

project periods up to four years. Awards, on a competitive basis, will be for a one-year budget period. Applications for continuation grants funded under these awards beyond the one-year budget period but within the four-year project period will be entertained in subsequent years on a noncompetitive basis, subject to availability of funds, satisfactory progress of the grantee, and a determination that continued funding would be in the best interest of the Government.

Refugee Microenterprise Development Program—Purpose and Scope

The purpose of microenterprise development is to assist refugees in becoming economically self-sufficient and to help refugee communities in developing employment and capital resources. To achieve this purpose, applicants for microenterprise development projects may request funds for: Business technical assistance, short-term training, credit in the form of microloans, the administrative costs of managing the project, a revolving microloan fund or loan loss reserve fund, and post-loan technical assistance.

Projects should be designed in a manner that is culturally and linguistically appropriate for the refugee population, including characteristics such as employment rates, welfare status, length of time in the U.S., interest in micro-businesses, and English language proficiency. Applicants should also be familiar with the capital needs and capital market gaps for refugee entrepreneurs and should demonstrate how refugees will gain access to business credit.

Successful applicants will demonstrate an understanding of the economic opportunities in the community for refugees and will have established working partnerships with the communities' refugee resettlement services network, with existing microenterprise development organizations (where they are present), and with financial institutions.

ORR will not fund applicants who propose to subgrant or contract all or most of the proposed activities under this program to an unrelated entity. Subgranting or contracting for specific services or activities is not barred as long as the applicant proposes to perform directly some of the essential functions of the grant.

Client Eligibility: Eligible clients are refugees who aspire to establish, expand, or stabilize a microenterprise but who lack the financial resources, credit history, or personal assets to qualify for business loans or assistance

through commercial institutions. Refugees may participate regardless of their date of arrival in the U.S. Grantees will be responsible for documenting refugee client eligibility.

Allowable Activities: Project components may include one-on-one business consultation and training, training in classroom settings, access to business credit, individual or peer group lending, revolving loan funds, loan loss reserve funds, and technical assistance to refugee businesses. ORR funds may also be used for the administrative costs associated with managing a revolving loan fund.

Microloans consist of small amounts of credit that are less than \$15,000 and are extended to low-income entrepreneurs for start-ups of microenterprises or for the expansion or stabilization of existing microenterprises. Applicants may elect to establish cooperative relationships with one or more of the community's financial institutions to obtain access to commercial loan funds. Alternatively, ORR funds may be used for microloans to individual refugee entrepreneurs in sums not to exceed \$15,000 (of ORR monies). These funds may be disbursed through individual loans, peer lending mechanisms, or a revolving loan fund. Requests for ORR grant funds for a revolving loan fund may not exceed \$50,000 in the first budget period. Grantees will be responsible for establishing written lending policies and procedures and for collecting and servicing loan repayments.

ORR supports the use of commercial lending institutions for refugee borrowers to leverage the limited amount of ORR funds available for this purpose and to provide borrowers with the opportunity to establish credit-worthy histories with traditional lenders. To that end, ORR does not encourage the use of below-market rates of interest for the loan funds. Conversely, grantees may not charge refugees interest rates that exceed four percentage points above the New York prime lending rate at the time of loan approval.

Microloans will have a maximum maturity of three years. They may be used for working capital, inventory, supplies, furniture, fixtures, machinery, tools, equipment, building renovation, and/or leasehold improvements.

Microloan funds may not be used for the following types of businesses:

- As venture capital for established businesses that are attempting major expansion;
- for enterprises engaged in gambling or speculation;

- for any illegal activity or production or for the service or distribution of illegal products;
- for purposes not related to microenterprise development; e.g., for the purchase of a personal-use automobile.

Treatment of Program Income:

Projects with revolving loan funds may earn and retain program income in the form of interest (on individual loans or from loan loss reserves). Specifically, program income funds may be retained by the project to expand the pool of credit in accordance with 45 CFR 74.24 (b)(1), (b)(2) and (e) for non-profit organizations and 45 CFR 92.25 (g)(2) for governmental entities. Similarly, repaid loan principal is to be treated as program income and placed in the revolving loan fund for re-lending. Program income may be retained by the grantee so long as the use of these funds furthers the objectives of the grant and is consistent with the Federal statute under which the grant was made (45 CFR 74.36e).

Any fees or charges imposed on refugee clients by the grantee or its subcontractors or affiliates (e.g., loan processing or training fees) must be disclosed in the application and pre-approved by ORR. Program income must be reported on the Financial Status Report (SF-269) semi-annually during the project period.

Successful grantees will be expected to coordinate their policies and procedures for developing and administering refugee microenterprise development projects with the existing refugee microenterprise services network. To ensure an exchange of technical and training information among programs, all grantees are encouraged to attend two ORR training meetings during each year of their participation in this program area. Grant funds may be used to offset the cost of attendance.

Part II: General Instructions for Preparing a Full Project Description

The Project Description Overview

Purpose

The project description provides a major means by which an application is evaluated and ranked to compete with other applications for available assistance. The project description should be concise and complete and should address the activity for which Federal funds are being requested. Supporting documents should be included where they can present information clearly and succinctly. In preparing your project description, all information requested through each