Project Administration Manual

Project Number: 53189-002
Loan Number: Loan xxxx-IND
January 2023

India: Himachal Pradesh Subtropical Horticulture, Irrigation, and Value Addition Project

ABBREVIATIONS

ADB	–	Asian Development Bank
CAG	–	Comptroller and Auditor General
CHPMA	–	community horticulture production and marketing associations
DIU	–	district implementation unit
DOF	–	Department of Finance
DOH	–	Department of Horticulture
EA	–	Executing Agency
EARF	–	environmental assessment and review framework
EMP	–	Environmental Management Plan
EMR	–	environment monitoring report
FMA	–	financial management assessment
GoHP	–	Government of Himachal Pradesh
GRM	–	grievance redress mechanism
HPSHIVA	–	Himachal Pradesh Subtropical Horticulture, Irrigation, and Value Addition
IA	–	implementing agency
IP	–	Indigenous People
JSV	–	Jal Shakti Vibhag
PAM	–	project administration manual
PIU	–	project implementation unit
PMU	–	project management unit
PRF	–	Project Readiness Financing Report
RFQ	–	request for quotation
SMR	–	social monitoring report
SOE	–	statement of expenditures
SPS	–	Safeguard Policy Statement
ST	–	Scheduled Tribes
WUA	–	water user association

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LIST OF APPENDICES

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 Department of Horticulture (DOH, executing and implementing agency), and the Jal Shakti Vibhag (JSV, implementing agency), are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the 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 agreed to the PAM and ensured consistency with the Loan Agreement. Such agreement is reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the Loan Agreement, the provisions of the Loan Agreement 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 the agricultural income and climate change resilience of farmers in the subtropical areas of Himachal Pradesh. The project will target about 15,000 farmer households in seven districts of Bilaspur, Hamirpur, Kangra, Mandi, Solan, Sirmour and Una who have stopped farming or have reduced their farming areas because of a lack of irrigation facilities and crop damage by wild and stray animals. The project will improve income opportunities of subtropical horticulture farmers by (i) expanding irrigation coverage and making the systems more sustainable and climate resilient; (ii) increasing production areas, productivity, and awareness to climate change; and (iii) improving profitability of farmer groups' subtropical horticulture businesses.

2. The project is aligned with the following impacts: (i) rural household income increased in Himachal Pradesh;[1] and (ii) climate resilience strengthened in Himachal Pradesh.[2] The project will have the following outcome: agriculture income and climate resilience of at least 15,000 farm households in seven of subtropical areas of Himachal Pradesh improved.[3]

3. The Project will have the following three outputs:

4. **Output 1: Irrigated areas expanded and sustainably operated.** The aim is to increase the sustainability and climate change resilience of irrigation systems from the water source to the field. Water management and on-farm irrigation will be improved by: (i) rehabilitating the existing (functional and non-functional) irrigation schemes; (ii) building new irrigation schemes incorporating supervised control and data acquisition (SCADA) technology; (iii) designing new water sources in the field level, including some with solar pumps; (iv) finalizing the irrigation water user associations act and manual so that the water user associations (WUA) will be empowered to be involved in the irrigation projects and operational water management;[4] (v) setting up and strengthening the WUAs to take on their responsibilities, including increasing the involvement of women; and (vi) strengthening the capacity of Jal Shakti Vebhag (JSV), on all aspects of climate resilient irrigation design and water management. During years 1 and 2 of the project, about 4,000 ha will be irrigated through 162 schemes (35 already functional, 20 previously non-functional, and 107 new schemes) and managed by about 257 WUAs, or clusters (footnote 27). An additional 2,000 ha will be irrigated in the project years 3 and 4. JSV will implement output 1.[5]

5. **Output 2: Climate resilient subtropical horticultural production increased**. The project will support about 15,000 subtropical horticulture farmer households, over about 6,000 ha, in adopting climate resilient practices. About 80% of beneficiaries are marginal, small, and medium farmers (footnote 5), and at least 30% of beneficiary households will be represented by women. The subtropical horticulture production (guavas, lychees, oranges, pecans, persimmons, plums, and pomegranates) will be increased by: (i) organizing beneficiary farmers in cluster-wide community horticulture producer and marketing associations (CHPMAs)[6] and district-wide

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[1] State Steering Committee. 2018. *Strategies for doubling farmers income in Himachal Pradesh*. Solan: YSP University of Horticulture and Forestry.

[2] Government of Himachal Pradesh, Planning Department. 2015. *Drishti Himachal Pradesh 2030: Sustainable Development Goals*. Shimla.

[3] The design and monitoring framework is in Appendix 1.

[4] The draft Irrigation Water User Association Act and manual are prepared under the PRF project.

[5] Jal Shakti Vibhag was previously known as the Department of Irrigation and Public Health.

[6] All beneficiary farmers will belong to a cluster based on the irrigation scheme (i.e. total clustered areas are the project target areas of 6,000ha), and the minimum size of each cluster is 10 ha with at least 10 farmer households. About 400 clusters will be formed covering 6,000 ha of project target areas.

CHPMA cooperative societies[7]; (ii) identifying focus crop(s) per cluster, considering crop potentials, climate change projections, soil health, and market demand; (iii) supporting land preparation, including plot layout, raised beds, soil nutrient management, and pest and disease management; (iv) providing agriculture input and farm equipment in the initial years; (v) providing disease-free or quality planting materials for the crops selected by a cluster; (vi) installing and operating drip irrigation systems (following the designs done under output 1); (vii) introducing intercropping and beekeeping to beneficiary farmers; (viii) modernizing public and private subtropical horticulture nursery facilities and training DOH staff in implementing a nursery certification program[8]; (ix) establishing a geographic information system-based land resource database; (x) studying carbon benefits from horticulture farming, including preparing recommendations on a potential benefit sharing mechanism for CHPMA members; and (xi) providing modern extension services to farmers.

6. To improve the extension services, the project team will (i) enhance the training materials (or packages of practice); (ii) explore new techniques and knowledge exchange in partnerships with international and national universities or research institutes; (iii) enable motivated farmers to lead the farmer-to-farmer training; (iv) offset up a center of excellence (for subtropical horticulture) as a state knowledge hub; (v) capacity enhancement of DOH staff for public-private partnership, climate resilient agriculture, and on-farm irrigation; and (vi) boost beneficiary farmers' connection to information and communication technologies, and other agri-technology systems that provide real-time farm advisories.[9] The DOH will implement output 2.

7. **Output 3: Market access for subtropical horticulture farmers developed.** This output focuses on increasing profitability of farming in subtropical areas of the state. Output 3 activities include: (i) forming a CHPMA apex institution at the state level as a farmer producer company (FPC) to lead agribusiness development; (ii) training the FPC in facilitation and negotiation skills, business plan development, financial management and services, and branding; (iii) supporting the FPC to develop and implement the branding and agribusiness promotion strategy; (iv) designing and constructing value addition facilities at the CHPMA and public levels; and (v) supporting the CHPMA and state government to operate these facilities to generate or increase CHPMA's profits. Output 3 will be implemented by the DOH.

8. A detailed description of the project activities is in the detailed project implementation description.[10]

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[7] The CHPMA cooperative society will comprise about 5-10 CHPMA clusters with minimum 100 households in total.

[8] Public nurseries for disease-free mother stock management and private nurseries for planting material multiplication and distribution.

[9] The center of excellence will be used for training demonstration farmers, operating demonstration plots, administering subtropical horticulture schemes, and disseminating climate resilient research results.

[10] Detailed Project Implementation Description (accessible from the Report and Recommendation of the President Appendix 2).

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Table 1: Project Readiness Activities

					2022						2003		
Indicative Activities	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Responsible Agency**
Advance contracting actions													DOH/JSV/ADB
Establish project implementation arrangements													DOH/JSV/ADB
Government legal opinion provided													DOH/DEA
Government budget inclusion													DOH/JSV

ADB = Asian Development Bank, DEA = Department of External Relations, DOH = Department of Horticulture, JSV = Jal Shakti Vibhag.
Sources: ADB and DOH.

B. Overall Project Implementation Plan

Table 2: Project Implementation Plan

Indicative Activities	2023				2024				2025				2026				2027			
Q	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Output 1: Irrigated areas expanded and sustainably operated																				
Activity 1.1 Conduct the hydrological and topographical studies to develop the additional 2,000 ha of irrigated orchard (in addition to the first 4,000 ha of irrigated orchards designed under the PRF project)																				
Activity 1.2 Complete the engineering design of irrigation schemes to cover the remaining 2,000 ha of irrigated orchard																				
Activity 1.3 Construction of irrigation schemes that are a mix of functional, non-functional, and new schemes, including the SCADA system incorporated																				
Activity 1.4 Capacity building of JSV based on the training needs assessment results and the long-term training program, and through on-site trainings and international and/or national exposure visits																				
Activity 1.5 Form the WUAs for the sustainable irrigation scheme management																				
Activity 1.6 Strengthen the WUAs to implement the draft HP WUA act that is prepared under the PRF project by offering on-site trainings, and international and/or national exposure visits																				
Output 2: Climate resilient subtropical horticulture production increased																				
Activity 2.1. Form the CHPMA groups at the cluster-level and CHPMA cooperative society at the district level																				
Activity 2.2. Submit the final draft of Himachal Pradesh Horticulture Sector Development Strategy for approval																				
Activity 2.3. Enable ecosystem-based resource management for the horticulture sector including GIS based land database establishment																				
Activity 2.4. Enhance CHPMA training materials (package of practice) and develop them in digital contents																				
Activity 2.5. Capacity building of CHPMAs for climate resilient subtropical horticulture production, including the on-field drip irrigation and SCADA system management; intercropping; and beekeeping																				
Activity 2.6. Capacity building of DOH based on the training needs assessment results and the long-term training program, and through on-site trainings and international and/or national exposure visits																				
Activity 2.7. Support at least 15,000 farmer households to develop about 6,000 ha of subtropical orchards including provision of agricultural input, land preparation, and animal predator fencing																				

Indicative Activities	2023				2024				2025				2026				2027			
Q	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Activity 2.8. Upgrade or expand the capacity of government nurseries																				
Activity 2.9. Establish and operate the horticulture center of excellence																				
Output 3: Market access for subtropical horticulture farmers developed																				
Activity 3.1. Form the CHPMA apex institution at the state level as a FPC																				
Activity 3.2. Conduct the FPC training in facilitation and negotiation skills, business development, and financial services, and support the CHPMA apex institution to prepare a branding and agribusiness promotion strategy																				
Activity 3.3. Support the FPC to develop marketing channels by facilitating buyer-seller meetings and trade arrangements among online players, and developing physical market access facility development strategies																				
Activity 3.4. Support the FPC to implement the branding and agribusiness promotion strategy																				
Activity 3.5. Design value addition facilities at the CHPMA level and public level																				
Activity 3.6. Construct the value addition facilities, and support the FPC and state government to operate these facilities																				
Project Management																				
Mobilize consultants for research, project implementation, farmer capacity building																				
Engage contracts for works																				
Conduct periodic monitoring and reporting																				
Accounting and auditing																				

CHPMA = community horticulture production and marketing associations, FPC = farmer producer company, ha = hectare, HP = Himachal Pradesh, JSV = Jal Shakti Vibag, PRF = project readiness financing, Q = quarter, SCADA = supervisory control and data acquisition, WUA = water users association.

Source: Asian Development Bank.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

Table 3: Project Implementation Organizations: Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
A. Oversight body	**Governing Council** [a] − Overall coordination of the sector investment projects in the state − Interdepartmental coordination of the project **Executing Committee** [b] − Overall coordination of the project − Provide necessary policy guidance related to project implementation
B. Executing agency (EA)	**Department of Horticulture (DOH) through the Project Management Unit (PMU)** − Oversee and monitor project implementation as well as the adequacy of overall project funding − Project progress reports − Establishing and maintain project account, submit withdrawal applications to ADB and administer statement-of-expenditure and maintain supporting documents − Open, operate and maintain the single nodal account, maintain separate project accounts and prepare project financial statements and cause them to be audited by an independent auditor and submit the audited project financial statements to ADB in a timely manner − Submit withdrawal applications through the controller of aid accounts and audit (CAAA) to ADB for reimbursement − Day-to-day project execution, supervision and management − Monitor and provide updated procurement plan to the Asian Development Bank (ADB) − Overall responsibility in ensuring environmental compliance.
C. Implementing agencies (IA)	**DOH and Jal Shakti Vibhag (JSV) through the Project Implementation Units (PIU) in each department** − Oversee day-to-day project execution, supervision and management − Consultant recruitment and procurement of goods, works and non-consulting services − Collect necessary inputs to prepare quarterly and annual project progress reports environmental and social monitoring reports, and the project completion report. − Carry out quality assurance review to ensure that subprojects meet established project standards. − Process payments to contractors/consultants/suppliers and maintain separate book of accounts and records under the project − Conduct environmental, and social due diligence for proposed subprojects/orchards as necessary in consultation with relevant government agencies and ADB − Perform monitoring, consultation and disclosure of safeguards documents − Carry out project grievance redress mechanism − Supervise consultants' work and provide timely guidance

Project Implementation Organizations	Management Roles and Responsibilities
C. Beneficiaries	**Water User Associations (WUA) composed of, and elected, by villagers (supervised by PMU)** − Ensure community engagement in irrigation system design − Prepare seasonal water use plans for WUA irrigation area. − Monitor water use by group members − Form higher level organizations that progressively take up the management of irrigation schemes. − Establish subcommittees (water management, operation and maintenance, etc.). − Record water fee collection and report to block/district JSV. **Community Horticulture Production and Marketing Association (CHPMA) composed of, and elected by, villagers) (supervised by PMU)** <u>CHPMA Cluster at the group or cluster-level</u> − Participate in the cluster-level trainings − Prepare a cluster-level business plan <u>CHPMA Cooperative Society at the district level</u> − Coordinate cooperative capacity building programs − Strengthen CHPMA Cooperative Society − Organize the cluster-level training in production, marketing, and group management − Participate in the cooperative-level trainings for marketing and group management − Participate in the producer-buyer meetings − Prepare a cooperative-level business plan, reflecting on cluster-level business plans <u>CHPMA apex institution at the state level (Farmer Producer Company)</u> − Identify key public and private market operators and organize and facilitate the producer-buyer meetings − Form higher level organizations to establish public-private partnerships for value addition and improved market access. − Sensitize non CHPMA members and expand the number of member farmers − Develop training programs for production, marketing, and group management − Prepare a state-level business plan − Prepare a project exit strategy (for sustainable operation) See social due diligence report for the CHPMA selection criteria.
D. Consultants	Various consultants will be engaged for the following tasks: − Project implementation support − Construction supervision − Irrigation and horticulture scheme design − Packages of practice development and training − Capacity building − WUA facilitation − CHPMA facilitation − Internal auditing

Project Implementation Organizations	Management Roles and Responsibilities
E. Asian Development Bank	Monitor and review overall implementation of the project in consultation with the EA and IAs including the following: – Project implementation schedule – Progress with procurement and disbursement – Monitor effectiveness of safeguard procedures and ensure full social and environmental safeguards compliance – Timeliness of budgetary allocation and counterpart funding – Project expenditure – Review compliance with loan covenants – Monitor conformity with ADB anti-corruption policies

[a] A Governing Council, chaired by Chief Secretary, will coordinate the sector investment project in the state. Members comprise additional chief secretary of finance, agriculture principal secretary, horticulture secretary (member secretary for the governing council), JSV secretary, vice chancellor of YSP UHF Solan, horticulture and agriculture directors, JSV engineering-in-chief (project), and project director.

[b] The Executing Committee comprises horticulture secretary (chair); horticulture and agriculture directors; JSV engineering-in-chief (project); managing directors of the Himachal Pradesh Horticulture Development Project and the Crop Diversification II Project; director of YSP UHF Solan; advisor of planning department; project director (member secretary to the executing committee); State Level Bankers' Committee representatives; and deputy directors, nodal officers, finance officer, procurement manager of the project.

[c] The list of supporting documents are provided in the Terms of Reference of consulting services.

Source: Asian Development Bank.

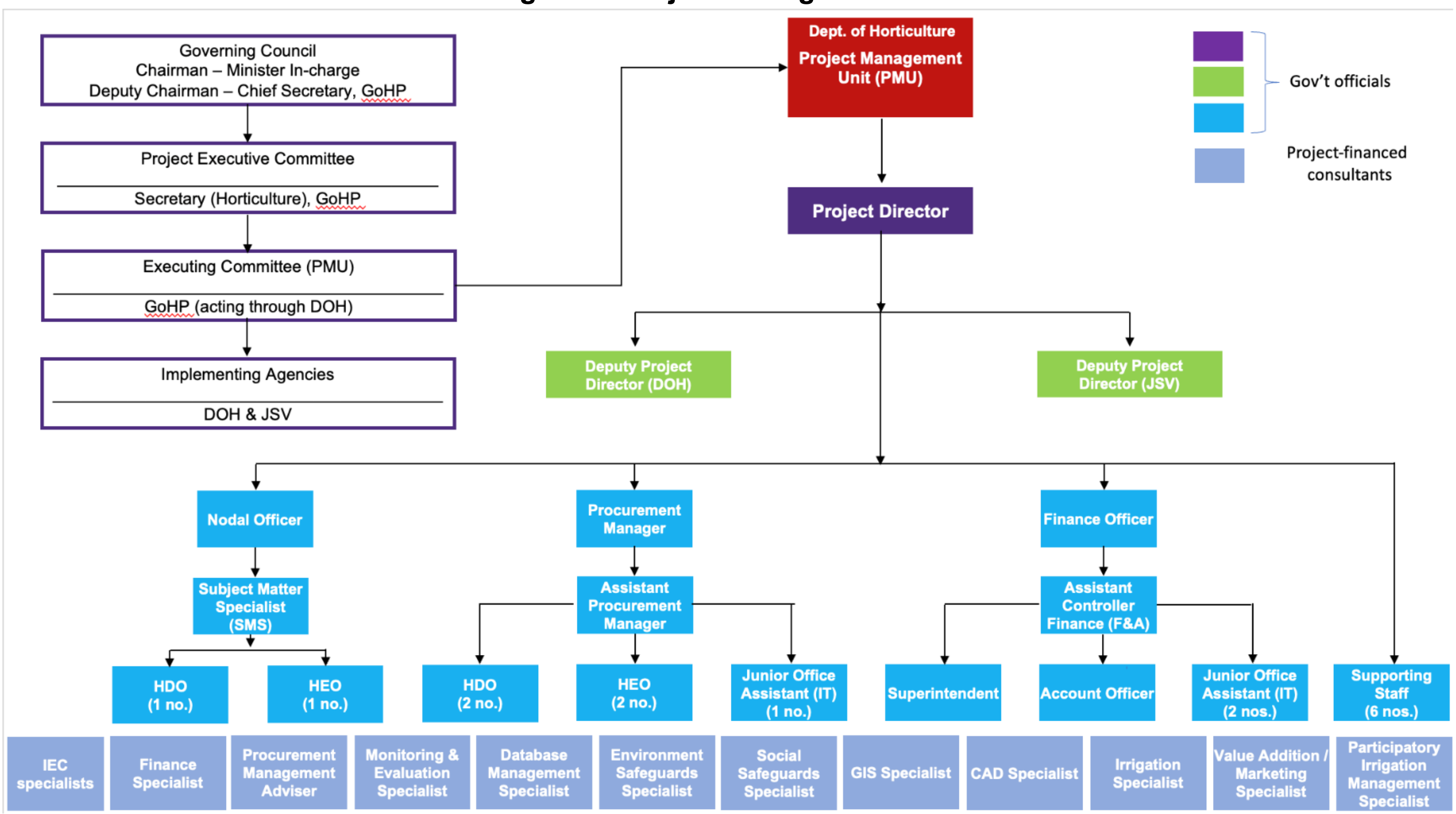
B. Key Persons Involved in Implementation

Executing Agency	
Department of Horticulture, Government of Himachal Pradesh	Amitabh Avasthi (IAS) Secretary (Horticulture, Shakti Vibhag, Technical Education) Telephone No. +91 177 262 1715 / 288 0769 Email address: horticulsecy-hp@nic.in
	Devinder Thakur Project Director, HPSHIVA Telephone No. +91 177 262 8479 E-mail address pmuhpshiva@gmail.com
Asian Development Bank	
Environment, Natural Resources and Agriculture Division of South Asia Department (SAER)	Mio Oka Director Telephone No. +63 977 815 3539 E-mail address moka@adb.org
Mission Leader	Sunae Kim Senior Natural Resource and Agriculture Specialist Telephone No. +63 999 999 1561 E-mail address sunaekim@adb.org

C. Project Organization Structure

9. The state of Himachal Pradesh, acting though the Department of Horticulture, will be the executing agency. DOH and JSV will be the implementing agencies. The executing agency will be supported by a joint DOH-JSV project management unit (PMU), and each implementing agency will be supported by each project implementation unit (PIU).[11] The PIU-DOH will be supported by a district implementation unit (DIU) which will directly work with a district-level CHPMA Cooperative Society. The joint PMU will be headed by a project director appointed by DOH, and each PIU will be headed by a deputy project director appointed by DOH and JSV each. The DIU-DOH will be headed by a district project manager appointed by DOH. See **Appendix 2** for the list of staff.

Figure 1: Project Management Unit



[11] The existing joint DOH-JSV project management unit (PMU) established for the PRF implementation will continue to serve as the PMU of the project.

Figure 2: Project Implementation Unit - DOH

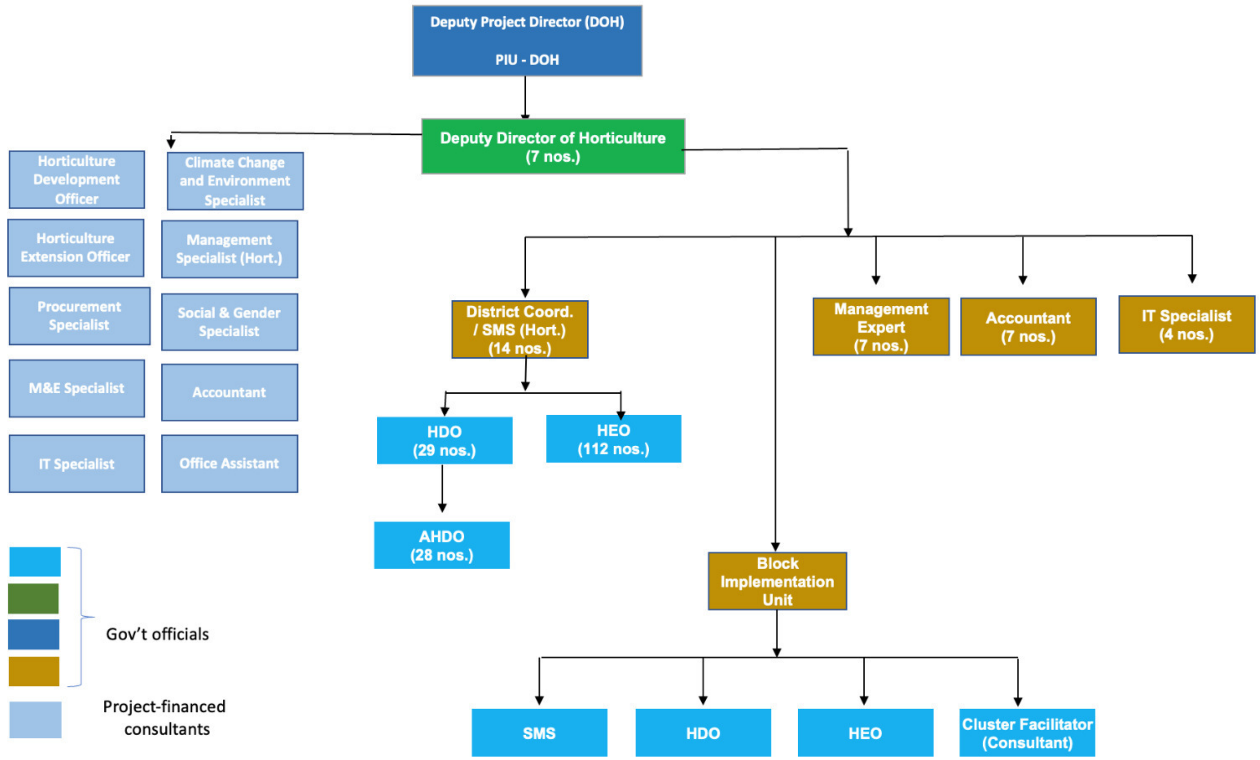
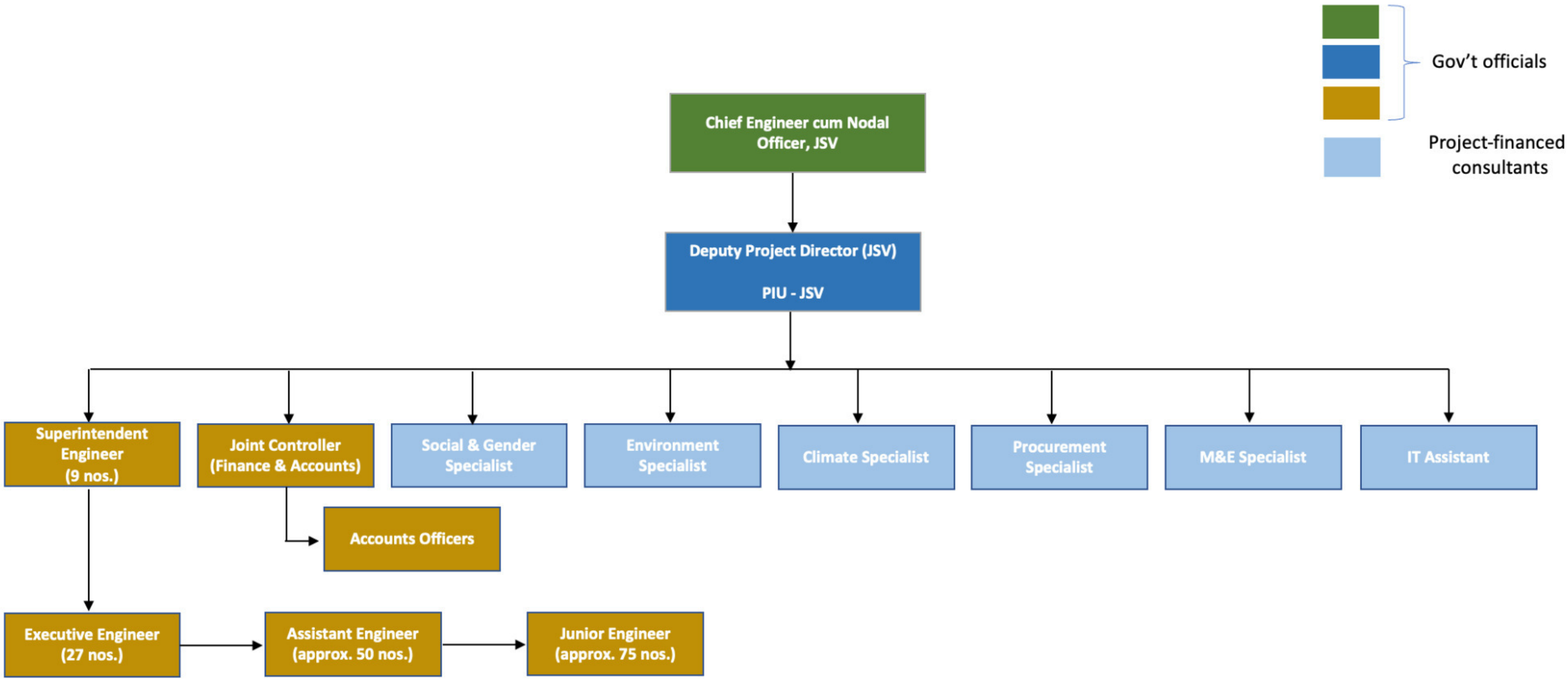


Figure 3: Project Implementation Unit - JSV



IV. COSTS AND FINANCING

10. The project is estimated to cost $163.1 million (Table 4).

Table 4: Summary Cost Estimates
($ million)

	Item	Amount [a]
A.	**Base Cost** [b]	
	1. Output 1: Irrigated areas expanded and sustainably operated	52.9
	2. Output 2: Climate resilient subtropical horticultural production increased	75.6
	3. Output 3: Market access for subtropical horticulture farmers developed	5.7
	4. Project management	4.8
	Subtotal (A)	**138.9**
B.	**Contingencies** [c]	**11.1**
C.	**Financial Charges During Implementation** [d]	**13.1**
	Total (A+B+C)	**163.1**

[a] Includes taxes and duties of $19.46 million. Such amount does not represent an excessive share of the project cost. ADB will finance taxes and duties of $6.64 million. The government will finance taxes and duties of $12.82 million through cash contribution. Numbers may not sum up precisely because of rounding.
[b] In mid-2022 prices as of 29 July 2022, using an exchange rate of $1 = ₹79.41.
[c] Physical contingencies computed at 10% for civil work, horticulture materials and equipment, and 0% for the other expenditure categories; price contingencies computed at 1.7% for 2023 and thereafter 1.8% between 2024-2029 for foreign currency costs, 5.0% in 2023, 4.5% for 2024 and thereafter 4.0% between 2025-2029 for local currency costs; conversion between currencies assumes purchasing power parity.
[d] Financial charges include interest and commitment. Interest during implementation for the ordinary capital resources loan(s) has been computed at the 3-year United States dollar fixed swap rate plus an effective contractual spread of 0.5%.
Source: Asian Development Bank.

