



Assistance in Building Afghanistan by Developing Enterprises Program
Leader with Associate Cooperative Agreement No. EEM-A-00-04-00002-00
Associate Cooperative Agreement No. AID-306-LA-13-00001

Work Plan

Fiscal Year 2013

October 16, 2012 to September 30, 2013

Submitted
December 16, 2012

Submitted by:

Volunteers for Economic Growth Alliance (VEGA)
1726 M Street NW, Suite 800
Washington, DC 20036

This publication was produced for review by the United States Agency for International Development (USAID). Its contents are the responsibility of Volunteers for Economic Growth Alliance (VEGA) and the International Executive Service Corps (IESC) and do not necessarily reflect the views of USAID or the United States Government.

Prepared under Leader-with-Associate Cooperative Agreement No. EEM-A-00-04-00002-00, Associate Cooperative Agreement No. AID-306-LA-13-00001

USAID Afghanistan ABADE Program

VEGA Contact: Michael Deal
Executive Director
Volunteers for Economic Growth Alliance (VEGA)
1726 M Street NW, Suite 800
Washington DC 20036
Tel: (202) 223 7012
Email: mdeal@vegaalliance.org

IESC Contact: Tarek Nabhan
Vice President
International Executive Service Corps (IESC)
1900 M Street, NW Suite 500
Washington, DC 20036
Tel: (202) 589 2600
Email: tnabhan@iesc.org

TABLE OF CONTENTS

List of Acronyms	iii
INTRODUCTION	1
Program Information	1
First Annual Work Plan	1
OVERVIEW AND TECHNICAL APPROACH	1
Critical Challenges and Constraints Encountered by SMEs In Afghanistan	1
Project Objectives and Outcomes	1
Program Indicators, Performance Management Plan, and Deliverables	2
Coordination with Implementing Partners	3
PROGRAM COMPONENTS	4
ABADE Start-Up, Launch, and Management	4
Component 1: Public Private Alliances	6
Task 1.1. Prepare and Launch RFAs	8
Task 1.2. Implement Outreach Campaign	9
Task 1.3. Deliver Workshops to Potential Alliance Partners	9
Task 1.4. Develop SME & Innovation Alliances	10
Component 2: Technical Assistance and Business Advisory Services	10
Task 2.1. Prepare Support Systems for Alliance Partners and Relevant Actors	11
Task 2.2. Deliver Technical Assistance and Advisory services	12
Component 3: Business Enabling Environment	13
Task 3.1. Identify and Analyze Legal, Regulatory, and Administrative Barriers	13
Task 3.2. Mobilize Stakeholder Support for Collective Efforts to Improve the Enabling Environment For Businesses	15
Task 3.3. Develop Services and Procedures for Helping ABADE Clients Solve Business Environment Constraints	16
Task 3.4. Legal, Regulatory, and Administrative Reform to Improve Afghanistan’s Position on Doing Business Rankings	17
Work Plan Schedule – Year 1	18
PROGRAM MANAGEMENT	20
Management Structure	20
Project Management Systems	22
Systems and Compliance	23
Procurement and Recruitment	23
Contracts and compliance	23
Finance and tax	24
Outreach and Communications	24
Audiences and Key Messages	24
Targets and Medium of Communications	25
Reporting	26

List of Acronyms

ABADE:	Assisting in Building Afghanistan by Developing Enterprises	IQC:	indefinite quantity contract
ABIF:	Afghanistan Business Innovation Fund	IR:	intermediate results
ADF:	Agricultural Development Fund	ISAF:	International Security Assistance Force
AIBF:	Afghan Institute of Banking and Finance	IT:	information technology
AISA:	Afghanistan Investment Support Agency	LARA:	Land Reform in Afghanistan
ANSA:	Afghan National Standard Authority	LTTA:	long-term technical assistance
ANSA:	Afghan National Standards Authority	M&E:	Monitoring and Evaluation
AO:	Agreement Officer	MoCI:	Ministry of Commerce and Industries
AOR:	Agreement Officer's Representative	MoM:	Ministry of Mines
APPF:	Afghan Public Protection Force	NGO:	non-governmental organization
ASMED:	Afghanistan Small Medium Enterprise Development Program	OAG:	Office of Agriculture
AWDP:	Afghanistan Workforce Development Program	OEGI:	Office of Economic Growth and Infrastructure
AWDP:	Afghanistan Workforce Development Program	OHS:	occupational health and safety
BDS:	business development services	PIO:	public international organizations
CHAMP:	Commercial Horticulture and Agricultural Marketing Project	PMP:	performance management plan
COP:	Chief of Party	PPA:	public-private alliances
DCOP:	Deputy Chief of Party	RADP:	Regional Agriculture Development Program
DFID:	UK Department for International Development	RAMP-UP:	Regional Afghan Municipalities Program for Urban Populations
DOC:	Department of Commerce	RFA:	Request for Application
EBD:	employee biodata	SME:	small and medium enterprise
EGGI:	Economic Growth and Governance Initiative	STTA:	short-term technical assistance
EPPA:	Export Promotion Agency of Afghanistan	SUPPORT II:	Services under Program and Project Offices for Results Tracking
FAIDA:	Financial Access for Investing in the Development of Afghanistan	TA:	technical assistance
GIRoA:	Government of the Islamic Republic of Afghanistan	TAFA:	Trade and Accession Facilitation for Afghanistan
GiZ:	Deutsche Gesellschaft für Internationale Zusammenarbeit	TAMIS:	Technical, Administrative, and Management Information System
GMP:	good management practices	TFBSO:	Taskforce for Business and Stability Operations
IDEA-NEW:	Incentives Driving Economic Alternatives for the North, East, West	USAID:	United States Agency for International Development
IESC:	International Executive Service Corps	USG:	United States Government
ILO:	International Labour Organization	VEGA:	Volunteers for Economic Growth Alliance
		WB:	World Bank
		WED:	Women Enterprise Development

INTRODUCTION

PROGRAM INFORMATION

Pursuant to the Leader-with-Associate Cooperative Agreement No. EEM-A-00-04-00002-00, Associate Cooperative Agreement No. AID-306-LA-13-00001, VEGA/IESC will implement the Assistance in Building Afghanistan by Developing Enterprises (ABADE) Program. The period of performance for the agreement is October 16, 2012 – October 16, 2016.

IESC is the lead implementer of the ABAD E Program, joined by Land O'Lakes International Development and DAI. Under this Agreement, VEGA/IESC will support USAID's assistance objective 4: *A developed business climate that enables private investment, job creation, and financial independence* by helping SMEs grow their businesses. The latter will be achieved by providing SMEs and Innovative Alliance Partners with the additional capital, appropriate equipment and technologies, access to technical assistance, and business-specific inputs they need to succeed. ABAD E's three components are designed to increase the productivity and investment potential of SMEs in Afghanistan, generate employment, and improve Afghanistan's business enabling environment.

FIRST ANNUAL WORK PLAN

The purpose of this document is to present the ABAD E Annual Work Plan for Year 1 (October 2012 – September 2013). The Work Plan includes information on ABAD E's results framework and performance management plan (PMP) along with indicators and targets, and activities that will contribute to the achievement of each objective along with related tasks by program component. This first annual work plan also includes a summary of start-up, and an overview of project management systems and staffing.

OVERVIEW AND TECHNICAL APPROACH

CRITICAL CHALLENGES AND CONSTRAINTS ENCOUNTERED BY SMEs IN AFGHANISTAN

Small and medium enterprises (SMEs) are a key economic driver of Afghanistan's development. They constitute approximately 75% of the labor force and generate over 50% of GDP. However, Afghan-produced goods meet only a fraction of local demand and export trade is lackluster at best. Afghan business owners struggle to obtain the capital, management advice, equipment, and technologies they need to grow their businesses. Women and youth can make significant contributions to the labor force but have limited opportunities for economic participation, whether because of lack of skills or limited employment opportunities. ABAD E is designed to significantly improve the lives of people in Afghanistan by helping SMEs to grow their businesses.

PROJECT OBJECTIVES AND OUTCOMES

The ABAD E design incorporates three components that will contribute to SME growth and job creation:

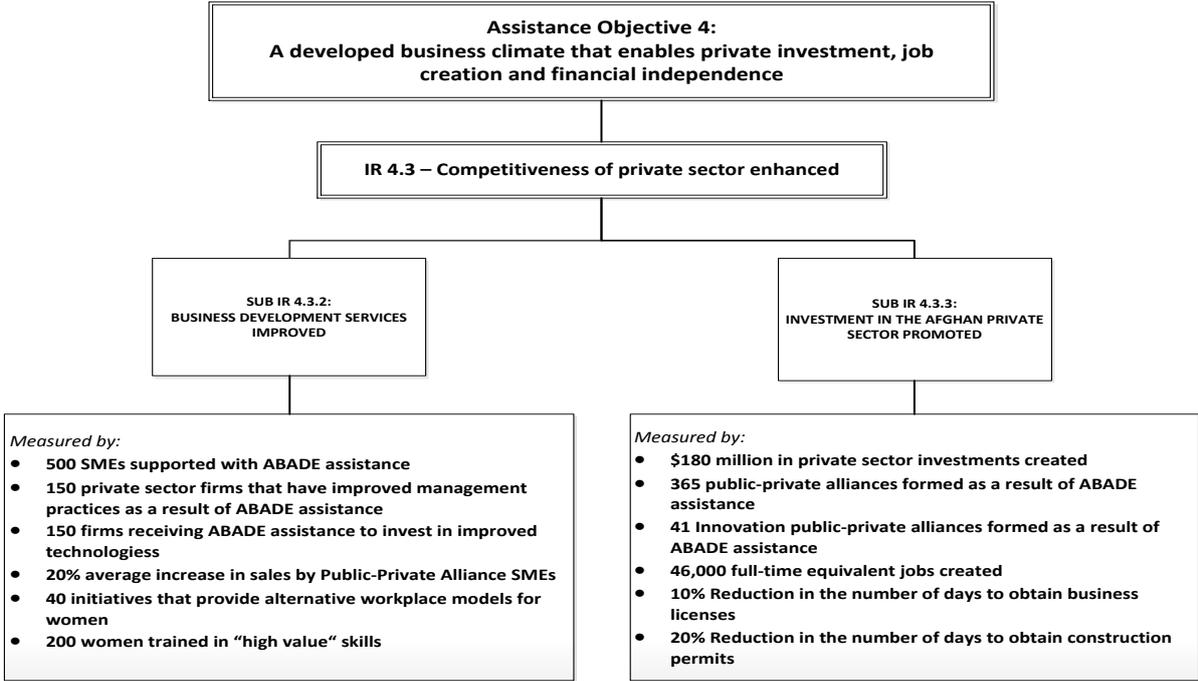
1. Public-Private Alliances (PPAs) with Afghan SMEs and Innovation Partners;
2. Technical assistance and advisory services to Afghan Alliance Partners and related SMEs to ensure the success of the PPAs; and
3. Business enabling environment support to remove administrative and regulatory barriers to business success.

