



FAST Report

Project Number: 54237-001
June 2020

Debt Financing Suguna Foods Private Limited Sustaining Poultry Farmer Income and Food Security Project (India)

This is an abbreviated version of the document, which excludes information that is subject to exceptions to disclosure set forth in ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 30 April 2020)

Currency unit	–	Indian rupee/s (₹)
₹1.00	=	\$0.0139
\$1.00	=	₹75.36

ABBREVIATIONS

ADB	–	Asian Development Bank
capex	–	capital expenditure
COVID-19	–	coronavirus disease
E&S	–	environment and social
ESMS	–	environmental and social management system
FAST	–	Faster Approach to Small Nonsovereign Transactions
kg	–	kilogram
MT	–	metric ton
ROIC	–	return on invested capital
SPS	–	Safeguard Policy Statement

NOTES

- (i) The fiscal year (FY) of Suguna Foods Private Limited ends on 31 March. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2018 ends on 31 March 2018.
- (ii) In this report, “\$” refers to United States dollars.

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CONTENTS

	Page
PROJECT AT A GLANCE	
I. INTRODUCTION	1
II. THE PROJECT	1
A. Project Identification and Description	1
B. Development Impact, Outcome, and Outputs	4
C. Alignment with ADB Strategy and Operations	4
D. Project Cost and Financing Plan	5
E. Implementation Arrangements	5
F. Projected Financial and Economic Performance	6
G. Unique Features	6
III. THE ADB ASSISTANCE	6
A. The Assistance	6
B. Value Added by ADB Assistance	6
C. Risks	7
IV. POLICY COMPLIANCE	7
A. Safeguards and Social Dimensions	7
B. Anticorruption Policy	8
C. Investment Limitations	8
D. Assurances	8
V. PRESIDENT'S DECISION	8
APPENDIXES	
1. Design and Monitoring Framework	9
2. List of Linked Documents	11

PROJECT AT A GLANCE

1. Basic Data		Project Number: 54237-001	
Project Name	Sustaining Poultry Farmer Income and Food Security Project	Department/Division	PSOD/OPSD
Country	India		
Borrower	Suguna Foods Private Limited		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=54237-001-PortAtaGlance		
2. Sector		Subsector(s)	ADB Financing (\$ million)
✓ Agriculture, natural resources and rural development		Livestock	15.00
		Total	15.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	0
✓ Accelerating progress in gender equality		Climate Change impact on the Project	Medium
✓ Promoting rural development and food security			
		ADB Financing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.4		Some gender elements (SGE)	✓
SDG 2.3			
SDG 5.a		Poverty Targeting	
SDG 10.1		Geographic Targeting	✓
4. Nonsovereign Operation Risk Rating			
Obligor Name		Obligor Risk Rating	Facility Risk Rating
Suguna Foods Private Limited			
5. Safeguard Categorization Environment: C Involuntary Resettlement: C Indigenous Peoples: C			
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		15.00	
Nonsovereign Debt Security (Regular Loan): Ordinary capital resources		15.00	
Cofinancing		0.00	
None		0.00	
Others^a		85.00	
Total		100.00	
Currency of ADB Financing: Indian Rupee			

^a Derived by deducting ADB financing and Cofinancing from Total Project Cost.

I. INTRODUCTION

1. This is an eligible transaction under the Faster Approach to Small Nonsovereign Transactions (FAST) framework.¹ The transaction involves debt financing, through senior secured nonconvertible debentures, of up to \$15,000,000, in Indian rupee equivalent, to Suguna Foods Private Limited for the Sustaining Poultry Farmer Income and Food Security Project in India.

2. Suguna has been significantly affected by the coronavirus disease (COVID-19). False rumors in India associated chickens with the spread of COVID-19, leading to a sharp contraction in demand. The situation was aggravated by supply disruptions caused by the lockdown. This has resulted in losses and tight liquidity conditions for Suguna. The project will provide essential liquidity support to Suguna, helping it sustain the operations and livelihoods of 40,000 contract poultry farmers and more than 7,700 employees. The project will support rural livelihoods, sustain gender inclusion, and reduce malnutrition through the production of affordable animal proteins during this unprecedented health, economic, and social crisis.

