

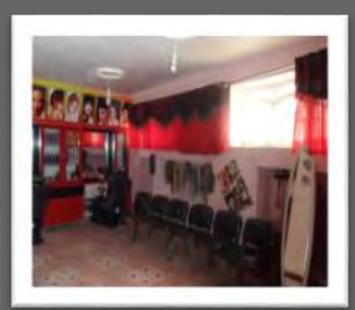


**USAID**  
FROM THE AMERICAN PEOPLE

**AFGHANISTAN**

## MID-TERM PERFORMANCE EVALUATION REPORT (NOVEMBER-DECEMBER 2014)

### ASSISTANCE IN BUILDING AFGHANISTAN BY DEVELOPING ENTERPRISES (ABADE)



DECEMBER 2014

This report was produced for review by the United States Agency for International Development (USAID). It was prepared under contract with Checchi and Company Consulting, Inc. for USAID's Afghanistan "Services under Activity and Activity Offices for Results Tracking Phase II" (SUPPORT II) activity.

## **Activity Signature Page**

This report was contracted under USAID Contract Number: AID-306-C-12-00012. Afghanistan Services Under Activity and Activity Office for Results Tracking Phase II (SUPPORT II).

This Activity was initiated by the Office of Activity and Activity Development (OPPD) through Mr. Daryl Martyris, COR/SUPPORT II.

### **Assignment Title: Mid-Term Performance Evaluation Report**

**Team Leader: Adrian Baskey**

**Report Writer: Margaret W. Mucheru-Karuri,**

**Team Members: Burhanuddin Kamal, Mustafa Kemal, Ferishta Stanekzai,**

**Activity Start Date: November 1, 2014**

**Completion Date: December 15, 2014**

**Michael Lechner, Chief of Party**

**Waheed Ahmadi, Deputy Chief of Party**

Checchi and Company Consulting, Inc.

Kabul, Afghanistan

### **Disclaimer:**

The views expressed in this report are those of the author and do not necessarily reflect the views of USAID, the Government of the Islamic Republic of Afghanistan, or any other organization or person associated with this activity.

## TABLE OF CONTENTS

|  |    |
|--|----|
| I. Executive Summary.....                                      | 1  |
| 1. Activity Background.....                                    | 1  |
| 2. activity Evaluation Objectives, Questions, and Methods..... | 1  |
| a. Evaluation Objectives.....                                  | 1  |
| b. Evaluation Questions.....                                   | 1  |
| c. Evaluation Methodology.....                                 | 2  |
| d. Evaluation Limitations.....                                 | 2  |
| e. Findings And Conclusions.....                               | 2  |
| II. Introduction.....  | 8  |
| 1. Activity Background.....                                    | 8  |
| 2. Activity Objectives and Results.....                        | 8  |
| 3. Evaluation Purpose.....                                     | 9  |
| 4. Evaluation Questions.....                                   | 9  |
| 5. Evaluation Design, Methodology And Limitations.....         | 10 |
| 6. Limitations to the Evaluation.....                          | 12 |
| III. Findings.....   | 13 |
| IV. ConclusSions.....  | 34 |
| V. Recommendations.....  | 35 |
| ANNEX I: scope of work.....                                    | 40 |
| ANNEX II: Work Plan.....                                       | 50 |

## LIST OF TABLES

|   |    |
|---|----|
| Table 1: Breakdown of PPAs, FGD Participants and Field Visits by Region and Gender .... | 10 |
| Table 2: Status of ABADE PPA-Pipeline by Stage of Development and Value.....            | 14 |
| Table 3: Level of Private Sector Investment Leveraged through ABADE Support.....        | 15 |
| Table 4: Status of Local Procurements by Number of Items and Value .....                | 26 |
| Table 5: Status of International Procurements by Item, PPA and Value.....               | 26 |

## ACRONYMS

|             |  |
|-------------|--|
| ABADE       | Assistance in Building Afghanistan by Developing Enterprises     |
| ACCI        | Afghanistan Chamber of Commerce and Industries                   |
| AUAF        | American University of Afghanistan                               |
| AIBF        | Afghanistan Innovation Business Fund                             |
| AISA        | Afghanistan Investment Support Agency                            |
| AO          | Agreement Officer  |
| AOR         | Agreement Officer's Representative                               |
| APPF        | Afghan Public Protection Force                                   |
| ASMED       | Afghanistan Small Medium and Medium Enterprise Development       |
| BOA         | Basic Ordering Agreement   |
| BDS         | Business Development Services                                    |
| COP         | Chief of Party   |
| CCN         | Cooperating Country Nationals                                    |
| CN          | Concept Notes  |
| DAI         | Development Alternatives, Inc.                                   |
| DCOP        | Deputy Chief of Party  |
| DR          | Desk Reviews   |
| ET          | Evaluation Team  |
| FGD         | Focus Group Discussions  |
| FAIDA       | Financial Access for Investing in the Development of Afghanistan |
| GDP         | Gross Domestic Product   |
| GIRoA       | Government of the Islamic Republic of Afghanistan                |
| GIZ         | Gesellschaft für Internationale Zusammenarbeit                   |
| IESC        | International Executive Service Corps                            |
| IP          | Implementing Partner   |
| LTTA        | Long -Term Technical Assistance                                  |
| MoCI        | Ministry of Commerce and Industry                                |
| MoWA/DoWA   | Ministry of Women's Affairs/Directorate of Women's Affairs       |
| PPAs        | Public Private Alliances   |
| PMP         | Performance Management Plan                                      |
| Activity AO | Agreement Officer  |

|       |  |
|-------|--|
| SMEs  | Small and Medium Enterprises                                 |
| SOW   | Statement of Work  |
| STTA  | Short-Term Technical Assistance                              |
| TAMIS | Technical, Administrative, and Management Information System |
| TA    | Technical Assistance   |
| USAID | United States Agency for International Development           |
| VEGA  | Volunteers for Economic Growth Alliance                      |

## **I. EXECUTIVE SUMMARY**

### **1. ACTIVITY BACKGROUND**

The Assistance in Building Afghanistan by Developing Enterprises (ABADE) activity<sup>1</sup> was conceived to address the pressing needs of Afghanistan’s small and medium enterprise (SME) owners, through Public-Private Alliances (PPA) formation, technical assistance, and improvement of the business enabling environment. The key objective of the activity was to increase domestic and foreign investments, stimulate employment, and improve sales of Afghan products. The activity works under three main components: 1) the SME and Public-Private Innovation Alliances Component; 2) the Technical Assistance (TA) and Business Advisory Services Component; and 3) the Business Enabling Environment Component.

### **2. ACTIVITY EVALUATION OBJECTIVES, QUESTIONS, AND METHODS**

#### **a. Evaluation Objectives**

The objective of the mid-term evaluation is to assess the quality of the public-private alliances formed by the ABADE activity, and the extent to which ABADE and the partners’ joint investments have produced activity results including: increased enterprise profitability, job creation, opportunities for women and youth, and pro-poor growth. Identify lessons learned and good practices, and formulate recommendations for USAID/Afghanistan and VEGA/IESC as the activity continues.

#### **b. Evaluation Questions**

The mid-term evaluation was guided by eight evaluation questions:

1. Based on a review of the Work Plan, Performance Management Plan (PMP), weekly and quarterly progress reports, to what extent is the activity meeting its targets?
2. To what extent was the activity advertised and accessible to a broad range of enterprises (including women-owned enterprises)?
3. What results did the approved public-private alliance agreements produce? (*e.g.*, enterprise transparency/profitability, jobs creation, opportunities for women and youth, and pro-poor growth)
4. How successful was the technical support and training provided to public-private alliance partners, and the “high-value” skills training for women?

---

<sup>1</sup> USAID has replaced the use of project with activity (USAID/Afghanistan)

5. How effective was the process for identifying, procuring, and delivering new equipment for selected businesses? How effective is ABADEs Monitoring and Evaluation system?
6. How useful, for private sector development, are the MoCI industry-specific action plans that the ABADE activity facilitated and how are they being implemented?
7. Is the public-private partnership model suitable for scaling up by GIROA or a private Afghan entity?
8. Are the number of expatriate and CCN staffing positions reasonable now and for the remainder of the activity, given the activity's performance status? From a cost and security perspective, is the number of expatriate staff justified?

### **c. Evaluation Methodology**

The evaluation was undertaken by a team of two international, and two Afghan consultants with assistance from Checchi long-term staff. A combination of qualitative and quantitative methods was used including: a desk review of activity documents, an examination of secondary data, focus group discussions (FGD), questionnaires distributed at FGD break-out sessions, and during visits to individual PPA partner companies, key informants interviews, telephone calls and internet research. The methods were selected to allow for wide consultation with PPA partners partner and other key stakeholders. A total of 72 PPA partner representatives participated in the seven FGD (19 women and 53 men). In addition, a total of 27 visits to PPA partner businesses were conducted in the activity areas of Kabul (8), Mazar-i-Sharif (9) and Herat(10). At each stage, the evaluation team documented its findings through notes, questionnaires, and recordings that were later transcribed from Dari into English. Data from the questionnaires was coded, captured in excel spreadsheets and analyzed.

### **d. Evaluation Limitations**

**Low level of Activity Implementation amongst the PPA Partner Companies:** ABADE had not delivered most of the supported investments (machinery and equipment) to PPA partner companies as at the time of the evaluation. Hence, the PPA partners companies were unable to provide responses on changes in sales, income, profitability, etc.

**Lack of Adequate Data:** ABADE did not have indicators to capture data on profitability and pro-poor development required to be analyzed under evaluation questions number three.

**Security Considerations:** Security considerations disrupted the evaluation's program as both the mid- and exit- briefings with USAID were cancelled due to security concerns. Several planned meetings with ABADE also could not take place. The team was however able to hold FGDs, and conduct visits to PPA partner businesses in Kabul, Mazar-i-Sharif and Herat.

### **e. Findings And Conclusions**

Overall, the ABADE activity performance can be described as unsatisfactory, but improving. At mid-term, the activity had 22 of 48 months implementation period left. The ABADE activity performance is summarized under each of the eight evaluation questions as follows:

**Question 1: Based on a review of the Work Plan, Performance Management Plan (PMP), weekly and quarterly progress reports, to what extent is the activity meeting its targets?**

As at the time of this evaluation, implementation performance of six of the eleven key activity objective indicators was just about 30% of the Life of Activity (LOP) objectives targets. These are indicators: **1)** 500 SMEs supported (24.8%); **2)** 150 private sector firms that have improved management practices(22.67%); **4)** 365 public-private alliances formed (26%); **5)** 41 Innovation public-private alliances formed (29%); **8)** 40 initiatives that provide alternative workplace models for women (27%); and **11)** 46,000 full-time equivalent jobs created (4.7%). Factors contributing to low indicator performance and slow take off of the ABADE activity included: high staff turnover in year one; challenges in finding appropriate offices/accommodations in Kabul, Herat, and Mazar-e Sharif; and failure to reach agreement with the Afghan Public Protection Force (APPF) to provide security to international staff constraining the ability of ABADE staff to move freely to the regions; inability by SME owners/managers to complete the of on-line Concept Notes (CN), forcing ABADE staff to work closely with them etc. The PPA development process however picked up in 2014, and by September 30, 2014, ABADE had developed and submitted to USAID 136 PPA applications of which USAID approved 102 as PPAs. As at the time of this evaluation, ABADE has a healthy pipeline of 117 PPAs at various stages of approval. Currently ABADE is generating 4-5 PPAs per week. If this is maintained through 2014-2015, ABADE should be able to achieve the LOP target of 365 SME-PPA, and 41 innovation-PPA partnerships formed.

**Question 2: To what extent was the activity advertised and accessible to a broad range of enterprises (including women-owned enterprises)?**

The ABADE activity was widely advertised. Outreach road shows started soon after the launch, and involved distribution of flyers informing the public of the requirements for formation of the PPAs, and educating the SME community about the concept of alliances. ABADE held workshops, and posters were posted at all key institutions including USAID Implementing Partners (IPs). ABADE outreach teams visited different forums organized by different organization, and made presentations on the ABADE activity. Some of the PPA partners in the FGD became aware of ABADE through ACBAR Job Website, local media, commercial banks, and through ABADE, and USAID staff. Approximately 2,000 women-owned or managed business contacts came from Afghanistan Investment Support Agency (AISA) and ASMED, the ABADE predecessor.

**Question 3: What results did the approved public-private alliance agreements produce? (e.g., enterprise transparency/profitability, jobs creation, opportunities for women and youth, and pro-poor growth)**

ABADE does not have indicators to track performance of the enterprise transparency/profitability and pro-poor growth. The evaluation has recommended the development of these indicator, and relevant tools. ABADE administers quarterly survey which monitors adoption of good management practices by PPA partners, including: financial management systems, proper record keeping, procurement and accountability. Under the job creation indicator 11, the activity was expected to create 46,000 full-time jobs by end of its life, and 17,000 by mid-term evaluation. As at the end of the 4th quarter of 2014,

3,749 jobs had been created, of which 2,954 (79%) were for women and 795 (21%) for men. In view of the difficulties in meeting the job target, USAID is considering modification of the indicator to also measure number of beneficiaries in addition to jobs created. As at the time of the evaluation, under indicator 1, the activity had supported 124 PPAs, of which 34 (27%) are women owned. ABADE has also achieved the set targets under indicator 4 and 5, which requires that at least 20% of the SME-Alliance sub-awards and 50% of the Innovation PPA partners would be awarded to applicant businesses that directly address the needs of women, youth, pro-poor growth, or other cross-cutting issues. ABADE has also supported 11 PPA partner businesses that offer alternative workplace models for women.

**Indicator 4: How successful was the technical support and training provided to public-private alliance partners, and the “high-value” skills training for women?**

ABADE's technical support is divided into pre-award and post-award services. Technical support activities are tracked under indicators 1 and 2 of the activity, and implementation performance stands at 25% and 23% respectively. 12 combined trainings and TA support have been provided to PPA partners. In an effort to expedite the PPA implementation process, ABADE has also provided TA support by engaging with industry experts working remotely to assist in developing specifications for complex types of equipment. ABADE also used remote expert consultants to provide specification, and guidance in selecting equipment for the production of packaging products, textiles, agribusiness procurement and shoe manufacturing. Three high-value skills training courses in basic outreach and marketing and ICT/website development were delivered to 21 women. An additional, 19 women were trained in computer-aided design (CAD), increasing their likelihood of gaining employment or establishing their own enterprises.

**Indicator 5: How effective was the process for identifying, procuring, and delivering new equipment for selected businesses? How effective is ABADEs Monitoring and Evaluation system?**

Mistakes and/or frequent changes in equipment specifications have in the past caused delays in both local, and international procurement. To mitigate this, ABADE resorted to working closely with PPA partners in selecting/identifying the right type of machinery, and equipment for their businesses. The evaluation team was confronted with many questions from PPA partners relating to delays in procurement, and delivery of ABADE supported investment. The PPA partners don't seem to appreciate the ABADE/USAID processing timeframes, and expect to receive the ABADE supported investment as soon as they complete their own part of the investment, which they eagerly do. The activity designers did not anticipate the delays that would result from changes in the USAID vetting, and approval procedures, or the volume of documentation that would be requirements by **USAID** at each stage. The subsequent revision by USAID of the vetting threshold limit from US\$ 150,000 to US\$ 25,000 for all sub-awards created a large backlog of PPA partners, and vendors requiring vetting, which resulted in more delays. While the vetting process is a mandatory requirement of the US government, there is a need to expedite the process to avoid delays. Procurement and delivery delays have worsened by the unresolved custom duty issue, whereby, Afghan Customs Department is demanding that ABADE pay duty, since the procured items are for use by third party (PPA partner companies). The M&E system

used by ABADE is an internal system which, according to staff interviewed, is efficient and cost effective. Procurement process is tracked using the on-line *Trello* tracking system.