In the implementation of these components, the ABADE Program will support one of USAID/Afghanistan’s Intermediate Results (IR) under Assistance Objective (AO) 4:

IR 4.3. – Competitiveness of private sector enhanced.

ABADE will also support economic growth objectives under the USG Foreign Assistance Framework, Program Area 4.6 Private Sector Competitiveness and Program Element 4.6.2 Private Sector Capacity. The following figure illustrates the linkages between ABADE’s indicators and USAID Afghanistan’s assistance objectives.

Figure 1: ABADE Program Results Framework



PROGRAM INDICATORS, PERFORMANCE MANAGEMENT PLAN, AND DELIVERABLES

ABADE measures performance data at two levels: (1) the activity level and (2) the results level. Activity-level data are collected directly through the monitoring of activities and verified registration forms of SMEs and alliances. Results-level data are collected through quarterly surveys of assisted organizations and business entities that have obtained a business license or construction permits.

ABADE staff and subcontractors that implement activities have specific roles and responsibilities in the overall performance monitoring system. The collection and review of performance data is an ongoing activity for M&E staff. Data analysis and results reporting will be conducted quarterly. Data quality assessment for all indicators and PMP review will be completed on an annual basis, or as requested by USAID.

ABADE indicators fall into two groups: (1) those that can be directly verified and (2) those that must be estimated from surveys data. Indicators in both groups will be disaggregated by gender (except those for investment, sales values, and reduction in number of days for government procedures). Direct indicators are considered Tier I indicators. Only Tier I Indicators are auditable, as only for those indicators will ABADE keep individual records for each reported result. Tier II indicators will be calculated by extrapolation, applying survey results of a sample of SMEs either to the total population of the supported SMEs or to the population of all SMEs in Afghanistan, therefore making it impossible to keep auditable records of each reported result. They will be used for reporting and to help guide program management on programming activities.

The following Table represents ABADE’s Key Indicators and Targets for Year 1:

Table 1: ABADE Year 1 Indicators and Targets

No.	Indicator	Year 1 Target
<i>Tier I indicators</i>		
1	Number of SMEs supported with ABADE assistance	100
2	Number of private sector firms that have improved management practices as a result of ABADE assistance	30
3	Number of firms receiving ABADE assistance to invest in improved technologies	30
4	Number of public-private alliances formed as a result of ABADE assistance	85
5	Number of Innovation public-private alliances formed	5
6	USD value of private-public sector alliances established	\$40,000,000
7	Average increase in sales by Public-Private Alliance SMEs	5%
8	Number of initiatives that provide alternative workplace models for women	10
9	Number of women trained in “high value” skills ¹	20
<i>Tier II indicators</i>		
A	Number of full time equivalent jobs created	5,000
B	Reduction in the number of days to obtain business licenses	6
C	Reduction in the number of days to obtain construction permits	320

COORDINATION WITH IMPLEMENTING PARTNERS

ABADE will build on and coordinate with private enterprise initiatives under USAID’s Office of Economic Growth and Infrastructure (OEGI) portfolio, including TAFE, FAIDA, EGGI, AWDP, LARA, ADF, CHAMP, IDEA-NEW, RADP and others. ABADE will also complement other enabling environment OEGI projects by helping to identify, and where appropriate, jointly address the most salient constraints that affect the efficiency and cost competitiveness of SMEs in Afghanistan. While supporting SMEs in the agribusiness sector, ABADE will carefully avoid overlapping with projects under the Office of Agriculture (OAG) portfolio; rather, liaison and coordination will be sought after regularly with ADF, RAMP UP, IDEA-NEW and CHAMP projects. Synergies will be found primarily in funding investment that is not eligible for other program assistance, and on easing value-chain or sub-sector constraints identified by these programs through innovation alliances or limited technical assistance.

The VEGA/IESC team will foster close collaborative relationships with other donor organizations such as the UK Department for International Development (DFID), which embeds policy advisors in Ministry of Commerce and Industries (MoCI), administers the Afghanistan Business Innovation Fund (ABIF), and promotes industrial park

¹ High value skills development entails longer training periods, the majority of women to begin training in year 1 will not complete it until year 2.

and capacity development, as well as with GiZ, which supports initiatives to promote exports and supplies specific technical expertise.

Over the first year, ABADE will consult with a wide range of stakeholders including SMEs and related and supporting public and private sector entities, with USAID and other USG regional and district level platforms, and with educational institutions and the NGO community, particularly with those programs that support skills training and entrepreneurship or employment opportunities for women and youth. This will be done through consultations with ABADE staff, and regional round tables organized within ABADE's outreach programming.

PROGRAM COMPONENTS

The ABADE program tasks and planned results presented in this work plan are organized by component area, preceded by a summary of start-up.

ABADE START-UP, LAUNCH, AND MANAGEMENT

As of the date of submission of this work plan, VEGA/IESC has mobilized a start-up team and has undertaken AISA registration, secured project facilities, and begun a process of negotiation with APPF to provide security personnel. Key personnel in place include: the DCOP Technical, Alain Peyre; and DCOP Operations, Miroslav Levanic, who is serving as Acting COP during start-up. In addition, IESC has fielded the M&E and IT Director, Aleksandra Andrakovic; the Component 1 Team Leader, Mary Heslin, who will serve as Grant Manager; Component 2 Team Leader, Jens Mortenson; and Compliance Officer, Hernan Granja. Michelle Morgan, Senior Technical Advisor, and Jeanah Lacey, Program Manager, also traveled to Kabul for start-up, as did Country Security Advisor Phillip Esterhuizen. All risk management company personnel have been fielded to provide support to the ABADE team and to work with APPF in readying facilities for occupation.

The start-up team is quartered at The Baron compound near Kabul International Airport and will remain in the temporary quarters until APPF guards are assigned to the ABADE facilities. It is anticipated that the APPF will deploy guards by mid January and that ABADE personnel will then be able to occupy the guest house and office facilities on Darulaman Road. This location is near MOCI, which under Component 3 will be one of ABADE's primary counterparts.

Early in the program and with the approval of USAID, VEGA/IESC began the process of replacing ABADE's initial proposed COP. VEGA/IESC obtained approval for Zdravko Šami as COP; he will be fielded February 3, 2013. Other expatriate LTTA personnel will be fielded by mid-January 2013, including Component 3 Team Leader, Cliff Barton; Communications and Outreach Manager, Sophie Barry; and International Procurement Specialist, Trina Gunn. IESC anticipates fielding the Regional Managers between mid-January and the end of January.

National staff members have been hired in key positions to support start-up tasks and prepare administrative and operational systems for program activities. These include Abdul Qader Khatiz, Senior Contracts and Compliance Specialist; Zabiullah Ahmadyar, Senior Grants Manager; Zubair Atif, Finance Manager; Haroon Habibi, Operations Manager; and Tarana Amini, Human Resources Manager. With these key national staff members in place, the ABADE team will complete set-up of procurement, compliance, and field accounting systems. Recruitment and screening efforts are under way with a view to completing the majority of national staff hires within the month of January. ABADE has released tenders for the establishment and staffing of regional offices in Herat and in Mazar-i-Sharif. It is anticipated that awards will be made to local subcontractors for the operation of these field offices in early January and that field offices will be operational by the end of January or early February.

In the absence of a COP, ABADE's Senior Technical Advisor has coordinated the team's efforts to produce and submit PPA criteria, as well as ABADE's PMP, Marking and Branding Plan, and this First Annual Work Plan. The Senior Technical Advisor will continue to deliver technical support and oversight to the team in order to

complete the Alliances and Operations manuals, set-up the project’s technical, administrative, and management system (TAMIS), and begin outreach and information dissemination for the ABADE program. The Senior Technical Advisor will provide full-time support to ABADE until such time as the ABADE COP is fielded and oriented.

A number of start-up tasks are already completed, while others are still ongoing. The table below presents an update on the status of each of the start up tasks defined in VEGA/IESC’s proposal.