11. The government has requested a regular loan of $130.0 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 3 years; an interest rate determined in accordance with ADB's Flexible Loan Product; a commitment charge of 0.15% per year (the interest and other charges during construction to be capitalized in the loan); 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 9.25 years, and there is no maturity premium payable to ADB.

12. ADB will finance the expenditures in relation to works, equipment, consulting services, capacity building, research, operations and maintenance, part of taxes and duties for works. The State of Himachal Pradesh will finance the equivalent of $33.1 million for part of the works, taxes and duties, and contingencies; interest during implementation; and commitment charges (Table 5). The government assured that any shortfall in the required finances during the implementation of the current project scope will be covered by the government.

Table 5: Summary Financing Plan

Source	Amount ($ million)	Share of Total (%)
Asian Development Bank		
Ordinary capital resources	130.0	79.7
Government	33.1	20.3
Total	**163.1**	**100.0**

Source: Asian Development Bank estimates

13. Climate mitigation is estimated to cost $17.2 million and climate adaptation is estimated to cost $117.1 million. ADB will finance 97.5% of mitigation costs ($16.8 million) and 86.0% of adaptation costs ($100.7 million). Climate mitigation costs are derived from vegetation and subtropical fruit orchard development in the abandoned or degraded areas, and adaptation costs are derived from climate resilient production, drip irrigation, training in climate resilient practices, value chain infrastructure improvement reducing food waste, and incremental project management costs. The project is estimated to generate an incremental carbon balance of 1.11 million tons of carbon dioxide equivalent, sequestered by the project over 20 years or 55,400 tons of carbon dioxide equivalent of reduced emissions per year.

A. Cost Estimates Preparation and Revisions

14. The cost estimates were prepared based on the detailed project report, where available, and other relevant details, including actual contract prices during the PRF implementation. Estimates were updated based on unit cost and rates prevailing in Himachal Pradesh in 2022. Project costs may be revised during midterm review or special administration review missions.

B. Key Assumptions

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

(i) Exchange rate: ₹79.41 = $1.00 (as of 29 July 2022); and
(ii) Physical contingencies computed at 10% for civil works, equipment, training, and administrative costs. Price contingencies based on expected cumulative inflation over the implementation period are as follows:

Table 6: Escalation Rates for Price Contingency Calculations (%)

Item	2023	2024	2025	2026	2027	Average
Foreign rate of price inflation	1.7	1.8	1.8	1.8	1.8	1.8
Domestic rate of price inflation	5.0	4.5	4.0	4.0	4.0	4.3

Source: Asian Development Bank estimates

(iii) In-kind contributions cannot be easily measured and have not been quantified.

C. Detailed Cost Estimates by Expenditure Category

Table 7: Detailed Cost Estimates by Expenditure Category

		₹ Million	$ million	% of Total Base Cost
A.	**Investment Costs**			
	1. Civil works	7,792.20	98.13	70.61%
	2. Consultancy services	940.00	11.84	8.52%
	3. Equipment and materials	1,487.00	18.73	13.48%
	4. Capacity building	59.00	0.74	0.53%
	5. Private nursery support	14.10	0.18	0.13%
	6. Research	39.30	0.50	0.36%
	Subtotal (A)	**10,331.60**	**130.10**	**93.63%**
B.	**Recurrent Costs**			
	1. Salaries and allowances	110.30	1.39	1.00%
	2. Operation and maintenance	591.70	7.45	5.36%
	Subtotal (B)	**702.00**	**8.84**	**6.36%**
	Total Base Cost	**11,033.60**	**138.94**	**100.00%**
C.	**Contingencies**			
	1. Physical	581.40	7.32	5.27%
	2. Price	809.50	3.82	2.75%
	Subtotal (C)	**1,390.90**	**11.14**	**8.01%**
D.	**Financial charges during implementation**			
	1. Interest during implementation	1,033.90	12.64	9.09%
	2. Commitment charges	33.30	0.40	0.29%
	Subtotal (D)	**1,067.20**	**13.03**	**9.38%**
	Total Project Cost (A+B+C+D)	**13,491.60**	**163.11**	**117.380%**

Source: Asian Development Bank Estimates.

D. Allocation and Withdrawal of Loan Proceeds

Table 8: Allocation and Withdrawal of Loan Proceeds

Category	**Item**	**Total Amount Allocated for ADB Financing ($)**	**Basis for Withdrawal from the Loan Account**
1	Civil Works	95,800,000	90% of total expenditure claimed
2	Equipment & Materials	19,200,000	100% of total expenditure claimed[a]
3	Capacity Building and Research	1,200,000	100% of total expenditure claimed[a]
4	Consulting Services	11,800,000	100% of total expenditure claimed[a]
5	Operation and Maintenance	2,000,000	23% of total expenditure claimed
	Total	130,000,000	

ADB=Asian Development Bank.

[a] exclusive of taxes and duties imposed within the territory of the Borrower.

[b] includes physical and price contingencies

Source: ADB estimates.

E. Detailed Cost Estimates by Financier

Table 9: Detailed Cost Estimates by Financier
($ million)

	ADB Loan Amount	%	Government Amount	%	Total Amount	Duties &Taxes
A. Investment Costs						
1. Civil Works	88.40	90.1	9.72	9.9	98.13	15.60
2. Consultancy Services	11.49	97.1	0.34	2.9	11.84	0.30
3. Equipment & Materials	17.67	94.4	1.06	5.6	18.73	1.10
4. Capacity Building	0.65	88.0	0.09	12.0	0.74	0.10
5. Private Nursery Support	0.00	0.0	0.18	100.0	0.18	0.00
6. Research	0.44	88.0	0.06	12.0	0.50	0.10
Subtotal A.	**118.66**	**91.2**	**11.45**	**8.8**	**130.10**	**17.13**
B. Recurrent Costs						
1. Salaries & Allowances	0.00	00.0	1.39	100.0	1.39	0.00
2. Operation & Maintenance[a]	1.73	23.2	5.72	76.8	7.45	0.90
Subtotal B	**1.73**	**19.6**	**7.11**	**80.4**	**8.84**	**0.90**
C. Contingencies[b]						
1. Physical	6.40	87.4	0.92	12.6	7.32	0.90
2. Price	3.21	84.2	0.60	15.8	3.82	0.50
Subtotal C	**9.61**	**86.3**	**1.52**	**13.7**	**11.14**	**1.40**
D. Financial Charges During Implementation						
1. Interest During Implementation	0.00	0.0	12.64	100.0	12.64	0.00
2. Commitment Charges	0.00	0.0	0.40	100.0	0.40	0.00
Subtotal d	**0.00**	**0.0**	**13.03**	**100.0**	**13.03**	**0.00**
Total Project Costs (A+B+C+D)	**130.00**		**33.11**		**163.11**	**19.5**
% Total Project Cost		**79.7**		**20.3**		

ADB=Asian Development Bank
[a] O&M costs include PMU and PIU staff per diem
[b] The contingencies are allocated across each cost category in Table 8 and the loan agreement allocation table.
Source: ADB estimates.

F. Detailed Cost Estimates by Outputs

Table 10: Detailed Cost Estimates by Outputs
($ million)

	Output 1: Irrigated areas expanded and sustainably operated		Output 2: Climate resilient subtropical horticultural production increased		Output 3: Market access for subtropical horticulture farmers developed		Project Management Costs		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount
A. Investment Costs									
1. Civil Works	43.56	44.4	50.27	51.2	4.30	4.4	-	-	98.13
2. Consultancy Services	3.60	30.4	5.81	49.1	1.15	9.7	1.28	10.8	11.84
3. Equipment & Materials	-	-	18.38	98.2	0.23	1.2	0.11	0.6	18.73
4. Capacity Building	0.26	34.8	0.48	65.2	-	-	-	-	0.74
5. Private Nursery Support	-	-	0.18	100.0	-	-	-	-	0.18
6. Research	-	-	0.50	100.0	-	-	-	-	0.50
Subtotal A.	**47.41**	**36.4**	**75.63**	**58.1**	**5.68**	**4.4**	**1.39**	**1.1**	**130.10**
B. Recurrent Costs									
1. Salaries & Allowances	-	-	-	-	-	-	1.39	100.0	1.39
2. Operation & Maintenance	5.48	73.6	-	-	-	-	1.97	26.4	7.45
Subtotal B	**5.48**	**62.0**	**-**	**-**	**-**	**-**	**3.36**	**38.0**	**8.84**
C. Contingencies									
1. Physical	0.81	11.1	5.85	79.9	0.45	6.2	0.21	2.8	7.32
2. Price	0.57	15.0	2.89	75.8	0.15	3.8	0.20	5.4	3.82
Subtotal C	**1.38**	**12.4**	**8.74**	**78.5**	**0.60**	**5.4**	**0.41**	**3.7**	**11.14**
D. Financial Charges During Implementation	4.03	-	8.03	-	0.63	-	0.34	-	13.03
Total Project Costs (A+B+C+D)	**58.31**	**35.7**	**92.40**	**56.6**	**6.90**	**4.2**	**5.50**	**3.4**	**163.11**

Source: Asian Development Bank estimates.

G. Detailed Cost Estimates by Year

Table 11: Detailed Cost Estimates by Year
($ million)

	Total	2023	2024	2025	2026	2027
A. Investment Costs						
1. Civil Works	98.13	36.75	28.89	18.34	13.92	0.23
2. Consultancy Services	11.84	4.26	2.67	1.99	2.01	0.92
3. Equipment & Materials	18.73	3.04	5.99	4.66	4.02	1.01
4. Capacity Building	0.74	0.17	0.22	0.09	0.19	0.06
5. Private Nursery Support	0.18	0.00	0.11	0.07	0.00	0.00
6. Research	0.50	0.00	0.13	0.08	0.10	0.20
Subtotal A.	**130.10**	**44.23**	**38.00**	**25.22**	**20.24**	**2.42**
B. Recurrent Costs						
1. Salaries & Allowances	1.39	0.28	0.28	0.28	0.28	0.28
2. Operation & Maintenance	7.45	0.36	1.04	1.97	2.08	2.00
Subtotal B	**8.84**	**0.64**	**1.32**	**2.25**	**2.35**	**2.28**
C. Contingencies						
1. Physical	7.32	1.61	2.03	1.84	1.53	0.32
2. Price	3.82	0.21	0.77	1.10	1.35	0.40
Subtotal C	**11.14**	**1.81**	**2.80**	**2.93**	**2.88**	**0.72**
D. Financial Charges During Implementation						
1. Interest During Implementation	12.63	0.34	1.67	2.80	3.63	4.19
2. Commitment Charges	0.40	0.18	0.12	0.07	0.03	0.00
Subtotal D	**13.03**	**0.52**	**1.79**	**2.87**	**3.66**	**4.19**
Total Project Costs (A+B+C+D)	**163.11**	**47.20**	**43.90**	**33.27**	**29.13**	**9.60**

Source: Asian Development Bank estimates.

H. Contract and Disbursement S-Curve

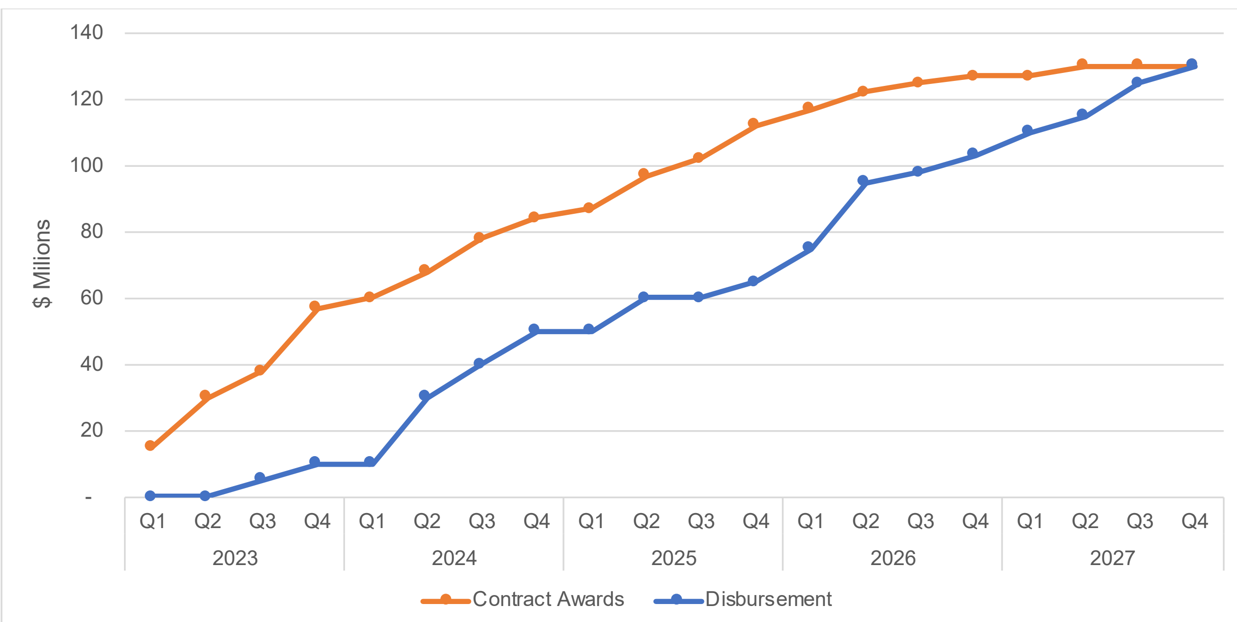
16. Table 12 and Figure 4 show quarterly contract awards and disbursement projections over the life of the project. The S-curve is only for ADB financing and ADB-administered cofinancing, which will be recorded in ADB's systems and reported through e-Ops. The projection for contract awards includes contingencies and unallocated amounts, but excludes front-end fees, service charges, and interest during construction. Disbursements are projected up to 4 months after loan closing.

Table 12: Contract Awards and Disbursement Projections

Calendar	Contract Award ($ million)					Disbursements ($ million)				
Year	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2023	15.00	15.00	8.00	19.00	57.00	0.00	0.00	5.00	5.00	10.00
2024	3.00	8.00	10.00	6.00	27.00	0.00	20.00	10.00	10.00	40.00
2025	3.00	10.00	5.00	10.00	28.00	0.00	10.00	0.00	5.00	15.00
2026	5.00	5.00	3.00	2.00	15.00	10.00	20.00	3.00	5.00	38.00
2027	0.00	3.00	0.00	0.00	3.00	7.00	5.00	10.00	5.00	27.00
2028	0.00	-	-	-	0.00	0.00	-	-	-	0.00
Total					130.00					130.00

Source: Asian Development Bank estimates.

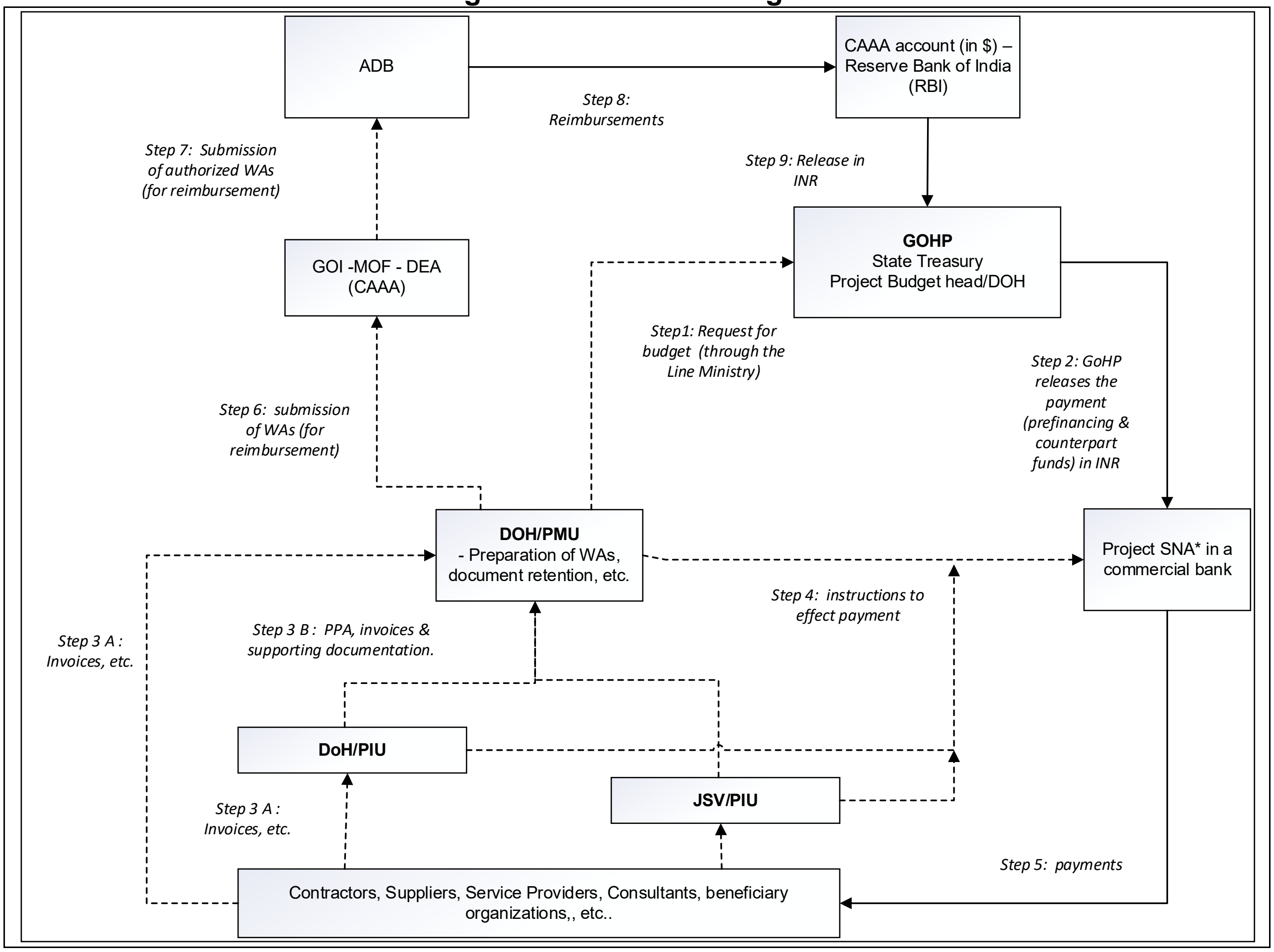
Figure 4: Contract Award and Disbursement S-Curve



Source: Asian Development Bank estimates.

I. Fund Flow Diagram

Figure 5. Fund Flow Diagram



Legend for fund flow diagram:

Flow of Funds = ——►

Flow of documents = ------►

ADB = Asian Development Bank, CAAA = Controller of Aids Accounts and Audit, DEA = Department of Economic Affairs, DOH= Department of Horticulture, GOI = Government of India, GoHP = Government of Himachal Pradesh, INR = Indian Rupee, JSV = Jal Sakthi Vibhag, MOF = Ministry of Finance, PIU = project implementation unit, PMU = project management unit, PPA=Print payment advice, RBI = Reserve Bank of India, SNA =Single Nodal account
Source: ADB.

Note: DOH will open a single nodal account for the exclusive use of the project in a commercial bank authorized to conduct government business by the state government. DOH/PMU will assign drawing rights to DOH/ PIU and JSV/PIUs as required.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

17. The financial management assessment (FMA) was conducted in accordance with ADB guidelines.[12] The FMA considered the capacity of the two implementing agencies, DOH and JSV, including funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements as well as the past financial management performance under the PRF.

18. The project will largely follow the financial management (FM) arrangements already established under the PRF with some modifications. The FMA found that DOH and JSV have adequate financial management capability to (i) record the required financial transactions, (ii) provide reliable annual financial statements and audit reports in a timely manner, (iii) administer the SOE procedure in accordance with ADB's disbursement handbook up the ceiling of $100,000 and (iv) safeguard the financial assets.

19. However, the pre-mitigation financial management risk is assessed as *substantial* mainly because of the following: (i) financial management arrangements with two implementing agencies, (ii) at the PIU level some additional project accounts staff are to be recruited, (iii) the implementing agencies do not have in place effective internal audit functions, and (iv) delays in submission of audit reports have been noted under the ongoing PRF. These risks will be mitigated by: (i) centralizing the financial management control in the PMU, (ii) assigning accountants to each PIU and engaging an financial management expert to support the project, (iii) providing regular training in ADB's financial management requirements, (iv) developing a supplementary project financial management manual, (v) including comprehensive financial information in the quarterly project progress reports, (vi) engaging an external firm to conduct regular internal audits of the project and (vi) establishing a project audit review committee . Moreover, the project financial statements will be audited annually by an independent auditor in accordance with auditing standards acceptable to ADB. The detailed financial management risks and mitigations measures are provided in Table 13.

Table 13: Financial Management Inherent and Control Risk Assessment

Risk	Risk Assessment	Proposed Mitigation Measures
A. Inherent Risks		
1. Country-Specific Risks (India)	**MODERATE** 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 (GOHP)	**SUBSTANTIAL** There are strong institutional mechanism and legislative framework for budgeting, accounting, and audit. However, there is scope for improving the effectiveness of the system of budgetary and financial controls as well as financial discipline.	Project specific mitigation actions outlined below.

[12] ADB. 2015. *Financial Management Technical Guidance Note: Financial Management Assessment.*

Risk	Risk Assessment	Proposed Mitigation Measures
3. Project-Specific Risks	**SUBSTANTIAL** Large number of transactions in scattered locations are required.	The FM control will be centralized in the DOH/PMU as outlined below.
Overall Inherent Risk: Substantial		
B. Control Risks – PMU and PIUs		
1. Implementing Agency	**MODERATE** DOH and JSV, have experience in implementing ADB-assisted projects and a PMU has already been established under the PRF. The JSV/PIU and DOH/PIU have also been established but the district implementation units (DIUs) under DOH still need to be set up.	The project implementation units including the district implementation units will be established and adequately staffed in a timely manner. The FM related roles and responsibilities will be documented in the project FM manual.
2. Funds Flow	**MODERATE.** GOHP will allocate funds to the project through its budgetary mechanisms and subsequently the eligible portion will be claimed from ADB under the reimbursement procedure. The DOH/PMU already has experience in ADB's disbursement systems and procedures. However, delays in release of government funds and/or midyear budget cuts may have an impact on the implementation.	– Assurances to be sought that GOHP will provide government funding in a timely fashion. – DOH will open a Single Nodal Account (SNA) for the exclusive use of the project at the state level in a commercial bank authorized to conduct government business by the GOHP. – DOH/PMU will prepare withdrawal applications and retain all supporting documentation. – Regular training to be provided in ADB disbursement procedures and systems.
3. Staffing	**MODERATE** Adequate accounts staff positions have been sanctioned to the project but some accountants at the PIU and DIU level have not yet been assigned to the project. The project may also need additional support to comply with ADBs reporting and disbursement requirements and to implement the agreed FM action plan.	– The DOH and JSV will assign accountants to all PIUs and DIUs by December 2022. – An FM expert to be hired to support the DOH/PMU. – Continuous training to be provided in ADB's FM and disbursement systems and procedures.

Risk	Risk Assessment	Proposed Mitigation Measures
4. Accounting Policies and Procedures	**SUBSTANTIAL** GOHP policies and procedures are well documented. However, given the intricate nature of the project, and ADB's requirements, supplementary financial procedures need to be developed.	– The existing GOI & GOHP procedures will be supplemented with a project FM manual ("supplementary project FM manual") to ensure ADB's requirements are met at all levels. – A detailed chart of accounts is to be developed to allow the project to track receipts, advances and payments under project in the Tally software and align the government expenditure categories with the expenditure categories in the PAM. – All project records and supporting documentation are to be orderly filed in the DOH/PMU, backed up regularly and made available for auditors and ADB for inspection as necessary. – A project audit review committee (PARC) is to be established to review internal and external audit observation and recommendations and to ensure these are implemented in a timely fashion.
5.Internal Audit	**SUBSTANTIAL** There is no effective internal audit function in place in DOH and JSV. Under the RFP, the DOH/PMU has engaged an external audit firm to undertake internal audits and the same practice will need to be followed under this project.	DOH/PMU will engage an external chartered accounting firm to conduct quarterly internal audits of the project in accordance with ToRs agreed with ADB.
6. External Audit	**SUBSTANTIAL** DOH/PMU has experience in ADB's audit requirements and the audit TORs agreed between ADB, DEA and CAG. However, the APFS under the PRF has been submitted with some delays due to COVID-19 lock downs.	– DOH/PMU will agree with CAG whether the project audit is to be done by CAG or an independent firm of chartered accountants empanelled by the CAG in accordance with international standards on auditing and agreed TORs between DEA, ADB and CAG. – The Auditor is to be sensitized in ADB's audit requirements and the agreed TORs between DEA, ADB and CAG. – DOH/PMU will prepare the PFS in a timely manner to allow the audit to start on time. – Audit report and management letter to be submitted to ADB within six months after the end of the fiscal year.