**Indicator 6: How useful, for private sector development, are the MoCI industry-specific action plans that the ABADE activity facilitated and how are they being implemented?**

ABADE has achieved the target set of supporting MoCI in updating Actions Plans of four priority sectors highlighted in the SME Development Strategy (the carpets, agribusiness, marble and women SMEs sector). The ABADE approach was unique in that it facilitated wide-scale consultations with industry stakeholders through business roundtables, in an effort to identify the principal problems faced by SMEs in the respective priority sectors. This process has created ownership of the action plans by the private sector, with government and donors acting as facilitators. To expedite implementation work on its own sponsored action plans, ABADE is considering taking up some of the implementation work under component 2- TA activities. This has been included in the current Work Plan for ABADE awaiting approval by USAID.

**Indicator 7: Is the public-private partnership model suitable for scaling up by GIRoA or a private Afghan entity?**

The evaluation has noted the challenges that ABADE, has encountered in implementing the PPP model in Afghanistan. The evaluation study by the Global Development Alliances (GDA) office<sup>2</sup>, found that: i) the PPP model required the implementer to have large amount of resources which can be provided to partners on a grant basis; ii) the alliance builders must be able to develop clear priorities for resource allocation in terms of money, time, energy, technical expertise and activity commitments (high overhead costs); and iii) the alliance builder must be able to determine clear business and development goals, and objectives from the outset to set the alliance direction. It is the view of the evaluation team that neither GIRoA, nor a private Afghan entities would be able to meet these requirements at this stage of the countries development, to scale-up the PPP model.

**Indicator 8: Are the number of expatriate and CCN staffing positions reasonable now and for the remainder of the activity, given the activity's performance status? From a cost and security perspective, is the number of expatriate staff justified?**

The ABADE activity contract was awarded in October 2012, and the activity was staffed and fully functional as of February 2013. By May 2013 the regional offices had been set up. The activity implementation took a long time to gain traction, and much time was lost in the first year due to high expatriate staff turnover, and delays in recruitment of Afghan staff at all levels. It is the view of the

---

<sup>2</sup>[http://www.usaid.gov/sites/default/files/documents/1880/GDA\\_Evaluation\\_reformatted\\_10.29.08.pdf](http://www.usaid.gov/sites/default/files/documents/1880/GDA_Evaluation_reformatted_10.29.08.pdf)

evaluation team that as it stands, the activity performance does not justify the existence of such a large implementation infrastructure, with heavy overhead costs in terms of offices, and staffing levels. Although the activity has gained traction, and learned good lessons, much time has been lost. A lot more effort will be required of the ABADE senior management, and staff, to recoup lost time, to achieve the intended targets within the remaining timeframe. ABADE has also not transitioned some of the positions targeted as at midterm, citing non-availability of local capacity and language challenges with local staff.

### **Recommendations**

The comprehensive list of the recommendations is contained in the main body of the report. Only key recommendations are listed in the Executive Summary:

#### **To be considered by USAID/Afghanistan:**

- i. Given the slow pace in meeting the job creation target under indicator 11, and challenges related to this expressed by the PPA partner companies and ABADE, the evaluation team agrees with USAID that the indicator be modified to track both the number of jobs created, and beneficiaries served separately.
- ii. The evaluation team is of the opinion that the ABADE activity is now on course, has a good pipeline of 117 prospective PPAs at different stages of approval, and the potential to develop more. ABADE also has the operational capacity to meet the target of 365 SME-PPAs. The proposed reduction in SME - PPA numbers from 365 to 250 is therefore not justifiable.
- iii. All parties work together to resolve the customs duty and tax issues to avoid procurement and delivery delays that have resulted. a
- iv. Urgently undertake a more detailed staffing analysis of the ABADE project staffing levels, based on the original VEGA/IESC proposal, and prevail upon them to adhere to it. Especially, the expatriate staff transitional timelines set in it.
- v. Extend the only the contract for the current expatriate Deputy Chief of Party (DCOP) Technical position at ABADE for an interim period of three months to allow the activity to transition this position to one of the senior Afghan ABADE staff, or recruit a qualified local person for the DCOP Technical position. No other expatriate hires, and extensions until after a detailed staffing analysis of ABADE has been done.
- vi. Vetting requirements have caused a great burden and drag on USAID activities in general, but ABADE may have suffered more than most, due to the nature of its activities. The action by USAID to extend a one-time vetting waiver on 89 pending request to expedite the vetting process is noted. For the project to reach its targets in the remaining period, continued support with the vetting process will be required from the vetting office.

#### **To be considered by VEGA/IESC:**

- i. SME generally face constraints accessing funding from the formal financial markets. The evaluation team is of the view that funding limits should remain within the criteria thresholds set in the ABADE PPA Manual of less than US\$ 250,000 for small SME-PPAs, US\$ 250,000 to US\$1 million per alliance for larger - SMEs-PPAs, and limit of US\$ 500,000 for Innovation-

PPAs. These limits were intended to facilitate investment support to a critical mass of SMEs that would impact the growth of the sector in Afghanistan.

- ii. To improve efficiency, in monitoring and tracking PPA development, approval and implementation performances, ABADE should attach timeframes to various stages in the flowcharts viewed by the team.
- iii. The implementation of technical assistance and training aspects of the activity has fallen short of targets. A serious effort and action plan is needed to roll-out the training and hit the target indicators.
- iv. Better and improved communication is required with all stakeholders, especially between ABADE and the PPA Partners, and between ABADE and Regional offices, particularly on issues relating to status of CNs, PPAs applications, and procurement.
- v. In their eagerness some PPA partner companies have incurred heavy investment and operational costs, while waiting for the ABADE supported investments to arrive. ABADE should emphasize that there are processing timeframes, and PPA partners should synchronize their upfront investment contributions to these timeframes.
- vi. The Gender Strategy developed as part of the ABADE activities, recommended the creation of the position of gender specialist. As at the time of the evaluation, the position was vacant. ABADE should endeavor to fill the position in line with recommendations of the gender strategy.
- vii. ABADE does not have indicators to monitor enterprise transparency/profitability and pro-poor growth, which were to be assessed by evaluation team under question 3. The evaluation recommends that ABADE develops these indicators, and also modify the tools accordingly.
- viii. Build capacity of Afghan staff and transition them to the positions held by the International Procurement Specialists, the International PPA Development Officer and two Business Analysts, three months prior to the end of their current contracts. It may be necessary to extend the contract of one senior expatriate staff member to supervise the Afghan staff taking over.
- ix. Feedback received from some Key Informants indicates that ABADE staffs face challenges relating with SME's due to fear of conflict of interest. The evaluation would recommend more training where possible, and clear guidelines on rules of engagement with SME's, which would enable the local staff perform their duties more effectively.
- x. To improve communication and bring ABADE closer to SMEs and the general public, consider setting up a front office/support desk manned by local staff at an accessible point. This could be at MoCI or Chamber of Commerce. The GIZ office visited during the evaluation is housed by the Chamber of Commerce in Herat.
- xi. As a sustainability measure for the PPAs, and the SME sector at large, build Business Development Services (BDS) providers' capability and promote their relevance to SME

## II. INTRODUCTION

### 1. ACTIVITY BACKGROUND

The Assistance in Building Afghanistan by Developing Enterprises (ABADE) Activity was created to address the pressing needs of Afghanistan's Small and Medium Enterprise (SMEs) sector, through investment support grants, training and technical assistance, and improved business enabling environment. ABAD E is designed to support SMEs that foster business innovation, expand the role of women and youth in business, promote pro-poor growth, and increase value-added productivity in strategic industries. SMEs receive support in acquisition of appropriate equipment and technologies, and improvement of management skills. The activity complements other USAID activity focused on improving the business enabling environment, workforce development, and access to finance. The activity works through three main components:

**Component 1 SME and Public-Private Innovation Alliances:** ABAD E is making awards to existing productive SMEs, consortia or joint ventures through a competitive application process to mitigate business expansion risks, encourage private investment, and expand markets. Alliance partners have a substantial financial stake in the venture by matching ABAD E funding on at least 1:2 basis. The activity is also supporting the establishment of public-private alliances (PPAs) to stimulate innovation-focused initiatives. Both for-profit and non-profit entities, foreign and domestic, are encouraged to apply. Under this category PPA partners match ABAD E funding on at least 1:1 basis.

**Component 2: Technical Assistance and Business Advisory Services:** ABAD E is providing technical assistance (TA) for sub-award recipients and activity stakeholders to improve their operations and management, and solve technical issues related to market access, production, access to finance, and achievement of quality standards.

**Component 3: Business Enabling Environment:** ABAD E is working to improve the business environment, and operating conditions in high priority industry sectors by addressing specific regulatory, administrative, and business development barriers that affect the growth prospects of firms operating in these sectors. This involves conducting assessments and analytical studies to identify the main constraints to growth in the targeted sectors, improving processes for public-private dialogue, and supporting efforts by relevant government ministries to work with industry stakeholders in preparing, and implementing action plans that aim to remove barriers and stimulate business growth.

### 2. ACTIVITY OBJECTIVES AND RESULTS

ABAD E objectives are to increase domestic and foreign investments, stimulate employment, and improve sales of Afghan products. The activity contributes to USAID's Assistance Objective 4: A developed business climate that enables private investment, job creation, and financial independence. Specifically, ABAD E works towards the Intermediate Result 4.3 - Competitiveness of private sector enhanced, Sub IR 4.3.2: Business Development Services

Improved, and Intermediate Result 4.3.3 - Investment in Afghan Private Sector Promoted. The activity is also aligned to the new USAID RF-DO1: Sustainable agricultural led economic growth expanded; IR 1.1 Employment opportunities increased; Sub IR 1.1.3 Equitable access to financial services increased; Sub IR 1.1.3 competitiveness of Businesses and entrepreneurs increased; Sub IR 1.1.4 Regional trade increased. The targets to be achieved by the end of the activity under Intermediate Result 4.3.2 and 4.3.3 are as follows:

| <b>Sub IR 4.3.2: Business Development Services Improved</b>   | <b>Sub IR 4.3.3: Investment in Afghan Private Sector Promoted</b>  |
|---|--|
| <ul style="list-style-type: none"> <li>• 500 SMEs supported with ABADE assistance</li> <li>• 150 private sector firms, that have improved management practices as a result of ABADE assistance</li> <li>• 150 firms receiving ABADE assistance to invest in improved technologies</li> <li>• 10% average increase in sales by Public-Private Alliance SMEs</li> <li>• 40 initiatives that provide alternative workplace models for women</li> <li>• 200 women trained in “high value” skills</li> </ul> | <ul style="list-style-type: none"> <li>• \$180 million in private sector investment created</li> <li>• 365 public-private alliances formed as a result of ABADE assistance</li> <li>• SME PPAs should be 20% women-owned businesses</li> <li>• 41 Innovation public-private alliances formed as a result of ABADE assistance</li> <li>• Innovation PPA should be up to 50% women support activities</li> <li>• 46,000 full-time equivalent jobs created</li> <li>• Creating an Enabling Environment (these specific objectives are currently being redefined)</li> </ul> |

### **3. EVALUATION PURPOSE**

The purpose of this mid-term evaluation is to assess progress towards the achievement of ABADE activity objectives; analyze key strengths, gaps, success and challenges faced in the course of its implementation; identify lessons learned and good practices; and formulate recommendations for USAID/Afghanistan, and VEGA/IESC, as the activity continues. Specifically, the evaluation was to assess the quality of the public-private alliances formed, the extent to which partners’ joint investments have produced activity results including: increased enterprise profitability, job creation, opportunities for women and youth, and pro-poor growth. Assess the quality of ABADE’s technical assistance for sub-award recipients and program stakeholders, and the quality and usefulness of the industry-specific action plans produced.

### **4. EVALUATION QUESTIONS**

To assess the progress, quantity, and quality of activity activities and results reported, the evaluation focused on the following questions:

1. Based on a review of the Work Plan, Performance Management Plan (PMP), weekly and quarterly progress reports, to what extent is the activity meeting its targets?

2. To what extent was the activity advertised and accessible to a broad range of enterprises (including women-owned enterprises)?
3. How useful, for private sector development, are the MoCI industry-specific action plans that the ABADE activity facilitated and how are they being implemented?
4. Is the public-private partnership model suitable for scaling up by GIRoA or a private Afghan entity?
5. Are the number of expatriate and CCN staffing positions reasonable now and for the remainder of the activity, given the activity's performance status? From a cost and security perspective, is the number of expatriate staff justified?

## 5. EVALUATION DESIGN, METHODOLOGY AND LIMITATIONS

### Evaluation Methodology

The evaluation was undertaken by a team of two international, and two Afghan consultants with assistance from Checchi long-term staff. The evaluation team used a combination of qualitative and quantitative methods including: a desk review of activity documents, an examination of secondary data, focus group discussions (FGD), questionnaires distributed at FGD break-out sessions, key informants interviews, observations, telephone calls and internet research. Initially, the team had planned to purposefully select PPA partner companies to participate in the FGDs, using a method that would ensure mixture of large, medium and small PPA partner companies, different sectors, and different levels of ABADE investment support. On realizing that most PPA partner companies had not received the ABADE supported investment during the first FGD in Kabul, the evaluation team decided to invite all active PPAs in both in Mazar-i-Sharif and Herat. Due to their small numbers, all women owned SMEs and innovation PPA partners were included in the list of invitees. At each stage, the evaluation team documented its findings through notes, questionnaires, and recordings that were later transcribed from Dari into English. The methodology and approach used was intended to allow for wide consultation with PPA partners, and key stakeholders. Table 1 gives the total number of participants that attended the FGDs, and visits made to PPA partners by region and gender.

