rs. 50.00 Lakh in any 1 year in last 3 years with positive net worth 2) Innovator should have experience in relevant field for 3 years 3) For the Startups, experience should be 1 year minimum 4) The new technology should be certified by appropriate authority.	50% grant on the capex for the investment specific to the new product subject to maximum support of Rs. 25.00 Lakh per project. In addition, support under market development to be provided by VCA services.
8	MAGNET Society	Lead firm SME linkages	Technical agency/consultants to be organized by MAGNET Society for due diligence	Selection of technical agency/consultant will be based on experience in processing, supply chain and designing technical assistance package. Selection of VCOs is based on the eligibility criteria mentioned below. 1) Annual Turnover of Rs. 50.00 Lakh in any one year in last three years with positive net worth 2) SME firm Should have experience in relevant field for 3 years.	The project will provide assistance with training, sustainability compliances, certification, etc. in order to meet the lead firm's quality compliances and industry standards.
	MAGNET Society	Market Development & Promotion:	MAGNET PMU	Farmers/FPO participation norms to be defined by MAGNET project.	The project will provide full sponsorship to selected individuals

S. No.	Primary Responsibility	Activities	Implementation Mechanism	Eligibility	Nature of Support
		Trade fair, Study Tours, Exposure visits, Buyer seller meets, Agri technology workshops and Exhibitions (domestic and international)			and organizations already participating in MAGNET project. The final discretion lies with the MAGNET Society.
		Development of export protocols and support for trials for new export markets	MAGNET PMU	Not Applicable	The project will sponsor the study trials for the designated period as per the requirement.
		Branding and promotion	MAGNET PMU	Not Applicable	The project will fund the branding and promotion of the selected commodities.

B2B = business to business, B2C = business to consumer, FPO = farmer producer organization, GAP = good agricultural practices, HDP = high density plantation, MAGNET = Maharashtra Agribusiness Network Project, MIDH = mission for integrated development of horticulture, NIPHT = national institute of post-harvest technology, R&D = research & development, SAUS = state agricultural universities, SME = small and medium enterprises, TOR = terms of reference, VCA = value chain acceleration.



## II. ELIGIBILITY CRITERIA OF SUBPROJECTS FOR MATCHING GRANT

### A. Eligible sectors: Primary Conditions for Application

4. Projects that facilitate value addition, preservation, marketing of one or a group of the following horticulture crops:

- (i) Banana
- (ii) Custard apple
- (iii) Green and red chili
- (iv) Guava
- (v) Okra
- (vi) Orange
- (vii) Pomegranate
- (viii) Sapota
- (ix) Strawberry
- (x) Sweet lime
- (xi) Flowers

5. The detailed guidelines for implementation of activities on matching grant of the project will be prepared by PMU, MAGNET and approved by ADB. The MAGNET Society shall discuss and agree with ADB when they need to be revised during the course of project implementation.

### B. Eligible Organizations

- (i) Farmer Producer Organizations (FPOs are farmers' organizations registered under Company Act, Co-op Society Act, Farmer Groups/ Cluster Level Federations (CLFs)/ Community Managed Resources Centers (CMRCs) registered with ATMA/MSRLM/MAVIM also including Cluster Level FPO Federations/Associations)
- (ii) Value Chain Operators (non-FPO entities) which may include aggregators/ processors/ exporters/mid and large size retail organizations/Ag-tech or Fin-tech organizations working actively with producers and their collectives of any horticultural commodities

### C. Qualification and Selection Criteria for Farmer Producer Organizations

#### 1. Qualification Criteria for Farmer Producer Organizations

- (i) Legally registered FPOs – farmer producer companies, farmer cooperative societies, and other producer organizations (legal entities) also including cluster level FPO federations/ associations. If FPO is not a legal entity at the time of application, it should apply for legal registration and should be legally registered at the time of grant agreement.
- (ii) FPO should be a legally registered entity with audited books of Accounts (audited by a Chartered Accountant).
- (iii) FPO should not have been declared as non-performing asset (NPA) by a bank/FI due to a past loan default.
- (iv) FPO should not have any significant adverse audit observations in its previous annual audits.
- (v) Minimum Shareholding of FPO should be 250 producers. However, for

associations/federations, minimum shareholding should be 10 institutional members with an aggregate shareholder base of minimum 2,000 producers.

- (vi) At least 60% of applicant FPO's shareholders should be involved in production of one or more of the targeted crops and collectively have considerable production within their catchment zone. This should be backed by crop-wise data in the catchment area indicating source of data.

## **2. Selection Criteria for Farmer Producer Organizations**

- (i) FPO should have a turnover of more than Rs. 5.00 Lakh in at least one audited financial statement in the last three years.
- (ii) For legally constituted cluster level FPO federations/associations-aggregate/ collective turnover of minimum Rs. 25.00 Lakh in at least one audited financial statement in the last three years.
- (iii) Applicant should have own equity of minimum 20% of the project cost.
- (iv) FPO should have forward linkages memorandum of understanding (MOU)/contract with large/SME buyers. FPOs already having trade history with processors/ aggregators/ exporters/ buyers/ retailers, etc. will be given priority.
- (v) Priority to be given to FPOs that have shown growth in membership on a year-on-year basis for 5 years preceding the year in which proposal is submitted.
- (vi) Priority to be given to the FPOs fulfilling social and environment safeguards criteria of the MAGNET Project.
- (vii) FPO should be engaged for at least 1 year in agricultural production/marketing/ processing/ trading or input supply of listed crops and/or other crops will be eligible. However, preference will be given to those FPOs who have been engaged with targeted horticultural crops of the project.
- (viii) Priority to be given to applicant with majority stake / shareholding of women/ members of vulnerable groups in the organization/firm.<sup>1</sup>

## **D. Qualification and Selection Criteria of Value Chain Operators**

### **3. Qualification Criteria – Value Chain Operators**

- (i) Eligible applicants can be public ltd. companies/pvt. ltd. companies / limited liability partnerships/corporate entities/ proprietorship firms/ partnership firms/ cooperatives societies.
- (ii) Applicant should be a legally registered entity with audited books of accounts (audited by a Chartered Accountant).
- (iii) Only applicants having at least 3 years of experience in aggregation/storage/ processing/marketing and/or exports of listed crops and/or other horticulture crops will be eligible. However, preference will be

---

<sup>1</sup> For the purpose of the project "vulnerable groups" and "vulnerability" include: Scheduled Castes (SCs) and Scheduled Tribes (STs) as defined by the Constitution of India; Persons with disabilities (PWD) defined as a person with long term physical, mental, intellectual or sensory impairment which, in interaction with barriers, hinders his/her full and effective participation in society equally with others; Persons living below the poverty line (BPL) defined within the benchmark used by the GOI to indicate economic disadvantage and to identify individuals and households in need of government assistance and aid; People living with HIV/AIDS and gender/sexual minorities.

given to those VCOs who have been engaged with targeted horticultural crops of the project.

- (iv) Exception: Central/State Government recognized Agri Start-ups or Ag-tech companies having demonstrated at least 1 year experience in aggregation and storage/ processing/marketing and/or exports of any horticulture commodities may be considered.
- (v) Applicant should have established backward linkages with primary producers/ FPOs who are involved in production and/or primary processing of listed crops and/ or other horticulture crops will be eligible. However, preference will be given to those VCOs which have been engaged with targeted horticultural crops of the project.
- (vi) Applicant should not have been declared as a non-performing asset (NPA) by a bank/ FI due to a past loan default.
- (vii) Applicant should not have any significant adverse audit observations.

#### 4. Selection Criteria for–Value Chain Operators

- (i) Applicant should have a turnover of more than Rs. 50.00 Lakh in at least one audited financial statement in the last three years. However, Central/State Government recognized Agri Start-ups or Ag-tech companies should have a turnover of more than Rs. 10.00 Lakh in audited financial statement of the previous year.
- (ii) Net worth of the applicant should not be less than 1.5 times of grant sought in their proposed project.
- (iii) Applicant should have own equity of minimum 20% of the project cost.
- (iv) Priority to be given to the applicants having minimum of previous 2 years' records that establish procurement of any of the listed crops from Maharashtra State.
- (v) Priority to be given to applicant with majority stake / shareholding of women/ members of vulnerable groups in the organization/firm.
- (vi) Proposals having eligible project cost of Rs. 50.00 Lakh or more will be considered anywhere / irrespective of location subject to meeting other terms & conditions of the guidelines.

#### E. List of Eligible Infrastructure Components

<b>Infrastructure and Other Components Eligible for Grant</b>			
<b>Market Led Production Activities</b>	<b>Post-harvest processing facilities</b>	<b>Agri-Logistics</b>	<b>Marketing / Consumption Points</b>
<b>A. Investment in:</b> 1. Traceability Systems 2. Farm Equipment/ other capital investment that support Advanced Techniques in Production (such as High Density Plantation, Integrated Pest Management, etc.)	<b>A. Setting up of main infrastructure which may include:</b> 1. Technical Civil works (to house Core Plant & Machinery and other equipment) 2. Pack-house 3. Cold Storage Unit(s) [associated with value addition] 4. Integrated Pack-house (with mechanized sorting & grading line/ packing line/ waxing line/	<b>Procurement of:</b> 1. Integrated multi-mode appropriate transportation 2. Retail refrigerated carts, temperature controlled solar powered retail carts	<b>Setting up of:</b> 1. Appropriate storage facility cum Distribution Center at market level 2. Retail outlets with facilities such as frozen storage/deep freezers/ refrigerated

Infrastructure and Other Components Eligible for Grant			
Market Led Production Activities	Post-harvest processing facilities	Agri-Logistics	Marketing / Consumption Points
<p>3. Any other modern technology as may be approved by MAGNET Society</p>	<p>washing and drying line/ staging cold rooms, etc.)</p> <p>5. Ripening Chamber(s)</p> <p>6. Controlled Atmosphere (CA) storage [Associated with value addition]</p> <p>7. Frozen Storage/Deep freezers [Associated with value addition]</p> <p>8. IQF line, Tunnel Freezer, Spiral Freezer, Blast Freezer, Plate Freezer</p> <p>9. Vacuum Freeze Drying</p> <p>10. Processing Infrastructure-</p> <ul style="list-style-type: none"> <li>• Sorting, grading, washing, peeling, cutting, sizing</li> <li>• Blanching, crushing, extraction, pulping, juicing</li> <li>• Deseeding, color sorting, pulverization, extrusion, freeze drying / dehydration, frying, etc.</li> <li>• Packaging facilities like canning, aseptic packaging, vacuum packaging, bottling, edible packaging, labeling, any other specialized packaging etc.</li> <li>• Chemical preservation, pickling, fermentation or any other specialized facility required for preservation activities etc.</li> </ul> <p>11. Pre Cooling Unit(s)</p> <p>12. In-house product testing laboratory</p> <p>13. Any other modern technology for temperature controlled storage, processing, value addition and preservation infrastructure as may be approved by MAGNET Society</p> <p><b>B. Utilities, Material Handling Equipment, Accessories and other eligible components (required as supporting infrastructure to main facility). These will not be eligible as standalone component or for upgrading of any existing facilities.</b></p>	<p>3. Controlled temperature/ Ventilated trucks with or without raking</p> <p>4. Crates, rakes etc.</p> <p>5. Mobile pre-coolers</p> <p>4. Any other modern technology as may be approved by MAGNET Society</p>	<p>display cabinets/ cold room/ chillers, etc.</p> <p>3. Creation of e-market</p> <p>4. Any other modern technology as may be approved by MAGNET Society</p>

<b>Infrastructure and Other Components Eligible for Grant</b>			
<b>Market Led Production Activities</b>	<b>Post-harvest processing facilities</b>	<b>Agri-Logistics</b>	<b>Marketing / Consumption Points</b>
	<ol style="list-style-type: none"> <li>1. Electrification</li> <li>2. Essential power back-up</li> <li>3. Renewable/ alternate energy technologies (solar, bio-mass, wind etc.) for the project</li> <li>4. Material Handling equipment and systems like fixed racking system in Cold/CA storage, forklifts, reach trucks, bins, pallets, dock levelers, etc.</li> <li>5. Supporting equipment like effluent treatment plant (ETP), Waste Disposal system, Boiler, CIP unit, Water Treatment Plant, Fire fighting systems etc.</li> <li>6. Toilets, Septic tank and drainage</li> <li>7. Any other accessories/ equipment as may be approved by MAGNET Society</li> </ol>		

#### **F. List of Ineligible Components**

6. The following components are ineligible. The list is only illustrative and not exhaustive.
  - a. Non-technical civil works:
    - (i) administrative office
    - (ii) approach road/internal roads
    - (iii) compound wall
    - (iv) cost of land
    - (v) site development
    - (vi) canteen
    - (vii) labor rest room
    - (viii) quarters for workers
    - (ix) security guard room
  - b. Preliminary and pre-operative exp. like Consultancy fee, etc.
  - c. Margin money, working capital and contingencies
  - d. Second hand/ old machineries
  - e. Reconditioned and refurbished plant & machinery
  - f. AC ducting, furniture, computers and allied office items
  - g. Closed Circuit TV Camera and security system related equipment
  - h. Fuel, Consumables, Spares and Stores
  - i. Non-Temperature Controlled Transport vehicles
  - j. Operational Expenses
  - k. Stationery items
  - l. Taxes on plant and machinery, etc.
  - m. All types of service charges, carriage and freight charges, etc.
  - n. Fly catchers, hand washer, laundry etc.

- o. Any other components not explicitly mentioned under list of eligible components and as may not be approved by MAGNET Society for approval.

7. In addition, prohibited investment activities as provided in Appendix 5 of ADB's SPS (2009) are also ineligible for financing under subprojects.<sup>2</sup>

#### **G. Eligible Project Cost**

8. The eligible project cost will be calculated considering the cost of technical civil and plant & machinery excluding applicable taxes. The cost of utilities, material handling equipment, accessories and other eligible components, etc. as mentioned above in the list of eligible components will be considered under eligible project cost subject to restriction of above cost being maximum 25% of the total project cost. The eligible project cost needs to be supported with estimates of civil work and quotations of plant & machineries. The components of market-led production activities are subject to maximum 20% of eligible project cost.

9. However, for grant calculation purpose, the cost norms as determined by MAGNET Society shall be applied while calculating the eligible project cost and grants for all proposals.

#### **H. Pattern of Assistance**

10. The financial assistance available under the project is in the form of matching grant. The extent of the funding is up to 60%.

11. The maximum admissible grant for each project will be up to 60% of the eligible project cost, subject to maximum of Rs. 6.00 Crore per project.

---

<sup>2</sup> ADB. 2009. *Safeguard Policy Statement*. Manila. <https://www.adb.org/sites/default/files/institutional-document/32056/safeguard-policy-statement-june2009.pdf>

### III. ELIGIBILITY CRITERIA OF SUBPROJECT/BORROWER/SUBLOAN FOR FINANCIAL INTERMEDIATION LOAN

#### A. Qualification and Selection Criteria of Applicants/Projects

- (i) Only sectors (crops) as mentioned in eligible sectors enlisted in the scheme qualify for financial intermediation loan (FIL) assistance.
- (ii) Only projects proposed by eligible organizations enlisted in the scheme qualify for FIL assistance.
- (iii) While final selection for assistance to any entity will be based on meeting of lending FI's own set of criteria and final discretion, FI must mandatorily ensure the Qualification and Priority Criteria with reference to targeted beneficiaries of FIL as detailed below.

#### 1. Farmer Producer Organizations (minimum qualification and priority criteria)

- (i) Legally registered FPOs – farmer producer companies, farmer cooperative societies, and other producer organizations (legal entities) also including cluster level FPO federations/associations.
- (ii) At least 60% of applicant FPO's shareholders should be involved in production of one or more of the targeted crops and collectively have considerable production within their catchment zone. This should be backed by crop-wise data in the catchment area indicating source of data.
- (iii) Priority to be given to FPOs that have shown growth in membership on a year-on-year basis for 2 years preceding the year in which proposal is submitted.
- (iv) Priority to be given to the FPOs fulfilling social and environment safeguards criteria of the MAGNET Project.
- (v) Priority to be given to FPOs that are women-owned or -led or have a majority stake/shareholding of women.<sup>3</sup>
- (vi) Priority to be given to FPOs meeting core labor standards, and principles of GESI in standard operating procedures and infrastructure design.
- (vii) Priority to be given to FPOs implementing climate adaptation and mitigation financing.
- (viii) Priority to be given to FPOs having their proposals appraised and approved for grant assistance under projects/schemes:
  - (a) Funded by donor organizations – MAGNET (ADB-funded), State of Maharashtra's Agribusiness and Rural Transformation or SMART (World Bank-funded), Project on Climate Resilient Agriculture or PoCRA (World Bank-funded), IFAD
  - (b) Central government schemes – Rashtriya Krishi Vikas Yojana (RKVY), Ministry of Food Processing Industries (MOFPI)
  - (c) State government schemes – Gat Sheti
- (ix) For existing and new anchor organizations (minimum qualification and priority criteria)
  - (a) In this category, only organizations selected and awarded **Recommendation Letter** by MAGNET Society can be offered financial assistance.

<sup>3</sup> Women-owned FPOs and VCOs are those with 100% female membership; women-led FPO.

- (b) List of selected organizations will be circulated on a regular basis by MAGNET Society to all PFIs.

**2. Other (non-FPO entities) Value Chain Operators which may include aggregators/ processors/ exporters/ mid- and large-sized retail organizations/agricultural-technology or financial-technology organizations – working actively with producers and their collectives (minimum qualification and priority criteria)**

- (i) Eligible applicant can be central and state public sector utilities/ joint ventures/ public and pvt. ltd. companies / limited liability partnerships/corporate entities/ proprietorship firms/ partnership firms
- (ii) Applicant should have established backward linkages with primary producers/FPOs who are involved in production and/or primary processing of listed crops.
- (iii) Applicants with minimum previous 2 years' records that establish sizeable procurement done of listed and other horticulture crops from Maharashtra State.

**OR**

Applicants having considerable procurement of listed crops from other States and wanting to set up their project in Maharashtra, which will have minimum 50% of the project's capacities utilization towards listed crops sourced from the State of Maharashtra.

- (iv) Priority to be given to the Value Chain Operators fulfilling social and environment safeguards criteria of the MAGNET Project.
- (v) Priority to be given to applicants that are women-owned or -led or have a majority applicant with majority stake/ shareholding of women (footnote 3).
- (vi) Priority to be given to applicants meeting core labor standards, and principles of GESI/Women/Vulnerable groups in standard operating procedures and infrastructure design.
- (vii) Priority to be given to applicants implementing climate adaptation and mitigation financing in the organization/firm.
- (viii) Priority to be given to Value Chain Operators having their proposals (including joint proposals with FPOs) appraised and approved for grant assistance under projects/schemes:
- (a) Funded by donor organizations – MAGNET (ADB-funded), SMART (WB- funded), PoCRA (WB-funded), IFAD
- (b) Central government schemes – MOFPI

**B. Term Loan Assistance to Support Setting Up of Infrastructure**

12. FIs may refer to the indicative list of Infrastructure and Other Components (including components ineligible for grant) envisaged to be supported under the MAGNET Project to finance projects of applicants. FIs can build their own exhaustive list with more and other relevant components in this regard.

13. Final selection of activities/projects for assistance to any entity will be based on complete discretion of the lending FI.

**C. Working Capital Loan Assistance**

14. List of Eligible Activities (for FIL Working Capital Assistance): FIs can extend loans to finance working capital needs of selected projects, which may include:



- (i) Raw material procurement and aggregation (including for pre-harvest advance to producers)
- (ii) Processing, trade, including for exports (including for Purchase Order Funding)
- (iii) Contract farming working capital requirements
- (iv) Introduction of high-yielding planting material/varieties
- (v) To facilitate adoption of improved package of practices (like GAP, traceability, etc.)
- (vi) Compliance with internationally accepted norms/regulations for export of horticultural produce and for obtaining necessary certifications/ permissions
- (vii) Other productive and operational purposes

15. Final selection of activities/projects for assistance to any entity will be based on complete discretion of the lending FI.

## **APPENDIX 4: OUTLINE TERMS OF REFERENCE FOR SELECTION OF PROJECT IMPLEMENTATION SUPPORT CONSULTANT (PISC)**

### **A. Background**

1. Maharashtra is one of the leading fruits and vegetables producing states in India. It has emerged as one of the country's largest exporters of fruits and vegetable crops. In terms of production, the State accounts for 11% of total fruits and 5% of total vegetables produced in the country. Forty percent (40%) of fruits and vegetables are lost or wasted in different stages of the agriculture value chains, of which 60% of waste happens between the farm and the end-consumer. These losses can be reduced by proper post-harvest practices and agriculture value chain facility especially warehousing and cold chain facilities. Cold chain development is challenging due to high initial investment requirements for refrigerator units and land, lack of supporting infrastructure for power supply and transport, and inadequate capacity in handling of perishable produce. Enhancing networks of farmer producer organizations (FPOs) with storage and cold chain facilities can significantly increase their business opportunities and contribute to food safety and security.
2. It has been observed that although a large number of FPOs are formed, their technical and financial capacities in farming, post-harvest handling, and marketing of horticultural produce are still limited, and a majority of the FPOs are dominated by men in decision making. Not many FPOs have sustainably integrated within the organized supply chain of the industry, SMEs or even start-ups for that matter.
3. Despite ample opportunities for Maharashtra's horticulture growth that contributes to poverty reduction of farmers, they face challenges related to the agricultural sector's structural issues. While 80% of agriculture in rural Maharashtra is operated by marginal farmers, they still largely practice subsistence farming and do not grow produce to sell in the markets due to a fragmented land ownership structure. Most do not have direct access to emerging, lucrative, and high-value markets and rely on traditional marketing channels, which often involve multiple layers of traders and preharvest contracts, and offer no price incentives or bargaining power to the farmers.
4. In order to address the above context, the Government of Maharashtra Has applied for financing from the Asian Development Bank (ADB) to support the development of horticulture sector and agribusiness in the state through the Maharashtra Agribusiness Network (MAGNET) Project.
5. Department of Marketing, Government of Maharashtra through MAGNET Society will be the Executing Agency for the project. The project is proposed to be implemented by Maharashtra State Agricultural Marketing Board (MSAMB) and selected Participating Financial Intermediaries (PFIs). A project management unit (PMU) is set up within MAGNET Society at Pune. The PMU will be assisted by 8 regional project implementation units at division level (PIUs).
6. The project aims to support value addition in post-harvest segments of targeted horticulture value chains, facilitate agribusiness investment, stimulate FPOs and value chain operators (VCOs) within the value chain, support resilient horticulture production systems and enhance private sector participation.
7. The project is expected to enhance food security through reduction of waste, and alleviate rural poverty by providing rural farmers enhanced opportunities for productivity, participation in

the value chain, and income generation. In doing so, the project aims to mainstream opportunities for women and other vulnerable groups<sup>1</sup> by developing and implementing a gender action plan.

8. The project will focus on 10 horticulture value chains that include pomegranate, banana, guava, orange, sweet lime, sapota, custard apple, strawberry, okra, green and red chilies, and flowers. The project is focused on below three outputs.

9. **Output 1: Capacity enhanced for value chain integration of FPOs** - through a) advisory services on crop-specific guidelines on harvest quality, postharvest handling, processing, and relevant certification; introduction of best practices to enhance productivity, quality, and safety to meet the market/export requirements; c) capacity building on drawing business plans, organizational/ financial management systems, state-of-the-art technologies on cultivation, marketing strategies.

10. **Output 2: Financial support provided for FPOs and VCOs to improve post-harvest practices** - by providing financial intermediation loan (FIL) and a matching grant to FPOs and value chain operators, including post-harvest and processing facilities in the form of working capital, Capex, investment loans to support the implementation of their business plans.

11. **Output 3: Agriculture value chain improved and operational for the target horticulture crops** - through a) expansion and modernization of existing sixteen (16) facilities of MSAMB and developing four (4) new facilities to address gaps in the overall value chain including pre-cooling, cold storage, and strengthening the existing training facility of National Institute of Post-harvest Technologies (NIPHT) at Talegaon (Pune). The project will cover 20 civil construction sites while enhancing climate and disaster resilience and reducing greenhouse gas emissions.

## B. Objectives of the Assignment

12. The main objective of the Project Implementation Support Consultant (PISC) is to provide management and technical support to MAGNET Society, PMU and implementing agencies [IAs namely MSAMB and PFIs] in the project implementation. PISC will also strengthen technical and management capacities of the PIUs and FPOs, and ensure the project's compliance with ADB's environment and social safeguards policies and Financing Agreement and policies of the Government of Maharashtra.

## C. Overall Scope of Services

13. The PISC team shall work under the PMU's guidance to ensure completion of tasks assigned in a professional and time-bound manner. PISC will work in close coordination with the Project Director and Deputy Project Directors within PMU and PIU and will perform following:

- (i) Support, strengthen, coordinate and assist PMU, IAs (MSAMB & PFIs) and Project implementation Units (PIUs) regarding the activities related to the three outputs: (1) capacity development and policy advise; (2) financial support to

---

<sup>1</sup> For the purpose of the project "vulnerable groups" and "vulnerability" includes: Scheduled Castes (SCs) and Scheduled Tribes (STs) as defined by the Constitution of India; Persons with disabilities (PWD) defined as a person with long term physical, mental, intellectual or sensory impairment which, in interaction with barriers, hinders his/her full and effective participation in society equally with others; Persons living below the poverty line (BPL) defined within the benchmark used by the GOI to indicate economic disadvantage and to identify individuals and households in need of government assistance and aid; People living with HIV/AIDS and gender/sexual minorities.

- FPOs and VCOs through FIL and Matching Grant; and (3) infrastructure development.
- (ii) Assist and support the PMU for the day-to-day project administration, coordination, supervision, implementation, and monitoring of the project activities and outputs; assist PMU for the timely delivery and completion of project outputs and deliverables; supervise and guide technical consultants and contracted service providers and their outputs and deliverables; assist in the preparation, formulation, and submission of annual work and financial plans and project implementation strategies; and monitor and report on progress of project activities and accomplishment of targets.
  - (iii) Assist PMU in outreach activities, investor meets and roadshows to attract FPOs and private sector participation.
  - (iv) Assist PMU in preparation of formats, guidelines for call for proposals / expressions of interest (EOI) for subproject proposals from FPOs and VCOs under output 2 and FPOs/anchor FPOs/private players under output 1.
  - (v) Assist PMU in developing detailed evaluation and scoring criteria for subproject proposals under matching grant.
  - (vi) Scrutinize subproject proposals received through call for proposals / EOIs and assist the PMU in screening and selection of eligible subproject proposals.
  - (vii) Assist the PMU and PIUs in undertaking screening and due diligence of eligible subproject proposals as per ADB's safeguard policy.
  - (viii) Appraise subproject proposals' Detailed Project Reports (DPRs) indicating financial viability, commercial sustainability and socio-economic impact; and present the appraisal to the investment / matching grant approval committee for consideration.
  - (ix) Prepare draft grant agreements for the approved subproject proposals along with disbursement schedule, safeguards, audit and reporting requirements.
  - (x) Assist the PMU in negotiations and grant agreement signing with the beneficiaries of approved subproject proposal.
  - (xi) Assist the PMU and PIUs in monitoring the implementation of the approved subproject proposals.
  - (xii) Assist the PMU and PIUs in monitoring the implementation of the safeguard plans of Output 3 and approved subproject proposals.
  - (xiii) Provide the PMU, PIUs and PFIs capacity building of their respective staff concerned on ADB SPS 2009 and relevant national or state policies.
  - (xiv) Support the grievance redress mechanism (GRM) to resolve environment and social concerns.
  - (xv) Undertake site inspections to assess actual physical progress and verify the claims/documents submitted by the applicant for release of grant and make a recommendation to the PMU.
  - (xvi) Provide suitable technical inputs on any aspect of sanctioned subprojects and related matter as and when required by the PMU.
  - (xvii) Assist the PMU in coordinating with PFIs on implementation of the FIL component.
  - (xviii) Assist the PMU in monitoring and review of PFIs on their performance.
  - (xix) Assist the PMU in reviewing the subproject proposals received and sanctioned by PFIs under FIL component on a periodic basis.
  - (xx) Evaluate the subproject proposals received by the PFIs for FIL as per the ADB's environmental and social safeguard guidelines and submit Environmental and Social Management Systems (ESMS) reports to concerned PFIs for further processing.