Risk	Risk Assessment	Proposed Mitigation Measures
7. Reporting & Monitoring	**MODERATE** Under the PRF, it is noted that there is scope for improving the frequency and timelines of periodic financial reporting to ensure the availability of real time and good quality information.	− Comprehensive financial information to be included in the quarterly progress reports to be submitted to ADB within 45 days after the end of the quarter in a format agreed with ADB. − The project financial statements will follow the reporting templates included in the agreed audit TORs with supplementary information included in the note disclosures.
8. Information Systems	**MODERATE** The project transactions will be carried out through the GOHP PFMS and the DOH/PMU has set up a standalone accounting software (Tally) under the PRF which will also be used for this project. However, the accounting software still needs to be extended to the PIUs.	− Tally accounting software is to be deployed to the DOH and JSV PIUs. − The PFMS system will cover the single nodal account and the project will make use of the PFMS system for effecting payments and transfers. − The DOH/PMU to make use of ADB FM systems including the Client Portal for Disbursements for submitting and tracking withdrawal applications and LFIS for reconciling project accounts with ADB's disbursement records.
Overall Control Risk	**SUBSTANTIAL**	
Overall FM risk	**SUBSTANTIAL**	

ADB = Asian Development Bank, APFS = audited project financial statement, CA = chartered accountant, CAG = Comptroller and Auditor General, CPD = client portal for disbursement, DEA = Department of Economic Affairs, DOH= Department of Horticulture, EA = executing agency, FY = financial year; GOI = Government of India, GOHP = Government of Himachal Pradesh, IA = implementing agency, JSV = Jal Shakti Vibhag, LFIS = loan financial information system, PFMS = public financial management system, PIU = project implementation unit, PMU = project management unit, SOE = statement of expenditure, QPRs = quarterly progress reports, TORs = terms of reference WA = withdrawal application

Source: ADB.

20. ADB, DOH and JSV have agreed to implement an action plan as key measures to address the deficiencies. The financial management action plan is provided in Table 14.

Table 14: Financial Management Action Plan

Risk Area	Agreed action	Responsibility	Timeframe
Staffing	Assign accountants to each PIU and each DIU.[a]	DOH & JSV	December 2022
Staffing	Engage an FM expert on an intermittent basis to support the PMU for the whole implementation period	DOH/PMU	within one month after loan effectiveness
Capacity building	Provide training in ADB's Financial reporting requirements and templates as well as disbursement policies, procedures and systems to the project accounts staff.	DOH/JSV and ADB	By inception mission and annually
Accounting	− Collect and file all project records and supporting documentation (or copies of such documentation) centrally in the PMU, backed	DOH/PMU	From project inception until loan closing date

Risk Area	Agreed action	Responsibility	Timeframe
	up regularly and made available for auditors and ADB for inspection staff as necessary. − Maintain project controls register and records including: (i) register of signed contracts and amounts disbursed against each contract, and (ii) reconciliation by withdrawal application claimed from and disbursed by ADB;	 DOH/PMU with inputs from DOH/PIU and JSV/PIU	 From project inception until loan closing date
Accounting	Develop a supplementary project financial management manual including a chart of accounts to allow the project to track receipts, advances and payments under project in the Tally software and align the government expenditure categories with the expenditure categories in the PAM.[b] Cause the manual to be approved by DOH, JSV and ADB, and disseminate the manual to the PIUs and organize training as required.	DOH/PMU	December 2022
Internal audit	Engage an external Chartered Accountant firm to undertake quarterly internal audits of the project in accordance with agreed ToRs, , and to provide period training in internal audit to DOH and JSV.	DOH/PMU	Within 3 months after loan effectiveness.
Internal controls	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.	DOH/ PMU and JSV PIU	December 2022
External Audit – project level	− Engage a CAG empaneled chartered accountant firm to undertake the independent audit of the consolidated project financial statements using the audit ToRs agreed between CAG, ADB and DEA, − Sensitize the auditor to ADB's requirements including the necessary audit opinions, management letter and the audit submission deadlines.	DOH/PMU	Within one quarter after loan effectiveness. Annually
Financial reporting	− Monitor the financial performance including disbursement commitments, budget against actual expenditures, and physical financial performance and include financial information in a format agreed with ADB in the quarterly progress reports and submit to ADB. − -Prepare project financial statements separately in a format agreed with ADB including analysis of significant variances between budgeted vs actual expenditures in the notes.	DOH/PMU	Within 45 days after each reporting period. Annually within 60 days after the end of the fiscal year.
Information systems	-Extend the PFMS to cover the single nodal account. -Deploy Tally accounting software to the DOH and JSV PIUs.	GOAP/DOH DOH/PMU DOH/PMU and	within one month after loan effectiveness December 2022

Risk Area	Agreed action	Responsibility	Timeframe
	Record all project transactions in PFMS and Tally software	PIU and JSV/ PIU DOH/PMU and PIU and JSV/ PIU	From project inception until loan closing date
Information systems	Use of ADB systems LFIS and Client Portal for disbursement (CPD) to reconcile project accounts, quarterly progress reports and financial statements with ADB disbursement records.	DOH/PMU	Quarterly

ADB = Asian Development Bank, APFS = audited project financial statement, CA = chartered accountant, CAG = Comptroller and Auditor General, CPD = client portal for disbursement, DEA = Department of Economic Affairs, DOH= Department of Horticulture, EA = executing agency, FY = financial year; GOI = Government of India, GOHP = Government of Himachal Pradesh, IA = implementing agency, JSV = Jal Shakti Vibhag, LFIS = loan financial information system, PFMS = public financial management system, PIU = project implementation unit, PMU = project management unit, SOE = statement of expenditure, QPRs = quarterly progress reports, TORs = terms of reference WA = withdrawal application

[a] The Sanctioned accounts staff positions include DOH/PMU: Finance Officer, Assistant controller Finance and Accounts officer; DOH/PIU: An Accountant; DOH/DIU: one accountant in each of the 7 DIUs; and JSV/PIU: Joint controller (Finance and accounts) and accounts officer.

[b] The chart of account should define the sub-heads for various outputs of the project. Various components of the project should be used for this purpose to facilitate final reporting of category-wise expenditure of ADB.

Source: ADB

21. To ensure effective and timely implementation of the FM action plan, DOH and JSV are required to review the progress made against each agreed action on a quarterly basis. In addition, ADB review missions will review and verify the status of the financial management risks and FM action plan on an annual basis and suggest remedial measures, as appropriate.

B. Disbursement

1. Disbursement Arrangements for ADB Funds

22. The loan proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2022, as amended from time to time),[13] and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available. Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

23. The DOH through its PMU will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting all supporting documents, and (iv) preparing and sending withdrawal applications to ADB.

24. **Statement of expenditure procedure.**[14] 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. Supporting documents and records for the expenditures claimed under the SOE should be maintained and 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 individual payments more than

[13] The handbook is available electronically from the ADB website (http://www.adb.org/documents/loan-disbursement-handbook)

[14] SOE forms are available in Appendix 6A and 6B of ADB's *Loan Disbursement Handbook* (2022, as amended from time to time).

the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

25. Before the submission of the first withdrawal application (WA), the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per WA is stipulated in the *Loan Disbursement Handbook* (2022, as amended from time to time). Individual payments below such amount should be paid by the DOH, or GOHP and subsequently claimed to ADB through reimbursement, unless otherwise accepted by ADB. The borrower should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements (CPD) system is mandatory for submission of withdrawal applications to ADB.[15]

2. Disbursement Arrangements for Counterpart Fund

26. The government counterpart funds will be sufficiently allocated in the budget annually under a separate budget code. DOH, through its PMU, and with inputs from JSV, will be responsible for preparing the consolidated project budget on an annual basis, and disbursement projections and requesting budgetary allocations for the project, including counterpart funds from the GOHP. All disbursements under government financing will be carried out in accordance with the regulations of the Government of India and the GOHP and accounting principles acceptable to ADB. Accordingly, DOH will open a Single Nodal Account (SNA) for the exclusive use of the project at the state level in a commercial bank authorized to conduct government business by the GOHP. Subsequently, GOHP will transfer funds to the SNA periodically based on project needs. DOH will assign drawing rights to the PMU and respective DOH and JSV PIUs as required. The Single Nodal Account will be included in the GOHP's Public Financial Management System (PFMS) and all payments from the account will be made through the PFMS.

C. Accounting and financial reporting

27. **Accounting.** DOH and JSV will maintain, separate books and records by funding source (ADB loan, government counterpart financing) for all expenditures incurred under the project in accordance with government's accounting laws and regulations – cash basis of accounting which are consistent with international accounting principles and practices. DOH and JSV will record all project transaction in the Tally software and all payments will be made through the PFMS software.

28. **Annual project financial statements**. DOH, through its PMU and with inputs from JSV will prepare project financial statements, covering all project transactions, in accordance with government regulations and following the financial statement templates 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 (2013, as amended from time to time). Accordingly, the expected disclosures in the project financial statements should include at least the following:

(i) Statement of cash receipts (by financing source: ADB loan, and GoHP) and payments (by expenditure category) for the current reporting period, past reporting period, and cumulative to date;
(ii) Statement of expenditure by category and financier for the year/period end.

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[15] The CPD facilitates online submission of WA 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.

(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. The notes of the financial statements should include a detailed list of all withdrawal applications submitted to, and the amounts paid by ADB as follows: (a) withdrawal application number, (b) the amount claimed and currency, (c) time period in which expenditures were incurred, (d) date submitted, (e) disbursement method, and (f) the amount disbursed by ADB;
(iv) Disbursement claimed under SOE procedure for the reporting period;
(v) Statement of appropriation vs. actual expenditures. Any significant variances must be duly explained in the notes;
(vi) Expenditure by output/components for the current reporting period, past reporting period, and cumulative to date; and,
(vii) Notes to the Financial Statements disclosing the used accounting standards and policies and other relevant information and explanations.

29. The expenditure categories and outputs used in the financial reports will be aligned with the expenditure categories of the PAM. The audit ToRs agreed between ADB, CAG and DEA and the templates for project financial statements are attached as **Appendix 3**.

30. **Interim financial reporting**. In order to provide timely information on the project's financial progress and the status of financial management, DOH through its PMU and with inputs from the JSV, will ensure that financial information in a format agreed with ADB is included in the Quarterly Progress reports to be submitted to ADB within 45 days after the end of each quarter. The information will include at least the following:[16]

(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). Any significant variances between planned and actual contract awards are to be explained;
(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). Any significant variances between planned and actual disbursements are to be explained;
(iii) Re-estimated costs to completion, need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely;
(iv) Reconciliation of project records and ADB loan disbursement records for the financial year to date and cumulative from project inception to end of the reporting period. Any discrepancies and outline follow-up actions required are to be explained;
(v) Variance analysis including budget vs actual expenditures and physical vs financial progress, with significant deviations explained;
(vi) Summary of the status of financial covenants (if any) as outlined in the legal agreement;
(vii) Summary of the status of Financial management in the project including: a) any problems in the existing financial management arrangements and /or flow of funds and b) any significant changes occurred during the reporting period (e.g. financial

[16] Detailed financial reports may be attached to the quarterly progress reports to allow for more detailed analysis.

management staff turnover, implementation of new financial systems, emerging financial management related risks etc.);

(viii) Summary of the status of (a) the financial management action plan, (b) recommendations and actions raised by ADB as part of the APFS review (if any), and (c) financial management related recommendations agreed during ADB review missions (if any); and

(ix) Summary of the status of Status of past external/internal audit observations/ recommendations (resolved/ pending).

31. Detailed financial reports may be included as an annex to the progress report as agreed with ADB. Sample template for the financial information is included in the quarterly progress report template in **Appendix 4**.

32. **Reconciliations with ADB loan disbursement records.** To ensure the correctness and completeness of the project's disbursement records, DOH through its PMU shall conduct quarterly reconciliation of the project accounts, and ADB's disbursement data available in the Loan Financial Information System (LFIS). Any discrepancies and/or reconciliation items will be promptly followed up on to ensure these are resolved in a prompt manner. The differences between amounts claimed and the amounts disbursed will be disclosed and explained in the withdrawal application register, in the quarterly progress reports and in the notes of the project financial statements.

33. **Variance analysis.** DOH and JSV through its PMU and PIUs will conduct variance analysis on a regular basis and examine the differences between budgeted vs. actual expenditures as well as financial vs. physical progress. The variance analysis will pay particular attention to:

(i) significant deviations from the budgeted engineer's estimate.
(ii) Significant deviations between financial and physical progress.
(iii) Significant delays on (planned vs. reported) physical and/or financial progress.
(iv) Inconsistent and/or delayed progress reporting.

34. Any significant variances, delays or deviations etc. shall be promptly followed-up on and explained in the financial reports (PFS and QPRs) as applicable.

35. **Internal audit.** DOH, through is PMU will engage an external chartered accountant firm to perform periodic internal audits of the entity. The internal auditor will report to the PD and 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 ToRs of the internal auditor are included in **Appendix 11.** EA and IA will also receive training on the internal audit.

36. **Project Audit Review Committee.** In order to strengthen the internal control framework of the project and ensure audit observations and recommendations are implemented in a timely fashion, a Project Audit Review Committee (PARC) will be established. The Committee will be headed by the Project Director and will include staff from both DOH and JSV. The Project Audit Review Committee will meet on a quarterly basis to undertake the following tasks: (i) review accounting practices, (ii) monitor external audit observations and 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. The status of audit observations and recommendations will be included in the quarterly progress reports.

D. Auditing and Public Disclosure

37. DOH will cause the detailed project financial statements to be audited by an independent auditor acceptable to ADB and in accordance with international standards on auditing (ISA) or national equivalents[17] and the audit ToRs agreed between ADB, CAG and DEA (2013, and as amended from time to time).[18] The audit will include all project expenditures incurred by DOH and JSV and the auditor will examine the relevant internal controls of each entity and other aspects as deemed necessary. The audited financial statements and the management letter will be submitted in English language to ADB within 6 months of the end of the fiscal year by the executing agency. See **Appendix 3** for the ToRs of Statutory Auditors.

38. The audit report will include two separate auditor's opinions, on the following (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; and (ii) whether the proceeds of the ADB loan were used only for the purpose(s) of the project The audit report must also be accompanied by a management letter containing audit observations and recommendations for improvements in internal control and other matters coming to the attention of the auditor during the audit examination. The management letter should also include management's response to the audit observations. From the second year onward, the management letter must also include a follow-up on previous years audit observations. In case the auditor does not issue a management letter, the auditor must issue a written confirmation that no internal control issues were identified as part of the audit.

39. The government, DOH and the JSV have been made aware of ADB's policy on delayed submission of audited project financial statements, and the requirements for the statements being of satisfactory and acceptable quality.[19] If the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed, then ADB reserves the right to require an additional auditor, as mutually agreed with the borrower, to complete the audit in a satisfactory and timely manner. 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.

40. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor. 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.[20] After the review, ADB will disclose the audited project financial

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[17] Audit standards promulgated by the CAG or the Institute of Chartered Accountants of India (ICAI).

[18] CAG or a chartered accountant firm empaneled by CAG.

[19] 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 accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.

(ii) When audited project financial statements *are not received within 6 months after the due date*, ADB will (a) withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters; (b) **withhold the extension of the loan closing date;** and (c) defer negotiation or Board presentation of new loan proposals. ADB will inform the executing agency of ADB's actions and advise that the loan may be suspended if the audited project financial statements 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 or cancel the loan.

[20] ADB. 2019. *Access to Information Policy*. Manila.

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.

E. Financial Closure

41. **Closure of ADB loan account.** To close the loan account in a timely manner and to comply with ADBs requirements, DOH and JSV will ensure that the following measures are undertaken:

(i) All ADB-financed expenditures are incurred before or by the loan closing date;
(ii) All withdrawal applications are submitted to ADB preferably by the loan closing date; but in no case later the end of the winding up period; that is, within four months after the end of the loan closing date;
(iii) The final project financial statements (PFS) are prepared in a timely manner and include all expenditures incurred up to the loan closing dates as well as up to the final withdrawal application. The final PFS shall 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;
(iv) All past external project audit observations have been duly addressed;
(v) The final project financial statements are audited by independent auditors as agreed with ADB and the Audited Project Financial Statements (APFS) and the management letter are submitted to ADB as soon as possible after the loan closing date; and
(vi) 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.

VI. PROCUREMENT

42. All ADB-financed procurement of goods, works, consulting services, and nonconsulting services shall follow the 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. [21] The EA shall undertake all procurement activities, under the guidance and review of ADB.

A. Advance Contracting and Retroactive Financing

43. The issuance of consulting service recruitment notices or invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. ADB has advised the Borrower, the DOH, and the JSV that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

44. **Advance contracting.** Advance contracting includes tendering and bid evaluation for 15 civil works packages (11 for JSV and 4 for DOH), 3 goods packages (by DOH), and 10 consulting

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[21] Asian Development Bank. 2018. *Procurement Regulations for ADB Borrowers (Goods, Works, Nonconsulting and Consulting Services)*. Manila. Procurement Staff Instructions: https://www.adb.org/documents/procurement-staff-instructions.

service package (1 for JSV, 6 for DOH and 3 for PMU). Table 15 shows the status of advance contracting.

Table 15: Advance Procurement Actions

Activity	No. of Packages	Responsible	Estimated Amount ($ million)	Expected award date
CIVIL WORKS				
Lift Irrigation Scheme	9	JSV	21.00	Jan 2023
Animal Proof Solar Fencing	1 (11 lots)	DOH	13.80	Jan 2023
Land Preparation	1 (11 lots)	DOH	9.02	Jan 2023
GOODS				
Horticulture planting materials	Multiple	DOH	2.95	Dec 2022
Horticulture Inputs	Multiple	DOH	5.75	Dec 2022
Farm equipment	Multiple	DOH	0.53	Jan 2023
CONSULTING SERVICES				
Construction Supervision	1 (firm)	DOH/JSV	1.30	Feb 2023
Irrigation Design	1 (firm)	JSV	0.82	Feb 2023
Project Management Consultant	1 (firm)	DOH	0.83	Jan 2023
Project Management Consultant	4 (ICS)	DOH	0.64	Dec 2022
Technical studies	3 (firm)	DOH	0.45	Dec 2022
	Total		**57.09**	

CoE = Center of Excellence, DC = Direct Contracting, DOH = Department of Horticulture; JSV = Jal Shakti Vibhag, POP = packages of practice, Q = quarter.
Source: Asian Development Bank.

B. Procurement of Goods, Works, and Consulting Services

45. **Civil works** 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. Open competitive bidding with national advertisement will be used to procure works contracts under the project and will use the single stage, two envelope bidding process. 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.

46. **Procurement of goods**, such as planting materials, horticultural inputs, farming equipment in the first phase of the project implementation shall use the Request for Quotation (RFQ) procedure**.**[22] Direct contracting for goods may be allowed as appropriate. Nonconsulting service packages shall be procured using the RFQ procedures.

47. Apart from advertising nationally and through its electronic procurement portal (see para. 53 below) the EA may request ADB to advertise the invitation for bids for goods and works packages on its website to increase the level of competition. The invitation for bids, with all the relevant information on the package, shall be submitted to ADB for review and publication. EA will allow sufficient advertisement time for these invitation for bids (as prescribed in ADB's Procurement Staff Instructions).

48. **Consulting Services.** About 370 person-months of international and, 6,137 person-months of national consulting services are required for (i) project implementation support, (ii)

[22] The procurement method for these inputs for the next phase of the project shall be reviewed and agreed by ADB and reflected in the updated procurement plan.

construction supervision, (iii) irrigation and horticulture scheme design, (iv) horticulture sector strategy and investment plan preparation, (v) packages of practice development and training, (vi) capacity building, (vii) WUA and CHPMA facilitation, and (viii) internal auditing of the EA. EA will engage consulting firms using the quality- and cost-based selection method (with a quality–cost ratio of 90:10), least-cost selection, or direct contracting, as specified in the procurement plan. Individual consultants will follow ADB's individual consultant selection procedure. The EA shall submit to ADB copies of the signed contracts for creation of the procurement contract summary sheet. Detailed terms of reference for these consulting services packages are in **Appendix 5.**

49. The EA shall advertise all consulting services recruitment notices through ADB's Consultant Management System (https://cms.adb.org).

50. **Procurement Review.** Based on the EA and IA's procurement experience during the PRF pilot project, it is agreed that post-review (sampling) methodology will be adopted for the majority of packages in the project. Sample size will represent (i) about 30% of the package value and (ii) about 20% of the total number of contracts under post review (sampling). ADB and the EA will identify in the procurement plan what procurement review procedure ADB will use for each package (prior, post, or post [sampling]).[23] The EA shall ensure all procurement-related documents shall be retained for at least 2 years after the project completion and will be made available for possible audit.

C. Electronic Procurement

51. ADB has reviewed and approved the use of the government electronic procurement portal, https://hptenders.gov.in, for the tendering of works, goods, and nonconsulting services packages. The electronic procurement portal will be used until the financial bid opening for 1S2E packages and till the bid submission stage for 1S1E. The EA shall ensure that the 'ADB Organization' has been installed in the system and is activated for each tender issued.[24] For consulting services, the EA shall follow the standard procedure, as per the ADB Procurement Regulations (2017, as amended from time to time).

D. Procurement Plan

52. The procurement plan, prepared through the strategic procurement planning exercise, is in **Appendix 6.** It describes all procurement of goods, works, consulting and nonconsulting services to be undertaken for the project for the first 18 months of implementation. Within 1 year after the date of loan effectiveness, PMU will submit a revised procurement plan for ADB approval that captures any change to all ongoing procurement and planned procurement for the entire project. The procurement plan shall be updated on the same basis at least annually or as the need arises for the duration of the project. The update shall always include updated cost estimates.

E. Procurement Capacity Training

53. ADB and the EA shall organize a periodic procurement capacity training to ensure PMU and PIU staff are updated on ADB's procurement procedures, especially during times of high staff turnover within the PMU or PIU.

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[23] Guidance Note on Procurement Review can be found through this link: https://www.adb.org/documents/guidance-notes-on-procurement.

[24] The National Informatics Centre is to create the 'ADB' funding tab in the e-procurement module.

VII. SAFEGUARDS

54. The Borrower, PMU and PIU shall ensure that all project activities comply with ADB's Safeguard Policy Statement (2009) (SPS, 2009).[25]

55. **Prohibited investment activities.** Pursuant to the SPS, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS 2009.

A. Environmental Safeguards

56. **Environment (category B).** The project risks and impacts, caused by the construction and installation of storage tanks, intake structures, distribution pipes and conveyance systems, are only site specific and temporary. Any *category A* subprojects will be ineligible. An initial environmental examination is prepared for the detailed design of irrigation schemes for the first 4,000 ha of horticulture land. The impacts during construction are the increase of dust and noise levels, risks on occupational health and safety, and water quality decline. To mitigate these impacts, environmental management plans are prepared, and the DOH and JSV will include these plans in the bidding documents for the initial works contracts. For the irrigation schemes covering the remaining 2,000 ha that will be designed during project implementation, an environmental assessment and review framework is prepared.[26] The PRF loan implementation provided useful experience to capacitate DOH on environmental safeguards. Meaningful public consultations were performed with local stakeholders, beneficiaries and government institutions to disclose information of the project and received their insights to be part of the project. CHPMA cluster farmers will receive training on good agricultural practices. PMU will monitor and document contractors' compliance with environment safeguard mitigation measures.

57. **Monitoring.** A construction supervision firm will be recruited for monitoring the construction of lift and drip irrigation schemes, land preparations, and solar fencing. Aside from monitoring the construction progress and ensuring quality construction, the firm and project implementation support consultants will supervise contractors to meet the compliance on environment and social safeguards requirements. The PMU will monitor and document implementation of environment mitigation measures as part of the annual environmental monitoring reports (EMRs).

58. **Biodiversity and Natural Resources.** As per the state's policy, landowners or farmers are allowed to cut a maximum of five (5) trees, and beyond that would require permission from the government. If required, DOH and JSV will plant trees along the periphery of project areas as a form of compensatory tree plantation activity. Also, both will obtain confirmations from concerned government department for the permission for laying pipelines. There is low biodiversity[27] at the water sources and irrigation areas. Wildlife is endangered nor critically

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[25] Asian Development Bank. 2009. [Safeguard Policy Statement](). Manila.

[26] The framework will provide guidelines on the selection of sites, guidance on safeguard screening and environmental assessment, institutional arrangements, and processes to be followed for project components that will be prepared after loan approval. Environmental assessment and review framework (accessible from the list of linked documents in Appendix 2 of the Report and Recommendation of the President).

[27] p. 34, ADB SPS 2009: The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.

endangered, however, the project will ensure not to reduce population of existing wildlife, and conserve the natural resources at the project areas.

59. **Waste Disposal and pollution control.** In compliance to the government's policy, the project will follow standards for safe disposal of construction wastes, used oil and discarded paints. DOH and JSV will follow standards for controlling the pollution on ambient air, water quality and noise levels such as from the following rules:

(i) Water (Prevention and Control of Pollution) Act, 1974, Amendment 1988 and thereafter
(ii) Air (Prevention and Control of Pollution) Act, 1981
(iii) Hazardous Waste (Management, Handling, Trans-boundary Movement) Rules, 2008
(iv) Construction and Demolition Waste Management Rules 2016
(v) Noise Pollution (Regulation and Control) Rules, 2000 and Amendment 2002 and 2006

60. **Occupational Health and Safety.** Workers will be provided with a safe and healthy working environment, considering risks inherent to the type of construction and specific classes of hazards. PMU will take steps to prevent workers' accidents, injury, and disease (i.e. COVID-19) arising from, associated with, or occurring during implementation of the project.

61. **Physical Cultural Resources.** There are no physical cultural resources[28] that will be affected during the project implementation. PMU will continue to ensure no damage and impacts to physical cultural resources. Access of people for entering temples, cremation ground across, and other religious and culturally important places will not be blocked at any project sites. The passages will be maintained open as it is even during the implementation.

62. **Roles and responsibilities related to environmental safeguards.** The PMU is responsible for the full compliance of the project with the loan agreement, SPS 2009, and all applicable laws and rules of the government. The PMU and PIUs will ensure compliance with environmental safeguards stated in this PAM, the IEE report and EARF.

63. The PMU will:

(i) comply with Government of India's The Environmental (Protection) Act of 1986 for the protection of the environment 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 the PIUs and consultants;
(iii) be responsible for preparation of key documents required by government agencies for the processing of clearances and permits;
(iv) ensure the preparation, review, and submission of annual environment monitoring reports 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;

[28] p. 39, ADB SPS 2009: defined as movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Physical cultural resources may be located in urban or rural settings and may be above or below ground or under water. Their cultural interest may be at the local, provincial, national, or international level.

(vi) implement effective environmental monitoring during pre-construction, construction, and operation phases;
(vii) take proactive and timely measures to address any environmental 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) prepare and submit to ADB, annual environmental safeguard monitoring reports (EMR sample template is in **Appendix 7**);
(ix) lead in complying with disclosure of annual safeguards reports;
(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.

64. The PIUs will:

(i) ensure that the project and all contractors obtain permits, licenses, etc. before the implementation of respective construction activity;
(ii) carry out regular field verification and review of environmental compliances by the contractor during project implementation, in coordination with consultants and the contractor's environmental focal person;
(iii) with the support from the project consultants, document EMP implementation and impact on the environment due to constructions during site visits;
(iv) in case of potential risks to environmental quality, health, safety and properties that may result from poor EMP implementation, immediately guide contractor to improve mitigation activities.

65. Where unanticipated environmental impacts become apparent during project implementation, the PMU, with support from consultants, 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.

66. **Contractor.** The Contractor is the principal agent to implement the EMP and environmental quality monitoring during the pre- and construction stages.[29] 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;
(iii) as part of detailed survey, collect 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;

[29] Including subcontractor/s commissioned by the contractor.

(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 monitoring, cooperate with the PIUs to implement environmental corrective actions, as necessary.

67. If there are non-compliance to EMP and government requirements, the PMU will prepare necessary corrective action plan (CAP), and reflect them in the environment monitoring reports. CAP should be budgeted, time-bound, and agreed between ADB and PMU. ADB will monitor the PMU's performance on the CAP.