**Table 1: Breakdown of PPAs, FGD Participants and Field Visits by Region and Gender**

| ABADE OFFICES | FOCUS GROUP MEETINGS |           |           | FIELD VISITS |           |           |
|---------------|----------------------|-----------|-----------|--------------|-----------|-----------|
|               | Women PPAs           | Men PPAs  | Total     | Women PPAs   | Men PPAs  | Total     |
| Kabul         | 7                    | 14        | 21        | 5            | 3         | 8         |
| Mazar         | 8                    | 19        | 27        | 4            | 5         | 9         |
| Hirat         | 4                    | 20        | 24        | 4            | 6         | 10        |
| <b>Total</b>  | <b>19</b>            | <b>53</b> | <b>72</b> | <b>13</b>    | <b>14</b> | <b>27</b> |

Source: Evaluation Questionnaires Analysis

i) ***Desk review:*** The team reviewed background documents and materials supplied by ABADE including: activity related studies; operational documents; monitoring reports (weekly, monthly, quarterly and annual progress reports); implementation plans, and evaluation reports of

ABADE's predecessor, the ASMED activity. The desk review enabled the team to familiarize itself with the activity goals and objectives, and the implementation status.

ii) **FGDs and Questionnaires:** A total of seven FGDs were held, one each for men and women in Kabul and Mazar-i-Sharif, and two for men, and one for women in Herat. In all 72 PPA partner companies attended the seven FGDs, of which 19 were women owned, and 53 male owned. The FGDs were guided by broad-based questions that allowed for new questions to arise as a result of the discussion. The questions enabled the team to gauge participant knowledge of the ABADE activity, opinions about the relevance and quality of support and services received through ABADE, and their overall experience in engaging with the activity. The FGDs also acted as a forum for the SMEs to interact with each other, and to exchange contacts, and information on their respective businesses. Questionnaires in Dari were distributed during FGD break-up sessions. Participants were taken through each question after which they were expected to complete the questionnaire on their own. The questionnaire captured data on sales, profitability, and employment, among other things. The intention was to capture the before, and after effect of the ABADE intervention on the PPA partner businesses. The FGD sample questionnaires are attached in Annex VI.

iii) **PPA Field Visits:** A total of 27 PPA partner businesses out of those represented in the FGDs were visited by the team. Eight in Kabul, nine in Mazar-i-Sharif, and ten in Herat, The field visit tool developed, covered the PPA partner's location, size of business (sales, profitability), confirmation and verification of the ABADE supported investment at the stated location, and branding. Unlike the FGD questionnaire, the field visit questionnaires were completed by the evaluation team members. Photographs of the premises, machinery and equipment on site were taken, and attached to the questionnaire report. Completed field questionnaires with photographs are attached in Annex VII

iv) **Key Informants Meetings:** The team consulted widely with key informants including: the Ministry of Commerce and Industry (MoCI), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) New Market Development Activity (NMD), PPA partner representatives, the Herat Industrial Union, Business Development Service (BDS) providers, the Business Innovation Hub, the 10,000 Women activity at American University of Afghanistan and others. The team also visited the GIZ funded business park in Herat. The team solicited for views, and opinion on the ABADE activity, strengths and weaknesses of the PPA model, and how the activity can improve links, and interaction with other development partner activities. Responses and insights received from key informants were recorded in notes and analyzed.

v) **Data Collection and Analysis:** As a first step to processing the responses, and data contained in the FGDs questionnaires, possible responses to each question were coded numerically for the ease of data entry. The questions and responses were then captured on excel sheets under each question type. The team analyzed the outcomes, and major findings presented in the report.

vi) **Telephone and Internet Research:** A number of websites were consulted as part of the research conducted by the team including: [www.abade.org](http://www.abade.org), [www.acbar.org](http://www.acbar.org), [www.bih.org](http://www.bih.org),

www.afghanenterprise.com, www.moci.gov.af. Phone calls were made to SMEs who's Concept Notes were rejected to also assess their views on the ABADE process.

## 6. LIMITATIONS TO THE EVALUATION

- i. **Low level of Activity Implementation amongst the PPAs:** As a consequence, most PPA partners could not respond to the performance questions on the evaluation questionnaires. Hence an analysis of the effect of the ABADE activity on supported PPA partners businesses cannot be determined fully at this mid-term evaluation stage.
- ii. **Lack of Adequate Data:** Responses provided in the questionnaire reflected an unwillingness to share information, and/or poor financial record keeping by some businesses, especially women- owned businesses. Most of financial data provided in the questionnaires was haphazard and inconclusive.
- iii. **Security Considerations:** There was a general worsening of the security situation at the time of the evaluation, and security considerations played a big part in determining the team's movements. Both the mid and exit evaluation briefings with USAID were cancelled due to security lockdown. This denied the team the opportunity to share their findings with mission staff, but also to get their feedback on key findings and recommendations. Security considerations did not however deter the team from holding FGDs, key informant consultations, and field visits in Mazar-i-Sharif and Herat, in addition to Kabul.
- iv. **Language Barriers:** Afghan evaluation team members provided interpretation during FGDs and field visits. Language barriers however, limited the ability of the international evaluators to directly interact with the PPA partners. PPA partners owners also preferred to use Dari even in cases where they could speak English. The evaluation depended a great deal, on translated FGDs questionnaires, and recorded transcripts, from Dari to English done by the Afghan team members.

### III. FINDINGS

**Evaluation Question 1: Based on a review of the ABADE Work Plan, Performance Management Plan (PMP), weekly and quarterly progress reports, to what extent is the activity meeting its targets?**

ABADE has 11 indicators that track progress of the three activity components. There are 10-Tier I indicators that are counted directly, and 1-Tier II indicator on jobs created, which is calculated by extrapolation based on results collected by surveys on a sample of SMEs, to the total population of SMEs supported or all SMEs in Afghanistan. The implementation performance indicators as at 30th September 2014, measured against ABADE's 2013, 2014 Annual Plans, and the Activity Management Plan (PMP) Life of Activity (LOP) targets, is given in Annex VIII-1 of the report. A synopsis on the performance of each indicator is given below.

**Indicator 1: 500 SMEs supported with ABADE assistance.** As of the evaluation date, 124 SMEs had received support through the ABADE activity, approximately 25% of the 500 SMEs LOP target. These included: 93 SME-PPA partner companies, 12 Innovation-PPA partner companies, and 19 non-PPA companies. A total of 16 SME's were supported in year 1 of the activity and 108 in year two. Considering the great need for training and TA support expressed by SMEs consulted, this is an indicator with the potential to exceed even the LOP target of 500.

**Indicator 2: 150 private sector firms that have improved management practices as a result of ABADE assistance,** the activity had set out to improve management practices in 30 private sector firms in 2013, and 45 in 2014. No firm received support in 2013, whilst 34 firms received support in 2014 (this is equivalent to 45% of the cumulative ABADE Annual Work Plans targets, and 23% of the LOP target).

**Indicator 3: 150 firms receiving ABADE assistance to invest in improved technologies.** A total of 112 firms have received assistance to invest in improved technologies including all the 12 Innovation PPA partner companies, and 93 SME PPA partner companies. Overall LOP target achievement stands at 75%. This would be much less, however, if the assistance to invest in improved technologies was to include only those PPAs that have already received delivery of their ABADE supported investments.

**Indicator 4: 365 Public-Private Alliances (PPAs) formed as a result of ABADE assistance.** As of September 30, 2014, the activity had assisted in the formation of 107 PPA partners with a total investment value of US\$85,386,936. A total of 95 were SME-PPA partner companies and 12 were Innovation-PPA partner companies. This is equivalent to 38%, and 48% of the activity Annual Work Plan targets, and 25% and 30% of the LOP targets respectively. In year 1, only 10 SME-PPA partnerships were formed. The bulk 85 being in year 2. The total investment cost of PPAs formed, ABADE investment contribution, and PPA partner contribution is given in **Annex VIII-2.**

**Indicator 5: 41 Innovation public-private alliances formed as a result of ABADE assistance.** The activity work plans had targeted five Innovation-PPAs in 2013, and 20 in 2014. Three PPAs

were formed in 2013, and nine in 2014, equivalent to 48% of work plan targets and 30% of LOP targets. As at the time of the evaluation, a total of twelve Innovation-PPA partnerships with a value of \$8,195,724 had been formed by ABADE. One of the Innovation PPA partners with total investment value of \$65,290 had closed. Annex VIII-3 gives a list of active and closed Innovation-PPA partner companies as at the time of the evaluation.

**ABADE PPA Criteria:** The ABADE PPA Criteria sets the SME PPA funding limit at \$250,000 to \$1.0m per Alliance, and that for Innovation PPAs \$500,000 per alliance. ABADE has also targeted smaller investments especially, women owned SMEs, below US\$25,000 which do not contribute much to job creation. Large investment amounts would expedite the process of committing the activity resources but, reduce the number of PPAs formed. The threshold amounts proposed by the activity would strike a good balance, that would ensure large enough investments to meet indicator 4 target of 365 PPAs formed, and indicator 5 target of 41 innovation PPAs, in line with the goal, and objectives of the ABADE activity intervention.

**ABADE-PPAs Pipeline:** The PPA development process picked up in 2014, with a total of 614 concept notes received from the four activity regions. By September 30, 2014, ABADE had developed and submitted to USAID 136 PPA applications, of which, USAID had approved 102 as PPA partners. Currently ABADE is generating 4-5 PPA applications per week. If this rate is maintained through 2014-2015, ABADE should be able to achieve the LOP target of 365 SME-PPAs, and 41 innovation PPAs formed by end of the activity in 2016. The status of ABADE-PPAs pipeline by development stage, and value as at the time of the evaluation mission is given in table 2

**Table 2: Status of ABADE PPA-Pipeline by Stage of Development and Value**

| PPA Status                      | No.        | ABADE Contribution  | Partner Contribution | Total Amount         |
|---------------------------------|------------|---------------------|----------------------|----------------------|
| <b>Pipeline :</b>               |            |                     |                      |                      |
| Submitted to USAID AO           | 33         | 1,213,973.00        | 9,687,872.00         | 10,901,845.00        |
| <b>Submitted to USAID - AOR</b> | 2          | 177,905.00          | 1,653,111.00         | 1,831,016.00         |
| Under Review by Committee       | 50         | 3176478             | 25180471             | 28,356,949.00        |
| Application under Review        | 32         | 1914873             | 14280140             | 16,195,013.00        |
| <b>Total Pipeline</b>           | <b>117</b> | <b>6,483,229.00</b> | <b>50,801,594.00</b> | <b>57,284,823.00</b> |

Source: ABADE

The evaluation team examined whether the ABADE pipeline satisfied the 20% requirement of supporting SMEs that address women issues, youth, and other cross cutting requirements. The evaluation found that out of the total of 117 PPA proposals in the pipeline, 35 PPAs equivalent to 30% fit the criteria, which satisfies the 20% requirements.

The evaluation team was informed of proposed modification of this indicator target from 365 PPAs formed to 250 PPAs. The reason given by ABADE is that the economic benefit derived from small PPAs in terms of job creation, exports, does not justify the high cost of their development. ABADE is also of the view that focusing on medium to larger sized SMEs would increase the number of people employed, and cut down on the administrative burden, especially

as it relates to procurement. Given the state of its pipeline of 117 PPA applications at various stages of approval, and the potential for more, the evaluation team is of the view that the indicator target of 365 PPAs formed is achievable. ABADE will have however, to expedite the PPA partnership implementation process, especially as it relates to procurement, which has been a source of delays in delivery of its investment support to PPA partner companies.

**Indicator 6: \$180 million in private sector investment created.** At the time of the evaluation, ABADE reports reviewed by the team indicate that the activity has created investments valued at \$85,386,936, which is 47% of the set target of \$180 million. ABADE investment support to SMEs in Afghanistan has played a catalytic role, and mobilized PPA partner investments to the tune of \$72,647,943, equivalent to 85% of the total investment value. This gives an ABADE-to-PPA partners overall investment ratio of 1:5.7. This is far greater than the ABADE activity set SME Alliances funding ratio basis of 1:2, and Innovation SMEs alliances ratio basis of 1:1. Table 3 gives the level of private sector investment leveraged by ABADE support to the SME sector in Afghanistan.

**Table 3: Level of Private Sector Investment Leveraged through ABADE Support**

|                       | Number of PPAs | Total ABADE Contribution | Total PPA Partner Contribution | Total Investment Value | Ratio   |
|-----------------------|----------------|--------------------------|--------------------------------|------------------------|---------|
| Total PPA Investments | 107            | 12,738,993.00            | 72,647,943.00                  | 85,386,936.00          | 01:05.7 |
| % Invested            |                | 14.92                    | 85.08                          | 100.00                 |         |

Source: ABADE

The ABADE activity is achieving a key objective of the USAID Public-Private Alliance model, of leveraging local investments by a higher ratio than anticipated. The activity however needs to ensure that the valuation of the in-kind contribution by PPAs is not inflated. ABADE should also be sure not to support PPAs that don't really require ABADE support, which would defeat the purpose of the activity, which is to support SME that face constraints accessing finance from local banks.

**Indicator 7: 20% average increase in sales by public-private alliance SMEs.** ABADE indicator results show a 500% increase in sales in the enterprises surveyed, in the quarter ending September 30, 2014. ABADE conducts quarterly surveys on active PPA partners to determine the effect of its investment on their business sales. Among those that responded to the ABADE quarterly survey, the results which is captured in Annex VIII-4, shows that Payam-e-Noor recorded a 617% increase in sales followed by Green Organic Agricultural Fertilizer Production an Innovation-SME, which had a 512% increase in sales. The evaluation questionnaire also attempted to capture change in sales with the ABADE activity. Only a few PPA partners could respond as the majority had not received and/or implemented the ABADE supported investment. The evaluation also sensed reluctance by some participants to reveal information on their businesses. Most PPA partners in the FGD however, expressed concern with the low level, and inconsistency in sales on the local market. ABADE has in the past organized training in

marketing and branding, and quality improvement. The courses have enabled PPA partner companies to reposition their businesses, and grow their sales. If they can achieve certification, some of the larger PPA partners can venture into markets outside Afghanistan. At MOCI, the team was told of the leather action plan group which is marketing its products in a business park, supported by GIZ-NMD program. The implementation stage of the ABADE supported action plans under MOCI should endeavor to mobilize similar support from donors and government.

**Indicator 8: 40 initiatives that provide alternative workplace models for women**

This model was expected to address cultural and religious restrictions by opening-up alternative opportunities for women to work as employees, and/or as business owners. The activity had planned to support 10 initiatives in 2013, and 12 in 2014. In 2014, ABADE supported 11 PPAs, 28% of LOP target that offer alternative workplace models for women. The types of alternative workplace models for women supported under the ABADE activity are given in Annex VIII-5 of the report.

**Indicator 9: 200 women trained in “high value” skills.** High-Value Skills include, but are not limited to, ICT skills, Computer Design Software (CAD), or finance (QuickBooks). The activity had targeted training for 20 women in 2013, and 55 in 2014. A total of 62 women received high value training in year 2 of the activity, equivalent to 31% of the targeted 200 women. The type of normal training, high value training and TA support given to PPA partners is shown in AnnexVIII-6, Achievements on this target should be higher considering that lack of skills and training opportunities amongst Afghan women is a major issue. The fact that ABADE had the opportunity to tap women for training from non-PPA partners should also have boosted the number on this target. More analysis on this indicator is found under evaluation question 4 of this report.

**Indicator 10: 6 Action Plans accepted by Ministry of Commerce and Industry (MoCI).** Under this indicator, ABADE was to assist the SME directorate of MoCI in developing action plans for six priority sectors. This would include, developing procedures and systems for coordinating efforts to implement the priority initiatives included in these plans. Four action plans were programmed and achieved. These were for the marble, agribusiness, and carpets sectors, and a new action plan to support the development of women-led SMEs (WSMEs). The evaluation was informed that two additional action plans for the gemstones/jewelry and construction materials sectors are still underway. More on performance of this indicator is found under evaluation question 6.

**Indicator 11: 46,000 full-time equivalent jobs created.** The goal of the ABADE activity is to work with the private sector, to strengthen the productivity of enterprises for sustained growth and job creation. This is the indicator that has lagged behind most with only 8% of the LOP target achieved. The indicator is a snapshot of the job situation as at the time of the survey. The activity had anticipated to have created 17,000 jobs by end of 2014. As at the time of the evaluation, the data available from the 4th quarter 2014 survey conducted by ABADE, showed that a total of 3,749 jobs had been created, ABADE has submitted a request to USAID for

variation of this indicator, from number of jobs created to number of beneficiaries supported. The evaluation was made to understand that USAID is considering tracking both the jobs and beneficiaries data separately under this indicator. More analysis of this indicator is found under evaluation question 3.

