

# Annual Report

FY 2014

October 1, 2013 – September 30, 2014



**USAID**  
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**Assistance in Building Afghanistan by Developing Enterprises Program**

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Associate Cooperative Agreement No. AID-306-LA-13-00001

# Annual Report

**FY 2014**

**October 1, 2013 – September 30, 2014**

Submitted by:

Volunteers for Economic Growth Alliance (VEGA)  
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*A worker at Navin Sanat Steel Mill, a Kabul-based company, operates a machine used in fabricating steel manhole covers. Through an investment partnership with ABADE, the company will invest in heavy machinery and an assembly line to begin manufacturing industrial stone crushers in addition to its current products. This investment is expected to create 57 new direct jobs and 25 indirect jobs among skilled and unskilled men and youths.*

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## List of Acronyms

ABADE:	Assisting in Building Afghanistan by Developing Enterprises	BOA:	Basic ordering agreement
ABIF:	Afghanistan Business Innovation Fund	BSP:	Business service provider
ACCI:	Afghanistan Chamber of Commerce and Industries	CAD:	Computer-aided design
ACE/ADF	Agriculture Credit Enhancement/Agricultural Development Fund	CCN:	Cooperating country national
ADF:	Agricultural Development Fund	CHAMP:	Commercial Horticulture and Agricultural Marketing Project
AGF:	Afghan Growth Finance	CN:	Concept note
AIBF:	Afghan Institute of Banking and Finance	COP:	Chief of Party
AISA:	Afghanistan Investment Support Agency	CRM	Customer relationship management
ANSA:	Afghan National Standards Authority	DAI:	Development Alternatives, Inc.
AO:	Agreement Officer	DCOP:	Deputy Chief of Party
AOR:	Agreement Officer's Representative	DFID:	UK Department for International Development
APPF:	Afghan Public Protection Force	DOC:	Department of Commerce
AREDP:	Afghanistan Rural Enterprise Development Program	DoWA	Department of Women's Affairs
ARFC:	Afghan Rural Finance Company	EGGI:	Economic Growth and Governance Initiative
ASI:	Afghanistan Stabilization Initiative	EMMP:	Environmental Mitigation and Monitoring Plan
ASMED:	Afghanistan Small Medium Enterprise Development Program	EPPA:	Export Promotion Agency of Afghanistan
AUAF:	American University of Afghanistan	ERF:	Environmental Review Form
AWBF:	Afghanistan Women's Business Federation	ERR:	Environmental Review Report
AWDP:	Afghanistan Workforce Development Program	FAIDA:	Financial Access for Investing in the Development of Afghanistan
BDS:	Business development services	FAO:	Food and Agriculture Organization of the United Nations
BIH:	Business Innovation Hub	GIRoA:	Government of the Islamic Republic of Afghanistan
		GIZ:	Deutsche Gesellschaft für Internationale Zusammenarbeit
		GMP:	Good manufacturing practices
		ICT:	Information and communications technology

IDEA-NEW:	Incentives Driving Economic Alternatives for the North, East, West	OEGI:	Office of Economic Growth and Infrastructure
IESC:	International Executive Service Corps	OHS:	Occupational Health and Safety
IFC:	International Finance Corporation	OPPD:	Office of Program and Project Development of USAID
ILO:	International Labour Organization	PIO:	Public international organizations
IQC:	Indefinite quantity contract	PMP:	Performance management plan
IR:	Intermediate results	PPA:	Public-private alliance
ISAF:	International Security Assistance Force	RADP:	Regional Agriculture Development Program
IT:	Information technology	RAMP UP:	Regional Afghan Municipalities Program for Urban Populations
LARA:	Land Reform in Afghanistan	RFA:	Request for application
LN:	Local national	RFP:	Request for proposal
LRA:	Legal, regulatory and administrative	RMC:	Risk management consultancy
LTTA:	Long-term technical assistance	SAM:	System for award management (USG system)
MAIL:	Ministry of Agriculture, Irrigation and Livestock	SIKA:	Stability in key areas
M&E:	Monitoring and evaluation	SME:	Small and medium enterprise
MIDAS:	Mining Investment and Development for Afghan Sustainability	STTA:	Short-term technical assistance
MISFA:	Microfinance Investment Support Facility for Afghanistan	SUPPORT II:	Services under Program and Project Offices for Results Tracking
MoCI:	Ministry of Commerce and Industries	TA:	Technical assistance
MoF:	Ministry of Finance	TAFA:	Trade and Accession Facilitation for Afghanistan
MoFA:	Ministry of Foreign Affairs	TAMIS:	Technical, Administrative, and Management Information System
MoMP:	Ministry of Mines and Petroleum	TCN:	Third country national
MoWA:	Ministry of Women's Affairs	TFBSO:	Task Force for Business and Stability Operations
MRRD:	Ministry of Rural Rehabilitation and Development	TOT:	Training of Trainers
NGO:	Non-governmental organization	USAID:	United States Agency for International Development
NMD:	New Market Development	USG:	United States Government
OAG:	Office of Agriculture	VEGA:	Volunteers for Economic Growth Alliance