Table 2: ABADE Start-up Work Plan

Program Start-Up Tasks		STATUS	Q1			Q2		
			Oct	Nov	Dec	Jan	Feb	Mar
1	Review and finalize First Annual Work Plan, and Sub-Awards manual and eligibility criteria.	Draft Submitted						
2	Develop and contract out research plan on women-owned SMEs, supervise analyses	Ongoing						
3	Branding Strategy and Marking Plan.	Submitted						
4	Finalize PMP and performance indicators, set up M&E data collection and reporting systems.	Approved						
5	Meet with USAID and other USG implementing partners to establish working relationships.	Ongoing						
6	Inform counterparts of ABADE objectives and activities, disseminate opportunities and RFAs	As Scheduled						
7	Identify areas of cooperation with GIROA counterparts (MoCI, MoM) and others.	As Scheduled						
8	Work with SME stakeholders to identify outreach methods and partner organizations.	As Scheduled						
9	Hold an all-staff kick-off meeting with support from Senior Program Advisor.	Delayed for COP orientation						
10	Finalize initial outreach and media content, plan road shows, and start outreach campaign.	As Scheduled						
11	Develop outreach program for Innovation Alliance partners.	As Scheduled						
12	Develop a strategy for substantially including women, focusing specifically on job creation.							

Tasks 2 and 12 will involve compiling gender research and/or studies already completed by other implementing partners including FAIDA, SUPPORT II, AWDP, and by other donors, and supplementing this with additional research as required to serve as guidance in how ABADE can best support job creation and increased participation of women in the private sector as decision makers and income earners. ABADE will develop a strategy, taking into consideration the overall goals and objectives of ABADE and the specific constraints of targeting women through the creation of public private alliances, designed to support existing businesses. With only a fraction of SMEs in Afghanistan being owned or managed by women, and a relatively underdeveloped female workforce, we must identify a strategy for targeting women without engaging in AWDP-type activities, to avoid duplication. This will enable ABADE to deal with company-specific opportunities early in the program while developing a more strategic approach in cooperation with AWDP, WED, and others.

COMPONENT 1: PUBLIC PRIVATE ALLIANCES

Component 1, Public Private Alliances (PPAs), will provide sub-awards to Afghan SMEs and consortia of SMEs. The PPAs are divided under two sub-components:

SME Alliances (Component 1A). ABADE will make awards to existing, productive SMEs, consortia or joint ventures of existing SMEs through a competitive award process to mitigate business expansion risks, encourage private investment for business growth and job creation, and expand markets for alliances.

Public-Private Innovation Alliances (Component 1B). ABADE will establish public-private alliances to stimulate private-sector-led development and investment through innovation-focused sub-awards. Both for-profit and non-profit entities, foreign and domestic, will be encouraged to submit applications for partnerships. Innovation Alliances will target investments that offer non-traditional business approaches to creating economic growth and stability in the following areas: economic stability, particularly in rural areas, in the form of job creation and income enhancement; economic growth with a focus on jobs; workforce development through vocational-technical training, particularly of youth; promotion of the role of women; and the use of science and technology in enhancing Afghanistan’s development.

Table 3: ABADE PPA Criteria

SME Public-Private Alliances (Component 1A)	Innovation Public-Private Alliances (Component 1B)
<p>1- Awards to:</p> <ul style="list-style-type: none"> a. Existing and productive SMEs (as defined by the International Finance Corporation). b. Consortia or joint ventures of existing SMEs. <p>Note: <i>Proposals from individual citizens will not be reviewed. Public International Organizations (PIOs) and Local Governments are not eligible for ABADE awards unless special circumstances warrant specific approval by USAID to that effect.</i></p>	<p>1- Awards to:</p> <ul style="list-style-type: none"> a. For-profit and non-profit entities, foreign and domestic. All entities must be legally recognized organizations under applicable law. <p>Note: <i>Proposals from individual citizens will not be reviewed. PIOs and Local Governments are not eligible for ABADE awards unless special circumstances warrant specific approval by USAID to that effect.</i></p>
<p>2- SMEs Public Private Alliance Objective:</p> <ul style="list-style-type: none"> a. Mitigate business expansion risks. b. Encourage private investment for business growth and job creation. c. Expand markets for the SME alliances. 	<p>2- Innovation Public Private Alliance Objective:</p> <ul style="list-style-type: none"> a. Stimulate private-sector-led development through Innovation-focused sub-awards.
<p>3- Application Evaluation based on:</p> <ul style="list-style-type: none"> a. Potential for economic growth, market access and job creation. b. Soundness of business principles and business plan. c. Relevant experience. d. Commitment of management. e. Capacity (staff and investment) to implement proposed activity. f. Leverage ratio (minimum 1:2). Leverage can be in cash or in-kind. In-kind contributions include but are not limited to land, equipment, machinery, 	<p>3- Application Evaluation based on:</p> <ul style="list-style-type: none"> a. Capacity of proposed activity to generate economic stability, job creation, income enhancement, and economic growth with a focus on jobs. b. Innovative, non-traditional approach, defined as the intentional combination of information, imagination and initiative to derive increased value from existing resources or to create new products or services. Proposals must utilize methods or approaches to solving a problem that have

SME Public-Private Alliances (Component 1A)	Innovation Public-Private Alliances (Component 1B)
<p>buildings, operating costs, and technical assistance. Generally, a minimum of 25% of the leverage from the resource partners should be in the form of cash.</p> <p>Note: Applicants must have substantial financial commitment to the running costs of the project, and be able to plan for and cover cash flow requirements. Applications that are determined to be bankable may be referred to commercial lenders.</p>	<p>not been used before, e.g. policies, systems or technologies that make it easier for women to participate in the work force.</p> <p>c. Commitment of management.</p> <p>d. Capacity of entity (if necessary, with technical assistance from ABADE) to implement proposed activity.</p> <p>e. Focus on priority areas including: workforce development (particularly of youth); promotion of the role of women; and the use of science and technology in enhancing Afghanistan’s development.</p> <p>f. Leverage ratio of 1:1. Leverage can be in cash or in-kind. Generally, a minimum of 25% of the leverage from the resource partners should be in the form of cash. In-kind contributions include but are not limited to land, equipment, machinery, buildings, operating costs, and technical assistance.</p> <p>Note: If an application meets the requirements of sections 3 (a – e) but the prospective partners are not capable of a 1:1 leverage ratio, ABADE may, with the concurrence of USAID, fund a greater portion of the program costs up to 100%.</p>
<p>4- Percentage of funds to be allocated:</p> <p>a. 5% to micro businesses.</p> <p>b. At least 20% to businesses that directly create employment for women, youth, or the-poor, or increase their knowledge or capacity.</p>	<p>4- Percentage of funds to be allocated:</p> <p>a. Up to 50% to businesses that directly address the needs of women, youth, or pro-poor growth by creating places of employment, facilitating access to the workplace, building capacity for decision making or control of income allocation.</p>
<p>5- Award amounts:</p> <p>a. Small SMEs PPA <\$250,000</p> <p>b. Large SMEs PPA >=\$250,000</p> <p>Note: Funding limited to \$1 million per alliance. Under exceptional circumstances USAID may approve funding up to \$2 million.</p>	<p>5- Award amounts:</p> <p>a. Small Innovation PPA <\$150,000</p> <p>b. Large Innovation PPA >=\$150,000</p> <p>Note: Funding limited to \$500,000 per alliance.</p>

Rapid Start-up. In Year 1, the Component 1 team must rapidly generate a significant portfolio of applications and build a pipeline of alliances. The Component 1 team has finalized alliance RFAs and is developing an outreach program and road show which will allow ABADE to gain momentum in identifying viable alliances and signing ABADE’s first partnership agreements. ABADE’s outreach efforts will make best use of the linkages already established by USAID and other implementing partners. To this aim, ABADE’s outreach efforts will be linked to business linkages already established by USAID’s FAIDA and ADF and other relevant USAID, TFBSO or

DOC efforts. A system of processing applications is defined in the ABADE PPA manual and meetings are ongoing with FAIDA and relevant financial partner organizations.

Women & Pro-Poor Growth. The IESC team will use the sub-awards to explicitly seek out ways to support pro-poor growth and expansion of the role of women in the private sector—through increases in job creation, capacity-building, and decision-making for women. Smaller sub-awards are one way to accomplish these goals. Within SME Alliances a percentage of the sub-awards go to micro-enterprises (up to 10 employees and total assets or total annual revenues of up to \$100,000) that are able to grow into small enterprises with expansion supported by the sub-award; and to women-owned or operated businesses and businesses that have significant potential for employing women but that may not meet all of the criteria above, specifically, may not be already existing enterprises or may not be able to meet the 1:2 ratio. The Innovation Alliances component allows ABADE to support in other, more nontraditional ways SMEs with a large percentage of female employees, women in professional positions and/or companies willing to make these changes and offer incentives to offset the costs of facilitating women’s workforce participation and provide women with necessary training.

Addressing Cross-cutting Issues. Innovation Alliances accommodate non-traditional business approaches to creating economic growth and stability, this mechanism will be used to address a number of cross-cutting issues that may involve partners not directly engaged in SMEs but who support income generation for rural areas, workforce development, youth programs, promotion of the role of women, and the use of science and technology in development. The Innovation Alliances will allow us to support the introduction of new workplace models that increase employment for women, including pilots for designated women’s production units, setting up off-site services providers in professional areas such as accounting, IT, and engineering design, or the establishment of women’s work areas at larger SMEs who are willing to employ women. Additionally, we will support organizations serving women’s needs such as day care centers, transportation providers, and business service centers that may not create significant numbers of jobs but will contribute to the overall employability of women. Innovation Alliances will also be crucial in establishing youth and workforce development programs as well as pilot initiatives that introduce science and technology to support development. As with other sub-awards under ABADE, USAID will review such applications on a case-by-case basis as part of USAID’s substantial involvement (Per 22 CFR 226) and may approve such applications based on merit.

TASK 1.1. PREPARE AND LAUNCH RFAS

OBJECTIVE

Prepare and finalize RFAs for SME and Innovation Alliances. Release and disseminate these RFAs.

EXPECTED RESULTS

- User-friendly RFAs are developed in-line with component objectives.
- RFAs are released through multiple channels to maximize outreach.
- ABADE partners are aware of and mobilized to support the RFA launch.

