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**AFGHAN SMALL BUSINESS DEVELOPMENT  
PROJECT PROPOSAL**

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## EXECUTIVE SUMMARY

The Afghan Small Business Development (ASBD) Project proposal, has been commissioned by the Office of the AID Representative to Afghanistan (O/AID/REP) from RONCO Consulting Corporation as an adjunct to the Afghan Commodities Export Program (CEP) Project. The Afghan Small Business Development Project is an eighteen month activity, funded at \$1,629,758.86.

The project objective is that of developing a small enterprise development methodology, which will enable O/AID/REP to work in the future in benefit of Afghan-owned small businesses and micro-enterprises within Afghanistan through direct project implementation, should it choose to do so.

A number of discrete experimental sub-project activities will be conducted in four main areas of project concern (Small Business Skills Training; Small Business Extension Services; Small Business Credit Programs; and Research Studies) in order to generate a sufficiently large body of information from which to draw conclusions and to present recommendations to the Mission in the form of a methodology.

Three expatriate consultant Trainers will write the syllabi for and conduct two training courses in order to select trained ASBD Project Afghan staff. Thirty ASBDP Small Business Skills Trainer candidates will be paid to attend an intensive three week experiential Training of Trainers Course in small business skills, training technique and group facilitation. At the conclusion of the course, one ASBDP Small Business Training Supervisor and five Trainers will be hired. Of the twenty four Afghans who were not hired as Trainers, those who have the potential to develop into competent ASBDP Small Business Extension/Credit Agents will be paid to attend a three week follow-on course in small business extension and credit. An ASBDP Small Business Extension/Credit Supervisor and ten Extension/Credit Agents will be hired at the conclusion of the course.

The five ASBDP Trainers will provide practical, "hands-on" small business skills training to Afghan refugees resident in Pakistan, who are small businessmen and micro-entrepreneurs (SMEs) with both start-up and established businesses. Training participants will be trained in small groups of approximately eight people each over a two week period. During the ten months that small business skills training will be offered, 60 classes, attended by 480 Afghan SMEs, will be held.

Small Business Skills Training Course graduates will be assigned an ASBD Project Extension/Credit Agent, who will visit them twice a

month in their place of business to assist them to elaborate a business plan, monitor their adherence to it, keep proper records, and to serve as a general technical resource. They will assist entrepreneurs to fill out ASBDP credit applications, and, in the process, help applicants determine whether they do, in fact, need a loan, for how much and for what purpose. Additionally, Extension/Credit Agents will monitor business performance and loan repayment once a loan has been disbursed. Approximately 400 out of 480 graduates are expected to participate in this program.

An ASBDP Credit Scheme loan fund will be capitalized with \$200,000 from project funds and \$50,000 that will be leveraged from an Afghan businessmen's investment group, which will participate as a joint venture partner in this sub-project activity. The Afghan investors group, comprised primarily of successful, large traders, will identify Afghan SME participants for the ASBDP Small Business Skills Training Courses and Credit Scheme, and will guarantee their loans against repayment. As a condition of their loan, Afghan SME loan recipients, when possible, will purchase their raw materials and inputs from the investment group, which is interested in expanding their sales volume by increasing the number of viable Afghan small businesses they supply.

A minimum of 150 loans limited to a maximum of Rs. 50,000/ will be made through the ASBDP Credit Scheme to Afghan small businessmen and micro-entrepreneurs, in the following proportion, by industrial sub-sector: 40% services; 35% manufacturing; 10% sales; 10% transport; and 5% construction. The bulk of loans will be made to the "productive" sectors (services, manufacturing, and construction) because they have the potential to provide the greatest multiplier effect in terms of income and employment, and by stimulating the economy through both backward and forward linkages to smaller and larger businesses. Loan interest rate, in the form of "processing" fees and administrative charges, will be at or above the prevailing commercial bank rate, since the only competition the ASBDP Credit Scheme will face to make SME loans will come from informal financial markets, which generally charge very high interest rates.

A survey of Afghan and international NGOs will be conducted to identify an NGO that is able to serve as a vehicle to deliver on-going technical assistance and access to credit to Afghan small businesses and micro-enterprises (SMEs) within Afghanistan through the establishment of an NGO Small Business Extension Service and an NGO Credit Scheme. In exchange for the right to monitor the NGO's extension and credit programs, RONCO will train their Extension Agents and Supervisor(s), provide a \$75,000 grant to partially cover the NGO's first year operating budget, and capitalize its Credit Scheme with a one-time \$100,000 grant.

Between three and five Afghan money lenders will be formed into a "Solidarity Group" which will be provided with a \$50,000 no-

interest loan to individually enable them to make long-term, non-working capital loans to Afghan SMEs in the "productive" sectors (manufacturing, services and construction). The informal money lenders will determine among themselves what percentage of the group loan they will receive, and the group, as a whole, will be responsible for repayment of the loan. If one or more individual informal money lenders is delinquent or defaults on their portion of the loan, the other members of the group will be responsible for repayment.

Six research studies will be performed to develop a body of knowledge concerning various structural and behavioral aspects of the Afghan small business sector, and the parameters within which it functions. Local-hire and expatriate consultants will be hired to conduct studies of the following topics: A Baseline Survey of Afghan SME Activity; Government of Afghanistan Regulations, Laws, Policies and Licenses Which Govern SME Activities in Afghanistan; Formal and Informal Afghan SME Financial Markets; Afghan SME Industrial Sub-Sector Analysis; The Present and Future of Afghan Consumer Demand, and SME Economic Activity Opportunities and Constraints; Cultural Determinants to Afghan SME Economic Behavior.

Study findings, conclusions, and recommendations will serve to inform subsequent sub-project activities in the three other main areas of project concern (Small Business Skills Training; Small Business Extension Services; and Small Business Credit Programs), and will provide anecdotal and social data upon which the conceptual framework for a recommended methodology will be built.

## 1.0 Introduction

The Office of the AID Representative to Afghanistan (O/AID/REP), through the Activity Approval Memorandum (AAM) Amendment No. 2 of June 1990, authorized the initiation of private sector development activities as an adjunct to the RONCO Commodity Export Program (CEP Project). In particular, the AAM stated that a small business private sector development pilot activity would be initiated to develop Afghan private sector capability in areas of direct relevance to CEP Project activities.

Since the AAM Amendment No. 2 was written, O/AID/REP's conceptualization of Afghan private sector enterprise formation and support has changed. In order to expand the scope of the impact that the AAM Pilot Activity could potentially have, RONCO developed a "Private Sector Small Business Development Pilot Activity Concept Paper" in February 1991. The concept paper was circulated, and generated discussion within O/AID/REP. This discussion motivated an O/AID/REP request to RONCO to prepare an Afghan Small Business Development Project Proposal, in the form of a modified Project Paper (PP).

### 1.1 Project Goals and Objectives

The objective of the Afghan Small Business Development (ASBD) Project is that of developing a small enterprise development methodology, which will enable O/AID/REP to work in the future in benefit of Afghan-owned small businesses and micro-enterprises within Afghanistan through direct project implementation, should it choose to do so.

The project goals are those of stimulating economic growth, employment, and an increase in income within Afghanistan powered by dynamic and vibrant small business and micro-enterprise sectors, which have been provided appropriate O/AID/REP assistance through direct project implementation.

### 1.2 Proposal Format

A discussion of the background which led to the commissioning of the Afghan Small Business Development Project Paper is presented in section 1.0, followed by Project Goals and Objectives in section 1.1. Project Design/Methodology is discussed in section 2.0 by defining the four main areas of project concern in which experimental activities will take place. Sections 2.1 through 2.4 provide a detailed discussion of these activities.

Project Implementation is reviewed in section 3.0, with a presentation of the three project phases: start-up/training; program activities/information gathering; documentation/close-out.

Sections 3.1 through 3.5 detail specific implementation issues, such as Administration, Staffing, Start-Up, an Implementation Schedule, and Training.

Sections 4.0 through 7.0 provide a discussion of Monitoring/Documentation/Evaluation, Indicators of Success, Assumptions, and Potential Constraints. A summary Budget is presented in section 8.0; a more detailed Illustrative Budget is to be found in the Appendices under 9.2. A Project Logical Framework is offered in the Appendices under 9.1

## **2.0 Project Design/Methodology**

To produce a methodology which is responsive to the needs and determinants of Afghan small businessmen and micro-entrepreneurs, and which will serve as the basis of the Mission's future programming in the sector, RONCO proposes to engage in a number of discrete experimental sub-project activities in four main areas of concern: Small Business Skills Training; Small Business Extension Services; Small Business Credit Programs; and Research Studies. The first three components are interrelated and basic to most small and micro-enterprise (SME) projects, while the fourth, in elucidating sectoral parameters, informs the design and implementation of the first three.

The four components of this project are described, as follows:

### **2.1 Small Business Skills Training**

This component will encompass two distinct, yet interrelated activities: a) the training of Afghan Small Business Trainers; and, b) the non-formal (experiential) business skills training of Afghan small businessmen and micro-entrepreneurs by RONCO's Afghan Trainers.

#### **2.1.1 Training of Trainers**

The training of the Afghan Small Business Trainers will be done by one expatriate short-term consultant Training Team Leader and two expatriate short-term consultant Trainers, who will conduct intensive non-formal training in small business skills, training technique and group facilitation. Training will include a mix of classroom study, on-the-job experience, role playing, group facilitation, frequent "field trips" to observe both successful and unsuccessful small businesses, marketing, record keeping and financial analysis, and business plan and loan application preparation.