- (xxi) Support PFIs on monitoring and reporting on ESMS in the implementation of the FIL component.
- (xxii) Assist PMU, MSAMB, NIPHT in identification and tie-up with requisite research partners for implementation of Output 1 activities for research and innovations, product development, commercialization of new technologies, etc.
- (xxiii) Assist PMU in managing the lead firm in terms of technical and capacity building, product development etc. for the small and marginal enterprises (SME) linkages program.
- (xxiv) Provide necessary capacity building / training to PMU, PIUs and IAs staff.
- (xxv) Assist PMU, PIU and IAs in the procurement of works, goods and services and contract management.
- (xxvi) Assist in the preparation of safeguard documents for the Matching Grant in compliance with the IEE, EMP, ESMS, gender equality and social inclusion action plan (GESI AP), and relevant national/state policies.
- (xxvii) Assist PMU in implementing the gender equality and social inclusion action plan including compliance monitoring; and prepare all social and gender related reports and other technical reports as necessary.
- (xxviii) Establish and maintain the required project accounting arrangements and other implementation recording systems for the overall project.
- (xxix) Assist MAGNET Society and the IAs in monitoring the project implementation, including conducting periodic site inspections.
- (xxx) Prepare quarterly progress reports; annual progress reports, project performance monitoring system (PPMS), safeguard monitoring reports and gender equality and social inclusion action plan monitoring reports.
- (xxxi) Plan and develop the safeguards monitoring and evaluation systems.
- (xxxii) One baseline survey conducted with established sex, age, caste, tribal, geography and vulnerability -disaggregated data and detailed social analyses, which identify key inequalities and enable the team to set appropriate vulnerable groups (footnote 1).
- (xxxiii) Ensure baseline data and data tracker established to monitor project impacts, including regular monitoring of physical and financial progress.
- (xxxiv) Support PMU to update the environmental assessment and environmental management plan (EMP) or prepare a new environmental assessment and EMP where unanticipated environmental impacts become apparent during project implementation.
- (xxxv) Develop e-commerce portal for business-to-business (B2B) and business- to-consumer (B2C) and traceability system through blockchain.
- (xxxvi) Develop and conduct training programs/workshops for PMU, PIUs, IAs, VCOs and other stakeholders for gender, social safeguard, environmental and other due diligences.
- (xxxvii) Train a minimum 30,000 farmers on good agriculture practices (GAP).
- (xxxviii) Undertake any other activities for delivering the envisaged outputs of the project and achieving the desired outcome.
- (xxxix) For smooth implementation of the project, the PISC is expected to perform any additional tasks/duties identified and assigned by the Project Director.
- (xl) Assist in preparing the Project Completion Report.

#### **D. Duration of the Assignment**

14. The assignment of the PISC is expected to be commenced from June 2021 at Pune, Maharashtra and the services of the consultant will be required throughout the project period of 6 years.

#### **E. Desired Qualifications of Consulting Firm**

15. The Consultant should be a firm that is registered or has a fully operational office in India. In the case of a consortium, the identity of the lead consultant shall be clearly stated. The firm/s may highlight the following qualifications:

- (i) Preferably 5 years professional experience in assisting government-funded programs for creation of post-harvest / food processing and preservation infrastructures.
- (ii) Preferably 5 years professional experience in successfully conducting feasibility study, development, implementation and monitoring of similar infrastructure development schemes of central / state government, and government-owned enterprises.
- (iii) Possess good knowledge of major crops produced, harvesting patterns, agricultural practices and marketing systems in India, particularly in Maharashtra State; understanding of the roles of the key stakeholders in the value chain is desirable.
- (iv) Working relationship with potential private sector operators in agribusiness and experience in design, evaluation and award of contract of cold chain/value chain projects in agribusiness and food processing sector.
- (v) Preference will be given to firms that have executed large value chain /cold chain/cold storage/horticulture supply chain projects.
- (vi) Preference will be given to firms having experience of monitoring and supervision of large value chain/cold chain/cold storage/horticulture supply chain projects.
- (vii) Experience of establishing value chain/cold chain infrastructure in India, specifically Maharashtra, will be advantageous.
- (viii) Experience in implementing multilateral projects will be advantageous. Preference will be given to firms having experience of working with ADB or ADB funded projects.
- (ix) Technical expertise in the following areas: (a) agribusiness and marketing especially development of cold chain/value chain (b) project management (c) horticulture (e) financial & policy matters. The Consultant may engage the services of appropriately qualified person/s to facilitate project development.
- (x) Preference will be given to firms having experience of working as project implementation/management support agency for similar programs of central government, state government or multilateral funded projects in agribusiness and food processing.
- (xi) Experience of working as a project implementation/management support agency /consultant for 5 schemes or programs of central / state government

#### **F. Staffing Inputs**

16. The PISC will ensure availability of the key experts and non-key experts shown in the following table on intermittent basis during the project implementation period of 6 years. Expected annual intermittent inputs for key international experts are 0.5 to 1.5 person months while for national experts it would be from 3 person months to 6 person months. The firm is to provide

COVID-19 health and safety measures on the mobilization of consultants. The total person-months for the key and non-key experts are 352 person-months and support staff are 600 person-months.

Sr. No.	Position	No. of Staff	Person Months
<b>Key Experts (International)</b>			
1	Horticulture Agribusiness Specialist / Team Leader	1	9
2	Financial Intermediation Loan (FIL) Specialist	1	6
3	Agriculture Value Chain & Logistic Facility Specialist	1	4
4	Food Technologist	1	3
<b>Key Experts (National)</b>			
1	Project Management Expert / Deputy Team Leader	1	36
2	Horticulture Agribusiness Specialist	1	18
3	FIL Specialist	1	18
4	Agriculture Value Chain & Logistic Facility Specialist	1	18
5	Gender Equality and Social Inclusion (GESI) Specialist	1	18
6	Environmental and Climate Change Specialist	1	21
7	Monitoring & Evaluation Expert	1	36
8	Financial Management and Financial Analysis Specialist	1	18
9	Procurement Specialist	1	09
10	Food Technologist	1	15
11	MIS Specialist	1	18
12	Social Specialist	1	21
<b>Non-key Experts</b>			
13	Cold Chain / Refrigeration Specialist	1	18
14	Civil Engineer	1	18
15	Mechanical Engineer	1	18
16	Stakeholder Engagement and Communication Specialist	1	30
TOTAL		20	352
<b>Support Staff</b>			
17	FIL and Matching Grant Associates	8	480
18	Office Associates	2	120
Total		10	600

## G. Qualifications and Experience requirements of Key Experts (International)

### 1. Horticulture Agribusiness Specialist / Team Leader

a) Qualification	Postgraduate degree in horticulture /agriculture/agribusiness or a relevant discipline
b) Total professional experience	15 years

c) Project related experience	15 years' experience in project development and implementation in horticulture value chain development, rural development and PPP projects.  At least 7 years' experience in externally aided projects. Experience of at least 5 externally aided projects as Team leader.
d) Regional/Country experience	Required

2. **FIL Specialist**

a) Qualification	Postgraduate degree in management, finance, business administration or a relevant discipline
b) Total professional experience	12 years
c) Project related experience	10 years' experience in agriculture value chain financing, assisting FPOs and value chain operators in credit linkages; experience of working within the region would have added advantage
d) Regional/Country experience	Required

3. **Agriculture Value Chain and Logistics Specialist**

a) 10	Postgraduate degree in horticulture /agriculture/supply chain management, or a relevant discipline
b) Total professional experience	12 years
c) Project related experience	10 years' experience in project development and implementation in horticulture value chain development and logistics; experience of working within the region would have added advantage
d) Regional/Country experience	Required

4. **Food Technologist**

a) Qualification	Post graduate degree in food technology, or a relevant discipline
b) Total professional experience	12 years
c) Project related experience	10 years' experience in processing fruits and vegetables covering all aspects from simple grading to more complex processing where the raw material is altered significantly in the process; should be familiar with commercial operating environments with the private sector
d) Regional/Country experience	Required



## H. Qualifications and Experience Requirements of Key Experts (National), Non-key Experts and Support Staff

### 1. Project Management Expert / Deputy Team Leader

a) Qualification	Postgraduate degree in economics, business management, finance or public administration/ policy or equivalent
b) Total professional experience	10 years
c) Project related experience	8 years' experience in project development and implementation in agriculture/agribusiness, rural development and PPP projects and at least 5 years' experience in externally aided projects; experience of working within Maharashtra would have added advantage
d) Experience with international / donor agencies or donor funded project	Preferred

### 2. Horticulture Agribusiness Specialist

a) Qualification	Postgraduate degree in horticulture /agricultural/agribusiness or a relevant discipline
b) Total professional experience	10 years
c) Project related experience	8 years' experience in project development and implementation in horticulture value chain development; experience of working within Maharashtra would have added advantage
d) Experience with international / donor agencies or donor funded project	Preferred

### 3. FIL Specialist

a) Qualification	Postgraduate degree in management, finance, business administration or a relevant discipline
b) Total professional experience	10 years
c) Project related experience	8 years' experience in agriculture value chain financing, assisting FPOs and value chain operators in credit linkages; experience of working within Maharashtra would have added advantage
d) Experience with international / donor agencies or donor funded project	Preferred

### 4. Agriculture Value Chain and Logistics Specialist

a) Qualification	Postgraduate degree in horticulture /agriculture/supply chain management, or a relevant discipline
------------------	--

b) Total Professional Experience	10 years
c) Project related experience	8 years' experience in project development and implementation in horticulture value chain development and logistics; experience of working within Maharashtra would have added advantage
d) Experience with international / donor agencies or donor funded project	Preferred

#### 5. Gender Equality and Social Inclusion (GESI) Specialist

a) Qualification	Postgraduate degree or equivalent in social sciences, gender equality and social inclusion and development studies, gender and rural development, indigenous peoples or another relevant discipline.
b) Total professional experience	10 years
c) Project related experience	<p>7 years' experience on carrying out of implementation of gender and indigenous peoples development aspects in agriculture value chain development with 5 years' demonstrated work experience in the area of gender equality and social inclusion in rural development, gender mainstreaming, experience in gender analysis and implementation of gender actions</p> <p>Preferably with 3 years' experience undertaking gender and vulnerable persons assessments – including application of gender and indigenous peoples sensitive participatory methods for data collection, gender analysis and report writing in projects and programs; experience delivering gender sensitization training and monitoring and evaluation of gender equality and social inclusion targets; experience of effective and timely implementation of GESI actions.</p> <p>5 years' experience in conducting baseline surveys and social analyses to establish sex, age, caste, tribal, geography and vulnerability - –detailed disaggregated data. and detailed social analyses.</p> <p>3 years' experience developing MIS with GESI indicators for regular assessment at all levels of implementation.</p>
d) Experience with international / donor agencies or donor funded project	Preferred

#### 6. Environment and Climate Change Specialist

a) Qualification	Degree in environmental science, natural resource management, climate change, or a relevant discipline
b) Total Professional Experience	10 years
c) Project related experience	<p>Experience of over 7 years in environmental science, preferably with 5 years' experience in environmental impact analysis and relevant environmental and climate change risk assessment report preparation and implementation.</p> <p>Familiarity and experience with multilateral development banks/agencies' environmental safeguard and climate financing guidelines and procedures.</p> <p>Preferably with 5 years' experience in environmental impact analysis or environmental safeguards and climate financing on 2 or more international development projects, preferably in India</p> <p>experience of working within Maharashtra would have added advantage</p>
d) Experience with international / donor agencies or donor funded project	Preferred

#### 7. **Monitoring and Evaluation Expert**

a) Qualification	Post graduate degree in Finance, Management, Administration, Economics or related field
b) Total professional experience	10 years
c) Project related experience	7 years' experience in project development and implementation including projects related to horticulture value chain development and at least 5 years' experience in monitoring & evaluation including externally aided projects; experience of working within Maharashtra would have added advantage
d) Experience with international / donor agencies or donor funded project	Preferred

#### 8. **Financial Management and Financial Analysis Specialist**

a) Qualification	Recognized professional accountancy qualification (e.g., CPA, CA or equivalent) or equivalent in related fields
b) Total professional experience	10 years

c) Project related experience	Minimum 5 years of experience in project/program financial management and training/ capacity building. Experience in similar capacity and sound knowledge of ADB procedures/policies and working on externally funded projects/programs shall have added advantage.
d) Experience with international / donor agencies or donor funded project	Preferred

9. **Procurement Specialist**

a) Qualification	Degree in social sciences, development studies, or a relevant discipline
b) Total professional experience	10 years
c) Project related experience	7 years' experience in procurement; procurement experience of 5 years in externally aided projects; experience of working within Maharashtra would have added advantage
d) Experience with international / donor agencies or donor funded project	Preferred

10. **Food Technologist**

a) Qualification	Post graduate degree in food technology, or a relevant discipline
b) Total Professional Experience	7 years
c) Project related experience	5 years' experience in processing of fruit and vegetables covering all aspects from simple grading to more complex processing where the raw material is altered significantly in the process; should be familiar with commercial operating environments with the private sector  Experience of working within Maharashtra would have added advantage
d) Experience with international / donor agencies or donor funded project	Preferred

11. **MIS Specialist**

a) Qualification	Preferably a master's degree in information technology or equivalent; she/he should have experience of implementing MIS with multiple stakeholders, inhouse training database, information system operators and have experience in design and maintenance of web sites for at least 5 years
------------------	---

b) Total professional experience	8 years
c) Project related experience	8 of experience in establishing and running Management Information Systems; 5 years' experience in implementing MIS with multiple stakeholders, inhouse training database, information system operators and have experience with design and maintenance of web sites for 5 years
d) Experience with international / donor agencies or donor funded project	Preferred

## 12. Social Specialist

a) Qualification	Postgraduate degree or equivalent in social sciences, development studies, social impact assessment or another relevant discipline
b) Total professional experience	10 years
c) Project related experience	<p>7 years' experience carrying out implementation of social development aspects in agriculture value chain development</p> <p>5 years' experience working on social impact management</p> <p>3 years' experience producing and implementing safeguard assessments, plans and due diligence reports, including identifying corrective actions, monitoring and evaluating implementation in ADB/World Bank or any multilateral funded project, preferably in rural areas and specifically with respect to safeguarding project affected peoples' interest and rights as per the international safeguard policies on involuntary resettlement and indigenous peoples</p> <p>Knowledge of ADB's Safeguards Policy Statement (2009) Safeguard II: Involuntary Resettlement and Safeguard III Indigenous Peoples is preferable</p> <p>Experience of working with scheduled tribes (Indigenous Peoples) is highly recommended</p> <p>Experience of working within the region would have added advantage.</p>
d) Experience with international / donor agencies or donor funded project	Preferred

## 13. Cold Chain / Refrigeration Expert

a) Qualification	A graduate degree from a recognized and accredited university in India or internationally in the field of mechanical / refrigeration engineering or equivalent
b) Total professional experience	7 years

c) Project related experience	Minimum 5 years' experience in designing, supervising implementation and monitoring of cold chain / refrigeration projects  Experience of working within Maharashtra would have added advantage
d) Experience with international / donor agencies or donor funded project	Preferred

14. **Civil Engineer**

a) Qualification	A graduate degree from a recognized and accredited university in India or internationally in the field of civil engineering
b) Total professional experience	7 years
c) Project related experience	Experience of over 5 years in design engineering for agribusiness infrastructure projects Experience of over 5 years in implementation and monitoring of cold chain / value chain projects for agribusiness sector experience of working within Maharashtra would have added advantage
d) Experience with international / donor agencies or donor funded project	Preferred

15. **Mechanical Engineer**

a) Qualification	A graduate degree from a recognized and accredited university in India or internationally in the field of mechanical engineering or equivalent
b) Total professional experience	7 years
c) Project related experience	Experience of over 5 years in design, implementation and monitoring of cold chain / value chain projects for agribusiness sector; experience of working within Maharashtra would have added advantage.
d) Experience with international / donor agencies or donor funded project	Preferred

16. **Stakeholder Engagement and Communication Specialist**

a) Qualification	Postgraduate degree in communications, development communication, journalism, mass media, advertising and marketing, community development, social sciences, public administration, or information technology
b) Total Professional Experience	7 years
c) Project related experience	5 years' experience in working on policies that required high-level public communication, stakeholder engagement and advocacy; experience of working within Maharashtra would have added advantage
d) Experience with international / donor agencies or donor funded project	Preferred

17. **FIL and Matching Grant Associates**

a) Qualification	Post graduate in agribusiness management, business administration or equivalent
b) Total professional experience	3 years
c) Project related experience	Minimum 2 years' experience of working in consultancy and advisory assignment in agriculture, cold chain and value chain development projects
d) Experience with international / donor agencies or donor funded project	Preferred

18. **Office Associates**

a) Qualification	Post graduate in agribusiness management, business administration or equivalent
b) Total Professional Experience	3 years
c) Project related experience	Minimum 2 years' experience of working in consultancy and advisory assignment in agriculture, cold chain and value chain development projects
d) Experience with international / donor agencies or donor funded project	Preferred

### I. Position-based Tasks / Responsibilities for International Experts

Sr. No.	Position	Tasks / Responsibilities
1	<b>Horticulture Agribusiness Specialist / Team Leader</b>	<p>Overall management of PISC team, acting as the Team Leader. The tasks typically include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>(i) Manage and guide the team of consultants.</li> <li>(ii) Implement the tasks mentioned in the scope of works of the project.</li> <li>(iii) Coordinate and consult with MAGNET Society and PMU regularly.</li> <li>(iv) Monitor the progress of the project in meeting the desired outcome and outputs.</li> <li>(v) Review and monitor progress of the design and monitoring framework.</li> <li>(vi) Monitor the progress on fulfilling loan covenants and advise MAGNET on any issues.</li> <li>(vii) Cooperate closely with the Project Director in planning, coordinating and monitoring project implementation.</li> <li>(viii) Advise and assist the Project Director in preparing a detailed project implementation plan and Annual Plans of Operation which will include capacity building and training activities, outreach activities and roadshows for subprojects.</li> <li>(ix) Identify any actions to be taken to ensure achievement of the project's objectives, outputs and results.</li> <li>(x) Prepare the inception report and other periodic consolidated monthly, quarterly and annual reports, and at the end of the assignment, prepare consolidated final report.</li> <li>(xi) Assist with any other project relevant duties as may be reasonably assigned by the Project Director.</li> <li>(xii) Guide national expert in design of scheme, finalization of cost norms, EOI format and grant components and evaluation criteria and scoring system.</li> <li>(xiii) Guide national expert in identification and tie-up with requisite research partners for implementation of output 1 activities for research and innovations, product. development, commercialization of new technologies etc.</li> <li>(xiv) Coordinate and provide inputs to VCA service provider.</li> <li>(xv) Guide national expert in managing the lead firm – SME linkages program.</li> </ul>
2	<b>FIL Specialist</b>	<ul style="list-style-type: none"> <li>(i) Provide suitable technical inputs on any aspect of sanctioned subprojects and related matter as and when required by the PMU.</li> <li>(ii) Guide national expert in coordinating with PFIs on implementation of FIL component.</li> <li>(iii) Guide national expert in monitoring and review of PFIs on their performance.</li> <li>(iv) Guide national expert in reviewing the subproject proposals received and sanctioned by PFIs under FIL component on a periodic basis.</li> <li>(v) Monitor PFIs' performance and compliance with project agreements against design and monitoring framework (DMF) targets, and GESI AP.</li> </ul>
3	<b>Agriculture Value Chain and Logistics Specialist</b>	<ul style="list-style-type: none"> <li>(i) Assist and coordinate with PMU, PIU and VCA service provider on value chain-based interventions in output 1 and output 2.</li> </ul>



		<ul style="list-style-type: none"> <li>(ii) Assist the PMU as per the focus of project interventions from both a commodity and geographical perspective for targeted value chains as per horticulture and agribusiness marketing strategy developed.</li> <li>(iii) Assist in developing a strategy for the identification of potential subproject investors (FPOs and Value Chain Operators).</li> <li>(iv) Train the PMU and/or PIU staff and VCA service provider staff in the conditions for participation in the project and in assessing eligibility criteria for the subprojects.</li> <li>(v) Guide national expert to undertake a technical review of all subproject proposals prepared by the FPOs and VCOs.</li> <li>(vi) Review the practicality of storage implications for the investment to confirm that capacity of the storage area is consistent with planned sales patterns/product movement.</li> <li>(vii) Guide the monitoring and evaluation specialist in designing a baseline survey to capture the base case scenarios of small subprojects and large subprojects and identify verifiable indicators that can be used to measure the success of the investment.</li> <li>(viii) Guide national expert in the evaluation of subproject proposals put up by FPOs and value Chain operators and provide recommendations to the Technical / Investment Approval Committee.</li> </ul>
4	<b>Food Technologist</b>	<ul style="list-style-type: none"> <li>(i) Assist the value chain specialist in the identification of export expansion and import replacement opportunities where processing is likely to be required.</li> <li>(ii) Provide guidance to PMU and PIU staff to assist them identify potential SMEs for subprojects where food processing might be appropriate.</li> <li>(iii) Lead the SME lead firm linkages program and assist in capacity building.</li> <li>(iv) Guide national expert in market linkages to project- supported SMEs.</li> <li>(v) Provide technical inputs to large subprojects that deal with food processing to improve efficiency of design and operations as well as meet potential international standards of hygiene.</li> <li>(vi) Review technical production aspects of SME subprojects dealing with food processing and recommend changes to improve efficiency of operations.</li> <li>(vii) Guide national experts in their assessment of subproject feasibility based on the food technology aspects with particular attention to quality and volume of raw material supplies required in processing.</li> <li>(viii) Perform other tasks reasonably requested by the PISC Team Leader.</li> </ul>

#### J. Position-based Tasks / Responsibilities for National Key Experts, Non-key Experts and Support Staff

Sr. No.	Position	Task Assigned / Responsibilities
1	<b>Project Management Specialist / Deputy Team Leader</b>	<p>Assist Team leader to overall management of PISC team, acting as the Deputy Team Leader. The tasks typically include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>(i) Manage and guide the team of consultants.</li> <li>(ii) Implement the tasks mentioned in the scope of works of the project.</li> <li>(iii) Coordinate and consult with MAGNET Society and PMU regularly.</li> <li>(iv) Monitor the progress of the project in meeting the desired outcome and outputs.</li> </ul>

		<ul style="list-style-type: none"> <li>(v) Review and monitor progress of the design and monitoring framework.</li> <li>(vi) Monitor the progress on fulfilling loan covenants and advise MAGNET on any issues.</li> <li>(vii) Cooperate closely with the Project Director in planning, coordinating and monitoring project implementation.</li> <li>(viii) Assist the Project Director in the preparation of detailed budget for all project activities, and in project financial management control.</li> <li>(ix) Advise and assist the Project Director in preparing a detailed project implementation plan and Annual Plans of Operation which will include capacity building and training activities, outreach activities and roadshows for subprojects.</li> <li>(x) Lead the screening and evaluation of subproject proposals and provide recommendations to investment / technical approval committee.</li> <li>(xi) Coordinate and seek inputs from respective experts for the evaluation of subproject proposals.</li> <li>(xii) Advise the relevant specialist on design and conduct of training programs and orientation curriculum, employing participatory approaches and manuals for various courses and workshops in line with the project objectives including gender &amp; social analysis, environmental assessments, environmental management, and climate change adaptation, and other social development related areas in consultation with the PMU and other team members.</li> <li>(xiii) Ensure that poverty, social development and gender, as well as environmental and climate change issues, are integrated into all training/orientation programs and courses where relevant.</li> <li>(xiv) Facilitate in arranging training and orientation programs at various levels in collaboration with relevant team members.</li> <li>(xv) Advise on the coordination of project activities with relevant units and cells in MAGNET, and liaise with other development partners, in order to ensure that the project contributes to strengthening institutional capability in MAGNET.</li> <li>(xvi) Identify any actions to be taken to ensure achievement of the project's objectives, outputs and results.</li> <li>(xvii) Prepare the inception report and other periodic consolidated monthly, quarterly and annual reports, and at the end of the assignment, prepare consolidated final report.</li> <li>(xviii) Assist with any other project relevant duties as may be reasonably assigned by the Project Director.</li> </ul>
2	<b>Horticulture Agribusiness Specialist</b>	<p>With the guidance of the international expert,</p> <ul style="list-style-type: none"> <li>(i) Assist in design of scheme, finalization of cost norms, EOI format and grant components and evaluation criteria and scoring system.</li> <li>(ii) Assist the PMU team for conducting investor meets, attracting private sector investments and promoting the MAGNET project.</li> <li>(iii) Assist PMU in conducting pre-bid conference and responding to pre-bid queries.</li> </ul>

