

Reintegration and Development Assistance in Afghanistan (RADA)  
Business Startup Grant

**A) Background**

IOM, with financial assistance of the European Union, developed the Reintegration and Development Assistance in Afghanistan (RADA) project to support sustainable reintegration of returnees within their communities of return. RADA is implemented in eight provinces of high return (Baghlan, Balkh, Herat, Kabul, Kandahar, Kunar, Laghman and Nangarhar) with an integrated approach to the economic, social and psychosocial aspects of reintegration at both the individual and community levels. At the structural level, technical assistance supports national and sub-national Afghan government authorities to strengthen their capacity to plan, manage and facilitate reintegration.

The project runs for 5 years, from 2017 to 2022, with a budget of EUR 40 million to achieve the following results:

1. Sustainable reintegration: Returnees and communities in areas of high return in Afghanistan share an enabling environment for sustainable reintegration in which returnees reach a level of economic self-sufficiency, social stability within their community, and psychosocial well-being that enables them to cope with (re)-migration drivers.
2. Capacity strengthening: The Ministry of Refugees and Repatriation (MoRR) and its departments at the provincial level, has strengthened capacities to plan, coordinate and facilitate the provision of comprehensive reintegration assistance.
3. Reception Assistance: Persons who are returned to Afghanistan under the Joint Way Forward Framework and additional arrangements on non-voluntary returns, are provided with immediate assistance at the airport in Kabul, Afghanistan.
4. Knowledge development: Comprehensive data collection, trend monitoring and research contributes to an evidence base on return, reintegration and development policy and practice in Afghanistan.

**B) Objective**

IOM, under its RADA project, intends to invite potential entrepreneurs (should be returnee) to practice their competitive sustainable business idea which will focus on social enterprise into an organized business. Potential entrepreneurs (returnees) who are willing and able to start a business in manufacturing and production sectors to support private sector development, create employment and employability for returnees and support value chain for domestic products, are encouraged to apply for the business start-up grants of the RADA project.

**C) About Business (start-up) of RADA**

To support the economic reintegration of returnees, IOM works to establish, develop and expand 80 start-up enterprises to create jobs, employment and employability for returnees in the 8 target provinces (Baghlan, Balkh, Kabul, Herat, Nangarhar, Kandahar, Kunar and Laghman) of the RADA project in Afghanistan. IOM invites interested potential entrepreneurs (returnees), who have basic requisite entrepreneurial skills, in 4 target provinces (Kandahar, Kunar, Laghman, and Nangarhar) to submit innovative business ideas. By means of the technical review of the business applications and cross-checking the proposals against recent market analysis by RADA project business start-up advisor, the in-kind assistance is distributed to selected entrepreneurs to support them commence operation of their business activities. The business startup grant is for business idea which comes under the definition of

micro business (The invested amount of AFN 50000 to AFN 1500000). The business startup value will be combination of 75% contribution from IOM and 25% from potential entrepreneur.

#### **D) Nature of Service**

Through formal announcement of business start-up grant, IOM will identify, review and select potential business ideas of entrepreneurs to receive assistance and start the business focusing on manufacturing sector.

The RADA project provincial staff will find the potential entrepreneurs (returnees) in RADA implementation provinces and orient them in how to put their business ideas in proposals and business plans. The following arrangements will take place for the mentioned grant.

- Announcement of request for applications for business start-up grants in RADA operational provinces (Kandahar, Kunar, Laghman and Nangarhar). This will be done either using the well-known websites or through project staff in target provinces.
- Assessment and analysis of business ideas considering the selection criteria and distribution of eligibility letters to those applicants whose business idea has been initially selected through application review board for further assessment.
- Ensure the business ideas are in line with existing demands in market. The joint market survey through IOM staff and potential entrepreneur will take place with retailers and households to understand the needs/demand for the product.
- Supporting those potential entrepreneurs who has competitive business ideas in developing business proposals.
- An agreement explaining the nature and type of support, roles and responsibilities of both parties (IOM and Enterprise), duration, contribution etc will be developed and signed.
- Procurement of equipment for the selected business ideas. A grant proposal explaining the required resources with joint contribution of both parties (IOM and owner of business idea) will be developed.
- Provision of technical skills and soft skills development trainings to the owner and employees of selected business.
- Introducing returnees (unskilled) as labour to business start-up by IOM.
- Facilitation on access to finance will be provided to selected business through close coordination with financial institutions.

#### **E) Target of beneficiaries and duration of the service**

IOM will select 40 potential entrepreneurs to participate and receive assistance under RADA project in 4 target provinces. Implementation of the activities mentioned in this term of reference will be commenced in all 4 target provinces at same time. The provincial targets under business start-up component of RADA project are summarized in the table below.

<b>Target: Micro Business (Start-up)</b>			
Kandahar	Kunar	Laghman	Nangarhar
5	3	6	26

#### **F) Selection of potential entrepreneur for business start-up**

Once the applicants submit their business ideas online or through community-based RADA project team, An application review board consist of IOM business development staff and RADA project senior management will decide the acceptance and rejection of business idea. The list of selected business ideas will be shared with DoRR. The acceptance and rejection of business idea will be decided considering the business start-up selection criteria (available in section I of this file or Annex 1).

#### **G) Location of the businesses**

The RADA project is being implemented in eight high-return provinces (Baghlan, Balkh, Herat, Kabul, Kandahar, Kunar, Laghman, and Nangarhar) however the grant announcement is only for 4 provinces

(Kandahar, Kunar, Laghman and Nangarhar). The list of communities with high returnees in these four provinces will be shared with selected entrepreneurs for selecting the business location. This will support the returnees to have easy access to business for being working as labour.