**Constraints to target Achievements:**

***Delayed Start-up:*** The major staffing challenges faced by ABADE in the first year resulted in very little accomplished in terms of PPA development. There was a high turnover amongst the expatriate staff, and twenty new Afghan employees were either hired and/or replaced in year two of the activity. Staffing challenges also resulted in the restructuring of activity components, with component-2 being made responsible for all pre-award activities, in addition to training and TA implementation assigned before.

***High Rate of Concept Note (CN) Rejection:*** The Mazar-i-Sharif regional office generated a total of 214 CNs for SME Alliances, and 20 for Innovation Alliances (total of 234 CNs), of which 67 CNs (29%) were rejected at the initial screening stage/review. Herat office generated 240 CNs of which 71 (30%) were rejected. Evaluation learnt that after the initial launch of the activity and subsequent road shows, the activity received a large number of non-viable CNs that did not meet ABADE leverage and sustainability. Many of them were rejected which prompted ABADE to change its outreach strategy to a more focused approach, which involved direct engagement by ABADE staff in guiding the applicants through the entire CN development process. A high concept noted rejection rate does impact on the activity implementation rate, and is costly. It could also be a reflection of either lack of clear guidelines and/ or understanding by the applicants of the eligibility criteria, and application requirements.

Responses from the evaluation questionnaire show that 47% of respondents had their CNs approved within three months, 21% within one month, 14% within six months and four PPAs took over a year to get their CNs approved. Delays by ABADE main office in providing feedback on fate of CN's submitted, is an issue that was raised by PPA partners, and ABADE staff in the regional offices, who have to deal with the applicants. No reasons are normally given by ABADE for rejection of CNs.

***Lengthy PPA Application Process:*** During discussions with PPA partners one of the main complaints that came from them was the long delays in finalizing the PPA partnerships. The process begins with the submission of a concept note, and continues with receipt of USAID approval on applications, actual implementation, including procurement of capital equipment, and the start of operations. The ABADE investment support generates very high expectation amongst both applicants, and approved SMEs. Even when informed of ABADE/USAID timelines, in their eagerness, some PPA partners have undertaken costly investments in buildings, and machinery and equipment which are laying idle, awaiting arrival of ABADE supported part of the investment.

**Evaluation Question 2: To what extent was the activity advertised and accessible to a broad range of enterprises (including women-owned enterprises)?**

**Road Show Campaigns:** The ABADE activity agreement was signed in October 2012, and the activity launched in February 2013. Outreach road shows in the three activity areas started soon after the launch, concentrating on high population commercial centers, and involved distribution of flyers informing the public of the requirements for formation of the PPAs. Flyers were distributed door-to-door to businesses randomly, and during special events. ABADE made significant efforts through its outreach campaign to educate the SME community about the concept of alliances. All materials were translated to Dari. The down side of this approach was that the campaign cast its net too wide, and this combined with the donor/grant (free money) expectations from the local business community, led to an overflow in a large number of non-viable concepts notes, that did not meet ABADE leverage and sustainability criteria. ABADE was forced to re-think its strategy, and the road show campaign was replaced with a more focused approach that targeted viable SMEs on a one-on-one basis during workshops.

**Focused Approach:** Working with the Afghanistan Investment Support Agency (AISA), the Afghan Chamber of Commerce and Industry (ACCI), MoCI, and other donor activities, ABADE was able to access their SME members, from which prospective partners were picked, and invitations to workshops were sent out by email, followed up with phone calls, and visits from ABADE staff. In the workshops, short theoretical demonstrations on filling out the CNs were made to participants. Posters were also used, and posted at MoCI, ACCI/Directorate of Chamber of Commerce and Industries (DoCI), AISA main and regional offices, USAID Implementing Partners, and other organizations. ABADE outreach teams visited different forums organized by the organization, and made presentations on the activity. Some of the PPA partners in the FGD became aware of ABADE through ACBAR Job Website and local media. A number of the PPAs interviewed were informed of ABADE through friends working with USAID, and the ABADE activity. One PPA partner learnt of the ABADE activity through staff at his commercial bank (Azizi Bank). What emerged throughout these forums, was that the businesses needed a qualified expert, preferably a member of ABADE staff to work with them on a one-on-one basis, to find the right answers, and physically fill in the CN. Some of the SMEs used BDS providers to fill-in their CNs, while a few managed to do it by themselves. To ensure that the activity had a wide reach, ABADE opened regional offices in Mazar-i-Sharif and Herat.

**Women-Owned Enterprises:** Approximately 2,000 women-owned or managed business contacts came from AISA and ASMED. The businesses were subsequently contacted by phone and emails. Many of the women interviewed by the team came to know about the ABADE activity through the Goldman Sachs 10,000 Women Initiative, a activity implemented by the American University of Afghanistan, and designed to provide business and management training to underserved female entrepreneurs. ABADE staff visited them during trainings, and presented the activity to them.

**Evaluation Question 3: What *results* did the approved public-private alliance agreements produce? (e.g., enterprise transparency/profitability, jobs creation, opportunities for women and youth, and pro-poor growth)**

**A. Results on Enterprise Transparency**

ABADE does not have an indicator to track this result, however 34 PPA partners received some training and technical support to help them improve their management practices (indicator 2). This included training in: financial management systems, proper record keeping, procurement and accountability. ABADE also administers a quarterly survey which lists these management practices, and PPA partners are asked to indicate if they have adopted any improved management practices. By improving business management practices through: accurate financial records, regular audits, good internal checks and balances, better communications etc, the partners would be expected to improve transparency in their businesses dealings. In addition the activity has supported completion of several industry-specific Action Plans through MoCI to help SMEs navigate licensing, and laws stifling SMEs growth. Streamlining licensing procedures, and enhancing access to information, will eliminate real and imaginary bottlenecks that encourage corruption.

The team also met with Afghan Business Innovation Hub based at the American University of Afghanistan, which provides high-quality business management and leadership services to Afghan companies that have an interest in furthering growth. The hub provides standard consulting and coaching services to SMEs. The key requirement of engagement with the hub is that the SME engages in transparent practices including, payment of all government taxes. The Hub expressed interest in working with ABADE PPA partner companies.

**B. Results on Enterprise Profitability**

ABADE does not have an indicator to track this result. The evaluation questionnaire however, included a question requiring PPA partners to indicate the change in their levels of profitability, before and after the ABADE support. Of the 72 PPA partners present in FGD, only six responded to the question on sales and profitability. Some PPA partners could not determine the before and after ABADE investment effect on their enterprises profitability, as they had not received, or had not fully implemented the ABADE support. Of those that responded, Maisam Steel Mill in Kabul reported growth in its sales and profitability with the ABADE support, from US\$18 million to US\$20 million in sales, and growth in profitability by US\$1.0 million. Although no sales figures were given, profitability for Waraq Talaeiy Industrial Company in Herat had risen from US\$120,000 to US\$300,000 with ABADE support. Parwaz Prof Aluminum PVC Production Company in Mezari reported growth in sales from US\$84,200 to US\$507,200, but a drop in profitability from US\$143,000 to US\$57,740. Given the low number of respondents, the evaluation team was not able to draw a clear trend on how the ABADE support has affected both sales, and profitability in the PPA partner enterprises. ABADE should include in its quarterly surveys a tool for collecting data on changes in business profitability after implementing the ABADE supported investments.

### **C. Results on Job Creation**

Under indicator 11, the activity was expected to create 46,000 full-time jobs. Job creation data is collected by ABADE quarterly through a survey of 30-50% of the enterprises that have received support from ABADE. The survey gives a snapshot of the job situation at that specific time within the surveyed businesses, and is expected to determine changes in employment levels in these SMEs since their interaction with the ABADE activity. Results of the survey conducted by ABADE as at the end of the 4th quarter of 2014 showed that 3,749 jobs had been created, of which 2,954 (79%) were for women and 795 (21%) for men. Amongst the women, 1,252 jobs (42%) are for the youth (16-25 year olds).

The reason for high number of women jobs created is because women owned SMEs constitute the majority of those that have taken delivery of their ABADE supported investments, including the 11 women owned PPA partners under indicator 8, for alternative workplace models for women. Out of the 72 FGD participants, only 48 PPA partners responded to the question on job creation. Data provided indicate that a total of 1,716 direct, and 18,768 indirect jobs were created by the PPA partners. Of the direct employment jobs created, 66% were for men, 34% for women of which the youth constituted 46% of the total. Women constituted 29% of the indirect jobs, and men 71%. 47% of the indirect employment is amongst the youth.

The issue of job creation requirements under the ABADE support was raised by PPAs during the FGDs, and by Chamber of Commerce officials in Herat. The target under ABADE's investment criteria is for creation of one job for every US \$1,000 - US \$1,500 invested. The PPA partners indicated that this ratio is not achievable. The partner PPAs argument was that improved technology in some of their businesses would result in direct job losses, although may effectively result in more indirect jobs through distribution, and other marketing channels. An example was given of soap making, and ice production SMEs that previously carried out production through a series of manual operations. The effect of improved technology on them would result in reduction in number of employees required. The businesses also queried why the job creation requirement had to apply on their share of the investment contribution. They felt that this exerted pressure on their businesses as they were already operational, and had the required workforce in place.

In view of the difficulties in meeting the job target indicator, USAID is considering modification of indicator 11 of the activity to include a measure to count beneficiaries, in addition to jobs created. This will enable ABADE to work with hospitals, universities, and other institutions

whose impact is measured in terms of beneficiaries outreach, rather than number of jobs created. These changes were anticipated under the PMP, which stated that ABADE's progress towards job creation (among other areas) would be assessed during the mid-term evaluation. If the evaluation found that the indicator was not capturing a representative sample of jobs created, ABADE would reconsider increasing the sample size, or making other changes to the methodology.<sup>3</sup>

#### **D. Results on Opportunities for Women and Youth**

Unemployment is identified as one of the biggest problems for Afghan women, who often lack education and employment opportunity<sup>4</sup>. Restrictive cultural norms make this an even bigger challenge. A Gender Strategic Action Plan (Gender Strategy) was commissioned by USAID in 2011, to provide the upcoming ABADE activity with a set of guidelines, and an actionable plan on how to integrate gender support to maximize the opportunities for women in the workplace, and increase women's employment and job creation. The activity has integrated specific goals in terms of support to women businesses, employment, job creation, and skills training. As at the time of the evaluation, under indicator 1, the activity had supported 124 PPAs, of which 34 (27%) are women owned.

Under ABADE's expected results for indicator 4 and 5, at least 20% of the SME-Alliance sub-awards (Component 1A), and 50% of the Innovation PPA partners (Component 1B) would be awarded to applicant businesses that directly address the needs of women, youth, pro-poor growth, or other cross-cutting issues. That is, the "partner enterprise must be owned or managed by a woman, or youth, or where at least 30% of the partner's employees are women, or where the activity is directed at women or youth, or where the activity strives to reduce poverty and increase income of the poor or addresses other cross-cutting issues<sup>5</sup>".

Of the 107 SME-PPA partnerships formed as of September 30, 2014, 17 were women owned, 5 had at least 30% of the partner's employees as women, or had activity that were directed at women, 2 targeted the youth, and 3 addressed environmental issues. 25% of the SME-Alliance sub-awards awarded fulfilled these criteria, which is slightly above the 20% result target stated in the PMP. Of the twelve innovation-PPA partnerships formed, eight (66%), are woman owned, two address environmental issues, and one addresses youth related issues. This satisfies ABADE's requirement on Innovation-PPA partnerships.

---

<sup>3</sup> Performance Management Plan

<sup>4</sup> According to a 2013 Asia Foundation survey, "25 % of Afghans at the national level, and 27% at the local level, have identified unemployment as one of the biggest problems in Afghanistan."<sup>4</sup>

<sup>5</sup>Performance Management Plan

**Opportunities in alternative workplace models for women:** The ABADE activity has supported 11 PPA partner businesses that offer alternative workplace models for women. This model is intended to help women overcome the cultural and religious restrictions by opening-up alternative opportunities for women to work as employees or business owners. This includes women owned, operated, and patronized gyms and beauty salons facilities. The full list the ABADE supported alternative workplace models for women are found in Annex VIII-5 of the report. Most of these fall under the innovation-PPA businesses category. The businesses surveyed by the team in the field showed good potential to increase employment for women especially the youth. The challenges noted by the team, is that, these businesses are located in the homes within residential areas where the women live. Consequently, they have a limited client base, and limited potential for growth unless, they relocated to commercial centers. Moving to commercial centers on the other hand, poses challenges to the women, because of security and other cultural issues.

**E. Effect on Pro-Poor growth**

ABADE does not have an indicator or survey to gauge the effect of the activity on pro-poor growth. Since poverty reduction is the principle objective of any development activity, growth is considered to be pro-poor if, and only if, poor people benefit in absolute terms, as reflected in some agreed measure of poverty (Ravallion and Chen, 2003; Kraay, 2003).<sup>6</sup> In this case, the extent to which growth is pro-poor depends solely on the rate of change in poverty, which is determined by both the rate of growth and its distributional pattern. In terms of pro-poor growth, the ABADE activity has aligned itself to pro-poor development by creating an enabling environment in which businesses can thrive, and supporting investments that target growth of the SME sector in Afghanistan. This in turn, would enhance the participation of poor women, men and the youth to participate in economic growth directly or indirectly which would in turn result in improved household incomes, and poverty reduction.

**Evaluation Question 4: How successful was the technical support and training provided to public-private alliance partners, and the “high-value” skills training for women?**

---

<sup>6</sup> Pro-Poor Growth: A Primer-Martin Ravallion / Development Research Group, World Bank  
1818 H Street NW, Washington DC

## **A. Technical Support**

ABADE's technical support is divided into pre-award and post-award services. Pre-award services assist prospective alliance partners in the development of their concept notes and applications for partnerships. The post-award services to PPA partners include training and technical support to improve applicants' management capabilities. Technical support activities are tracked under indicators 1 and 2 of the activity. Performance of these indicators stands at 25% and 23% respectively. The training and TA support provided by the activity is listed in annex VIII-6. Of the 12 trainings and TA support provided, numbers 1-5 entailed, training of management and implementation support to PPA partners. The support ensures that PPA partners successfully implemented good business practices, and adopted modern accounting, marketing, production systems and safety systems.

Of the 72 PPA partners that participated in the FGD, 23 indicated that they had received some form of TA support, 31 had not received any, and 18 PPA partners did not respond. Further analysis of the 23 PPA partners that had received some form of TA support, three received TA in the areas of market access, 13 in production/productivity, nine in areas relating to access to finance, ten in quality standards, 11 in areas relating to profitability, nine in accountability, 12 in the areas of professionalism, and seven in safety related areas. While TA support is much needed by all PPA partners, the evaluation noted that some PPA partners seem to be more popular than others. Four partners in Herat indicated that they had received TA support in eight different areas. The evaluation would urge ABADE to spread the TA support to more of the needy partners. The spread of TA support amongst the top recipients is given in Annex VIII-7

In an effort to expedite the PPA implementation process, ABADE has also provided TA support by engaging with industry experts working remotely to assist in developing specifications for complex types of equipment. ABADE also used remote expert consultants to provide specification, and guidance in selecting equipment for the production of packaging products, textiles, agribusiness procurement and shoe manufacturing. Kabul

## **B. Training**

Training courses to improve the beneficiary organizations' management and operational capabilities have been provided in food safety, hygiene, business planning, management, finance and accounting, marketing and brand management. A total of 157 participants received training of which 70 equivalent to 44% of the total were women, **Annex VIII- 6** give the list of trainings provided by type, and number of participants. Of the 72 respondents to the evaluation questionnaire on training, 25 participants - 35% (7 women and 18 men) had been trained by ABADE, 7 women and 23 men had not received any form of training, and 16 participants did not respond. PPA partners were happy with the training, especially, the follow-up implementation assistance that had enabled them to build their in-house capacities in accounting/book-keeping, marketing and branding, productivity and quality, and general management. More training especially amongst the women is needed in the regions.