ACTIVITY SUMMARY

The Component 1 team has developed separate RFAs for SME and Innovation Alliances. These complement the objective of DFID’s Afghanistan Business Innovation Fund, other USG and donor finance-related programs, and the commercial lending policies of Afghan banks and investment funds. The PPA component must seek to support SME growth, but avoid competing with private equity and commercial lending. That said, the Alliance funds may be used to leverage private equity and may in a substantial number of cases assist alliances of SMEs in meeting the minimum equity requirements for obtaining commercial lending. Further, the RFAs will be

released via multiple distribution channels, and an outreach campaign, described in Task 1.2, in order to ensure wide dissemination of opportunities.

TASK 1.2. IMPLEMENT OUTREACH CAMPAIGN

OBJECTIVE

Execute an outreach campaign that includes dissemination through information channels and a roadshow in different regions of Afghanistan. The campaign will assist potential Alliance partners to understand both the PPA program and how to develop quality applications. The ultimate goal of this activity is to generate as many suitable applications as possible in the months following the campaign.

EXPECTED RESULTS

- Communication and outreach strategy defined for the PPA program.
- Road show format and contents defined.
- Materials prepared for roadshow sessions.
- Outreach awards tendered to BDS firms to assist with outreach campaign.
- Presentations held in key population areas (Kabul, Mazar-i-Sharif, Herat, Jalalabad, Kandahar) in the second quarter, with ABADE providing Training of Trainer to BDS suppliers supporting outreach.
- BDS providers deliver a secondary round of presentations and follow-on workshops in third quarter. See Task 1.3. below.

ACTIVITY SUMMARY

The Component 1 team will create a communications and outreach strategy tailored to reach the intended potential partners under Component 1A and 1B. The strategy will include direct e-brochure mailing, social media outreach, web-based campaigns, and traditional media. ABADE partners will play a key role in dissemination and BDS firms will be competitively selected to assist with the outreach campaign. The first roadshow, in Kabul, will be promoted as a media event. The initial roadshows will serve as a training venue for the BDS providers who will then implement these activities starting in the third quarter

TASK 1.3. DELIVER WORKSHOPS TO POTENTIAL ALLIANCE PARTNERS

OBJECTIVE

Increase the capacity of SMEs and other partners to create quality proposals based on improved knowledge of sound business principles and a basic understanding of basic business planning and cash flow analysis, thereby reducing the number of unqualified proposals submitted.

EXPECTED RESULTS

- Orientation and training curriculum for potential alliance partners developed, including workshop topics. BDS providers selected to deliver workshops.
- Workshops designed for specific target audiences under Component 1A and 1B to include materials on business and financial concepts, and business/project planning tools, and templates.
- First workshops held, simultaneously training partners on proposal development and BDS providers on workshop implementation. Two to three workshops held monthly in different regions.
- First applications received for evaluation (expected by Jan 31).

ACTIVITY SUMMARY

The team will define and develop the necessary business advisory and training services to be provided to each pool of applicants under Component 1A and 1B. Thematic areas will be determined for the workshops and the BDS service providers will be competitively selected to assist with the outreach campaign. The latter will be trained to implement the workshops on their own, using the workshops themselves as a training venue.

TASK 1.4. DEVELOP SME & INNOVATION ALLIANCES

OBJECTIVE

Support business growth and job creation initiatives through the formation of 85 Public Private Alliances.

EXPECTED RESULTS

- Applications received on an expedited basis from previously identified potential partners. Other applications received on an ongoing basis from workshop participants and from additional applicants (whether they have attended workshops or not).
- Applications reviewed according to established selection criteria and accepted, rejected, or sent back for improvement, as appropriate.
- 100 SME and Innovation Alliances receive awards upon USAID approval.
- Individual management plans established for each award. This may require financial management training, site visits, technical assistance, financial and performance reviews, and other program-related activities.
- Awards monitored on an ongoing basis and evaluated upon conclusion.

ACTIVITY SUMMARY

Potential partners identified under the ASMED program will move quickly once the ABADE RFAs are disseminated. The evaluation of applications is expected to begin before the first workshops are held. ABADE will screen proposals through an ABADE PPA Selection Committee which will consist of seven staff members drawn from the technical staff. The initial application or concept note will be reviewed by the PPA Selection Committee and, if it is deemed promising, a full application will be requested. This application will then be reviewed according to the requirements and procedures detailed in the ABADE PPA and Grant Manuals. If a final application meets the Selection Committee's approval, it will be forwarded to USAID for AOR technical review, MEO² for environmental threshold determination, and once an eligibility notice is secured from the vetting unit, submitted for AO approval prior to award.

In accordance with ABADE's PPA Manual, a pre-award assessment of Alliance partners will precede the issuance of any subawards. The manual further provides for a post award management plan to address any issues identified in the pre-award survey. A post-award management plan will be created for each PPA to ensure that award recipients fulfill their requirements and receive any necessary technical assistance (under Component 2). All awards will be monitored on an ongoing basis and evaluated upon conclusion. While some applications will be rejected outright, some may be referred back to the applicant for improvements. In such cases, the ABADE team will assist with further proposal development.

COMPONENT 2: TECHNICAL ASSISTANCE AND BUSINESS ADVISORY SERVICES

Component 2 will provide technical assistance for sub-award recipients and program stakeholders to improve their operations and management capabilities. ABADE assistance will focus on resolving technical business issues such as market entry, production, access to finance, profitability, and achievement of quality standards.

The specific technical assistance provided under this component will be needs-driven and originate primarily from business challenges identified during the review of sub-award applications and due diligence process. However, other opportunities may surface to increase the impact of Component 1 through the provision of

² ABADE will work with OEGI to develop a mechanism for review of environmental impact assessments so that umbrella approvals may be granted for groups of activities that are similar in nature.

technical assistance or training to groups of firms or associations that are not sub-awardees. In such cases, targeted *ad hoc* assistance will be provided.

TASK 2.1. PREPARE SUPPORT SYSTEMS FOR ALLIANCE PARTNERS AND RELEVANT ACTORS

OBJECTIVE

The set-up of a technical assistance and training delivery system capable of addressing the wide range of SME needs and prepare program stakeholders and partners for receipt of and participation in ABADE's technical assistance program.

EXPECTED RESULTS

- General assistance needs of SMEs identified and defined.
- Local BDS providers and international experts in relevant areas of expertise identified.
- Capacity building for BDS consultants and trainers to support ABADE activities.
- Contracting framework developed to facilitate expedient TA and training.

ACTIVITY SUMMARY

ABADE's Component 2 team will create a support system capable of delivering a significant amount of capacity building and business advisory services on a few generic themes. A system for delivering discreet, *ad hoc* interventions will also be developed that can address a wide range of specialized needs. Support needs will thus be classified into two thematic areas, traditional and specialized.

Traditional Themed TA and Training. The traditional themes include business-related topics that are likely to be necessary for many SMEs or operators, regardless of sector, size, or business type. In addition to the business planning, accounting, and financial management skills which alliance partners need in order to prepare successful concept notes and applications, additional topics might include good management practices (GMPs) and organizational skills for productivity, compliance with quality and occupational health and safety (OHS) standards, and marketing. ABADE intends to build on the success of the ASMED supported Start and Improve Your Business training program, based on a standard curriculum and methodology developed and disseminated by the International Labour Organization (ILO). ABADE has already begun discussions with ILO to explore ways in which ABADE can support expansion of the program in Afghanistan with the objective of helping potential entrepreneurs start new businesses. Links will be established with AWDP in order to avoid replication or overlap (for example, by using their training sessions when relevant), or to create synergies (e.g. broader or scaled up support to training entities under an innovation alliance, complimenting women's leadership training with ABADE TA).

IQC Tenders for Locally Sourced TA and Training. The Component 2 team will solicit expressions of interest from both local firms and international firms that have the capacity to work in Afghanistan. From this, a database will be created of qualified individuals and firms whose services can be engaged in support of program activities. ABADE will also tender indefinite quantity contracts (IQCs) for topic areas where substantial common assistance needs are anticipated with the goal of making multiple awards to prequalified firms. This will enable contracting on a task order basis to proceed expediently when services are required. It is anticipated that local firms may have insufficient capacity to deliver high-quality, value-adding services to SMEs in some topic areas (e.g. GMPs). Some IQC tenders will thus be open to international service firms in partnership with local ones. Such partnership in service delivery will enhance the value of TA and training received by SMEs while building the capabilities of local BDS firms.

Specialized TA and Training. More specialized TA and training will be required for industry and business specific topics. For SME alliances these could include product specific market access, sector-specific skills development, improving production technology and capacity, and creating business linkages. For Innovation

PPAs potential topics include: cultural gap bridging, change management, gender analysis and mainstreaming, technology use impact assessment, social gap assessment, and the management of awareness/outreach programs. For the specific themes, it is expected that the nature, volume, and scope of services will vary widely, making these less suited to contracting under pre-defined vehicles. More specialized short-term technical support will be provided on a case-by-case basis. Most of this support is likely to be delivered by short term technical specialists, drawn from IESC, Land O'Lakes, and DAI or recruited externally. IESC has also proposed to field up to eight volunteer consultants from Afghan Diaspora, for sector-specific technical assistance or through innovation alliances over the course of the project.

AfghanBids.com. A functioning web-based national resource platform was developed by ASMED under AfghanBids.com. This database can be enhanced under ABADE to facilitate the use of national consulting services in Afghanistan. AfghanBids.com was created primarily to increase transparency in procurement and to promote fairer and more widespread competition for local contracts. AfghanBids can be further developed into a more useful tool for BDS firms to advertise their capacities and for programs and businesses to source services. The Component 2 team will assess functional modifications to the website and continue development of a portion of it into a more robust national database on an ongoing basis.