		<ul style="list-style-type: none"> <li>(iv) Assist PMU, MSAMB / NIPHT in identification and tie-up with requisite research partners for implementation of output 1 activities for research and innovations, product development.</li> <li>(v) Coordinate and provide inputs to VCA service provider.</li> <li>(vi) Assist PMU in managing the lead firm – SME linkages program.</li> <li>(vii) Assist in the evaluation of subproject proposals put up by FPOs and VCOs and provide recommendations to the Technical / Investment approval Committee</li> <li>(viii) Provide inputs to Team Leader on output 1 and output 2 activities.</li> <li>(ix) Assist PMU in project completion report related to output 1 and output 2 components.</li> <li>(x) Assist PMU and Team Leader in monitoring of subproject proposals during implementation.</li> <li>(xi) For project completion report, carry out district-wise, cluster-wise and segment-wise assessment of post-harvest infrastructure facilities created.</li> <li>(xii) Conduct training of 30,000 farmers on Good Agriculture Practices (GAP).</li> </ul>
3	<b>FIL Specialist</b>	<p>With the guidance of international expert,</p> <ul style="list-style-type: none"> <li>(i) Provide suitable technical inputs on any aspect of sanctioned subprojects and related matters as and when required by the PMU.</li> <li>(ii) Assist the PMU in coordinating with PFIs on implementation of FIL component.</li> <li>(iii) Assist the PMU in monitoring and review of PFIs on their performance.</li> <li>(iv) Assist the PMU in reviewing of the subproject proposals received and sanctioned by PFIs under FIL component on a periodic basis.</li> <li>(v) Monitor PFIs' performance and compliance with project agreements against design and monitoring framework (DMF) targets, GESI AP and ESMS.</li> <li>(vi) Coordinate capacity development activities with regard to PFIs and subborrowers.</li> <li>(vii) Coordinate with environment and climate change specialist and social safeguards and gender specialist on safeguard due diligence requirements of subprojects under the FIL.</li> </ul>
4	<b>Agriculture Value Chain and Logistics Specialist</b>	<p>With the guidance of international expert,</p> <ul style="list-style-type: none"> <li>(i) Assist and coordinate with PMU, PIU and VCA service provider on value chain based interventions in output 1 and output 2.</li> <li>(ii) Support the PMU to develop an information and awareness campaign about MAGNET project among interested FPOs and value chain operators.</li> <li>(iii) Assist the PMU as per the focus of project interventions from both a commodity and geographical perspective for targeted value chains as the per horticulture and agribusiness marketing strategy developed</li> <li>(iv) Assist in developing a strategy for the identification of potential subproject investors (FPOs and VCOs).</li> <li>(v) Train the PMU and/or PIU staff and VCA service provider staff in the conditions for participation in the project and in assessing eligibility criteria for the subprojects.</li> </ul>

		<ul style="list-style-type: none"> <li>(vi) Undertake a technical review of all subproject proposals prepared by the FPOs and VCOs.</li> <li>(vii) Review the practicality of storage implications for the investment to confirm that capacity of the storage area is consistent with planned sales patterns/product movement.</li> <li>(viii) Assist the monitoring and evaluation specialist in designing a baseline survey to capture the base case scenarios of small subprojects and large subprojects and identify verifiable indicators that can be used to measure the success of the investment.</li> <li>(ix) Assist in the evaluation of sub project proposals put up by FPOs and value Chain operators and provide recommendations to the Technical / Investment approval Committee.</li> </ul>
5	<b>Gender Equality and Social Inclusion (GESI) Specialist</b>	<ul style="list-style-type: none"> <li>(i) Review project commitments to gender equality and social inclusion found in the project's (a) Project Administration Manual (PAM); (b) Poverty and Social Assessment; (c) Gender Equality and Social Inclusion Action Plan; (d) Stakeholder Communications Strategy; and other, and ensure their effective implementation through:</li> <li>(ii) Support the PMU, IAs and PIUs to implement gender equality and social inclusion action plan (GESI AP).</li> <li>(iii) Help the PMU, IAs, PIUs and FIs in meeting gender target of the project and gender and vulnerable groups targets of the GESI AP.</li> <li>(iv) Promote gender mainstreaming and social inclusion into project activities and project management tools, including tracking of gender equality and social inclusion results.</li> <li>(v) Assist the PMU, IAs and PIUs in preparing report on implementation of GESI AP, including to meet the requirement of gender as stipulated in the project Design and Monitoring Framework.</li> <li>(vi) Leverage consultations, focus group discussions and engagement with women's groups, ST groups and other vulnerable stakeholders to provide recommendations on how to best encourage them to participate in the project.</li> <li>(vii) Document and promote best practices from gender equality and social inclusion related activities of the project.</li> <li>(viii) One baseline survey conducted with established sex, age, caste, tribal, geography and vulnerability -disaggregated data and detailed social analyses, which identify key inequalities and enable the team to set appropriate vulnerable groups defined in footnote 1.</li> <li>(ix) Ensure baseline data and data tracker established to monitor project impacts, including regular monitoring of physical and financial progress.</li> <li>(x) Support establishment of disaggregated data, baselines, realistic targets and effective MIS and consolidate periodic monitoring reports on GESI AP.</li> <li>(xi) Conduct periodic site visits to PIUs, IAs, and requisite project and subproject sites to supervise the GESI AP implementation.</li> <li>(xii) Contribute inputs to PISC to quarterly monitoring reports for project management and brief monthly summary reports highlighting potential and actual issues and recommending corrective measures for PMUs actions.</li> </ul>

		<ul style="list-style-type: none"> <li>(xiii) Help implement ESMS. Specifically, screen all proposed interventions to identify any adverse impact on the community, if any. In case of any adverse impact, suggest instruments (GESI AP, etc.) and measures to address adverse GESI impacts.</li> <li>(xiv) Review the adequacy and impact of project interventions on livelihood enhancement opportunities for women and vulnerable persons (footnote 1) and make suggestions accordingly. Ensure that environmental and climate change issues are an integral part of planning of all project supported schemes.</li> <li>(xv) Be part of grievance redress cell and review types of grievance and the functioning of grievance redress mechanisms by reviewing appeals at all levels and interviewing aggrieved project affected persons.</li> <li>(xvi) Carry out other responsibilities as required from time to time as required by the MAGNET Society.</li> </ul>
6	<b>Environment and Climate Change Specialist</b>	<ul style="list-style-type: none"> <li>(i) Review the project documents and Initial Environmental Examination (IEE) to understand the rationale behind the interventions suggested under Environmental Management Plan (EMP) for all output 3 components.</li> <li>(ii) Accordingly, review the construction EMP, Labour Management Plan, Site Management Plan, etc. to be submitted by the engineering, procurement and construction (EPC) contractors executing the subprojects of output 3.</li> <li>(iii) Supervise implementation of environmental safeguard measures, and climate change adaptation and mitigation activities measures under output 3. Ensure that environmental and climate change development goals are met.</li> <li>(iv) Conduct periodic site visits to supervise the implementation, and recommend corrective measures where non-compliance is apparent.</li> <li>(v) Advise PMU on various national and state level laws and regulations and relevant ADB environmental safeguard requirements that are applicable in the context of the project interventions.</li> <li>(vi) Review the subproject proposals for output 2 (matching grant) and suggest on improving environmental performance targets of the subprojects, and find ways to mainstream climate change targets into the operational functions/ infrastructure development to be carried out by the FPOs and VCOs.</li> <li>(vii) Develop, organize and deliver training/capacity building programs on environment safeguards and climate change financing and plans for the staff of implementing agencies (PMU and PIUs, and PFIs), the contractors and others involved in the project implementation.</li> <li>(viii) Guide the PISC and PIU field staff to evaluate subproject proposals under FIL as per ESMS framework of concerned PFIs, and assist PFIs and sub-borrowers for preparation of IEEs for subprojects, ESMS reports, reporting and monitoring of ESMS.</li> <li>(ix) Help implement ESMS for the subprojects of the matching grant. Specifically, support screening of all proposed subprojects to identify any adverse impact on the community and environment, if any. In case of any potential impacts, support the matching grant's subprojects by preparing IEEs and other requirements to comply with the ESMS instrument.</li> </ul>

		<ul style="list-style-type: none"> <li>(x) Guide preparation of safeguard documents by the EPC contractors and disclose the same at PMU level before the start of civil works in future.</li> <li>(xi) Review the adequacy and impact of project interventions on livelihood enhancement opportunities and make suggestions accordingly. Ensure that environmental and climate change objectives are an integral part of planning of all project supported schemes.</li> <li>(xii) Liaise with various concerned state government agencies on regulatory matters, if any.</li> <li>(xiii) Be part of grievance redress cell and review types of grievance and the functioning of grievance redress mechanisms by reviewing appeals at all levels and interviewing aggrieved project-affected persons.</li> <li>(xiv) Support PMU and PIUs to carry out consultations with beneficiaries and affected people and communities during project and matching grant implementation.</li> <li>(xv) Ensure compliance of project and matching grant with host country laws, regulations, and standards, including host country obligations under international law.</li> <li>(xvi) Help prepare periodical environmental (including climate change), and social monitoring reports to be submitted to PMU/ ADB.</li> <li>(xvii) When necessary, prepare TOR for any activities or studies relevant with environment safeguards and climate change document requirements.</li> <li>(xviii) Carry out other responsibilities as required from time to time as required by the MAGNET Society.</li> <li>(xix) Contribute inputs to the PISC's quarterly progress reports for project management and supervision and the brief monthly summary reports, highlighting potential and actual issues and/or problems related to EMPs and recommending corrective measures and/or actions for PMU's actions.</li> </ul>
7	<b>Monitoring &amp; Evaluation (M&amp;E) Expert</b>	<ul style="list-style-type: none"> <li>(i) Provide technical leadership to develop the program framework, plans, and indicators to capture project performance results and provide effective, accurate and promptly monitoring, evaluation and reporting of all project activities.</li> <li>(ii) Develop the project M&amp;E system (PPMS) including necessary reporting formats.</li> <li>(iii) Train the PMU, PIUs and IAs in the implementation of the PPMS.</li> <li>(iv) Based on data from the M&amp;E system showing the location of subprojects, create maps showing where subprojects are located and the status of these.</li> <li>(v) Plan (including preparation of TORs for an external survey firm) and oversee baseline data collection, and impact surveys.</li> <li>(vi) Assist the PMU in the production of progress reports for submission to Government of Maharashtra and ADB, and work with safeguards specialists to ensure that safeguard monitoring reports are produced, including monitoring against the GESI AP.</li> <li>(vii) Review the M&amp;E needs and plans of the Project, extract relevant indicators, and devise an M&amp;E system or framework to monitor the project outputs and outcomes and ensure its contribution to Project's DMF/Results Framework.</li> <li>(viii) Establish an effective M&amp;E and data collection system, develop reporting forms for capturing quantitative and qualitative</li> </ul>

		<p>information, and prepare and update the PPMS consistent with the project's DMF/Results Framework (RF).</p> <ul style="list-style-type: none"> <li>(ix) Collect baseline data and monitor the progress towards achieving output- and outcome-level targets and indicators as specified in the DMF.</li> <li>(x) Monitor project implementation and ensure that all M&amp;E data are disaggregated by sex, and capture social inclusion dimensions (e.g. disability inclusion).</li> <li>(xi) Prepare, design and conduct regular and targeted overall project performance assessment and impact evaluation surveys, in close collaboration and coordination with project component output Deputy Project Directors and PMU &amp; PIU counterparts.</li> <li>(xii) Identify project implementation issues, provide recommendations, and coordinate with concerned parties to find solutions.</li> <li>(xiii) Prepare project component briefs, presentation materials and semi-annual and annual progress monitoring and accomplishment reports based on the project's DMF/RF.</li> </ul>
8	<b>Financial Management and Financial Analysis Specialist</b>	<ul style="list-style-type: none"> <li>(i) Support the PMU/MAGNET Society in ensuring that separate accounts for the project are duly maintained and that receipts and expenditures are duly segregated by financing source (e.g. ADB and Government funding).</li> <li>(ii) Support the PMU/MAGNET Society in improving the financial management systems including the development of project financial management procedures and setting up a standalone accounting software and automating the financial reporting to the extent possible.</li> <li>(iii) Support the PMU/MAGNET Society in ensuring that a) all payments are duly prepared, reviewed, authorized, and recorded in the accounting system correctly and in a timely manner, and all expenditure items meet the eligibility criteria as defined in the ADB financing agreement, and are supported by adequate documentation (invoice, contracts, evidence of payments etc.) as outlined in the ADB disbursement handbook.</li> <li>(iv) Conduct periodic analysis of the execution of the procurement and disbursement projections and provide an analysis of any significant variances between planned vs actual expenditures.</li> <li>(v) Conduct an analysis of the financial execution of the approved procurement plan and budget, disbursement projections as well as financial vs physical progress. Analyze and document any significant variations.</li> <li>(vi) Support the PMU/ MAGNET Society in conducting quarterly reconciliation of the project disbursement records and ADB's disbursement data available in the Loan and Grant Financial Information Services (LFIS) to ensure the correctness and completeness of the project records and financial reports/statements. Follow up on any discrepancies to ensure these are resolved in a prompt manner.</li> <li>(vii) Assist the PMU/ MAGNET Society in preparing withdrawal applications and in collection and filing of all supporting documentation in accordance with the relevant procedures outlined in the ADB loan disbursement handbook.</li> <li>(viii) Assist the PMU / MAGNET Society in preparing financial information and analysis to be included in the quarterly progress reports in an agreed format to be submitted to ADB.</li> <li>(ix) Assist the PMU/ MAGNET Society in preparing separate project financial statements annually covering the activities financed</li> </ul>

		<p>under all the funding sources (e.g. ADB and government funding) in a format agreed with ADB.</p> <ul style="list-style-type: none"> <li>(x) Support the PMU/ MAGNET Society in ensuring that the project financial statements are audited and that the audit report, the audited consolidated financial statements and the management letter(s) are submitted to ADB in a timely manner.</li> <li>(xi) Support the PMU/ MAGNET Society in the follow-up of internal and external audit recommendations to further improve the internal controls of the project.</li> <li>(xii) Support the PMU/ MAGNET Society in ensuring that all financial records are orderly filed and stored in an physically safe location and an electronic back-up is conducted regularly;</li> <li>(xiii) Assist the PMU/ MAGNET Society in other tasks as assigned by the PMU director or equivalent.</li> </ul>
9	<b>Procurement Specialist</b>	<ul style="list-style-type: none"> <li>(i) Assist the Team Leader in managing and implementing the project and ensuring compliance with the project implementation plan, the loan agreement, and the project agreement(s).</li> <li>(ii) Ensure that the ADB procurement directives and norms, described in the loan and project agreements, are fully respected in all stages of the procurement of goods, works, and services for the project.</li> <li>(iii) Assist the PMU in preparing bidding documents in accordance with ADB guidelines; coordinate and supervise all project procurement activities, in close coordination with the PMU and ADB.</li> <li>(iv) Review tender documents with particular reference to the commercial aspects to ensure ADB comments are incorporated in the final version.</li> <li>(v) Assist in evaluation of bids and proposals if requested, and in the preparation of any relevant evaluation reports.</li> <li>(vi) Supervise the contract clauses and contractual compliances by the contractors.</li> <li>(vii) Assist the PMU in regular update of the procurement plan in coordination with the work plan and time schedule of the project and the financing plan.</li> <li>(viii) Support the PMU during contract negotiations and ensure meetings are properly recorded and ADB norms and applicable national regulations are followed and that these are attached as annexes to the contract form.</li> <li>(ix) Develop systems to train and transfer procurement skills on various aspects of ADB's procedures for MAGNET / MSAMB permanent procurement staff and other PMU staff as appropriate.</li> <li>(x) Verify that correct documentation for each disbursement related to the execution of the contracts is maintained and that the corresponding contractual obligations have been fulfilled.</li> <li>(xi) Develop a contract monitoring and management system that can be adopted by the project to monitor the anticipated procurement contracts at PMU and IA level in cooperation with the PMU procurement and administration staff.</li> <li>(xii) Assist in the planning and budgeting for the project program, taking the lead role in the financial plan and budgets and ensuring that the assumptions, parameters, guidelines, and policies in planning are complied with; and</li> <li>(xiii) Ensure timely preparation and submission of progress reports related to procurement and disbursement. particularly, contributing inputs to the PISC's quarterly progress reports for</li> </ul>



		project management and supervision and the brief monthly summary reports, highlighting potential and actual issues and/or problems related to procurement and disbursement and recommending corrective measures and/or actions for PMU's actions.
10	<b>Food Technologist</b>	<p>With the guidance of international expert,</p> <ul style="list-style-type: none"> <li>(i) Assist the value chain specialist in the identification of export expansion and import replacement opportunities where processing is likely to be required.</li> <li>(ii) Provide guidance to PMU and PIU staff to assist them identify potential subproject owners / SMEs where food processing might be appropriate.</li> <li>(iii) Lead the SME- lead firm linkages program and assist in capacity building.</li> <li>(iv) Assist in market linkages to project-supported SMEs.</li> <li>(v) Provide technical inputs to large subprojects that deal with food processing to improve efficiency of design and operations as well as meet potential international hygiene standards.</li> <li>(vi) Review technical production aspects of SME subprojects dealing with food processing and recommend changes to improve efficiency of operations.</li> <li>(vii) Support the PMU in their assessment of subproject feasibility based on the food technology aspects with particular attention to quality and volume of raw material supplies required in processing.</li> <li>(viii) Perform other tasks reasonably requested by the PISC Team Leader.</li> </ul>
11	<b>Management Information System (MIS) Specialist</b>	<ul style="list-style-type: none"> <li>(i) Develop MIS for project outputs and activities in coordination with M&amp;E specialist, PMU and other team members.</li> <li>(ii) Prepare MIS aligned with project design monitoring framework by identifying indicators following the logical framework approach</li> <li>(iii) Coordinate all project-related MIS activities of all outputs with PMU, IAs and PIUs involved for the implementation.</li> <li>(iv) Identify MIS needs of the project and integrate them in the IT system.</li> <li>(v) Identify MIS training needs of PMU, IAs and PIUs and other project stakeholders and coordinate these training activities.</li> <li>(vi) After MIS conceptual design is implemented, make periodic visits to project offices at all levels to discuss MIS procedures with PMU, IAs and PIUs, and other stakeholders.</li> <li>(vii) Prepare technical guidelines on the operation and maintenance of the MIS system.</li> <li>(viii) Work closely with IT support staffs in PMU.</li> <li>(ix) Provide leadership to the PISC in the MIS and information technology (IT) area for all aspects of the project.</li> <li>(x) Serve as primary source of guidance for all information system and technology related matters for PMU and PIUs.</li> <li>(xi) Make recommendations for IT-based project monitoring for all the project outputs.</li> <li>(xii) Perform other duties as requested by the Team Leader / Deputy Team Leader.</li> </ul>
12	<b>Social Specialist</b>	<ul style="list-style-type: none"> <li>(i) Advise on activities/processes to be adopted for achieving the core social development themes, i.e., social inclusion (gender, tribal and other vulnerable groups), participation, transparency,</li> </ul>

		<p>accountability, land management, grievance management and citizen feedback envisaged under MAGNET.</p> <ul style="list-style-type: none"> <li>(ii) Facilitate preparation of Social Assessment Report and Management Plans and/or framework for managing adverse social impacts, risks, and benefits of project interventions.</li> <li>(iii) Establish a system to monitor social safeguards of the project including monitoring the indicators set out in the results framework.</li> <li>(iv) Develop the capacity building manual on social issues, (content of the manual will include scheme cycle, outline of Social Assessment, management plans &amp; reporting formats, land acquisition/donation process and other land related matters, social entitlement framework, risk assessment, management skills, etc.).</li> <li>(v) Develop the capacity of the PMU, IA, PIUs, PFIs and other stakeholders' officials in strategic collaborative planning, implementation &amp; monitoring of the activities in compliance with the social safeguard policies of ADB to ensure that all institutional arrangements for implementing the IR and IP safeguard measures are in place; including a functioning PMU/PIU system, an established grievance redress mechanism (GRM), information pamphlets and other materials to support information sharing with affected persons and beneficiaries.</li> <li>(vi) Build capacity of PMU, IA, PIUs, PFIs and other stakeholder officials in effective communication, awareness and engagement including but not limited to: information sharing and meaningful consultation with the beneficiary communities, local leaders, proponents, and stakeholders including indigenous people (IPs), project- affected persons, and project staff (e.g. field engineers) so that APs can voice concerns and ask questions, e.g. about subprojects. Ensure that the relevant subproject information is shared with APs on a regular basis, including about the (a) project, (b) implementation schedule, (c) affected people's entitlements under the project, (d) how to access the GRM.</li> <li>(vii) Support the PMU, PIUs and PFIs to implement any corrective actions identified in the subprojects. Build the capacity of all stakeholders in the management of social safeguard issues through comprehensive engagement, trainings and communications materials to ensure that social issues are adequately addressed.</li> <li>(viii) Guide the PISC and PIU field staff to evaluate subproject proposals under FIL as per ESMS framework of concerned PFIs and assist FPIs in preparation of ESMS reports, ESMS reporting and monitoring.</li> <li>(ix) Compile and analyze monthly/quarterly reports on social indicators; track grievance redressal.</li> <li>(x) Review, monitor and evaluate the effectiveness with which the Plans are implemented, and recommend necessary corrective actions to be taken as required.</li> <li>(xi) Consolidate monthly/quarterly social monitoring reports;</li> <li>(xii) Channel redressal and grievances brought about through the Grievance Redress Mechanism (GRM) in a timely manner</li> <li>(xiii) Conduct periodic site visits to supervise the implementation; provide guidance to PMU/PIU on implementation of social development and safeguards project requirements.</li> </ul>
--	--	--

13	<b>Cold Chain / Refrigeration Specialist</b>	<ul style="list-style-type: none"> <li>(i) Draft the list of modern technologies, which will be eligible for the grant under the scheme.</li> <li>(ii) Finalize the cold chain and related components and their admissibility under the scheme and cost norms as per the Mission for Integrated Development of Horticulture (MIDH), National Horticulture Board (NHB), Ministry of Food Processing Industries (MoFPI) guidelines, also if required, carry out rate analysis for components not covered in above programs.</li> <li>(iii) Assist in technical evaluation of subproject proposals under matching grant with regards to cold chain components.</li> <li>(iv) Undertake site inspections, verifications of documents and assess the physical progress of the sanctioned projects and prepare site inspection reports for cold chain / refrigeration components.</li> <li>(v) Assist in developing approach and schedule for monitoring and evaluation for sanctioned projects using ADB guidelines and procedures outlined in the PAM.</li> <li>(vi) Provide engineering reports/updates to the Team Leader, PMU, and ADB as and when required and support in resolving engineering-related issues.</li> <li>(vii) Provide necessary assistance for capacity building in including engineering guidelines and standards.</li> <li>(viii) Complete any other engineering-related work assigned by the Team Leader and PMU.</li> </ul>
14	<b>Civil Engineer</b>	<ul style="list-style-type: none"> <li>(i) Assist in technical evaluation of subproject proposals with regards to civil works components cost estimates and provide inputs to Team Leader and PMU.</li> <li>(ii) Undertake site inspections, verifications of documents and assess the physical progress of the sanctioned projects and prepare inspection and site visit reports.</li> <li>(iii) Assist in developing approach and schedule for monitoring and evaluation for sanctioned projects using ADB guidelines and procedures outlined in PAM.</li> <li>(iv) Ensure all facility plans, budgets, and timelines meet ADB guidelines for facility construction and implementation.</li> <li>(v) Conduct site visits for sanctioned proposals and review the civil works as per the parameters and specifications.</li> <li>(vi) Respond to facilities and construction related complaints, if any, received by PMU.</li> <li>(vii) Complete any other civil engineering-related work assigned by the Team Leader and PMU.</li> </ul>
15	<b>Mechanical Engineer</b>	<ul style="list-style-type: none"> <li>(i) Assist in technical evaluation of subproject proposals under matching grant with regards to mechanical components.</li> <li>(ii) Assist to finalize admissible matching grant as per the project's cost norms.</li> <li>(iii) Undertake site inspections, verifications of documents and assess the physical progress of the sanctioned projects and prepare inspection and site visit reports related to mechanical components.</li> <li>(iv) Assist in developing approach and schedule for monitoring and evaluation for sanctioned projects using ADB guidelines and procedures outlined in the PAM.</li> <li>(v) Ensure all facility plans, budgets, and timelines meet ADB guidelines for facility construction and the implementation.</li> </ul>

		<ul style="list-style-type: none"> <li>(vi) Conduct site visits for sanctioned subproject proposals and review the works as per the parameters and specifications.</li> <li>(vii) Respond to facilities and construction related complaints if any received by PMU</li> <li>(viii) Complete any other mechanical engineering-related work assigned by the Team Leader and PMU</li> </ul>
16	<b>Stakeholder Engagement and Communication Specialist</b>	<ul style="list-style-type: none"> <li>(i) Prepare and implement the MAGNET's Communication, Stakeholder Engagement and Advocacy Plan, in collaboration with the EA, PMU and IAs, on the overall horticulture and agribusiness marketing strategy for the State of Maharashtra and the project outputs.</li> <li>(ii) Identify, prepare and develop strategic and specific stakeholder engagement, advocacy and communications plans, programs and activities, including targeted multimedia campaigns and public perception surveys on the project initiatives, outputs, and accomplishments to its external and internal stakeholders, local and national partners, FPOs, value chain operators, thus soliciting sustained support for the MAGNET.</li> <li>(iii) Develop and produce various multimedia communications, advocacy and knowledge and information materials on the project outputs, accomplishments and activities to targeted local and national stakeholders and audiences; and ensure that all project materials are consistent with Government of Maharashtra's and ADB communications and publications guidelines.</li> <li>(iv) Establish and maintain linkages with the corresponding communications focal persons of each of the MAGNET's stakeholders sustaining the collaboration with them viz. dissemination of the project communication materials.</li> <li>(v) Maintain and keep active the communication channels of the MAGNET, including but not limited to official Facebook, LinkedIn and Twitter accounts, etc. Establish and maintain the collaboration of the above accounts vis-a-vis the market promotion and development and VCA activities under output 1.</li> <li>(vi) Prepare IEC materials, publications and case studies.</li> <li>(vii) Prepare annual training calendars for all stakeholders.</li> <li>(viii) Perform other relevant tasks as may be identified and deemed appropriate by the Project Director, PMU and Team Leader which are crucial towards achieving the output objectives enumerated above.</li> </ul>
17	<b>FIL and Matching Grant associates</b>	<ul style="list-style-type: none"> <li>(i) Assist in documentation, data compilation and report writing to experts.</li> <li>(ii) Complete word processing of reports and other documents as required. Assist in organizing trainings/workshops at divisional levels</li> <li>(iii) Support the PIU and Team Leader on any office and administration issues of the PISC. Complete any other office and administration work assigned by the Team Leader and PIU head.</li> <li>(iv) Assist in preparation of ESMS reports for subproject proposals under FILs.</li> <li>(v) Assist to conduct Good Agriculture Practices (GAP) trainings for farmers.</li> <li>(vi) Assist in due diligence and site visits, and drafting inspection reports.</li> </ul>

		(vii) Assist in conducting secondary research, data compilation and related documents on FIL and Matching Grant subprojects.
		(viii) Assist in drafting and formatting reports, and documentation.
18	<b>Office Associates</b>	(i) Complete word processing of letters, reports, and other documents as required. Assist in organizing investor meets and stakeholder meetings. (ii) Assistance in documentation, data compilation and report writing. (iii) Support the Team Leader on any office and administration issues of the PISC. Complete any other office and administration work assigned by the Team Leader. (iv) Assist in due diligence and site visits and drafting of inspection reports. (v) Assist in conducting secondary research, data compilation and related documents on value chains. (vi) Assist in drafting and formatting reports, and documentation.