68. ADB is responsible for the following:

(i) review the safeguards reports, and disclose the final reports on ADB's website in compliance with Access to Information Policy and ADB's SPS;
(ii) explain policy requirements and safeguard covenants in the loan and project agreements to PMU and PIUs;
(iii) monitor implementation of the EMP through due diligence missions;
(iv) assist PMU, if required, in carrying out its responsibilities and in building capacity for safeguard compliance;
(v) monitor overall compliance of the subprojects to this PAM; and
(vi) if necessary, provide further guidance to PMU on the format, content, and scope of the safeguards reports for submission to ADB.

B. Social Safeguards

69. **Involuntary resettlement (category C)**. The project will not involve any involuntary acquisition of land or restriction on land use. *Category A or B* subprojects will be ineligible. Construction of the irrigation schemes will be done on government land or right of way, with no non-titleholders present in the project areas.[30] The development of subtropical horticulture orchards will be done on farmers' own land, with no land acquisition nor physical or economic displacement. The PMU will enter into agreements, through DIUs, with the farmer beneficiaries, in the form of memorandum of understanding, when voluntary land utilization is required for construction of small water tanks or laying of pipelines in their field. (see **Appendix 8**).

70. **Subproject Selection and Categorization.** The loan subprojects (clusters for horticulture development) are small and community-driven, where communities participate in selection and implementation of subprojects. Experience has shown that in similar projects, communities contribute their land for utilization (farmers' own economic benefit as the project provides agricultural input and training for farming in their land) resulting in smooth planning and execution of the subproject with no negative social impacts. However, consistent with the SPS 2009, ADB requires conduct of due diligence to ensure that subprojects will not result in physical or economic displacement, as such each subproject will be selected by the EA based on the selection criteria adopted for the Project.

71. **Utilization of Private Land.** The CHPMA shall take consent in the form of a MOU from individual farmers whose land may be taken for putting up the irrigation system as per the layout

[30] The right of way is for laying pipelines for water distribution from a main distribution tank to clusters. This will be done in government land and when it passes through private land, it will be laid along the boundaries.

such as construction of water storage tanks, storage room, distribution tanks, regulation tank, pipelines, outlets, water hydrant, Kuhl, rising main, etc. Copies of MOU will be provided by the CHPMA or DIU to the PMU for record. CHPMA is regulated through a CHPMA Manual prepared under the project and is available as a 'Supplementary Document' in the loan package.

72. Consent on utilization of private land for various subproject and components of project will be allowed only with the following safeguards in place:

- (i) Consultation with the landowner by disclosing project entitlements and benefits against utilization of beneficiary land for the said purpose.
- (ii) The landowner is among the beneficiaries of the assets that utilize private land.
- (iii) The process of taking consent for land utilization will be witnessed by an independent third-party representative or entity confirming the following:
  - (a) Consent for land utilization does not severely affect the living standards of households and is linked directly to benefits for the community.
  - (b) Any consent for land utilization for the subproject will be confirmed through written record only.
  - (c) The land proposed for utilization under the project does not belong to the poorest or most vulnerable households.
  - (d) Consent for utilization of land will be made without any coercion.
  - (e) The land is free from any legal disputes or litigation.
  - (f) An adequate grievance redress mechanism is in place.

73. Prior to obtaining consent from farmer beneficiaries, the EA through CHPMA or DIU will ensure that the criteria shown in Table 16 will be observed for land utilization:

Table 16: Criteria and Guidance Notes on Land Utilization

Criteria	Guidance Notes
The impacts are marginal (based on percentage of loss and minimum size of remaining assets)	– The land taken for utilization does not exceed 10% of the total land owned by the affected household. – The land agreed for utilization may be utilized for permanent non-land assets (small water tanks, store house, etc.) and when the landowner is the beneficiary of the assets. – Consent for land utilization for common assets will only be accepted if the total land owned by the household is not less than 3,000 m^2 (0.3 hectare)[a]
Impacts do not result in displacement of households or cause loss of household incomes or livelihood	– The land will be used for high value crops that are projected to generate income multiple folds. – Structures are not affected; there is no physical relocation of households due to land utilization.
The households giving consent for land utilization are direct beneficiaries of the project	– Both positive and negative impacts of the project on the landowners are considered. – The landowners can identify the project's direct benefits. – The project will prioritize exposure visits/training opportunities to those households who agrees to utilize their land for common assets.
Land for which consent of utilization is given is free from dispute of ownership or any other encumbrances	– The landowner who is also the beneficiary of the project has recognized legal tenure. – The land is not being occupied or used by any other party and if it is, utilization of such land should be avoided. – The ownership of the land is not disputed.

Criteria	Guidance Notes
Consultations with the landowner are conducted in a free and transparent manner	– The landowner must be informed that they have the right to receive compensation for the land they wish to permit for utilization. – The landowner receives clear and adequate information on the project and participates in project planning. – Provisions for land utilization are integrated in the decision-making process at the community level.
Proper documentation of consultation meetings, grievances and actions taken to address such grievances are accomplished	– The agreement is properly documented with signatures of witnesses. – Consultation meetings, grievances and actions taken to address such grievances are properly recorded.
An independent third-party representative or entity will verify the process of taking consent for land utilization in accordance with ADB requirements	– The land utilization agreement is properly witnessed by and related documentation signed by an independent third-party representative or entity. – Land utilization does not severely affect the living standards of households and is linked directly to benefits for the community. – Any land utilization for the subproject will be confirmed through written record only. – The land for which consent for utilization is taken under the project does not belong to the poorest or most vulnerable households. – Consent for land utilization will be made without any coercion. – The land is free from any legal disputes or litigation. – An adequate grievance redress mechanism is in place.

[a] More than the land supposed to be owned by a BPL household (i.e. 0.25 ha) in the state.
Source: Asian Development Bank.

74. An independent third party is sought to be appointed to oversee and certify the process of private land utilization as laid down in CHPMA manual. The third party shall be a representative of the community (for example, a leader of the community with formal/legal standing, a representative of a local NGO/CBO with formal and legal standing) or an institution, without any direct interest in the negotiation process or subproject activity, who is acceptable to each of the concerned parties (PIU/ PMU and concerned landowner/ donor). The concerned farmer (who is willing to give his/her consent for land utilization) and the CHPMA/Project may discuss and agree on nomination of third party which is acceptable to both sides and neutral in nature. The third party must, although engaged by CHPMA/Project as witness, be able to perform their role impartially.

75. To ensure that land utilization will be carried out on a voluntary basis and that owners of land are not adversely impacted, proper due diligence and meaningful consultation will be conducted. The due diligence and consultation will (i) verify that the consent for land utilization is in fact voluntary without change in title and did not result from coercion, using verbal and written records and confirmation through an independent third party or legal authority; and (ii) ensure that voluntary consent for land utilization do not severely affect the living standards of land owners and benefit them directly.

76. **Indigenous peoples (category C)**. The project does not affect the dignity, human rights, livelihood systems, or culture of indigenous peoples or affect the territories or natural or cultural resources that indigenous peoples own, use, occupy, or claim as their ancestral domain. While

there are scheduled tribes found in the project districts, they have no collective attachment to distinct habitats and territories, nor to natural resources in these habitats and territories.[31] The PRF implementation revealed that scheduled tribes in the subtropical areas are known to be mobile and not settling to farm in any one area. All the project clusters grouped for the first 4,000 ha of orchards as well as the preliminary clustering for the remaining 4,000 ha did not identify any voluntary scheduled tribes who joined clusters. Any subproject proposal that involves any adverse impact on indigenous peoples will be ineligible. The project will ensure that it does not lead to any negative impacts for indigenous peoples during implementation by asking the farmer group facilitators to monitor for such impacts.

77. **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 and PIUs will ensure compliance with social safeguards stated in this PAM.

78. 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 internal monitoring of social safeguards;
- (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 corrective action plans for unanticipated social impact/s that occur during the project implementation phase; and
- (vii) ensure GRM is in place at the early stage of project implementation.

79. The PIUs will:
- (i) carry out regular field verification and review social compliances by the Contractor during project implementation, in coordination with the social development (GESI) consultant 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.

80. 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.

81. ADB is responsible for the following:

[31] Members of scheduled tribes account 2.80% of the population in Bilaspur, 0.67% in Hamirpur, 5.6% in Kangra, 1.28% in Mandi, 2.13% in Sirmour, and 1.65% in Una. Detailed Poverty and Social Assessment (accessible from the list of linked documents in Appendix 2 of the Report and Recommendation of the President).

(i) review PMU's internal social safeguard monitoring report;
(ii) explain policy requirements and safeguard covenants in the loan and project agreements to PMU and PIUs;
(iii) monitor implementation through due diligence missions;
(iv) assist PMU, if required, in carrying out its responsibilities and in building capacity for safeguard compliance;
(v) monitor overall compliance of the subprojects to this PAM; and
(vi) if necessary, provide further guidance to PMU on the format, content, and scope of the SMRs for submission to ADB.

82. **Grievance Redress Mechanism.** Once the loan is effective, the PMU will ensure that the grievance redress mechanism (GRM), established during the PRF loan implementation, will continue to support the social and environmental safeguards of the project. The GRM will receive, evaluate, and facilitate the concerns and complaints of the affected people if any about the social and environmental performance at the project level (**Appendix 9**).[32] 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 effectively and timely addressed.

83. The project-specific GRM is not intended to bypass the government's own redress process, rather it is intended to address stakeholders' concerns and complaints promptly, making it readily accessible to all segments of the community, and is scaled to the risks and impacts of the project. Complainant may access the formal legal system at any time.

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 (see Section X of this PAM), 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.

85. The EA will also document and report all complaints received through the state's complaint helpline (https://cmsankalp.hp.gov.in/).

VIII. GENDER AND SOCIAL DIMENSIONS

86. In Himachal Pradesh, women form approximately 50% of the state's rural population, 42% of the labor force in the state and 56% of the total cultivators' population, however, their participation in the farming sector is mainly labor oriented.[33] Women's share of land ownership is negligible. Due to the patriarchal social system of land ownership. Women do not get a direct share or control of farming income as the land ownership is under male members of the

[32] Including the project beneficiaries/farmers of the clusters and all relevant stakeholders.
[33] Government of Himachal Pradesh, Department of Economic and Statistics. 2017–2018. Statistical Abstract of Himachal Pradesh. Shimla.

households.[34] Reforms in the Panchayati Raj Act related to the local self-government system for rural areas in India, and in some of the regulations for participatory irrigation management have enforced reservation stipulations for women in the elected entities, leading to increased participation of women in decision-making processes.[35]

87. **The project is be categorized as Effective Gender Mainstreaming**. The project is categorized as effective gender mainstreaming with a focus on promoting women and poor peoples' empowerment, participation, and inclusion through the project's gender equality and social inclusion (GESI) action plan. The action plan's key strategies include: (i) while landholding in the project target areas is dominated by male farmers (83%), the project will promote women farmers as the representative of households to CHPMA clusters and cooperative society; (ii) considering that women producers tend to focus on production and not engaged in marketing, the project will focus on improving entrepreneurship skills of women and promoting more women's participation in marketing and agribusiness; (iii) the project will encourage women demonstration farmers so women farmer-to-farmer training is enabled; and (iv) the project will promote women's participation in the decision making bodies of CHPMA clusters, cooperative societies, and apex body, and of water user associations.

88. A GESI action plan has been prepared for the project to address gender inequality and social exclusion issues, and adequate resources provided to execute it. The GESI plan contains specific targets for participation and ensuring project benefits reach women- SC and ST, including female-headed households and small and marginal farmers. The GESI plan requires that the selection of subprojects and public meetings involve the active participation of women. Women are the de-facto heads of many households due to male out-migration shall be leveraged to institute greater gender balance in community leadership through their increased and more effective representation in water users and farmer group committees. The CHPMA and WUA constitution will be developed, and the latter will allow for either the husband or the wife to be an eligible member, and the executive committee formation will have a 33% representation of women and a balanced presentation from all categories. These interventions will support women's representation and improve their voice in agriculture decision making as well as strengthen income generation opportunities especially for those from the poor households. It is required to promote women farmers as leader farmers by ensuring that at least 35% of farmers trained on certified training of trainers (TOT) on climate resilient horticulture crop and drip irrigation (POP) are women. The irrigation system planning, design, and implementation decisions will ensure that the need and priorities of women farmers are addressed and participation of at least 30% of women farmers. The WUA norms for female-headed households and other disadvantaged farmers will ensure equal access to agriculture extension services and equipment.

89. **Implementation arrangements for the gender equality and social inclusion (GESI) action plan.** A social development (GESI) expert will be appointed to the PMU to ensure that all the activities laid down in the GESI-AP are effectively achieved (see Table 17). The GESI will be assisted by one experienced Social Specialist and one experienced social development (GESI) expert to be engaged under the PMU. The 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 management information system will be designed to record data disaggregated by sex, age, caste, tribal, and geography to ensure critical

[34] Government of Himachal Pradesh, Planning Department. 2017. Patterns and Context of Rural Livelihoods in Himachal Pradesh. Shimla

[35] Gender Statistics, Directorate of Economics and Statistics. https://himachalservices.nic.in/economics/en IN/index.html

progress tracking and effective targeting and participation of vulnerable groups across all project components.

90. **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.

91. **Labor.** The employment opportunities provided during construction and maintenance activities will generate positive impacts. The PMU will ensure that civil works contracts and bidding documents under the project include specific provisions requiring contractors to comply with (i) applicable labor laws and core labor standards on the prohibition of child labor as defined in national legislation for construction and maintenance activities; (ii) equal wages for work of equal value regardless of gender, ethnicity, or caste; (iii) preference to local farmers including SCs, STs, and other vulnerable groups, for construction and operations;(iv) prohibit hiring child and forced labor; (v) disseminate information on sexually transmitted diseases including HIV/AIDS to employees and local communities surrounding the project sites; and (vi) provide necessary infrastructure like (separate toilets for women, lactation room, drinking water) and comply with the safety measures in case of labor camps. Labor Management provisions are included in the IEE, which will be monitored during project implementation.

92. **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 (footnote27) 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.

93. **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 PMU and PIUs, if required, in carrying out their responsibilities with regard to GESI-AP and in building capacity for GESI activities.

Table 17: Gender Equality and Social Inclusion Action Plan

Activities	Targets/ Indicators	Responsibility	Timeframe
Output 1: Irrigated area expanded and sustainably operated.			
1. Expand the irrigation schemes to cover at least 6,000 ha of areas	a. WUA and CHPMA representatives at district level are consulted during the irrigation system planning and design. At least 30% of representatives are women and 20% are from vulnerable groups[a].	DOH and JSV (PMU/PIU); GESI nodal officers, DOH district offices, and contractors to design the irrigation scheme	Completed by Q4 2023 Quarterly and annual progress reports on results
2. Promote the role and participation of women and vulnerable groups when the WUAs are formed for the planning and management of the irrigation schemes	a. Minimum 30% of WUA members are female (representing her household) and 20% are from vulnerable groups.	DOH and JSV (PMU/PIU); GESI nodal officers, DOH district offices, contractors to support the WUA formation	Completed by Q4 2025 Annual progress reports on results
3. Promote women and vulnerable groups' representation in WUA decision-making positions	a. Minimum 30% representation of women and 20% representation of vulnerable groups in WUA on management committees' holding a key leadership position (chairperson, secretary, treasurer)	DOH and JSV (PMU/PIU); GESI nodal officers, DOH district offices, contractors to support the WUA formation	Completed by Q4 2025 Annual progress reports on results
4. Train WUA members to enhance their knowledge and skills in the WUA management, irrigation planning, the use of SCADA system, O&M	a. Minimum 50% of trainees (in WUA management, irrigation planning, SCADA and O&M) are women and vulnerable groups b. Among the trainees who reported increased knowledge in the WUA management, irrigation planning, SCADA and O&M, at least 30% are women and 20% are the vulnerable.	DOH and JSV (PMU/PIU); GESI nodal officers, DOH district offices, contractors to support the WUA formation	Completed by Q4 2027 Quarterly and annual progress reports on results
Output 2: Climate resilient horticultural production increased			
5. Promote the role and participation of women and vulnerable groups when the CHPMAs are formed at the group-, district- and apex-levels	a. Minimum 30% representation of women (representing her households) and 20% vulnerable groups in all CHPMA levels.	DOH; GESI nodal officers, DOH district offices, contractors to support the CHPMA formation	Completed by Q4 2025 Annual progress reports on results
6. Promote women and vulnerable groups' representation in CHPMA Executive committee formation to ensure women's representation in groups' decision-making	a. Minimum 30% representation of women and 20% of vulnerable in CHPMA executive committees	DOH; GESI nodal officers, DOH district offices, contractors to support the CHPMA formation	Completed by Q4 2025 Annual progress reports on results (including CHPMA facilitators' report)
7. Train CHPMA members, including leaders on on-farm mechanization, climate-resilient horticulture production, and post-harvest management.	a. Training needs assessment to identify specific needs of women and vulnerable groups b. Minimum 50% of trainees are women and vulnerable groups c. Among the trainees who reported increased knowledge in climate resilient horticulture production and post-harvest management, at least 30% are women and 20% are from vulnerable groups.	DOH; GESI nodal officers, DOH district offices, contractors to support the CHPMA formation	Completed by Q4 2025 Quarterly and annual progress reports on results (including CHPMA facilitators' report)

	d. Minimum 90% of CHPMA and WUA facilitators trained in GESI mainstreaming		
Output 3: Market access for subtropical horticulture farmers developed			
8. Skills training and agribusiness development (including marketing, business plan, accounting, branding, other agribusiness aspects)	a. Minimum 50% of trainees are women and vulnerable groups. b. Among the trainees who reported increased knowledge in agribusiness, at least 30% are women and 20% are the vulnerable.	DOH; GESI nodal officers, DOH district offices, contractors to support the CHPMA formation and training	Completed by Q4 2025 Quarterly and annual progress reports on results (including CHPMA facilitators' report)
9. Promote quality jobs for CHPMA women members and the vulnerable in the community, particularly related to the management of CHMPA groups and their value addition facilities	a. Minimum 30% of incremental jobs in the CHPMA facility operation and management and the CHPMA apex institution held by women and vulnerable groups.	DOH; GESI nodal officers, DOH district offices	Completed by Q2 2026 Annual progress reports on results
10. Post-harvest infrastructure developed with GESI responsive design	a. All the structures rehabilitated or developed with gender inclusive design (e.g. accessible/ friendly to women and persons with disabilities (ramps, accessible toilets);	DOH; GESI nodal officers, DOH district offices	Completed by Q4 2026 Annual progress reports on results
Gender actions related to project management			
11. Strengthen GESI mainstreaming of implementing agencies	a. Designate GESI focal persons in PMU b. Minimum 90% of PMU staff trained in GESI mainstreaming	GESI nodal officers, PMU social safeguards specialist, PMU M&E officer	Completed by Q2 2027 Annual progress reports on results
12. Maintain disaggregated information on GESI in the project MIS	a. GESI baseline established with sex, age, caste, and ethnicity disaggregated data and results. b. Maintained MIS includes sex, age, caste, and ethnicity disaggregated data of all project activities. c. Midterm and project completion evaluation reports on the achievements against the GESI action plan targets.	GESI nodal officers, PMU social safeguards specialist, PMU M&E officer	Completed by Q2 2027 Annual progress reports on results

CHPMA= community horticulture production and marketing association; DOH = department of horticulture; GBV= gender based violence; GESI = gender equality and social inclusion, JSV = jal shakti vibhag; MNREGA = Mahatma Gandhi National Rural Employment Guarantee Act; M&E = monitoring and evaluation, MIS= management information system; O&M = operation and maintenance, PIU = project implementation unit; PMU= project management unit; Q = quarter; SCADA = supervisory control and data acquisition, WUA = water user association.

[a] For the purpose of the project, "vulnerable groups" and "vulnerability" include: (i) scheduled castes and scheduled tribes as defined by the Constitution of India; (ii) persons with disabilities, are defined as a person with long term physical, mental, intellectual, or sensory impairment that, in interaction with barriers, hinders his/her complete and adequate participation in society equally with others; (iii) persons living below the poverty line are 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; and (iv) people living with HIV/AIDS and gender/sexual minorities.

Source: Asian Development Bank.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

94. The project design and monitoring framework is in **Appendix 1**.

B. Monitoring

95. **Project performance monitoring.** The achievement of the project performance targets will be assessed following the design and monitoring framework. The PMU and PIU will monitor the project's performance quarterly and provide consolidated reports to ADB. These reports will include (i) each activity's progress measured against the implementation schedule, (ii) key implementation issues and solutions, (iii) disaggregated data for output and outcome indicators, (iv) an updated implementation plan for the next 12 months, and (v) safeguards issues. These quarterly reports will provide information necessary to update ADB's project performance reporting system. ADB will conduct regular review missions to discuss project progress against the DMF and resolve any project implementation issues/concerns.

96. **Compliance monitoring.** The PMU will monitor and ensure project compliance with policy, legal, financial, economic, social, environmental, and other loan covenants. All non-compliance issues, if any, will be reported and remedial actions monitored in quarterly progress reports. Each ADB review mission, at least once a year, will also monitor the status of compliance with the loan assurances, raise any noncompliance issues with the government and agree on remedial actions.

97. **Safeguards monitoring.** The safeguard monitoring reports (SMR and EMR) as well as the quarterly progress reports will include updates on safeguards impacts (including safeguards feedbacks, land use and donation), if any. In addition, the periodic reports will assess the quality and compliance with operations and maintenance specifications in the infrastructure and livelihood projects. The ADB will disclose the environmental and social safeguards monitoring reports on the ADB website. In addition to ADB website, the disclosure requirements will be uploaded on HPSHIVA website page being developed under DOH website.

98. **Gender and social dimensions monitoring.** The GESI-AP activities will be monitored by the PMU and they will prepare (i) internal monthly progress reports and (ii) include a section on GESI-AP implementation in the QPRs in the prescribed format to ADB (the template for the QPRs is in **Appendix 4**). ADB will assess the progress of these activities during review missions.[36]

C. Evaluation

99. The project inception mission will be fielded after the legal agreements for the project are declared effective. Thereafter, regular review missions 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. The PMU and PIU will monitor project implementation in accordance with the schedule and time-bound milestones and keep ADB informed of any

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[36] ADB's Handbook on Social Analysis: A Working Document, is available at: http://www.adb.org/Documents/Handbooks/social-analysis/default.asp, *Staff Guide to Consultation and Participation*: http://www.adb.org/participation/toolkit-staff-guide.asp, and, *CSO Sourcebook: A Staff Guide to Cooperation with Civil Society Organizations*: http://www.adb.org/Documents/Books/CSO-Staff-Guide/default.asp

significant deviations that may result in the milestones not being met. Within 6 months of physical completion of the project, the PMU will submit a project completion report to ADB.

D. Reporting

100. The EA, through the PMU will provide ADB with the following periodic reports (Table 18) in a timely manner and in good quality:

Table 18: Project Reporting Requirement

Report name and description	Frequency and report due (first report due)
Quarterly Progress Report - Status of progress of project physical and financial activities.[a]	Quarterly, 45 days after the end of the reporting period (starting 15 February 2023)
Consolidated Annual Report - Report includes (a) progress achieved by output measured against the performance targets; (b) key implementation issues and solutions; (c) an updated procurement plan; (d) an updated implementation plan for the next 12 months; (e) any safeguards issues, including safeguards feedbacks.	Annually, 45 days after the end of the reporting period (starting 15 February 2024)
Annual Environment Monitoring Report	Every 12 months, 45 days after the end of the reporting period
Audited Project Financial Statement – report should include (i) Auditor's report, (ii) Auditor's opinion, and (iii) Management Letter	Annually, 6 months after the end of the fiscal year (starting 30 September 2023)
Project completion report	6 months after physical completion of the project

[a] Sample template of the quarterly progress report is in **Appendix 4** of this PAM.
Source: Asian Development Bank.

E. Stakeholder Communication Strategy

101. Project relevant documents will be disclosed in accordance with ADB's Public Communication Policy 2011. Specifically, the safeguard documents, IEE, grievance reporting mechanism, implementation progress reports, and other updates, will be disclosed on ADB's website. ADB, the PMU and PIU will work closely to disseminate relevant ADB project and subproject-related information through stakeholders and/or community consultations. All project information will be disclosed to the public and stakeholders concerned in both the local language and the languages, as may be appropriate (Table 19).

Table 19: Documents for Disclosure

Project Document	Means of Communication	Frequency	Audience
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

Project Document	Means of Communication	Frequency	Audience
Design and Monitoring Framework	ADB website	Draft design and monitoring framework after fact-finding mission	General public
Initial Environmental Examination Reports	ADB website Project website	Prior to Board consideration	General public, project-affected people in Particular
Environmental Assessment and Review Framework	ADB website Project website	Prior to Board consideration	General public, project-affected people in Particular
Gender Equality and Social Inclusion Action Plan	ADB website Project website	Post fact-finding mission	General public, project-affected people in Particular
Summary Poverty Reduction and Social Strategy	ADB website Project 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
Environment Monitoring Reports	ADB website Project website	Annually	General public

ADB = Asian Development Bank.
Source: ADB and MSAMB.

102. A Stakeholder Engagement Communication Plan (SECP) has been prepared, drawing on best practices outlined in ADB's Public Communication Policy. It is based on transparency, timeliness, meaningful participation, and inclusiveness principles. It will adopt a systematic, transparent, and participatory approach to stakeholder engagement and information disclosure and ensure that all stakeholders, especially the vulnerable groups, such as the poor and female-headed households, who risk marginalization, are provided with opportunities for receiving timely information, and can provide feedback during project implementation. Project stakeholders include: Positively affected Project Beneficiaries, mainly small and marginal farmers, farmers groups/cooperatives, SCs and STs, and women's groups; ii) Disadvantaged and Vulnerable Households, such as small and marginal farmers, scheduled castes households, scheduled tribes, women-headed households, people with disability as well as households designated below the poverty line; iii) Potentially negatively affected groups, such as households facing temporary access/use restrictions from irrigation schemes, or loss of livelihoods; and iv) Other Interested stakeholders such as well as line departments of Jal Shakti, Rural Development, Forest, and PWD. Private partners involved in agribusiness/horticulture and value chain development and NGOs associated with forestry, agriculture, horticulture, and rural development are also important stakeholders of the project. The SECP informs and supports community development, enhances government capacity to deliver a positive project outcome, and enhances project benefits while mitigating any potential negative impacts.

103. The SECP, unlike traditional types of engagement, provides multiple channels and mechanisms of engaging with the stakeholders, including website, telephone, public consultations and meetings, participatory assessments and surveys, participatory planning, and existing channels of citizen engagement of the DOH. Differentiated measures are proposed to engage with vulnerable and disadvantaged households, including focused group discussions, inclusive beneficiary identification in the cluster, and inclusion amongst beneficiary groups. Other project-related information will be shared with the primary stakeholders in locally understood languages

where necessary. All safeguards-related plans and documents will be disclosed on the project's websites with a summary in the local language.

104. Unlike traditional types of engagement—communication and consultation—stakeholder engagement is an interactive two-way process that encourages participation, exchange of ideas, and flow of conversation. It reflects the willingness to share information and make citizens a partner in decision-making. Active engagement gives the right to hold others accountable, and accountability is the process of engaging in participation. It seeks greater accountability from the service providers through increased dialogue, consultation, and monitoring and assessing performance externally and mutually. The Stakeholder Communication Strategy table in **Appendix 10** broadly illustrates the activities associated with stakeholder engagement.