Induction and Benchmarking Workshops. In order to further support the local BDS community, the Component 2 team will organize workshops for individuals and firms that align with ABADE activities. These workshops will orient suppliers on ABADE's preferred approaches and objectives, assist local firms to deliver support for PPA applicants and/or sub-awardees, brief suppliers on expected implementation procedures, evaluation and reporting formats, and build capacity of BDS providers in specific areas including preparing cost proposals and current best consulting practices. Such workshops will be organized in the different regions where ABADE works, on an as needed basis.

TASK 2.2. DELIVER TECHNICAL ASSISTANCE AND ADVISORY SERVICES

OBJECTIVE

Deliver timely and efficient technical services to SME and Innovation Alliances and other ABADE stakeholders.

EXPECTED RESULTS

- SME and Innovation partners receive adequate support that will further the successful implementation of PPAs.
- Local BDS providers build their capacity and skills through increased industry experience and partnering with international consulting firms.

ACTIVITY SUMMARY

The Component 2 team will design, deliver, supervise, and monitor the implementation TA and training on an ongoing basis. Although certain recurring and general training needs have been identified, ABADE's approach to delivering TA and training is primarily demand-driven. As such, meeting the needs of alliance partners and stakeholders will entail working closely with SMEs and other alliance partners in the design and preparation of TA activities and training programs. The flexibility of the support systems described above will ensure that support is meets the needs of beneficiaries.

In terms of thematic and industry coverage, TA and training activities may include:

Enterprise Level.

- Facilitate business plan development and increase access to finance, especially for women entrepreneurs, through joint efforts with BDS firms, institutions, and other USG and donor programs.
- Enhance SMEs and PPA awardees ability to access appropriate markets through branding, market development, communication technologies, and trade promotion activities and business tools.

- Provide graduate interns to SMEs to enhance workforce development, job creation and applied better business practices.
- Identify and support professionals or graduate students in appropriate fields in obtaining quality management systems certifications.

Sector Level

- Improve sector competitiveness through value-adding activities through workforce development training coordinated with AWDP, re-organization and technology transfers (e.g. cutting and polishing of gemstones, welding and bar bending for construction).
- Increase productivity of the cut and wash sub-sector of carpet industry, develop upstream producers of wool yarns, carpet design and design transfer and facilitating linkages with export markets.
- In the marble and granite sectors, widen the adoption of improved quarrying and slab finishing practices; strengthen Institutes for quality testing of materials; and develop better export infrastructure. Such efforts entail sector-wide engagement with MoM, MOCI, industry association and SME stakeholders.
- Develop and implement construction quality standards, controls and certifications to improve the quality of building materials and projects; ABADE will collaborate with the Afghan Builder’s Association, MOCI Construction Working Group, Kabul University and other stakeholders.

National Level

- Provide limited assistance to business associations and other intermediary bodies to enhance capacity and institutional strengthening when this will have a direct bearing on the business environment for SMEs.
- Provide support in the framework of liaison with AWDP and other relevant interventions to women’s business and professional organizations such as the Human Resource Managers Association, Women Engineers’ Association, and the women’s group of the Afghanistan Institute of Banking and Finance (AIBF) to build “high value” skills in information technology, engineering, and finance which enable women to enter and advance in non-traditional sectors.
- Support existing business and trade associations to provide needed services to their members. Participate in international industry workshops or trade shows so that local firms can learn about new technology, share information, source equipment, and attend seminars and workshops to upgrade knowledge, skills, and access to information and technology.
- Conduct sector-based workshops where common challenges are addressed and possible solutions discussed. e.g. how food industry enterprises, in collaboration with TAFa and ANSA, can address quality issues and certification challenges, and assist their SMEs in mapping a way forward to achieving quality, consistency, and safety in processed foods production.

COMPONENT 3: BUSINESS ENABLING ENVIRONMENT

The COP and the Component 3 Lead will meet with GIROA counterparts, e.g. MoCI, MoM, and other organizations that participate in the shaping of the business environment, including AISA, ACCI, EPAA, etc. to establish working relationships with ABADE and to identify areas of cooperation.

TASK 3.1. IDENTIFY AND ANALYZE LEGAL, REGULATORY, AND ADMINISTRATIVE BARRIERS

OBJECTIVE

Improve the enterprise enabling environment by identifying the most serious legal, regulatory, and procedural barriers that are affecting the efficiency and cost competitiveness of PPA partners and SME stakeholders. The identification of priority sectors will be determined in discussion with OEGI after the ABADE launch and discussions with MOCI. OEGI intends to support MOCI’s SME strategy and as part of collaboration with and support to the Ministry, MOCI will participate in the selection of the first areas of priority.

EXPECTED RESULTS

- Time and expense surveys are carried out to identify, document, and quantify the main policy and regulatory barriers that are constraining business formation and growth in two or more sectors important to the economy.
- A reporting system is developed to capture data on legal, regulatory, and procedural (administrative) barriers that business enterprises and PPA partners are encountering in launching new enterprises, developing new partnerships, and expanding existing business operations.
- Consultative sessions/workshops are conducted with business organizations and government agencies to collect their ideas and opinions regarding the most serious legal, regulatory, and administrative barriers to business growth and employment creation in selected industry sectors in Afghanistan, priorities for reform, and areas that offer the most immediate opportunities to achieve success, i.e. low hanging fruit.

ACTIVITY SUMMARY

ABADE will collaborate with a wide range of stakeholders to identify opportunities for bettering the business environment that have significant buy-in. To achieve this aim, the Component 3 team will implement a bottom-up approach for removing legal, regulatory, and administrative impediments of enterprise formation and growth.

This will start with gathering accurate data on the problems entrepreneurs face in dealing with government regulations and procedures face during the course of launching and growing their business enterprises. The time and expense surveys will produce data on the actual costs – including time, money, and number of steps -- that firms incur in complying with government regulations and procedures. These surveys will collect data using structured and open-ended interview techniques from a sample of firms in two or more industry sector that ABADE will focus on during Year 1.

In addition to the data gathered from surveys, the Component 3 team will design a reporting system that will collect and analyze data gathered from the firms and business partners that are receiving assistance from ABADE to launch new enterprises or develop new partnerships. This information will include analyses of actions that ABADE staff and partners have taken to solve legal, regulatory, and administrative problems and lessons learned from these experiences that can be used to support other systematic efforts to overcome constraints to doing business.

A third part of the effort to clearly understand the nature and impact of current policy and regulatory practices will involve a regular agenda of active consultations with a full range of government and non-governmental organizations that are concerned with issues that affect the business environment and are involved with activities to help remove legal, regulatory and administrative impediments. Coordination with other initiatives will be crucial to develop and implement solutions to policy and regulatory barriers. ABADE will continue to foster the close collaborative relationships that USAID and its projects have had with the UK Department for International Development (DFID), which embeds policy advisors in MoCI, administers the Afghanistan Business Innovation Fund (ABIF), and promotes industrial park and capacity development, as well as with GiZ which supports initiatives to promote exports and supplies specific technical expertise.

ABADE will also work in cooperation with sector-specific SME groups and private sector associations, with GIRoA counterparts including the MoCI and MoM, and with organizations such as the Afghan Chamber of Commerce and Industry, the Export Promotion Agency, AISA, ISAF, OEGI and other donors' programs, and large investment projects.

TASK 3.2. MOBILIZE STAKEHOLDER SUPPORT FOR COLLECTIVE EFFORTS TO IMPROVE THE ENABLING ENVIRONMENT FOR BUSINESSES

OBJECTIVE

Mobilize stakeholders and stakeholder organizations to undertake collective actions to help remove regulatory and procedural barriers that are constraining the establishment and growth of business ventures and partnerships in selected industry sectors

EXPECTED RESULTS

- Quarterly conferences, workshops, and working group sessions are conducted with key stakeholder groups (list) to identify and achieve consensus regarding the most serious regulatory and procedural barriers that are constraining business growth and job creation in key industry sectors.
- Working groups are established to formulate solutions to priority problems that are identified in stakeholder meetings
- Initial action plans are developed that describe who, what, when, and how priority business environment constraints will be addressed during year one
- Grants are provided to stakeholder organizations to enable working groups to pursue priority activities included in their action plans; initial reports and other work products, including recommendations for improved regulatory procedures are developed and reviewed by end of first year

ACTIVITY SUMMARY

ABADE's approach will be that of a facilitator and 'honest broker', engaging with key institutions involved in policymaking, business and industry regulation and consulting with private sector stakeholders. Support will be in the form of assessments and analytical studies, and assistance to specific sector working groups on reform and regulatory guidelines. A key principle in the process is to ensure that sector constraints are correctly understood and agreed upon; on that basis, practical and effective solutions can be developed.

Over the first year ABADE experts will establish working relationships with various institutions and agencies, including industry associations, to outline areas of collaboration and secure agreement on implementing support. As a starting point ABADE will determine the advances made by MOCI in adopting sector-specific action plans in the key sectors proposed in their SME strategy. Assessments and analytical studies done under 3.1 will serve as roadmaps for assistance to specific sector working groups on reform and regulatory guidelines. ABADE's engagement in the process will include consultation with private sector stakeholders.

Grant funds will be provided to eligible organizations to help implement initiatives included in the action plans produced by various working groups that offer practical solutions for dealing with legal, regulatory, and administrative-related impediments or that would strengthen the capacity of business associations to implement policy advocacy programs and other reform efforts.

After documenting the specific details of the problems firms sub-award recipients are facing, the team will engage relevant local, provincial and/or national government agencies and private sector business organizations and service providers to try to work out solution or work-around that will enable the enterprise to meet its goals as agreed in the PPA application.