### C. “High-value” skills training for women

Three high-value skills training courses in basic outreach and marketing and ICT/website development were delivered to 21 women. An additional 19 women were trained in computer-aided design (CAD), increasing their likelihood of gaining employment or establishing their own enterprises. A total of thirty women received ICT training (**Annex VIII 6**). The high value trainings were facilitated by *Afghan business development service (BDS)* providers with established track records in capacity building. Except for PPA targeted training which is tied to the number of PPAs formed, the scope for non-PPA high value skills training for women is unlimited, and should be pursued. Women interviewed were concerned with the length of some of the high value skills development courses, which were long, and pose availability challenges for them. Some women also preferred more long term technical support to the training, to strengthen their businesses. One PPA partner in Herat had not used some equipment procured with ABADE assistance, awaiting opportunity to be trained in its use. This could be a problem across the PPA partner companies that ABADE needs to look into.

#### **Implementation challenges:**

*Activity Restructuring:* Component 2 was expected to provide technical assistance and training to sub-award recipients, improving their operations and management, and resolving technical issues related to: market access, production, access to finance and the achievement of quality standards. Sometime in year one of the activity, because of the lack of progress in PPA development and high staff turnover, the implementing partner restructured the activity, and the responsibility for PPA development was added to Component 2. This seems to have diverted Comp. 2 focus, and energy to PPA development while training, and TA support lagged behind. With the successful buildup of the ABADE PPA applications pipeline, the evaluation was informed that the Comp. 2 sub-contractor is now shifting attention to initiating more technical support/training across all regions. Several training activities took place at the time of the evaluation.

*Candidates Challenges:* To identify potential candidates, ABADE needs to work more closely with women organizations that can help them locate women for "High Value" and other trainings. The possibility of tapping women trainees from the government ministries and agencies, and institutions of higher learning was also suggested by MOCI officials. The training would put women in line for promotions to high level jobs and positions, and in equip them with skills to venture into their own business.

*Slow Engagement with BOA Holders:* The BOA holders were shortlisted in February of 2014, but they have only started implementing their training last quarter. The BOA's interviewed expressed a degree of frustration at the slow pace of implementation of their proposed training plans. They also cited lack of proper communication and updates from ABADE on training status, and requested that this be improved.

***Lack of Training of Women in the Regions:*** More training of women in the regions is required. Of the 19 women who participated in the FGD, 5 in Kabul had received training, two in Herat and none in Mazar-i-Sharif. Information on the ground is that due to their proximity to trainers, PPA partners have received more training than the regions. It is expected that training in the regions will pick up as more PPA partners become active to warrant sending trainers out there.

**Evaluation Question 5: How effective was the process for identifying, procuring, and delivering new equipment for selected businesses? How effective is ABADEs Monitoring and Evaluation system?**

**A. Identifying new equipment for selected businesses**

Most PPA partners lacked the skills/knowledge of researching on, and selecting, the equipment/technology that is most suited to their business expansion goals. Mistakes and/or frequent changes in equipment specifications have in the past caused delays in both local, and international procurement. To mitigate this, ABADE works closely with PPA partners in selecting/identifying the right type of machinery and equipment for their businesses.

Under the international procurement process, ABADE has strengthened the Component 1 Implementation unit workforce with an International Procurement Manager, and an International Procurement Specialist to support the PPAs in selection, and reviewing equipment specifications. BADE also engages with industry experts working remotely to assist in developing specifications for complex types of equipment, as was the case with Maisam Steel Mill (PPA-A019) for the installation of a laboratory and establishment of continuous cast steel fabrication operations; and Clean World Recycling Industrial Company (PPA-B004) for the establishment of a used tire and plastic recycling facility. Remote expert consultants were used to provide specification, and guidance in selecting equipment for the production of packaging products, textiles, agribusiness procurement and shoe manufacturing.

One of the evaluation questions to participants at the FGD was whether they were satisfied with the choice of technology they had selected: 55 participants (19 women and 36 men), responded in the affirmative. Seven PPA partners were not satisfied with the choice of equipment/technology selected. Kabul Packages and Peshraft Plastics Product Processing and Packaging Company both indicated that they were not happy with the selected technology. Kabul Packages preference was for low maintenance but modern technology. Their preferred vendor did not however meet the ABADE criteria in terms of price, and best technology. An agreement was yet to be reached as at the time of the evaluation. Mixed responses were received from women interviewed. Peshraft Plastics Product Processing was unhappy with the level of investment support given by ABADE. Some like Roya-e-Sabz Gym in Herat, had selected Chinese equipment not fit for a commercial set-up, and were already breaking down.

## **B. Procuring equipment for selected businesses**

The team was confronted with many questions from PPA partners relating to delays in procurement, and delivery of ABADE supported investment. The team obtained from ABADE a status list on all local and international procurements given in Annex IX and X of the report.

### **i) Domestic Procurement**

As at the time of the evaluation, there were 36 PPA partners with items under local procurements. Seventeen PPA partners had received all their items valued at \$548,229.27, 6 partners had pending items valued at \$14,637.65, and 13 were still awaiting procurement to start. The surge in approvals of PPAs in the 4th quarter of 2014, resulted in high volumes of local procurement. To deal with increased volumes, ABADE reassigned some national staff from the operations department to assist with in-country PPA-partners procurements. This would accelerate the local procurement process, and also built the capacity of ABADE's existing procurement staff. Table 4 indicates the status of local procurement as at time of evaluation.

**Table 4: Status of Local Procurements by Number of Items and Value**

| <b>Status of Local Procurement</b> | <b>No. of PPAs</b> | <b>Value of Local Procurement</b> | <b>%</b> |
|------------------------------------|--------------------|-----------------------------------|----------|
| All Approved PPAs                  | 36                 | 826,074.25                        | 100%     |
| PPAs - Full Procurement            | 17                 | 548,229.27                        | 66%      |
| Uncompleted Procurement            | 6                  | 14,637.65                         | 2%       |
| PPA with no Procurement            | 13                 | 263,207.33                        | 32%      |

Source: ABADE

### **ii) International Procurement**

The team was informed that 60%-70% of the PPAs have equipment coming in from outside Afghanistan. From the list received by the team, ABADE has procured 36 different pieces of machinery and equipment with a total value of \$3,593,218.60 for 29 PPA partners (see Table 5). Another 70 pieces of machinery and equipment for 62 PPA partners were at various stages in the procurement process. Table 5 gives the status of international procurement by activity, number items and value. The largest number of items (22) belonging to 15 PPAs, with a value of \$2.66m were still under production.

**Table 5: Status of International Procurements by Item, PPA and Value**

| <b>Inter. Procurement</b> | <b>Number of Items</b> | <b>No. of PPA's</b> | <b>Total Value</b>  |
|---------------------------|------------------------|---------------------|---------------------|
| Production                | 22                     | 15                  | \$ 2,661,453        |
| Delivered                 | 5                      | 4                   | \$ 375,254          |
| In-Transit                | 7                      | 8                   | \$ 449,462          |
| Customs Clearance         | 2                      | 2                   | \$ 107,050          |
| <b>Total</b>              | <b>36</b>              | <b>29</b>           | <b>3,593,218.60</b> |

Source: ABADE

## **Procurement Challenges and Issues**

**a. USAID Vetting Process:** All Applications above \$25,000, if approved, go through the vetting procedure two times or more. At PPA partnership stage, and the chosen vendors during procurement. According to ABADE, the vetting process was complicated by two major changes that took place after signing the cooperative agreement with USAID: i) The revision by USAID of the vetting threshold limit from \$150,000 to \$25,000 for all sub-awards, which created large volumes of PPAs, and vendors requiring vetting, and ii) USAID requirements for ABADE to submit a comprehensive, and lengthy application package constituting 60-70 pages of documents. Information in the 2014 annual report, indicates that on average vetting took 69 days, with the longest being 159 days. Long delays in clearing vendors for procurement, often result in price changes by vendors. Such price changes are covered by the PPA partner and can be a source of further delay to activity implementation.

While the vetting process is a mandatory requirement of the US government, there is a need to expedite the process to avoid delays. The one-time vetting waiver by USAID in the last quarter of 2014, listing 89 pending vetting requests, greatly boosted the numbers of approved and active PPA partners. To speed up the vetting process, the evaluation was informed that the capacity of the USAID Washington D.C vetting office has been strengthened from one analyst to four. This has boosted the number of completed requests received each day, from an average of 5 to 25 approvals. **Other Vetting Issues Pending** at the time of the evaluation included: i) Waiver to procure refurbished equipment for New Mobarak company outstanding, and ii) Year 3 Work Plan approval was still pending as at the time of the evaluation.

**b. AO approval Delays:** The activity experienced a high turnover of AOs, with five different people taking the position during the first year and half of the activity. Each change in personnel came with a change in the requirements for PPA approvals. Initially, each PPA application was up to 300 pages long. After consultation with the AO it was decided to just provide the summary documents referring to the federal regulations thus reducing the size of the application packages to roughly 60-70 pages. The evaluation team sensed a level of frustration in the VEGA/IESC team implementing the activity, at the amount of documentation and communications required by USAID to approve new PPAs, as well as, the level of supervision coming from USAID through the vetting, and approval process.

**d. Customs Clearance:** The evaluation team was informed of the challenge that the activity has faced in securing customs clearance for PPA partner items purchased through ABADE support. Under the provisions of the bilateral agreement (SOAG), goods procured through support of the US government are not levied any duty. The Customs Department argument on the other hand, is that the goods purchased by USAID are for commercial use by third parties, hence they should pay duty on them. As at the time of the evaluation, goods worth \$107,050 were held up, awaiting resolution of the customs duty issue. ABADE had also suspended all new foreign procurement until the matter had been resolved.

*e. Over procurement:* The lack of/ or weaknesses in conducting proper investment appraisals of the PPA partners requirements, could be resulting in over procurement. The evaluation team visited women owned PPA businesses that had taken delivery of large consignments of sewing machines, which seemed way above the capacity of the business owners to manage. The evaluation learnt that activity tracks PPA partners for six months, after they take delivery of the ABADE investment. During this period ABADE can withdrawal the investment, and redistribute to other beneficiaries. A good investment assessment of the PPA partners needs and capacity from on-set, would determine the ideal investment support by ABADE commensurate with the partners determined needs, management and financial capacity to avoid waste and/or diversion of the procured items.

*h. Need for Female Field Procurement Officers:* Given the cultural and social challenges that women in Afghanistan face in interacting with men, the team felt that not enough women were being hired by ABADE especially in procurement. The team did not meet any operational female field officer in ABADE regional offices. While this role can be challenging to fill, it is possible. This is also a good opportunity for the ABADE "High Levels" skills development support to equip women with skills as investments and procurement officers.

**C. Delivering new equipment for selected businesses**

Under both domestic and international procurement delivery of ABADE procured investment is door-to-door. In Mazar-i-Sharif the team visited Asma Handicrafts Company, which had received 30 hand-powered sewing machines from China. These did not meet the specifications of those that she has requested ABADE to procure. These were hand powered sewing machines whose technology is obsolete. The sewing machines had also been delivered with missing bases. By the time of the evaluation, the sewing machines were not in use, and no activity was witnessed by the team during the field visit. For local procurements, the evaluation team would suggest the PPA partners be allowed to inspect the items before they are delivered to their site. This would minimize disputes with the vendors. The evaluation noted that procured items do not come with any form of warranty. ABADE needs to ensure that selected vendors adhere to delivering schedules and specifications. Those that do not should be penalized with nonpayment or blacklisted from doing business with USAID. In meetings with PPA partners, the issue of in-land transportation was raised. There seems to be some confusion among the PPA partners as to who should cover the cost of in-country transportation, and whether it should be part of the partner's contribution to the agreement. ABADE needs to clarify this with PPA partners. Also of major concern to PPA partners is the high transportation cost on international procurements. The PPA partners were of the view that this can be reduced, as it forms a substantial part of the investment budget.

**D. How effective is ABADEs Monitoring and Evaluation system?**

ABADE uses the Technical and Administrative Management Information System (TAMIS) for tracking, creating, developing, and managing PPA partnerships, updating reports on PPAs and other activities. According to the operations manual, all ABADE employees are required to use

TAMIS in performing administrative, operational and reporting functions. TAMIS is also accessible to ABADE activity field staff as well as IESC/HQ staff. Certain sections of TAMIS are accessible to sub-contractors. The M&E system used by ABADE is an internal system which, according to staff is efficient and cost effective. The Operational Manual shows that ABADE measures data at two levels: activity level and result level. At activity level data is collected through registration forms for SMEs Alliances, and training, while at the result level, quarterly surveys are used. The evaluation team was able to obtain all data and information requested for from ABADE, which was generated by the M&E unit.

On status of procurement, ABADE uses the *Trello* tracking system<sup>7</sup>. Field offices also have access to the Trello system and are able to monitor the international procurement process. The evaluation team was given a demonstration of the Trello system. The system seems simple and at a glance provides the user with the step by step progress, and status of the international procurement items. Information received by the team in the field is that M&E regional staff uses the quarterly data collection as an opportunity to interact with PPA partners. Data collected from the field is transmitted to the M&E unit in Kabul that is responsible for feeding it into the database. The team was informed that this is part of the control system that ensures that only a limited number of authorized persons in ABADE can enter and modify M&E data.

**Evaluation Question 6: How useful, for private sector development, are the MoCI industry-specific action plans that the ABADE activity facilitated and how are they being implemented?**

Under Component 3 of the ABADE activity, the activity was to support MoCI in implementing Afghanistan's SME Development Strategy. The activity was to support actions that aim at improvement of the business enabling environment for SMEs by helping to identify, and remove legal, regulatory and administrative (LRA) barriers, and other business development impediments hindering the growth of Afghan SMEs. The ABADE PMP defines an action plan as "a planning document that describes the strategies, and priority actions that need to be implemented over a specified period of time to promote business growth, and employment in targeted industry sectors". The ABADE Activity has supported MoCI in updating Actions Plans of four priority sectors highlighted in the SME Development Strategy. These are: Action Plans for the carpets, agribusiness, marble and women SMEs sector. Two action plans for the gemstones and jewelry sector, and the construction materials sector are underway.

---

<sup>7</sup> [www.trello.com](http://www.trello.com)

The process of developing the action plans by MoCI entailed, compilation of recent developments and sales trends, prepared a SWOT and value chain analysis, and direct communication with companies to identify critical problems that firms in these industry sectors are facing. The action plans also included inputs from stakeholders on possible solutions or actions that needed to be implemented to help solve priority business development constraints. The ABADE approach was unique in that it facilitated wide-scale consultations with industry stakeholders through business roundtables, in an effort to identify the principal problems faced by SMEs in the respective priority sectors. This process has created ownership of the action plans by the private sector, with government and donors acting as facilitators.

**Implementing the Action Plans:** During meetings with Component 3 lead, the evaluation team was informed that ABADE is now shifting activities from updating action plans, to supporting MoCI, other government agencies and stakeholders in the timely implementation of the high-priority activities in the four action plans. At the meetings with MoCI, the evaluation team was informed that the ministry is working with a host of other donors, to find the resources required to implement not only the ABADE supported Action Plans, but all other plans pending with them. To expedite implementation work on its own funded action plans, ABADE is considering taking up some of the implementation work under the TA activities falling under component 2. This has been included in the current Work Plan for ABADE awaiting approval by USAID.