### K. Key Deliverables and Schedule

Key Deliverables	Timeline (No. of months from commencement date)	Frequency of submission	Reporting requirements
Inception Report	1 Months	Once	Printed and Electronic Format
Preparation of formats, guidelines for Call for Proposal / Expression of Interest for subproject proposals from FPOs and VCOs and Anchor FPOs.	2 Months	Once	Printed and Electronic Format
Development of detailed evaluation and scoring criteria for subproject proposals under matching grant.	3 Months	Once	Printed and Electronic Format
Development of extension materials for dissemination of project information.	4 Months	As per requirement	Printed and Electronic Format
Conducting investor meets/ roadshows / workshops for identification of FPOs and value chain players (6 events).	36 Months	As per requirement	Printed and Electronic Format
Evaluation of subproject proposals received through Call for Proposal / EOI, submission of evaluation reports and recommendation for selection of eligible subproject proposals.	48 Months	Regularly	Printed and Electronic Format
Due diligence reports of eligible subproject proposals as per ADB's safeguard policy.	60 Months	Quarterly	Printed and Electronic Format
Finalization of approval formalities and documentation for sanctioned projects.	48 Months	Regularly	Printed
Preparation of periodic monitoring and implementation reports for all project activities. Project performance monitoring system (PPMS) consistent with the	3 Months	Monthly, Quarterly, Annually	Electronic Format

<b>Key Deliverables</b>	<b>Timeline</b> (No. of months from commencement date)	<b>Frequency of submission</b>	<b>Reporting requirements</b>
project's Design and Monitoring Framework (DMF).			
Support to the preparation of Environment and Social Monitoring Reports.	6 Months	Every 6 months	Printed
Site visits, physical inspection and grant disbursement recommendation reports.	60 Months	Regularly	Printed
Preparation of baseline report to monitor project impacts, including regular monitoring of physical and financial progress.	6 months	Once	Printed and Electronic Format
Conduct of capacity building workshops/training programs for PMU, PIU, IAs, VCOs and other stakeholders on gender, social, safeguards and other due diligence (80 nos.).	36 Months	Regularly	Printed and Electronic Format
Development of MIS	6 Months	Once	Electronic
Development of e-commerce portal for B2B and B2C and traceability system through Blockchain.	12 Months	Once	Electronic
Training of farmers on Good Agriculture Practices (GAP) – minimum 30,000.	48 Months	Regularly	Printed and Electronic Format
ESMS report for FIL subproject proposals – 400 nos.	48 Months	Regularly	Printed and Electronic Format
Preparation of Project Completion Report.	72 Months	Once	Printed and Electronic Format

#### **L. Counterpart support**

Office space with telephone, internet will be provided in PMU office, Pune and at divisional 8 PIUs.

\*\*\*\*\*

## APPENDIX 5: PROCUREMENT PLAN

### A. Basic Data

Project Name: <b>Maharashtra Agribusiness Network Project (MAGNET)</b>		
Project Number: <b>P53264-001</b>	Approval Number: <b>To be issued</b>	
Country: <b>India</b>	Executing Agency: <b>MAGNET Society</b>	
Project Procurement Classification: Category <b>B</b>	Implementing Agency: <b>Maharashtra State Agriculture Marketing Board (MSAMB)</b>	
Project Procurement Risk: <b>Low</b>		
Project Financing Amount: <b>\$142.9 million</b> ADB Financing: <b>\$100 million</b> Non-ADB Financing: <b>\$42.9 (Government)</b>	Project Closing Date: 31 January 2028	
Date of First Procurement Plan: <b>12 April 2021</b>	Date of this Procurement Plan: 11 <b>August 2021</b>	
Procurement Plan Duration (in months): <b>18</b>	Advance Contracting: <b>Yes</b>	e-Procurement: <b>Yes</b>

### B. Methods, Review, and Procurement Plan

Except as ADB may otherwise agree, the following methods shall apply to the procurement of goods, works, non-consulting services, and consulting services.

Procurement of Goods, Works, and Non consulting Services	
Method	Comments
Open Competitive Bidding (OCB) for Works	First package to be under Prior Review.
Request For Quotation for Goods	Small value goods for office supply of PMU and MSAMB's division offices. Large value goods procurement not envisaged under the project.

Consulting Services	
Method	Comments
Quality- and Cost-Based Selection for Consulting Firm	Quality and cost ratio will be 90:10.

### C. Lists of Active Procurement Packages (Contracts)

The following table lists goods, works, non-consulting, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan's duration.

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
<b>Works Contracts</b>							
CW1	Upgradation / expansion of existing facilities at Nashik Division	2,339,458	OCB	Post	1S2E	Q1/2021	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No e-GP: Yes
CW2	Upgradation / expansion of the existing MSAMB facilities at Aurangabad & Latur Division and erection of new custard apple facility	1,738,854	OCB	Prior	1S2E	Q4/2020	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No e-GP: Yes
CW3	Upgradation / expansion of existing facilities at Amaravati and Nagpur Division	1,203,825	OCB	Post (Sampling)	1S2E	Q1/2021	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No e-GP: Yes
CW4	Upgradation / expansion of existing facilities at Ratnagiri, Pune and Kolhapur Division	1,840,972	OCB	Post (Sampling)	1S2E	Q1/2021	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic



Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No e-GP: Yes
CW5	New facility center for sweet orange at Pachod, District: Aurangabad	2,223,326	OCB	Post (Sampling)	1S2E	Q1/2021	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No e-GP: Yes
CW6	New export facility center at Baramati, District. Pune	6,418,803	OCB	Post (Sampling)	1S2E	Q1/2021	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No e-GP: Yes
CW7	Strengthening of National Institute of Post-Harvest Technology, Talegaon, Pune	1,885,988	OCB	Post (Sampling)	1S2E	Q1/2021	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No e-GP: Yes
<b>Goods Contracts</b>							
SG1	Supplying computers, UPS, laptops & printers for 8 PIU offices	79,108	RFQ	Post (Sampling)	1S2E	Q3/2021	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: No Comments: 1 contract for all 8 divisions
SG2	Upgradation & refurbishment / furniture & fixtures for 8 PIU offices	49,791	RFQ	Post (Sampling)		Q3/2021	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: No Comments: 1 contract for all 8 divisions
SG3	Supplying video conferencing, system, CCTV system, network system, smart communication system, and smart TV sets for PMU office	24,857	RFQ	Post (Sampling)	1S2E	Q2/2021	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: No
SG4	Supplying computers, UPS, printers, and photocopier machine for PMU office	66,684	RFQ	Prior		Q2/2021	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							High Risk Contract: No e-GP: No
SG5	Supplying water purifier, water cooler, refrigerator & microwave for PMU office	2,297	RFQ	Post (Sampling)		Q3/2021	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: No

Consulting Services							
Package Number	General Description	Estimated Value (in US\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter/year)	Comments
CS1	Project Implementation Support Consultant (PISC)	5,163,000	QCBS	Prior	FTP	Q4/2020	Non-Consulting Services: No Type: Firm Assignment: International Quality-Cost Ratio: 90:10 Advance Contracting: Yes e-GP: No Covid-19 Response? No

## APPENDIX 6: TEMPLATE FOR GESI IMPLEMENTATION PROGRESS REPORT

### GENDER EQUALITY AND SOCIAL INCLUSION ACTION PLAN IMPLEMENTATION MONITORING REPORT Country Code and MAGNET

Evaluation period (quarter): QUARTERLY

GAP Activities and Targets		Progress to Date		Issues and Challenges
		Progress for the Current Quarter (Activities and Achievements – quantitative and qualitative – including disaggregated data of beneficiaries/participants - for the current quarter)	Cumulative Progress (Activities and Achievements – quantitative and qualitative – including disaggregated data of beneficiaries/participants - for the past and current quarters)	
<b>Output 1: Institutional capacities of agribusiness institutions and farmer producer organizations strengthened</b>				
<b>Activity 1</b>	1. <b>Ensure participation of women and vulnerable members of FPOs in trainings towards good agricultural practices and post-harvest management.</b>			
<b>Target 1</b>	(1) Of the minimum 34,000 members of FPOs and VCOs reporting increased knowledge on good agriculture practices and post-harvest management, at least 20% are women and X% <sup>i</sup> members of vulnerable groups <sup>ii</sup> (2020 baseline: 0, 0, NA). <sup>iii</sup>			
<b>Target 2</b>	(2) At least 30 women and X members of vulnerable groups trainers trained from the targeted 250 trainers for 11 crops. (Baseline 2020: 0 and 0).			
<b>Activity 2</b>	2. <b>Disseminate information and ensure the participation of women-owned and-led FPOs in creation of quality jobs and decent working conditions for other women in projects, improving business and</b>			

	<b>entrepreneurial skills and establishing linkages with organized markets and complying with export requirements.</b>			
<b>Target 3</b>	(3) <b>Of the minimum 200 FPOs supported by value-chain acceleration and market linkage services 20% are women-owned<sup>iv</sup> or -led<sup>v</sup> with training including: national labor legislation and decent treatment of employees/workers and particularly women and vulnerable groups, improving business and entrepreneurial skills and establishing linkages with organized markets and complying with export requirements (Baseline 2020: 0 NA).<sup>vi</sup></b>			
<b>Activity 3</b>	3. <b>Facilitate GESI capacity development training and consultation with FPO and VCO members to improve HVC participation.</b>			
<b>Target 4</b>	(4) Average percentage members in FPOs increased to at least 15% women and X% members of <b>vulnerable</b> groups (Baseline 2020: 13%, X%). <sup>vii</sup>			
<b>Target 5</b>	(5) Average board of directors' representation in assisted FPOs raised to at least 8% women and X% members of vulnerable groups (Baseline 2020: 6%, X%).			
<b>Output 2: Financial and agribusiness capacities of farmer producer organizations and value chain operators strengthened</b>				
<b>Activity 4</b>	4. <b>Promote quality jobs for women and members of vulnerable groups of the MAGNET subprojects.</b>			
<b>Target 6</b>	(6) At least 10,000 quality jobs (at least 20% for women and X% members of vulnerable groups generated by the project including other outputs (Baseline 2020: 0, 0). <sup>viii</sup>			
<b>Activity 5</b>	5. <b>Facilitate women-owned or -led FPOs and VCOs to avail of FILs and matching grant.</b>			
<b>Target 7</b>	(7) <b>Financial support (FIL or matching grant) provided to at least 300 FPOs and value chain operators, of which at least 40 FPOs are women-owned or -led (2019 baseline: 0, 0).<sup>ix</sup></b>			
<b>Target 8</b>	(8) At least 20% of the total financial support allocated to women-led/owned FPOs or VCOs -and sub-borrowers (Baseline 2020: 0).			

<b>Target 9</b>	(9) Financial intermediaries and PMU implement GESI provisions in sourcing FPOs and VCOs e.g., GESI-responsive outreach strategy.			
<b>Output 3: Agriculture value chain infrastructure improved and operational</b>				
<b>Activity 6</b>	<b>6. Ensure that construction activities abide by core labor standards including OHS, prohibition of child labor and GESI related aspects.</b>			
<b>Target 10</b>	(10) Adequate facilities and separate women/men and others' (if feasible) toilets and quarters exist in each construction site for laborers.			
<b>Target 11</b>	(11) Orientation sessions on labor standards/equal wages/OHS and awareness on STI (incl. HIV) prevention, human trafficking, sexual harassment, exploitation and abuse targeting 10 sessions from PMU/field office, staff/contractors. <sup>x</sup>			
<b>Activity 7</b>	<b>7. Ensure 19 MSAMB and 1 National Institute of Post-Harvest Technology (NIPHT) facilities rehabilitated or developed with GESI responsive design to be climate/disaster resilient and energy efficient.</b>			
<b>Target 12</b>	(12) Nineteen MSAMB facilities rehabilitated or developed with gender inclusive design to be climate/disaster resilient and energy efficient, including: accessible/friendly to women and persons with disabilities (ramps, accessible toilets); assuring a safe work environment <sup>xi</sup> for women, including separate bathrooms for males and females and others (if feasible) <sup>xii</sup> and changing rooms; GESI standard operating procedures. <sup>xiii</sup> (2020 baseline: 0). <sup>xiv</sup>			
<b>Target 13</b>	(13) NIPHT facility improved with women- and PWD-friendly design (2020 baseline: 0) <sup>xv</sup>			
<b>Activity 8</b>	<b>8. Promote and monitor quality jobs for women and members of vulnerable groups working with MSAMB and NIPHT facilities in the HVC, to ensure they are not mistreated and/or deprived of their rights to decent working conditions, pay, day off, among other provisions specified by country labor law and ILO conventions.</b>			
<b>Target 14</b>	(14) At least 30% direct incremental jobs for women and X% for members of vulnerable groups in the HVC created by 20 facilities; (Baseline 2020: 22% of 558			

	workers in 16 projects of the facilities are women, 0).			
<b>Gender actions related to project management</b>				
<b>Activity 9</b>	<b>9. GESI budget and staffing established for the implementation and monitoring of GESI action plan (GESI AP).</b>			
<b>Target 15</b>	(15) <b>Adequate budget allocated and disbursed in a timely manner for GESI AP successful achievement of activities and targets.</b>			
<b>Target 16</b>	(16) One (1) social development (GESI) expert; deputed as a core team member: (i) at PMU; and (ii) PFI and Eight (8) GESI focal points at the PIU (one for regional level); one (1) Social Specialist and one (1) Gender Equality and Social Inclusion (GESI) Specialist hired at PISC.			
<b>Activity 10</b>	<b>10. Ensure GESI-responsive project implementation, monitoring and reporting.</b>			
<b>Target 17</b>	(17) At least two (2) GESI training workshops (including training on the core labor standards and national legislation to be implemented across the project) each for PMU, PIUs, participating FIs, IAs, and contractors conducted.			
<b>Target 18</b>	(18) At least 80% of project staff participated in the workshops.			
<b>Target 19</b>	(19) Quality jobs are to be provided and all contracts for workers employed for civil works are to be monitored and reported to ensure national labor legislation and ILO commitments on CLS are complied with.			
<b>Activity 11</b>	<b>11. Baselines established, and regular collection and maintenance of sex, age, caste, tribal, geography and vulnerability<sup>ii</sup>-disaggregated data and results established.</b>			
<b>Target 20</b>	(20) One baseline survey conducted to establish sex, age, caste, tribal, geography <b>and vulnerability</b> -disaggregated data and detailed social analyses, which identify key inequalities and enable the team to set appropriate figures and percentages for the above targets and specifically members of vulnerable groups.			
<b>Target 21</b>	(21) MIS with GESI indicators established and updated on a monthly basis through regular assessment at all levels of implementation against established baselines and their targets - including information disaggregated by sex, age, caste, tribal, geography and vulnerability to			

	ensure participation by target groups and increased understanding of other vulnerable groups e.g., youth.			
--	---	--	--	--

BPL = below the poverty line; ESMS = environmental and social management system (ESMS); FIL = financial intermediation loan; FPO = farmer producer organization; GESI AP = gender and social inclusion action plan; HVC = horticulture value chain; IA = Implementing Agency; MAGNET = Maharashtra Agribusiness Network Project; MAVIM = women’s organization; MSAMB = Maharashtra State Agricultural Marketing Board; NIPHT = National Institute of Post-Harvest Technology; PFI = Participating financial intermediary; PIU = Project Implementation Unit; PMU = Project Management Unit; PISC = Project Implementation Support Consultant; PWD = person with disability; SC = Scheduled Caste ST = Scheduled Tribe; VCO = Value Chain Operators.

- i All “X” figures and percentages will be defined upon completion of target 20.
- ii For the purpose of the project “vulnerable groups” and “vulnerability” includes: Scheduled Castes (SCs) and Scheduled Tribes (STs) as defined by the [Constitution of India](#); Persons with disabilities (PWD) defined as a person with long term physical, mental, intellectual or sensory impairment which, in interaction with barriers, hinders his/her full and effective participation in society equally with others; Persons living below the poverty line (BPL) defined within the benchmark used by the GOI to indicate economic disadvantage and to identify individuals and households in need of government assistance and aid; People living with HIV/AIDS and gender/sexual minorities.
- iii DMF target 1a.
- iv Women-owned FPOs and VCOs are those with 100% female membership.
- v Women-led FPOs and VCOs are those wherein majority of shareholders and board representatives are women or (51% or more).
- vi DMF target 1b.
- vii Per the Japan Fund for Poverty Reduction (JFPR), ADB funded project's end-term report, category wise participation of FPO member: SC 0.20%, ST 0.03% and 8.7 OBC.
- viii DMF target 2a.
- ix DMF target 2b.
- x At least one orientation in PMU and one in each Site office; and minimum 2 times over the project period to verify and ensure that conditions are met. The person in charge of giving the orientations sessions will be the social development (GESI) expert or an equivalent from the PIC.
- xi All the project's supported facilities will ensure provisions for a lactation room (for nursing mother), safe transportation to/from work, drinkable water, time to rest, female officers for reporting and representation.
- xii Women’s bathroom with menstrual hygiene management including provision of sanitary machine and incinerator, adequate water and agents and spaces for washing and bathing and private disposal facility. The ratio of male and female facilities will be adjusted based on the number male and female workers
- xiii Provisions for minimum wage, equal pay, occupational accident insurance, protection from sexual harassment, necessary infrastructure (like drainage, lactation room) etc.
- xiv DMF target 3a.
- xv DMF target 3b.

**Prepared by:** \_\_\_\_\_

**Date:** \_\_\_\_\_



**APPENDIX 7: OUTLINE OF A SEMI-ANNUAL ENVIRONMENT  
AND SOCIAL SAFEGUARDS MONITORING REPORT**  
[Country Code] and [Project Name]

**Evaluation period (quarter):** \_\_\_\_\_

The borrower/client is required to prepare periodic monitoring reports that describe progress with implementation of the project EMP, ESMS, and compliance issues and corrective actions. A sample outline which can be adapted as necessary is provided below. Not all sections will be relevant in all cases. Ranking systems for compliance, mitigation effectiveness, etc., are indicative examples only, and can be modified as appropriate.

**Introduction**

- .1. Report Purpose
- .2. Project Implementation Progress

**Incorporation of Environmental Requirements into Project Contractual Arrangements**

Manner by which EMP requirements are incorporated into contractual arrangements, such as with contractors or other parties.

**Summary of Environmental Mitigations and Compensation Measures Implemented**

Based on EMP; may include measures related to air quality, water quality, noise quality, pollution prevention, biodiversity and natural resources, health and safety, physical cultural resources, capacity building, and others.

**Summary of Environmental Monitoring**

- .1. Compliance Inspections (if relevant)
  - .1.1. Summary of Inspection Activities
  - .1.2. Mitigation Compliance<sup>1</sup>
  - .1.3. Mitigation Effectiveness<sup>2</sup>
- .2. Emission Discharge (Source) Monitoring Program (if relevant)
  - .2.1. Summary of Monitoring
  - .2.2. Results

---

<sup>1</sup> Overall compliance with mitigation implementation requirements could be described in qualitative terms or be evaluated based on a ranking system, such as the following:

- 1. Very Good (all required mitigations implemented)
- 2. Good (the majority of required mitigations implemented)
- 3. Fair (some mitigations implemented)
- 4. Poor (few mitigations implemented)
- 5. Very Poor (very few or no mitigations implemented)

Additional explanatory comments should be provided as necessary.

<sup>2</sup> Effectiveness of mitigation implementation could be described in qualitative terms or be evaluated based on a ranking system, such as the following:

- 1. Very Good (mitigations are fully effective)
- 2. Good (mitigations are generally effective)
- 3. Fair (mitigations are partially effective)
- 4. Poor (mitigations are generally ineffective)
- 5. Very Poor (mitigations are completely ineffective)

Additional explanatory comments should be provided as necessary.

.2.3. Assessment<sup>3</sup>

- .3. Ambient Monitoring Program (if relevant)
- .3.1. Summary of Monitoring
  - .3.2. Results
  - .3.3. Assessment<sup>4</sup>

**Key Environmental Issues**

- .1. Key Issues Identified
- .2. Action Taken
- .3. Additional Action Required

**Summary of Social Safeguards Monitoring**

- .1. Summarize progress of output 1 capacity development and training, in relation to the number of FPOs with indigenous peoples as members who participated in the training
- .2. Report any unanticipated impacts, measures to address, and resolution.

**PFI & Matching Grant**

- .1. Summary of subprojects screened and processed under the PFIs and matching grant.
- .2. Safeguards Performance  
Provide brief narrative or summary of safeguards performance for the reporting period, including (if any):
  - .2.1. Details of any accidents, litigation/complaints/regulatory notices and fines, their causes and corrective actions being taken (include other outstanding non-compliance and outstanding grievances related to implementation of safeguards), if any.
  - .2.2. Were there changes to the ESMS not reported to ADB? If so, please provide brief explanation of changes and confirm whether the revised ESMS has been reviewed and endorsed by ADB.
  - .2.3. Identify any training course conducted related to environment and social safeguards, and the profile of attendees.

---

<sup>3</sup> Discharge levels should be compared to the relevant discharge standards and/or performance indicators noted in the EMP. Any exceedances should be highlighted for attention and follow-up. In addition, discharge levels could be compared to baseline conditions (if baseline data is available) and described in qualitative terms or be evaluated based on a ranking system, such as the following:

- 1. Very Good (overall conditions are generally improved)
- 2. Good (conditions are maintained or slightly improved)
- 3. Fair (conditions are unchanged)
- 4. Poor (conditions are moderately degraded)
- 5. Very Poor (conditions are significantly degraded)

Additional explanatory comments should be provided as necessary.

<sup>4</sup> Ambient environmental conditions should be compared to the relevant ambient standards and/or performance indicators noted in the EMP. Any exceedances should be highlighted for attention and follow-up. In addition, ambient environmental conditions could be compared to the baseline conditions (if baseline data is available) and described in qualitative terms or be evaluated based on a ranking system, such as the following:

- 1. Very Good (overall conditions are generally improved)
- 2. Good (conditions are maintained or slightly improved)
- 3. Fair (conditions are unchanged)
- 4. Poor (conditions are moderately degraded)
- 5. Very Poor (conditions are significantly degraded)

Additional explanatory comments should be provided as necessary.

- .2.4. State any difficulties related to the ESMS implementation (staffing, budget, capacity). What are the possible causes and actions being taken by your organization?

### Summary of GESI AP Monitoring

- .1. Summarize progress of GESI AP.

GESI Targets	Activities and	Progress to Date		Issues and Challenges
		Progress for the Current Quarter/Semester (Activities and Achievements – quantitative and qualitative – including disaggregated data of beneficiaries/participants - for the current quarter)	Cumulative Progress (Activities and Achievements – quantitative and qualitative – including disaggregated data of beneficiaries/participants - for the past and current quarters)	
<b>Output 1.</b>				
	<b>Activity 1.</b>			
	<b>Target 1.</b>			
	<b>Target 2.</b>			
	<b>Activity 2.</b>			
	<b>Target 3</b>			
<b>Output 2:</b>				
	<b>Activity 3.</b>			
	<b>Target 4.</b>			

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

- .2. Report any unanticipated impacts, measures to address, and resolution.

### Grievance Redress

Provide summary of any grievances submitted during the reporting period, specifically number of grievances received, number of grievances resolved, number of grievances unresolved, and for those unresolved grievances, course of action to arrive at a resolution.

### Conclusion

- .1. Overall Progress of Implementation of Environmental Management Measures<sup>5</sup>
- .2. Summary of Findings and Recommendations  
Highlight findings and issues that need urgent attention, summarize any major problems or issues affecting or likely to affect implementation progress and compliance with safeguards and covenants. Identify actions needed to be addressed, who is responsible and include timeline for resolving the issues.

<sup>5</sup> Overall sector environmental management progress could be described in qualitative terms or be evaluated based on a ranking system, such as the following:

1. Very Good
2. Good
3. Fair
4. Poor
5. Very Poor

Additional explanatory comments should be provided as necessary.

**Appendices**

1. Site Inspection / Monitoring Reports
2. Ambient Monitoring Results
3. Photographs
4. PFI Semiannual Progress Report(s)
5. Matching Grant Semiannual Progress Report
6. Details on Grievances
7. Others

**APPENDIX 8: SAMPLE QUARTERLY PROGRESS REPORT**

[Note: The following is a sample of a standard QPR submission containing the basic information required by ADB. The details presented varies from project to project, and as such, the QPR for this project may contain additional information not reflected in this template. Please modify as may be appropriate to the project and in accordance with the Loan Agreement and PAM.]