Two expatriate consultant Trainers will spend the first month of their initial five month contract designing the Small Business Skills Training and Small Business Extension Service/Credit Scheme syllabi. During this period ten bilingual (Dari/English) Afghan Small Business Trainer candidates and twenty bilingual Afghan Small Business Extension/Credit Agent candidates will be recruited. Once the syllabi are written, and translated from English into Dari, the third expatriate consultant Trainer will arrive in-country and the thirty Afghan Trainer and Extension/Credit Agent candidates will be paid to attend a three month business skills training session (which contractually will be considered a trial period) conducted by the three expatriate consultant Trainers.

At the conclusion of the three month training session, the Afghan Trainer candidate who has shown the greatest training aptitude, who has administrative ability, and is a leader with an out-going, pleasant personality will be selected as the ASBDP Small Business Training Supervisor. Five Afghan ASBDP Trainer candidates, who have developed good business skills, and who are competent, self-confident trainers will be hired to conduct Small Business Skills Training Courses.

One expatriate consultant Trainer will return to monitor and upgrade the skills of the ASBDP Training Supervisor and five ASBDP Trainers for a 3 week period in month ten of the project.

Those trainees who have done well and evidence analytic ability, and who have not been selected as Trainers, will be provided an additional three weeks training as candidates for ASBDP Small Business Extension/Credit Agents (see 2.2 ASBDP Small Business Extension Service).

### **2.1.2 Training of Afghan Small Businessmen and Micro-Entrepreneurs**

A stream-lined version of the training methodology that the Afghan ASBDP Small Business Trainers were taught will be utilized by them, excluding the materials on training technique and group facilitation, in the training they offer Afghan refugee entrepreneurs based in Pakistan who participate in the Small Business Skills Training Courses.

Training participants will be selected through personal interviews conducted by RONCO Small Business Extension/Credit Agents, who will publicize the project's range of activities in informal meetings with Afghan small businessmen and micro-entrepreneurs.

Small business skills training participants will be entrepreneurs who would like to establish their own businesses and owners of existing businesses. They will be trained in small groups of approximately eight people each over a two week period, five afternoons a week and all day Thursday. During the ten month

period that Small Business Skills Training Courses will be conducted, 60 classes, attended by 480 small businessmen and micro-entrepreneurs, will be held. Training sessions will be short, yet intensive, and will develop practical, "hands-on" skills. Graduation from a two week training session will be a prerequisite to participate in a ASBDP-administered revolving loan credit scheme (see 2.3.1 ASBDP Credit Scheme).

## 2.2 Small Business Extension Services

The Afghan Small Business Development Project will foment the establishment of two small business extension services: a) an in-house program; and, b) an NGO service.

### 2.2.1 ASBDP Small Business Extension Service

Approximately twenty Afghan Small Business Trainer candidates who developed an understanding of business skills, evidenced analytic ability, have out-going, pleasant personalities, and who were not selected as Trainers, will be paid to attend an additional three weeks of training as candidates for ten Small Business Extension/Credit Agent positions by the three expatriate short-term consultant Trainers. Building on their small business skills training experience, Extension/Credit Agent candidates will receive further training in inventory control and stock takes, cash flow projections, income and expense statements, and balance sheets.

Upon the conclusion of the three week Small Business Extension Service course, the Afghan Extension/Credit Agent candidate who has shown the best business extension/credit aptitude, who has analytic skills and administrative ability, and is a leader with an out-going, pleasant personality will be selected as the ASBDP Extension/Credit Supervisor. The Supervisor will receive an additional week of intensive one-on-one training from one of the expatriate Trainers in how to conduct an in-depth analysis of loan applications recommended for approval by Extension/Credit Agents, and Extension/Credit Service administration. Ten Afghan Extension/Credit Agent candidates, who have developed good business and analytic skills, and who are self-confident, competent extensionists will be hired as ASBDP Extension/Credit Agents. Two expatriate consultant Trainers will return to monitor and upgrade the skills of the ASBDP Extension/Credit Supervisor and ten ASBDP Extension/Credit Agents for a 3 week period in month ten of the project.

RONCO's ASBDP Small Business Extension Service will play a dual role, that of providing on-going technical assistance to approximately 400 out of an estimated 480 Afghan refugee small businessmen and micro-entrepreneurs based in Pakistan who will graduate (it is projected that one sixth of small business skills

training graduates will not start businesses or will not want to participate further with the ASBD Project) from the 60 Small Business Skills Training Courses conducted over a 10 month period, and, secondly, its Extension/Credit Agents will assist with ASBDP credit applications and loan repayments (see 3.3.1 ASBDP Credit Scheme).

Extension/Credit Agents will visit small business skills training graduates twice a month in their place of business to assist them to elaborate a business plan, monitor their adherence to it, keep proper records, and to serve as a general technical resource. They will assist entrepreneurs to fill out ASBDP credit applications, and, in the process, help applicants determine whether they do, in fact, need a loan, for how much and for what purpose. Additionally, Extension/Credit Agents will monitor business performance and loan repayment once a loan has been disbursed.

Those Extension/Credit Agent candidates who have developed good business skills, who are self-confident, competent extensionists, and who were not hired as RONCO ASBDP Extension/Credit Agents, will be recommended for potential hire to the NGO Small Business Extension Service established with an ASBDP grant, as described in section 2.2.2 below.

#### 2.2.2 NGO Small Business Extension Service

International and Afghan NGOs will be surveyed by the Afghan Small Business Development Project to determine whether they are presently assisting the Afghan private sector, or whether they are interested in developing the institutional capacity to do so.

After identifying an NGO that is able to serve as a vehicle to deliver on-going technical assistance and access to credit to Afghan small businesses and micro-enterprises (SMEs) within Afghanistan through the establishment of a business extension service, RONCO will train their Extension Agents and Supervisor(s), and will provide a \$75,000 grant to partially cover the NGO's first year operating budget (against the NGO's matching contribution). In order to receive the grant the NGO must provide access to RONCO's ASBDP Monitors and Analysis/Documentation Manager to monitor the operation and administration of its Small Business Extension Service on a regular basis.

Monitoring will be conducted to observe the NGO's methodology and how it evolves, its institutional capacity, the problems that are encountered and how they are resolved, and extension costs. Client records will be examined to determine the effectiveness of service delivery, to collect data by industrial sub-sector, and, a revolving loan credit program is in place, to determine loan selection criteria, forms of collateral, repayment rates, and loan portfolio turn-over. Interviews of NGO Small Business Extension

Service staff and end-users will be conducted to validate information through the use of Rapid Rural Appraisal and triangulation techniques.

## 2.3 Small Business Credit Programs

This project component will establish three revolving loan credit programs, as follows: a) an in-house revolving loan scheme in benefit of Afghan refugee SMEs located in Pakistan, as a joint venture with an Afghan investors group; b) an NGO revolving loan scheme in benefit of Afghan SMEs, located within Afghanistan in the province(s) where the NGO concentrates its programs; and c) a small "Solidarity Group" (three to five members) of Afghan informal money lenders will be set up and provided a no-interest loan to enable them to make longer-term loans than they are presently accustomed to making.

### 2.3.1 ASBDP Credit Scheme

The approximately twenty Afghan Small Business Extension/Credit Agent candidates, who will be selected for an additional three weeks of training after not being hired as ASBDP Trainers, will receive intensive training from the expatriate short-term Trainers in credit delivery and analysis as part of their extension course (see 2.2.1 ASBDP Extension Service above).

All Afghan SME trainees who successfully complete a two week Small Business Skills Training Course will be assigned an ASBDP Extension/Credit Agent, as described in 2.2.1 ASBDP Extension Service, and will be eligible to apply for a loan from the ASBDP Credit Scheme. Extension/Credit Agents will assist entrepreneurs to fill out ASBDP credit applications, and, in the process, will help applicants determine whether they do, in fact, need a loan, for how much, and for what purpose.

Once a loan application has been filled out and supporting documentation, such as a Business Plan, three months of Income and Expense Statements, and an annualized Cash Flow Projection, has been provided, the Extension/Credit Agent will analyze the application and forward a recommendation concerning its disposition to the Small Business Extension/Credit Supervisor. The Supervisor will analyze the credit application in greater depth, taking into account factors which Extension/Credit Agents may not be aware of, such as the Afghan Small Business Development Project's need for information concerning certain Afghan SME sub-sector economic activities. To accomplish this analysis the Supervisor will liaise on a regular basis with the Analysis/Documentation Manager.

If the Supervisor feels the credit application is for an financially defensible loan, and that the project will learn

something from the SME, he forwards the credit application to the ASBDP Credit Board, which meets weekly. The Credit Board is comprised of the Extension/Credit Supervisor, the expatriate Executive Director of the Small Business Development Project, the Executive Director's Afghan counterpart, and a representative of the joint venture Afghan businessmen's/investor group. If a majority of the Credit Board votes to accept the SME's credit application, contract terms are negotiated, the contract is signed, and the loan is disbursed.

A minimum of 150 loans will be made through the ASBDP Credit Scheme to Afghan small businessmen and micro-entrepreneurs, in the following proportion, by industrial sub-sector:

- \* 40% to the services sector
- \* 35% to the manufacturing sector
- \* 10% to the sales sector
- \* 10% to the transport sector
- \* 5% to the construction sector

The bulk of loans will be made to the services, manufacturing, and construction sectors, commonly known as the "productive" sectors, because they have the potential to provide the greatest multiplier effect in terms of employment and by stimulating the economy through both backward and forward linkages to smaller and larger businesses.