II. THE PROJECT

A. Project Identification and Description

1. Project Identification

3. **Importance of poultry in India.** Livestock accounts for 5% of India's gross domestic product and 12% of rural household income. As income per capita grows, the population is shifting toward better nutrition in the form of high-protein diets, including meat. Broiler (chicken) meat is the fastest-growing segment among meat products because—unlike beef and pork—it is free of major religious associations. Globally, India is the fourth largest broiler producer, with an output of about 5.1 million metric tons (MT) in FY2019. Poultry also employs nearly 30 million farmers.²

4. **Malnutrition.** India is home to the largest number of malnourished children, with about 40% of Indian children undernourished. Poultry meat consumption in South Asia is only about 20% of the intake recommended by the healthy reference diet of the EAT–Lancet Commission on Food, Planet, Health.³ As one of the cheapest sources of animal protein, poultry meat production can thus help address malnutrition in India.⁴

5. **COVID-19 impact on poultry in India.** The COVID-19 crisis has affected poultry through two channels: (i) demand contracted in February–March 2020 as rumors spread that chickens might be vectors for COVID-19, and is still constrained through the impact of lockdowns on retail; and (ii) supply was made more difficult because of the restrictions imposed on the movement of people, although mobility was subsequently eased as the Government of India declared poultry an essential food item and the sector was exempted from restrictions. As a result of these dynamics, wholesale poultry prices fell from ₹78 per kilogram (kg) in January to a low point of ₹28 per kg in March [redacted] This downturn led to severe liquidity issues for the industry, including Suguna, while putting the livelihoods of contract farmers in jeopardy. In April 2020,

¹ Asian Development Bank (ADB). 2015. *Faster Approach to Small Nonsovereign Transactions*. Manila.

² Government of India, Ministry of Agriculture and Farmers' Welfare. 2017. [National Action Plan for Egg and Poultry-2022 for Doubling Farmers' Income by 2022](#). New Delhi.

³ W. Willett et al. 2019. [Food in the Anthropocene: the EAT–Lancet Commission on Healthy Diets from Sustainable Food Systems](#). Oslo.

⁴ D. Farrell. 2013. [The Role of Poultry in Human Nutrition](#). *Poultry Development Review*. Rome: Food and Agriculture Organization of the United Nations.

following a successful campaign by the poultry association to disassociate poultry from COVID-19, the sector gradually improved. Both prices and volumes have recovered, with prices reaching ₹104 per kg on 11 May—above the pre-crisis level [redacted]

6. **Government policy alignment.** To address the dual challenge of rural poverty and malnutrition, the Ministry of Agriculture and Farmers' Welfare launched a program to double farmers' incomes by 2022 (footnote 2).⁵ It aims to support farmers' livelihood diversification and income improvement, and tackle malnutrition. In the context of COVID-19, the government imposed a lockdown on 24 March 2020, which has significantly affected the poultry supply chain. However, on 20 April, the Ministry of Home Affairs declared poultry an essential food item and allowed all supply chain activities to operate, except in certain COVID-19 containment zones.⁶

7. **Project selection.** Suguna is one of the largest agribusiness companies in India. The Asian Development Bank (ADB) approved a capital expenditure (capex) loan of \$25,000,000 for Suguna in March 2020.⁷ However, the signing of the capex loan has been postponed because of the COVID-19 crisis. The capex loan will be signed once the company has substantially recovered from the impact of COVID-19. Meanwhile, Suguna approached ADB for short-term financing assistance. Suguna is a suitable candidate for ADB's COVID-19 emergency support because the company (i) is central to an important food value chain in India that addresses the challenge of malnutrition; (ii) has a strong record of working with 40,000 smallholder contract farmers, making its operations important for rural livelihoods; (iii) is facing a temporary liquidity squeeze that is unlikely to affect its long-term prospects; and (iv) is vertically integrated which makes it resilient to commodity price shocks.

2. Project Design

8. The project will help Suguna sustain business operations during the COVID-19 crisis, by providing financing for working capital and operational expenditure. This will allow Suguna to build inventory buffers, retain employees and make timely payments to contract farmers and suppliers, supporting rural livelihoods.