-----  
**[cover page]**  
**Loan: xx**  
**Quarterly Progress Report**  
**(January–March 20xxx)**

**Executing and Implementing Agency**  
 -----

**Contents**

Chapter 1	Project at A Glance
Chapter 2	Status of the Executing Agency and Consultant(s) Staffing
Chapter 3	Status of Input(s) (Procurement and Consultant Recruitment)
Chapter 4	Progress on Project Output(s)
Chapter 5	Progress on GESI AP
Chapter 6	Status of Last Action Plan (Previous ADB Review Mission/TPRM / last Progress Report)
Chapter 7	States of Major Loan Covenants
Chapter 8	Key Implementation Challenges and Proposed Actions
Chapter 9	Financial Management
Attachment 1: Status of Ongoing Contract Packages Attachment 2: Status Consultants Staffing Attachment 3: Consultants’ Performance Evaluation Report Attachment 4: Detailed reconciliation (by Withdrawal application) of project records and ADB disbursement records (LFIS/GFIS) for the fiscal year to date and cumulative Attachment 5: Status of Financial Management action plan (completed/ongoing) Attachment 6: Status of past audit observations (resolved/ pending)	

## CHAPTER 1 PROJECT AT A GLANCE

Brief project description to be filled by project team (one-time entry; to be update only in case of change)

### 1. LOAN MILESTONE

Milestone	Approval	Signing	Effective	Orig. Closing	Rev. Closing
Dates					
Extensions (Nos)				Time Remaining	

### 2. LOAN UTILIZATION STATUS (\$MILLION)

Cat.	Description	Allocation	Contracts	Unutilized loan balance	Disbursed	Undisb. Contract balance	Overall Undisbursed
		(a)	(b)	(c) =(a-b)	(d)	(e)=(b-d)	(f)=(a-d)

### 3. POTENTIAL LOAN SAVINGS (IF ANY) AND LIKELY CANCELLATION DATE.

### 4. STATUS OF COUNTERPART FUNDS (\$ MILLION)

Required Counterpart Expenditure by the Executing Agency	Budgeted by State Govt. in Current Financial Year	Actual Amount Released	Shortfall /Excess
1.Non-reimbursables Activities fully funded by the executing agency (LA/R&R etc.)			
2. Reimbursable (from loan)			

### 5. STATUS OF CONTRACT AWARDS AND DISBURSEMENTS (\$ MILLION) IN CY XXXX

Indicator	Quarter	I	II	III	IV	Total
Contract Award	Target					
	Achieved					
	Balance					
Disbursement	Target					
	Achieved					
	Balance					

[Targets – for the ADB financing compare the actual disbursement with the disbursement projections as per the S curve included in the PAM), Include an analysis of significant variances between planned and actual disbursements; and]

### 6. STATUS OF PROJECT REPORTS TO BE SUBMITTED TO ADB

Type of Reports	Frequency	Due Date	Status
Environmental Monitoring Report			
Social Monitoring Report			
Audited Project Accounts			
GESI AP Monitoring Report			

## CHAPTER 2 STAFFING

### A. STATUS OF PMU/PIU STAFFING

1 a	Is the Project Director (PD) currently posted?	Yes/ No	Nature of PD posting	Part Time/Full Time
1 b	Current PD is posted since when?	xx		
2 a	No. of PMU staff as agreed with ADB or as per Org Structure in PAM/FAM/RRP.	xx	Actual no. of PMU staff in place at present.	
			Full Time	
			Additional Charge	
2 b	Details of PMU Positions which are currently vacant.	-		
3 a	Are PIUs required to be established in the Project?	Yes/ No	Are PIUs fully staffed	
3 b	No. of PIUs required as agreed with ADB in Org Structure in PAM/FAM/RRP	11	Actual no. of PIUs	

### B. MOBILIZATION STATUS OF CONSULTANT'S STAFFING (KEY EXPERT POSITIONS) AND THEIR PERFORMANCE

(Please provide your overall feedback in narrative statement e.g. key issues overall performance etc. and attach staffing status and Consultant's Performance Evaluation Report (PER): Attachment 2 & 3)

## CHAPTER 3 STATUS OF PROCUREMENT & CONTRACT MANAGEMENT

### A. Status of Contracts Awarded

Cost Category under which Procurement is carried out	ADB Financing	Cumulative Contract Awards	Uncontracted Loan Balance	Cumulative Disbursements
Civil Works	\$..... million	\$..... million (xx Pkgs awarded)	\$..... million	\$..... million
Equipment	\$..... million	\$..... million (xx Pkgs awarded)	\$..... million	\$..... million
Consultants	\$..... million	\$..... million (xx Pkgs awarded)	\$..... million	\$..... million
<b>Total</b>	<b>\$..... million</b>	<b>\$..... million</b>	<b>\$..... million</b>	<b>\$..... million</b>

(Please attach Contract Monitoring Sheet indicating status of each of the awarded contracts in Attachment 1)

### B. Status of Remaining Procurement

SN	Component	Remaining Contract Packages			
		No of pkgs with cost	Brief Scope	Current Stage	Target Date of Award
1	Civil Works	xx (\$... million)	km of road rehabilitation/	- IFB to be issued - Under Tech Evaluation	MM/YYYY

			house service connections in xx towns	- Under Fin. Evaluation -Under Contract Negotiation - Under Contract Signing	
2	Equipment	xx (\$...million)			MM/YYYY
3	Consultants	xx (\$...million)			MM/YYYY
	<b>Total xx Packages</b>	<b>\$xx million</b>			<b>(Target date of the latest procurement)</b>

**CHAPTER 4  
PROGRESS ON PROJECT OUTPUTS (AS IN DMF)**

Output	Monitoring Indicators/Targets	Progress		Remarks
		Last Quarter	Current Quarter	
				eligibility

*Detailed status of ongoing contracts is in Attachment 1.*

**CHAPTER 5  
STATUS OF GENDER EQUALITY & SOCIAL INCLUSION ACTION PLAN**

GESI Activities and Targets	Progress to Date		Issues and Challenges
	Progress for the Current Quarter/Semester (Activities and Achievements – quantitative and qualitative – for the current quarter)	Cumulative Progress (Activities and Achievements – quantitative and qualitative – for the past and current quarters)	
<b>Output 1.</b>			
<b>Activity 1.</b>			
<b>Target 1.</b>			
<b>Target 2.</b>			
<b>Activity 2.</b>			
<b>Target 3</b>			
<b>Output 2:</b>			
<b>Activity 3.</b>			
<b>Target 4.</b>			

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_



## CHAPTER 6 STATUS OF ACTION PLAN

(Please include issues previously discussed during previous  
*ADB Review Missions/TPRM/Progress Report* and their compliance/status)

SN	Issues/ Action Plan	Responsibility	Time Frame	Status

## CHAPTER 7 COMPLIANCE WITH MAJOR COVENANTS

S.N.	Covenants	Compliance (Y/N) *	Remarks
1			
2			
3			
4			
5			

*\*In case of any exceptions, deviations, non-adherence identified, please provide details as an "Annexure" to the Quarterly Project Report highlighting the shortcomings and proposed time-bound corrective action plans to achieve compliance.*

## CHAPTER 8 (KEY IMPLEMENTATION ISSUES/ CHALLENGES AFFECTING PROJECT PROGRESS AND PROPOSED ACTIONS)

S.N.	MAJOR ISSUES*	Actions	Responsibility	Time Frame
1	<b>Planning Issues</b> (Change in design/scope/implementation arrangement/cost overrun/staffing.....)			
2	<b>Contract and Construction Issues</b> Mobilization of Contractor(s)/ Issuance of Good for construction drawings/ Utility Sifting /Handing over site/ variations order etc. /Pending Payments			
3.	<b>Safeguard issues during Construction</b> (Land acquisition / Resettlement /tree cutting/ to the contractor(s))			
4.	<b>Other Issues.</b>			

*\*In case an issue is identified, please provide details e.g. details of change in design/ implementation arrangements, pending safeguards actions, encumbrance free sites to be handed over to the contractor (numbers/kilometer) with targeted date by which the same could be handed over to the contractor; If all Drawings/Design are not issued/approved, name of such Drawings/Design and targeted date by which the same could be handed over to the contractor; Decision pending with employer and consultants (such decision could be approval of, variations, extra item rate, etc.)*

**CHAPTER 9  
(FINANCIAL MANAGEMENT AND RECONCILIATION WITH  
ADB DISBURSMENT RECORDS)**

The Financial Management related information and templates to be included in the QPR are described in detail in the MAGNET Project Financial Management Procedures (Appendix 9 of this PAM).

## APPENDIX 9: MAHARASHTRA AGRIBUSINESS NETWORK PROJECT DETAILED FINANCIAL MANAGEMENT PROCEDURES

### Table of Contents

#### No. Section

List of acronyms

- A. Objective of the Procedures
- B. Overview of the Project
- C. Project Financial Management Roles and Responsibilities
- D. Financial Management Action Plan
- E. Staffing and Capacity Building
- F. Budgeting
- G. Flow of Funds
- H. Accounting
- I. Accounting Systems
- J. Reconciliations and Variance Analysis
- K. Financial Reporting
  - Quarterly Financial Reporting
  - Annual Project Financial Statements/Statement of Utilization of funds (PFS/SUF)
- L. Internal Audit
- M. External Audit Arrangements
- N. Ensuring Good Quality APFS/ASUF
- O. Project Audit Review Committee
- P. Detailed FM Arrangements for the Matching Grants Scheme under Output 2
- Q. ADB Project Administration
- R. Project Completion and Financial Closure of the ADB loan

#### **Annexes:**

- **Annex A:** Consolidated Financial Information to be included in the consolidated Quarterly Progress Reports (QPR) submitted to ADB (to be used by the MAGNET Society)
- **Annex B:** Statement of Utilization of Funds (to be used by each PFI)
- **Annex C:** Sample Audit Opinion on Financial Covenants (to be used by each PFI)
- **Annex D:** Audit Terms of Reference for ADB assisted projects agreed between ADB, CAG and DEA and Financial reporting templates for preparing project financial statements

### List of Acronyms

ADB	Asian Development Bank
AEFS	Audited Entity Financial Statements
APFS	Audited Project Financial Statements
ASUF	Audited Statement of Utilization of funds
AUC	Audited Utilization Certificate
CAG	Comptroller and Auditor General
CPD	Client Portal for Disbursement
DDO	Drawing and Disbursing Officer
FPO	Farmer Producer Organization
ML	Management letter
MSAMB	Maharashtra State Agricultural Marketing Board
LFIS	Loan Financial Information Services
PARC	Project Audit Review Committee
PD	Project Director
PFI	Participating Financial Intermediary
PFMP	Project Financial Management Procedures
PFMS	Public Financial Management System
PFS	Project Financial Statements
SUF	Statement of Uses of Funds
PMU	Project Management Unit
PIU	Project Implementation Unit
UC	Utilization Certificate
VCO	Value Chain Operator
WA	withdrawal application

**A. Objective of the Project Financial Management Procedures**

1. The objective of the Project Financial Management Procedures (PFMP) is to outline the detailed financial management procedures when implementing the Maharashtra Agribusiness Network (MAGNET) Project assisted by the Asian Development Bank (ADB). In particular, the PFMP aims to:

- (i) ensure funds are used for the intended purpose;
- (ii) make sure the project complies with ADB’s Financial Management requirements, including financial reporting and audit requirements; and
- (iii) facilitate the day to day implementation of the project-related activities and act as a reference guide to project FM staff, management and auditors.

2. These procedures are to be read together with the Project Administration Manual (PAM). In case of any inconsistency or discrepancy, the PAM will prevail.

3. It is also important to note that these procedures do not bypass or dismantle the existing rules and procedures that the executing and implementing agencies (EA/IAs) are required to follow as part of their normal operation. Therefore, the MAGNET Society, Participating Financial Institutions (PFIs) and Maharashtra State Agricultural Marketing Board (MSAMB) must continue to refer to their respective acts, rules and circulars and keep using their existing budgeting, internal control and accounting systems.

4. Furthermore, the PFMP is a living document that needs to be reviewed and updated as necessary during the project implementation. Any proposed change will need to be explained and reviewed carefully. The approved changes are to be recorded in the table below.

<b>Logbook of approval and amendments to the Project FM procedures</b>	
<b>Action</b>	<b>Date of approval</b>
Initial Approval	[INSERT DATE HERE]
Description of subsequent changes:	
[INSERT DESCRIPTION HERE]	[INSERT DATE HERE]
[INSERT DESCRIPTION HERE]	[INSERT DATE HERE]
[INSERT DESCRIPTION HERE]	[INSERT DATE HERE]

**B. Overview of the project**

5. The MAGNET project consists of three outputs:

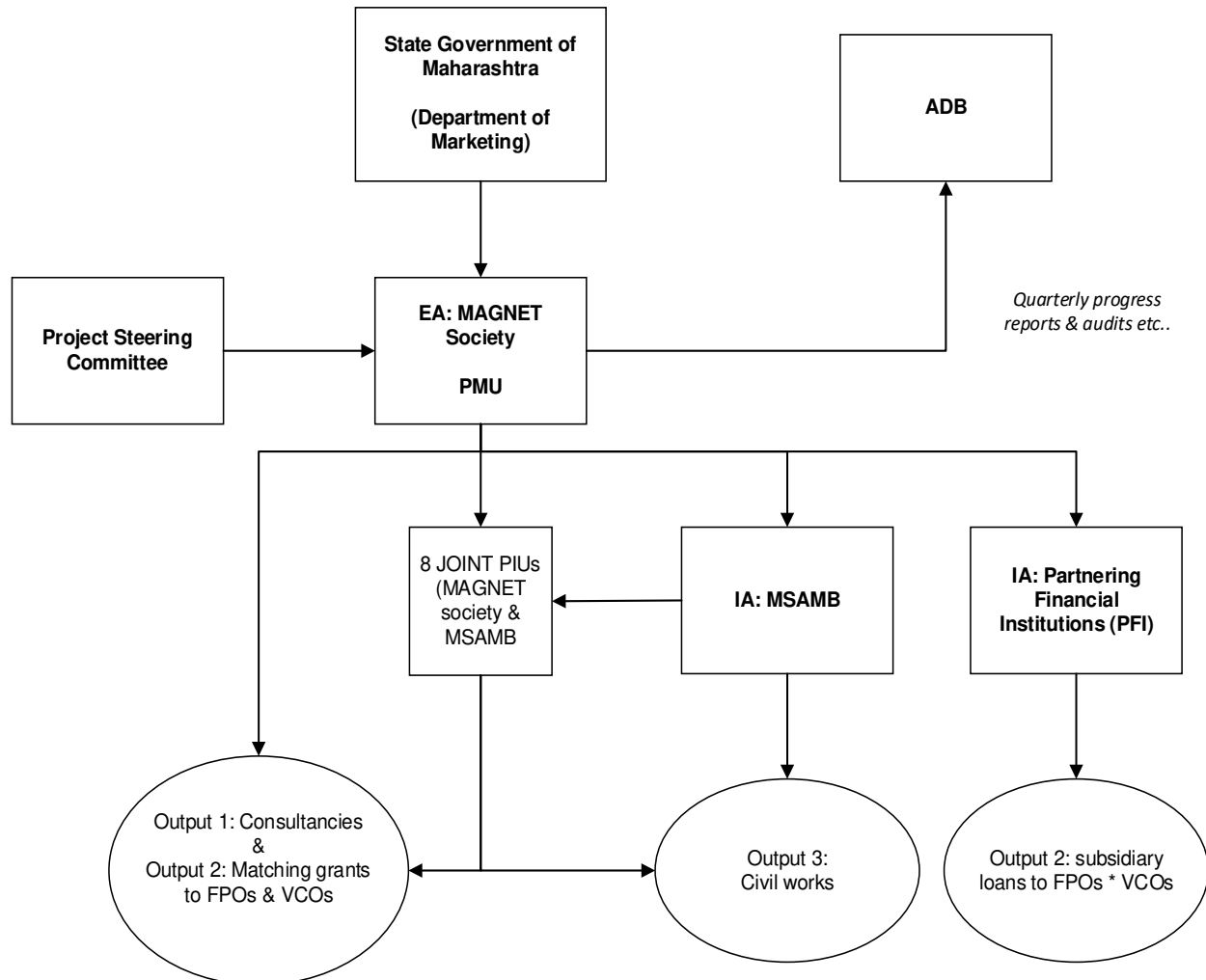
- Output 1: Institutional capacities of agribusiness institutions and farmer producer organizations strengthened;
- Output 2: Financial and agribusiness capacities of farmer producer organizations and value chain operators strengthened. The output includes (a) matching grants and (b) subsidiary loans to Farmer Producer Organizations (FPOs) and Value Chain Operators (VCOs); and
- Output 3: Agriculture value chain infrastructure improved.

6. The State of Maharashtra acting through the MAGNET Society is the executing agency for the project. The MAGNET Society, through its PMU, has the overall responsibility of the project implementation and it will directly implement Output 1 and the matching grant scheme under

Output 2. The subsidiary loan activities under Output 2 will be implemented by the selected Participating Financial Institutions (PFIs)—initially the Bank of India and Samunnati Financial Intermediation and Services Private Limited. Output 3 will be implemented by MSAMB.

7. To supervise the matching grant scheme and the civil works, financed under Output 2 and Output 3 in particular, joint MAGNET society and MSMAB PIUs will be established in MSAMB's regional offices. A project steering committee chaired by the chief secretary will oversee the whole project and provide guidance.

**Figure 1: Project Implementation Arrangements**



8. The project is financed by ADB and Government of Maharashtra (GOM). The detailed cost tables including expenditures by expenditure category, by output and by financier are included in the Project Administration Manual (PAM).

### **C. Project Financial Management Roles and Responsibilities**

9. The FM related roles and responsibilities are expected to be the following:

The MAGNET Society, through its PMU will:

- (i) Have overall responsibility for the FM arrangements under the project and ensure that adequate FM arrangements are in place at all levels;
- (ii) Prepare the consolidated budget for the project, based on inputs from the different implementing agencies;
- (iii) Request the release of GOM budget allocations and transfer of funds to other IAs, as necessary;
- (iv) Open and maintain separate bank accounts for the project;
- (v) Incur expenditures as part of Output 1 and the matching grant scheme under Output 2 and maintain the relevant vouchers and supporting documents pertaining to the project-related transactions;
- (vi) Maintain separate books of account for the project and have the audited by an independent auditor annually in accordance with ADB audit requirements;
- (vii) Prepare withdrawal applications based on information provided from the implementing agencies and in accordance with ADB disbursement procedures;
- (viii) Prepare consolidated quarterly progress reports based on input from the implementing agencies; and,
- (ix) Ensure ADB's audit requirements are met and all Audited Project Financial Statements (APFS) and Audited Entity Financial statements (AEFS) are submitted to ADB in a timely manner.

Each of the PFIs will:

- (i) Ensure that adequate FM arrangements including staffing, internal controls, accounting, financial reporting and audit, etc. are in place with regards to the project activities implemented by the PFI;
- (ii) Assign a dedicated accounts staff as a project focal;
- (iii) Open and maintain a separate bank or a ledger account for the funds advanced by the MAGNET Society;
- (iv) Maintain the relevant vouchers and supporting documents pertaining to the project-related transactions under Output 2;
- (v) Provide supporting documentation to the PMU/MAGNET Society as required to allow them to prepare withdrawal applications in accordance with ADB's disbursement procedures;
- (vi) Provide quarterly financial information to allow the PMU/MAGNET Society to prepare consolidated quarterly progress reports;
- (vii) Maintain separate books of account under the project and have them audited annually by an independent auditor; and
- (viii) Submit audited statement of utilization of funds (ASUF) to the PMU/MAGNET Society within 5 months after the end of the fiscal year; and audited entity financial statements (AEFS) to the MAGNET Society for further submission to ADB in accordance with ADB's requirements;

The MSAMB will:

- (i) Ensure that adequate FM arrangements including staffing, internal controls, accounting, financial reporting and audit, etc. are in place with regards to the project activities implemented by MSAMB;
- (ii) Assign a dedicated accounts staff as a project focal;
- (iii) Provide input for the annual project budget as requested by the PMU/ MAGNET Society;
- (iv) Incur expenditures as part of Output 3 and maintain the relevant vouchers and supporting documents pertaining to the project-related transactions;
- (v) Provide all necessary supporting documentation to the PMU/ MAGNET Society to allow them to: (a) make payments to the contractors on MSAMB's behalf and (b) prepare withdrawal applications in accordance with ADB's disbursement procedures;
- (vi) Provide quarterly financial information to allow PMU/MAGNET Society to prepare quarterly progress reports in the agreed format; and,
- (vii) Maintain separate books of account under the project, and prepare project financial statements in the agreed format within 60 days after the end of each fiscal year;

- (viii) Cause the project financial statements to be audited annually by an independent auditor in accordance with ADB audit requirements; and submit audited project financial statements (APFS) to the PMU/MAGNET Society for further submission to ADB;

Joint MAGNET Society and MSAMB PIUs will:

- (i) Monitor physical progress and financial progress under Output 3 and the matching grant scheme under Output 2;
- (ii) Collect and provide all the necessary supporting financial documentation as required by the MAGNET Society/ MSAMB to ensure timely execution of payment and preparation of withdrawal applications;
- (iii) Maintain at all times effective internal controls including adequate segregation of duties; follow the approved level of authorization, monitoring and review etc.;
- (iv) Implement internal and external audit recommendations in consultation with the PMU; and
- (v) Provide input to the Annual Work Plan and budget (AWPB), periodic progress reports etc. as required by the PMU.

10. The joint PIUs will not make payments to the contractors, service providers, matching grant recipients. However, the PIUs may manage an operational account to cover limited day to day operating expenditures and will therefore be responsible for recording all transactions in accordance with the applicable accounting standards, undertaking periodic reconciliations etc.

#### **D. Financial Management Action Plan**

11. To further strengthen the project's financial management arrangements, a Financial Management Action Plan (FMAP) has been agreed between the executing and implementing agencies and is outlined in the Project Administration Manual (PAM). The EA and IAs are responsible for implementing the respective actions within the agreed target dates and reporting to ADB on the progress as part of the quarterly progress reports.

#### **E. Staffing and Capacity Building**

12. To ensure adequate staff capacity and knowledge in ADB procedures, the MAGNET Society, MSAMB and each PFI will ensure that all financial/accounts staff assigned to the project, undertake the following actions within the first three months working with the project:

- (i) Become aware of the ADB and national anticorruption policy<sup>1</sup> and whistle blowing mechanisms<sup>2</sup>;
- (ii) Complete the ADB Disbursement eLearning course;
- (iii) Master the loan agreement including the loan/financial covenants and the relevant sections of the Project Administration Manual as well as the ADB disbursement handbook;
- (iv) Obtain user/reader rights (as required) to ADBs systems including: the Client Portal for Disbursement and the Loans and Grants Financial Information Services (LFIS);
- (v) Master the agreed audit ToRs between CAG, ADB and DEA, and the attached financial reporting templates; and
- (vi) Become cognizant of ADB's financial reporting requirements as part of the quarterly progress reports.

<sup>1</sup> Available at: <https://www.adb.org/documents/anticorruption-policy>

<sup>2</sup> Available at: <https://www.adb.org/site/integrity/how-to-report-fraud>



13. In addition, the MAGNET Society should through its PMU liaise with ADB to take advantage of FM resources<sup>3</sup> and training events organized by ADB.

**F. Budgeting**

14. The budget period will follow the financial year; that is from April to March of every year.

15. The GOM annual budget allocation will be based on budget estimates prepared by the PMU/Magnet Society. The Magnet Society will prepare the detailed budget estimates based on the project cost estimates and inputs from the MSAMB as well as the PFIs. The budget will include a breakdown by expenditure category and output as well as financing source (GOM or ADB loan).

16. The consolidated project budget is annually submitted to the Steering committee headed by Chief Secretary and Department of Marketing for review and initial approval and then to the state Ministry of Finance for final approval.

17. To ensure a timely budgeting the process, the budgeting calendar will follow the deadlines outlined below.

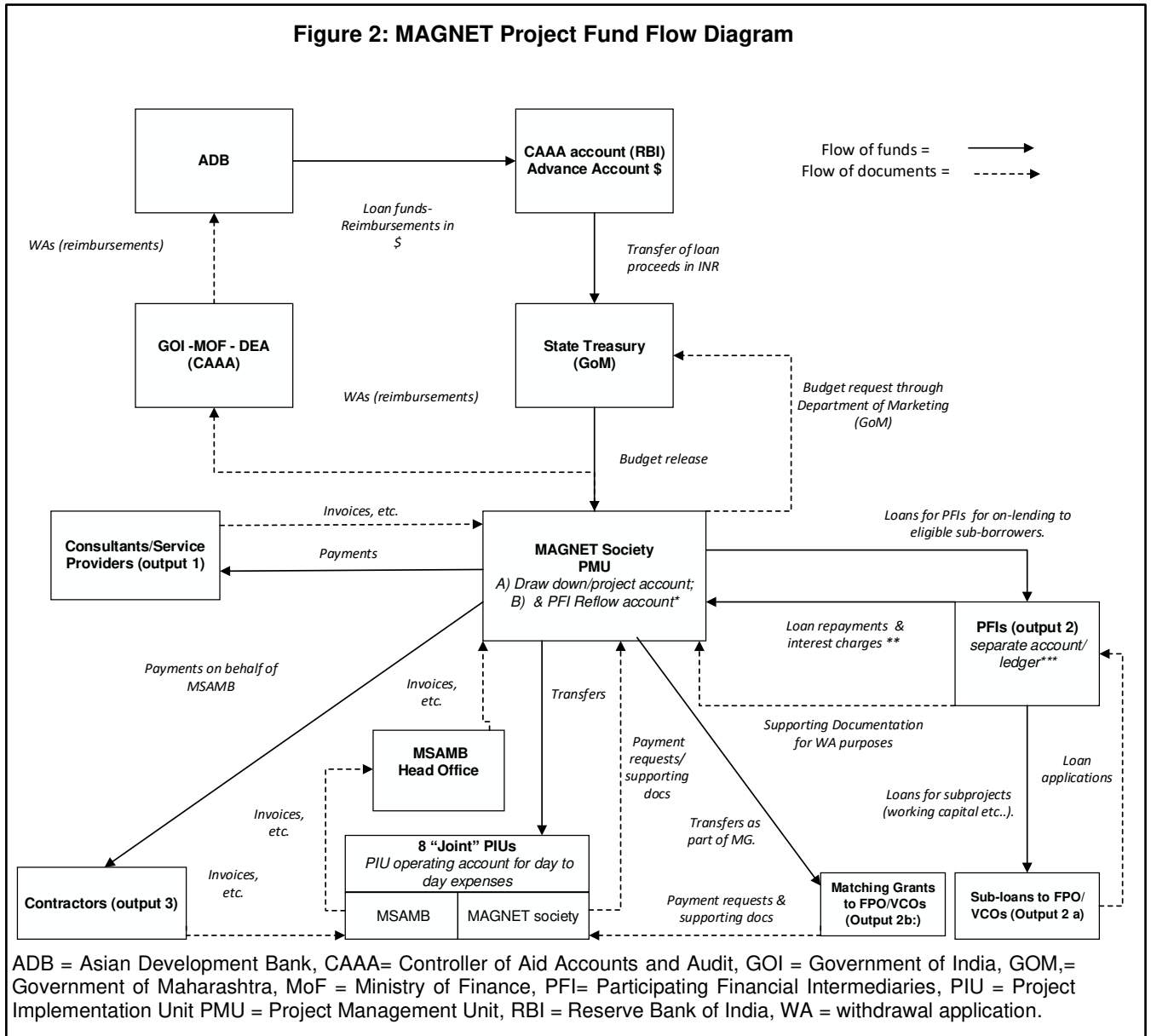
**Table 1: Budgeting Calendar**

No	Activity	Responsible Party	Completion Date
1	Inputs submitted to the MAGNET Society PMU	PIUs and Joint PIUs	31st August
2	Consolidated budget prepared and presented to the MAGNET Steering Committee	MAGNET Society PMU	30th September
3	Submission to the Department of Marketing/GOM for approval	MAGNET Society PMU	15th October

18. Based on the approved budget, GOM will allocate project funds through its state budget on an annual basis under a separate budget line. Any budget revisions due to cost overruns/savings, increased demand for grants and loans, etc. will be processed in accordance with the applicable government procedures.

<sup>3</sup> ADB offers an eLearning course: Cash Basis IPSAS for ADB Project Financial Reporting.

G. Flow of Funds



**Notes to the flow of fund diagram:**

\*The repayment of loans and interest charges will be deposited in a separate account as agreed between the MAGNET Society and the GoM.

\*\* The financing terms between the MAGNET Society and the PFIs will be stipulated in a subagreement or equivalent.

\*\*\* The PFIs may either ask for an advance under the project or prefinance the subloans using their own resources and request the project to refund expenditures.

19. The fund flow mechanisms under each output/sub-output are detailed outlined below.

20. Draw down of funds from GOM. The GOM will allocate funds to the project under a separate budget line. A Drawing and Disbursing Officer (DDO) will be assigned for the Project in the MAGNET Society and the DDO bank account will be opened at the Magnet Society level. The DDO will submit a claim to the state treasury in the required format through the portal Budget Estimation, Allocation & Monitoring System (BEAMS). To ensure efficient use of government resources, the requests of funds will be based on an expenditure forecast for the upcoming three or six months. The funds received from the state treasury will be deposited in the dedicated project bank account maintained by the MAGNET Society through its PMU in a commercial bank;

21. Advances to the (joint) PIUs. The MAGNET Society may advance funds to the joint PIUs to cover day to day operating expenditures as required. The advances will be based on a request from the PIU accompanied by: (i) a detailed estimate of expenditures to be incurred in the next three months and (ii) supporting documentation liquidating at least 75% of the previous advance and 100% of the penultimate advance and (iii) PIU operating account reconciliation supported by a bank statement certifying the closing balance.

22. Payments to service providers as part of Output 1. MAGNET Society will enter into a contract with a service provider. The payments are made to the service provider against milestones and supporting documentation as defined in the contract.