Loan interest rate, in the form of "processing" fees and administrative charges, will be at or above the prevailing commercial bank rate. Commercial banks in both Pakistan and Afghanistan do not make loans to Afghan small businessmen and micro-entrepreneurs, meaning the ASBD Project will face competition for SME loans from informal financial markets (informal money lenders, informal business networks, extended family, and friends). The interest rate charged by informal sources of credit is usually much higher than that charged by commercial banks. This is immediately seen in the case of informal money lenders, who may charge a monthly interest rate of 20% or more, when the prevailing commercial bank rate is 20% per annum. A loan received from family, friends or business associates is often perceived to be "free" money because it is made without an apparent interest charge. However, if the true cost of the social obligation that has been acquired is calculated, this type of loan often carries a real interest rate comparable to that charged by the informal money lenders.

Loan size and period will be determined by the entrepreneur's specific need, be it working capital, capital assets in the form of inputs or stock, or fixed assets - the purchase of machinery, a workshop, land, etc. Loan size will be limited to a maximum of Rs. 50,000/, in order to guarantee that a certain minimum number of

loans will be made, and to generate sufficient credit information. For this reason the project will not attempt to make loans in the transport sector for the purchase of buses, trucks, or taxis, since, in general, the loan size required will be too large and a few loans would use up the bulk of the capitalization of the ASBDP Credit Scheme. However, loans will be made for the purchase of animal-drawn tongas and carts, rickshaws, and animals.

A certain percentage of ASBDP Credit Scheme monies will be reserved for quickly rotating loans, primarily for working capital, to be able to ensure enough of a loan portfolio rotation (at least two times) to be able to draw reliable conclusions from the information that will be generated.

Once a loan has been disbursed, the Extension/Credit Agent, who helped the Afghan entrepreneur prepare the loan application, begins to monitor the loan on a twice monthly basis. He will visit the loan recipient in his/her place of business to verify that the loan is being utilized for its intended purpose, the Business Plan used as the basis of the analysis of the application is being adhered to, and that the entrepreneur is applying what they learned in the Small Business Skills Training Course. The Agent will additionally be responsible for monitoring loan repayment, and for liaising with the joint venture Afghan businessmen's/investor group to observe how their sale of inputs to the loan recipient is proceeding.

The ASBDP revolving loan credit scheme will be capitalized as a joint venture by two sources: the Afghan Small Business Development Project and a group of successful Afghan large businessmen/investors, primarily traders, who are interested in participating as a means to expand the number of viable Afghan small businesses they supply with inputs. The ASBD Project will capitalize its Credit Scheme with \$200,000; an additional \$50,000 will be leveraged from the Afghan investment group, as their contribution.

The investment group, in discussions with RONCO, has stated that, as a condition of the loan, the loan recipient must agree to purchase their inputs from their group. RONCO, in turn, has stipulated that all inputs sold to loan recipients must be sold at the existing market price or cheaper.

The Afghan investors will identify potential loan applicants in the industrial sub-sectors that the ASBDP would like to study, and these applicants will attend an ASBDP Small Business Skills Training Course. After an Afghan SME has prepared a business plan and a loan application, with the assistance of the ASBDP Extension/Credit Agent, and, if the Afghan entrepreneur is proven credit-worthy, the investment group will guarantee the entrepreneur's loan to the credit scheme. If the entrepreneur defaults, the Afghan investors will repay the loan.

The potential benefits to the ASBDP of an in-house revolving loan credit scheme, conducted as a joint venture with a group of successful Afghan investors, with large businesses of their own, are many. This collaboration will enable the project to generate information on industrial sub-sector activity, gender, employment, capitalization, training, input supply, marketing, distribution channels, and backward and forward linkages to smaller and larger businesses. Additionally, the ASBDP will be able to experiment with interest rates in the form of "processing fees" and administrative charges, "non-traditional" collateral, repayment periods, and social mechanisms which ensure loan repayment.

### **2.3.2 NGO Small Business Credit Scheme**

If it is possible to identify an NGO that could serve as a vehicle to deliver on-going technical assistance and access to credit to Afghan small-scale entrepreneurs (SMEs) within Afghanistan through the establishment of a business extension service and revolving loan credit scheme (see 2.2.2 NGO Small Business Extension Service above), RONCO will capitalize the loan scheme with a one-time grant (against the NGO's matching funding).

In exchange for the grant the NGO must provide access to RONCO's ASBDP Monitors and Analysis/Documentation Manager to monitor the operation and administration of its Small Business Credit Scheme on a regular basis.

Monitoring will be conducted to observe the NGO's methodology and how it evolves; its institutional capacity, and the problems that are encountered and how they are resolved. Client records will be examined to determine the effectiveness of service delivery, to collect data by industrial sub-sector, and to determine loan selection criteria, forms of collateral, repayment rates, loan portfolio turn-over and transaction costs. Interviews of NGO Small Business Credit Scheme staff and end-users will be conducted to validate information through the use of Rapid Rural Appraisal and Triangulation techniques.

Capitalizing and monitoring the NGO Small Business Credit Scheme will enable the ASBDP to compare Afghan SME business conditions, opportunities and constraints within Afghanistan to those encountered by Afghan refugee SMEs in Pakistan.

### **2.3.3 Informal Money Lenders' "Solidarity Group"**

A small group of Afghan money lenders (between three and five) will be formed into a "Solidarity Group" which will be provided with a no-interest loan to enable them to make longer-term small enterprise loans to Afghan entrepreneurs than they are presently accustomed to making. The individual informal money lenders will

determine among themselves what percentage of the group loan they will receive, and the group, as a whole, will be responsible for repayment of the loan. If one or more individual informal money lenders is delinquent or defaults on their portion of the group loan, the other members of the group will be responsible for repayment.

Informal money lenders primarily make loans for short periods of time to small enterprises, which are utilized for immediate working capital needs, to repay pressing debts or to satisfy personal consumption.

The ASBDP interest in this experiment is to study the following: a) the possibility of inducing informal money lenders to make longer-term loans to enable Afghan small entrepreneurs to engage in activities that they normally don't receive loans for through this credit source, such as the purchase or repair of fixed assets, hiring of employees and purchase of raw materials, inputs and stock/inventory; b) the effect of forming a "solidarity group" in a highly individualistic credit channel; c) the social mechanisms and obligations that members of the informal money lenders' "Solidarity Group" develop among themselves, and the repayment mechanisms they enforce with loan recipients; d) whether informal money lenders can constitute effective competition to the formal banking sector for Afghan small enterprise lending; and e) to gain access to a broader range of small enterprise loan clients than will be possible through either the ASBDP or NGO Credit Schemes.

The informal money lender "Solidarity Group" will be provided a no-interest loan of \$50,000, after a contract has been signed by them with the Afghan Small Business Development Project, in which they guarantee access to their records and clients by the ASBDP Executive Director and Afghan Counterpart to the Executive Director. Additionally, they must pledge that all loans be made for long-term non-working capital loans to small enterprise loan candidates in the "productive" sectors (manufacturing, services and construction) proposed by the ASBDP Project.

Monthly meetings will be held between "Solidarity Group" members and the ASBDP Executive Director and Afghan Counterpart to review the progress of the group loan, and the group's on-lending to Afghan small entrepreneurs.

## 2.4 Research Studies

Studies will be performed to develop a body of knowledge concerning various structural and behavioral aspects of the Afghan small business sector and the parameters within which it functions. Local-hire and expatriate consultants will be hired to perform studies in a minimum of four-five areas, including:

\* **A Baseline Survey of Afghan SME Activity**

**Discussion:**

This study will establish a reliable estimate of the number of Afghan SMEs broken down by industrial sub-sector, geographic distribution, ownership, employment, gender, level of training, experience, motivation, opportunity cost, etc.

\* **Government of Afghanistan Regulations, Laws, Policies and Licenses Which Govern SME Activities in Afghanistan**

**Discussion:**

This study will obtain copies of the present Government of Afghanistan regulations, laws, and policies which govern the operation of Afghan small businesses and micro-enterprises, and the licenses they are required to hold to do business legally (and will present them in an annotated index). It will analyze, through a series of focus group interviews of govt. employees charged with enforcing the regulations and laws, and Afghan small businessmen and micro-entrepreneurs, whether the regulations and laws are being enforced congruent with their intent, what their effect on SMEs is, and what changes should be made in them.

\* **Formal and Informal Afghan SME Financial Markets**

**Discussion:**

This study will examine the totality of financial markets, including banks, credit unions (if they exist), informal money lenders, allied business groups, and extended family, that either are or are not at the disposition of Afghan SMEs. Credit, interest rates, collateral - both traditional and "non-traditional", loan repayment mechanisms, and social obligations will be researched.

\* **Afghan SME Industrial Sub-Sector Analysis**

**Discussion:**

Three-four populous Afghan SME industrial sub-sectors will be analyzed in detail to elucidate, at all scales of activity, levels of production, employment, input supply, distribution channels, access to credit, relative levels of profitability, backward and forward linkages to other related businesses, constraints, and opportunities. Recommendations of structural adjustments/interventions will be made to resolve sub-sector problems.

\* **The Present and Future of Afghan Consumer Demand, and SME Economic Activity Opportunities/Constraints**

**Discussion:**

This study will look at the present level of Afghan consumer demand, and analyze current opportunities for and constraints to SME activities within Afghanistan. Likewise, it will attempt to predict future Afghan consumer demand and SME response, by providing various "what if" scenarios.