X. ANTICORRUPTION POLICY

105. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy (1998, as amended to date) relating to the project following ADB's Integrity Principles and Guidelines.[37] All contracts financed by ADB will include provisions specifying ADB's right to review and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. This includes the examination of project outputs, assets, and all other information that may be considered relevant for audit or inspection by ADB regardless of project completion, termination, or cancellation. Investigation of government officials, if any, shall be requested by ADB to be undertaken by the government. Firms or individuals on ADB's anticorruption debarment list are ineligible to participate in activities that are financed, supported, or administered by ADB; and may not be awarded any contracts under the project.[38] To support these efforts, ADB included relevant provisions in the bidding documents for the project.

106. ADB's Anticorruption Policy designates the Office of Anticorruption and Integrity as the point of contact to report allegations of fraud or corruption among ADB-financed projects or its staff. Office of Anticorruption and Integrity is responsible for all matters related to allegations of fraud and corruption. For a more detailed explanation refer to the Anticorruption Policy and Procedures. Anyone coming across evidence of corruption associated with the Project may contact the Anticorruption Unit by telephone, facsimile, mail, or email at the following numbers/addresses:

by email at integrity@adb.org or anticorruption@adb.org
by phone at +63 2 632 5004
by fax to +6326362152
by mail at the following address (Please mark correspondence Strictly Confidential)

Office of Anticorruption and Integrity
Asian Development Bank
6 ADB Avenue Mandaluyong City
1550 Metro Manila, Philippines

107. The project's website will provide updated, detailed information on project implementation. For example, it will include procurement-related information, such as the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of goods and/or services procured.

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[37] ADB. 2015. *Integrity Principles and Guidelines (2015)*. Manila.
[38] ADB. Anticorruption and Integrity.

108. The PMU and PIU shall also check for active ADB sanctions and cross-debarment on bidders through ADB's Anticorruption Sanctions List during bid evaluation and before award of contract.[39]

XI. ACCOUNTABILITY MECHANISM

109. 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 make an effort 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.[40]

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

110. This section will be updated during implementation to provide a chronological history of changes to implemented arrangements.

[39] Accessible through Anticorruption (adb.org)
[40] Accountability Mechanism. http://www.adb.org/Accountability-Mechanism/default.asp.

APPENDIX 1: PROJECT DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with

(i) Rural household income increased in Himachal Pradesh (Strategies for Doubling Farmers' Income in Himachal Pradesh)[a]

(ii) Climate resilience strengthened in Himachal Pradesh (Himachal Pradesh: Sustainable Development Goal 1)[b]

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome Agriculture income and climate change resilience of beneficiary households in subtropical areas of Himachal Pradesh improved	By 2028: a. Agriculture income of at least 70% of project households improved by 20% (2022 baseline: 0)[c] (OP 1.3) b. At least 70% of beneficiary households reported having received and applied agroclimatic data to farming decisions (2022 baseline: 0) (OP 3.2)	a.–b. Baseline, midterm, and outcome survey reports	R: Extreme weather events outside of climate change projections lead to a reduction in crop productivity.
Outputs 1. Irrigated areas expanded and sustainably operated	By 2027: 1a. At least 6,000 ha of irrigated land established (2022 baseline: 0) (OP 5.3.1) 1b. Irrigation WUA Act drafted and submitted for legislation (2022 baseline: not applicable) 1c. All new irrigation schemes constructed with climate- and disaster-resilient features (2022 baseline: 0) (OP 3.2.5)[d] 1d. At least 70% of trained WUA members reported having basic, necessary competency for irrigation system management (30% women, 20% vulnerable households[e]) (2022 baseline: not applicable) (OP 3.2.2)	1a.–b. Quarterly and annual project progress reports 1c.–d. Project midterm, and outcome survey results	R: Unusual supply chain disruptions or inflation beyond contingencies limit the budget allocated for works and goods.
2. Climate-resilient subtropical horticulture production increased	2a. At least 6,000 ha of subtropical horticulture crop plots established and planted (2022 baseline: 0) (OP 5.3.3) 2b. Draft Himachal Pradesh horticulture development strategy submitted for approval (2022 baseline: not applicable) 2c. Geographic information system-based land resource database set up (2022 baseline: 0) (OP 5.3.4)	2a.–f. Quarterly and annual project progress reports	

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	2d. At least three private nurseries' facilities upgraded or expanded (2022 baseline: 0) (OP 5.1.2)		
	2e. State center of excellence for subtropical horticulture established (2022 baseline: 0) (OP 5.1.3)		
	2f. At least 50% of trained CHPMA cooperative society representatives reported the use of digital agri-advisories for farming (2022 baseline: not applicable) (OP 5.3.4)		
	2g. At least 70% of farmer households reported increased knowledge of climate-resilient horticulture production and postharvest management (with at least 30% women and 20% from vulnerable households) (OP 2.5, 3.2)	2g. Project midterm and outcome survey results	
3. Market access for subtropical horticulture farmers developed	3a. At least one producer–buyer facilitation meeting organized annually by the CHPMA apex institution in 2024–2027 (2022 baseline: 0)	3a. Quarterly and annual project progress reports	
	3b. At least 50% of beneficiary households reported increased knowledge of agribusiness (30% women, 20% vulnerable households) (2022 baseline: 0) (OP 2.2)	3b.–c. Project midterm and outcome survey results	
	3c. At least one district value-addition facility provided per CHPMA cooperative society (2022 baseline: 0) (OP 5.2.2)		

Key Activities with Milestones

1. Irrigation areas expanded and sustainably operated

1.1 Conduct the hydrological and topographical studies to develop 2,000 ha of irrigated orchards (in addition to the first 4,000 ha of orchards designed under the PRF project) (Q1 2023)
1.2 Complete the engineering design of relevant irrigation schemes to cover the remaining 2,000 ha of irrigated orchards (Q2 2023)
1.3 Construct irrigation schemes from a mix of functional, non-functional, and new schemes, and incorporate the SCADA system for at least 6,000 ha (Q1 2025)
1.4 Build the capacity of Jal Shakti Vibhag based on the results of a training needs assessment and in line with the long-term training program, and through onsite training sessions and international and/or national exposure visits (Q3 2027)
1.5 Form the WUAs for sustainable irrigation scheme management (Q4 2025)
1.6 Strengthen the WUAs to implement the draft HP WUA act that was prepared under the PRF project by offering onsite training, and international and/or national exposure visits (Q4 2027)

2. Climate-resilient subtropical horticulture production increased

2.1 Form the cluster-based CHPMAs and the districtwide CHPMA cooperative societies (Q4 2025)

2.2 Submit for approval the final draft of the state horticulture development strategy prepared under the PRF (Q2 2023) 2.3 Enable ecosystem-based resource management for the horticulture sector (Q4 2023) 2.4 Upgrade CHPMA training materials (package of practice) and provide digital versions (Q4 2023) 2.5 Build the capacity of DOH based on the training needs assessment results and the long-term training program, and through on-site trainings and international and/or national exposure visits 2.6 Build the capacity of CHPMAs for climate-resilient subtropical horticulture production, including on-field drip irrigation and SCADA system management; intercropping; and beekeeping (Q4 2027) 2.7 Support at least 15,000 farmer households in developing about 6,000 ha of subtropical orchards, e.g., provision of agricultural inputs, land preparation, and fencing against wildlife encroachment (Q2 2026) 2.8 Upgrade or expand the capacity of government nurseries for disease-free mother stock management, and of private nurseries for planting material multiplication and certification (Q4 2025) 2.9 Establish and operate the horticulture center of excellence (Q4 2027) **3. Market access for subtropical horticulture farmers developed** 3.1 Form the statewide CHPMA apex institution as an FPC (Q4 2025) 3.2 Train the FPC in facilitation and negotiation, business development, and financial services, and help it prepare a branding and agribusiness promotion strategy (Q4 2025) 3.3 Help the FPC open marketing channels by facilitating buyer–seller meetings and trade arrangements between online players, and in formulating physical market access strategies (Q4 2026) 3.4 Help the FPC implement the branding and agribusiness promotion strategy (Q4 2027) 3.5 Design value-addition facilities at the CHPMA level and public level (Q4 2025) 3.6 Build the value-addition facilities and assist FPC and state government in operating them (Q4 2027) **Project Management Activities** Mobilize consultants for research, project implementation support, farmer capacity building (Q4 2023) Engage contractors for works (Q2 2024) Conduct periodic monitoring, reporting (2023–2027) Accounting and auditing (2023–2027)
Inputs Asian Development Bank: $130.0 million (loan) Government: $33.1 million

CHPMA = community horticulture production and marketing association, FPC = farmer producer company, ha = hectare, OP = operational priority, PRF = project readiness financing, R = risk, SCADA = supervisory control and data acquisition, WUA = water users association.

[a] State Steering Committee. 2018. *Strategies for doubling farmers income in Himachal Pradesh*. Solan: YSP University of Horticulture and Forestry.

[b] Government of Himachal Pradesh, Planning Department. 2015. *Drishti Himachal Pradesh 2030: Sustainable Development Goals*. Shimla.

[c] Includes only cash income and is calculated as the average of all responding farmer households, including outliers.

[d] Climate and disaster resilience will be enhanced through (i) increased water storage; (ii) improved irrigation infrastructure design (e.g., duckbill and Tyrolean weirs, and infiltration galleries) and improved structural design; (iii) improved catchment hydrology studies; (iv) focus on gravity-fed systems; and (v) introduction of SCADA.

[e] Vulnerable groups include (i) scheduled castes and scheduled tribes as defined by the Constitution of India; (ii) people with disabilities, defined as persons with long-term physical, mental, intellectual, or sensory impairments which, in interaction with barriers, hinder their complete and adequate participation in society equally with others; (iii) persons living below the poverty line, 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; and (iv) people living with HIV/AIDS as well as gender/sexual minorities.

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 Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2).

Source: Asian Development Bank.

APPENDIX 2: PROJECT MANAGEMENT/IMPLEMENTING UNIT STAFFING REQUIREMENT

No.	Position	Affiliate	Department	No. of posts
PMU and PIU				
1	Deputy Project Director – Head of PIU-DOH	Officer	PMU/DOH	1
2	Deputy Project Director – JSV	Officer	PMU/PIU/JSV	1
3	Deputy Project Director – DOH	Officer	PMU/PIU/DOH	1
4	Nodal Officer	Officer	PMU/DOH	1
5	Procurement Manager	Officer	PMU/DOH	1
6	Finance Officer	Officer	PMU/PIU/DOH	1
7	Horticulture Development Officer	Officer	PMU/PIU/DOH	2
8	Horticulture Extension Officer	Officer	PMU/PIU/DOH	2
9	Assistant Procurement Manager	Officer	DOH	1
10	Assistant Controller Finance	Officer	DOH	1
11	Superintendent	Officer	DOH	1
12	Superintendent Engineer	Officer	PIU/JSV	1
13	Account Officer	Officer	PMU/DOH	1
14	Junior Office Assistant (IT)	Officer	PMU/DOH	3
15	IT Assistant	Officer	PIU/JSV	1
16	Supporting Staff	Officer	DOH	6
17	IT Specialist	Consultant	PIU/DOH	1
18	Finance Management Specialist	Consultant	PMU/ DOH	1
19	Finance Management Specialist	Consultant	PIU/DOH	1
20	Finance Management Specialist	Consultant	PIU/JSV	2
21	Procurement Specialist	Consultant	PMU/DOH	1
22	Procurement Specialist	Consultant	PIU/DOH	1
23	Procurement Specialist	Consultant	PIU/JSV	3
24	Horticulture Management Specialist	Consultant	PIU/DOH	1
25	Environment Safeguards Specialist	Consultant	PMU/DOH	1
26	Climate Change and Environment Specialist	Consultant	PIU/DOH	1
27	Environment Specialist	Consultant	PIU/JSV	1
28	Social Safeguards Specialist	Consultant	PMU/JSV	1
29	Social and Gender Specialist	Consultant	PIU/DOH	1
30	M&E Specialist	Consultant	PMU/DOH	1
31	M&E Specialist	Consultant	PIU/DOH	1
32	M&E Specialist	Consultant	PIU/JSV	1
33	GIS Specialist	Consultant	PMU/DOH	1
34	CAD Specialist	Consultant	PMU/DOH	1
35	IEC Specialist	Consultant	PMU/JSV/DOH	1
			Total	**47**
District, Block and Gram Panchayat levels				
36	Executive Engineer	Officer	JSV	23
37	Assistant Engineer	Officer	JSV	50
38	Junior Engineer	Officer	JSV	75
39	Deputy Director of Horticulture / District Project Manager	Officer	DOH	7

No.	Position	Affiliate	Department	No. of posts
40	District Coordinator	Officer	DOH	14
41	Horticulture Development Officer	Officer	DOH	29
42	Assistant Horticulture Development Officer	Officer	DOH	28
43	Horticulture Extension Officer	Officer	DOH	112
44	Management Expert	Officer	DOH	7
45	Accountant	Officer	DOH	7
46	IT Specialist	Officer	DOH	4
			Total	**356**

APPENDIX 3: TERMS OF REFERENCE OF STATUTORY AUDITOR (As agreed between ADB and Comptroller and Auditor General, India)

Background:

1. 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[1] (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

2. 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:

3. 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)

4. 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:

[1] 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.

(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 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

5. The objective of the audit of the Project Financial Statement (PES) 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

6. 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:

7. 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:[2]

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

[2] 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.

(i) 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; Counterpart funds have been provided and used in accordance with the relevant legal agreements and only for the purposes for which they were provided

(ii) Financial covenants of the loan agreement have been complied wit

(iii) 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; an

(iv) The project accounts have been prepared in accordance with consistently applied Government Accounting Standards[3] 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:

9. 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

10. The Project Financial Statements should include:

(i) 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

(ii) 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:).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. Other statements or schedules as may be applicable in particular circumstances and as specified in

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[3] 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.

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. 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.

Statement of Expenditure (SOE), Imprest Account (IA), Second Generation Imprest Account (SGIA), Force Account Works, Simultaneous Application for Sub-Loan Approval and Withdrawal (SAW):

11. 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[4] are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor.

Audit Report

12. 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 in shown at Annexure 13

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

[4] Refer to ADB's Operation Manual (OM) Section H3 and Safeguard Policy Statement

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

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

[1] If cash balance are controlled by the entity, indicating cash balance, imprest account and SGIA balance separately
[2] These will include external assistance received by Government for the project.
[3] 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
[4] Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement

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

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

[1] The financing percentages for ADB funds should directly correlate to the financing percentages in the allocation table(s) of the financing agreement(s).
[2] Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement
[3] The figures shown against various categories of expenditure should agree with the current year's payment in Annexure 1, Statement of Receipts and Payments.
[4] 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
ADB Fund claimed during the year				
Reimbursement[3]	6.1	10		
Imprest Fund[3]	6.2	10		
Direct Payment	6.3	10		
Commitment Letter	6.4	10		
Subtotal	(A)	40		
Total Expenditure made during the year[1]	(B)			
Less:				
1. Expenditure not yet claimed	(C)			
2. Borrower's share[2]	(D)			
Total Eligible Expenditure claimed (B – C – D = E = A)	(E)			

[1] The total expenditure as per Statement of Receipts and Payments.
[2] This should tally with the Government share included in Statement of Expenditure by category and financier (Column 6)
[3] 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. *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,*

   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

   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

   2. Basis of measurement

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

   3. Changes in Accounting policies

Describe changes in accounting policies, if any

   4. Fund Flow mechanism

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

   5. Advances and other receivables

Describe treatment of advances against expenditures

   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

7. Accrued and other liabilities

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

8. Income

1. *Describe nature of different types of income and how they are recognised. For example grants, sale of proceeds of fixed assets, interest income on bank accounts etc.*

2. *[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.*

1. Foreign currency transactions and translation

1. 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).

2. 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 ____

1. Allocation of Common Costs

Describe how common costs are allocated to different output/activities

2. 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.

3. 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			

4. 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]

5. 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

ADB Source of Funds – Method of Withdrawal	Note Reference	During the Current Year	During the Previous Year	Cumulative Project to Date
ADB Loan				
- By Reimbursement Method	6.1			
- By Imprest Account[1]	6.2			
- By Direct Payment	6.3			
- By Commitment Procedure	6.4			
ADB Loan Total				
ADB Grant				
ADB Loan and Grant Total				

[1] This should agree with the advances/replenishments net of refunds in Statement 6.2.

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]

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
Balance brought forward from previous period		**100**	**140**
Add:			
Advance[1]		200	200
Replenishment received during the year/period[1]			
Interest Earned		10	10
Subtotal (A)		310	350
Deduct:			
Payments made during the year/period		150	150
Replenishment /Liquidation[1]	50		
Expenditure yet to be claimed	100		
Amount refunded during the year/period		20	20
Closing Balance (B)		140	180
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 END DATE]

1. 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
Balance brought forward from previous period		**100**	**140**
Add:			
Advance[1]		200	200
Replenishment received during the year/period[1]			
Interest Earned		10	10
Subtotal (A)		310	350
Deduct:			
Payments made during the year/period		150	150
Replenishment /Liquidation[1]	50		
Expenditure yet to be claimed	100		
Amount refunded during the year/period		20	20
Closing Balance (B)		140	180
As per bank statement (copy attached)		140	180

2. 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 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

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

STATEMENT OF APPROPRIATION VS. ACTUAL

	For the current year ended 20xx				For the Prior year ended 20xx				Cumulative from [beginning of Project] to year to date			
Cost Categories (revise as appropriate)	Budgeted Expendi-tures	Actual Expendi-tures	Utilization Percen-tage	Variance	Budgeted Expendi-tures	Actual Expendi-tures	Utilization Percen-tage	Variance	Program Budgeted Expendi-tures	Actual Expendi-tures	Utilization Percenta ge	Variance
	INR '000	INR "000	%	INR '000	INR '000	INR '000	%	INR '000	INR '000	INR '000	%	INR '000
Investment Costs												
Civil Works												
Mechanical and Equipment												
Environment and Social Mitigation												
Consultants												
1. Project Manageme nt												
2. Capacity Devleopme nt												
Others												
Subtotal												
Recurrent Costs												
Salaries												
Accommodation												
Equipment Operation and Maintenance												
Others												
Subtotal												
Total Payments												
Financing Charges During Implementation												
Total Project Cost												
Grand total of expenditures in USD												

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 [1]			Output 2			Output 3			Total Expenditure		
Cost Categories (revise as appropriate)	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															
1. Project Management															
2. Capacity Development															
Others															
Subtotal (A)															
Recurrent Costs															
Salaries															
Accommodation															
Equipment Operation and Maintenance															
Others															
Subtotal (B)															
Total Cost (C=A+B)															
% Total Project Cost															

[1] 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:

1. The project financial statements are free of material misstatements, including omissions.
2. Project funds have been used for the purposes for which they were provided.
3. Project expenditures are eligible for financing under the Loan/Credit agreement.
4. 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.
5. We have made available to you all books of account and supporting documentation relation to the project.
6. 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 (2nd Edition, 2002) Chapter IV, Reporting Standards

12. The form and content of audit option and report.

12.1 The form and content of all audit opinions and reports are founded on the following general principles:

1. **Title**. The opinion or report should be preceeded by a suitable title or heading, helping the reader to distinguish it from statements and information issued by others.

2. **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).

3. **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.

4. **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.

5. **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.

6. **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.

7. **Legal basis**. Audit opinions and reports should identify the legislation or other authority providing for the audit.

8. **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.

9. **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[5] 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.[6]

In addition, in our opinion;

1. Proceeds of the loan from ADB have been utilized for the purposes as per ADB Loan / Project Agreement
2. Financial covenants in the loan agreement [name and number of loan] dated [date of loan] have been complied with
3. (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.

---

[5] Insert titles of other required statements and schedules included in or annexed to the project financial statements, if any.

[6] 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.

(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[7]]

[7] The report should be dated as of the date to which the auditor has became 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.

APPENDIX 4: 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 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

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

1. 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	

2. 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

1. 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	$........ million
Total	**$..... million**	**$.......... million**	**$......... million**	**$......... million**

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

2. **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 ($... million)	km of road rehabilitation/ house service connections in xx towns	- IFB to be issued - Under Tech Evaluation - Under Fin. Evaluation -Under Contract Negotiation - Under Contract Signing	MM/YYYY
2	Equipment	xx ($...million)			MM/YYYY
3	Consultants	xx ($...million)			MM/YYYY
	Total xx Packages	**$xx million**			**(Target date of the latest procurement)**

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)	
Output 1.			
Activity 1.			
Target 1.			
Target 2.			
Activity 2.			
Target 3			
Output 2:			
Activity 3.			
Target 4.			

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 PRPOSED ACTIONS)

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

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)

1. Reconciliation of Project records and ADB's disbursement records.

1. [Include here a summary reconciliation of project records and ADB disbursement records (LFIS) for the reporting period and cumulative from project inception to end of the reporting period.
2. Explain reasons for discrepancies and outline follow-up actions required (if any). Attach a detailed reconciliation by withdrawal application as per Attachment 4].

3. Status of the project's Financial management arrangements

4. Here include the following:
   1. Describe any problems in the existing financial management arrangements and /or flow of funds and any significant changes occurred during the reporting period (e.g., financial management staff turnover, implementation of new financial systems, emerging financial management related risks etc..).
   2. Summarize the status of each agreed action in the financial management action plan outlined in the PAM. Attach a detailed log as per Attachment 5].
   3. Outline the status of recommendations and immediate actions provided by ADB as part of the APFS/AEFS review (if any) and financial management related recommendations agreed during ADB review missions (if any).
   4. Summarize the status of Status of past audit observations (if any). Attach a detailed log as per Attachment 6.

Attachments:

Attachment 4. Detailed reconciliation (by Withdrawal application) of project records and ADB disbursement records (LFIS/GFIS) for the fiscal year to date and cumulative.										
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)**			
Withdrawal application No (WA)	Disbursement method (reimbursement, direct payment, etc..)	Time period covered in the WA	Date	In local currency (as recorded in project records/ financial statements)	exchange rate	USD equiva-lent (A)	Value date	In USD (B)	Difference (A-B)	Reason for difference (i.e. timing forex. Pending rejected)
1		1-31.3.2020		XX		XX		XX		
2				XX		XX		XX		
3				XX		XX		XX		
etc..										
Total in Fiscal year to date				XX		XX		XX		
Total Cumulative to date				XX		XX		XX		

Attachment 5: Status of Financial Management Action Plan

Key Risk	Risk Mitigating Activity	Timeline	Responsible Entity	Current status (implemented/Pending)	Remarks (including planned actions and timeline in case of noncompliance)

Attachment 6: Status of external.internal audit observations/recommendations – Cumulative from inception to end of reporting period						
audit observation	External/internal audit recommendation	Date of the recommendation	Planned action to address the recommendation	Responsibility	Current Status of the planned action (pending /resolved)	Remarks

APPENDIX 5: CONSULTANT TERMS OF REFERENCE

PROJECT IMPLEMENTATION SUPPORT CONSULTANTS (Firms Selection)
(PMU-Support Team-CS-08)

1. BACKGROUND

1.1. Project Rationale

1. Despite the importance of agriculture in the livelihood of Himachal Pradesh's large rural population, there is a distinct agricultural development gap between the northern (or temperate horticulture areas) and southern (or subtropical horticulture areas) parts of Himachal Pradesh. Subtropical horticulture farmers earn only an equivalent of ₹ 52,095 per year while temperate horticulture farmers earn about 13 times more. Temperate horticulture in northern Himachal Pradesh has been dominated by the production of apple, which is the most important fruit crop for the state accounting for 79% of the state's fruit production in 2017–2018.

2. The state recognizes the need to diversity horticulture production because apple production fluctuates due to weather and changing markets. It also offers opportunities for subtropical farmers to access off-season markets for other fruits and vegetables, thus reducing income disparity between the northern and southern parts of Himachal Pradesh. The State Government of Himachal Pradesh requested the Asian Development Bank (ADB) to support the development of horticulture in the subtropical areas of the state and reduce the income gap between farmers in subtropical and temperate horticulture regions.

1.2. Project Scope, Impact and Outcome

3. The Himachal Pradesh Subtropical Horticulture, Irrigation, and Value Addition (HPSHIVA) Project aims to increase the income and climate resilience of at least 15,000 farm households in seven districts (Bilaspur, Hamirpur, Kangra, Mandi, Solan, Sirmour and Una) of subtropical areas of Himachal Pradesh. The project will have the following outcome: agriculture income and climate resilience of targeted farming households in subtropical areas of Himachal Pradesh improved.[48] The project will expand irrigation to farmers, increase subtropical horticulture production and its climate resilience, and raise the profitability of subtropical horticulture production through value chain development of targeted commodities.

1.3. Project Outputs and Activities

4. The HPSHIVA Project will have the following three outputs:

- **Output 1: Sustainably-operated irrigated areas expanded.** This output focuses on increasing sustainability and climate change resilience of irrigation systems from the source of water supply to the field. The water management and on-farm irrigation will be improved through six key activities: (i) rehabilitating existing function and non-functional irrigation schemes;[22] (ii) building new irrigation schemes incorporating supervised control and data acquisition (SCADA) technology; (iii) designing drip irrigation system, including the use of solar pumping; (iv) finalizing the Irrigation Water User Association Act and manual to enable the water user associations (WUA) to be involved in the irrigation project design and construction, monitor water flow, allocate water, and regulate water distribution; (v) establishing and strengthening WUAs to undertake farm-level irrigation water management with increased involvement of women; and (vi) strengthening capacity

[48] State Steering Committee. 2018. *Strategies for Doubling Farmers Income in Himachal Pradesh.* Himachal Pradesh.

of Jal Shakti Bibhag (JSV) in climate resilient irrigation scheme design and water management. During the project year 1 and 2, about 4,000 ha will be irrigated through 197 schemes (56 functional, 32 non-functional and 109 new schemes) and managed by about 278 WUAs (or clusters).[24] The rest 2,000 ha will be irrigated in the project year 3 and 4 through about 200 additional schemes. Output 1 will be implemented by Jal Shakti Vibhag (JSV).

- **Output 2: Climate resilient subtropical horticultural production systems adopted**. This output focuses on supporting about 15,000 subtropical horticulture farmer households to adopt climate resilient practices in their 6,000 ha of land. About 80% of beneficiaries are marginal, small, and medium farmers (footnote 3), and at least 30% of beneficiary households will be represented by women[26]. The subtropical horticulture production (guava, litchi, orange, pecan, persimmon, plum and pomegranate) in the state will be increased by: (i) organizing beneficiary farmers into the community horticulture producer and marketing association (CHPMA) at the cluster level[27] and the CHPMA cooperative society at the district level[28]; (ii) identifying focus crop(s) per cluster, considering crop potentials, climate change projections, soil health, and market demand; (iii) supporting land preparation, including plot layout, bed height raise, soil nutrient management, and pest and disease management;[29] (iv) providing agriculture input and farm equipment in the initial years; (v) providing communal, solar fencing of all the horticulture clusters to project from animal predation; (vi) providing disease-free planting materials (or at least quality planting materials) for the crop selected by a cluster; (vii) installing and operating drip irrigation system (following the design done under output 1); (viii) introducing intercropping and beekeeping to beneficiary farmers; (ix) modernizing public and private subtropical horticulture nursery facilities and training the Department of Horticulture (DOH) staff in the implementation of a nursery certification program;[30] (x) establishing a geographic information system-based land resource database; (xi) studying carbon benefits from horticulture farming, including preparing recommendations on a potential benefit sharing mechanism for CHPMA members; and (xii) providing modern extension services to farmers.