The ABADE supported information and communication system featuring a web portal ([www.AfghanEnterprise.com](http://www.AfghanEnterprise.com)) will provide stakeholders with updated status in the implementation of the action plans, report on activities currently underway or being planned, and provide updates on progress, and accomplishments. The website will also provide the members of the different action plans with the opportunity to form working groups, which can lobby for government and donor support in areas affecting them. A good example given was the leather action plan working group, which was assisted by government to identify a site, and have now set-up a marketing hub for their products with support from the GIZ-NMD activity.

**Evaluation Question 7: Is the public-private partnership model suitable for scaling up by GIROA or a private Afghan entity?**

The Public-Private Partnership model allows USAID to leverage resources from private sector (companies and NGOs), and use those assets to achieve the mutual goals of the partnership in the development process. USAID estimates it has leveraged nearly \$3 in partner contributions for

every \$1 of USAID funding<sup>8</sup>. The analysis carried out by the evaluation team shows that the SME alliance partners are matching the ABADE funding on a ratio of 1:5.8, and the Innovation SMEs at the ratio of 1:4.8. Hence, the ABADE activity is succeeding in mobilizing local investments by margins much higher than planned.

The suitability of the PPA model however, needs to be compared to other USAID development models, such as the USAID - Development Credit authority (DCA), which uses partial credit guarantees to mobilize local financing in developing countries. The DCA guarantee model is a risk-sharing mechanism that encourages commercial banks, other lenders and creditors, to expand credit to sectors and industries they currently do not serve, or to lend with less collateral and interests rates than previously required. By opening up local channels of financing the DCA guarantees empower entrepreneurs in developing countries at a minimal cost to the U.S. taxpayer<sup>9</sup>. According to the evaluation of the USAID's PPP for Development model, undertaken by the Global Development Alliances (GDA) office<sup>10</sup>, it was found that: i) the PPP model required the implementer to have large amount of resources which can be provided to partners on a grant basis; ii) the alliance builders must be able to develop clear priorities for resource allocation in terms of money, time, energy, technical expertise and activity commitments; and iii) the alliance builder must be able to determine clear business and development goals, and objectives from the outset to set the alliance direction.

This evaluation has noted the challenges that ABADE, has encountered in implementing the model in Afghanistan. The PPA development, approval and implementation process requires a high degree of integrity and transparency. The PPA development process can also be open to abuse. For the model to work, GIRoA or the nominated private Afghan entity must fulfill be able to satisfy the three requirements cited above, by the GDA evaluation. The evaluation team is also of the view that unlike the DCA guarantee model, if not well handled, the PPP model grant investment approach as opposed to loans, can cause distortion by giving benefiting SME partners undue advantage over those that do not benefit. It is the view of the evaluation team that neither GIRoA nor private Afghan entities would be suitable at this stage of the countries development, for scaling up of the PPP model.

---

<sup>8</sup><http://www.usaid.gov/gda>

<sup>9</sup>Source: An Overview of USAID Guarantees <http://www.usaid.gov/sites/default/files/documents/2151/DCAOnePager.pdf>

<sup>10</sup>[http://www.usaid.gov/sites/default/files/documents/1880/GDA\\_Evaluation\\_reformatted\\_10.29.08.pdf](http://www.usaid.gov/sites/default/files/documents/1880/GDA_Evaluation_reformatted_10.29.08.pdf)

**Evaluation Question 8: Are the number of expatriate and CCN staffing positions reasonable now and for the remainder of the activity, given the activity’s performance status?**

The evaluation team was required to review the ABADE staffing arrangements, and determine if the number of expatriate and CCN staffing positions are reasonable now, and for the remainder of the activity, given the activity’s performance status. The review would also attempt to determine if the presence of the expatriate staff in-country was justified, especially given the security situation. The team was also to establish whether some of the work and positions held by expatriate staff could transition to local staff. A more detailed review of the Human Resource (HR) situations is contained in Annex XI of this evaluation report.

**Approach and Methodology**

To undertake the assessment, the team obtained from ABADE a list of all the activity expatriate staff, showing their position in the organizations, contract duration and functions (SOW Summary). Equally, the team obtained a list of senior CCN staff in ABADE showing their positions, contract duration and functions. The team also requested from ABADE a comprehensive listing of all ABADE staff by departments, positions and functions. Each of the senior CCN staff were requested by email to prepare a one page brief of their qualifications and work experience prior to ABADE. The Human Resource department of ABADE provided the team with qualifications of the senior CCN staff. The objective was to review the level and qualifications of the CCN staff, and also determine if this could be a contributing factor to some of the constraints cited by ABADE, such as, low level of English and management skills.

**1. Overview of the Expatriate Positions**

As at the time of this evaluation, there were 21 expatriate staff positions filled in ABADE, including one short-term consultant position:

i. Ten Key Personnel positions (IESC) as in the original proposal including:

|                            |                                     |
|----------------------------|-------------------------------------|
| • Chief of Party           | • Contracts and Compliance Officer  |
| • Senior Technical Advisor | • International Procurement Manager |
| • DCOP (Technical)         | • Director for M&E and IT           |
| • DCOP (Operations)        | • Communications Manager            |
| • Grants Manager           | • Senior Technical Advisor          |

- ii. 4 persons under the risk management team Sub-contract in the original proposal
- iii. Two additional positions sub-contracted as follows:
  - 1 person -Component 2 Team Leader - Land O'Lakes
  - 1 person -Component 3 Team Leader - DAI
- iv. Additional Personnel (Non-Key Staff)
  - 1 person - International Procurement Specialist
  - 2 persons - Senior Business Analyst

- 1 person - Senior PPA Development Specialist
- 1 short-term consultant

## **2. Findings and Conclusions**

### **a. DCOP Technical**

The DCOP Technical position is the main position for which IESC initially proposed transition from Expatriate to CCN. A key role of the expatriate DCOP Technical was to supervise, support and mentor Senior Afghan Business Leader(s) in order to build internal capacity, and prepare for DCOP succession transition to an Afghan team member. ABADE was unable to recruit a CCN with significant senior management experience for this role to take over in Year 2 within the limits of the CCN compensation scale. The current expatriate DCOP Technical Contract expires in January 2015. The position should transition to a CCN staff as initially planned. The evaluation recommends the contract of the expatriate DCOP be extended for a three months period to allow the transition to take place, to Afghan staff from within or hired externally.

### **b. Business Analyst Positions and Senior PPA Development Specialist (added)**

These positions were initially meant to be filled by local Investment Officers. When ABADE failed to recruit due to shortage of required skills on the local market, they decided to hire short term international consultants. The contracts for these short-term consultants position expire in August and October 2015. The evaluation recommends the filling of these positions with CCN staff. A three months transition period should be allowed prior to expiration of the expatriate staff contracts.

### **c. International Procurement Specialist (added)**

The international procurement department is headed by an expatriate staff member (Key Position) who is supported by one other expatriate International Procurement Specialist and two local International Procurement Specialists. The International Procurement Specialist position was added to support work required under international procurement, and the contract runs to August 2015. Hire local staff or promote CCN staff to take over this role and to work under the International procurement expert.

### **d. Training and Capacity Building of CCN Staff**

The evaluation team has received and reviewed the qualifications of the senior CCN staff of ABADE. Of the top 11 CCN staff, five have a BA degree, two have Master's degree, one studying for Masters, and four are currently studying for their bachelor's degree. These qualifications are shown in Annex VIII-8. One of the challenges that ABADE has faced with CCN staff, has been their lack of proficiency in the English language. This has been given as the reason for the hiring of expatriate staff, to do the work which should otherwise be done by local staff. The evaluation did not review ABADE's hiring policy, but it would be expected that there

would be some minimum education requirements for senior positions, including a college degree.

In discussions with PPA partners and other stakeholders, the evaluation learnt that there is frequent rotation of staff at ABADE, and SMEs are forced to restart the process over and over again with the new staff. Another criticism leveled at ABADE Afghan staff by key informants interviewed by the evaluation team, was their lack of confidence in dealing with SMEs. As one SME owner put it “ABADE local staffs have a very high fear of conflict of interest, to a point where it affects their ability to function”. Again this could be attributed to low education levels, lack of adequate training to build confidence, and/or staff being assigned jobs that they are probably not up to.

Conclusion:

There is a need to undertake a more detailed staffing analysis of the ABADE project, which is not possible within the time allowed under this evaluation. The proposed analysis would look at the original VEGA/IESC staffing plan proposal, and how that compares to the current situation, and forward. ABADE should be prevailed upon to adhere to this original plan and transitional benchmarks set in it. Involvement of Afghan staff at higher level does not only augur well for local capacity building, but also builds commitment, ownership and goodwill.

#### **IV. CONCLUSIONS**

Overall, the ABADE activity performance can be rated as unsatisfactory, but improving. At the time of this mid-term evaluation the activity had 22 months of the 48 months activity implementation period left. Implementation performance on seven of the eleven key activity objective indicators<sup>11</sup> was just about 30% of the ABADE LOP objectives targets. Achievements of indicators 4 - 365 Public-Private Alliances (PPAs) formed as a result of ABADE assistance, and indicator 5- 41 Innovation public-private alliances formed as a result of ABADE assistance, which constitute the core activity activities stood at 26% and 29% respectively. It is the view of the evaluation team that as it stands, the activity performance does not justify the existence of such a large implementation infrastructure, with heavy overhead costs in terms of offices, and staffing levels. Although the activity has gained traction, and learned good lessons, much time has been

---

<sup>11</sup> 1, 2, 4, 5, 8, 9, and 11

lost. A lot more effort will be required of the ABADE senior management, and staff, to recoup lost time, to achieve the intended targets within the remaining timeframe.

## V. RECOMMENDATIONS

|     | <b>RECOMMENDATIONS</b>   | <b>ACTIONS AND DECISIONS</b> |
|-----|--|------------------------------|
|     | <b>Recommendations on PPA Development:</b>   |                              |
| 1.  | Keep funding limits within the stated criteria thresholds of less than US\$ 250,000 for small SME-PPAs, US\$ 250,000 to US\$1 million per alliance for larger - SMEs-PPAs, and limit of US\$ 500,000 for Innovation-PPAs.  | <b>VEGA, IESC:USAID</b>      |
| 2.  | The evaluation agrees with USAID that the job creation indicator 11, be modified to also include a mechanism for tracking number of beneficiaries.   | <b>USAID</b>                 |
| 3.  | Given the healthy pipeline of prospective PPAs, ABADE has the capacity to meet the target of forming 365 SME-PPAs for the LOP. The reduction in PPA numbers may not be justifiable at this time.   | <b>USAID</b>                 |
| 4.. | Although the both SME-PPA and Innovation SMEs are matching ABADE investment by a higher ratio than anticipated, ABADE should ensure that: i) the valuation of the PPA partners in-kind assets is not inflated, and ii) that the activity is not supporting PPAs that don't really require ABADE support. | <b>VEGA/IESC</b>             |
| 5.. | To remove bottlenecks, improve efficiency in monitoring and tracking PPA development approval, and implementation performances, ABADE should attach timeframes to various stages within the PPA development and implementation flowcharts reviewed by the evaluation team.                               | <b>VEGA/IESC</b>             |
| 6.  | While working with SMEs in preparing their CNs, ABADE staff should ensure that ownership of the CN development process, and responsibility for determination and specification of the SME requirements remains that of the potential PPA partners.   | <b>VEGA/IESC</b>             |
| 7   | Better and improved communication in general is required with all stakeholders, especially between ABADE and the PPA Partners, and between ABADE and Regional offices, particularly on issues relating to status of CNs, PPAs applications, and procurement.   | <b>VEGA/IESC</b>             |
| 8.  | ABADE should devise open and reachable communication channels to avoid partner frustrations with slow/lack of responses expressed to the team.   | <b>VEGA/IESC</b>             |

|     | <b>RECOMMENDATIONS</b>   | <b>ACTIONS AND DECISIONS</b> |
|-----|--|------------------------------|
| 9.  | Review the job creation requirement under the PPA partner companies share of the investment to avoid undue staffing pressure on PPA businesses   | <b>VEGA/IESC:</b>            |
| 10. | The evaluation recommends that ABADE revisits Peshraft Plastics Product Processing and Packaging Company case, and clears the misunderstanding on the amount of ABADE investment support that can access.  | <b>VEGA/IESC:</b>            |
|     | <b>Recommendations on Procurement:</b>   |                              |
| 1.  | Synchronize the ABADE investment support with PPA partners upfront investment contributions, to avoid PPA partners incurring heavy operational costs, and loses while waiting for the arrival and delivery of the ABADE procured support   | <b>VEGA/IESC:</b>            |
| 2.  | All parties work together to resolve the customs duty, and tax issues to avoid procurement, and delivery delays that have resulted   | <b>USAID</b>                 |
| 3   | Vetting requirements have caused a great burden and drag on USAID activities in general, but ABADE may have suffered more than most, due to the nature of its activities. The action by USAID to extend a one-time vetting waiver on 89 pending request to expedite the vetting process is noted. For the project to reach its targets in the remaining period, continued support with the vetting process will be required from the vetting office. |                              |
| 4.  | To avoid delays when PPA partners are unable to come up with resources to cover price fluctuations, ABADE should build in some contingency amount in the budget that would cater to any variations in prices (especially for small SMEs).  | <b>VEGA/IESC:</b>            |
| 5.  | ABADE should review and clear the misunderstanding expressed by PPA partner companies on the transportation issue, especially under international procurement.   | <b>VEGA/IESC:</b>            |
| 6.  | ABADE should consider including female procurement officers among its staff, both in Kabul and the regions to support women owned SMEs.  | <b>VEGA/IESC:</b>            |

|    | <b>RECOMMENDATIONS</b>  | <b>ACTIONS AND DECISIONS</b> |
|----|---|------------------------------|
| 7. | Better communication and coordination of the procurement process by ABADE Kabul, and the regional offices is required to keep the PPA partners informed.  | <b>VEGA/IESC</b>             |
| 8. | Separate ABADE local procurement staff from those handling regular office procurement matters to avoid delays in activity implementation.   | <b>VEGA/IESC</b>             |
|    | <b>Recommendations on Technical Support and Training</b>  |                              |
| 1. | A serious effort and action plan is needed from ABADE on the TA and training component of the activity to hit and even exceed the LOP target. Training of women in regions needs to be scaled up  | <b>VEGA/IESC</b>             |
| 2. | More marketing and branding trainings, quality improvement, and training is needed by PPA partners and on how they can receive certifications to access export markets.   | <b>VEGA/IESC:<br/>MOCI</b>   |
| 4. | Give the successful implementation of the leather action plan, especially in organizing marketing for members, encourage the ABADE supported PPA partners to join the respective action plans groups under MOCI   | <b>VEGA/IESC:<br/>MOCI</b>   |
|    | <b>Recommendations on General Management Issues:</b>  |                              |
| 1. | Expedite communications between USAID and ABADE in resolving issues hindering the activity progress.  | <b>VEGA/IESC:<br/>USAID</b>  |
| 2. | VEGA/IESC to resolve implementation huddles/challenges resulting in under achievement of the activity targets, which may derail the activity objectives.  | <b>VEGA/IESC</b>             |
| 3. | Although the activity has gained traction, and learned good lessons, much more effort will be required of the ABADE senior management and staff, to recoup lost time, and to achieve the intended targets within the remaining timeframe.                                       | <b>VEGA/IESC:<br/>USAID</b>  |
| 4. | As a sustainability measure for the PPA partners, and the SME sector at large, promote the role of local business development service providers. Build BDS providers' service capability and sensitivity to the market, in order to promote their relevance and sustainability. | <b>VEGA/IESC :<br/>USAID</b> |