\* **Cultural Determinants to Afghan SME Economic Behavior**

**Discussion:**

A tripartite study, conducted by a sociologist, an anthropologist, and a small business expert, will examine such topics as: what is culturally acceptable Afghan business behavior; what social customs, obligations and ties exist among Afghan business associates; how do Afghans feel about money, savings, debt, banks, credit, wealth, different economic activities, employment, ownership, entrepreneurship, risk, and economic gender roles. A review of the literature will be conducted in conjunction with focus group interviews of Afghan entrepreneurs of different social classes and scales of economic activity, bankers and other social groups.

Study findings, conclusions, and recommendations will serve to inform subsequent sub-project activities in the three other main areas of project concern - Small Business Skills Training; Small Business Extension Services; and Small Business Credit Programs, and will provide anecdotal and social data upon which the conceptual framework for a recommended methodology will be built.

**3.0 Implementation**

RONCO's implementation of the Afghan Small Business Development Project will occur over an eighteen month period, commencing on the date that approval to initiate activities is received from O/AID/REP.

This eighteen month period will be divided into three project phases: start-up/training; program activities/information gathering; documentation/close-out.

In general, the two-three month start-up phase will be characterized by the recruitment and hiring of local-hire Afghan and Third Country National (TCN) staff, local and offshore procurement (utilizing RONCO's CEP Procurement Division), staff training by the ASBDP Executive Director, the ASBDP Executive Director Afghan counterpart, and expatriate short-term consultants, and the development of project materials and procedures.

The twelve month program activities/information gathering phase will encompass all sub-project component implementation (Small Business Skills Training; Small Business Extension Services; Small Business Credit Programs; and Research Studies). All the information that will be generated by the project will be gathered during this period, and mid-term reports for all sub-project components and for the Afghan Small Business Development Project will be written and submitted to O/AID/REP. Four-five research consultancies, as approved by O/AID/REP, will be conducted by both short-term local-hire and expatriate contractors (see 2.4 Research Studies), and reports will be written and submitted.

The three-four month documentation/close-out phase will be a period devoted to the writing of final reports for all sub-project components and the Afghan Small Business Development Project, and the submission of the same to O/AID/REP. A reduction-in-force (RIF) of all non-essential staff not involved in the documentation effort, such as Trainers, Extension/Credit Agents, Drivers, etc., will take place at the beginning of this phase. At the conclusion of this phase (project PACD) all non-expendable property will revert back to O/AID/REP (CEP Project).

### 3.1 Administration

The administration of The Afghan Small Business Development Project will be vested in five departments (Administration/Finance; Training; Extension/Credit; Monitoring/Documentation; Logistics) headed by the expatriate Executive Director (the CEP Deputy Chief of Party/Private Sector Development Officer) and his Afghan counterpart (the CEP Training/Development Officer). The ASBDP Executive Director will report directly to the CEP Project Chief of Party.

Financial documentation related to the ASBDP Credit Scheme will be provided by the ASBDP Extension/Credit Supervisor to the ASBDP Accountant, who, as head of Finance, reports to the Executive Director. Finance will also be responsible for the disbursement of monthly salaries, control of an imprest fund, the forwarding of all vouchers to the CEP Project Admin/Finance Department, and the administration of an ASBDP local bank account for loan disbursements and repayments.

The CEP Project Admin/Finance Department will be responsible for the advancing of funds to replenish the imprest fund, all ASBDP accounting, audits and personnel actions, including submission of Time and Attendance Sheets to RONCO/California.

### 3.2 Staffing

The Afghan Small Business Development Project will employ 34 long-term staff (2 U.S.; 2 TCNs; and 30 Afghans), 3 expatriate short-term consultant Trainers, and various local-hire and expatriate contractors to produce 4-5 research studies.

Department staffing will be, as follows:

DEPARTMENT	JOB TITLE	GRADE/STEP	CATEGORY
<u>Administration/Finance</u>			
	Executive Director		U.S.
	Afghan Counterpart/Exec. Dir.		U.S.
	Accountant	9/1	Afghan
	Jr. Accountant	8/1	Afghan
	Computer/MIS Manager	8/1	Afghan
	Executive Secretary		TCN
	Receptionist	5/1	Afghan
<u>Training</u>			
	Supervisor	9/1	Afghan
	Trainers (5)	7/1	Afghan
<u>Extension/Credit</u>			
	Supervisor	9/1	Afghan
	Ext./Credit Agents (10)	7/1	Afghan
	Secretary	6/5	Afghan
<u>Monitoring/Documentation</u>			
	Manager		TCN
	Monitors/Analysts (2)	6/1	Afghan
	Secretary	6/5	Afghan
<u>Logistics</u>			
	Manager	8/1	Afghan
	Driver/Interpreters (4)	4/1	Afghan
	Office Cleaner	2/1	Afghan

Recruitment and hiring of all long-term staff will take place in the first month after the project commences. Immediately after the project contract is signed, Scopes of Work (SOWs) will be prepared for the three expatriate short-term consultant Trainers, and RONCO/Washington will initiate recruitment.

In months fifteen through sixteen a reduction-in-force (RIF) of all non-essential staff not involved in the documentation effort, such as Trainers, Extension/Credit Agents, Drivers, etc., will take place. All remaining staff will be terminated at project PACD.

### 3.3 Start-Up

Upon the reception of O/AID/REP approval to initiate project activities, and after a contract to that effect has been signed, RONCO will immediately begin project start-up, as follows:

#### Month One

- a) A Lease for a project office will be negotiated in Peshawar, and utilities will be connected. RONCO/Peshawar staff will be utilized until the ASBDP Logistics Department staff is hired and functioning;
- b) Purchase Requests will be submitted to the CEP Procurement Division for the acquisition of local and off-shore project materials (both expendable and non-expendable property). Most locally procured office equipment and materials will be installed in the ASBDP office;
- c) Job Descriptions of Department Managers will be written, and local-hire Afghan and TCN staff will be recruited and hired. Staff training will begin immediately after hiring;
- d) Scopes of Work (SOWs) of the three expatriate short-term consultant Trainers will be developed, and forwarded to RONCO/Washington to begin recruitment;
- e) The ASBDP Logistics Department will begin to provide office maintenance, transport, procurement and liaison services;
- f) A local Bank Account will be opened, and an internal imprest fund established.

#### Month Two

- a) The remaining locally procured office equipment and materials will be installed in the ASBDP office. Air freight shipments of office equipment procured off-shore will begin to arrive, and equipment will be installed in the office;
- b) Staff training will continue;
- c) The three expatriate short-term consultant Trainers will arrive in-country and will begin to write the syllabi for the Small Business Skills Training and the Small Business Extension Service/Credit Scheme Courses;

- d) Sub-Project Component procedures will be established, and work forms developed;
- e) A contract will be negotiated with an Afghan investment group to establish and capitalize a joint venture ASBDP Credit Scheme. The investment group will begin to identify Afghan SME trainees and potential credit recipients, who will attend Small Business Skills Training Courses;
- f) International and Afghan NGOs will be surveyed to determine whether they are presently assisting the Afghan private sector, or whether they are interested in developing the institutional capacity to do so. An NGO will be chosen to work with, and a contract will be negotiated to provide a grant to pay some portion of the NGO's administrative cost (against the NGO's matching funding) of establishing a Small Business Extension Service. A separate contract will be negotiated, and a grant will be made to partially capitalize an NGO Small Business Credit Scheme.
- g) Scopes of Work for two key studies - A Baseline Survey of Afghan SME Activity; and Government of Afghanistan Regulations, Laws, Policies, and Licenses Which Govern SME Activities in Afghanistan - will be drafted. RONCO/Washington will begin the recruitment of an expatriate consultant team (probably Michigan State University, through the GEMINI Project) for the former study; ASBDP will begin the recruitment of one or more local-hire Afghans to perform the latter study.

### 3.4 Implementation Schedule

MONTH	1,2,3	4,5,6	7,8,9	10,11,12	13,14,15	16,17,18
QUARTER	1ST	2ND	3RD	4TH	1ST	2ND
FISCAL YEAR	'92	'92	'92	'92	'93	'93

#### Start-Up

Office Rental

\*

Staff Recruitment

\*\*

Local Procurement

\*\*\*

Offshore Procurement

\*\*\*

\*\*\*

Recruitment of Expatriate Trainers

\*

#### Staff Training

Writing of Syllabi for ASBDP Training Courses

\*

Training of ASBDP Trainers

\*

\*\*

Additional Training of ASBDP Extension/Credit Agents

\*

Refresher Training of ASBDP Trainers and Extension/Credit Agents

\*

Refresher Training of NGO Extension Agents

\*

#### Small Business Skills Training

Training of Afghan Small Businessmen and Micro-Entrepreneurs

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#### Small Business Extension Services

ASBDP Business Extension/Credit Agents Provide Technical Assistance to and Monitor Afghan Small Businessmen and Micro-Entrepreneurs

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NGO Small Business Extension Service Grant Provided

\*

NGO Small Business Extension Service Monitored

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#### Small Business Credit Programs

ASBDP Credit Scheme Joint Venture Established and Capitalized with Afghan Investors Group

\*\*

ASBDP Credit Scheme Loans Provided and Monitored

\*\*\*

\*\*\*

\*\*\*

NGO Small Business Credit Scheme Capitalized with an ASBDP Grant

\*

NGO Small Business Credit Scheme Monitored

\*\*\*

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MONTH	1,2,3	4,5,6	7,8,9	10,11,12	13,14,15	16,17,18
QUARTER	1ST	2ND	3RD	4TH	1ST	2ND
FISCAL YEAR	'92	'92	'92	'92	'93	'93

Informal Money Lenders' "Solidarity Group" Established and Capitalized with an ASBDP No-Interest Loan

\*

Informal Money Lenders' "Solidarity Group" Monitored

\*\*\*                      \*\*\*                      \*\*\*                      \*\*\*

**Research Studies**

Baseline Survey of Afghan SME Activity

\*\*\*                      \*\*\*

Government of Afghanistan Regulations, Laws, Policies and Licenses Which Govern SME Activities in Afghanistan

\*                      \*\*\*

Formal and Informal Afghan SME Financial Markets

\*\*\*

Afghan SME Industrial Sub-Sector Analysis

\*\*\*

The Present and Future of Afghan Consumer Demand, and SME Economic Activity Opportunities/Constraints

\*\*\*

Cultural Determinants to Afghan SME Economic Behavior

\*\*\*                      \*\*\*

**Documentation**

Quarterly Reports Written and Submitted

\*                      \*                      \*                      \*                      \*

Mid-Term Report Written and Submitted

\*\*

Final Report Written and Submitted

\*\*\*

**Note:**

\* indicates the month within the Quarter and Fiscal Year that an activity occurs.