23. Transfer of funds to the PFI under Output 2. The MAGNET Society will provide funds to the PFIs in accordance with the terms and conditions of the subloan agreement (or equivalent) as agreed between the MAGNET Society and the PFI. The transfer of funds from the MAGNET Society to the PFI will be based on a duly authorized request supported by the documentation specified below:

- (i) In case the PFI has prefinanced the eligible subloans from its own resources, the PFI will attach SOEs/supporting documentation as outlined in the disbursement section of the PAM/ADB disbursement handbook; and,
- (ii) In case the PFI is requesting for an advance to finance eligible sub-loans, the PFI will attach a projection of cash needs for the upcoming quarter. By the end of each quarter, each PFI will duly liquidate the expenditures incurred by submitting SOEs/supporting documentation to the MAGNET Society and request for a subsequent advance based on their needs.

24. **Transfer of funds to the FPO/VCOs as part of the matching grant scheme under Output 2.** The MAGNET Society will provide matching grants to Farmer Producer Organizations (FPOs) and Value Chain Operators (VCOs) to finance eligible subprojects up to 60% of the approved eligible project cost. The MAGNET Society will enter into a grant agreement with the FPO and VCOs. The grant agreement will clearly specify the financial and audit requirements as well as disbursement conditions. The disbursement of the matching grants proceeds to the beneficiary organization will take place in two or maximum of three installments. The detailed FM arrangements, flow of funds and disbursement triggers are outlined in section P of these procedures.

25. **Payments made to contractors as part of Output 3.** MSAMB will enter into a contract with contractors to execute the works packages. The contractor will execute the contract and request for payments in accordance with the terms and conditions defined in the contract. The joint PIUs will supervise the physical implementation of the works, as well as collect and review the supporting documentation. Subject to satisfactory performance and complete supporting

documentation, the joint PIUs will then submit the supporting documentation to the MSAMB head office requesting the MSAMB to approve the payment. MSAMB will review the request and the supporting documentation and if all is in order, MSAMB will approve the payment and make a request to the MAGNET Society to make the payment on its behalf to the contractor. MSAMB will also provide the MAGNET Society with the necessary supporting documentation or copies of such documentation to allow the MAGNET Society to prepare withdrawal applications and to make all supporting documentation available for inspection.

26. **Disbursement of ADB loan funds.** When preparing withdrawal applications (WA) to be submitted to ADB, the MAGNET Society will carefully follow the ADB loan disbursement handbook and the disbursement section included in the PAM. Particular attention will be paid to the following:

- (i) Make use of the WA preparation checklists in ADB's disbursement handbook.
- (ii) Verify that each expenditure item is part of the approved budget and the procurement plan.
- (iii) Confirm that each expenditure has been adequately authorized and recorded in the accounting software.
- (iv) Verify that full supporting documentation (Contractor's invoice, interim payment certificates, proof of payment, and other documentation as outlined in the PAM and in the ADB's loan disbursement handbook) has been retrieved.
- (v) Confirm that the expenditure item has been incurred during the project between the effectiveness date and loan closing date (with the exception of the items included under retroactive financing).
- (vi) Ensure that the correct financing percentage as per the ADB loan agreement is applied to all expenditure items to be claimed from ADB.

## H. Accounting

27. The MAGNET Society, MSAMB and each of the PFIs will maintain, or cause to be maintained, separate books and records covering all sources and uses of funds under their respective project outputs and activities in accordance with the applicable accounting standards and procedures. Accordingly:

- (i) The MAGNET Society and MSAMB will maintain their respective project books of accounts in accordance with Indian Government Accounting Standards (IGAS) – cash basis of accounting; and,
- (ii) Each PFI will follow their respective accounting rules and regulations and maintain their books in accordance with Indian GAAP/Indian Accounting Standards (Ind AS) issued by ICAI – accrual basis of accounting;

28. From an accounting point of view, the joint MAGNET Society and MSAMB PIUs or "joint PIUs" will be part of the MAGNET Society, and the expenditures incurred by the joint PIUs will be recorded in the project books of accounts maintained by the MAGNET Society.

29. The MAGNET Society, MSAMB and each PFI must ensure all financial records related to the project are filed orderly in a physically safe location and electronically backed up at least on a weekly basis. All records must be made available to the auditors and ADB staff, and retained at least for 5 years after the loan closing date.

30. In addition, the following accounting practices and policies will be followed by the MAGNET Society, through its PMU, when implementing the project:

- (i) The MAGNET Society will implement a double entry system of accounting and the books of accounts will be maintained in an accounting software.
- (ii) Under cash basis of accounting, all receipts will be recorded when the funds are received in the Bank Account. Similarly, all expenditures will be recognized at the time of making the payment. Any exceptional amount related to certain receivables and payables, may be specifically mentioned with reasons in the Notes on Accounts. In the case of advance payments, the process outlined below should be followed.
  - a) Advances provided by the MAGNET Society to PFIs will be claimed from ADB only when they have been liquidated on the basis of SOEs/supporting documentation as required. Any outstanding advances to the PFIs will be disclosed in the notes of the PFS; and,
  - b) Funds disbursed to the beneficiary organizations (FPO/VCOs) as part of the matching grant scheme, will be considered as eligible for reimbursement/liquidation from ADB as part of withdrawal applications. However, the MAGNET Society will separately track the funds advanced to the beneficiary organizations and will only consider them as used for the intended purpose upon receipt of an audited utilization certificate (AUC) from the beneficiary organization (FPO/VCO).

31. **Books of accounts.** The books of accounts to be maintained by the MAGNET Society are outlined in the table below.

**Table 2: Books of Accounts**

No.	Primary
1	Cash Book
2	Bank Book
3	General Ledger, Bank Reconciliation Statement, Trial Balance
4	Journal Register
	<b>Secondary</b>
5	Register of Contracts
6	Withdrawal Application (WA) Register (showing the WAs claimed from ADB)
7	Fixed Asset Register
8	Security Deposit Register
9	Register of Advances to Participating Financial Intermediaries
10	Imprest Amount Register
11	Print Payment Advice generated through Public Financial Management System file.
12	Cheque Issued / Bank Draft Issued Register
13	Bill Register- pending and paid
14	Detailed Matching Grant Register (by beneficiary)

32. End of period accounting activities. In order to ensure timely preparation of accurate financial reports, the MAGNET Society, through its PMU, will undertake the following accounting activities within 2 weeks after the end of each quarter and the fiscal year:

- (i) Ensure all receipts and project expenditures, have been properly captured in the financial statements;
- (ii) Conduct a reconciliation of project books of accounts and the Withdrawal Application Register and the amounts disbursed by ADB: This can be done with the help of the ADB disbursement report: “*Paid for the period*” Report, available at ADB’s Loan and Grant Financial Information Services (LFIS);
- (iii) Conduct an analysis of outstanding advances. Are there any long outstanding advances or expenditures that have not been properly justified? These should be disclosed in the notes;
- (iv) Conduct a verification of completeness of transactions recorded in the accounts.
- (v) Conduct bank reconciliations for all accounts. Analyze and follow up on all reconciliation items (if any);
- (vi) Conduct an analysis of account balances in the General Ledger and verification of trial balance;
- (vii) Conduct corrections and adjusting entries (omissions, coding errors, double-counting, etc.) as required;
- (viii) Conduct an analysis of the financial execution of the approved budget (budget-to-actual by activity). Analyze and explain any significant variations in the notes of the financial statements;
- (ix) Follow up on the implementation of internal audit recommendations. These should all be timely implemented; and
- (x) Follow up on the implementation of the previous years’ audit recommendations as well as ADB’s recommended actions to improve the quality of the audited financial statements. These should all be timely implemented.

## I. Accounting Systems

33. The MAGNET Society, MSAMB and each PFI will record their books in an accounting software. Moreover, the MAGNET Society, MSAMB, PFIs and the beneficiary organizations (FPOs and VCOs) of the matching grants will register to the Public Financial Management System (PFMS)<sup>4</sup> or equivalent system as agreed with GoM and ADB, to be used for fund transfers and payments. The PFIs will use their own systems for effecting transactions as part of the eligible subloans.

34. Accordingly, all payments/transfers made by the MAGNET Society PMU to contractors, suppliers, service providers, contractors and matching grant recipients, etc. are expected to be made using the PFMS. Each contractor, supplier, service provider, contractor and matching grant recipient etc. will have to be registered on PFMS or equivalent system as agreed. In exceptional circumstances, like remittance of taxes, where third party can not be registered as a vendor in PFMS, payments will be made through usual banking system like cheques/RTGS/NEFT.

## J. Reconciliations and Variance Analysis

35. **Reconciliations.** The MAGNET Society will conduct monthly reconciliations of all its accounts. Any reconciliation items, long outstanding advances will be promptly followed up on. In addition, to ensure the correctness and completeness of the project books of accounts and the ADB disbursement records, the MAGNET Society through its PMU shall conduct quarterly

---

<sup>4</sup> PFMS is an online software application developed and implemented by the Office of Controller General of Accounts (CGA).

reconciliation of the project accounts, and ADB's disbursement data available in the LFIS. Any discrepancies and/or reconciliation items will be promptly followed up on to ensure these are resolved in a prompt manner.

**36. Withdrawal Application Register.** In order to keep track of the expenditures claimed from ADB, and facilitate the reconciliation of the project financial reports and the project's and ADB's disbursement records, the MAGNET Society will maintain a withdrawal application/claim register consisting of the following:

- (i) WA or claim number;
- (ii) time period covered in the WA (time period when expenditures incurred);
- (iii) name of the entity (MAGNET Society/MSMAB/Name of PFI, etc.) incurring the expenditures;
- (iv) disbursement method (reimbursement/advance/replenishment or liquidation);
- (v) amount claimed in the WA (based on project records);
- (vi) currency;
- (vii) status (pending/submitted);
- (viii) date of submission;
- (ix) amount disbursed by ADB; and
- (x) analysis of any differences between the amounts claimed and the amount disbursed by ADB.

**37. Variance analysis.** Moreover, the MAGNET Society will, through its PMU, conduct variance analysis on a quarterly basis, examining the differences between budgeted vs. actual expenditures as well as financial vs. physical progress as applicable to their respective components. The variance analysis will pay particular attention to:

- (i) significant deviations from the budgeted estimate;
- (ii) significant deviations between financial and physical progress; and
- (iii) significant delays on (planned vs. reported) physical and/or financial progress.

**38.** Any significant variances, delays or deviations, etc. shall be promptly followed up on and explained in the financial reports.

## **K. Financial Reporting**

**39.** As part of the project, the MAGNET Society will include consolidated project financial information in the quarterly progress reports to be submitted to ADB. In addition, the MAGNET Society, MSAMB and each PFI will prepare annual project financial statements/statement of utilization of funds as agreed with ADB. The detailed requirements of the quarterly and annual financial reporting are outlined below.

**40. Quarterly Financial Reporting.** In order to provide timely information on the project's financial progress and the status of financial management to the stakeholders including GOM and ADB, the MAGNET Society will, based on inputs from MSAMB and the PFIs, include consolidated financial information in the Quarterly Progress Reports (QPRs) to be submitted to ADB within 45 days after the end of the quarter. The consolidated financial information in the QPRs will include at least the following:

- (i) Overall financial progress by financing source for the reporting period, year to date and cumulative;
- (ii) Timeliness and adequacy of government counterpart funding;

- (iii) Disbursement information for the reporting period, year to date and cumulative, including comparison with the disbursement curves outlined in the PAM;
- (iv) Reconciliation of project records with ADB disbursement data. Any discrepancies are to be disclosed and explained in the text;
- (v) Variance analysis including budget vs. actual expenditures and physical vs. financial progress, with significant deviations are analyzed and explained;
- (vi) Signed contracts and payments made under each contract in the reporting period and cumulative, including comparison with the contract award curve outlined in the PAM;
- (vii) Performance of PFIs including subprojects approved, amounts disbursed and forecast for the next six months;
- (viii) Analysis of the matching grants including the amounts approved, disbursed, justified (through AUCs) and the outstanding balance. Non-performing recipients (if any) are also to be discussed; and,
- (ix) Status of financial management under the project including follow-up status on the (a) Financial Management Action plan, (b) compliance with financial loan covenants including computations of financial ratios where necessary, (c) status of past external and internal audit observations (if any) related to the project as well as (d) agreed FM actions from review missions/TPRMs.

41. Please refer to annex A of for a sample format of the FM information to be included in the QPR. To ensure timely preparation and submission of the consolidated financial information to ADB, the MAGNET Society PMU, the PFIs and MSAMB will follow the deadlines outlined below.

**Table 3: Submission of Financial Information**

No.	Activity	Responsible Party	Completion Date
1	Project Financial information submitted to the MAGNET Society PMU for the respective outputs	PFIs, MSAMB and joint PIUs	Within 20 days after each quarter
2	Preparation of consolidated project financial information in the format agreed with ADB	MAGNET Society PMU	Within 40 days after each quarter
3	Submission of consolidated project financial information to ADB as part of the QPR.	MAGNET Society PMU	Within 45 days after each quarter

42. **Annual Project Financial Statements/Statement of Utilization of Funds (PFS/SUF).** The MAGNET Society and MSAMB will prepare annual project financial statements within 8 weeks after the end of the fiscal year in accordance with the Indian government accounting standards (IGAS) and ADB's requirements. The annual project financial statements of the MAGNET Society and MSAMB will be based on the template financial statements provided in the standardized terms of reference for audit of ADB assisted projects, agreed with the Comptroller and Auditor General of India, the DEA and ADB with necessary modifications. Please refer to Annex E for the template financial statements included in the agreed audit TORs.

43. Accordingly, the project financial statements of MAGNET Society will consist of the following:

- (i) Statement of cash receipts and payments showing the funds received and expenditures incurred from ADB, GOM for the current year, prior year and cumulative from inception to date;
- (ii) Statement of appropriation vs. actual expenditures. Any significant variances must be duly explained in the notes.



- (iii) Statement of disbursement, disclosing all funds claimed from ADB by disbursement method, total expenditure claimed for the current reporting period, past reporting period and cumulative to date.
  - (iv) Statement of funds received from ADB, disclosing all funds received from ADB by disbursement method for the current reporting period, past reporting period and cumulative to date.
  - (v) Disbursement claimed under Statement of Expenditure (SOE) procedure for the reporting period.
  - (vi) Expenditure by output for the current reporting period, past reporting period and cumulative to date.
  - (vii) Detailed notes to the financial statements including accounting policies and explanatory notes. The notes will include the following detailed disclosures:
    - (a) Reconciliation (by withdrawal application) of the amounts claimed from ABD and the amounts disbursed by ADB as follows: (a) WA number; (b) the name of the entity incurring the expenditure; (c) amount claimed and currency; (d) date submitted; (e) disbursement method; and (f) the amount disbursed by ADB as well as the applicable exchange rate, for the fiscal year, previous year and cumulative;
    - (b) Breakdown of the matching grant scheme under Output 2: (a) the amount approved to beneficiary; (b) the amount disbursed to each beneficiary; and (c) the outstanding balance, for the current year, previous year and cumulative. In addition, any non-performing recipients will be highlighted separately;
    - (c) Breakdown of funds disbursed to PFIs under Output 2: (a) the amounts claimed by PFI (advances, reimbursements), (b) the amounts disbursed to the PFIs; and (c) and any outstanding balance/advance, for the current year, previous year and cumulative; and
    - (d) Payments made on behalf of MSAMB under Output 3: the amount of project expenditures paid by the MAGNET society on behalf of MSAMB.
44. The project financial statement of MSAMB and will include at least the following:
- (i) Statement of cash receipts and payments showing the funds received and expenditures incurred from ADB, and GOM for the current year, prior year and cumulative from inception to date;
  - (ii) Statement of appropriation vs actual expenditures. Any significant variances must be duly explained in the notes; and
  - (iii) Detailed notes to the financial statements including accounting policies and explanatory notes including a breakdown of all the third-party payments, i.e. the payments made by MAGNET Society on behalf of MSAMB.
45. Furthermore, each PFI will prepare an annual statement of utilization of funds (SUF) in accordance with International Financial Reporting Standards (IFRS) or Indian Accounting Standards which are acceptable to ADB. The statement of utilization of loan proceeds/funds will include:

- (i) Statement of Compliance;
- (ii) Statement of source and uses of funds, disclosing the opening balance, sources of funds by funds and utilization of funds by project subloan (amounts committed and amounts disbursed) and closing balance, for the year end, previous fiscal year and cumulative from the start of the project; and
- (iii) Notes disclosing the used accounting standards, reporting currency, and other relevant information and explanations including: (a) details of amounts committed, amounts disbursed and undisbursed commitment as part of each subloan for the current year, previous year and cumulative from the start of the project; and (b) amounts claimed from and disbursed by MAGNET society/ADB (as applicable) for the year end, prior year and cumulative from the start of the project.

46. An indicative SUF template is included in Annex B.

#### **L. Internal Audit**

47. The Magnet Society shall engage an independent Chartered Accountant firm to perform quarterly internal audits of the entity. The internal auditor will provide a report to the management within 45 days after the end of the reporting period. The management will consider key issues pointed out by the auditors and ensure timely resolution of observations. The internal audit report will also include a follow-up section on the status of past audit observations and recommendations.

#### **M. External Audit Arrangements**

48. In accordance with ADB's standard requirements, The MAGNET Society, MSAMB and each of the PFIs will each cause their respective project financial statements, or the statement of utilization of funds in the case of the PFIs, to be audited separately on an annual basis by an auditor<sup>5</sup> acceptable to ADB. The detailed audit requirements are outlined in the PAM and repeated in the paragraphs below.

49. The **Magnet Society and MSAMB** will cause their respective project financial statements to be audited annually by the Comptroller and Auditor General (CAG) or a chartered accountant firm empaneled by the CAG, in accordance with the international audit standards<sup>6</sup> or government's audit regulations and the terms of reference for audit of ADB assisted projects<sup>7</sup>, agreed with the Comptroller and Auditor General of India, the DEA and ADB. The agreed audit TORs are included in annex E.

50. The **Magnet Society and MSAMB** will cause the auditors to prepare a report which will include separate audit opinions on (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; and (ii) whether the loan proceeds were used only for the purposes of the project. As part of the audit report, a management letter shall also be provided outlining the deficiencies in the internal controls that were identified in the course of the audit, if any. From the second audit onwards, the management letters will include a follow-up on the implementation status of previous audit recommendations (where applicable). In case the auditor does not issue a management letter, the auditor must provide a written confirmation that no internal control issues were identified as part of the audit. The respective audited project financial statements,

<sup>5</sup> **Comptroller and Auditor General (CAG) or a chartered accountant firm** empaneled by the CAG.

<sup>6</sup> Indian Standards on Auditing (SA) issued by the Auditing and Assurance Standards Board (AASB) of ICAI or audit standards promulgated by CAG.

<sup>7</sup> The agreed Audit ToRs are annexed to Appendix 9 of this PAM.

together with the auditor's opinion, and the management letter will be presented in the English language to ADB within 6 months from the end of the fiscal year.

51. **Each of the PFI** will cause their respective statement of utilization of funds (SUF) to be audited annually in accordance with International standards on Auditing or national equivalent<sup>8</sup>. The PFIs will have the auditors prepare a report which includes the auditor's opinions on: (i) whether the statement of utilization of funds present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; and (ii) whether the loan proceeds were used only for the purposes of the project. As part of the Audited Statement of Utilization of funds (ASUF), a management letter shall also be provided outlining the deficiencies in the internal controls that were identified in the course of the audit, if any. From the second audit onwards, the management letter will include a follow-up on the implementation status of previous audit recommendations (where applicable). In case the auditor does not issue a management letter, the auditor must provide a written confirmation that no internal control issues were identified as part of the audit. The audited ASUF with the auditor's opinions, and the management letter will be presented in the English language to ADB within 6 months from the end of the fiscal year.

52. The MAGNET Society, through its PMU, will ensure that MSAMB and each of the PFIs submit their respective APFSs and ASUFs to the PMU in a timely manner to allow the MAGNET Society PMU to compile the APFSs and ASUFs, audit opinions and management letters submit the complete package to ADB within 6 months after the end of the fiscal year. As part of the compilation, the MAGNET Society will make sure that the financial information presented the APFS and ASUF reconcile with ADB's disbursement records.

53. In addition to the APFS and ASUF referred to above, the **MAGNET Society and each of the PFIs** shall (i) prepare their annual entity financial statements prepared in accordance with accounting standards acceptable to ADB; (ii) have their financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; and (iii) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited entity financial statements (AEFS) in the English language and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

54. **As part of the AEFS, the PFI will cause the auditors to provide an additional opinion on achievement of the applicable financial ratios outlined in the loan agreement.**<sup>9</sup> A sample additional audit opinion on the financial covenants is provided in Annex D.

55. The submission of APFS/ASUF and AEFS to ADB and the respective target dates are summarized in the table below.

**Table 4: Submission Schedule of Project Financial Statements**

<b>Entity</b>	<b>Audit report</b>	<b>Date</b>
Magnet Society	APFS	Six months after the end of the fiscal year –30 September each year
Magnet Society	AEFS	1 month after approval by the relevant authority
MSAMB	APFS	Six months after the end of the fiscal year –30 September each year

<sup>8</sup> Indian Standards on Auditing (SA) issued by the Auditing and Assurance Standards Board (AASB) of ICAI.

<sup>9</sup> Outlined in Schedule 5 of the loan agreement

<b>Entity</b>	<b>Audit report</b>	<b>Date</b>
Each PFI	ASUF	Six months after the end of the fiscal year –30 September each year
Each PFI	AEFS (including separate audit opinion on the compliance with applicable Financial Ratios as outlined in the loan agreement)	1 month after approval by the relevant authority

56. ADB will disclose the APFS/ASUF on its external website but not the management letter. Therefore, it is important that the APFS/ASUF are presented separately from the management letter and also submitted to ADB in separate files. The AEFS will also not be publicly disclosed by ADB.

57. Remedial action. It is important to be aware of the following measures undertaken by ADB in the case of delayed submission of APFS/ASUF:

- (i) When ADB does not receive the APFS/ASUF by the due date, ADB will write to the executing agency to inform it that the audit documents are overdue.
- (ii) If the APFS/ASUF are not received within the next 6 months, requests for new contract awards and disbursements (e.g., processing of new reimbursement will not be processed.
- (iii) When ADB does not receive APFS/ASUF within 12 months after the due date, ADB may suspend the loan.

#### **N. Ensuring Good Quality APFS/ASUF**

58. To ensure the timely delivery and good quality APFS/ASUF, the MAGNET Society, MSAMB and each PFI will need to pay attention to the following:

- (i) The auditor is empaneled by the CAG and engaged ahead of time.
- (ii) The Audit ToRs and reporting timelines are agreed with the auditors well in advance.
- (iii) The Project financial statements, Statement of utilization of funds (PFS/SUF) are prepared in the agreed format and within 60 days after the end of the fiscal year.
- (iv) All project records and supporting documents have been filed in an organized manner and the files are complete and easily retrievable;
- (v) The audit is commenced as soon the PSF/SUF have been finalized.
- (vi) An exit conference with the auditors is conducted to discuss the audit findings. In this regard, the project management will provide its responses to any audit observation in a timely manner and promptly follow up on any recommendations.
- (vii) When reviewing the draft audit report, special attention should be given to the following: (a) all audit opinions have been issued by the auditors as agreed with ADB and outlined in the ADB loan/project agreement and b) from the second audit onwards that the auditors have also included a section on the status of previous year's audit observations in the management letter.

#### **O. Project Audit Review Committee**

59. In order to strengthen the project compliance mechanism and ensure audit observations and recommendations are implemented in a timely fashion, a Project Audit Review Committee (PARC) will be established by the MAGNET Society. The PARC will be headed by the Project Director. The PARC will meet on a quarterly basis to undertake the following tasks: (i) review accounting practices; (ii) monitor external audit observations and project related internal audit recommendations to ensure these are being adequately implemented within a reasonable time; and (iii) oversee the appointment of auditors and review auditor's performance.

60. The decisions taken by the PARC will be recorded in the minutes and forwarded to the concerned unit for further action. In the following PARC meeting, a follow-up report will be presented outlining the status and action taken for each pending item. With regards to the responses to external audit observations, the responses need to be accepted by the external auditors only. Moreover, the status of the external audit observations and recommendations will be included in the quarterly progress reports submitted to ADB.

**P. Detailed FM arrangements for the matching grants scheme under output 2.**

61. As part of Output 2 of the project, the MAGNET society will provide matching grants to Farmer Producer Organizations (FPOs) and Value Chain Operators (VCOs) (hereafter referred to as "beneficiary organization") to finance eligible subprojects up to 60% of the approved eligible project cost. The remaining amount will be provided in the form of beneficiary contribution based on cost sharing percentages as agreed in the matching grant agreement. The FPO/VCOs will implement the subprojects and will provide beneficiary financing based on agreed cost sharing percentages as outlined in the matching grant agreement.

62. **Financial Due Diligence.** The MAGNET Society will screen all matching grant applications and conduct a due diligence of the shortlisted applications. As part of the due diligence, the following financial management related eligibility criteria will be scrutinized:

- (i) Legally registered entity;
- (ii) Audited books of Accounts;
- (iii) Should not have been declared as NPA due to past loan default;
- (iv) Should not have any significant audit observations; and
- (v) Demonstrated ability to cover the required O&M cost of the assets to be created under the subproject.

63. The complete eligibility criteria under the matching grant scheme are outlined in Appendix 3 of the PAM.

64. **Approval.** Subject to a satisfactory due diligence, the grant application submitted by the beneficiary organization may be approved by the project Sanctioning committee or equivalent and subsequently the MAGNET Society will enter into a grant agreement with the beneficiary organization. The grant agreement will clearly specify the financial management and audit requirements as well as disbursement conditions and triggers.

65. **Flow of funds for the matching grant proceeds.** The disbursement of the matching grants proceeds to the beneficiary organization will take place in two or three instalments. The project funds as well as the beneficiary contribution will be deposited in the beneficiary organization's bank account operated under the joint signatures of at least two persons designated by the beneficiary organization and these persons will be specified in the grant agreement. The deposit of the beneficiary organizations' counterpart financing will be a prerequisite for the deposit of the matching grant proceeds.

66. **Disbursement triggers.** The amounts disbursed will be based on a disbursement schedule included in the matching grant agreement, and will be subject to meeting the necessary conditions as follows:

- (i) First instalment of the matching grant will be disbursed subject to satisfactory receipt of the following:
  - (a) duly signed matching grant agreement;
  - (b) evidence of designated bank account maintained by the beneficiary organization;
  - (c) evidence that the beneficiary contribution has been deposited in the bank account; and
  - (d) request for the first instalment of the grant proceeds and the necessary banking details.
- (ii) Second instalment (if applicable) of the matching grant will be disbursed subject to satisfactory receipt of the following:
  - (a) audited utilization certificate signed by the chartered accountant certifying that at least 80% of previous installment has been utilized including the beneficiary contribution;
  - (b) evidence that the beneficiary contribution for the second instalment has been deposited in the dedicated matching grant account; and
  - (c) request for the second instalment of the grant proceeds and the necessary banking details.
- (iii) The final instalment of the matching grant will only be disbursed subject to satisfactory receipt of the following:
  - (a) audited utilization certificate signed by the chartered accountant certifying that at least 80% of the previous instalment and 100% of the penultimate installment has been utilized including the beneficiary contribution;
  - (b) evidence that the beneficiary contribution for the third instalment has been deposited in the dedicated matching grant account; and
  - (c) request for the third instalment of the grant proceeds and the necessary banking details.
- (iv) After the completion of the subproject, a final audited utilization certificate is to be submitted certifying that all previous instalments including the beneficiary contribution have been utilized.