Coordination with other initiatives will be crucial to develop and implement solutions to policy and regulatory barriers. ABADE will continue to foster the close collaborative relationships that USAID and its projects have had with the UK Department for International Development (DFID), which embeds policy advisors in MoCI, administers the Afghanistan Business Innovation Fund (ABIF), and promotes industrial park and capacity development, as well as with GIZ which supports initiatives to promote exports and supplies specific technical expertise.

In mobilizing stakeholder support and implementing action plans, ABADE will cooperate with a wide range of relevant organizations, including sector-specific SME groups and private sector associations, GIROA counterparts including MoCI and with organizations such as the Afghan Chamber of Commerce and Industry, the EPAA, AISA, ISAF, OEGI and other Donors' programs, and large investment projects.

In Year 1, the Component 3 team will then cooperate with agencies and the working groups to address specific problems by providing assistance in developing or improving implementing procedures, administrative processes, and in some cases possibly technological solutions. For example, it may be that the time to obtain a business license or a construction permit could be reduced by streamlining documentation requirements and processes, which may be facilitated with computerized system linking the different agencies and parties involved in the process.

Activities that could be funded by ABADE grants may include:

- Providing ongoing TA to awardees and SMEs to help them promote regulatory or administrative actions that can improve productivity and increased markets for their goods or services. One initiative might be to work with MoM, the Afghan National Standards Authority (ANSA) and marble slab producers to adopt internationally recognized quality grading standards for quarried stone.
- Increasing SMEs' capacity to lobby for policy reforms, helping industry associations (e.g. Jewelers and Gemstones Association) to document difficulties met with the administrative and customs procedures, and quantifying the impact of these barriers of doing business on the industry.
- Increasing the capacity of firms such as accounting and tax service providers and freight and customs expeditors, which aggregate services and reduce the time and effort expended by SMEs to carry out administrative business operations.
- Developing the ability of government bodies to use effective mechanisms for engaging with the private sector, analyzing policy issues and drafting papers on those, by embedding ABADE's STTA advisors within specific policy units to help with specific initiatives on a case by case basis.
- Developing or supporting efforts to conduct regulatory impact assessments, a methodology by which Government and the private sector jointly assess the cost-to-benefit ratio of proposed regulations. This may include advisory services and visits of officials and private sector representatives to successful regulating agencies in the region.

A key constraint to overcome is the traditional mistrust between industry and the Government agencies. ABADE approach will be centered on practical cases that can demonstrate the fruitfulness of cooperating for analyzing and solving issues; it is expected that incremental successes secured with ABADE, as well as the leverage of other aid agencies, will eventually lead to a cultural shift on both sides.

TASK 3.3. DEVELOP SERVICES AND PROCEDURES FOR HELPING ABADE CLIENTS SOLVE BUSINESS ENVIRONMENT CONSTRAINTS

OBJECTIVE

Develop services and procedures to help ABADE clients involved in implementing specific ventures/partnerships to solve regulatory and procedural problems that are impeding their ability to launch new enterprises or pursue other business development activities

EXPECTED RESULTS

- Service providers are identified that are capable of providing legal assistance or other forms of support to help entrepreneurs and business enterprises overcome specific legal, regulatory, and administrative barriers and added to the data base of qualified BDS providers.
- A program is launched to upgrade the capacity of private service providers to help ABADE clients solve legal, regulatory, and administrative problems
- Cost-shared grants are initiated with service providers to retain their services to help ABADE partners and clients deal with legal, regulatory, and administrative problems.

- A communication strategy is developed to publicize business environment constraints and increase transparency in dealings between businesses and regulatory agencies (including publicizing hot-line procedures for reporting abuses, and educational materials and information services on procedures for complying with government requirements)

ACTIVITY SUMMARY

After documenting the specific details of the problems sub-award recipients are facing, the team will engage the relevant local, provincial and/or national government agencies and private sector business organizations to try to work out solution or work-around that will enable the enterprise to meet its goals as agreed in the PPA applications.

The Component 3 team will also identify private service providers that are able to help sub-award recipients solve legal problems or deal with regulatory and administrative requirements. Cost sharing grants could be provided to keep such service providers on retainer to provide a base level of services to ABADE sub-award recipients on a free of low-cost basis, with provisions that these clients pay the full cost of any additional services that may be required.

TASK 3.4. LEGAL, REGULATORY, AND ADMINISTRATIVE REFORM TO IMPROVE AFGHANISTAN’S POSITION ON DOING BUSINESS RANKINGS

OBJECTIVE

Identify specific actions needed to improve Afghanistan’s positions on the WB Doing Business Rankings in specific areas, such as the time, expenses, and number of procedures to obtain business licenses and building permits

EXPECTED RESULTS

- Cooperate with AISA to seek ways reducing the number of days to obtain a business license.
- Business registration procedures analyzed and documented (using results from time and expense surveys and other data) in order to clearly understand the actual situations that entrepreneurs face in establishing new businesses and the processes involved and opportunities for revising procedures to make them more efficient.
- Participation in consultations and other engagements with the Ministry of Urban Planning and Municipal authorities, responsible for zoning approvals and issuing building permits. This will be coordinated with LARA.
- Identify possible ways to reduce the time, costs, and number of procedures for obtaining building permits and develop a plan for improving Afghanistan’s position on this part of the “Doing Business” rankings.
- Analyze procedures and costs of obtaining building permits will be analyzed (using results from time and expense surveys and other data) to understand the actual situations that entrepreneurs and enterprises face in obtaining building permits.
- Develop solutions in consultation with relevant government agencies for new administrative procedures that will reduce the time, costs, and number of steps required for approving building permits and thereby enabling Afghanistan to advancing its position on this section of the WB “Doing Business” rankings

ACTIVITY SUMMARY

The Component 3 team will work with GIROA agencies responsible to make business registration and project authorization procedures more efficient. Over year 1, ABADE will cooperate with AISA to seek ways reducing the number of days to obtain a business license. Afghanistan has already achieved significant progress in this area by eliminating many of the extra steps required to register a new business. By reducing the number of required steps to six, Afghanistan was able to move up to 30th position on the WB Doing Business Rankings for

the category of ease of starting a business. The ABADE team will cooperate with AISA to identify additional steps that could be eliminated to reduce the number of required steps from six to perhaps five or four. This would result in an enhanced rating in this one category and provide a visible evidence of progress, as measure by the WB index. It would also result in time and cost savings for firms starting new businesses and help spur enterprise formation.

Component 3 advisors will also engage with the Ministry of Urban Planning on zoning approvals and with Municipalities to identify possible ways to reduce the time required to process building permits. These procedures are typically more complicated to deal with, since they require approvals from a variety of different government agencies at the national and local levels. Team 3 members will support efforts to clearly identify the costs of complying with current regulations and work with stakeholder groups and government agencies to eliminate unnecessary steps and improve the efficiency of processing applications and securing necessary clearances.

WORK PLAN SCHEDULE – YEAR 1

Table 4: ABADE Work Plan Schedule

PROGRAM TASKS	Q1			Q2			Q3			Q4		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
COMPONENT 1 - SME and INNOVATION ALLIANCES												
Task 1.1. Prepare RFA launch												
Identify and select best outreach channels												
Finalize initial outreach and media content												
Plan series workshops, prepare contents												
Finalise the RFA framework (procedures, criteria, basic support packages, etc.)												
Task 1.2. Implement Outreach campaign												
Disseminate info through counterparts and media contacts												
Hold outreach and information workshops in Kabul and regions												
Distribute the RFA												
Distribute SME Investment Opportunity Profiles to Afghan Diaspora Forums												
Task 1.3. Deliver workshops to potential PPA partners												
Review and finalize the 'business planning' support package												
Tender business advisory and training services (lot: business planning)												
Provide orientation to selected BDS suppliers												
Hold preparatory workshops for new applicants												

PROGRAM TASKS	Q1			Q2			Q3			Q4		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Task 1.4. Develop SME & Innovation Alliances												
Jump-start Alliance creation with pool of former applicants												
Carry out pre-review, due diligence, and approval												
Prepare and manage alliance contracts and grants												
Review the RFA and implementation processes												
COMPONENT 2- SUPPORT TO ALLIANCES												
Task 2.1. Prepare a support system for SME and Innovation alliances												
Define traditional and specific BDS packages for each sector												
Tender assistance, advisory and training services (lot: competitiveness)												
Make an inventory of consulting services in Afghanistan												
Strengthen capacity of BDS providers selected												
Organize research on traditional and social factors that may hinder Component 1B												
Task 2.2. Deliver BDS and <i>ad hoc</i> support												
Identify gaps and training needs												
Develop Alliance support plans, CB programs, and SOW												
Mobilize specialists (local, international, diaspora) and organize implementation												
Assess BDS provider performance and review TOR												
COMPONENT 3- ENABLING ENVIRONMENT FOR ENTREPRISES												
Task 3.1. Identify and Analyze Legal, Regulatory, and Administrative Barriers												
Design and conduct surveys to identify, document, and quantify the main barriers in two industry sectors												
Develop and implement reporting system to capture data on barriers that ABADE clients are facing.												
Conduct consultative sessions with ABADE partner organizations to collect their views on the most serious barriers and reform priorities												
Task 3.2. Mobilize stakeholder support for collective efforts to remove barriers												
Conduct quarterly conferences, workshops, and working group sessions to identify problems and define reform priorities												
Establish working groups to formulate strategies and action plans to remove barriers												
Provide grants to stakeholder organizations to undertake programs to implement action plan to remove barriers												

PROGRAM TASKS	Q1			Q2			Q3			Q4		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Task 3.3. Develop services and procedures to help ABADE clients solve business environment problems												
Develop database of qualified BDS providers that can help clients resolve problems												
Conduct training programs to upgrade the capacity of BDS providers to help solve problems												
Extend cost-shared grants to BDS providers to retain their services to assist ABADE clients												
Implement communication strategy to publicize LRA barriers and increase transparency in public-private transactions												
Task 3.4. Implement LRA reform efforts to improve Afghanistan’s position on specific WB Doing Business rankings												
Analyze current business registration procedures and work with AISA to further reduce costs and time required to register new businesses												
Analyze processes for obtaining building permits and work with relevant stakeholders to simplify the various requirements involved												