  More specifically, for the extension service program improvement, the following activities will be implemented: (i) the improvement of training materials (or packages of practice); (ii) exploration of new techniques and knowledge exchange by establishing partnership with international and national universities or research institutes; (iii) training motivated farmers as demonstration farmers to lead the farmer-to-farmer training; (iv) the establishment of a center of excellence (for subtropical horticulture) as a state knowledge hub; (v) capacity enhancement of DOH staff for public-private partnership, climate resilient agriculture, and on-farm irrigation; and (vi) the enhancement of beneficiary farmers' connection to information and communication technologies, and other agri-technology systems that provide real-time farm advisories.[31] Output 2 will be implemented by the Department of Horticulture (DOH).

- **Output 3: Market access for subtropical horticulture farmers developed.** This output focuses on increasing profitability of subtropical farming in the state. This will be achieved through: (i) forming a CHPMA apex institution at the state level as a farmer producer company (FPC) to lead agribusiness development; (ii) training the FPC in facilitation and negotiation skills, business plan development, financial management and services, and branding; (iii) supporting the FPC to develop and implement the branding and agribusiness promotion strategy; (iv) designing and constructing value-addition facilities at the CHPMA cooperative and public levels; and (v) supporting the CHPMA and state government to operate these facilities to generate or increase CHPMA's profits. Output 3 will be implemented by the DOH.

1.4. Project Implementation Arrangement

5. The HPSHIVA Project will be implemented under the following implementation arrangements:

- **Executing Agency (EA):** DOH as the Executing Agency (EA) on behalf of the Government of Himachal Pradesh for overall project execution of the HPSHIVA Project;
- **Project Management Unit (PMU):** A Joint HPSHIVA Project Management Unit of DOH and JSV is established under the DOH and responsible for the overall project management activities of the Project; and
- **Project Implementation Units (PIUs):** Both DoH and JSV are Project Implementation Units (PIUs) responsible for day-to-day project administration and implementation of the project activities either directly or through engagement of contractors/service providers under their respective jurisdictions.

111.

2. OBJECTIVES OF THE ASSIGNMENT

6. The main objective of the consultancy services under these TORs is to support the HPSHIVA PMU and PIUs (namely DOH and JSV) in the project implementation. PISC will also strengthen technical and management capacities of the PIUs and district-level implementation units under DOH and ensure the project's compliance with ADB's environment and social safeguards policies, Financing Agreement and policies of the Government of Himachal Pradesh at all levels.

3. SCOPE OF SERVICES

112.

7. The PISC team shall work under the PMU's oversight to ensure program execution in a professional and time bound manner. The PISC, as per the scope of work, shall depute the related resources and guide the PMU and PIU on implementation from the past similar project experience. Also, the PISC shall appraise the PMU with the ADB policies and compliance requirements from time to time and ensure the compliance of the same. Further, PISC shall review the progress periodically and prepare the correction course, if required, to meet the project timelines. Also, if required, the PSIC shall deploy additional resource as required to support the project.

8. Under the overall supervision of the Project Director and Deputy Project Directors (one from DOH and the other from JSV) and under the PMU's guidance, the PISC team will perform the following:

Overall Project Administration Assistance

- Prepare an annual work program and budget as well as project implementation strategies at least 4 months before the start of a new financial year in close collaboration with project implementation individual consultants, and ensure to finalize it after PIUs and ADB's review and clearance.
- Assess the capacity building gaps and needs of the DOH and JSV in the field of technical aspect, project management, financial and procurement management, ADB safeguards and relevant national/state policies and rules, and prepare the capacity development plan of DOH and JSV in year 1 and year 3
- Ensure that the PMU interacts with key project stakeholders and seeks their feedback on the project implementation approach at least on an annual basis
- Ensure that the project administration manual (PAM), including the procurement plan, is up-to-date and the project implementation follows the PAM

- Conduct the periodic, at least every 6 months, physical inventory of fixed assets
- Support, strengthen, coordinate, and assist PMU, IAs (DOH and JSV) and Project Implementation Units (PIUs) regarding the activities related to the three outputs,
- Assist and support the PMU and PIUs 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

Quality Control in Contractual Work Implementation
- Supervise and work with all technical consultants and contracted service providers
- Monitor their outputs and deliverables against the project administration manual, the annual work plan and budget, and the procurement plan

Project Implementation Progress Monitoring and Reporting
- Prepare project database incorporating spatial information, and operate a GIS-based project management system, meeting high quality standards and following international best practices
- Ensure information availability and regular update
- Monitor and report on progress of project activities and accomplishment of targets by analyzing the baseline survey results and conducting the mid-term and project completion surveys and impact analysis

Communication
- Update the project website on a regular basis and as needed to ensure that up-to-date information is shared with the public

Safeguards and Accountability
- Implementation of the grievance redress mechanism

Financial and Procurement Assistance
- While PMU is responsible for procurement and financial management through the assistance from project implementation individual consultants, collaborate with the project implementation individual consultants for the following matters:
    - Participate in the evaluation of bids and proposals, reviewing technical and financial proposals as required
    - Provide inputs to annual project financial statements as required
    - Provide inputs to withdrawal applications and filling of supporting documents as required
    - Contribute to quarterly reconciliation of the project disbursement records and ADB disbursement data (LFMIS) to ensure the correct and complete projects records and reports/statements are provided
    - Follow up internal and external audit recommendations to improve the internal control of the project

4. DURATION AND LOCATIONS OF THE ASSIGNMENT

9. The assignment of the PISC is expected to be commenced from the date notified by PMU, HPSHIVA at Shimla, Himachal Pradesh and PIU districts. The services of the consultant will be required for a period of five (5) years during project implementation.

5. QUALIFICATIONS OF THE FIRM

10. The firm shall have at least 10 years' experience in program management and project implementation of large scale irrigation, micro-irrigation and agriculture/horticulture development projects preferably with large number of farmer stakeholders/beneficiaries operating as cooperatives/collectives/FPOs/FPCs and with value addition and marketing linkages involved.

11. The firm shall have staff with appropriate experience and expertise in the areas and fields outlined in the terms of reference.

12. The consulting firm and JV partners, in case of JV, should be in core consulting business in for at least 10 years. The firm should have completed at least one contract having contract value of INR 5 crore or more in large scale agro development projects preferably with large number of farmer stakeholders/beneficiaries operating as cooperatives/ collectives/ FPOs/ FPCs/ water user associations, and preferably with micro-irrigation engaged, and value addition and agribusiness market linkages, marketing and branding involved.

6. QUALIFICATIONS OF EXPERTS

13. The PISC will ensure availability of the key experts, thematic experts, and support staff as shown in the following table during 5 years of the project implementation period. The firm is to provide COVID-19 health and safety measures on the mobilization of consultants.

	Title/Position	Person Month	Academic Requirements	Experience Requirements
Key Experts (Management)				
1	Team Leader (Project Management & Horticulture Development Expert)	54	Master's level degree in horticulture / agriculture / agribusiness, MBA, or a relevant discipline	Minimum 20 years of work experience in the agriculture, rural development, rural finance, agribusiness sector, water sector development including at least 10 years' experience in project design and implementation in agriculture/horticulture development, directly supporting farmers, and horticulture sector value chain development in rural areas. At least 5 years of experience in team leader, including at least 3 years of experience in projects financed by international financial institutions, is required (preferably ADB projects). Experience in hilly region projects will be preferred. *Full-time availability (12 months) during the first 4 years and less number of person-months/year afterwards
2	Water and Irrigation Specialist	48	Bachelor's degree in irrigation engineering / civil engineering or equivalent	Minimum 15 years of work experience in water resource management, irrigation, irrigation engineering, including at least 7 years' experience in project design and implementation in drip irrigation/micro-irrigation works and plantation development activities. Province experience in introducing/adopting latest techniques and innovations in drip/micro irrigation for sizable scale of farmland development is required. Experience in projects financed by international financial institutions and projects in hilly regions will be preferred. *Full-time availability (12 months) during the first 3 years and less number of person-months/year afterwards
Key Experts (Safeguards)				
3	Environment Specialist (Safeguards and Climate Risks)	30	Degree in environmental science, natural resource management, climate change, or a relevant discipline	Minimum 7 years of work experience, including minimum 5 years' experience in environmental safeguards for investment project design and implementation in the irrigation and/or micro irrigation. Research or proven analysis work in climate risk assessment and climate change adaptation will be an asset.

				Experience in projects financed by international financial institutions and projects in hilly regions will be preferred. **Full-time availability (12 months) during the first year and less number of person-months/year afterwards
4	Social Safeguards and Gender Specialist	30	Minimum Bachelor's degree or equivalent (preferably Master's) in social sciences, gender equality and social inclusion and development studies sociology, rural development, or another relevant discipline	Minimum 7 years of work experience, including minimum 5 years' experience in social safeguards and gender equality for investment project design and implementation in the micro irrigation, horticulture, agriculture and/or rural livelihood development projects. Proven experience and knowledge in international safeguard policies on involuntary resettlement and indigenous peoples is required. Experience in projects financed by international financial institutions and projects in hilly regions will be preferred. Particularly, knowledge of ADB's Safeguards Policy Statement (2009) and social inclusion is preferable. Experience of working with community, Indigenous Peoples, and gender actions is highly recommended. *Full-time availability (12 months) during the first year and less number of person-months/year afterwards
Thematic Experts				
5	MIS & IT Specialist	36	Minimum Bachelor's degree (preferably a Master's degree) in information technology, project management or equivalent.	Minimum 8 years of work experience, including minimum 5 years in establishing and running Management Information Systems (MIS) with multiple stakeholders, inhouse training database, information system operators. Must have extensive experience on SQL Development and design tables and indexes for the best database architecture and performance. Proven knowledge in the following databases: MySQL, SQL Server and SQLite. Preference to be given who has experience of working in agri-tech digital solution application. Experience in projects financed by international financial institutions will be preferred. *Full-time availability (12 months) during the first 2 years and less number of person-months/year afterwards

6	GIS Specialist	34	Master's degree in geography, forestry, natural resource management, geospatial information technologies and science, or related field	Minimum 8 years of work experience, including minimum 5 years of experience in GIS and related field. Out of which, at least 3 years of work experience in large-scale or development program related GIS operation and maintenance and the use of computer assisted drawing software. Prior experience with developing, consolidating, managing and updating spatial databases. Knowledge of hosting the data on server and synchronizing with web application and apps. *Full-time availability (12 months) in the first year and less number of person-months/year afterwards
7	CAD Specialist	27	Bachelor's degree in engineering, design, or related field and at least a certificate of training program in CAD	Minimum 5 years of work experience as CAD technician in development of AutoCAD drawing, preparation of BOQ, verification of as build drawing. Experience in projects financed by international financial institutions will be preferred. *Full-time availability (12 months) in the first year and less number of person-months/year afterwards
8	Participatory irrigation management specialist	24	Minimum Bachelor's degree (preferably a Master's degree) in community development, social sciences, public administration, or information technology	Minimum 8 years of work experience, including at least 5 years of experience in working on water user associations, micro-irrigation management, and participatory farmer organizations. Proven experience in developing content for awareness creation, training, stakeholder meeting and worked at field level in stakeholder engagement. Experience in projects financed by international financial institutions will be preferred. Experience of working within Himachal Pradesh would have an added advantage.
Support Staff				
9	Project Associate	60	Preferably a graduate degree	3 years. Experience in project coordination, contract administration of consulting contracts *Full-time availability (12 months) for 5 years
	Total	**364**		

7. DETAILED TASKS AND RESPONSIBILITIES PER POSITION

	Position	Tasks / Responsibilities
1	Team Leader (Project Management & Horticulture Expert)	Overall management of PISC team, acting as Team Leader. The tasks typically include, but are not limited to: a) Manage and guide the team of consultants b) Implement the tasks mentioned in the scope of work of the project c) Coordinate and consult with the executing agency on regular basis, and cooperate closely with the Project Director in planning, coordinating, and monitoring project implementation following the PAM, annual work plan and budget, and project implementation approach d) Ensure that all the information and project update is communicated in a timely and transparent manner between DOH and JSV e) Monitor the progress of the project in meeting the desired outcome and outputs, and against the design and monitoring framework f) Monitor the progress on fulfilling loan covenants and advise PMU on any issues g) Work in coordination with other consultants and collate project progress and arrange for regular meeting regarding project progress. h) Prepare monthly, quarterly, and annual reports, and at the end of the assignment, prepare a consolidated final report, i) Assist with any other project relevant duties as may be reasonably assigned by the Project Director, j) 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 & 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, k) Attend meetings, as instructed by PMU As horticulture expert, this consultant will be responsible for the following: a) Review the work of the consulting firm assigned for APEX body formation and CHPMA (and WUA) formation. Monitor the activities for timely formation of all bodies,

		b) Review the progress of the APEX Body and its consulting firm for CHPMA Society collection centre and private/govt. players' proposals for Integrated Facility Centres and nursery setup, and c) Assist the APEX body for the evaluation of project proposal for CHPMA society collection centre & private/govt. players' Integrated Facility Centre, i.e., Detailed Project Reports (DPRs) indicating financial viability, commercial sustainability, and socio-economic impact, and present the appraisal to the investment for consideration d) Ensure the synchronization of all the relevant work for orchard development and management, including field preparation, fencing, and other orchard management and agribusiness related infrastructure e) Monitor the procurement of goods packages of planting material, agriculture inputs, agriculture tools and equipment, etc. Also, coordinate with the clusters for utilization of the same and for recordkeeping activities
2	Water and irrigation specialist	a) Assist the team leader in building effective communication channels with the PMU, PIU and other stakeholders b) Monitor the work progress of the irrigation schemes and ensure synchronization of the lift irrigation and drip irrigation system along with the other system to make the project functional c) Assess the irrigation performance of the selected sites and develop operations and maintenance plan for the installed system d) Provide suggest on modification, if required during project implementation as per site condition. e) Set protocol for effective coordination and conduct site visit for commissioning of the system. Provide technical expertise, if required, for system synchronization, and f) Monitor the commissioning of the water management infrastructure g) Support the construction supervision consultant, and the contractor in establishing lift irrigation scheme h) Support JSV and consultant in the establishment and working of Water User Associations i) Facilitate in arranging training and orientation programs at various levels in collaboration with relevant team members j) Assisting Team Leader to monitor the progress of the project in meeting the desired outcome and outputs k) If required, assist PMU, PIUs and IAs in the procurement planning of additionally required works, goods, and contract management. Provide suitable technical inputs on any aspect of sanctioned various packages and related matter, as and when

		required by the PMU. Assist the PMU in scrutinizing the proposals received and selection of vendors l) 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
3	Environment Specialist (Safeguards and Climate Risks)	a) Review the project documents and Initial Environmental Examination (IEE) to understand the potential environmental impacts and mitigation measures under Environmental Management Plan (EMP) b) Accordingly, review the construction EMP, health and safety plan, COVID-19 management plan etc. to be submitted by contractors to execute for different work packages c) Guide the PISC and PIUs' field staff for monitoring various packages to check implementation of construction EMP and other safeguards plans, and requirements of the government d) Conduct periodic site visits to supervise implementation, and recommend corrective measures where safeguards non-compliance is apparent e) Advise CPMU 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 f) Together with the PISC, liaise with various concerned state government agencies on regulatory matters g) With the support from PISC, develop, organize, and deliver training/capacity building programs for the CPMU, PIU, contractors and beneficiaries on environmental safeguards and climate change adaptation and/or mitigation measures (one each district) h) Together with the PISC, support CPMU and PIUs to carry out consultations with beneficiaries and affected people and communities during project implementation i) Where unanticipated environmental impacts become apparent during project implementation, support the CPMU and PISC to update the IEE and EMP or prepare a new environmental assessment and EMP to assess the potential impacts, evaluate the alternatives, and outline mitigation measures and resources to address those impacts j) Guide preparation of monitoring reports by the EPC contractors to be submitted to PMU level in a periodic manner k) Be part of grievance redress process and review types of grievance by interviewing aggrieved project-affected persons l) Participate on public consultation activities and keep a detailed record of the results m) Contribute inputs to the PISC's quarterly progress reports for project management and supervision, and the brief monthly summary reports related to construction EMPs, and n) Other activities to support CPMU, PIUs and PSIC on environmental safeguards as needed.

4	Social Safeguards and Gender Specialist	a) 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, accountability, land management, grievance management and citizen feedback envisaged under HPSHIVA b) Establish a system to monitor social safeguards and GESI AP implementation of the project including monitoring the indicators set out in the results framework c) Develop the capacity of the PMU, PIU and other stakeholders' officials in strategic collaborative planning, implementation & 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 d) Build capacity of PMU, PIU 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) e) Train the district JSV and DOH officials in safeguard related project policies, principles, procedures and requirements and to conduct social safeguard activities (one each district) f) Support the PMU and PIUs to implement any corrective actions identified in the various packages. g) 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 h) Assist PMU in preparation of ESMS reports, ESMS reporting and monitoring i) Compile and analyse monthly/quarterly reports on social indicators, and track grievance redressal j) Review, monitor and evaluate the effectiveness with which the Plans are implemented, and recommend necessary corrective actions to be taken as required k) Consolidate monthly/quarterly social monitoring reports l) Channelize redressal and grievances brought about through the Grievance Redress Mechanism (GRM) in a timely manner

		m) Conduct periodic site visits to supervise the implementation and provide guidance to PMU/PIU on implementation of social development and safeguards project requirements n) 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 o) Help the PMU and PIUs in meeting gender target of the project and gender and vulnerable groups targets of the GESI/AP, p) Promote gender mainstreaming and social inclusion into project activities and project management tools, including tracking of gender equality and social inclusion results, q) Assist the PMU 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
5	MIS & IT Specialist	a) Prepare MIS functions for project outputs and activities in coordination with M&E specialist, PMU, PIU, Team Leader and other team members for data collection, analysis, and MIS implementation b) Review and monitor the ongoing / to be awarded services contract related to the MIS/Digital Agri-tech services. Ensure the deliverables are met as per the project requirement and suggest on any modification, if required, during project construction. c) Prepare MIS aligned with project design monitoring framework by identifying indicators following the logical framework approach, d) Integrate the MIS to the online web portal for reporting and monitoring, e) Identify MIS training needs of PMU, PIUs, APEX body, CHPMA and other project stakeholders and coordinate these training activities, f) After MIS is implemented, make periodic visits to project offices at all levels to discuss MIS procedures with PMU, PIUs, and other stakeholders for guidance and implementation surveillance, g) Prepare technical guidelines on the operation and maintenance of the MIS system in close coordination with IT support staff of DOH, h) Monitor the activities performed by the Digital Agri-tech solution service providing agency and closely work for meeting the TOR, stakeholder requirement and project objectives, i) Integrate the Digital Agri-tech solution data and GIS data with the MIS and IT system developed. At the end of the service contract, ensure that all the services developed, data, manuals and other documents have been received from the service provider.

		Further, PISC has to evaluate the MIS & IT services as per the project need and if required, prepare proposal for additional work and operation of the system developed. j) Provide leadership to the PISC in the MIS and information technology (IT) area for all aspects of the project, k) Serve as primary source of guidance for all information system and technology related matters for PMU and PIUs, l) 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
6	GIS Specialist	a) Ensure collection and assessment of the spatial data and systematic organization of raw data and remote sensing data. b) Monitor the activities related to GIS being executed by the contractor which is to develop a real time data exchange mechanism from beneficiary communities and supporting PMU and PIU for using the software or apps developed, c) Day-to-day operation and maintenance of the project cluster geo-database system including consolidation of geo-tagged files, and ensure recording of methodologies and definitions that were used for developing maps. d) Generate regular and on-demand GIS-based thematic data analysis and maps for operations, monitoring, evaluation, reporting, and feedback, including analysis on the extent of change in irrigated areas and crop phenology over time. e) Provide technical assistance in training of PMU, DOH and JSV staff on geodatabase management and geo-tagging, f) Support the PMU in analyzing in GIS environment available data g) Coordinate with other DOH and JSV GIS platforms for data sharing and development, h) Update the irrigated crop map through a validation process, i) In the GIS application being developed, incorporate the field data such as cluster area, fencing, planting layout and drip line, crops planted, modular tank, pipelines, main storage tank, intake structure, etc., which are part of project, j) Incorporate digital agri-tech data in the GIS on the crop data, k) Map GIS-based target area, as guided by DOH and JSV, and l) Produce a report summarizing the findings and analysis of GIS Specialist. m) 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

7	CAD Specialist	a) Review of the Engineering design and site design drawings, submitted by the contractors and Construction supervision consultant b) Monitor the compliance of as built drawing for each package c) Prepare CAD drawing as per the project requirement. d) 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 e) Review the Engineering design and site design drawings submitted by the contractors. Ensure compliance of as build drawing for each package. As per project requirement, prepare CAD drawing for structure related to project and assist on preparing BOQ.
8	Participatory irrigation management specialist	a) In close collaboration with Team Leader, support the Project Director to manage the consultancy of CHPMA and WUA formation, and ensure that WUA formation follows the draft WUA act being prepared under the project b) Support JSV in preparing and finalizing the WUA act, rules and manual c) Ensure compliance to the environmental and social safeguards policies and plans, GRM, GESI-AP d) Prepare the project implementation approach of transfer the ownership of the field-level irrigation management and fee collection system that can sustain after the project completion e) This position requires excellent facilitation skills to harmonize the activities of JSV and DOH, and developing farmer groups to function as both producer groups and water user associations f) Ensure the pathway to scale up the WUAs in the project areas to other irrigated areas under the JSV
9	Office Associates	a) Assist the experts of PISC in document compilation and preparation of report for ABD compliance and day-to-day reporting of PMU and PIU b) Contribute to the preparation of project database and ensure information availability and regular update c) Draft letters, reports, and other documents as required, d) Assist in documentation, data compilation and report writing e) Support the Team Leader on any office and administration issues of the PISC f) Complete any other office and administration work assigned by the Team Leader g) Assist in due diligence and site visits and drafting of inspection reports

		h) Assist in conducting secondary research, data compilation and related documents on value chains

8. KEY DELIVERABLES AND SCHEDULE

14. The PISC shall be responsible for the following reports and key deliverables which are non- exhaustive and shall be reviewed at regular intervals during the contract period.

Key Deliverables	Timeline (i.e., No. of months from Commencement Date)	Frequency of submission	Reporting requirements
Inception Report	1 month	Once	Printed and Electronic Format
Annual work plan and budget, and project implementation approach	Within 1 month after the new financial year	Yearly	Electronic Format
Preparation of periodic monitoring and implementation reports for all project activities. Project performance monitoring system (PPMS) consistent with the project's Design and Monitoring Framework (DMF).	3 months	Monthly, Quarterly, annually	Electronic Format
Due diligence reports of eligible subproject proposals as per ADB's safeguard policy	6 months	Quarterly	Printed and Electronic Format
Support to the preparation of Environment and Social Monitoring Reports	6 months	Every 6 months	Printed
Preparation of mid-term project review report to monitor project impacts, including regular monitoring of physical and financial progress	30 months	Once	Printed and Electronic Format
Conduct of capacity building workshops / training programs for PMU, PIU, IAs, and other stakeholders on gender, social, safeguards and other due diligence.	36 months	Regularly	Printed and Electronic Format

Key Deliverables	Timeline (i.e., No. of months from Commencement Date)	Frequency of submission	Reporting requirements
Conduct of capacity building workshops / training programs for PMU, PIU, IAs, and other stakeholders on CHPMA, WUA, APEX body functioning.	36 months	Regularly	Printed and Electronic Format
Final PISC Consultancy Report	One month before the end of contract	Once	Printed and Electronic Format

9. FACILITIES AND SUPPORT SERVICES TO BE PROVIDED BY THE CONSULTANT FIRM

15. The Consultant Firm will be responsible to include the provision of the following facilities and support services under the scope of the Consultant:

- Accommodation for all staff (both Key Professional Staff and Other Non-Key Professional Staff) deputed for execution of this contract
- All Transport and Mobility Requirements for all staff (both Key Professional Staff and Other Professional Staff) deputed for execution of this contract
- Office Equipment as required for the services to be provided
- All Technical Support Services, Backstopping Services and Administrative Support Services to the Project Office level and Field Office level from the Consultant Firm's Head Office/Back Office as may be required for execution of the assignment

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10. FACILITIES AND SUPPORT SERVICES TO BE PROVIDED BY THE CLIENT

16. The Client will be responsible for the provision of the following facilities and support services:

- Access to all sites/clusters as well as introduction to all block level, district level and state level functionaries who are likely to play a role in the HPSHIVA Project
- Table spaces at the PMU Offices for the Consultant's key staff.
- Provision of meeting room at the respective DoH and JSV state/district level offices for coordination meetings with the Client as and when considered necessary
- Support of nominated technical staff of DoH to work as a team with the Consultant's Staff (both at the field level and state level) in the satisfactory accomplishment of the mandated services.
- Any other support as may be considered necessary for smooth execution of the assignment

11. TYPE OF CONTRACT

17. A Time Based type contract with milestone based payments is proposed to be offered.

12. HEALTH AND SAFETY CONCERNS

18. The Consultant is responsible for the health and safety of their staff in relation to the consulting services assignment and shall comply with the any specific requirements and regulations in relation to COVID-19.

19. The Consultant shall also include a Health and Safety COVID-19 Plan, in accordance with the relevant government regulations and guidelines on COVID-19 prevention and or in the absence thereof, to international good practice guidelines such as World Health Organization (WHO). 2020. *Considerations for public health and social measures in the workplace in the context of COVID-19*. Geneva.

20. WHO guidelines are available here: https://www.who.int/publications-detail/considerations-for-public-health-and-social-measures-in-the-workplace-in-the-context-of-covid-19

APPENDIX 6: PROCUREMENT PLAN

Basic Data

Project Name: Himachal Pradesh Subtropical Horticulture, Irrigation, and Value Addition	
Project Number: 53189-002	**Approval Number:**
Country: India	**Executing Agency**: Department of Horticulture (DOH), Government of Himachal Pradesh
Project Procurement Risk: Medium	**Implementing Agency**: DOH and Jal Shakti Vibhag (JSV)
Project Financing Amount: $ 163.1 million **ADB Financing:** $130 million **Cofinancing (ADB-Administered):** **Non-ADB Financing:** $ 33.1 million	**Project Closing Date:** 31 January 2028
Date of First Procurement Plan: 2 Oct 2022	**Date of this Procurement Plan**: 2 Oct 2022
Procurement Plan Duration: 18 **months**	**Related to COVID-19 response efforts:** No
Advance Contracting: Yes	**Use of e-procurement (e-GP):** Yes http://hptenders.gov.in

A. Methods, Review and Procurement Plan

1. Except as the Asian Development Bank (ADB) may otherwise agree, the following methods shall apply to procurement of goods, works, and consulting services.

Procurement of Goods, Works and Non-consulting Services	
Method	**Comments**
Open Competitive Bidding (OCB) National Advertisement for works	Local contractors are experienced, and the local market is competitive. DOH and DIPH to procure OCB works using e-Procurement system. The e-Procurement system only allows the bidding procedure of 1S2E as per the state procurement guidelines. The first draft English version of the procurement documents should be submitted for ADB review and approval regardless of the estimated contract amount. ADB-approved documents to be used as a model for subsequent OCB with national advertising for works with post review.
Open Competitive Bidding (OCB) National Advertisement for Goods	May be used for procurement of clean planting materials of large quantities, as may be appropriate.
Request for Quotation for Goods and Non consulting Services	Plant materials and equipment, agriculture input, furniture, office and agriculture testing equipment are readily available in local market. The first draft English version of the procurement documents should be submitted for ADB review and approval regardless of the estimated contract amount. ADB-approved documents to be used as a model for subsequent RFQ for goods and non-consulting services.
Direct Contracting for Goods	Direct contracting may be used to do shopping from the same suppliers that were used under the PRF or for the first 4,000 ha development and from suppliers to procure the quantity of goods that need pre-order.