67. **Accounting.** Each beneficiary organization will maintain separate books for the subproject transactions including a separate cash book, general ledger, journal register, register of works. In addition, all supporting documentation (proof of payment, Work order, bills, Utilization certificate, completion certificate interim payment certificate, extension order, etc..) will be kept in a separate file.

68. From the **ADB loan** point of view, the disbursed advances to the beneficiary organization (FPO/VCO), will be considered as eligible for reimbursement from ADB as part of withdrawal applications. However, the MAGNET Society will separately monitor all funds advanced to the beneficiary organization until an audited utilization certificate (AUC) by a chartered accountant has been submitted by the respective beneficiary organization to the MAGNET Society demonstrating that the funds have been used for the intended purpose as specified in the matching grant agreement. The amounts approved, disbursed and liquidated through the AUCs

as well as the outstanding balance (by beneficiary organization) will be included in the matching grant register maintained by the MAGNET Society.

69. **Financial Reporting.** The beneficiary organization will produce periodic utilization certificates which are to be audited/certified by a chartered accountant and submitted to the MAGNET Society. The MAGNET Society will include in the quarterly progress report a detailed report detailing the following for each beneficiary organization / subproject for the fiscal year to date and cumulative:

- (i) grant amount approved;
- (ii) grant proceeds disbursed to date to each subproject,
- (iii) outstanding balance; and
- (iv) list of all subproject/ beneficiary organizations that have been classified as non-performing.

The same information will be disclosed in notes to the project financial statements prepared by the MAGNET Society.

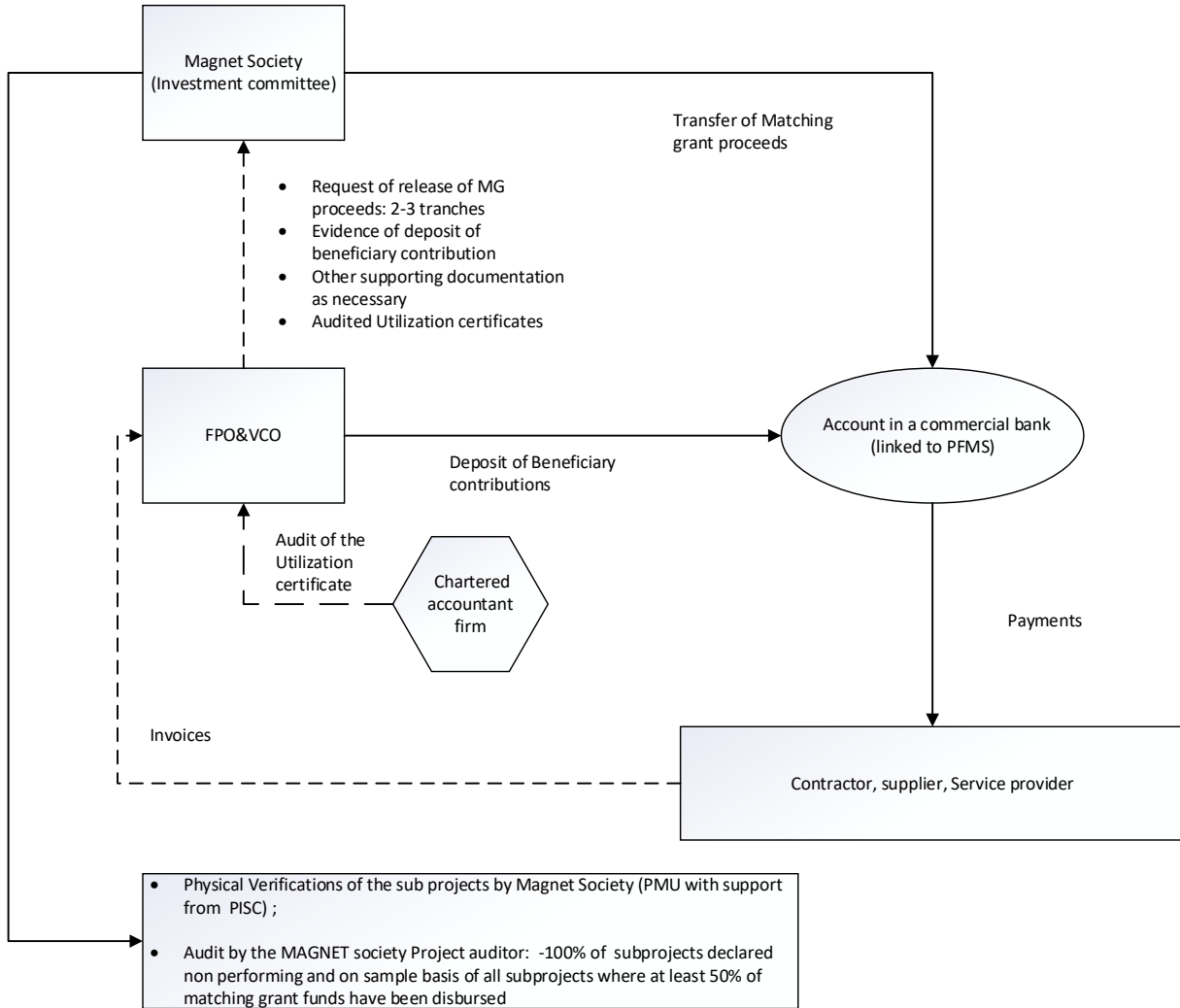
70. **Audit Arrangements.** Each beneficiary organization will have to submit audited utilization certificates (AUC) certified by a chartered accountant, to the MAGNET Society PMU, to trigger the disbursements in accordance with the disbursement schedule. In addition, a final AUC is to be submitted after the completion of the Subproject. Moreover, the Sub-projects may be audited on a sample basis by the project auditor appointed by the MAGNET Society. In this regard, the auditor may audit the books of accounts and supporting documentation related to the subproject implemented by the beneficiary organization as well as undertake physical verification of the assets constructed utilizing the project funds. The beneficiary organization will be required to make available all necessary financial information to the project auditor and to resolve the audit observations raised by the project auditor.

71. The sampling by the project auditor will focus on those subprojects for which at least 50% of the grant proceeds have been disbursed. In addition, all subprojects that have been deemed as non-performing will be subject to the audit. To facilitate the process, the MAGNET Society will maintain a separate register showing the amounts approved, disbursed, justified and outstanding balance by each subproject and whether a subproject/ beneficiary organization has been classified as non-performing. The register will be shared with the auditors in advance to facilitate the sampling procedure and the planning of the audit. Moreover, each beneficiary organization must also comply with the applicable statutory requirements (e.g., submission of Audit Report to the registering authority).

72. **Sub-project completion.** Within two months after the completion of the subproject, each beneficiary organization will submit the final audited utilization certificate (AUC) and other reports as required to the Magnet Society. The PMU will review the final AUC and conduct verification to verify the physical completion of the subproject. Any unspent balance after the completion of the subproject will be refunded by the beneficiary organization to the MAGNET Society in accordance with the contribution percentages outlined in the matching grant agreement.

73. The FM and audit arrangements, flow of funds and flow of financial documentation applicable to the matching grant scheme are illustrated in the figure below.

**Figure 3: Fund Flow for the Matching Grant**





## **Q. ADB Project Administration**

74. During project implementation, ADB will conduct the following project administration activities related to FM that the MAGNET Society and the respective IAs should be aware of:

- (i) Review of the financial information included in the quarterly progress reports.
- (ii) Monitoring of timely submission and review of audited project financial statements: Findings, immediate actions and recommendations for further improvement will be communicated to the Magnet Society in due course.
- (iii) Project Review missions: At least once a year, ADB will conduct a detailed review of the overall project progress including the FM arrangements. The key findings and recommendations of the mission will be captured in an Aid Memoire.
- (iv) Loan Disbursement Mission: The disbursement mission resolves general and project-specific financial and disbursement issues. The mission will discuss and help resolve general or project specific disbursement related issues and conduct reviews of use of Statement of Expenditure procedures.

## **R. Project Completion and Financial Closure of the ADB loan**

75. Timely closure of the ADB loan is important to: (i) ensure compliance with ADB's procedures and fiduciary obligations, (ii) avoid incurring unnecessary commitment fees by the borrower and (iii) minimize refunds due to ineligible expenditures incurred after the loan closing date. As a result, the MAGNET Society PMU must closely coordinate with each IA to ensure the following actions are conducted by each entity, as applicable:

- (i) All ADB financed expenditures are incurred by the loan completion date but in no case later than the loan closing date; that is six months after the loan completion date.
- (ii) All withdrawal applications are submitted to ADB preferably by the loan closing date but in no case later than the end of the winding up period; that is within four months after the end of the loan closing date.
- (iii) Any unutilized advances are refunded to ADB (if the advance fund disbursement procedure is used) within two months after the end of the winding-up period.
- (iv) The final project financial statements (PFS) and statement of utilization of funds (SUF) are prepared in a timely manner. The final PFS/SUF must include a reconciliation of the project accounts and the ADB disbursement records for the fiscal year and cumulatively from inception. Any differences must be disclosed and explained.
- (v) All past external audit observations have been duly addressed.
- (vi) The final project financial statements and utilization certificates are audited by independent auditors as agreed with ADB and the Audited Project Financial Statements/Audited Statement of Utilization of Funds (APFS/ASUF) and the management letter are submitted to ADB as soon as possible after the loan closing date. The Final APFS must include all expenditures incurred up to the loan closing date as well as up to the final withdrawal application.
- (vii) All projects financial records are filed in an orderly manner, backed up electronically and stored in a secure location for a for at least 1 year following receipt by ADB of the final audited project financial statements or 2 years after the loan closing date, whichever is later.

**Annexes**

The following resources listed below are meant to support the MAGNET society, MSMAB and the PFIs implementing the project to comply with ADB's financial reporting and audit requirements. The format of the financial reports is to be considered indicative only and may need to be modified during the project implementation.

**Annex A:** Consolidated Financial Information to be included in the consolidated Quarterly Progress Reports (QPR) submitted to ADB (to be used by the MAGNET society)

**Annex B:** Statement of Utilization of Funds (to be used by Each PFI)

**Annex C:** Sample Audit Opinion on the Statement of Utilization of Funds, including a Separate Audit Opinion on Financial Covenants (to be used by Each PFI)

**Annex D:** Audit ToRs for ADB assisted projects agreed between ADB, CAG and DEA and financial reporting templates for preparing project financial statements

**Annex A to Maharashtra Agribusiness Network Project  
Detailed Project Financial Management Procedures:**

**Financial Information to be Included in the Quarterly Progress Report (QPR)**

**General Instructions**

The financial information in the format outlined below are to be included in the quarterly progress reports (QPRs) to be submitted to ADB within 45 days after each quarter. In case of delays or incomplete information, ADB will submit a reminder to the EA/IA. Repeated delays or incomplete information may have a negative impact on the project performance ratings and may be discussed during review missions.

**Section A. Utilization of Funds (ADB Loan, and Counterpart Funds)**

In this section include the following information:

- i. Overall status of project financing including the adequacy and timeliness of counterpart funds;
- i. cumulative contract awards financed by the ADB loan, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets – for ADB financing compare the actual contract awards with the contract award curve included in the PAM). Include an analysis of significant variances between planned and actual contract awards; Provide contract-wise details as per annex 2
- ii. cumulative disbursements from the ADB loan, and counterpart funds (expenditure to date), and comparison with time-bound projections (targets – for the ADB financing compare the actual disbursement with the disbursement projections as per the S curve included in the PAM ), Include an analysis of significant variances between planned and actual disbursements;
- iii. Reconciliation of project records and ADB disbursement records (LFIS/GFIS) for the reporting period and cumulative from project inception to end of the reporting period. Explain reasons for discrepancies and outline follow-up actions required (if any). Attach a detailed reconciliation by WA as per Annex 1; and.
- iv. re-estimated costs to completion (if required), need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely.
- v. Performance of PFIs including subprojects approve, amounts disbursed and forecast for the next six months; and,
- vi. Analysis of the matching grants including the amounts approved, disbursed, justified and the outstanding balance. Non performing recipients (if any) are also to be discussed;

**Section B. Financial Management**

In this section, include the following information:

- A.** Summary of the Financial management arrangements in the project including: a) any problems in the existing FM arrangements and/or flow of funds and b) any significant

changes occurred during the reporting period (e.g. FM staff turnover, implementation of new financial systems, emerging FM related risks etc.);

- B.** Summary of the status of each agreed action in the FM action plan outlined in the PAM. Attach a detailed log as per Annex 4;
- C.** Outline the status of recommendations and immediate actions provided by ADB as part of the APFS/AEFS review (if any) and FM related recommendations agreed during ADB review missions (if any). Attach a detailed log as per Annex 5; and,
- D.** Summarize the status of Status of past audit observations (if any). Attach a detailed log as per Annex 3.

### **Annexes:**

Attach also the following annexes to the QPR when submitting it to ADB:

- **Annex 1:** ADB loan/grant disbursement report including a detailed reconciliation (by Withdrawal application) of project records and ADB disbursement records (LFIS/GILFIS) for the fiscal year to date and cumulative;
- **Annex 2:** Contract register/List of signed contracts
- **Annex 3:** Register of advances to PFIs and sub loan performance
- **Annex 4:** Detailed matching grant register (by beneficiary)
- **Annex 5:** Status of past audit observations (resolved/ pending);
- **Annex 6:** Status of FM action plan (complied/ongoing)
- **Annex 7:** Status of FM related actions agreed during ADB review missions (if any).

**Annex 1. Disbursement report for the Fiscal Year to Date and Cumulative including Detailed Reconciliation (by Withdrawal Application) of Project Records and ADB Disbursement Records (LFIS)**

<b>Statement of Disbursement by ADB Financing Source for the year ended DD/MM/YYYY</b>				
<b>Statement of Disbursement</b>	<b>Notes</b>	<b>Reporting period</b>	<b>Fiscal year to date</b>	<b>Cumulative Project to Date</b>
<b>ADB loan/grant- Funds claimed during the year</b>	A			
Reimbursement				
Advance Fund				
<b>Subtotal</b>				
Expenditure incurred not yet claimed	B			
<b>Subtotal</b>				

**Note A: Detailed Reconciliation (by Withdrawal Application) of Project Records and ADB Disbursement Records (LFIS)  
for the Fiscal Year to Date and Cumulative**

Project: XXX ADB Loan; XXX											
WA Details				Per project records/APFS (Amount recorded in the project Financial statements as reimbursement, direct payment, etc..)				Per ABD disbursement records LFIS/GFIS (actual Paid)			Remarks
Withdrawal application No (WA)	Disbursement method (reimbursement, direct payment, etc..)	Entity incurring expenditures (Magnet society/MSAMB/ PFI)	Time period covered in the WA	Date	In local currency (as recorded in project records/ financial statements)	exchange rate	USD equivalent (A)	Value date	In USD (B)	Difference (A-B)	Reason for difference (i.e. timing forex. Pending rejected)
1	e.g. Reimbursement	e.g. MAGNET society	1-31.3.2020	DD/MM/YYYY	XXXXX	XX	XXXXXXXX	DD/MM/YYYY	XXXX	XXX	
2	e.g. Reimbursement	e.g. MSAMB	1.2.2021-30.2.2012	DD/MM/YYYY	XXXXX	XX	XXXXXXXX	DD/MM/YYYY	XXXX	XXXX	
3		e.g. BOI	---	DD/MM/YYYY	XXXXX	XX	XXXXXXXX	DD/MM/YYYY	XXXX	XXXX	
etc..											
Subtotal MAGNET Society – FY to date					XXXXX		XXXXXXXX		XXXX		
Subtotal MSAMB – FY to date					XXXXX		XXXXXXXX		XXXX		
Subtotal Each PFI – FY to date					XXXXX		XXXXXXXX		XXXX		
<b>Total - Fiscal year to Date</b>					<b>XXXXX</b>		<b>XXXXXXXX</b>		<b>XXX</b>		
Subtotal MAGENT Society - cumulative to date					XXXXX		XXXXXXXX		XXX		
Subtotal MSAMB - cumulative to date					XXXXX		XXXXXXXX		XXXX		
Subtotal each PFI- cumulative to date					XXXXX		XXXXXXXX		XXXX		
<b>Total cumulative to date</b>					<b>XXXXX</b>		<b>XXXXXXXX</b>		<b>XXXX</b>		

**Note B: Provide a breakdown of expenditures incurred but not yet claimed from ADB including the eligible portion for ADB financing by each EA/IA (e.g. MSMAB, PFI etc).**

**Annex 2: Status of Signed Contracts/register of contracts Cumulative to date**

<b>Contract Information</b>										
<b>Description*</b>	<b>Contract Description</b>	<b>Contract Start</b>	<b>Contract End</b>	<b>Supplier/Contractor Name</b>	<b>Contract No.</b>	<b>Total Contract Value</b>	<b>Total Contract Amount Invoiced to date</b>	<b>Total Disbursed on Contract</b>	<b>Total Undisbursed Amount</b>	<b>Responsible entity (e.g. MAGNET SOCIETY/ MSAMB)</b>
1. Civil works										
2: Equipment/ supplies										
3. Consulting services										
<b>Total</b>										

\*Classified a per expenditure categories outlined in the PAM.





B. Summary Financial performance as part of eligible (sub)projects: funds committed and disbursed to the FPOs/VCOs by the PFI as part of the project

Name of the PFI (BOI/Samunnati)	Reporting period			Year to date			Cumulative from the start of the project to the end of the reporting period			Forecast
	Committed amount (A)	Amount disbursed (B)	Outstanding balance (A-B)	Committed amount (C)	Amount disbursed (D)	Outstanding balance (C-D)	Committed amount (E)	Amount disbursed (F)	Outstanding balance (E-F)	Expenditure forecast for the upcoming 6 months
BOI										
Samunnati										
Total										

C. Non performing (sub)loans.

[Include here a brief analysis of non performing (sub)loans/(sub)projects (if any) financed under the ADB financed project]

D. Compliance with financial loan covenants (as outlined in the legal agreement):

[Outline here the status of each of the financial covenants specified in the loan agreement of the ADB financed project including computations of financial ratios where necessary]



**Annex 5: Status of External Audit Observations – Cumulative from Inception to End of Reporting Period**

Responsible Entity: MAGNET society/ MSAMB/PFI	External Audit Recommendation	Date of the Recommendation	Planned Actions to Address the Recommendation	Responsibility	Current Status of the Planned Action (pending/resolved)	Remarks

**Annex 6: Status of Financial Management Action Plan**

Key Risk	Risk Mitigating Activity	Timeline	Responsible Entity	Current status (implemented/Pending)	Remarks (including an action plan in case of noncompliance)

7

**Annex 7: Status of FM related actions agreed during ADB review missions or TPRMs**

Date of the review mission	Agreed actions	Timeline	Responsible Entity	Current status (implemented/Pending)	Remarks

**Annex B to Maharashtra Agribusiness Network Project Detailed Financial Management Procedures:****Sample Format for Statement of Utilization of Funds (SUF) to be used by PFIs**

Name of project:	
ADB loan no.	
Name of PFI:	

Amount in INR Million

Statement of utilization of funds as at DD/MM/YYYY				
	Notes	Previous years From _____ to _____	Current year Apr'20xx to Mar'20xx	Cumulative (from inception to the end of current year)
<b>Sources of funds</b>				
GoM financing under ADB financed project*	3.1			
ADB financing under the project: ADB advance fund procedure)**	3.2			
PFI resources	3.3			
<b>Total sources</b>				
<b>Uses of funds by subproject</b>				
Subprojects	4			
<b>Total uses</b>				
<b>Opening balance at the beginning of the year</b>	5.1			
<b>Closing balance at the end of the year</b>	5.2			

\*funds disbursed by MAGNET Society

\*\*in case the advance fund procedure is used

Name of project:	
ADB loan no.	
Name of implementing entity:	

Amount in INR Million

Statement of utilization of funds by project as at DD/MM/YYYY										
Project details		Disbursement details						ADB loan		
project no*	Name/description of project	Amount approved/committed by the PFI	Currency of project	total amount disbursed up to the end of previous year	total amount disbursed during the current year	total amount disbursed cumulatively to date	Undisbursed amount at the end of the current year	Amount financed from the ADB loan up to the end of previous year	Amount financed from the ADB loan during the current year	Amount financed from the ADB loan cumulatively to date
<b>Total</b>										

\*projects are defined as "subproject" in the ADB loan/project agreement

**NOTES TO THE SUF  
FOR THE YEAR ENDED [YEAR END DATE]**

**1. Project Information**

**1.1 Key highlights:**

*Project title*

*Funded by:*

*Management:*

*Implementing agencies*

*Start Date:*

*Closing date:*

*Project Duration:*

*Funding Sources/modality/amount*

**1.2 Impact and Outcome**

**2. Summary of Significant Accounting policies.**

*2.1 Basis of preparation*

*2.2. Basis of accounting*

*2.3. Presentation currency*

*2.4 Foreign Currency Translation*

*2.5 Changes in Accounting policies*

*2.5 Reporting period*

*2.6 Comparatives*

*etc..*

**3. Funds received**

*3.1 Provide break down of Funds received from GOM/Magnet society under the ADB financed project (ADB loan no.)*

*3.2 provide break down of funds received under the ADB financed project (ADB loan No.) under the advance fund disbursement procedure*

*etc..*

3.3 provide break down of PFI funds used to prefinance expenditures (if applicable) and subsequently claimed for reimbursement from the MAGNET Society

**4. Uses of funds**

Provide breakdown of expenditures incurred under the ADB financed project

**5. Opening and closing balances**

5.1 List details of the opening balances including the ADB sub advance account (if applicable)

5.2 List details of the closing balances including the ADB sub advance account (if applicable)

**6. Disbursements/ Claims submitted to the MAGNET Society**

6.1 Include detailed list of claims submitted to the MAGNET Society with the following breakdown: i) claim number, ii) time period in which claimed expenditures were incurred iii) the amount claimed and currency, v) date submitted, vi) type of claim, vii) the amount disbursed by MAGNET Society, and viii) explanation of any difference between the amount claimed and the amount disbursed received.

Claims submitted to the MAGNET Society during the reporting period ( from __ to _____ ) - ADB Loan XXX									
claim NO. *	Time period covered in the claim	Total amount claimed	Type of claim (advance/liquidation of an advance or reimbursement)	currency	Submission date of the claim	Net amount disbursed by MAGENT society	WA number as per ADB systems/records**	Explanation of difference in the amount claimed from MAGNET society and the amount received from ADB (if any)	
<b>Total during the reporting period</b>									
<b>Cumulative total from the start of the project</b>									
<b>Total</b>									

\*Number of the claim submitted to the MAGNET Society

\*\* Number of the ADB withdrawal application in which the claim was processed.

6.2 Provide a breakdown of expenditures incurred but not yet claimed from ADB including the eligible portion for ADB financing.

**7. Special notes for the FY**

*Disclose a break down Interest Expenses/ Financial Charges incurred as part of the project for the current year, past year and cumulatively.*



**Annex C to Maharashtra Agribusiness Network Project**  
**Detailed Financial Management Procedures:**

**Sample Audit Opinion on the Statement of Utilization of Funds**  
**(including a Separate Audit Opinion on Financial Covenants)**  
**[Auditor's letterhead]**

**Independent auditor's report**

To,  
The executive director (or equivalent)  
Name of the Entity

We have audited the accompanying Statement of Utilization of Funds for the period DD/MM/YYYY-DD/MM/YYYY prepared in accordance with [INSERT ACCOUNTING STANDARDS] and examined [NAME OF THE ENTITY]'s compliance with the financial covenant requirements contained in the Asian Development Bank (ADB) loan agreement No. XXXX (name of the project) for the year ended DD/MM/YYYY.

Management is responsible for the preparation and calculation of the above mention statements. Our responsibility is to express and opinion on the accompanying statements.

We conducted our audit in accordance with [INSERT AUDITING STANDARDS]. Those standards require that we plan and perform the audit to obtain reasonable assurance that the statements are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable Assurance is a high level assurance but it is not a guarantee that and audit conducted in accordance with [INSERT AUDITING STANDARDS]. will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

in our opinion the statement of utilization of funds present fairly in all material respects, the sources and applications of funds of Asian Development bank assisted [NAME OF THE PROJECT] project (ADB loan No XXX) for the fiscal year ended DD/MM/YYYY in accordance with the [INSERT HERE ACCOUNTING SATNDARDS].

We further report that in our opinion:

- The loan proceeds have been utilized only for the project as specified in the ADB loan/project agreement;
- The statement of utilization funds give a true and fair view of the Qualified Subprojects funded under the project; and,
- As per Audited financial statements for financial year ending DD/MM/YYYY, the [NAME OF THE ENTITY] has complied with the FOLLOWING financial covenants contained in the ADB loan agreement (loan agreement No XXXX), including the following:
  - i) The PFI has complied with the capital adequacy ratio of at least [9% for banks/ 15% for non-bank financial companies] and conformed to other requirements such as leverage ratios and exposure norms as specified by the Reserve Bank of India. As on 31st March [YYYY] the capital adequacy ratio of the PFI was [XX]%; and,
  - ii) The PFI has maintained Net Non-Performing Assets Ratio (as defined by the Reserve Bank of India) of less than 7.5% at all times. As on 31st March [YYYY] the Net Non-Performing Assets Ratio of the PFI was [XX]%.

The following covenants have not been complied with:  
[LIST FINANCIAL COVENANTS INDIVIDUALLY HERE]

Signature of the auditor  
Printed name of the auditor  
Location

**Annex D to Maharashtra Agribusiness Network Project**  
**Detailed Financial Management Procedures:**

**Terms of Reference for Audit of ADB assisted projects**  
**by Comptroller and Auditor General of India**

**Background:**

ADB provides assistance in the form of Loan and/or Grant for the implementation of project and/or program by the executing agencies (EA) identified by the central/state government. In order to facilitate the same, a loan/grant agreement is executed between ADB and central government for each individual loan/grant and a project agreement is executed between ADB and the executing agency for each project/sub-project. The disbursement of loan is governed by the ADB Loan Disbursement Handbook which provides for various disbursement procedures viz, Direct payment procedure, Reimbursement procedure, Commitment Letter procedure and Imprest Account procedure. The project agreement stipulates that the executing agency shall (i) maintain separate accounts for the project and if the executing agency is revenue earning, then for its overall operations also (ii) have such accounts and related financial statements<sup>1</sup> (balance sheet, statement of income and expenses and related statements) audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; and (iii) furnish to ADB, promptly after their preparation but in any event not later than six (6) months (or 9 months if specifically approved) after the close of the fiscal year to which they relate as applicable, certified copies of such audited accounts and financial statements and the report of the auditor relating thereto (including the auditor's opinion on the use of loan proceeds and compliance with the covenants of the loan/grant agreement as well as on the use of the procedures for Imprest Account, Second Generation Imprest Account (SGIA), Statement of expenditures (SOE), Force Account Works and Simultaneous Application for sub-loan approval and Withdrawal (SAW)), where applicable, all in the English language.