|    | <b>RECOMMENDATIONS</b>  | <b>ACTIONS AND DECISIONS</b> |
|----|---|------------------------------|
|    | <b>Recommendations on M&amp;E:</b>  |                              |
| 1. | ABADE should delink performance of training and TA support indicators from the number of PPAs formed. There is a huge demand for such support in Afghanistan.   | <b>VEGA/IESC</b>             |
| 2. | Develop indicators to capture data/information on enterprise transparency/profitability and pro-poor growth, and also modify the tools accordingly.   | <b>VEGA/IESC</b>             |
| 3. | ABADE needs to provide for longer-term follow up surveys of the supported PPAs to determine the lasting effect on sales and jobs.   | <b>VEGA/IESC</b>             |
|    | <b>Recommendations on Gender:</b>   |                              |
| 1. | Given the historical injustices against women in Afghanistan, there is a need for an affirmative action activity for the promotion of women in economic activities. The evaluation recommends that the waiver in the PPA criteria be extended to include all women promoted SME PPAs. <sup>12</sup> | <b>VEGA/IESC</b>             |
| 2. | Use the high value trainings, and business forums to sensitize and encourage women to venture into high value non-traditional businesses such as: Refah Technology Company and Sun Pharma.  | <b>VEGA/IESC</b>             |
| 3. | Target more women in regions for training and PPA support. Too much focus is in Kabul where women networks are strong.  | <b>VEGA/IESC</b>             |
| 4. | Fill the vacant gender specialist position in ABADE in line with recommendations of the gender strategy.  | <b>VEGA/IESC</b>             |

|    | <b>RECOMMENDATIONS</b>  | <b>ACTIONS AND DECISIONS</b> |
|----|---|------------------------------|
|    | <b>Recommendations on interaction with MoCI:</b>  |                              |
| 1. | To improve communication and bring ABADE closer to SMEs and general public, <u>consider</u> setting up a front office/support desk at MoCI or Chamber of Commerce.  | <b>VEGA/IESC</b>             |
| 2. | Continue to engage and to take an active role in implementation of the MoCI Action Plans. Explore implementation support under ABADE Component 3  | <b>VEGA/IESC</b>             |
|    | <b>Recommendations on Human Resources:</b>  |                              |
| 1  | Urgently undertake a more detailed staffing analysis of the ABADE project staffing levels, based on the original VEGA/IESC proposal, and prevail upon them to adhere to it. Especially, the expatriate staff transitional timelines set in it.  | <b>USAID</b>                 |
| 2. | To improve communication assign an account manager for each PPA partner account. This will deal with PPA partners complaints of missing documents, repeat requests and extensive delays in the application and approval process.  | <b>VEGA/IESC</b>             |
| 3. | ABADE should fill existing procurement and investment specialist positions with local staff and through on-job, and external trainings, build their skills in providing procurement and other support to the activity, and the SMEs sector in general.  | <b>VEGA/IESC</b>             |
| 4. | Extend only the contract for the current expatriate DCOP - Technical for an interim period of three months to allow ABADE to transition this position to one of the senior CCN ABADE staff, or recruit a qualified local person for the DCOP Technical position No other expatriate hires and extensions until after the staffing analysis has been done. | <b>USAID and ABADE</b>       |
| 5. | Transition to CCN staff the positions held by the International Procurement Specialists, the International PPA development officer, and two Business Analysts, three months prior to the end of their current contracts.  | <b>VEGA/IESC</b>             |
| 6. | Provide CCN staff with clear guidelines which would enable them to interact with SMEs effectively without fear of conflict of interest, which seems to currently characterize their relationships with the SMEs.  | <b>VEGA/IESC</b>             |

## **ANNEX I: SCOPE OF WORK**

### **USAID/Afghanistan/Office of Economic Growth and Infrastructure Assistance in Building Afghanistan by Developing Enterprises (ABADE)**

#### **MID-TERM PERFORMANCE EVALUATION**

##### **Statement of Work (SOW)**

### **I. PROGRAM INFORMATION**

Program Name: Assistance in Building Afghanistan by Developing Enterprises  
Contractor: Volunteers for Economic Growth Alliances (VEGA)  
CONTRACT #: AID-306-LA-13-00001  
Agreement Value: \$104,997,656  
Life of Program: October 2012 – October 2016  
Program Sites: Kabul, Herat, Mazar-e-Sharif

### **II. PROGRAM DESCRIPTION**

#### **ABADE Program Overview**

Assistance in Building Afghanistan by Developing Enterprises (ABADE) is working principally with the private sector to strengthen the productivity of enterprises for sustained growth and job creation. ABADE's objectives are to increase domestic and foreign investment, stimulate employment and improve sales of Afghan products. It is designed to complement other USAID programs focused on improving the business enabling environment, workforce development, and access to finance. ABADE's alliances with Small and Medium Enterprises (SMEs) can accelerate productivity and job creation by limiting business expansion risk and leveraging catalytic capital with contributions from private companies. ABADE is a four year activity which began on October 16, 2012 and has an estimated completion date of October 16, 2016.

#### **ABADE Activity Components**

Component 1: SME and Public-Private Innovation Alliances:

1A). SME Alliances: ABADE makes awards to existing, productive SMEs, consortia or joint ventures through a competitive application process to mitigate business expansion risks, encourage private investment, and expand markets. Alliance partners should have a substantial financial stake in the venture by matching ABADE funding on at least 1:2 basis.

1B). Public-Private Innovation Alliances: ABADE forms public-private alliances (PPAs) with Afghan companies that have innovative business concepts through a competitive application process to mitigate business start-up or expansion risks, and encourage private investment.

These are available to both for-profit and non-profit enterprises, as well as foreign and domestic entities. Partners should match ABADE funding on at least 1:1 basis.

Component 2: Technical Assistance and Business Advisory Services:

ABADE provides technical assistance for sub-award recipients and program stakeholders to improve their operations and management, and solve technical issues related to market access, production, access to finance, and achievement of quality standards.

Component 3: Business Enabling Environment:

ABADE works to improve the business and operating conditions in a broad range of industry sectors by addressing specific regulatory, administrative, and business development barriers that affect the growth prospects of firms operating in these sectors. This involves conducting assessments and analytical studies to identify the main constraints to growth in the targeted sectors, improving processes for public-private dialogue, and supporting efforts by relevant government ministries to work with industry stakeholders to prepare and implement action plans to remove barriers and stimulate business growth.

**ABADE Targets**

- At least 20% of the SME Alliance sub-awards (Component 1A) and up to 50% of the Innovation PPAs (Component 1B) will be awarded to applicant businesses that directly address the needs of women, youth, pro-poor growth, or other cross-cutting issues.
- \$180 million in private sector investment created.
- 365 public-private alliances formed as a result of ABADE assistance.
- 41 Innovation public-private alliances formed as a result of ABADE assistance.
- 46,000 full-time equivalent jobs created.
- A 20% average increase in sales by public-private alliance SMEs.
- 6 Action Plans accepted by Ministry of Commerce and Industry (MoCI)

**ABADE Progress to Date**

ABADE had a slow start due to the challenges of staff recruitment, finding appropriate offices/accommodations in Kabul, Herat, and Mazar-e Sharif, and the program's strategy of starting with larger, more complex public-private alliances. The program is behind on its targets for forming public-private alliances despite making significant advances in the 3<sup>rd</sup> quarter of FY2014.

### III. PURPOSE

The purpose of this mid-term evaluation is to assess the quality of the public-private alliances formed by the ABADE program and the extent to which ABADE and the partners' joint investments have produced activity results including: increased enterprise profitability, job creation, opportunities for women and youth, and pro-poor growth. The evaluation will assess the quality of ABADE's technical assistance for sub-award recipients and program stakeholders to improve their operations and management, and solve technical issues related to market access, production, access to finance, and achievement of quality standards. The evaluation will review the collaboration between ABADE and the MoCI and assess the quality and usefulness of the industry-specific action plans they produced. Specifically, it will achieve the following:

- 1) Evaluate the progress of ABADE in achieving its goals and expected results, and
- 2) Identify lessons learned and make necessary recommendations to improve the program. Management will institute recommendations deemed feasible within the ongoing program and in the design of any new program or program components.
- 3) Review the implementing partner's current expatriate and CCN staffing positions and provide findings and recommendations as to whether the current number of expatriate and CCN positions is presently justified and for the remaining life of the activity.

### IV. PERFORMANCE INDICATORS AND DATA

The evaluation team shall collect and analyze data on the following indicators from the base period (24 months): October 16, 2012 through September 30, 2014. The assessment will be done in October and November 2014 and should be completed in time for the USAID Portfolio Review.

ABADE performance indicators feed into the USAID/Afghanistan Office of Economic Growth PMP, and the Mission's *Afghan Info* performance tracking system:

- Number of businesses supported
- Number of public-private alliances formed<sup>13</sup> as a result of ABADE assistance
- Number of Innovation public-private alliances formed as a result of ABADE assistance

---

<sup>13</sup> A public-private alliance is formed when ABADE signs an agreement with a partner company that outlines required milestones and responsibilities of ABADE and the partner company.

- Number of private sector firms that have improved management practices as a result of ABADE assistance
- Number of firms receiving ABADE assistance to invest in improved technologies
- USD value of public-private sector alliances established
- Number of full-time equivalent jobs created
- 20% average increase in sales by public-private alliance SMEs
- Number of businesses supported
- Number of women trained in “high-value” skills
- Number of initiatives that provide alternative workplace models for women
- Number of Action Plans accepted by the Ministry of Commerce and Industry (MoCI)

The evaluation team shall meet with relevant key informants, such as: public-private alliance partner companies, women’s groups, GIROA stakeholder ministries, private-sector representatives, and ABADE staff in the three program hubs of Kabul, Herat, and Mazar-e Sharif.

## **V. PROPOSED EVALUATION QUESTIONS**

To assess the progress, quantity, and quality of program activities and results reported, the evaluation will focus on the following questions:

1. Based on a review of the Work Plan, Performance Management Plan (PMP), weekly and quarterly progress reports, to what extent is the program meeting its targets?
2. To what extent was the program advertised and accessible to a broad range of enterprises (including women-owned enterprises)?
3. What results did the approved public-private alliance agreements produce? (*e.g.*, enterprise transparency/profitability, jobs creation, opportunities for women and youth, and pro-poor growth)
4. How successful was the technical support and training provided to public-private alliance partners, and the “high-value” skills training for women?
5. How effective was the process for identifying, procuring, and delivering new equipment for selected businesses? How effective is ABADE’s Monitoring and Evaluation system?
6. How useful, for private sector development, are the MoCI industry-specific action plans that the ABADE program facilitated and how are they being implemented?
7. Is the public-private partnership model suitable for scaling up by GIROA or a private Afghan entity?

8. Are the number of expatriate and CCN staffing positions reasonable now and for the remainder of the activity, given the activity's performance status?

## **VI. IMPLEMENTATION**

### **A. Evaluation Team Composition and Qualifications**

Composition: The Evaluation Team shall include evaluation and technical specialists with relevant experience, particularly in SME development and public-private alliances in a conflict/post-conflict country. The team shall include at least two expatriate experts and one Afghan professional with strong interpersonal and writing skills, and cultural awareness.

- *Evaluation Team Leader (Expat)*. The Team Leader (TL) shall be an evaluation expert with at least seven years of program evaluation experience preferably with USAID-funded SME support programs with a partnership component, possess strong leadership, and report writing skills and be able to work well with others. The TL shall possess at least a Master's degree, PhD preferred, in economics, finance, SME development, international development, social science, or a related discipline. The TL should be able to write a high quality, standard, accurate and concise report in English. Afghanistan or regional country experience is preferred.
- *SME Specialist (Expat)*. The SME Development Specialist shall have at least five years' experience in designing, implementing, or assessing technical and vocational training and education programs in developing countries. The successful candidate shall possess at least a Master's degree in training, curriculum development, economics, or a related field. Strong writing and interpersonal skills are required. Afghanistan or regional country experience is preferred.
- *Evaluation Specialist (Afghan)*. The Evaluation Specialist shall possess at least a Bachelor's degree, and 5 years of applied evaluation experience in data collection, analysis and interpretation. Experience in socio-economic field survey and participatory appraisal (sampling and survey methods – e.g. interpersonal interviews and focus group discussions) is required. The successful candidate will have highly developed interpersonal skills, work well with others, and be able to work independently.

The team is authorized a six-day work week.

## B. Level of Effort (LOE in person days)

| Position                  | Total Travel | In-Country | Final Report | Total     |
|---------------------------|--------------|------------|--------------|-----------|
| Expatriate Team Leader    | 4            | 35         | 7            | 46        |
| Expatriate SME Specialist | 4            | 35         | 5            | 44        |
| CCN Specialist            |              | 33         | 4            | 37        |
| CCN Specialist            |              | <u>33</u>  | <u>4</u>     | <u>37</u> |
| <b>Totals</b>             | 8            | 136        | 20           | 164       |
|                           |              |            |              |           |

## C. Methods and Materials

The Evaluation Team will develop their approach to assess the different aspects of the program to comprehensively answer the questions listed under Section VI, using a mixture of quantitative and qualitative methods. Evaluation methods may include document review, field interviews with beneficiaries and non-beneficiaries, and focus group discussions, among others. Arrangement of documents will be provided by USAID/OEGI to the Evaluation Team for review, prior to arriving in-country. The OEGI Point-of-Contact for the team is the ABADE AOR Richard Paul McKee and ABADE Alternate AOR Hakima Hakimi.

### *Illustrative List of Documents for Pre-Field Review:*

- 1) ABADE Scope of Work
- 2) ABADE Work plan(s)
- 3) ABADE Performance Management Plan(s)
- 4) ABADE Weekly and Quarterly Reports (at least the four most recent)
- 5) ABADE Fact Sheet
- 6) Relevant USAID Strategy
- 7) Other documents as requested and deemed necessary

## D. Schedule

The Evaluation Team shall complete this activity, including delivery of the draft report, within eight weeks of engagement. Once consultants are identified USAID will share the documents

listed above with SUPPORT II. A six-day work week is authorized for this activity. This evaluation study is proposed to start no later than November, 2014.

#### **E. Management**

Checchi will identify and hire the evaluation team and assist in facilitating the work plan. The evaluation team will organize other meetings as identified during the course of the evaluation in consultation with the SUPPORT II activity and USAID/Afghanistan.

Checchi/SUPPORT-II is also responsible for arranging accommodation, security, office space, computers, internet access, printing, communication, and transportation for the evaluation team to the program sites.