**3.5 Training**

Staff training will commence immediately after local-hire Afghan and TCN staff members have been recruited and hired. Key CEP Project staff will be utilized to provide procedures orientation and initial training to their counterparts in the ASBDP Admin/Finance and GSO Departments.

Three expatriate short-term consultant Trainers will initiate training of ten ASBDP Afghan Trainer candidates and twenty ASBDP Extension/Credit Agent candidates in month two. The training period will last three months (see 2.1 Small Business Skills Training). Upon the conclusion of this training cycle, one Afghan ASBDP Training Supervisor and five Afghan ASBDP Trainers will be

hired. Those trainees who have done well and evidence analytic ability, and who have not been selected as Trainers, will be provided an additional three weeks training as candidates for Small Business Extension/Credit Agents (see 2.2 Small Business Extension Services).

Upon the conclusion of the three week Small Business Extension Service/Credit Scheme Training Course, an ASBDP Extension/Credit Supervisor and ten ASBDP Extension/Credit Agents will be hired. The Supervisor will receive an additional week of intensive training from one of the expatriate Trainers in how to conduct an in-depth analysis of loan applications recommended for approval by Extension/Credit Agents, and Extension/Credit Service administration.

One expatriate consultant Trainer will return to monitor and upgrade the skills of the Afghan Small Business Training Supervisor and the five Afghan Small Business Trainers for a 3 week period in month twelve of the project. Another expatriate consultant Trainer will return to monitor and upgrade the skills of the Afghan Small Business Extension/Credit Supervisor and ten Afghan Small Business Extension/Credit Agents for the same period of time in month twelve of the project.

#### 4.0 Monitoring/Documentation/Evaluation

Careful monitoring of sub-project component activities will be a necessity to be able to generate a sufficient volume of the proper range of information, which will enable conclusions to be drawn and recommendations, in the form of a methodology, to be made.

A Monitoring/Documentation Department will be established, comprised of a Manager, two Monitors and a Secretary. The Monitoring Department will be responsible for developing the conceptual approach and forms, in liaison with the Executive Director and Afghan Counterpart to the Executive Director, that will be utilized to monitor the Small Business Skills Training, Small Business Extension Services, and Small Business Credit Programs components. Additionally, it will be charged with monitoring the Afghan or international NGO selected to receive a grant to establish a Small Business Extension Service and Credit Scheme, and the performance of the Afghan large businessmen's/investor group which will participate as a joint venture partner in the ASBDP Credit Scheme.

The Monitoring/Documentation Department will liaise on a daily basis with the ASBDP's Afghan Trainers and Extension/Credit Agents, through the respective Department Supervisors, to orient them as to the information the project needs to collect, and in what form. It will incorporate Extension/Credit Agents' findings, generated in their bi-monthly monitoring of their clients' (Business Skills

Training Course graduates) businesses and loan performance, into a constantly up-dated data base. Monitors will also travel into Afghanistan to monitor the NGO Small Business Extension Service and Credit Scheme methodologies and performance, and to interview NGO SME clients and loan recipients.

On-going documentation of the project's methodologies, findings and conclusions will be provided in sub-project component mid-term and final reports. Research studies will be conducted on structural and behavioral aspects of the Afghan small business sector. Reports will be submitted as they are finished, and findings, conclusions and recommendations will be incorporated into project mid-term and final reports.

A project mid-term report will be submitted which will document the information generated by sub-project component activities, and including, where possible, preliminary conclusions. The ASBDP final report will document in great detail project findings and conclusions, and will present recommendations in the form of a specific Afghan small enterprise methodology. An internal end-of-project evaluation will be conducted to highlight lessons learned.

## 5.0 Project Beneficiaries

Project beneficiaries are, as follows:

### O/AID/REP

The Afghan Small Business Development Project will develop a small enterprise development methodology, which will enable O/AID/REP to work in the future in benefit of Afghan-owned small businesses and micro-enterprises within Afghanistan through direct project implementation, should it choose to do so.

### Afghan Small Businessmen and Micro-Entrepreneurs

Approximately 480 Afghan SMEs who are refugees in Pakistan will attend a two week Small Business Skills Training Course. Of this number it is estimated that 400 will graduate and elect to receive technical assistance through the Small Business Extension Service. At least 150 loans will be made by the ASBDP Credit Scheme to these small businessmen and micro-entrepreneurs.

An as yet unknown number of Afghan SMEs resident in Afghanistan will receive technical assistance and access to credit from an Afghan or international NGO Small Business Extension Service and Credit Scheme. Additionally, an as yet unknown number of Afghan SMEs will receive non-working capital loans from an informal money lenders' "Solidarity Group".

### Afghan Women

Afghan women will benefit from the ASBD Project in those areas of traditional Afghan female employment and entrepreneurship, such as carpet weaving, embroidery, and handicrafts. Hopefully women will be permitted by the male members of their families to participate in the Small Business Skills Training Courses and to receive technical assistance from Extension/Credit Agents. Approximately 35% of ASBDP Credit Scheme loans will be made in the manufacturing sector, which, in the above-mentioned economic activities, which should serve to stimulate female Afghan employment. Additionally, an attempt will be made to hire qualified Afghan women as project staff.

### Afghan or International NGO

An Afghan or international NGO will receive an ASBD Project grant of \$75,000 to partially cover the administrative costs of establishing an NGO Small Business Extension Service, and \$100,000 to capitalize an NGO Small Business Credit Scheme.

### Afghan Investors Group

An Afghan businessmen's investment group will benefit as joint venture partners in the formation of the ASBDP Credit Scheme by increasing their number of Afghan small business customers who, in exchange for the disbursement of a loan, will agree to purchase their raw materials/inputs from them.

### Informal Money Lenders' "Solidarity Group"

A small number of Afghan informal money lenders who have been formed into a "Solidarity Group" will receive a no-interest loan from the ASBD Project, which will enable them to provide long-term non-working capital loans to Afghan SMEs. This offers the informal money lenders the potential, at minimum risk, to develop, what is for them, a "non-traditional" loan market.

## 6.0 Indicators of Success

Indicators of success in the Afghan Small Business Development Project are largely qualifiable: has enough reliable information been generated to draw the proper conclusions that will enable RONCO to make accurate recommendations concerning an Afghan small enterprise development methodology, thereby satisfying the objective of this experimental project.

The focus and concern throughout all of the activities which will be accomplished in this project is not the success or failure of project participants, but what can be learned from the process. This does not imply that project activities will be conducted in an unbusiness-like or irresponsible fashion. To learn and document enough about Afghan small enterprise behavior to be able to

recommend a methodology to O/AID/REP to be used as the basis for future programming in that sector, RONCO will need to ensure professionalism in order to guarantee the reliability of the information it generates.

As an example, loan interest rates will be at or above the commercial rate, either traditional (land, buildings, liquid assets, etc.) or "non-traditional" (monetized labor, etc.) collateral will be required, and loan repayment will be strictly enforced through the legal process, social pressure, or a combination of the two. However, the project's motivation in taking collateral and enforcing loan repayment is to learn what works, what doesn't work, and why.

It is for this reason that the ASBD Project can not be judged a success or failure based on quantifiable indicators of success - the performance of individual entrepreneurs or the overall repayment rate of its credit scheme. RONCO will attempt to facilitate positive results for the Afghan entrepreneurs who participate in sub-project component activities, and who more commonly would be referred to as project "beneficiaries", as a beneficial by-product of the project. However, project success or failure will be judged on ASBDP's ability to develop a small enterprise development methodology for O/AID/REP, which provides a relevant approach to stimulating the growth of the Afghan small business sector, should the Mission decide to initiate programming in the future.

#### **Primary Indicator of Success:**

The development of a small enterprise development methodology, which will enable O/AID/REP to work in the future in benefit of Afghan-owned small businesses and micro-enterprises within Afghanistan through direct project implementation, should it choose to do so.