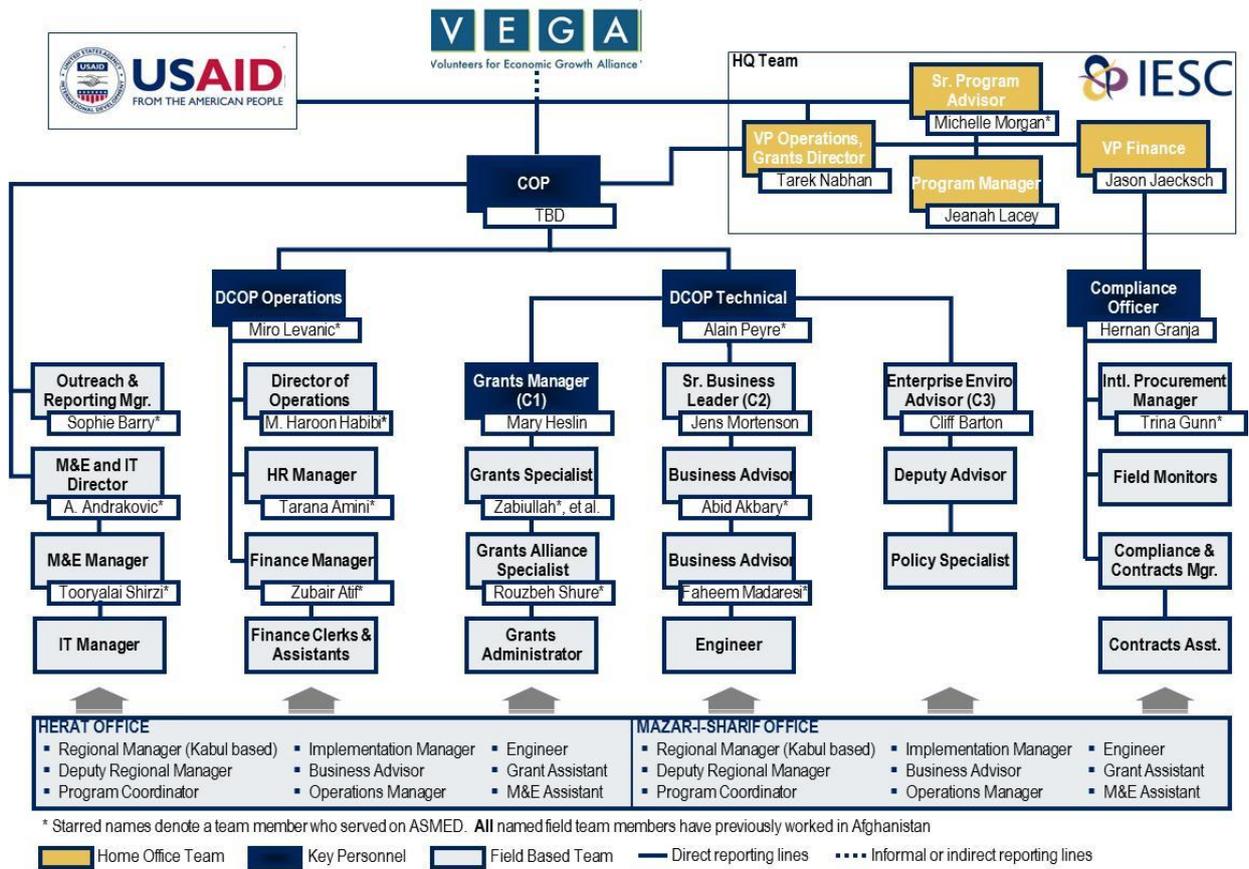
PROGRAM MANAGEMENT

MANAGEMENT STRUCTURE

As the prime implementer, IESC will have overall responsibility for ABADE’s technical performance; management, administrative, and financial oversight; agreement and regulatory compliance; and risk management. IESC will also have responsibility for the implementation, performance, and results of Component 1, and for all project operational and support functions. Land O’Lakes will take the lead on the implementation of Component 2, Technical Assistance and Business Advisory Services. DAI will be responsible for the implementation of Component 3, Enterprise Enabling Environment. Pilgrims will provide risk management services and oversight of APPF security personnel.

The ABADE Team. ABADE’s COP will have field responsibility for overall project performance and management. The COP will report to Tarek Nabhan, VP of Operations, in IESC’s home office. ABADE’s two DCOPs will report to the COP, as will the M&E and IT Director, the Outreach and Media Specialist, and the International Procurement and Reporting Managers. The Compliance Officer will report directly to Jason Jaecksch, IESC’s VP of Finance and Administration, in the home office and coordinate closely with IESC’s home office Compliance and Contracts Director, JR Peterson. IESC’s home office project management team is structured to provide ABADE with comprehensive program support. Tarek Nabhan will provide overall oversight and quality control and will be the main point of contact for agreement issues. Michelle Morgan will serve as Senior Program Advisor. Jeanah Lacey, Program Manager, supported by Program Associate Chason Smith, will provide day-to-day support in the form of recruitment and fielding of STTA, quality control on project and consultant deliverables, reporting, budget guidance to the field team, and timesheet, payroll and expense processing, etc. ABADE’s management structure is illustrated in the organizational chart presented below:

Figure 2: ABADE Organizational Chart



Schedule of Authorities. Project financial management and invoicing will be done in IESC’s home office, with the field project office providing local accounting inputs and bank reconciliation statements. A schedule of authorities summarizing program management responsibilities and oversight is provided below.

Table 5: ABADE Schedule of Authorities

Action	Description of Authority or Limitation	Sub-award Committee	COP/DCOP	Compliance Officer	HQ	USAID AOR	USAID AO
Alliances/Sub-Awards	>\$150,000 (anti-terrorist vetting is required)	Review and Concur	Review and Concur	Review and Concur		Review and Concur	Final Approval
Technical Assistance	Program Activities		Final Approval				
Purchases, Task Orders, Leases	< \$25,000		Final Approval				
	> 25,000 (anti-terrorist vetting is required for non-US subs)		Final Approval	Review			Approval Required
	> \$100,000, but < \$150,000 (anti-terrorist vetting is required for non-US subs)		Final Approval	Review and Concur			Approval Required

Action	Description of Authority or Limitation	Sub-award Committee	COP/DCOP	Compliance Officer	HQ	USAID AOR	USAID AO
	> \$150,000 (anti-terrorist vetting is required for non-US subs)		Final Approval	Review and Concur			Approval Required
	> \$250,000		Review and Concur	Review and Concur	Review and Concur		Approval Required
Requests for Payment				Review and Final Approval			
Key Personnel					Review and Concur	Technical Approval	Final Approval
Non-Key Personnel	Expat LTTA Staff				Final Approval		
	Local Field Staff		Final Approval				
STTA	Field drafts SOW and sends to HQ for CV submissions		Review and Concur	Must sign EBD	Must be consulted		
Travel			Review and Concur		Must be consulted	Final Approval	

* COP may re-delegate approval authority up to pre-determined limits with concurrence of IESC

** Compliance Officer may delegate review up to pre-determined limits with concurrence of IESC, supervision & checks

ABADE Program Offices. ABADE will have a primary office in Kabul with regional offices in Herat and Mazar-i-Sharif that will support outreach efforts in the West and North economic corridors and serve as bases of operations in these regions. These offices will be operated by local subcontractors that will also supply some technical and administrative personnel. VEGA/IESC will maintain key positions in the regional offices in order to ensure compliance and oversight. These positions include: the Deputy Regional Director, an Implementation Manager, an M&E Coordinator, and an IT Coordinator.

Initially, ABADE's Kabul Office will handle any activities in the East and South. Due to the current reality for SMEs on the ground, it is expected that most of the activities will be in the West, North, and Kabul regions, with fewer of them in East and Southern Corridors. The Regional Manager West and South will cover both Herat/West and Regional Corridor South. The Regional Manager for the North and East will cover Mazar/North and Regional Corridor East. ABADE will mobilize staff from Kabul to the South and East, as needed, to disseminate program information, meet with PPA applicants and partners, and cover specific TA requirements. Much of this will be done with local subcontractors, which will reduce security costs and the recurring operating costs of maintaining regional offices. As ABADE was designed to be demand driven, VEGA/IESC will operate this way for a few months and if there are too many activities and travel time becomes burdensome, senior management will assess the feasibility of opening a satellite office in either location. ABADE's risk management team has identified secure locations that expatriate and national staff can stay in those regions, so that visits to partners can be organized as needed.

PROJECT MANAGEMENT SYSTEMS

ABADE will employ DAI's TAMIS project management system to track all ABADE activities, sub-awards, subcontracts, and approval requests. To ensure data capture for project management and M&E, the TAMIS system will be tailored to ABADE using lessons learned from ASMED on capturing information important for program implementation and management, tracking and filing approvals, tracking progress, reporting, and compliance monitoring. Information collected through this system and the Performance Monitoring system will

be readily available to ensure the information in USAID's Afghan Info database is accurate and up-to-date on at least a quarterly basis.