The executing agencies for all sovereign loans are subject to audit by the Comptroller and Auditor General of India (Supreme Audit Institution of the country). In order to comply with the requirement of audit as referred in above para, the following terms of reference should be pursued with respect to the loan/grant/project agreement executed for availing the ADB's assistance.

**Objective:**

Article 14(xi) of the Agreement establishing the Asian Development Bank (The Charter) States that 'Proceeds of any loan made, guaranteed, or participated by the Bank are used only for the purposes for which the loan was granted and with due attention to consideration of economy and efficiency'. In addition, Article 14(xiv) of the Charter requires ADB to be guided by sound banking principles in its operations. To fulfill the requirements of Article 14 (xi) and (xiv) of the Charter, ADB requires borrowers/project executing agencies to submit audited Project accounts (APA) and audited financial statements (AFS).

ADB requires the borrower and the project EA to have the required financial statements for each year audited by an independent auditor acceptable to ADS, and in accordance with standards on auditing that are acceptable to ADB. An audit of such financial 'statements includes: (i) an assessment of the adequacy of accounting and internal control systems with respect to project expenditures and other financial transactions, and to ensure safe custody of

<sup>1</sup> Preparation of balance sheet, statement of income and expenditure shall depend on the legal status of the project executing/implementing agency and shall apply to autonomous bodies or corporation until extended legally to other types of organization such as government departments.

project financed assets, (ii) a determination as to whether the borrower and project implementing entities have maintained adequate documentation on all relevant transactions, including statement of expenditures (SOE), Force Account Works and Simultaneous Application for sub-loan approval and Withdrawal (SAW)) where applicable, (iii) confirmation that expenditures submitted to ADB are eligible for financing and identification of any ineligible expenditures, (iv) compliance with loan/grant covenants and ADB's requirements for project management and (v) compliance with the use of procedures for Imprest Account (IA)/Second Generation Imprest Account (SGIA)/SOE/force account works/SAW, where applicable.

The objective of the audit of the Project Financial Statement (PFS) is to enable the auditor to express a professional opinion as to whether (i) the PFS present fairly, in all material respects, the sources and applications of project funds for the period under audit examination, (ii) the funds were utilized for the purposes for which they were provided, (iii) loan covenants have been complied with and (iv) expenditures shown in the PFS are eligible for financing under the relevant loan/grant agreement. In addition, where applicable, the auditor will express a professional opinion on the use of the procedures for IA, SGIA, SOE, Force Account Works and SAW and whether adequate supporting documentation has been maintained to support claims made by project management for reimbursement of expenditures incurred under the SOE, Force Account Works and SAW method of reimbursement where applicable.

The books of account that provide the basis for preparation of the PFS are established to reflect the financial transactions of the project and are maintained by the project executing/implementing agency – [ ] Project Implementation unit and the participating divisions.

#### **Standards:**

The audit will be carried out in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. The auditor should accordingly consider materiality when planning and performing the audit to reduce audit risk to an acceptable level that is consistent with the objective of the audit. Although the responsibility for preventing irregularity, fraud, or the use of loan/grant proceeds for purposes other than as defined in the legal agreements remain with the borrower, the audit should be planned so as to have a reasonable assurance of detecting material misstatements in the PFS.

#### **Scope:<sup>2</sup>**

In conducting the audit, special attention should be paid to the following:

- (a) All external funds have been used in accordance with the conditions of the relevant legal agreements and only for the purposes for which the financing was provided. Relevant legal agreements include the Loan/Grant Agreement, the Project Agreement, and the Minutes of Negotiations;
- (b) Counterpart funds have been provided and used in accordance with the relevant legal agreements and only for the purposes for which they were provided;
- (c) Financial covenants of the loan agreement have been complied with

---

<sup>2</sup> In response to identified project risks, the scope may be expanded to include a report or the expression of an opinion on specific aspects of the operation such as internal controls, compliance with Bank procurement policies, or efficiency and effectiveness in the use of loan/grant proceeds.

- (d) All necessary supporting documents, records, and accounts have been kept in respect of all project transactions including expenditures reported via SOEs/IAs/SGIAs/Force Account Works/SAW where applicable. Clear linkages should exist between the books of account and reports presented to the ADB; and
- (e) The project accounts have been prepared in accordance with consistently applied
- (f) Government Accounting Standards<sup>3</sup> and present fairly, in all material aspects, the financial situation of the project at the year end and of resources and expenditures for the year ended on that date.

### **Project Financial Statements:**

The contents of Project Financial Statements (PFS) are specific to the sector, the project design and the type of implementing entity. These formats therefore vary from one project to another. The formats of PFS are prepared in consultation with the implementing entity during the preparation of the project.

The Project Financial Statements should include:

- A. In a nonrevenue-earning entity, or for the audit of project accounts, the annual financial statement may consist of the Statement of Receipts and Payments on project transactions. Other schedules of value or cumulative expenditures by category such as civil works, equipment, consultancy services, training and capacity building, administrative costs, expenditure by financier, statement of disbursement under SOE procedure, imprest account, cumulative work-in-progress, assets and inventories and a summarized reconciled bank statement are to be attached. See Annexure 1-8 for examples of reporting formats that could be prepared for a project implemented by core government departments.
- B. For a revenue-earning entity, a balance sheet, income statement and cash flow statement accompanied by supplementary statements or schedules supporting the basic statement (e.g., inventories, schedule of assets, outstanding loans, aging of receivables, etc.).
- C. Statement of Disbursement: The PFS include a reconciliation between expenditure reported as per the statement of sources and application of funds and expenditure claimed from ADB through SOE, documented claims (direct payment and reimbursement), commitment letter procedure, force account works or SAW where applicable. An example is shown at Annexure 3.
- D. Other statements or schedules as may be applicable in particular circumstances and as specified in the relevant loan/grant agreements. In particular, Statement of Appropriation Vs. Actual (Annexure 9) and Statement of Expenditure by Output (Annexure 10) shall be prepared and prepared to the project financial statements. These statements shall not be subject to audit.
- E. Management Assertion: Management should sign the PFS and provide a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that project funds have been expended in accordance with the intended purposes as reflected in the financial statements. An example of a management assertion letter is shown at Annexure 11.

<sup>3</sup> Until such time as the pronouncements of the Government Accounting Standards Advisory Board are accepted and prescribed by the Ministry of Finance, the Accounting Standards followed by the Government of India will be defined by the General Financial Rules, PWD codes; Treasury codes and similar financial rules and codes as are in effect and applicable to the operations of the project.

### **Statement of Expenditure (SOE), Imprest Account (IA), Second Generation Imprest Account (SGIA), Force Account Works, Simultaneous Application for Subloan Approval and Withdrawal (SAW):**

During the course of the audit of the PFS, the auditor is required to audit all SOE, IA, SGIA, Force Account Works and SAW for withdrawal applications made during the period under audit examination. The auditor should apply such tests as the auditor considers necessary under the circumstances to satisfy the audit objective. In particular, these expenditures should be carefully examined for project eligibility by reference to the relevant financing agreements. Where ineligible expenditures<sup>4</sup> are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor.

### **Audit Report**

An audit report on the PFS should be prepared in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. Those standards require an audit opinion to be rendered related to the financial statements taken as a whole, indicating "unambiguously whether it is unqualified or qualified and if the latter, whether it is qualified in certain respects or is adverse or a disclaimer of opinion". In addition, the audit opinion paragraph will specify whether, in the auditor's opinion, (a) loan proceeds have been used as covenanted in ADB Loan / Project Agreement (b) financial covenants of loans have been complied with (c) with respect to SOEs, Force Account Works and SAW, where applicable, adequate supporting documentation has been maintained to support claims to ADB for reimbursement of expenditures incurred; and (d) except for ineligible expenditures as detailed in the audit observations, if any, appended to the audit report, expenditures are eligible for financing under the Loan/Grant Agreement. Relevant CAG Auditing Standards are reproduced in Annexure 12. A sample audit report wordings for unqualified opinion is shown at Annexure 13.

The PFS and the audit report should be received by ADB not later than six (6) months (or 9 months if specifically approved) after the close of the fiscal year to which they relate as specified in the loan/project agreement. The auditor should also submit two copies of the audited accounts and audit report to the Implementing Agency.

The audit report is issued without prejudice to CAG's right to incorporate the audit observations in the Report of CAG of India for being laid before Parliament / State or UT Legislature.

### **Management Letter**

In addition to the audit report on the PFS, the auditor may prepare a management letter containing recommendations for improvements in internal control and other matters coming to the attention of the auditor during the audit examination. Where such a management letter is prepared by the auditor, a copy of the same will be supplied to ADB. Else, a written advice may be made that no management letter was prepared together with the audit report on the PFS.

### **General**

The auditor should be given access to any information relevant for the purposes of conducting the audit. This would normally include all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. The information made available by the auditor should include, but not be limited to, copies of ADB's project appraisal document, the relevant legal agreements, a copy of these guidelines and a copy of

<sup>4</sup> Refer to ADB's Operation Manual (OM) Section H3 and Safeguard Policy Statement

ADB's financial management assessment of the project entity. It is highly desirable that the auditor become familiar with other ADB policy document such as ADB guidelines on financial management and analysis of projects chapter 5 title reporting and auditing, PAI 5.07 on submission of audited project accounts and financial statements, OM section J7/BP on project accounting, financial reporting and auditing. The auditor should also be familiar with ADB's Loan Disbursement Handbook – July 2012 (or as amended from time to time).

Name of the Executing Agency  
Name of the Implementing Agency  
Name of the Project  
Loan/Grant No.

STATEMENT OF RECEIPTS AND PAYMENTS  
REPORT FOR THE YEAR/PERIOD ENDED XX, XXXX

in (INR) '000

Particulars	Note Reference	During the Current Year for 12 month period	During the Previous Year for 12 month period	Cumulative Project to Date As at [end of CURRENT year]
<b>Opening balance<sup>1</sup> (A)</b>				
<b>Receipts</b>				
Funds received from Government <sup>2</sup>	4			
ADB Loan <sup>3</sup>	6			
ADB Grant <sup>3</sup>	6			
Co-financier 1	7			
Co-financier 2	8			
Beneficiary contribution (if any)	9			
Other receipts such as interest income, sale from disposals of fixed assets, etc.	10			
<b>Total Receipts (B)</b>				
<b>Total (C = A + B)</b>				
<b>Payments</b>				
<b>Investment Costs<sup>4</sup></b>	11			
Civil Works				
Mechanical and Equipment				
Environment and Social Mitigation				
Consultants				
a. Project Management				
b. Capacity Development				
Others				
<b>Subtotal (D)</b>				
<b>Recurrent Costs</b>	12			
Salaries				
Accommodation				
Equipment Operation and Maintenance				
Others				
<b>Subtotal (E)</b>				
<b>Total Payments</b>				
<b>Financing Charges During Implementation (F)</b>	13			
<b>Total Project Cost (G = D + E + F)</b>				
<b>Closing Balance (C – G)</b>				

<sup>1</sup> If cash balance are controlled by the entity, indicating cash balance, imprest account and SGIA balance separately

<sup>2</sup> These will include external assistance received by Government for the project.

<sup>3</sup> This shall include amounts received in the Bank Account as well as amounts deemed to be received against direct payments made by ADB to the suppliers of goods and services under Direct Payment procedure and Commitment Letter procedure

<sup>4</sup> Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement

<sup>5</sup> GESI AP costs are to be considered and budgeted for both here and under capacity building.

Notes 1 to x of the financial statements form an integral part of these financial statements

**Name of the Executing Agency**  
**Name of the Implementing Agency**  
**Name of the Project**  
**Loan/Grant No.**

**STATEMENT OF EXPENDITURE BY CATEGORY AND FINANCIER**  
**REPORT FOR THE YEAR/PERIOD ENDED XX, XXXX**

in (INR) '000

Particulars	ADB <sup>4</sup>			Co-Financier		Government		Total Expenditure 8
	Percentage of financing <sup>1</sup> 1	Actual Expenditure		Actual Expenditure		Actual Expenditure		
		Amount 2	% 3	Amount 4	% 5	Amount 6	% 7	
<b>Investment Costs<sup>2</sup></b>								
Civil Works								
Mechanical and Equipment								
Environment and Social Mitigation								
Consultants								
Project Management								
Capacity Development								
Others <sup>3</sup>								
<b>Subtotal (A)</b>								
<b>Recurrent Costs</b>								
Salaries								
Accommodations								
Equipment Operations and Maintenance								
Others								
<b>Subtotal (B)</b>								
<b>Total Cost (C=A+B)<sup>4</sup></b>								
<b>%Total Project Cost</b>								
<b>Total Project Cost for [insert prior year period]</b>								

<sup>1</sup> The financing percentages for ADB funds should directly correlate to the financing percentages in the allocation table(s) of the financing agreement(s).

<sup>2</sup> Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement

<sup>3</sup> GESI AP costs are to be considered and budgeted for both here and under capacity building.

<sup>4</sup> The figures shown against various categories of expenditure should agree with the current year's payment in Annexure 1, Statement of Receipts and Payments.

<sup>5</sup> This shall include total expenditure claimed from ADB under various disbursement procedures, i.e. direct payment, reimbursement, imprest account and commitment letter.

Notes 1 to x of the financial statements form an integral part of these financial statements



**Name of the Executing Agency**  
**Name of the Implementing Agency**

[NAME OF THE ENTITY/PROJECT]  
Loan/Grant No.

FOR THE YEAR ENDED [YEAR END DATE]

**Statement of Disbursement**

Details of the disbursement by method are given below:

in (INR) '000

Statement of Disbursement	Note	Current Year	Prior Year	Cumulative Project to Date
<b>ADB Fund claimed during the year</b>				
Reimbursement <sup>3</sup>	6.1	10		
Imprest Fund <sup>3</sup>	6.2	10		
Direct Payment	6.3	10		
Commitment Letter	6.4	10		
<b>Subtotal</b>	(A)	40		
<b>Total Expenditure made during the year<sup>1</sup></b>	(B)			
Less:				
Expenditure not yet claimed	(C)			
Borrower's share <sup>2</sup>	(D)			
<b>Total Eligible Expenditure claimed (B – C – D = E = A)</b>	(E)			

<sup>1</sup> The total expenditure as per Statement of Receipts and Payments.

<sup>2</sup> This should tally with the Government share included in Statement of Expenditure by category and financier (Column 6)

<sup>3</sup> Includes both claims using SOE and full supporting documentation

Notes 1 to x of the financial statements form an integral part of these financial statements

**[NAME OF THE COUNTRY/IMPLEMENTING AND EXECUTING AGENCY]  
 [NAME OF THE ENTITY/PROJECT]  
 [ADB LOAN REFERENCE]  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED [YEAR END DATE]**

1. Project Nature and Activities

1.1 *Description of the Project, the nature of activities, commencement and expected completion dates. Mention location, domicile, legal form, controlling IA/ EA, brief nature of the project outputs,*

1.2 Give legislative framework

*Insert as relevant*

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in India. This refers to the cash basis of accounting applied with due regard to the General Financial Rules, PWD Codes, Treasury Codes, and similar financial rules and codes as are in effect and applicable to the operations of the Project.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial Statements

This comprises of the Statement of Receipts and Payments, the Statements of Expenditure by Category and Financier, the Statement of Disbursement and related notes and appendices to the financial statements

3.2 Basis of measurement

Financial statements have been prepared under the historical cost convention and on *[cash/ accrual]* basis of accounting

3.3 Changes in Accounting policies

*Describe changes in accounting policies, if any*

3.4 Fund Flow mechanism

*Describe the fund flow mechanism, in particular, whether the IA/EA control funds or whether all payments are centralized*

3.5 Advances and other receivables

*Describe treatment of advances against expenditures*

3.6 Cash and cash equivalents

*Cash equivalents comprise [define components of cash]. Explain if the entity controls unspent advances, only petty cash, or has a nil balance, as applicable*

### 3.7 Accrued and other liabilities

*Disclose any major liabilities which have not been accrued under the cash basis policy*

### 3.8 Income

- i) *Describe nature of different types of income and how they are recognized. For example grants, sale of proceeds of fixed assets, interest income on bank accounts etc.*
- ii) *[Include if applicable] Free of cost office space, electricity and certain other services provided by {insert name} are not valued and accordingly, are not recognized in these financial statements as income of the Project.*

### 3.9 Foreign currency transactions and translation

#### (a) Functional and presentation currency

Items included in the financial statements of the Project are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Indian Rupee (INR).

#### (b) Transactions and balances

Transactions in foreign currency are converted at the exchange rate prevailing at the date of transaction. Foreign currency bank balances are re-stated at the year end rate, and the resulting gains/losses are recognized in the statement of receipts and payments account. Conversion Rate: USD \$ 1 = INR \_\_\_ as of 31 March \_\_\_\_

### 3.10 Allocation of Common Costs

*Describe how common costs are allocated to different output/activities*

### 3.11 Interest Expenses and Financial Charges

*Describe how financial charges are treated and recorded. For example if these are not allocated to the Project by the CAA.*

## 4. Funds Received from the Government

*Give details of the government budgeting and funding mechanism*

	in (INR) '000	
	Current Year	Prior Year
		Cumulative Year to date

Government Counterpart funding  
 Amount Reimbursable to Government

\_\_\_\_\_

Total

=====

5. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the \_\_\_\_\_ of  
 \_\_\_\_\_ on .....

**Name of the Executing Agency**  
**Name of the Implementing Agency**

**[NAME OF THE ENTITY/PROJECT]**  
**Loan/Grant No.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED [YEAR END DATE]**

6. Funds Received from ADB

*Give key terms and conditions of the loan, including date of loan agreement, loan effectiveness date, key terms and conditions, disbursement schedule, commitment fee and interest rates etc.*

in (INR) '000

<b>ADB Source of Funds – Method of Withdrawal</b>	<b>Note Reference</b>	<b>During the Current Year</b>	<b>During the Previous Year</b>	<b>Cumulative Project to Date</b>
ADB Loan				
- By Reimbursement Method	6.1			
- By Imprest Account <sup>1</sup>	6.2			
- By Direct Payment	6.3			
- By Commitment Procedure	6.4			
ADB Loan Total				
ADB Grant				
ADB Loan and Grant Total				

<sup>1</sup> This should agree with the advances/replenishments net of refunds in Statement 6.2.

6.1 Funds Received from ADB through Reimbursement Method

*Give details, if necessary*

**Name of the Executing Agency**  
**Name of the Implementing Agency**

[NAME OF THE ENTITY/PROJECT]  
 Loan/Grant No.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED [YEAR END DATE]

6.2 Reconciliation of the Imprest Account and the Bank Statement is given below

**STATEMENT OF IMPREST ACCOUNT**  
**FOR THE YEAR/PERIOD ENDED XX, XXXX.**

in (INR) '000

		Prior Year	Current Year
<b>Balance brought forward from previous period</b>		<b>100</b>	<b>140</b>
Add:			
Advance <sup>1</sup>		200	200
Replenishment received during the year/period <sup>1</sup>			
Interest Earned		10	10
<b>Subtotal (A)</b>		<b>310</b>	<b>350</b>
Deduct:			
Payments made during the year/period		150	150
Replenishment /Liquidation <sup>1</sup>	50		
Expenditure yet to be claimed	100		
Amount refunded during the year/period		20	20
<b>Closing Balance (B)</b>		<b>140</b>	<b>180</b>
As per bank statement (copy attached)		140	180

1 Withdrawal application-wise references required

6.2.1 The US \$ equivalent notational amount held at the RBI in respect of the above Imprest Account balance is \_\_\_\_\_ US \$ (bank statement attached)

6.3 Details of Payments made directly by ADB are given below

*(Add relevant details here)*

6.4 Details of payments made through commitment procedure

*(Add relevant details here)*

6.5 Details of Grants

*(Give relevant details for grants)*

Name of the Executing Agency  
Name of the Implementing Agency

[NAME OF THE ENTITY/PROJECT]

Loan/Grant No.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED [YEAR TO DATE]

6.6 Details of disbursement claimed under the Statement of Expenditure (SOE) Procedure are given below

**DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE  
FOR THE YEAR/PERIOD ENDED XX, XXXX**

in (INR) '000

W/A No.	SOE Sheet No. 2	Category 3	Total Amount Paid 4	ADB Financing % <sup>1</sup> 5	Net Eligible Expense 6 (4x5)	Amount Reimbursed 7	Imprest Fund Replenished/ Liquidated 8	Total Disbursement Using SOE Procedure 7 + 8 = 9
00001	1	Civil Works	100	80%	80	60	20	80
	2	Mechanical and Equipment						
00002	1	Consultants						
	2	Salaries						
	3	Accommodation						
00005	1	Environment and Social Mitigation						
	2	Equipment Operation and Maintenance						
		<b>Total</b>						
		<b>Total for [prior year]</b>						

<sup>1</sup> The financing percentages within the table for ADB funds are as per loan agreement Schedule 3.



**Name of the Executing Agency**  
**Name of the Implementing Agency**

[NAME OF THE ENTITY/PROJECT]  
Loan/Grant No.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED [YEAR END DATE]

in (INR) '000

Current Year	Prior Year	Cumulative Project to Date
-----------------	---------------	----------------------------------

7 – 13

*If any of the amounts given on the Statements of Receipts and Payments require further detail or Break-down, provide this here against relevant Note*

AGREED VERSION



**Name of the Executing Agency**  
**Name of the Implementing Agency**  
**Name of the Project**  
**Loan/Grant No.**

**EXPENDITURE BY OUTPUT COMPONENTS**

In INR '000

	Unallocable common costs			Output 1 <sup>1</sup>			Output 2			Output 3			Total Expenditure		
	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date
Investment Costs															
Civil Works															
Mechanical Equipment															
Environment and Social Mitigation															
Consultants															
a. Project Management															
b. Capacity Development															
Others															
Subtotal (A)															
Recurrent Costs															
Salaries															
Accommodation															
Equipment Operation and Maintenance															
Others															
Subtotal (B)															
Total Cost (C=A+B)															
% Total Project Cost															

<sup>1</sup> Allocate the expenditure to the different Project Output Components as per the Loan Agreement. Add as many columns as required. For common costs allocated, specify the sharing ratios in the note 3.10

**Example of a Management Assertion Letter**

(Project Letterhead)

(To Author)

(Date)

This assertion letter is provided in connection with your audit of the financial statement of the \_\_\_\_\_ Project for the year ended \_\_\_\_\_. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the cash basis of accounting followed by the Government of India, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

- The project financial statements are free of material misstatements, including omissions.
- Project funds have been used for the purposes for which they were provided.
- Project expenditures are eligible for financing under the Loan/Credit agreement.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
- We have made available to you all books of account and supporting documentation relation to the project.
- The project has complied with the conditions of all relevant legal agreements, including the Financing Agreement, the Project Agreement, the Project Appraisal Document, the Minutes of Negotiations, and the Borrower's Project Implementation Plan.

---

 (Project Director / Chief Executive Officer)

---

 (Chief Finance Officer / Senior Finance Officer)

**Excerpt from CAG Auditing Standards (2<sup>nd</sup> Edition, 2002) Chapter IV, Reporting Standards**

**12. The form and content of audit opinion and report.**

**12.1 The form and content of all audit opinions and reports are founded on the following general principles:**

- (a) **Title.** The opinion or report should be preceded by a suitable title or heading, helping the reader to distinguish it from statements and information issued by others.
- (b) **Signature and date.** The opinion or report should be properly signed. The inclusion of a date informs the reader that consideration has been given to the effect of events or transactions about which the auditor became aware up to that date (which, in the case of regularity (financial) audits, may be beyond the period of the financial statement).
- (c) **Objectives and scope.** The opinion or report should include reference to the objectives and scope of the audit. This information establishes the purpose and boundaries of the audit.
- (d) **Completeness.** Opinions should be appended to and published with the financial statements to which they relate, but performance reports may be free standing. The auditor's opinions and reports should be presented as prepared by the auditor. In exercising its independence CAG may acquire information from time to time, which in the national interest cannot be freely disclosed. This can affect the completeness of the audit report. In this situation the auditor should consider the need to make a report, possibly including confidential or sensitive material in a separate, unpublished report.
- (e) **Addressee.** The opinion or report should identify those to whom it is addressed, as required by the circumstances of the audit engagement and local regulations or practice. This is unnecessary where formal procedures exist for its delivery.
- (f) **Identification of subject matter.** The opinion or report should identify the financial statements (in the case of regularity (financial) audits) or area (in the case of performance audits) to which it relates. This includes information such as the name of the audited entity, the date and period covered by the financial statements and the subject matter that has been audited.
- (g) **Legal basis.** Audit opinions and reports should identify the legislation or other authority providing for the audit.
- (h) **Compliance with standards.** Audit opinions and reports should indicate the auditing standards or practices followed in conducting the audit, thus providing the reader with an assurance that the audit has been carried out in accordance with generally accepted procedures.
- (i) **Timeliness.** The audit opinion or report should be available promptly to be of greatest use to readers and users, particularly those who have to take necessary action.

## Report of the Comptroller and Auditor General of India

To

(Project Implementing Authority)

### Report on the Project Financial Statements

We have audited the accompanying financial statements of the \_\_\_\_\_ Project financed under Asian Development Bank Loan No. \_\_\_\_\_, which comprise the Statement of Receipts and Payments, the Statement of Expenditure by Category and Financier, the Statement of Disbursement<sup>1</sup> and related notes for the year ended \_\_\_\_\_.

#### OR

In case of PIA maintaining Balance Sheet balance sheet and statement of income and expenditure following part may be substituted:

We have audited the accompanying financial statements along with Balance Sheet balance sheet, income and expenditure statement and Cash Flow Statement and related statements of the \_\_\_\_\_ Project financed under Asian Development Bank Loan No. \_\_\_\_\_, for the year ended \_\_\_\_\_,

These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit examines, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of Project for the year ended [insert date] in accordance with Government of India accounting standards.<sup>2</sup>

---

<sup>1</sup> Insert titles of other required statements and schedules included in or annexed to the project financial statements, if any.

<sup>2</sup> Until the Ministry of Finance prescribes adoption of the accounting standards pronounced by GASAB or other body such as IPSAS, the accounting standards followed by the Government of India shall be the cash basis of accounting applied with due regard to the General Financial Rules, PWD codes, Treasury codes and similar financial rules and codes as are in effect and applicable to the operations of the project.

In addition, in our opinion;

- (a) Proceeds of the loan from ADB have been utilized for the purposes as per ADB Loan / Project Agreement
- (b) Financial covenants in the loan agreement [name and number of loan] dated [date of loan] have been complied with
- (c) (i)(a) With respect to SOEs, adequate supporting documentation has been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the Loan Agreement.  
  
(ii)(a) The Imprest Accounts give a true and fair view of the receipts collected and payments made during the year ended---; and (b) these receipts and payments support Imprest Account liquidations/replenishments during the year.

This report is issued without prejudice to CAG's right to incorporate the audit observations in the Report of CAG of India for being laid before Parliament/State or UT Legislature.

[Auditor's Signature]

[Auditor's Address]

[Date<sup>3</sup>]

---

<sup>3</sup> The report should be dated as of the date to which the auditor has become aware of and considered the effects of events and transactions. This is generally the final date of fieldwork, as opposed to the date of signing the audit report.