9. As a result of the crisis, in the fourth quarter of FY2020 (January–March 2020), Suguna had to delay payments to its suppliers—including contract farmers, corn and soya suppliers, and medicine suppliers—to preserve liquidity. [redacted]

10. **Sustained rural livelihoods.** Suguna pioneered contract poultry farming in India. It works with 40,000 contract farmers across 19 states, particularly targeting smallholders (1 hectare or less).⁸ With Suguna's engagement, farmers can increase their poultry income significantly, contributing to the government's national action plan of doubling farmers' income.⁹ However, with the impact of COVID-19, Suguna had to scale back production by more than 40% during March

⁵ The program envisages subsidizing interest rates for poultry farmers, providing specialized education and raising awareness of the nutritional value of poultry.

⁶ R.P. Kumar. 2020. [Full List of Services and Activities Which Will Begin from Tomorrow](#). Livemint. 19 April.

⁷ ADB. 2020. [Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance to Suguna Foods Private Limited for the Inclusive Poultry Value Chain Project in India](#). Manila.

⁸ Suguna is active in Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Mysore, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttarakhand, Uttar Pradesh, and West Bengal.

⁹ Footnote 2. Suguna's contract farmers on average manage 5,500 birds and earn about \$3.20/day from poultry alone. Poultry typically constitutes 60%–70% of their household income. Farmers are supplied with all inputs, including day-old chicks, feed, and medicine; and are responsible for rearing the chickens. Farmers are paid a fixed fee plus a performance bonus. This provides farmers income certainty, as the company bears the market price risk.

and April. The company adopted a strategy of continued engagement with contract farmers, supplying them with feed and off-taking chickens (even though at a loss) but reducing the volume of production per farmer to lower overall production.¹⁰ The strategy helped contract farmers maintain a minimum income during this period of crisis. In contrast, many companies in the industry abandoned their contract farmers, leaving them with significant losses. The emergency financing along with market recovery, would enable Suguna to continue contract farming with its 40,000 farmers, helping sustain rural livelihoods.¹¹

11. **Sustained gender participation.** Suguna prefers to contract with poultry farms where both the husband and wife are engaged in the farm work, since it has observed positive outcomes—greater productivity and lower chicken mortality—when women are involved. In the context of rural India, where safe and socially acceptable employment options for women are limited, poultry farming provides an important avenue to participate in a livelihood activity.¹² Suguna currently works with 3,610 women contract farmers. The project will help sustain the number of women contract farmers engaged with Suguna.

12. **Sustained nutrition security and food safety.** Although per capita consumption of broiler meat is increasing in India, it is still just 2.5 kg per year, much lower than the 14.3 kg global average.¹³ The project will allow the company to avoid further loss of production in FY2021 (estimated production of 750 million MT) while bringing it to at least 1.009 million MT by FY2023 (1.009 million MT in FY2020), thus providing essential affordable nutrition for the masses.¹⁴ Further, Suguna's use of antibiotics under strict veterinarian prescription mitigates the risk of antimicrobial resistance and contributes to food safety.¹⁵

3. Borrower

13. Suguna is India's largest broiler enterprise, with [redacted] a market share of 15% for broiler meat. Headquartered in Coimbatore (Tamil Nadu), the company is present in 19 states, employs more than 7,700 people, and partners with more than 40,000 contract broiler farmers and 200,000 corn and soybean farmers. Suguna is vertically integrated across parent breeding, hatchery operations, feed mills, broiler farming, and meat processing.

14. Brothers Bangarusamy Soundararajan (chairman) and Ganapathypalayam Bangarusamy Sundararajan (managing director) established Suguna in 1984.¹⁶ Suguna is 99.67% owned by Suguna Holdings Private Limited (Suguna Holdings), which has subsidiaries in Bangladesh,

¹⁰ The number of birds reared by each farmer was scaled down to less than 3,300, but the number of contract farmers was maintained at 40,000. Farmer incomes were hence reduced to less than \$2.00/day.

¹¹ In the absence of additional financing, Suguna would have to reduce the number of contract farmers to approximately 25,000 to optimize operational costs. Managing a large number of small contract farmers is more costly, hence a reduction in the number of contract growers would have been inevitable in the absence of demand recovery and available liquidity.

¹² Suguna signs the vast majority (93%) of its supplier contracts with men because of the strong cultural norms associated with the "male head of household."

¹³ Organisation for Economic Co-operation and Development. OECD Data. [Meat Consumption](#) (accessed 2 January 2020).