#### **Secondary Indicators of Success:**

- \* 60 two week Small Business Skills Training Courses will be conducted.
- \* 480 Afghan small businessmen and micro-entrepreneurs will receive small business skills training.
- \* 400 Afghan small businessmen and micro-entrepreneurs will receive technical assistance from the ASBDP Small Business Extension Service.
- \* A minimum of 150 loans will be made through the ASBDP Credit Scheme to Afghan small businessmen and micro-entrepreneurs, in the following proportion, by industrial sub-sector:

- \* 40% to the services sector
- \* 35% to the manufacturing sector
- \* 10% to the sales sector
- \* 10% to the transport sector
- \* 5% to the construction sector

## **7.0 Project Assumptions**

Project assumptions are, as follows:

### **O/AID/REP**

O/AID/REP is committed to the development of a small enterprise development methodology, which will enable it to work in the future in benefit of Afghan-owned small businesses and micro-enterprises within Afghanistan through direct project implementation, should it choose to do so.

O/AID/REP will provide the necessary funding to implement the Afghan Small Business Development Project.

### **Afghan Small Businessmen and Micro-Entrepreneurs (SMEs)**

Afghan SMEs are willing to participate in a U.S. Government-funded experimental project.

Afghan SMEs require and will participate in small business skills training, small business extension services, and a revolving loan credit scheme.

Afghan female entrepreneurs will participate in the range of ASBD Project activities.

Afghan SMEs will allow ASBDP Extension/Credit Agents to monitor their businesses.

### **Afghan or International NGO**

An Afghan or international NGO can be identified which will serve as a vehicle to deliver on-going technical assistance and access to credit to Afghan small businesses and micro-enterprises (SMEs) within Afghanistan through the establishment of an NGO Small Business Extension Service and NGO Credit Scheme.

The NGO which receives grants from the ASBDP to establish a Small Business Extension Service and Credit Scheme will allow the ASBD Project to monitor its performance.

## **Afghan Investors Group**

The Afghan investors group, which has proposed establishing a joint venture ASBD Project Credit Scheme, will contribute to the capitalization of the ASBDP Loan Fund, and will identify Afghan SME Small Business Skills Training and Credit Scheme participants.

The Afghan investors group will permit the ASBD Project to monitor its activities.

## **Informal Money Lenders**

A group of Afghan informal money lenders can be identified which is willing to be formed into a "Solidarity Group" in order to receive a no-interest loan from the ASBD Project to make long-term non-working capital loans to Afghan SMEs in the "productive" sectors (manufacturing, services and construction).

The Afghan informal money lenders will allow the ASBD Project to monitor its activities.

## **Political Environment**

The present status quo in the Afghan political situation will be maintained through the life of the ASBD Project.

## **8.0 Potential Constraints**

Potential project constraints are listed, as follows:

### **Political**

- a) Until the poor security situation in Afghanistan improves, and O/AID/REP contractors are authorized to begin cross-border activities, it will not be possible to make a grant to an Afghan or international NGO to establish an NGO Small Business Extension Service and to capitalize an NGO Small Business Credit Scheme. Additionally, it will not be possible for the ASBDP Analysis/Documentation Manager and ASBDP Monitors to monitor Afghan small enterprises located within Afghanistan.
- b) If the poor security situation in Afghanistan continues, and if the current anti-American stance of several of the fundamentalist Mujahideen parties continues unabated, it is possible that ASBDP staff - expatriate, TCN, and local-hire Afghan - may be at personal risk in Peshawar.

- c) If the U.S. State Department, as a reaction to the anti-American, pro-Iraqi statements of Mujahideen Party Commanders Hikmatyar and Suyaaf during the Gulf War, sends a directive to O/AID/REP and O/AID/REP contractors to fire employees who are Hikmatyar and Suyaaf party members, and if O/AID/REP and contractors act on those orders, the ASBDP Project would have to immediately suspend operations since all staff in Peshawar would be in grave personal danger. Additionally, all project property and facilities would be at risk. The same situation will apply if the ASBD Project is instructed to not allow members of the two above-mentioned Mujahideen parties to participate in program activities.
- d) If certain Mujahideen commanders within Afghanistan learn that the source of funding for the NGO Small Business Extension Service and Credit Scheme, and the ASBDP Monitors, is ultimately the U.S. Government, they will cause problems for Afghan SMEs within Afghanistan that participate in the programs, as well as ASBDP Monitors.

## Cultural

- a) Some Afghan small businessmen and micro-entrepreneurs, who will have their loan applications rejected because they are not viable or are incomplete, may, in frustration, react with violence against ASBDP staff or property.
- b) Unless Afghan small businessmen and micro-entrepreneurs understand that what is traditionally termed "interest" in the non-Muslim world, and what will be presented to them as "processing fees" and administrative charges, is a legitimate project expense, recoverable as a debt through addition to loan principal, it is possible they will resist repaying that portion of their loans which they perceive as interest.
- c) Afghan small businessmen and micro-entrepreneurs may very well reject overtures from ASBDP Small Business Extension/Credit Agents and insist on several meetings with ASBDP senior staff -the Executive Director and Executive Director Afghan Counterpart - to receive an explanation of the project before considering their participation. This will place a strain on the amount of time the Executive Director and Executive Director Afghan Counterpart will be able to devote to project administration.

## Information

- a) The information generated by the Afghan or international NGO selected to receive a grant, through their Small Business Extension Service and Credit Scheme, may or may not be specific to the province(s) within Afghanistan where they run their programs. It may be misleading to generalize about overall small enterprise activities within Afghanistan based on this small sample.
- b) Because of the continuing war within Afghanistan, the ASBD Project's ability to freely collect information throughout the country will be severely curtailed. Because it is very difficult for Afghans to enter major Afghan city limits, and, in particular, Kabul, without proper identification from the Afghan regime, it will be extremely risky for researchers to collect information within Afghanistan.

## Legal

- a) There will be no legal recourse through the Pakistani court system to enforce loan repayment of Afghan small entrepreneur loan defaulters, because loans to Afghans can not be made through a Pakistani commercial bank.

## 9.0 Budget

Total proposed life of funding for the 18 month Afghan Small Business Development Project is \$1,629,758.86, which, in summary, breaks down as:

Technical Assistance (direct costs)	\$570,022.61
Program	\$856,486.78
Logistics	\$25,550.53
Overhead (25%)	\$142,093.15
Fixed Fee (5%)	<u>\$35,605.79</u>
TOTAL	\$1,629,758.86

A detailed Illustrative Budget is to be found in the Appendices under 10.1 Illustrative Budget.

## 10.0 Appendices



AFGHAN SMALL BUSINESS DEVELOPMENT PROJECT (ASBP)  
ILLUSTRATIVE BUDGET (9/15/01)

QUARTER/ FISCAL YEAR ESTIMATED/ACTUAL	1ST QUARTER		2ND QUARTER		3RD QUARTER		4TH QUARTER		TOTAL	TOTAL	TOTAL DEVIATION	1ST QUARTER		2ND QUARTER		3RD QUARTER		TOTAL	TOTAL	TOTAL DEVIATION	TOTAL PROJECT		TOTAL PROJECT		TOTAL PROJECT					
	FY 02 (ESTIMATED)	FY 02 (ACTUAL)	FY 02 (ACTUAL-ESTIMATED)	FY 03 (ESTIMATED)	FY 03 (ACTUAL)	FY 03 (ACTUAL-ESTIMATED)	TO DATE (ESTIMATED)	TO DATE (ACTUAL)	TO DATE (ACTUAL-ESTIMATED)	TO DATE (ESTIMATED)	TO DATE (ACTUAL)	TO DATE (ACTUAL-ESTIMATED)																		
TOTAL SALARIES	7869.85		11623.45		49722.94		49726.98		267442.61			46326.92		39542.29				126872.38								365872.62				
<b>B. BENEFITS</b>																														
<b>1. SHORT-TERM EXPATRIATE TRAINERS/CONSULTANTS</b>																														
PER-DEPARTURE EXPENSES (VISAS, SMGS, ETC.)	1500.00		0.00		0.00		0.00		1500.00			0.00		0.00				0.00										1500.00		
TRAVEL U.S.-PAKISTAN-U.S.	4200.00		4222.00		0.00		0.00		8420.00			0.00		0.00				0.00										16820.00		
TRAVEL IN-COUNTRY	100.00		120.00		0.00		0.00		220.00			0.00		0.00				0.00										340.00		
PER DIEM/OWING INT. TRAVEL	150.00		150.00		0.00		0.00		300.00			0.00		0.00				0.00										300.00		
PER DIEM/OWING IN-COUNTRY	12700.00		20450.00		0.00		0.00		33150.00			0.00		0.00				0.00										33150.00		
POST DIFFERENTIAL	823.00		13710.00		0.00		0.00		14533.00			0.00		0.00				0.00										14533.00		
SHAWY DIFFERENTIAL	200.00		400.00		0.00		0.00		600.00			0.00		0.00				0.00										600.00		
TEN CONTINGENCY	1910.00		4010.00		0.00		0.00		7920.00			0.00		0.00				0.00										7920.00		
SUBTOTAL	21600.78		44755.91		0.00		21526.73		61822.72			0.00		0.00				0.00										61822.72		
<b>2. LOCAL-BASE AFGHAN STAFF</b>																														
SEVERANCE PAY (EMP-SHM PAYMENT PER ACCUMULATED ANNUAL LEAVE)	444.16		892.34		765.95		765.95		2968.32			1265.61		527.53				1871.73										444.16		
RELOCATION ALLOWANCE	304.02		764.43		600.55		600.55		2511.10			823.24		439.72				1362.96											2674.62	
WORK-RELATED TRAVEL	26.17		26.17		26.17		26.17		104.67			22.18		22.18				44.37											104.67	
PER DIEM/OWING	6192.00		6292.00		6292.00		6292.00		25170.00			16222.00		0.00				16222.00											16222.00	
TEN CONTINGENCY	1687.00		1653.50		1677.50		1677.50		6715.50			1727.50		210.50				1420.00											1420.00	
SUBTOTAL	12187.42		12655.78		11051.74		11051.74		47951.67			13451.42		2144.76				15776.67											47951.67	
<b>3. LOCAL-BASE THIRD COUNTRY NATIONAL (TCN) STAFF</b>																														
SEVERANCE PAY (EMP-SHM PAYMENT PER ACCUMULATED ANNUAL LEAVE)	120.00		120.00		120.00		120.00		480.00			151.00		151.00				302.00											120.00	
RELOCATION ALLOWANCE	250.00		250.00		250.00		250.00		1000.00			310.25		310.25				620.50												1000.00
WORK-RELATED TRAVEL	210.00		210.00		210.00		210.00		840.00			274.00		274.00				548.00												840.00
PER DIEM/OWING	450.00		450.00		450.00		450.00		1800.00			450.00		450.00				900.00												1800.00
TEN CONTINGENCY	180.00		180.00		180.00		180.00		720.00			110.20		110.20				220.40												720.00
SUBTOTAL	1140.20		1140.20		1140.20		1140.20		4580.00			1275.25		1275.25				2550.50												4580.00
TOTAL BENEFITS	3518.44		8781.16		12918.04		12918.23		142991.83			14787.88		3829.44				18352.72											142991.83	