SYSTEMS AND COMPLIANCE

PROCUREMENT AND RECRUITMENT

Purchase orders and subcontracts will be used to support TA, training, and some operations and activities that fall outside of the scope of PPAs under Component 1. Activities supported must meet the ABADE criteria of SME growth/expansion and job creation, and be approved by the COP. All purchase orders over \$25,000 will be submitted to USAID for AO approval and anti-terrorist vetting, as well as all subcontracts and long-term leases (over six months). In support of the Afghan First initiative, the VEGA/IESC team will engage local firms under purchase order contracts to supply TA and training insofar as the expertise required to fulfill individual task requirements is available in Afghanistan. Likewise, the procurement of goods and services in support of program and activity implementation will give preference to local suppliers. All opportunities to supply expertise, services, or goods to ABADE will be advertised nationally within Afghanistan. Sources of expertise, services, or goods outside the country will be utilized only when there is no adequate domestic alternative.

The procurement of goods and services will be carried out through a competitive tendering process whereby opportunities are widely circulated. ABADE will post all opportunities on the AfghanBids.com website and on other suitable opportunity websites well known in Afghanistan, such as AfghanFirst.org. Should applicants include the costs of consulting or BDS for business planning or training in eligible sub-awards, ABADE will assist the awardee in finalizing terms of reference for the proposed assistance and will tender these opportunities in the same process as technical assistance through Component 2, for which funds have been set aside under local subcontracts and procurement. Recruitment for short-term technical assistance needs will be carried out through a similar competitive process with positions advertised on local job sites (e.g. jobs.af), and with preference given to qualified Afghan nationals.

In order to reduce turnaround time for the processes of procurement and recruitment, VEGA/IESC proposes to conduct pre-qualification for tenders and individual consulting opportunities by advertising calls for expressions of interest. Prequalification will be done only for technical areas where ABADE expects recurring needs, such as business and financial planning, training in business operations and accountancy, engineering and environmental impact assessment services, etc. IQCs will reduce turnaround time on procurements because vetting and cost/rate negotiations will be completed prior to award issuance rather than on a case-by-case basis. Awards will be made to multiple service providers in each technical area to provide sufficient geographical coverage and availability of services without overbooking a small number of firms. In the case of individuals, technical experts and trainers will be invited to submit CVs and EBDs in a pre-qualification process through which they will be added to ABADE's consultant database.

CONTRACTS AND COMPLIANCE

ABADE's Compliance Officer will review and sign off on all sub-award agreements, subcontracts, purchase orders, and lease contracts. He will also ensure that all USAID and USG agreement requirements are met. Additionally, the Compliance Officer will provide oversight of the finance and procurement operations of the program. He will be assisted in this by an experienced local Contracts Specialist and by field monitors who will conduct anti-fraud verifications including price checks, grant equipment verifications, subcontractor performance checks, and vendor verifications.

IESC's Environmental Review and Compliance Specialist will serve on an intermittent basis to assist the ABADE team with complex environmental reviews and mitigation plans. The Environmental Review and Compliance Specialist will also review documentation prior to USAID submission and ensure that assessments and accompanying documentation are completed in sufficient detail to expedite MEO review and clearance.

FINANCE AND TAX

VEGA/IESC will employ national staff for local finance operations including local accounting, preparing cash forecasts, making payments as approved by the Compliance Officer, classifying expenditures, and reconciling bank statements with payments. The Compliance Officer will review supporting documentation and ensure the finance team submits timely field accounting statements and bank reconciliations to the home office. The Program Manager will review field expenditures, classification, and subcontractor invoices, and prepare financial statements and estimated invoice projections and other reports for USAID. The VP for Finance will review invoices and support documentation and submit them to USAID.

OUTREACH AND COMMUNICATIONS

A Branding Strategy and Marking Plan has been submitted to USAID by VEGA along with this Work Plan. ABADE has also developed a communications and outreach strategy, which is summarized in this section. ABADE's strategy will strengthen the image of the USAID mission objectives that represent positive USAID/ABADE achievements in the promotion of a thriving, licit economy led by the private sector. This will require nuanced messages that project a positive image of the project and contribute directly to the success of technical activities.

ABADE's communications will be designed to educate SMEs about ABADE's activities, soliciting support, participation, and collaboration among private sector clients and beneficiaries. They will also inform, educate, and generate interest from foreign direct investors and other partners in support of ABADE activities and Component 1 Alliances, specifically to attract interest from potential SME and Innovation Alliance partners. ABADE will cultivate local press contacts with links to international news outlets. It will be equally important to generate a positive image of, and support for, ABADE activities among the Afghan public.

The team will ensure timely and thorough reporting to USAID on ABADE's progress. Expanding outreach to the provincial level will be accomplished through the distribution of information and public relations material to local media outlets in collaboration with partner organizations. ABADE will also build the capacity of regional offices to draft press releases, success stories, and other reports as necessary, so as to better publicize regional achievements and capture lessons learned and case studies for internal learning. The Communications and Outreach team will translate cleared press releases and success stories for distribution into Dari and Pashtu to reach more Afghan readers across a wider variety of different media.

AUDIENCES AND KEY MESSAGES

The audiences are as follows:

<i>Audience</i>	<i>Key Messages</i>
USAID, Influencing policymaking in USAID Washington, Executive Branch and Congress.	Through ABADE, USAID will endeavor to strengthen Afghanistan's private sector economy by removing and mitigating many barriers to economic growth, with the goal of enhancing prosperity. These material improvements are sustainable in the long term and are stability/security enhancing.
Potential SME and Innovation Public-Private Alliance (PPA) partners.	Training and workshop opportunities, access to market information, road shows, and business enabling environment efforts. Communicate the private sector goals of the ABADE project and the ways in which their SMEs and Innovation Alliance partners can obtain support or technical assistance. In this way, communications can increase the effectiveness of programming itself.

Local businesses and community leaders, including CDCs, local shurahs, and citizens.	Provide general information about USAID goals in Afghanistan. Establish a positive reputation for USAID program effectiveness and a strong reputation for improving Afghan SMEs. Support project objectives through the promotion of entrepreneurship through media programs similar to “Dream and Achieve”. To women, students/young businesspeople, publicize opportunities for participation in capacity-building programs.
Business Development Service (BDS) providers.	Production of training materials. BDS information included in success stories and PR. Provide capacity-building with local printing/design shops and businesses involved in PR material production.
Other private sector partners or foreign business owners.	While Afghanistan has seen its share of instability, there are many profitable, reliable business linkages to be made. Offering conferences and business development meetings can resolve many of these issues and assist in creating potential business partnerships.
Government of the Islamic Republic of Afghanistan (GIROA) partners.	Collaboration with GIROA agencies, such as Chamber of Commerce, EPAA, AISA, MoM, MoIC, where possible, to create partnerships and support between government and private businesses.
U.S. media, international donors and agencies, and other implementing partners (secondary).	Provide general information about USAID objectives and ABADE’s within those, mainly for general awareness but also to identify points of overlap, collaboration, and knowledge-sharing. Provide information and success stories to media to influence international donors and highlight program successes.

In regional areas, ABADE will strive to coordinate communications activities with local influencers (e.g. shuras, local government) in order to strengthen business development and partnerships.

TARGETS AND MEDIUM OF COMMUNICATIONS

Women Focus. The ABADE communications team will take special steps to ensure that women have access to all ABADE-produced information and opportunities. We recognize that Afghan women lack equal access to media largely for two reasons: women have much higher illiteracy rates than men, and traditional attitudes keep women away from the public domain. Our initiatives will be designed in a way that addresses this asymmetry. We will review available analysis and information on previous experiences, e.g. lessons learned from ASMED and other projects.

Radio. News-led coverage on the radio has to date been the most effective tool for reaching a diverse audience in all parts of Afghanistan, primarily on medium and short wave via the main radio stations. Drama on the radio is also very powerful tool in a country that is predominantly illiterate. ABADE may explore the inclusion of business development themes in popular radio dramas in Afghanistan (e.g. the BBC’s soap opera, “New Home New Life”, carried throughout the week on the Persian and Pashto language programs). ABADE will also explore the involvement or promotion of local television programs highlighting businesses and local business personalities. Programs such as “Dream and Achieve” have been successful in the past and ABADE’s

involvement in new and innovative television programs will be part of the communications strategy. Printed materials will also be used.

Provincial Messaging. Targeted provincial-level messaging has proved to be one of the most effective tools in information campaigns in Afghanistan. This might include ABADE road-shows or shuras (assemblies) in the target provinces, which will then disseminate messages at district and village level. Provincial level messaging effectiveness increases if it is picked up by the main national and local radio stations - research so far has also shown that Afghans are very interested in what is happening in other provinces, and react accordingly.

Other Medium of Communication. ABADE will also initiate business development update emails for businesses, PPA’s, other implementing partners, and general stakeholders who are interested in being kept abreast of business developments and the activities of ABADE. This group will receive periodic emails of press releases, notices of new reports posted to the ABADE website, and other news on ABADE.

As the ABADE management team directs project implementation, it will include the Communications Officer in meetings to discuss the impact these developments should have on communications activities. Throughout implementation of this communications plan, component leaders will provide technical information for reports and other communications materials, and will review drafts for accuracy prior to dissemination. The Communications Officer will be responsible for taking information from component leaders and putting it into context within the overall program communications objectives, to create an accurate and compelling account of ABADE for the aforementioned key stakeholders.

REPORTING

ABADE’s deliverables consist mainly of reporting as defined in VEGA/IESC’s cooperative agreement. ABADE will deliver reports and data according to the schedule below.

Report	Frequency
1. Annual Work Plans	September 1st of each Year
2. Performance Management Plan	w/in 60 days of program start-date
3. Quarterly Progress Reports	30 days after the end of each quarter
4. Quarterly Financial Reports (SF 425)	45 days after the end of each quarter
5. Afghan Info Quarterly Submissions	30 days after the end of each quarter
6. Annual Report	30 days after the end of each year
7. Other Special Reports – Fact sheets, case studies, program snapshots, photo-captions, first person accounts, and before and after accounts	Upon Request
8. Progress Reporting Requirement	Upon Requests
9. Final Report	w/in 30 days of the completion of the program