¹⁴ The contract farmers directly benefit from a nutrition standpoint and their poultry operations complement household nutrition needs.

¹⁵ Suguna has 16 senior veterinarians who work under the national head of health. Each veterinarian is placed in a regional head office and is responsible for covering branches in the region. In addition, Suguna maintains 16 regional diagnostic labs and an advanced testing lab in Coimbatore to ensure proper diagnosis. Antibiotic use is only allowed when diagnostic labs have confirmed a bacterial infection and under strict prescription of the veterinarians.

¹⁶ Bangarusamy is the father of the two promoter brothers. In some South Indian families, family name is a prefix.

Kenya, India, and Sri Lanka. Suguna is the flagship company of the group, contributing more than 90% (FY2019) to the group's revenue. [redacted]

15. Suguna's board of directors meets quarterly and consists of seven members, including four family members [redacted], two independent directors, and one employee director.

16. ADB conducted integrity due diligence.¹⁷ Suguna's founders, shareholders, managers, and significant contracting entities do not appear to constitute a significant or potentially significant integrity risk, since no unresolved or substantiated adverse media or other relevant information is related to them. Tax integrity due diligence was not required.

B. Development Impact, Outcome, and Outputs

17. **Impact.** The project will have the following impacts: sustained farmers' and workers' livelihoods and sustained food security during COVID-19 crisis. These are aligned with the government's plan of ensured smooth functioning of the agriculture sector by allowing critical agricultural activity, filling in gaps in agricultural supply chains, and ensuring farmers' ease during the COVID-19 pandemic as well as the goals of the National Action Plan for Egg and Poultry up to 2022 of doubling farmers' income and preventing malnutrition among children (footnote 2).

18. **Outcome.** The outcome of the project will be the avoidance of interruptions to the company's poultry operations.

19. **Outputs.** The outputs of the project are (i) ensured payments to women and men farmers and feed suppliers; (ii) secured women and men workers' livelihoods; (iii) enhanced gender equality in Suguna work environment; and (iv) increased gender inclusiveness of Suguna's corporate social responsibility program.

C. Alignment with ADB Strategy and Operations

20. **Consistency with ADB strategy and country strategy.** The project is aligned with Strategy 2030, which calls for ADB "to scale up its financing for agribusiness".¹⁸ The project is also aligned with the Operational Plan for Private Sector Operations, 2019–2024, which calls for working with strong Tier 2 companies "from large DMCs such as the PRC, India, Indonesia, and Thailand" as "it is strategically important for ADB to engage with companies that will at some point expand beyond their borders and invest in other DMCs."¹⁹ The project is also consistent with the country partnership strategy, 2018–2022 for India, which supports (i) increasing agricultural productivity and rural incomes, (ii) reducing the rural–urban income gap, (iii) doubling farm incomes within 5 years, and (iv) promoting gender equity.²⁰

21. **Consistency with sector strategy and relevant ADB operations.** The project is aligned with ADB's \$20 billion response package to the COVID-19 pandemic whereby ADB's Private Sector Operations Department has focused on the provision of working capital and operation

¹⁷ ADB. 2003. [Enhancing the Asian Development Bank's Role in Combating Money Laundering and the Financing of Terrorism](#). Manila. Further information is provided in Client Information (accessible from the list of linked documents in Appendix 2).

¹⁸ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila. pp. 15 and 21.

¹⁹ ADB. 2019. [Operational Plan for Private Sector Operations, 2019–2024](#). Manila. p. 16.

²⁰ ADB. 2017. [Country Partnership Strategy: India, 2018–2022—Accelerating Inclusive Economic Transformation](#). Manila.

expenditure financing. These loans aim to support the continuity of operations of companies with strong financial situations that are facing temporary liquidity issues in the context of COVID-19.²¹

22. The project is consistent with the Strategy 2030 Operational Plan for Priority 1 (Addressing Remaining Poverty and Reducing Inequalities) which calls for scaling up “farm productivity improvement, engage smallholder farmers in agribusiness value chains”, and Operational Plan for Priority 5 (Promoting Rural Development and Food Security), which calls for (i) direct support to private agribusiness clients linking smallholder farmers to markets; and (ii) the production of safe, nutritious, and affordable food.²² It is also aligned with the Strategy 2030 Operational Plan for Priority 2 (Accelerating Progress in Gender Equality), which seeks to expand “operations in support of agribusiness value chains whereby women’s jobs and entrepreneurship opportunities will be enhanced in higher value-generating activities.”²³ The project will also complement two upcoming sovereign agribusiness value chain projects in India as well as the \$1.5 billion emergency response loan approved by ADB on 28 April 2020, to contribute to the government’s budget in the context of the COVID-19 crisis.²⁴