#### **H) business (start-up) starting date**

The process of grant announcement, finding the potential entrepreneurs, analysing and selection of potential entrepreneurs will be started from June 01, 2020. The grants will be announced for 1 and half month (45 days) and two weeks later the closing date of the grant, the screening and initial assessment of business ideas will start where the application review board (ARB) consist of IOM technical and senior staff will review the applications and initially select competitive business ideas for further assessment. Those business ideas who are selected in ARB will be notified with an eligibility letter which will allow the business ideas for further assessment.

#### **I) Qualifying criteria for business start-up**

**Primary Criteria:** The qualified business applications must meet all the following criteria.

- **Returnee:** The case applicant must be returnee of Afghanistan and should have background in the proposed business. If the business type is partnership, at least one active partner of the business idea must be a returnee with business background.
- **Focus on social enterprise:** The business idea should be innovative and fulfill needs of people, environment friendly and support value chain.
- **Geographically:** The case applicants must be based in target provinces of RADA project (Kandahar, Kunar, Laghman and Nangarhar).
- **Type of business:** The proposed business idea should be related to manufacturing but not merchandizing.
- **Financial contribution:** The applicant must have the ability to financially mobilize up to 25% of the total requested assistance. It means out of total required in-kind investment, at least 25% will be contributed by applicant and maximum 75% by IOM.
- **Limit of investment:** The business startup grant is for business idea which comes under the definition of micro business (The invested amount of AFN 50000 to AFN 1500000). If the amount exceeds from micro business, the exceeding amount will also be contributed by the applicant.
- **Job creation:** The business idea must have the potentiality of creating at least 7 long term/ sustainable jobs for returnees after receiving assistance from IOM. The 7 job seekers will be introduced by IOM to business start-up.
- **Product of business:** The case application must justify demand for its product(s)/service(s) in its target market. A joint market survey through IOM technical staff and case applicant for demand and supply of product will take place later.
- **Legal business:** Based on Government of Islamic Republic of Afghanistan (GoIRA), the business idea should be legal and should not directly and indirectly be involved in unethical and illegal activities.
- **Nature of production:** The business idea should not be seasonal, unless highly justified or unless justify a high sales turnover, high demand product in the market, employ high number of labours etc.
- **Environment friendly:** the business idea should not contradict to the Afghanistan environmental protection policy
- **Raw materials of business:** The business start-up idea should have access to raw material locally. It should not fully depend on imported raw materials.

**Secondary Criteria:** The qualified business applications must meet at least one of the following criteria.

- The age of case applicant for business start-up should be between 21-42 year.
- The business owner, his/her business partner or family member who will be involve in business operation should have experience of starting business in the requested field

- The case applicant/partner should have at least completed secondary education.

#### **J) Deliverables:**

- Once the business idea is selected for business start-up support of RADA project and successfully started the operations (once received in-kind support from IOM), the business will submit monthly sales, expenses and employment report. A business plan will be developed with business owner and will be updated on annual bases.

#### **K) Coordination**

During the micro business start-up implementation, there will be regular coordination among the representatives from the Provincial Department of Ministry of Refugees and Repatriations, community elders and IOM team to make sure the process is being provided on the best possible way according to the program operations manual and procedures. Any acceptable suggestions for the improvement of the business start-up are welcomed by the mentioned parties to be accommodated and to ensure the quality and effectiveness of the business start-up.

#### **L) Participatory monitoring of the business start-up process**

Besides having the good coordination, the business start-up implementations process will be monitored by the monitoring team of RADA project in the field and by the mentioned coordinating parties to ensure everything is going well as per the plan and timeframe. It further will help to track and report on time, should there be any inconsistencies in the implementation/activities so that to take a quick corrective measures to get back on path.

#### **M) Budget**

The budget range for each grant falls in micro business defined range of Afghanistan (50,000-1,500,000 AFN). A breakdown of which should be realistically calculated based on the needs and presented to IOM in the standard budget template Annex 3 to this term of reference.

In order to be able to calculate per business start-up cost, a sample budget template is attached in which it is required to put the details of the budget breakdown for each item/equipment required to start a business.

#### **N) Budget division/payment for procurement:**

As the budget for each business start-up may differ based on the amount needed to start a business, hence the total contribution of RADA grant for business start-up will be divided as followings. The timeframe for the following cost will be random considering the implementation plan of RADA project.

<b>Type of cost</b>	<b>% Budget on support</b>
Equipment for business start-up	90%
Technical Trainings to business owner and employees	5%
Promotional Tools (Marketing materials)	3%
Business Mentoring	2%

#### **O) Timeframe:**

<b>Activity Description</b>	<b>Timeframe</b>
Announcement of business start-up grant through well-known web pages and direct in the community through RADA project community-based team	from 1 <sup>st</sup> June for 45 days
reviewing the applications and selection of potential entrepreneurs through application review board.	Two weeks after the closing date of the start-up grant announcement.

Joint assessment of business idea (technical analyses and market survey)	2 days per business idea
Proposal and agreement	3 weeks
Procurement of equipment	1-2 months after agreement
Returnees introduction as labor to business start-up	One month after distribution of equipment to business start-up

**P) ANNEX.**

Business start-up Criteria (Annex 1)

Business start-up application in Dari and Pashto (Annex 2)

Budget Sample Format (Annex 3)

**Q) Required documents**

Those candidates who meet the business start-up criteria (Annex 1) and has sustainable business idea are requested to submit the following documents for their business idea to be consider as part of review process.

- a. Business start-up application either in Pashto or Dari (Annex 2)
- b. Budget for business start-up (Annex 3)
- c. Document of returnee (copy of returnee card). It can be any card (UNHCR, IOM, DoRR) to proof the returnee status of the applicant.
- d. National Identity card for both business owner and business partner (If any) (Copy of Tazkira)
- e. Certificate copy of secondary education (owner or partner)