UPWARD SMALL BUSINESS DEVELOPMENT PROJECT (ASBP)  
ILLUSTRATIVE BUDGET (8/15/91)

QUARTER/ FISCAL YEAR (ESTIMATE/ACTUAL)	1ST QUARTER	1ST QUARTER	2ND QUARTER	2ND QUARTER	3RD QUARTER	3RD QUARTER	4TH QUARTER	4TH QUARTER	TOTAL	TOTAL	TOTAL DEVIATION	1ST QUARTER	1ST QUARTER	2ND QUARTER	2ND QUARTER	TOTAL	TOTAL	TOTAL DEVIATION	TOTAL PROJECT	TOTAL PROJECT	TOTAL PROJECT	TOTAL DEVIATION	TOTAL PROJECT	TOTAL PROJECT	TOTAL PROJECT
	FY 92	FY 92	FY 92	FY 92	FY 92	FY 92	FY 92	FY 92	FY 92	92	(ACTUAL-ESTIMATE)	FY 93	FY 93	FY 93	FY 93	FY 93	FY 93	(ACTUAL-ESTIMATE)	TO DATE	TO DATE	TO DATE	(ESTIMATE)	(ACTUAL)	(ACTUAL-ESTIMATE)	
TOTAL DIRECT COSTS																									
TECHNICAL ASSISTANCE	10016.28		173370.63		67228.93		103651.21		445759.11			01066.27		43166.23		124259.58								57022.41	
OVERHEAD (23%)	20031.57		43342.66		13688.23		20912.84		114227.28			20274.18		16781.88		31943.82									142053.45
FEDER FEE (5%)	6005.29		10025.64		3378.96		6478.28		27838.32			1618.55		2697.92		7764.47									35495.78
TOTAL TECHNICAL ASSISTANCE	18053.15		227540.95		84396.12		114042.33		584825.70			16443.40		56656.04		163228.87									747221.68
11. PROGRAM																									
1. TRACKING OF TRAINERS/ EXTENSION AGENTS/REFERRS.																									
TRACKING FACILITY:																									
RENTAL	3125.00		3125.00		3125.00		3125.00		12500.00			3457.50		0.00		3457.50									15621.50
MAINTENANCE	125.00		125.00		125.00		125.00		500.00			137.50		0.00		137.50									627.50
WATER	41.67		41.67		41.67		41.67		166.67			45.83		0.00		45.83									212.50
ELECTRICITY	437.50		437.50		437.50		437.50		1750.00			481.25		0.00		481.25									2231.25
GAS	50.00		50.00		50.00		50.00		200.00			50.00		0.00		50.00									250.00
CLEANING SERVICE	663.25		663.25		663.25		663.25		2653.00			729.50		0.00		729.50									3382.50
GRASS SERVICE	881.25		881.25		881.25		881.25		3525.00			1678.75		0.00		1678.75									3604.75
TRAINING MATERIALS	750.00		750.00		750.00		750.00		3000.00			825.00		0.00		825.00									3825.00
10 SCHOOL CHAIRS/STESS	250.00		0.00		0.00		0.00		250.00			0.00		0.00		0.00									250.00
6 4TH CONSULTINGS	481.00		0.00		0.00		0.00		481.00			0.00		0.00		0.00									481.00
1 TELEPHONE BANKING	65.00		0.00		0.00		0.00		65.00			0.00		0.00		65.00									65.00
0 BLACKBORDS	162.00		0.00		0.00		0.00		162.00			0.00		0.00		162.00									162.00
0 CASH BORDERS	216.00		0.00		0.00		0.00		216.00			0.00		0.00		216.00									216.00
16 OPERATOR LUGS	258.67		0.00		0.00		0.00		258.67			0.00		0.00		258.67									258.67
1 HOSKIN BROADCAST	128.00		0.00		0.00		0.00		128.00			0.00		0.00		128.00									128.00
5 RECTANGULAR WOOD TABLES	425.00		0.00		0.00		0.00		425.00			0.00		0.00		425.00									425.00
1 CONFERENCE TABLE (4X10)	300.00		0.00		0.00		0.00		300.00			0.00		0.00		300.00									300.00
10 CONF. TABLE CHAIRS	510.00		0.00		0.00		0.00		510.00			0.00		0.00		510.00									510.00
CONTRACTS	641.67		0.00		0.00		0.00		641.67			0.00		0.00		641.67									641.67
SHIRTS ACCESSORIES	750.00		0.00		0.00		0.00		750.00			0.00		0.00		750.00									750.00
TRK CONSULTING	1681.00		617.37		617.37		617.37		3345.80			679.18		0.00		679.18									4221.00
<b>TOTAL</b>	<b>18587.83</b>		<b>6791.83</b>		<b>6791.83</b>		<b>6791.83</b>		<b>30922.92</b>			<b>7472.14</b>		<b>0.00</b>		<b>7472.14</b>									<b>68421.84</b>



AFRICA SMALL BUSINESS DEVELOPMENT PROJECT (ASBP)  
ILLUSTRATIVE BUDGET (1/15/91)

QUARTER/ FISCAL YEAR ESTIMATE/ACTUAL	1ST QUARTER	1ST QUARTER	2ND QUARTER	2ND QUARTER	3RD QUARTER	3RD QUARTER	4TH QUARTER	4TH QUARTER	TOTAL	TOTAL	TOTAL DEVIATION	1ST QUARTER	1ST QUARTER	2ND QUARTER	2ND QUARTER	TOTAL	TOTAL	TOTAL DEVIATION	TOTAL PROJECT										
	FY 91	FY 91	FY 92	FY 92	FY 92	FY 92	FY 92	FY 92	FY 92	FY 92	(ACTUAL-ESTIMATE)	FY 91	FY 91	FY 92	FY 92	FY 91	FY 91	(ACTUAL-ESTIMATE)	TO DATE	TO DATE	TO DATE	TO DATE	(ESTIMATE)	(ACTUAL)	DEVIATION				
<b>2. SPECIAL MONEY LENDERS' "SOLIDARITY GROUP" REVOLVING LOAN SCHEME</b>																													
INTEREST-FREE LOAN	0.00		50640.00		0.00		0.00		50640.00			0.00		0.00		0.00										50640.00			
LOAN REFLING	0.00		0.00		0.00		-10000.00		-10000.00			-10000.00		-25000.00		-40000.00										-10000.00			
<b>SUBTOTAL</b>	<b>0.00</b>		<b>50640.00</b>		<b>0.00</b>		<b>-10000.00</b>		<b>40640.00</b>			<b>-10000.00</b>		<b>-25000.00</b>		<b>-40000.00</b>										<b>0.00</b>			
<b>E. STUDIES</b>																													
1. SBE BASELINE STUDY	0.00		15000.00		21000.00		0.00		36000.00			0.00		0.00		0.00											36000.00		
2. SBE REGULATORY/ LICENSING STUDY	10000.00		5000.00		0.00		0.00		15000.00			0.00		0.00		0.00											15000.00		
3. SBE OPPORTUNITIES/ ESTABLISHMENT STUDY	0.00		0.00		15000.00		0.00		15000.00			0.00		0.00		0.00											15000.00		
4. CULTURAL REFERENTIALS TO AFRICAN SBE ACTIVITIES	0.00		0.00		10000.00		15000.00		25000.00			0.00		0.00		0.00											25000.00		
5. SBE SMO-FACTOR ANALYSIS	0.00		0.00		0.00		40000.00		40000.00			0.00		0.00		0.00											40000.00		
6. FINANCIAL MARKETS STUDY	0.00		30000.00		0.00		0.00		30000.00			0.00		0.00		0.00											30000.00		
<b>SUBTOTAL</b>	<b>10000.00</b>		<b>110000.00</b>		<b>36000.00</b>		<b>15000.00</b>		<b>225000.00</b>			<b>0.00</b>		<b>0.00</b>		<b>0.00</b>										<b>225000.00</b>			
<b>F. PROGRAM LOGISTICS</b>																													
<b>1. PROCUREMENT - NON-EXPENDABLE PROPERTY:</b>																													
30 DESKS	4500.00		0.00		0.00		0.00		4500.00			0.00		0.00		0.00											4500.00		
30 WOODEN CHAIRS	1500.00		0.00		0.00		0.00		1500.00			0.00		0.00		0.00												1500.00	
7 EXECUTIVE CHAIRS	600.00		0.00		0.00		0.00		600.00			0.00		0.00		0.00												600.00	
22 SECRETARIAL CHAIRS	1400.00		0.00		0.00		0.00		1400.00			0.00		0.00		0.00												1400.00	
(1) FOUR DRINKER FILE CABINETS	500.00		0.00		0.00		0.00		500.00			0.00		0.00		0.00												500.00	
1 WOODEN BOOKSHELVES	400.00		0.00		0.00		0.00		400.00			0.00		0.00		0.00												400.00	
6 BLACKBOARD	100.00		0.00		0.00		0.00		100.00			0.00		0.00		0.00												100.00	
6 CHOC BOARD	210.00		0.00		0.00		0.00		210.00			0.00		0.00		0.00												210.00	
2 PHOTOCOPY MACHINES	20000.00		0.00		0.00		0.00		20000.00			0.00		0.00		0.00												20000.00	
14 IBM-COMPATIBLE LAPTOP COMPUTERS	44000.00		0.00		0.00		0.00		44000.00			0.00		0.00		0.00												44000.00	
6 IBM-COMPATIBLE DESKTOP COMPUTERS	20000.00		0.00		0.00		0.00		20000.00			0.00		0.00		0.00												20000.00	
(1) U.S. 274. UPS	5000.00		0.00		0.00		0.00		5000.00			0.00		0.00		0.00												5000.00	