D. Project Cost and Financing Plan

[Redacted]

E. Implementation Arrangements

23. Table 3 summarizes the implementation arrangements.²⁵

Table 3: Summary of Implementation Arrangements

Aspects	Arrangements
Regulatory framework	Suguna is subject to the general laws and industry-specific regulations of India, particularly the Factories Act, 1948 and the National Environment Tribunal Act, 1995. The Food Safety and Standards Authority of India governs animal processing.
Management	The management model is decentralized with each state operating as a business unit under a unit head. The company has 19 such business units in total. Each unit comprises breeding farms, hatcheries and feed mills in that state providing required inputs and services to broiler contract farms in the state. All unit heads report to the managing director.
Implementation period	June 2020–March 2021.
Operations arrangements	Suguna produces day-old chicks in its hatcheries and provides them to contract farmers for rearing. Farmers are provided with poultry feed, vaccination, and monitoring support. Chickens are then collected by Suguna and either sold live or as processed meat. Farmers are paid rearing charges along with a bonus that varies based on each farmer’s production metrics. Farmers are exposed to the risk of climate change as sustained high temperatures can adversely affect growth of chickens. The climate change risk of the project is therefore

²¹ ADB. April 2020. [ADB’s Comprehensive Response to the COVID-19 Pandemic](#). Policy Paper.

²² ADB. 2019. [Strategy 2030 Operational Plan for Priority 1: Addressing Remaining Poverty and Reducing Inequalities, 2019–2024](#). Manila. p. 32; and ADB. 2019. [Strategy 2030 Operational Plan for Priority 5: Promoting Rural Development and Food Security, 2019–2024](#). Manila.

²³ ADB. 2019. [Strategy 2030 Operational Plan for Priority 2: Accelerating Progress in Gender Equality, 2019–2024](#). Manila. p. 13.

²⁴ While the two projects (Farmer Group Market Access Development using Agricultural Technologies in Andhra Pradesh and Maharashtra Agribusiness Network Project) focus on horticulture, they will have synergies with Suguna’s contract farmers, who earn 30%–40% of their income from crop production, including horticulture. ADB. 2020. [Report and Recommendation to the President to the Board of Directors: Proposed Countercyclical Support Facility Loans and Technical Assistance Grant to India for the COVID-19 Active Response and Expenditure Support Program](#). Manila.

²⁵ Details of Implementation Arrangements (accessible from the list of linked documents in Appendix 2).

Aspects	Arrangements
	classified as “medium”. However, since the loan is for a 2 year period, the effects of climate change on farmers are not expected to be material during the implementation period. ²⁶ In addition, Suguna procures close to 7% of India’s maize and soya bean production. All procurement is done through its e-portal and payments are made through digital transfers.[redacted] .
Performance monitoring	Suguna will report annually to ADB on the financial and operational key performance indicators for the group and the project, and on safeguard and development indicators.

ADB = Asian Development Bank, COVID-19 = coronavirus disease, FY = fiscal year.

Sources: Asian Development Bank and Suguna Foods Private Limited.

F. Projected Financial and Economic Performance

[Redacted]

G. Unique Features

24. The project is ADB’s first COVID-19 emergency assistance to an agribusiness in India. In the context of COVID-19 related economic disruptions, poultry farming has unique and powerful impacts on sustaining rural livelihoods while also addressing the nutrition challenge in India.²⁷ Suguna is also committed to promoting gender equality in this environment of economic and social stress (para. 31).

III. THE ADB ASSISTANCE

A. The Assistance

25. ADB will provide debt financing to Suguna by subscribing to up to \$15,000,000, in Indian rupee equivalent, of 2-year amortizing senior secured nonconvertible debentures, in three tranches.