The Evaluation Team will report directly to Checchi SUPPORT II management. However, the team may contact Daryl Martyris ([dmartyris@state.gov](mailto:dmartyris@state.gov)) SUPPORT-II COR, ABADEAOR Richard Paul McKee ([rmckee@state.gov](mailto:rmckee@state.gov)) and Alternate AOR Hakima Hakimi ([hhakimi@state.gov](mailto:hhakimi@state.gov)) concerning evaluation activities

#### **VIII. MEETINGS, BRIEFINGS, AND DELIVERABLES**

1. **In-briefing** with USAID/OEGI. **Within two days of arriving in Afghanistan**, the Evaluation Team shall attend a kickoff meeting at USAID to discuss the SOW, clarify any questions and prepare the team to create a work plan. This meeting will allow for discussion of background documents, and a suggested interview/contact list. If necessary, the SOW can be adjusted, with USAID approval.
2. **Draft Work Plan** submitted to USAID/OEGI for comment/approval. **Within five days of the in-briefing, the team shall submit to USAID/OEGI a detailed Draft Work Plan for conducting this Mid-Term Performance Evaluation of ABADE.** The draft work plan shall detail the evaluation methodology, incorporate any proposed modifications to this statement of work, and elaborate the customized evaluation tools to be used by the team. Additionally, a draft schedule of proposed businesses and training provider visits should be included. Within two business days of receipt of the draft work plan, USAID/OEGI will provide comments to SUPPORT II. Within two business days of receipt of comments, the team will resubmit the revised work plan to USAID/OEGI
3. **Final/USAID-approved Work Plan** (a revised version of the draft based on USAID comments).
4. **Mid-term Briefing** to USAID (One hour): The evaluation team will hold a mid-term briefing on progress and preliminary findings. The mid-term briefing date will be proposed in the work plan and confirmed closer to the date.

5. **Exit Briefing** to USAID (60-90 min.): Prior to submitting the draft evaluation report, the Team Leader will deliver a final briefing to USAID/Afghanistan on the major findings, conclusions, and recommendations.

6. **Draft Final Evaluation Report** submitted for USAID/OEGI comment/approval. The draft report shall be submitted at a date agreed upon with USAID (approximately one week after departure). The evaluation report shall describe the methodology, provide evidence-based findings, conclusions on the key evaluation questions, and offer applicable recommendations for the improvement of the program. The report shall be no more than 25pages (excluding Appendices), and follow USAID’s reporting format and branding guidelines (per ADS 320). An outline of the report is provided below:

- **Title Page**
- **Table of Contents**
- **List of any acronyms, Table s, or charts** (as needed)
- **Acknowledgements or Preface** (optional)
- **Executive Summary** (not more than 3 pages)
- **Introduction** (not more than 3 pages)
  - a. A description of the activity that was evaluated including goal and expected results.
  - b. Brief statement of the purpose of the evaluation including a list of the evaluation questions.
  - c. A Brief statement on the methods used – Interviews, Document/desk/review, site visits, interviews, focus groups, surveys, etc.
- **Findings** – Describe the findings, focusing on each of the questions the evaluation was intended to answer.
- **Conclusions** – This section should include value statements, supported by evidence that will address:
  - a. Whether the program is on track to attain its stated goals and objectives.
  - b. Highlight the strengths and weaknesses of implementation. Other conclusions as identified by the evaluation team.
- **Recommendations** – This section will include:
  - a. Actionable ways to improve both the overall performance of the program.
  - b. Suggestions for mid-course adjustments/corrections and changes to improve performance. Actions or decisions to be taken by management.
- **Appendices**
  - a. Statement of Work
  - b. Sites visited (list of entities and people interviewed and a schedule of activities in Excel format
  - c. Methodology description

- d. Copies of all survey instruments and questionnaires
- e. A list of critical background documents
- f. Examples of any key documents reviewed
- g. Notes from key meetings and interviews (a summary of interview responses if appropriate)
- h. Statement of differences (if applicable)

All data and Reports must be in English and submitted to the Office of Program and Program Development (OPPD), which will share the report with the ABADE AOR, USAID/Afghanistan. *USAID will provide comments to the draft report to the Evaluation Team Leader through Checchi SUPPORT for further action within ten (10) business days.*

- 7. 8. Final/USAID-approved Mid-Term Performance Evaluation Report** (a revised version of the draft based on USAID comments): The Team Leader shall submit the final/USAID-approved Mid-Term Evaluation Report within five (5) business days of receipt of USAID comments.

## **IX. REPORTING GUIDELINES**

- The evaluation report should represent a thoughtful, well-researched and well-organized effort to objectively evaluate the validity of the activity's hypothesis and the effectiveness of the activity.
- Evaluation reports shall address all evaluation questions included in the statement of work.
- The evaluation report will be written in highly professional English, free of colloquial language, grammatical and typographical error, and with professional formatting.
- The evaluation report should include the statement of work as an annex. Any modifications to the statement of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology, or timeline need to be agreed upon in writing by the SUPPORT II COR.
- Evaluation methodology shall be explained in detail and all tools used in conducting the evaluation such as questionnaires, checklists and discussion guides will be included in an Annex of the final report.
- Evaluation findings will assess how results affected men and women.
- Limitations to the evaluation shall be disclosed in the report, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.).

- Evaluation findings should be presented as analyzed facts, evidence, and data and should not be solely based on anecdotes, hearsay, or the compilation of people's opinions. Findings should be specific, concise and supported by strong quantitative or qualitative evidence.
- Sources of information need to be properly identified and listed in an annex.

**ANNEX II: WORK PLAN**

**REVISED WORK PLAN  
MID-TERM PERFORMANCE EVALUATION  
OF  
ASSISTANCE IN BUILDING AFGHANISTAN BY DEVELOPING ENTERPRISES  
(ABADE)**

Submitted on:

**November 10, 2014**

**Evaluation Team: Checchi Consulting Company**

## **Purpose of the Mid-Term Performance Evaluation**

The main purpose of this mid-term evaluation is to provide the USAID/Afghanistan Office of Economic Growth and Infrastructure (OEGI) with an objective, external assessment of the effectiveness and efficiency of the implementation of ABADE to date. The evaluation explores how the activities under each component contribute toward the achievement of ABADE goals and objectives:

Component 1: This mid-term evaluation will assess the quality of the public-private alliances (PPAs) formed to date by the ABADE program and the extent to which ABADE and the partners' joint investment have produced the activity results including: increased enterprise profitability, job creation, opportunities for women and youth, and pro-poor growth.

Component 2: The evaluation will also assess the quality of ABADE's technical assistance for sub-award recipients and program stakeholders to improve their operations and management, and solve technical issues related to market access, production, access to finance, and achievement of quality standards.

Component 3: Finally the evaluation will review the collaboration between ABADE and MoCI and assess the quality and usefulness of the industry-specific action plans they produced.

Overall the team will evaluate the progress of ABADE to date in achieving its goals and expected results, and identify lessons learned and make necessary recommendations to improve the program and in the design of any new program or program components.

## **Evaluation Questions**

To assess the progress, quantity, and quality of program activities and results reported, the evaluation will focus on the following questions:

1. Based on a review of the Work Plan, Performance Management Plan (PMP), weekly and quarterly progress reports, to what extent is the program meeting its targets?
2. To what extent was the program advertised and accessible to a broad range of enterprises (including women-owned enterprises)?
3. What results did the approved public-private alliance agreements produce? (*e.g.*, enterprise transparency/profitability, jobs creation, opportunities for women and youth, and pro-poor growth)
4. How successful was the technical support and training provided to public-private alliance partners, and the "high-value" skills training for women?
5. How effective was the process for identifying, procuring, and delivering new equipment for selected businesses? How effective is ABADE's Monitoring and Evaluation system?

6. How useful, for private sector development, are the MoCI industry-specific action plans that the ABADE program facilitated and how are they being implemented?
7. Is the public-private partnership model suitable for scaling up by GIRoA or a private Afghan entity?

### **Methodology**

The evaluation team will use mixed methods to assess whether and how the activities under each component are contributing toward the achievement of ABADE's goals and objectives, and to comprehensively answer the questions listed above.

**Desk Review:** The Evaluation Team (ET) will review documents/reports related to the activity that will provide the necessary background information on the ABADE activity. The desk review will allow the ET to better understand the activity goals, objectives, and status in the implementation of activity activities and also insight into some of the activity implementation successes, challenges and constraints. The desk review will enable the evaluation to determine if the expected results were met, determine the appropriateness of on-going activity interventions and make appropriate recommendations. The ET will also seek to establish if there have been changes in context since the commencement of the activity and what actions need to be taken and/or been taken to ensure the activity moves forward. The desk review will also help the ET in designing data collection tools; determine respondents and the sampling methods. The documents to be reviewed as provided by ABADE include:

- i. ABADE Scope of Work
- ii. ABADE Work plan(s)
- iii. ABADE Performance Management Plan(s)
- iv. ABADE Annual Reports
- v. ABADE Weekly and Quarterly Reports (at least the four most recent)
- vi. ABADE Fact Sheet
- vii. ABADE Success Stories and Snapshots
- viii. Relevant USAID Strategy
- ix. Other documents as requested and deemed necessary

### **Focus Group Discussions (FGD):**

The ET will organize and facilitate six FGD, two in each of the three selected activity areas of Kabul, Herat and Mazar with a maximum of 10-15 participants per focus group. One FGD in each location will be for male PPAs and the other FGD will be for female PPAs. FGD will be held in each of the primary regions where ABADE operates, as it will be difficult given security

restrictions on travel and time consuming to visit other provinces where ABADE operates; also the majority of PPAs are located in or near to the cities.

A standardized interview guide will be used by the ET in each of these FGD. The FGD are expected to last between 1-1.5 hrs. These three locations were chosen due to their high concentration PPA's. Of the total 134 active PPAs, 44 are in Kabul, 35 in Herat, 31 in Mazar and 24 in other regions. The team will spend three days in each of the two locations outside Kabul. In each location, the ET will use a day to hold discussions with male owned and female owned PPA's. Each FGD will be followed by a break-up session during which the ET will administer questionnaires to individual participants. The ET will from each FGD select at least 2 PPAs for field visits if time allows. In each of the locations, the ET will also endeavor to meet and hold discussions with unsuccessful PPA's, who would be willing to share their experience with the team. The FGD will enable the ET to better understand:

- How successful the PPA's have been in transforming the private sector in delivery of goods and services to the Afghan people.
- Discuss the challenges that the PPA partners have experienced in the course of the implementation of the system.
- Elicit views on lessons learned and recommendations on how the PPA system can be improved to function better.

**Written Questionnaires:** The FGD will be followed by break-up sessions during which individual questionnaires will be administered to the beneficiaries. The questionnaire will enable the ET to collect data on key PPA results on: Enterprise transparency/profitability; Jobs creation; opportunities for women and youth and Pro-poor growth and other information that cannot be provided in an open FGD meeting. For those respondents who will not be able to stay for the entire period or from whom additional information will be required, the ET will contact them by phone.

**Key Informants Interviews:** With activity staff at ABADE, USAID, Ministry of Commerce and Industry (MOCI)<sup>14</sup>, Technical Service Providers<sup>15</sup>, will enable the ET establish the implementation performance of activity; constraints faced, and agree on means of overcoming these during the remaining activity period.

---

<sup>14</sup>The MOCI is selected as it is the primary ministry that is managing all the SME Action Plans for ABADE and therefore has direct interaction with the project's Component 3 Team. The meeting will take place with the head of the SME Directorate.

<sup>15</sup> A list of technical service providers will be provided by the Component 2 Team.

**Description of the Sample Selection Methods:**

There are a total of 132 active PPA’s. As the ET is not in a position to meet with each of these PPA’s an inclusive purposeful selection method was used that would ensure that the sample is representative in terms of gender, sector and types of businesses, and ABADE financial support size, and geographically target the three main areas where ABADE interventions are concentrated. This approach will ensure the involvement of big players in the evaluation process, as well as the smaller beneficiaries. The selection process has also ensured the participation of all women owned PPA’s and also all the Innovation PPA’s. The ET will also meet with those companies that were not successful in selection as PPA’s with ABADE.

There will be an informal meeting with ABADE after the field trips which include focus group and individual questionnaires with activity beneficiaries, in order to discuss our findings and provide them time to react and give input.

The following qualitative and quantitative data will be collected for analysis:

|    | <b>Method</b>           | <b>Data</b>  | <b>Sources</b>  |
|----|-------------------------|--|---|
| a. | Desk Review             | <ul style="list-style-type: none"> <li>▪ ABADE Scope of Work</li> <li>▪ ABADE Work plan(s)</li> <li>▪ ABADE Performance Management Plan(s)</li> <li>▪ ABADE Annual Reports</li> <li>▪ ABADE Weekly and Quarterly Reports (at least the four most recent)</li> <li>▪ ABADE Fact Sheet</li> <li>▪ ABADE Success Stories and Snapshots</li> <li>▪ Relevant USAID Strategy</li> <li>▪ Other documents as requested and deemed necessary</li> </ul> | USAID & ABADE   |
| b. | Quantitative Review     | <ul style="list-style-type: none"> <li>▪ Review of relevant monitoring and evaluation reports</li> <li>▪ Evaluation of progress towards indicator targets</li> </ul>   | <i>Afghan Info&amp;</i> ABADE monitoring and evaluation team. |
| c. | Focus Group Discussions | <ul style="list-style-type: none"> <li>▪ Recorded transcriptions of focus group sessions with PPA partners in Kabul,</li> </ul>  | ABADE Regional  |

|    | Method                   | Data  | Sources   |
|----|--------------------------|---|---|
|    |                          | Mazar and Herat <sup>16</sup>   | Offices, PPA partners in person at locations.   |
| d. | Written Questionnaires   | <ul style="list-style-type: none"> <li>Survey of PPA partners as well as those companies not successful at obtaining ABADE assistance.</li> </ul>   | Distribution of questionnaires will be done after the FGD. After the completion of the field visits will invite one or two non-successful PPAs to come in for individual in person discussions. |
| e. | Key Informant Interviews | <ul style="list-style-type: none"> <li>Notes from interviews with ABADE, USAID, MOCI, AISA, GIZ's New Market Development Program, FAIDA<sup>17</sup>, and Technical Service Providers, and the closed PPAs</li> </ul> | All these will be done in person or by phone.   |

## Team Members

Adrian Baskey, International Consultant

---

<sup>16</sup>The FGD will be from 9:30-12:30 a.m. in two sessions (one for men and one for women). We will have on average 10-15 companies per focus group (so for a total of 60-70 companies, which is more than 50% of the active PPAs). FGD guideline questions will be: 1. How did you hear about the ABADE Project?; 2. Has the ABADE intervention been successful at transformation of your businesses?; 3. Did the training support from ABADE result in an improvement in your work?; 4. Was the support from the ABADE sufficient and timely?; 5. How optimistic are you on the growth of your business and future after ABADE? FGD will be followed up by individual written questionnaires with the companies.

<sup>17</sup> GIZ's NMD and USAID's FAIDA projects are partners of ABADE and it is necessary to get their perspective on the project.

Email: [adrianbaskey@yahoo.com](mailto:adrianbaskey@yahoo.com)

Tel: +93(0)729 001 692

MargaretKaruri, International Consultant

[warimukaruri@yahoo.com](mailto:warimukaruri@yahoo.com)

Email: +93 (0) 729 205101

Kamal Burhan, M&E Specialist

Email: [KBurhan@checciconsulting.com](mailto:KBurhan@checciconsulting.com)

Tel: +93 (0) 729 001 666

MustafaKamel, National Consultant

Email: [mustafakamel@gmail.com](mailto:mustafakamel@gmail.com)

Tel.: +93 (0) 729 001 678

FerishtaStanekzai, National Consultant

Email: [ferishta.stanekzai@gmail.com](mailto:ferishta.stanekzai@gmail.com)

**Cecchi and Company Consulting, Inc.**  
**Afghanistan SUPPORT-II Project**  
**Wazir Akbar Khan**  
**Kabul, Afghanistan**