AFRMAN SMALL BUSINESS DEVELOPMENT PROJECT (ASBMP)  
 ILLUSTRATIVE BUDGET (8/15/81)

QUARTER/ FISCAL YEAR ESTIMATED/ACTUAL	1ST QUARTER		2ND QUARTER		3RD QUARTER		4TH QUARTER		TOTAL		TOTAL DEVIATION		1ST QUARTER		2ND QUARTER		TOTAL FY 82 (ESTIMATED)	TOTAL FY 83 (ACTUAL)	TOTAL DEVIATION FY 83 (ACTUAL-ESTIMATED)	TOTAL PROJECT		TOTAL PROJECT DEVIATION		TOTAL PROJECT				
	FY 82 (ESTIMATED)	FY 82 (ACTUAL)	FY 82 (ACTUAL-ESTIMATED)	FY 83 (ESTIMATED)	FY 83 (ACTUAL)	FY 83 (ACTUAL-ESTIMATED)	TO DATE (ESTIMATED)	TO DATE (ACTUAL)				TO DATE (ACTUAL-ESTIMATED)	TO DATE (ESTIMATED)	TO DATE (ACTUAL)	TO DATE (ACTUAL-ESTIMATED)	TO DATE (ESTIMATED)	TO DATE (ACTUAL)	TO DATE (ACTUAL-ESTIMATED)										
2 LASER PRINTERS	2450.00		0.00	0.00	0.00	0.00	0.00	0.00	2450.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							2450.00	2450.00	0.00
2 DOT-MATRIX PRINTERS	2450.00		0.00	0.00	0.00	0.00	0.00	0.00	2450.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							2450.00	2450.00	0.00
(1) LOCAL VOLTAGE REGULATORS	2062.50		0.00	0.00	0.00	0.00	0.00	0.00	2062.50			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							2062.50	2062.50	0.00
1 ELECTRIC TYPewriter	881.00		0.00	0.00	0.00	0.00	0.00	0.00	881.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							881.00	881.00	0.00
10 ELECTRIC CALCULATORS	1250.00		0.00	0.00	0.00	0.00	0.00	0.00	1250.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							1250.00	1250.00	0.00
1 SAFE	500.00		0.00	0.00	0.00	0.00	0.00	0.00	500.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							500.00	500.00	0.00
1 TELEPHONE SWITCHBOARD	6350.00		0.00	0.00	0.00	0.00	0.00	0.00	6350.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							6350.00	6350.00	0.00
10 TELEPHONE HANDSETS	1225.00		0.00	0.00	0.00	0.00	0.00	0.00	1225.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							1225.00	1225.00	0.00
1 TELEFAX MACHINE	2000.00		0.00	0.00	0.00	0.00	0.00	0.00	2000.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							2000.00	2000.00	0.00
(1) 50 KW. GENERATOR	17000.00		0.00	0.00	0.00	0.00	0.00	0.00	17000.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							17000.00	17000.00	0.00
(10) 10,000 BTU AIR CONDIT.	8100.00		0.00	0.00	0.00	0.00	0.00	0.00	8100.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							8100.00	8100.00	0.00
1 CONFERENCE TABLE (4X10)	300.00		0.00	0.00	0.00	0.00	0.00	0.00	300.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							300.00	300.00	0.00
10 CONFERENCE TABLE CHAIRS	510.00		0.00	0.00	0.00	0.00	0.00	0.00	510.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							510.00	510.00	0.00
(2) THREE-SEATER SOFAS	420.00		0.00	0.00	0.00	0.00	0.00	0.00	420.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							420.00	420.00	0.00
12 ARMCHAIRS	1270.00		0.00	0.00	0.00	0.00	0.00	0.00	1270.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							1270.00	1270.00	0.00
2 COFFEE TABLES	150.00		0.00	0.00	0.00	0.00	0.00	0.00	150.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							150.00	150.00	0.00
23 COMPUTER SIDE TABLES	1935.00		0.00	0.00	0.00	0.00	0.00	0.00	1935.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							1935.00	1935.00	0.00
4 RECTANGULAR MEET TABLES	340.00		0.00	0.00	0.00	0.00	0.00	0.00	340.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							340.00	340.00	0.00
44 FLOESED LAMPS	656.57		0.00	0.00	0.00	0.00	0.00	0.00	656.57			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							656.57	656.57	0.00
CURTAINS	1125.00		0.00	0.00	0.00	0.00	0.00	0.00	1125.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							1125.00	1125.00	0.00
15 CARPETS (2.0x10 SQ. FT.)	6842.00		0.00	0.00	0.00	0.00	0.00	0.00	6842.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							6842.00	6842.00	0.00
REFERENCE LIBRARY	1500.00		0.00	0.00	0.00	0.00	0.00	0.00	1500.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							1500.00	1500.00	0.00
COMPUTER SOFTWARE	5000.00		0.00	0.00	0.00	0.00	0.00	0.00	5000.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							5000.00	5000.00	0.00
COMPUTER ACCESSORIES	4541.07		0.00	0.00	0.00	0.00	0.00	0.00	4541.07			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							4541.07	4541.07	0.00
SUMMARY ACCESSORIES (CLOCKS, MAPS, TEA SERVICES, ETC.)	1000.00		0.00	0.00	0.00	0.00	0.00	0.00	1000.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							1000.00	1000.00	0.00
10% CONTINGENCY	17591.61		0.00	0.00	0.00	0.00	0.00	0.00	17591.61			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							17591.61	17591.61	0.00
<b>SUBTOTAL</b>	<b>102502.52</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>102502.52</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>							<b>102502.52</b>	<b>102502.52</b>	<b>0.00</b>
<b>2. FURNITURE - EXPENSIBLE PROPERTY:</b>																												
OFFICE MEAT SUPPLIES	1100.00		1100.00		1100.00		1100.00		4400.00			1210.00		1210.00		4220.00		2420.00									4420.00	294.00
OFFICE CLEANING SUPPLIES	33.00		33.00		33.00		33.00		132.00			36.30		36.30		72.60		72.60								294.00	294.00	0.00
OFFICE GAS	44.00		44.00		44.00		44.00		176.00			48.40		48.40		193.60		193.60								272.00	272.00	0.00
OFFICE ELECTRICITY	275.00		275.00		275.00		275.00		1100.00			302.50		302.50		1210.00		1210.00								1195.00	1195.00	0.00
OFFICE WATER	22.00		22.00		22.00		22.00		88.00			24.20		24.20		96.40		96.40								156.40	156.40	0.00
OFFICE TELEPHONE/FAX	2300.00		2300.00		2300.00		2300.00		9200.00			3680.00		3680.00		14720.00		14720.00								26400.00	26400.00	0.00
VEHICLE FUEL	890.00		890.00		890.00		890.00		3560.00			1464.00		1464.00		5856.00		5856.00								6120.00	6120.00	0.00
VEHICLE REPLACEMENT PARTS	440.00		440.00		440.00		440.00		1760.00			440.00		440.00		1760.00		1760.00								2720.00	2720.00	0.00
STICK. OFFICE SUPPLIES (CLEANING, TOWELS, TISSUE PAPER, TEA, SUGAR, ETC.)	140.50		140.50		140.50		140.50		562.00			140.50		140.50		562.00		562.00								891.00	891.00	0.00
NEWSPAPER SUBSCRIPTION	17.10		17.10		17.10		17.10		68.40			17.10		17.10		68.40		68.40								103.10	103.10	0.00
10% CONTINGENCY	636.07		636.07		636.07		636.07		2544.28			636.07		636.07		2544.28		2544.28								2145.00	2145.00	0.00
<b>SUBTOTAL</b>	<b>7000.00</b>		<b>7000.00</b>		<b>7000.00</b>		<b>7000.00</b>		<b>28000.00</b>			<b>7000.00</b>		<b>7000.00</b>		<b>28000.00</b>		<b>28000.00</b>								<b>43400.00</b>	<b>43400.00</b>	<b>0.00</b>