B. Value Added by ADB Assistance

26. ADB assistance will add value on three fronts:

- (i) **Signal of confidence to other lenders.** ADB’s rapid emergency assistance to Suguna will send a strong signal of confidence to local lenders, encouraging them to step in and support the business in this time of crisis.
- (ii) **Diversified funding base.** Suguna has traditionally financed its growth primarily through internally generated cash flow and loans from local commercial banks. ADB financing will give Suguna’s business a stamp of approval to attract other medium- and long-term capital and international partners.
- (iii) **Gender inclusion.** ADB will help Suguna implement gender actions to maintain the number of women employees, the number of women contract farmers, provide COVID-19 related health services and donate poultry products to woman’s organization during this crisis. (para. 31).

²⁶ Adaptation measures are, therefore, not included in project design although a potential TA to help farmers cope with climate change risks in the longer run is being considered.

²⁷ The project is classified as an “inclusive business” project because more than half of its beneficiaries (Suguna’s employees and contract farmers) belong to the “base of the pyramid” (bottom half of the income pyramid) in India.

C. Risks

[Redacted]

IV. POLICY COMPLIANCE

A. Safeguards and Social Dimensions

27. ADB has categorized the investment in compliance with ADB's Safeguard Policy Statement (SPS) (2009) as follows: environment (category C), involuntary resettlement (category C), and indigenous peoples (category C).²⁸ The proposed transaction will support Suguna's immediate working capital needs to withstand the impact of COVID-19. ADB has undertaken due diligence and reviewed the potential environmental and social impacts of the project and the measures to avoid, minimize, mitigate, and compensate for the adverse impacts in the safeguard reports and plans. The measures and institutional capacity of Suguna have been reviewed and corrective actions agreed.

28. ADB approved a loan to Suguna in March 2020 to finance the expansion of its feed mills, hatcheries, and meat processing plant (footnote 9). ADB undertook a corporate and site level compliance audit of Suguna in November 2019 through an external party for the approved loan. Suguna has obtained the Food Safety System Certification (FSSC) 22000 for meat processing. It has an environment and social (E&S) manager overseeing corporate E&S management. For larger operations, a dedicated environment, health, and safety executive is appointed; and a safety officer is appointed for two or more smaller facilities, reporting to the head of facility and corporate E&S manager. Suguna has a broad health and safety policy, environmental policy, and standard operating procedures in place for each type of facility. These standardized operation procedures cover environmental, health, and safety aspects, primarily in relation to waste management, chemical management, and occupational health and safety. The corporate audit observed gaps in compliance with applicable statutory requirements in monitoring; specific permits at the operation stage; waste management; and management requirements, including on air emissions and wastewater management.

29. This emergency loan will support working capital needs to maintain and not to expand pre-crisis activities. It is therefore anticipated to have minimal environmental and social impacts in addition to its current operations. To comply with ADB's SPS and monitor continuous compliance, Suguna will implement the following to address gaps observed during diligence: (i) development of a formal environmental and social management system (ESMS); (ii) strengthening of environmental and social management capacity by recruiting a qualified senior E&S manager at the corporate level and establishing an environment, health, and safety committee; (iii) enhancement of management measures on occupational health and safety, waste, biosecurity, and labor management; and (iv) implementation of compliance assurance measures, including the development of a compliance register and conducting regular E&S audits.

30. No subprojects classified *category A* or *B* for environment, involuntary resettlement, or indigenous peoples will be financed under this project. Suguna will apply ADB's prohibited investment activities list, and ensure that investments using ADB funds comply with ADB's Safeguard Policy Statement and abide by national laws and regulations. Pursuant to ADB's Social Protection Strategy (2001), Suguna will comply with national labor laws and will take measures

²⁸ ADB. [Safeguard Categories](#).

to comply with the internationally recognized core labor standards. The client will report regularly to ADB on (i) its compliance with such laws and (ii) the measures taken. Information disclosure and consultation with affected people will be conducted following ADB requirements.²⁹ Suguna will report annually to ADB on its ongoing compliance with ADB safeguards and social requirements, as set out in its ESMS. Suguna will also regularly submit to ADB a compliance statement confirming compliance with the ADB SPS and all applicable laws and requirements, and that no activities under ADB's prohibited investment activities list are funded by the project.