Consulting Services	
Method	**Comments**
Quality- and Cost-Based Selection	For the contracting of design, supervision, and capacity building consultancy teams through a firm. Advertising nationally and through the ADB CMS have been selected as there are several national companies/ individual consultants in Borrower's country with a mix of international and national experience. This will also help build capacity amongst domestic consulting firms/ individuals.
Least Cost Selection	For consultancy assignments that are standard in nature (e.g. auditing)

Direct Contracting for Consulting Firm and Individual Consultant	Direct contracting may be used to engage consultants: a. From the PRF to ensure continuity b. For assignments that are very specialized.

B. Lists of Active Procurement Packages (Contracts)

2. 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 duration.

Goods, Works, and Nonconsulting Services

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments
JSV-lift irrigation-CW01	Lift Irrigation (including SCADA) – Solan (incl contingencies)	3,950,000	OCB-National	Post (sampling)	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
JSV-lift irrigation-CW02	Lift Irrigation (including SCADA) – Sirmour (incl contingencies)	2,180,000	OCB-National	Post (sampling)	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
JSV-lift irrigation-CW03	Lift Irrigation (including SCADA) – Hamirpur 1	1,720,000	OCB-National	Post (sampling)	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: Yes

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments
							e-GP Type: e-Bidding Covid-19 Response: No Note: including 8% contingencies
JSV-lift irrigation-CW04	Lift Irrigation (including SCADA) – Hamirpur 2	2,880,000	OCB-National	Post (sampling)	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
JSV-lift irrigation-CW05	Lift Irrigation (including SCADA) – Bilaspur 1	3,000,000	OCB-National	Post (sampling)	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
JSV-lift irrigation-CW06	Lift Irrigation (including SCADA) – Bilaspur 2	1,920,000	OCB-Nat 105	Post (sampling)	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertise-ment Date	Comments
							Covid-19 Response: No
JSV-lift irrigation-CW07	Lift Irrigation (including SCADA) – Mandi 1	6,400,000	OCB-National	Post (sampling)	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
JSV-lift irrigation-CW08	Lift Irrigation (including SCADA) – Mandi 2	1,200,000	OCB-National	Post (sampling)	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
JSV-lift irrigation-CW09	Lift Irrigation (including SCADA) – Kangra 1	5,150,000	OCB-National	Post (sampling)	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
JSV-lift irrigation-CW10	Lift Irrigation (including SCADA) – Kangra 2	3,460,000	OCB-National	Prior	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 1

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertise-ment Date	Comments
							Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
JSV-lift irrigation-CW11	Lift Irrigation (including SCADA) - Una	2,070,000	OCB-National	Post (sampling)	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: No High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
DOH-Field Preparation -CW12A	Field Preparation Works-1(first 4,000 ha)	9,000,000	OCB-National	Post (sampling)	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 11 Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No Total 11 Lots Lot 1: Solan Lot 2: Sirmour Lot 3: Hamirpur 1 Lot 4: Hamirpur 2 Lot 5: Bilaspur 1 Lot 6:

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertise-ment Date	Comments
							Bilaspur 2 Lot 7: Mandi 1 Lot 8: Mandi 2 Lot 9: Kangra 1 Lot 10: Kangra 2 Lot 11: Una
DOH-Drip Irrigation-CW13A	Works for Drip Irrigation with Solar Pumping-1	15,900,000	OCB-National	Prior	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 11 Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No Total 11 Lots Lot 1: Solan Lot 2: Sirmour Lot 3: Hamirpur 1 Lot 4: Hamirpur 2 Lot 5: Bilaspur 1 Lot 6: Bilaspur 2 Lot 7: Mandi 1 Lot 8: Mandi 2 Lot 9: Kangra 1 Lot 10: Kangra
DOH-Animal Proof Solar Fencing-CW14A	Works for Animal Proof Solar Fencing-1	10,300,000	OCB-National	Prior	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 11 Advance Contracting: Yes

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertise-ment Date	Comments
							High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No Total 11 Lots Lot 1: Solan Lot 2: Sirmour Lot 3: Hamirpur 1 Lot 4: Hamirpur 2 Lot 5: Bilaspur 1 Lot 6: Bilaspur 2 Lot 7: Mandi 1 Lot 8: Mandi 2 Lot 9: Kangra 1 Lot 10: Kangra
DOH-Center of Excellence-CW15	Construction Works for Horticulture Center of Excellence	1,400,000	OCB-National	Prior	1S2E	Q3 2022	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
JSV-irrigation-CW17B	Additional water storage – design modification	3,000,000	OCB-National	Prior	1S2E	Q4 2022	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: Yes

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertise-ment Date	Comments
							e-GP Type: e-Bidding Covid-19 Response: No
DOH-Horticulture Inputs - G01AA	Supply of Horticulture input (Fertilizers, Nutrients, Insecticides and Pesticides) for 1435 Ha – 1st year	2,000,000	RFQ	Prior	RFQ	Q3 2022	Non-Consulting Services: No No. Of Contracts: Multiple Lots (9) with multiple small value contracts Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No (Multiple lots)
DOH-Horticulture Inputs – G01AB	Supply of Horticulture input (Fertilizers, Nutrients, Insecticides and Pesticides) for 2630 Ha – 2nd year	2,300,000	RFQ	Post (sampling)	RFQ	Q2 2023	Non-Consulting Services: No No. Of Contracts: Multiple Lots (9) with multiple small value contracts Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No (Multiple lots)
DOH-Farm Tools &Implements – G02A	Supply of Farmers Tools/Implements (knapsack,	350,000	RFQ	Post (sampling)	RFQ	Q3 2022	Non-Consulting Services: No

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertise-ment Date	Comments
	power tiller, PH Meter, EC Meter, Drum, Secateur) – 1st year (1435 ha)						No. Of Contracts: Multiple Lots (6) with multiple small value contracts Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No (Multiple lots)
DOH-Farm Tools & Implements – G02B	Supply of Farmers Tools/Implements (knapsack, power tiller, PH Meter, EC Meter, Drum, Secateur) – 2nd year (2630 ha)	650,000	RFQ	Post (sampling)	RFQ	Q2 2023	Non-Consulting Services: No No. Of Contracts: Multiple Lots (6) with multiple small value contracts Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No (Multiple lots)
DOH-Planting Materials-G03A	Supply of Citrus Planting Materials – 1st year	1,350,000	RFQ	Prior	RFQ	Q2 2022	Non-Consulting Services: No No. Of Contracts: Multiple small value Contracts based on multiple Lots (29) for each

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertise-ment Date	Comments
							'variety' under the same crop Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
DOH-Planting Materials-G03B	Supply of Guava Planting Materials – 1st year	740,000	RFQ	Post (sampling)	RFQ	Q2 2022	Non-Consulting Services: No No. Of Contracts: Multiple small value Contracts based on multiple (27) Lots for each 'variety' under the same crop Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
DOH-Planting Materials-G03C	Supply of Litchi and Pomegranate Planting Materials – 1st year	120,000	RFQ	Post (sampling)	RFQ	Q2 2022	Non-Consulting Services: No No. Of Contracts: Single Contract for entire quantity (single lot) Advance Contracting: Yes High Risk Contract: No e-GP: Yes

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertise-ment Date	Comments
							e-GP Type: e-Bidding Covid-19 Response: No
DOH-Planting Materials-G3D	Supply of Persimmon and Plum Planting Materials – 1st year	120,000	RFQ	Post (sampling)	RFQ	Q2 2022	Non-Consulting Services: No No. Of Contracts: Single Contract for entire quantity (single lot) Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
DOH-Planting Materials-G03E	Supply of Citrus Planting Materials – 2nd year	2,500,000	RFQ/DC/ Framework	Prior	RFQ/DC	Q2 2023	Non-Consulting Services: No No. Of Contracts: Multiple Contracts based on Lots for each 'variety' under the same crop Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
DOH-Planting Materials-G03F	Supply of Guava Planting Materials – 2nd year	880,000	RFQ/DC/ Framework	Post (sampling)	RFQ/DC	Q2 2023	Non-Consulting Services: No No. Of Contracts: Multiple Contracts based on

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertise-ment Date	Comments
							Lots for each 'variety' under the same crop Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
DOH-Planting Materials-G03-G	Supply of Litchi + Pomegranate Planting Materials – 2nd year	210,000	RFQ/DC/ Framework	Post (sampling)	RFQ/DC	Q2 2023	Non-Consulting Services: No No. Of Contracts: Multiple Contracts based on Lots for each 'variety' under the same crop Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
DOH-Planting Materials-G03H	Supply of Plum + Pecan Nut + Mango Planting Materials – 2nd year	210,000	RFQ/DC/ Framework	Post (sampling)	RFQ/DC	Q2 2023	Non-Consulting Services: No No. Of Contracts: Multiple Contracts based on Lots for each 'variety' under the same crop Advance Contracting: Yes High Risk Contract: No e-GP: Yes

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertise-ment Date	Comments
							e-GP Type: e-Bidding Covid-19 Response: No
PMU-office furniture &equipment -G04	Office equipment and furniture (including CoE + districts beyond PRF)	120,000	RFQ	Prior	RFQ	Q3 2023	Non-Consulting Services: No No. Of Contracts: multiple Advance Contracting: No High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No (Multiple lots)
CHPMA Packaging, Branding and Promotional Materials–G05	CHPMA Packaging, Branding and Promotional Materials	270,000	RFQ	Post (sampling	RFQ	Q2 2023	Non-Consulting Services: No No. Of Contracts: Multiple Lots (6) with multiple small value contracts Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No
PMU-vehicle-G06	Vehicle Hire/ transportation costs	1,150,000	RFQ	Post	RFQ	Q3 2022	Non-Consulting Services: No No. Of Contracts: multiple, one per district for seven districts + PMU for seven years

Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Advertise-ment Date	Comments
							after PRF period. Advance Contracting: Yes High Risk Contract: No e-GP: Yes e-GP Type: e-Bidding Covid-19 Response: No Note:- Contracts will be for initial validity of one year and extendable over the project period of seven years with price adjustment based on transportation price index (CPI) on yearly basis. ADB review of the budget before tendering

Consulting Services

Package Number	General Description	Estimated Value ($)	Selection Method	Review	Type of Proposal	Advertise-ment Date	Comments
PMU-Construction Supervision-CS-01A	Construction Supervision of Lift Irrigation, Drip Irrigation, Solar Fencing, Land Preparation and Centre of Excellence-1	1,400,000	QCBS	Prior	STP	Q2 2022	Non-Consulting Services: No Type: Firm Assignment: National e-GP: No Covid-19 Response: No
PMU-detailed design-CS02	Detailed Design and Engineering Services	410,000	CQS	Prior	FTP	Q3 2022	Non-Consulting Services: No Type: Firm Assignment: National

Package Number	General Description	Estimated Value ($)	Selection Method	Review	Type of Proposal	Advertise-ment Date	Comments
							e-GP: No Covid-19 Response: No Comment: For the remaining 4,000ha (Phase 2).
PMU-Internal Audit-CS-03	Internal Audit Services	60,000	LCS	Post	BTP	Q4 2022	Non-Consulting Services: No Type: Firm Assignment: National e-GP: No Covid-19 Response: No
DOH-Agritech-CS-04A	Digital Agtech Advisory Services	340,000	CQS	Prior	STP	Q3 2022	Non-Consulting Services: Yes Type: Firm Assignment: National e-GP: No Covid-19 Response: No
DOH-Land DB-CS-04B	Land DB establishment	380,000	CQS	Prior	STP	Q3 2022	Non-Consulting Services: Yes Type: Firm Assignment: National e-GP: No Covid-19 Response: No
DOH-RESEARCH-CS-05A	Technical Studies (1) – Geospatial climate vulnerability	55,000	CQS	Prior	BTP	Q3 2022	Non-Consulting Services: No Type: Firm (Horticulture University) Assignment: National e-GP: No Covid-19 Response: No
DOH-RESEARCH-CS-05B	Technical Studies (2) – Climate resilient variety development	240,000	CQS	Prior	BTP	Q3 2022	Non-Consulting Services: No Type: Firm (Horticulture University) Assignment: National e-GP: No Covid-19 Response: No
DOH-RESEARCH-CS-05C	Technical Studies (3) - POP Training	340,000	DC	Prior	DC	Q3 2022	Non-Consulting Services: No

Package Number	General Description	Estimated Value ($)	Selection Method	Review	Type of Proposal	Advertise-ment Date	Comments
	and Updating, Nutrient Management Training, and farmer group training						Type: Firm (Horticulture University) Assignment: National e-GP: No Covid-19 Response: No Note: to be done in two phases
DOH-RESEARCH-CS-05D	Technical Studies (4) – carbon financing and credit	170,000	CQS	Prior	BTP	Q3 2022	Non-Consulting Services: No Type: Firm (Horticulture University) Assignment: National e-GP: No Covid-19 Response: No
DOH-CHPMA formation-CS-06A	CHPMA formation and training including WUA formation and training -1	2,400,000	DC	Prior	DC	Q3 2022	Non-Consulting Services: No Type: Firm Assignment: National e-GP: No Covid-19 Response: No Comment: Continuation of services for the initial 4,000ha (Phase 1).
DOH-CHPMA Business-CS-07	CHPMA Business Capacity Building (for 3 Years)	3,000,000	QCBS	Post	STP	Q3 2022	Non-Consulting Services: No Type: Firm for a period of four years Assignment: National e-GP: No Covid-19 Response: No Note: Apex Body Capacity Building + financial management training + Business Network platform+ branding and promotion strategies +

Package Number	General Description	Estimated Value ($)	Selection Method	Review	Type of Proposal	Advertise-ment Date	Comments
							operational support Note2: After 3 years of support, CHPMA is expected to take up this role.
PMU-Support Team-CS-08	Project Implementation Support Consultants (PISC) - Firm	620,000	QCBS	Prior	BTP	Q3 2022	Non-Consulting Services: No Type: Firm Assignment: National e-GP: No Covid-19 Response: No
PMU-Support Individuals-CS-09	PMU support individuals (FM, procurement, M&E, POP international experts)	500,000	ICS	Post	ICS	Q3 2022	Non-Consulting Services: No Type: Firm Assignment: National e-GP: No Covid-19 Response: No Total 5 ICS
DOH-nursery certification training-CS11	Nursery certification training and roll-out	240,000	CQS	Prior	STP	Q4 2023	Non-Consulting Services: No Type: Firm Assignment: National e-GP: No Covid-19 Response: No

C. List of Indicative Packages (Contracts) Required Under the Project

3. The following table lists goods, works, non-consulting and consulting services contracts for which procurement activity is expected to commence beyond the procurement plan duration and over the life of the project (i.e., those expected beyond the current procurement plan duration).

Goods, Works and Non-consulting Services						
Package Number	General Description	Estimated Value ($)	Procurement Method	Review	Bidding Procedure	Comments
DOH-field preparation 2-CW12B	Phase 2 – Works for Field Preparation (the remaining 2000 ha)	3,000,000	OCB-National	Post (sampling)	1S2E	Q2 2024
DOH-drip irrigation-2-CW13B	Phase 2 – Works for Drip Irrigation Schemes with Solar Pumping (the remaining 4000 ha)	16,000,000	OCB-National	Post (sampling)	1S2E	Q2 2024

DOH fencing-2-CW14B	Phase 2 – Works for Animal Proof Solar Fencing (the remaining 2000 ha)	13,000,000	OCB-National	Post (sampling)	1S2E	Q2 2024
DOH-Value Chain Facilities-CW16	Construction Works for CHPMA facilities for cooperative, IPHM infrastructure etc.	4,800,000	OCB-National	Post (sampling)	1S2E	Q2 2024 (Multiple lots)
JSV-lift irrigation Phase2-CW17A	Phase 2 –Works for Functional Lift Irrigation Scheme expansions (the remaining 2000 ha)	7,000,000	OCB-National	Post (sampling)	1S2E	Q2 2024
JSV-lift irrigation Phase2-CW17C	JSV Irrigation Scheme – Miscellaneous Funds	3,000,000	OCB-National	Post (sampling)	1S2E	Q2 2024
DOH- planting materials 3-G03I	Planting Materials for the remaining 4000 ha – 3rd year onwards	4,2050,000	RFQ	Post (sampling)	RFQ	Q2 2024

Consulting Services							
Package Number	General Description	Estimated Value ($)	Selection Method	Review[6]	Type of Proposal[7]	Date of Advert.	Comments[8]
PMU-construction supervision 2-CS01B	Construction Supervision of Lift Irrigation, Drip Irrigation, Solar Fencing, Land Preparation and Centre of Excellence-2 (the remaining 2000 Ha)	1,100,000	CQS/SS	Prior	TBC	Q4 2023	Contract Variation of existing consulting firm subject to satisfactory performance in Phase 1
DOH-CHPMA formation-2-CS-6B	CHPMA, including WUA, training for the remaining 2000 Ha -2	3,000,000	CQS/SS	Prior	TBC	Q3 2024	Contract Variation of existing consulting firm subject to satisfactory performance in Phase 1
DOH-IEC-CS10	IEC – KM, communication, digital contents	280,000	QCBS	Post	STP	Q4 2024	

D. List of Awarded and Completed Contracts

4. The following table lists the awarded contracts and completed contracts for goods, works, non-consulting,and consulting services.

Goods,Works and Nonconsulting Services					
Package Number	General Description	Contract Value[9]	Date of ADB Approval of Contract Award[10]	Date of Completion[11]	Comments[12]
NA	NA	NA	NA	NA	NA

Consulting Services					
Package	General	Contract	Date of ADB Approval of	Date of	Comments[12]

Number	Description	Value[9]	Contract Award[10]	Completion[11]	
NA	NA	NA	NA	NA	NA

E. Non-ADB Financing

5. The following table lists goods, works, nonconsulting, and consulting services contracts over the life of the project, financed by non-ADB sources.

Goods,Works and Nonconsulting Services				
General Description	Estimated Value (cumulative, $)	Estimated Number of Contracts	Procurement Method	Comments[13]
NA	NA	NA	NA	NA

Consulting Services				
General Description	Estimated Value (cumulative, $)	Estimated Number of Contracts	Recruitment Method	Comments
Statutory Audit of Project Financial Statements	70,000	NA	LCS	This will be conducted either by CAG (Comptroller and Auditor General of India) or by CAG empanelled Audit Firms. LCS will be applicable in case selection is made from CAG empanelled audit firms.

APPENDIX 7: SAMPLE ENVIRONMENT SAFEGUARDS MONITORING REPORT OUTLINE

The PMU will prepare annual monitoring reports that describe progress of the project, implementation of EMP, and compliance issues and corrective actions (if needed). A sample outline which can be adapted as necessary is provided below.

A. Introduction

1. Overall Project Description and Components
2. Location of the Project or Packages (note: use maps and pictures as visual aids)
3. Environmental Category (note: discuss categorization based on ADB SPS and national law)
4. Project Implementation Progress (note: summary of activities and construction progress and main civil works during reporting period; use photographs)

B. Institutional Arrangement for Environmental Safeguards

1. Institutional Arrangement (note: description of the project institutional arrangement as a whole)
2. Environmental Safeguard Staff/Personnel (note: briefly discuss staff, institution and roles)

Table X. Staff Involved with Environmental Safeguards

Name	Designation/Office	Key Environmental Safeguards Role/s	Email address
PMU			
PIU			

C. Statutory Environmental Requirements

1. Government Policy Compliance (note: discuss status of clearance/s, permit/s, etc. and compliance of the project; include all permits and clearances as appendices)
2. Compliance Issues (note: indicate any non-compliance on national/state and reason of non-compliance)

Table X. National/state/local environmental statutory environmental requirements

Statutory Environmental Requirements[49]	Title of National/State Policy	Issuing Office	Civil work/Package number that are compliant

D. Loan Covenant

[49] Specify statutory requirements: environmental clearance, consent to establish and/or operate, forest clearance, workers/Labor permit and license, etc.

Table X. Compliance Status of Environmental Provisions of the Loan Covenant

Clause	Description	Status of Compliance	Remarks
Schedule 4 para. 7	Environment. The borrower shall ensure, or cause the EA to ensure, that the preparation, …		

E. Scope of work/Package Descriptions

1. Describe the general/key scope of works of all the contract packages.
2. Status of Construction per package

F. Environmental Management Plan

1. Implementation of Construction Environmental Management Plans (CEMPs).
2. CEMP implementation issues

G. Information Disclosure and Consultations (note: this section is only applicable if any consultations are performed during reporting period; if so, provide any information on consultations conducted during reporting period such dates and locations, topics discussed, type of consultation and issues/concerns raised; attach attendance sheet, and photos.)

H. Grievance Redress Mechanism (GRM)
1. GRM Information (note: show framework, members and access to GRM)
2. Grievances Received (if any)
3. Status of Current Grievances (if any)

I. Conclusion
1. Overall Progress of Implementation of Environmental Management Measures
2. Unanticipated Environmental Risks and Impacts (note: Section is only applicable if there are unanticipated environmental impacts and/or risks)

J. Annexes (as appropriate)

1. Sample CEMPs by contractors
2. Available Permits or clearances from the government
3. Photographs relevant with CEMP implementation.

APPENDIX 8: SAMPLE MEMORANDUM OF UNDERSTANDING FOR LAND UTILIZATION CONSENT BETWEEN CHPMA AND BENEFICIARY FARMER(S) UNDER HPSHIVA PROJECT

This memorandum of understanding is made on _______ day of ___________, 2022 between Mr/Mrs.______________________________S/o/W/o Mr______________________________ resident of cluster _________________ of village_________________ Block _____________ Tehsil ________________, District_____________ (hereinafter referred to as “the First Party”) and the ______________________ Community Horticulture Production and Marketing (CHPMA) Group through Mr/Mrs.________________________ in the capacity as (designation) _________________ (hereinafter referred to as “the Second Party”) for utilization of private land of first party for the purpose of construction of cluster-level water supply tank/storage facility in the cluster___________.

THESE PRESENT WITNESS AS FOLLOW:

1. That both the parties agrees to appoint Mr/Mrs___________________________in the capacity of _____________________________(designation) from_________________ ________________________ (name of institution/entity) as independent third party representative to witness and validate the process of this MoU.

2. That the First Party is legal landowner(s) with transferable right of _________ hectare of land bearing khasra No/s. __________________________ in _________________ cluster of village___________________ Block __________________, tehsil ________________, district _________________, Himachal Pradesh and hereby declares that the land is free from any legal dispute or litigation.

3. That the First Party has taken part in the transect walk conducted for survey site suitability and assessment of requirement for construction of water irrigation tank/storage facility in the _____________________ cluster under Himachal Pradesh Sub-tropical Horticulture, Irrigation and Value Addition (HP-SHIVA) Project and has understood the benefits of obtaining irrigation water for his/her land and the other project beneficiaries of the cluster.

4. That the First Party hereby grants his/her voluntary consent to the Second Party, out of its free will and having consultation with all legal heirs,, to utilize __________ha portion of the land from the land specified under clause 2 of this MoU for construction and development of irrigation/storage facilities on his/her land under HP-SHIVA ____________________ cluster for personal gain and for benefit of the villagers and the public at large.

5. That he/she would not claim any compensation for the purposes, and if any so, shall not be other than specified and decided mutually as per the provisions made under Clause 6 of this agreement.

6. That the Second Party as and on behalf of -----________________CHPMA Group agrees to compensate the First Party on annual basis after computation of compensation mutually on the basis of following:

   a. Annual estimation of production for standard number of plants (of specific fruit crop selected for the cluster) estimated to be planted under high density plantation on actual portion of land being utilized by the Second Party for the purpose specified under this MoU.

b. Estimated annual net profit (Gross Profit-Estimated Expenditure on production and overhead costs) supposed to be gained by the First Party for the produce (crop cultivated in the cluster) as per the prevailing market rates during current production year, for which computation is being done.

c. The amount, whichever is decided annually on the basis of above, will be paid to the First Party on annual basis and no advance payment shall be made.

7. That the Second Party shall construct and develop the irrigation/storage facilities under HP-SHIVA Project on the portion of land made available by the First Party and take all necessary precautions to avoid damage to the adjacent land.

8. That the First Party also assures the Second Party that the First Party will not indulge in any willful act of damaging the irrigation/storage facilities developed under HPSHIVA or obstructing the use thereof by the CHPMA Group/CHPMA Cooperative Society.

9. That both the Parties hereto agree that the irrigation/storage facilities so constructed/ developed under HPSHIVA shall be public property. However, the First Party will remain the owner of the land and no change of ownership will be made by the Second Party unless any such consent is given by the First Party in writing.

10. The nominated representative of the Third Party hereby confirms that the MoU for taking voluntary consent for land utilization was done in a free and transparent manner and is signed in my presence without coercion and/or intimidation.

11. That the provisions of the MoU will come into force and effect from the date of signing of this deed.

IN WITNESS WHEREOF the Parties hereto have signed this deed on the day and the year as written above.

Signatures of the First Party	Signature for and on behalf of the Second Party
______________________	________________________________
Witnesses:	Witnesses:
1.______________________	1. ________________________________
2. ______________________	2.________________________________
(Signature, name and address)	(Signature, name and address)

Independent Third-Party Witness

____

(Signature, name, designation and address)

APPENDIX 9: GRIEVANCE REDRESS MECHANISM

1. Once the loan is effective, the PMU will ensure that the grievance redress mechanism (GRM), established during the PRF loan implementation, will continue to support the social and environmental safeguards of the project. The GRM will receive, evaluate and facilitate the resolution of impacted people's feedback, including concerns, complaints and grievances about the social and environmental performance at the level of the Project. The GRM will aim to provide a time-bound and transparent mechanism to voice suggestions and appreciations and to resolve social and environmental concerns linked to the project. The project-specific GRM is not intended to bypass the government's own redress process, rather it is intended to address stakeholders' concerns and complaints promptly, making it readily accessible to all segments of the community, and is scaled to the risks and impacts of the project. Complainant may access the formal legal system at any time.

2. During project preparation, information regarding the GRM will be disclosed as part of the public consultation process. Feedbacks related to the implementation of the project will be acknowledged, evaluated, and responded to the complainant with corrective action proposed. The outcome shall also form part of the annual monitoring report that will be submitted to ADB.

A. Principles

3. **Based on Stakeholder Rights**. Project stakeholders are those likely to be directly or indirectly affected, positively or negatively, by project activities. Stakeholders have the following rights under the project:

- Right to information;
- Right against inappropriate intervention by an outside party;
- Right to a project free of fraud and corruption.

4. **Open and Inclusive**. Any stakeholders (including villagers, contractors, project staff, authorities, and other involved parties) may file a feedback and/or a grievance if s/he believes his/her rights, or if any of the project's principles and procedures, has been violated. Anyone may give comments or suggestions about any aspect of the project. Comments, suggestions, appreciation, or questions should be recorded and submitted to the feedback handling focal points at community, district, and state level.

5. **Transparency**. Information about the GRM, including contact details, will be distributed to all participating communities, at public meetings, through brochures/pamphlets in local languages, posted at WUA and CHPMA boards and, to the extent possible, advertised on local radio and TV.