31. **Some gender elements.** Suguna commits to implement measures to promote gender equality and women's empowerment in its business activities following ADB's Policy on Gender and Development (1998). These measures are (i) to sustain women employment and the number of women contract farmers; (ii) to make women employees aware of COVID-19 related health measures and services available, including domestic violence and mental health services for themselves and their families; and (iii) for Suguna to donate poultry products to a women's organization each month of the COVID-19 crisis. Suguna will submit periodic reports on its implementation of gender measures to ADB.

B. Anticorruption Policy

32. Suguna was advised of ADB's policy of implementing best international practice relating to combating corruption, money laundering, and the financing of terrorism. ADB will ensure that the investment documentation includes appropriate provisions prohibiting corruption, money laundering, and the financing of terrorism; and remedies for ADB in the event of noncompliance.

C. Investment Limitations

[Redacted]

D. Assurances

33. Consistent with the Agreement Establishing the Asian Development Bank (the Charter),³⁰ ADB will proceed with the proposed assistance upon establishing that the Government of India has no objection to the proposed assistance to Suguna Foods Private Limited. ADB will enter into suitable finance documentation, in form and substance satisfactory to ADB.

V. PRESIDENT'S DECISION

34. The President, acting under the authority delegated by the Board, has approved the debt financing, through senior secured nonconvertible debentures, of up to \$15,000,000, in Indian rupee equivalent, from the ordinary capital resources of the Asian Development Bank (ADB) to Suguna Foods Private Limited for the Sustaining Poultry Farmer Income and Food Security Project in India, and hereby reports this action to the Board.

Masatsugu Asakawa
President

9 June 2020

²⁹ Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 8).

³⁰ ADB. 1966. [Agreement Establishing the Asian Development Bank](#). Manila.

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with			
<p>Government of India's goal of doubling farmers' income, increasing exports of egg and poultry products, and preventing malnutrition among children (National Action Plan for Egg and Poultry up to 2022)^a</p> <p>Government of India's plan of ensuring smooth functioning of the agriculture sector by allowing critical agricultural activity, filling in gaps in agricultural supply chains, and ensuring farmers' ease during the COVID-19 pandemic^b</p>			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p>Outcome</p> <p>Interruption of company's poultry production avoided</p>	<p>By FY2023:^c</p> <p>[Redacted]</p>	<p>a.–d. Company's annual development effectiveness monitoring report</p>	<p>Regulatory risk (e.g., transport and export restrictions on agricultural products) further affect production and prices</p>
<p>Outputs</p> <ol style="list-style-type: none"> 1. Payment to women and men farmers and feed suppliers ensured 2. Women and men workers' livelihood secured 3. Gender equality in Suguna work environment enhanced 4. Gender inclusiveness of Suguna's corporate social responsibility program increased 	<p>By FY2022:</p> <p>[Redacted]</p>	<p>1.–4. Company's annual development effectiveness monitoring report</p>	<p>Pandemic situation further deteriorates business environment</p>

<p>Key Activities with Milestones</p> <p>Outputs 1–4:</p> <ol style="list-style-type: none"> 1. ADB executes loan agreement with Suguna by June 2020. 2. ADB starts loan disbursement to Suguna by July 2020 and completes disbursements by September 2020.
<p>Inputs</p> <p>ADB: \$15 million (loan)</p> <p>IFC: \$40 million (loan)</p> <p>Local banks: \$41 million (loan)</p> <p>Holding company subordinated debt: \$4 million (loan)</p>
<p>Assumptions for Partner Financing</p> <p>Not applicable</p>

ADB = Asian Development Bank, COVID-19 = coronavirus disease, FY = fiscal year, IFC = International Finance Corporation.

^a Government of India, Ministry of Agriculture and Farmers' Welfare. 2017. [National Action Plan for Egg and Poultry-2022 for Doubling Farmers' Income by 2022](#). New Delhi.

^b M. Nayyar. 2020. [COVID-19 and Agriculture: Strategies to Mitigate Farmers' Distress](#). Team India Blogs. Invest India (National Investment Promotion and Facilitation Agency). 15 April.

^c Refers to the fiscal year covering the period from 1 April 2022 to 31 March 2023.

^d All baseline indicators refer to FY2020 (1 April 2019 to 31 March 2020).

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=54237-001>

1. Sector Overview
2. Client Information
3. Details of Implementation Arrangements
4. Contribution to the ADB Results Framework
5. Financial Analysis
6. Economic Analysis
7. Country Economic Indicators
8. Summary Poverty Reduction and Social Strategy