6. **Accessibility**. Different channels can be used for filing feedback, including by letter (using locked mailboxes and pre-addressed envelopes available at WUA and CHPMA signboards in each project community), by phone, email, social media, and in person. Community members and stakeholders themselves decide on the best ways to file complaints.

7. **Free**. There is no charge for filing an inquiry and/or a feedback.

8. **Anonymity, Confidentiality, and Security**. All feedback, and especially grievances, are treated confidentially. Feedback is disclosed publicly, but the identity of the feedback giver is treated as confidential and is withheld unless they self-identify. Feedback focal points, and members of FHCs violating this confidentiality are subject to sanctions.

9. **Quick Action**. A grievance is answered within 15 days from the time the feedback is received. Grievances should be resolved within 60 days of receipt.

10. **Subsidiarity**. Any feedbacks and grievances are addressed and resolved locally, and at the lowest level, if possible. If a grievance cannot be resolved locally, it is sent to a higher level, within 15 days of receipt.

11. **Objective and Independent**. The greivance focal point assigned to handle feedback or resolve a grievance interviews the person who filed the feedback or grievance, documents the actions taken at the location where the complaint originated, and discloses the response or the resolution taken for the case. Serious feedback and grievances, including any allegations related to the misuse of funds, must be reported to the State-level FHC immediately. Designated PMU staff enter agreed feedback action in the project management information system (MIS), and when and by whom action to resolve any grievance was taken. The State-level feedback committee reviews the feedback MIS data monthly.

B. Process

12. A FHM will be established with the formation of Grievance Redress Committees (GRC) at three levels: i.e. WUA/CHPMA level, District level and PMU level.

13. The WUA/ (community) level GRC will comprise of the:

- Presidents of the WUA and CHPMA;[1] (Joint chairpersons)
- CHPMAWUA and CHPMA feedback handling officers (elected by respective groups)
- A Panchayat representative;
- A representative from Affected Person;
- Horticulture Extension Officer, Block Level;
- DIPH irrigation officer, Block Level.

14. The District level GRC will comprise of the:

- Designated representative of District Collector (Chairperson)
- Deputy Director of Horticulture (feedback handling focal point);
- Deputy Director of Irrigation and Public Health (feedback handling focal point);
- A representative from local NGOs or a local person of repute and standing in the society or an elected representative.
- A representative from the Affected Person

15. The PMU level GRC will comprise of the:

- Project Director, Department of Horticulture (Chairperson)
- Project Deputy Director, Department of Irrigation and Public Health
- Project Deputy Director, Department of Horticulture
- PMU Level Environmental Officer
- PMU Social Safeguards Officer (PMU Feedback handling focal point)

16. All persons involved in project implementation will be trained on how to receive and handle feedback, and how to keep it confidential

17. The grievance handling process will involve five steps: (1) intake; (2) sorting; (3) verification; (4) action; and (5) follow-up and monitoring.

[1] One FHC representatives of both the WUA and CHPMA will be a woman.

18. **Step 1: Intake**. A grievance can be filed by anyone, and through different means:

- Verbal communication to a WUA or CHPMA feedback focal point, and/or designated and trained block or district DOH and DIPH feedback handling officers;
- Using a feedback envelope and the suggestion box placed at each WUA and CHPMA meeting place/office. The elected WUA and CHPMA feedback handling officers open the feedback box at least every week. Each box is equipped with two locks, with one key each held by the WUA and CHPMA Chairpersons and the feedback handling officers respectively . Feedback/grievance envelopes from the box must be opened in front of at least two people – e.g. CHPMA or WUA grievance redress officers and Secretaries;
- Letters to the DOH and DIPH state, district and block offices, and the PMU at state level;
- At meetings and monitoring visits;
- E-mails to dedicated e-mail addresses of the DOH and DIPH state offices and the PMU;
- A dedicated phone line for the DOH and DIPH state offices and the PMU; or
- On the Government Portal titled "E-Samadhan" that enables a citizen to lodge a complaint and keep its track online through the website http://admis.hp.nic.in/esamadhan.

19. Feedback or complaints can be sent at any time to any level (e.g. a grievance can be directed to the community, block, district or state level). If a grievance is related to a community, the complainant is encouraged to report to the district level. If a grievance is related to a block or district, or the state, it is suggested to report to the PMU level.

20. At the community level, the elected WUA or CHPMA feedback handling officers [2] are the regular primary contact for anyone who wishes to file a feedback/grievance. If an individual prefers, feedback or grievances can be sent to others involved in the project implementation, such as DOH or DIPH block, district or State staff or PMU officers.

21. Block and district level DOH or DIPH staff receiving grievances must complete the project grievance form,and submit it without delay to the assigned district DOH or DIPH feedback handling focal point.

22. State level DOH, DIPH or PMU staff receiving grievances must complete the project grievance form and submit it without delay to the grievance-handling officer of the PMU.

23. **Step 2: Sorting.** The PMU Monitoring and Evaluation (M&E) officer will maintain a feedback recording system in the project Management Information System (MIS). Feedback will be divided into eight categories: :

- Category 1: General inquiries
- Category 2: Feedback regarding violations of policies, guidelines and procedures
- Category 3: Feedback regarding contract violations/breach of contract
- Category 4: Feedback regarding the misuse of project funds

[2] Elected annually by the members of the respective associations

- Category 5: Feedback regarding abuse of power/intervention
- Category 6: Reports of force majeure
- Category 7: Suggestion
- Category 8: Appreciation

24. The PMU Social Safeguards officer will be responsible for categorizing feedback received at the State level and entering it into the project MIS, The District level DOH and DIPH feedback focal points will categorize feedback received at the District and Block level, and any feedback referred upwards by WUA or CHPMA chairpersons, and enter it into the project MIS. Feedback received at WUA or CHPMA level that can be managed locally will be maintained in association records and periodically entered into the MIS by the PMU M&E team.

25. Once a grievance has been received, the relevant feedback handling focal points decide how to handle it, including the timeframe within which the case should be resolved, with a timeframe not exceeding 60 days. Feedback relating to:

- a community issue will be handled by the WUA and CHPMA chairpersons. To the extent possible, community feedback/complaints should be addressed at the community GRC level, however, the community FHC chairpersons can refer grievances upward to the district GRC;
- a block issue will be handled by the district feedback focal points;
- a district issue will be handled by PMU feedback focal point; and
- grievances that are of a serious nature (e.g. all allegations of fraud or corruption, and potentially any grievance in categories 2 through 5), the district feedback focal point officers consult with the PMU feedback focal point for advice on the appropriate action.

26. If the person filing the grievance is known, the relevant feedback focal point communicates the timeframe and course of action to the complainant within one week of receipt of the grievance.

27. **Step 3: Verification**. The responsible feedback focal point(s) handling the grievance gather facts and clarify information to generate a clear picture of the circumstances surrounding the grievance. At community level, WUA and CHPMA chairpersons, deputy chairpersons or secretaries will assist their respective focal points to verify grievances. Verification normally includes site visits, a review of documents, a meeting with the complainant (if known and willing to engage), WUA and CHPMA Committee members, and meetings with those who could resolve the issue (including formal and informal community leaders). Feedback related to the misuse of funds may also require meetings with suppliers and contractors.

28. For serious grievances received at the state level by phone or letter, the PMU GRC decides whether (i) to launch its own investigation; or (ii) instruct the district DOH or DIPH feedback focal points to conduct an initial investigation at the location where the grievance/problem occurred. If the district-level feedback focal points cannot resolve the grievance, it will, within 15 days, be reported back to the PMU GRC for further action.

29. Within the allotted period, the results of the verification are presented by the respective feedback focal points to the respective GRCs (dependent on the nature of the complaint) for action.

30. At State and district levels, the respective grievance handler fills in the grievance form and submits it to the PMU M&E officer who enters it into the project MIS.

31. **Step 4: Action**. Feedback from the community level should be handled and recorded in the village, if possible. For issues that cannot be resolved within 21 days at the community level, the district GRC's review these grievances and the results of the verification and determine the action to be taken. If referred to district level, once the needed action(s) are carried out, the district grievance handler fills in a grievance report and enters it into the MIS.

32. If the actions cannot be carried out, or the grievance cannot be satisfactorily resolved in a reasonable period of time (less than 30 days), the district GRC refers the matter back to the PMU feedback focal point (Social Safeguards specialist) to review the case and determine the action to be taken.

33. If the complainant is known, the feedback focal point with whom the grievance was filed communicates the action to the complainant. The feedback focal point must seek feedback from the complainant as to whether the action(s) are deemed to be satisfactory. If the action is considered unsatisfactory, the complainant may file a new grievance. A new grievance on an existing case is handled at the next higher level from the initial case.

34. The Community GRC communicates the action taken as a result of a grievance, to villagers at the next WUA/CHPMA meeting.

35. **Step 5: Follow-up and Monitoring**. In its regular supervision visits, the PMU assess the functioning of the district and community GRMs and undertakes spot checks.

36. The PMU uses the MIS to provide a monthly snapshot of the GRM (number and category of comments received, and grievances/suggestions resolved), including any suggestions received and acted on.

37. The PMU uses the MIS to report on grievances and FHM feedback in its quarterly implementation progress reports, safeguard monitoring reports, and its annual reports. Reports include information on grievance resolution and trends (number of grievances received, cause of grievance, number resolved, average time taken to resolve a grievance, percentage of individuals having filed a grievance who are satisfied with the action taken, number of grievances resolved at the lowest applicable level, etc.).

38. The PMU and the ADB review grievance monitoring data as part of regular implementation support missions.

39. A review of the grievance handling system (including the grievance of those who have used it) is undertaken during every second year to assess the efficacy of the mechanism and introduce improvements.

40. The decision of the GRCs is binding, unless vacated by the court of law. The affected person, however, is free to access the country's legal system at any time and stage although the project GRM is the preferred route. The GRC will continue to function, for the benefit of the stakeholders, during the entire life of the project.

41. The affected people can also register their grievances on the Government Portal titled "E-Samadhan" that enables a citizen to lodge a complaint and keep its track online through the

website http://admis.hp.nic.in/esamadhan. The departmental interface allows officers to mark, reply, seek additional information and take other necessary action in workflow manner by escalating the same. The Chief Minister, Chief Secretary, Ministers and Secretaries can monitor the overall status of functioning of the system. The project GRM would be supported through this portal.

42. 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 make a good faith effort 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 [3].

[3] For further information see: http://www.adb.org/Accountability-Mechanism/default.asp.

APPENDIX 10: STAKEHOLDER COMMUNICATION STRATEGY

Stakeholder Group	Objective	Function/ Interest in Project	Message	Means of Communication	Timelines	Responsibility	Resources
Beneficiary communities include small and marginal farmer production groups, women and men farmers, WUAs, CHPMA members, the private sector, and local microcredit/ microfinance institutions.	Ensure a good two-way flow of information, and promote ownership over subproject activities and climate resilient horticulture value chains sector development	Direct project beneficiaries; local authorities participating in the implementation and follow-up of subprojects; beneficiaries of identified clusters; participants in horticulture enterprise development; participants in technical and climate resilient and drip irrigation training, workshops, and exposure visits, etc.	Local collaboration and support are fundamental to project effectiveness; information must be shared openly and transparently; inputs into design and recommendations for improvements are welcome. Clear information on implementation arrangements and schedule of project interventions, including construction and civil works. *This will also contain details on OHS, community safety, and the role of contractors and labors.* Update on subproject progress and roles for any operation and maintenance after completion. Measures will be taken to manage and mitigate noise, air, or traffic impacts. The impact on community land/CPR will be minimal, and no private property will be acquired. Details on water resources & ensuing source sustainability, crop identification, waste management of horticulture/ agriculture, handling and storage of pesticides and other chemicals, improving soil fertility, etc.	Information: Community meetings to disseminate information on project scope, design elements, and participation mechanisms. Consultation: Regular village meetings and discussions (both mixed gender and women's meetings) to monitor progress and discuss measures to enhance project benefits and mitigate risks. Decisions: Community members contribute with suggestions for effective participation and guidelines for capacity building needs with support from village leaders to ensure they are inclusive, with equal representatives of women. Details of how and where to register feedback and complaints (e.g., with CHPMA staff) are to be provided.	During the detailed design of subprojects, including civil works, and throughout the implementation of the project.	EA (DOH); IAs (DOH and JSV); IEC Specialist, PMU; Social Development and Gender Specialist, PMU	Budget for consultations, feedback, production of all communication materials, and recruiting local communication consultant to design materials, where necessary.
Ensure an adequate two-way flow of project information to women beneficiaries and ethnic minority beneficiaries	Women, poor and vulnerable households, IPs/ minority groups (where applicable	As above	As above plus disseminate contents of GESI/GAP Due diligence to ensure IPs are not adversely affected by project (where applicable) Opportunities to participate in training in income generating activities	As mentioned above plus disseminate the contents of GESI/GAP Due diligence to ensure IPs are not adversely affected by the project (where applicable) Opportunities to participate in training in income-generating activities Separate meetings with women organized; (i) WUA, (ii) CHPMA, and (iii) IP groups in the local language, where applicable.	During the detailed design of subprojects and preparation activities – regular follow-up throughout the project lifecycle.	EA (DOH); Social Development-Gender Specialist, PMU; Social Focal Person, PIU	Capacity building budget Budget for community engagement and mobilization efforts Budget for information material development and dissemination.

Stakeholder Group	Objective	Function/ Interest in Project	Message	Means of Communication	Timelines	Responsibility	Resources
				Printed information about the project posted in local and accessible language (or visual depictions) posted in accessible public areas. Training on WUAs and CHPMA manuals – ensuring effective management and functioning Media outreach: local radio (including local language), television, print, social media			
Beneficiary communities.	Raise visibility and awareness of the benefits of horticulture development for inclusive growth and for building ownership over ongoing infrastructure development (e.g., fruits, biofertilizer plant) and farmer production groups and horticulture cooperative development.	Direct and indirect beneficiaries of the project.	Project investments and horticulture promotion are beneficial to the local economy, culture, and gender equity.	Media press releases and coverage about the project by local media –print, radio, and TV features (if possible). Signboards promoting the visibility of DOH, ADB, and line department's collaboration for climate resilient horticulture/ agriculture and value chain development and improvements. Inaugurations of completed construction and civil works with promotional events at subproject sites.	At project launch and midway through as tangible results are realized. Signboards at appropriate locations at the start of construction and through project implementation .	EA (DOH), Social Development and Gender Specialist, PMU and local authorities	Capacity Enhancement; Equity
Project affected persons	Ensure meaningful consultation for complete understanding and acceptance of the project and related environmental and social/ resettlement impacts,	Direct and indirect beneficiaries of project; partners in development activities.	Project plans (IEE/EMP, RP/RF), land acquisition impacts, entitlements, compensation rates, and GRM, as well as resettlement and income restoration strategies. Project description, environmental impacts and mitigation, EMP, and GRM. Activities during project preparation and implementation.	Project plans (IEE/EMP, RP/RF), land acquisition impacts, entitlements, compensation rates, GRM, and resettlement and income restoration strategies. Project description, environmental impacts and mitigation, EMP, and GRM. Activities during project preparation and implementation. Meeting with project-affected persons.	During the detailed design of subprojects and preparation activities – regular follow-up throughout the project lifecycle.	EA (DOH); Social Safeguards Specialist, PMU; Social Focal Person, PIU; ADB	Human resources (PMU and PIU). Capacity building and technical support in communications and community engagement Budget for IEC, PID, translation,

Stakeholder Group	Objective	Function/ Interest in Project	Message	Means of Communication	Timelines	Responsibility	Resources
	entitlements, and GRM channels.			Distribution of material/documents on entitlements in local language Project PID, i.e., posters, public notices. Executive Summary of the IEE (translated to the local language) posted in local government offices (village, district, etc.) GRM channels and contact persons Sustained and regular engagement with communities			and public posting of the IEE's executive summary and regular meetings. Budget for technical support and capacity building.
Private sector, enterprises and cooperatives	Private sector participation and partnership for effective agribusiness/horticulture development.	Direct and indirect beneficiaries of project; partners in development activities.	Promote participation in agribusiness /horticulture initiatives, which will increase the available supply of good quality products such as fresh fruits, employment creation, and endeavors to promote climate-friendly agribusiness value chain development	Partnership in workshops/meetings/surveys on horticulture development and marketing/promotion programs. A local Communications consultant will develop a unique dissemination/ engagement plan as part of his/her core activities, including the design and production of a full suite of marketing materials.	Ongoing during implementation of project activities	EA (DOH) / Social Development-Gender Specialist/ Project implementation consultants	Capacity development
DOH / PMU	Setting policy and guidelines, coordination meetings, and approvals Ensure a good two-way flow of project information and promote women's ownership over subproject activities and horticulture development Ensure understanding of project impacts, outcomes, and	Promote women's ownership over subproject activities and horticulture development Plays a role in overseeing gender inclusiveness in horticulture development in Project clusters Responsible for project implementation and O&M of constructed infrastructure subprojects and civil works	Key benefits and gender equity of subproject activities and climate resilient horticulture and value chain development Disseminate information on progress on gender equity Main project impacts (positive and negative); implementation arrangements and schedule of construction and civil works Community collaboration and an inclusive approach are essential to effective project delivery	Policy Guidance and Approvals: Semiannual meetings of the project (executing) committee to provide direction on project implementation matters. Reviews of periodic progress reports and any special reports. Regular coordination meeting for detail design of construction and civil works, and implementation of project activities. Regular flow and sharing of documentation. Formats and simple chart (s) showing responsibilities for project implementation, flow of funds, flow of activities, monitoring and follow-up. Project website	From the outset of the project and regularly throughout the project lifetime.	EA (DOH)	Inputs of the ADB

Stakeholder Group	Objective	Function/ Interest in Project	Message	Means of Communication	Timelines	Responsibility	Resources
	outputs, and the importance of the theme of inclusive growth						

SOURCE: DEPARTMENT OF HORTICULTURE.

APPENDIX 11: TERMS OF REFERENCE FOR INTERNAL AUDITS OF THE PROJECT

(for an assignment requiring the services of a private audit firm to conduct regular and effective)

A. Introduction

1. The Government of Himachal Pradesh is implementing the Himachal Pradesh Subtropical Horticulture, Irrigation and Value Addition Project (HPSHIVA) assisted by the Asian Development Bank (ADB). These terms of reference (ToR) outline the scope of works, deliverables and work project for the Internal Audit Firm. The Firm will support the Himachal Pradesh (HP) Department of Horticulture (DOH) and Jal Shakti Vibhag (JSV) in the implementation of the HP Sub-tropical Horticulture, Irrigation and Value Addition Project (HPSHIVA).

B. The Project.

2. The project will increase the income and climate resilience of at least 15,000 farmer households in seven districts of Bilaspur, Hamirpur, Kangra, Mandi, Solan, Sirmour and Una in subtropical areas of Himachal Pradesh. The target beneficiaries are subtropical horticulture farmers who have stopped farming or have reduced their farming areas because of a lack of irrigation facilities, and crop damage by wild and stray animals. The project will enhance (i) irrigation to farmers by developing about 194 irrigation schemes, (ii) subtropical horticulture production and its climate resilience by supporting farmers to establish and manage about 6,000 ha of subtropical horticulture orchards, and (iii) subtropical horticulture value chains, and farmers' access to markets and business opportunities.

3. The Project will have the following three outputs:

(i) **Output 1: Irrigated area expanded and sustainably operated.** This output will expand irrigated areas of the state through developing irrigations schemes covering about 6,000 ha across seven subtropical districts. The project will (i) build or upgrade irrigations schemes, including the integration of Supervised Control and Data Acquisition (SCADA) technology for new irrigation schemes; (ii) strengthen the capacity of the Jal Shakti Vibhag (JSV) for climate resilient irrigation system planning, development, and management; and (iii) implementation of Water User Associations (WUA) Act and Manual, mobilizing farmers into the WUAs of which 30% of members and boards are women.[1] Output 1 will be implemented by the JSV. `

(ii) **Output 2: Climate resilient subtropical horticultural production systems adopted**. This output will be implemented together with 20,000 horticulture farmer households in their 6,000 ha of land. The scopes of output 2 includes: (i) ecosystem-based resource management that will be supported by: (a) GIS based land resource mapping and management, (b) adaptive measure research, (c) digitization of soil, water, weather, erratic climate risks, disease vector analysis and crop pattern of farming communities, (d) cooperative-based integrated nutrient management, (e) training of extension officers and demonstration (or lead) farmers, and (f) carbon financing exploration and community-based carbon credit management; (ii) technology-based resilient fruit production integrated with bee keeping and other vegetable production; (iii) developing and sustainably operating revolving funds; (iv) horticulture nursery development; and (v) a horticulture center of excellence. This output will be implemented by the DOH.

(iii) **Output 3: Market access for subtropical horticulture farmers developed.** This output aims to increase profitability of horticulture farming in subtropical areas of the state. Output 3 activities include: (i) multi stakeholder network operationalization for public-private-producer partnerships identifying market needs and business opportunities; (ii) farmer group business skills development such as branding, marketing, certification, business plan and financial management; and (iii) value addition facility development at the community, agroenterprise and district (or state-) levels. Community-level facilities may include post-harvest handling, primary processing and storage, and packaging. Agroenterprise-level facilities will be selected based on public-private-producer partnerships arrangement which will prioritize aggregation impact and profitable price realization. District or state level infrastructure includes public storage, market and nursery improvement that will benefit overall farming communities in subtropical areas of the state. This output will be implemented by the DOH.

C. Objective of the assignment

4. The objectives of the internal audit are to: (i) review the adequacy of the project financial management arrangements, and (ii) provide the project management with timely information on financial management aspects of the project to enable appropriate corrective/follow-up action.

5. The firm engaged shall provide outsourced internal audit services to DOH and JSV. The purpose of the engagement is to provide additional level of control and oversight over the accounting, internal controls and financial management procedures of DOH andJ SV , with particular focus over the ADB-funded project. The internal auditors shall be appointed by the project Executive Committee (EC), and shall report directly to the EC. The internal auditors so appointed are expected to be, and maintain, their independence throughout the engagement, and shall not provide any additional services to DOH or JSV, which may impair their independence. The auditor will be given access to all project documents including the loan agreements, correspondence, financial records and financial manuals, notices from the Project Management/ Project Implementing Units and any other information associated with the project as deemed necessary by the auditor.

D. Scope of work

6. The internal audit should be carried out in accordance with standards and the guiding principles of the Institute of Internal Auditors (IIA); will follow a risk-based approach; and will include such tests and controls, as the Internal Auditor considers necessary under the circumstances. The internal auditor must familiarize itself with the procedures laid down in at least the following: ADB loan/project agreement, Project Administration Manual and ADB loan disbursement handbook.

7. The internal audit should be carried out in accordance with:

a) the Public Sector Internal Auditing Standards (PSIAS) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA);
b) guiding principles of the IIA;
c) The guidance provided by the Internal Audit Division of the Controller General of Accounts (CGA) under its Generic Internal Audit Manual. These guidelines require that the internal

audit follow a risk-based approach, by (i) determining a risk– universe and understanding their key control points, (ii) prioritizing higher risk areas through a cogent and approved annual and 3–yearly audit planning cycle, (iii) focus on processes, systems and related controls, and not on financial transactions.

8. An annual audit plan should be prepared, based on a risk assessment, and submitted to the project steering committee for their concurrence. Specific areas of coverage of the internal audit could include the following:

a) An assessment of the adequacy of the project financial management systems, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational control, level of compliance with general financial rules and treasury rules of the state government. Identify areas of significant inefficiencies and high risk in existing systems and suggest necessary remedial measures;
b) An assessment of compliance with provisions of financing agreements (ADB Loan Agreement and Project Agreement) especially those relating to accounting and financial matters;
c) That all external funds received under the project have been used in accordance with the financing agreement, with due attention to economy and efficiency and only for the purposes for which the financing was provided; that civil works, goods and services, including consultancy services, financed have been procured in accordance with the financing agreements and procurement guidelines of the bank;
d) The budgets are allocated to subprojects in a timely manner and expenditure is as per approved budget and proper budget controls are in place; e) Funds flows are adequate and timely and with respect to DOH and JSV and not used for non-project activities, reconciliation of all project bank accounts is conducted on monthly basis and any reconciliations items are followed up on in a timely manner;
e) all expenditures including all procurement of works, goods and services funded by ADB, have the necessary supporting documents as outlined in the ADB disbursement handbook and have been incurred in accordance with the national rules and ADB financing agreement;
f) That all necessary supporting documents, contracts, records, and accounts have been: (i) kept in respect of all project expenditures reported by the implementing units and that these include all supporting documentation as required by the ADB loan disbursement handbook; (ii) systematically filed in a secure location; and (iii) clear linkages exist between accounting records and accounts books and the monthly/quarterly financial reports submitted by such implementing units to PMU;
g) Status of reconciliation of the accounts maintained by the PMU including the single nodal account as applicable;
h) That adequate records are maintained regarding assets created and assets acquired by the project, including details of cost, identification and location of assets; and that the physical verification of assets is being done;
i) With respect to civil works executed, check to ensure that contract registers have been maintained and updated; running bills are properly approved and in agreement with the Measurement Book; advances are properly adjusted and statutory deductions have been made; and
j) Follow-up on the status of past audit observations and recommendations to ensure timely implementation.

9. In addition, the outsourced internal audit firm may prepare an Internal Audit Manual for use by DoH and JSV, and provide training workshops to the senior management of DoH and JSV,

and relevant accounting and internal audit staff, to explain the scope and objectives and benefits of regular Internal Audits function, so that DoH and JSV may subsequently consider allocating more resources for an effective in-house internal audit department. If necessary, the team will also train selected DoH and JSV internal audit staff/audit officers in modern audit techniques and practices. The staff may also shadow the internal audit firm when conducting the internal audit of the project.

D. Reporting

10. The internal auditor will prepare semiannual reports and share it with the project management for their comments before finalization. The report is to include at least the following parts (a) executive summary; (b) audit observations; (c) implications of the observations; (d) suggested recommendations; (e) management's comments/agreed actions and (f) status of actions on the previous recommendations with a detailed table provided as an annex. The final internal audit report must be submitted to the steering committee no later than 30 days after the end of each six-month period.

E. Time frame and staff resources

11. The internal audit firm will be engaged for an initial period of 24 months (2022/23-2024/25) and depending upon the performance the contract, may be renewed for further period/(s) i.e. until the completion of project. The audit period would cover systems in place commencing from the first disbursement Recruitment will be undertaken in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).1 Firms will be recruited using quality- and cost- based selection (QCBS) method with a 90:10 quality to cost ratio. A bio-data technical proposal (BTP) will be required. The team will comprise:

Position/ Key Experts	Person Months (over a two-year initial contract)
Partner	9
Audit manager/Team Leader	12
Junior Auditor	18

F. Minimum Qualification required for the Firm.

12. The firm shall be a firm of Chartered Accountants fulfilling the following eligibility criteria:

a. It shall be a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India (ICAI);
b. It must be in continuous practice as Chartered Accountants for at least fifteen (15) years in India and having at least three (3) Chartered Accountants as partners (out of them two must be holding the FCA degree);
c. It must have its registered head office or a branch office in HP;
d. Names of all Chartered Accountant team members (partners and salaried employees) must be verified from the latest Certificate of Constitution; [the applicant must attach the latest Certificate of Constitution available from ICAI];
e. It must be empaneled with Comptroller and Auditor General for the last three (3) financial years; [the applicant must attach the latest Letter of Empanelment available from C&AG]; and
f. It should be in the audit profession and have carried out internal audit services of companies/corporate, of government departments/government schemes, and preferably of programs/schemes financed by multilateral development banks like World Bank, ADB, etc.