WB: World Bank  
WED: Women's Enterprise  
Development  
WSME: Women's small and medium  
enterprise

## 1 Project Overview

Assistance in Building Afghanistan by Developing Enterprises (ABADE) is a four-year program that commenced in October 2012. ABADE primarily works with the private sector to strengthen the productivity of enterprises focused on sustained growth and job creation. ABADE's programmatic objectives are to increase domestic and foreign investment, stimulate employment and improve sales of Afghan products.

Furthermore, ABADE is designed to complement other USAID programs that are focused on improving the business enabling environment, developing the workforce and facilitating access to finance. ABADE's alliances with small and medium enterprises (SMEs) will accelerate productivity and job creation by mitigating risk and leveraging contributions from private companies via alliances. Its activities include the following:

### **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 designed to mitigate business expansion risks, encourage private investment and expand markets. Alliance partners have a substantial financial stake in the venture by matching ABADE funding on at least a 1:2 basis.

1B) Innovation alliances: ABADE also establishes public-private alliances (PPAs) to stimulate innovation-focused initiatives. Both for-profit and non-profit entities, foreign and domestic, are encouraged to apply. Partners should match ABADE funding on at least a 1:1 basis.

### **Component 2: Technical Assistance and Business Advisory Services**

ABADE provides technical assistance (TA) to sub-award recipients and program stakeholders, improving their operations and management and resolving technical issues related to market access, production, access to finance and the achievement of quality standards.

### **Component 3: Business Enabling Environment**

ABADE works to improve the business enabling environment by addressing specific regulatory and procedural barriers that impact the competitiveness of PPA partners. This may include assessments and analytical studies driven by the sub-award applicants, as well as support for relevant ministries by drafting policy memoranda and regulatory guidelines for specific industries.

## 2 Executive Summary

This report presents the accomplishments of ABADE's programmatic components for Fiscal Year 2014 (October 1, 2013 – September 30, 2014.) Below are the highlights of program accomplishments.

### 2.1 Summary of Results

#### 2.1.1 Component 1: Public-Private Alliances

Three PPAs were closed out this year after the successful fulfilment of the financial and job creation commitments of the SME partner and ABADE as stated in their respective PPA agreement.

##### **Green Organic Agriculture Production Company (PPA-B001)**

set up a vermicomposting facility to produce organic fertilizer, the first business venture of its kind in Afghanistan.

**Chipsi Fast Food Restaurant (PPA-A012)** was able to realize its goal of establishing the second Chipsi fast-food restaurant in Hirat through this investment partnership with ABADE.

**Asma Handicrafts Company (PPA-A034)**, a woman-owned tailoring microenterprise established in 2010, has successfully expanded its apparel production line through this partnership with ABADE.



*“When I started this business, I didn't think I'll see it grow so fast. I only had eight employees a few months ago, now I have 19 female sewers,”Frishta Samssudin (left), owner of Asma Handicrafts tells an ABADE staff member from Mazari Sharif during a monitoring visit. ABADE provided high-speed sewing machines and tailoring equipment to help the company increase production after Samssudin acquired a contract to supply uniforms to a local school.*

Streamlining procedures, implementing new systems and beefing up the manpower complement of Component 1 contributed to the quicker completion cycle in the procurement of equipment for PPAs. The clearer delineation of work between Components 1 and 2 – the former implementing the PPAs developed by the latter – significantly improved the flow and speed of work for both units and at the same time ensured good separation between the development of an application and the implementation of the subsequent award. This arrangement also ensured accurate completion of equipment specifications during the PPA development

stage done by Component 2 before the PPAs were signed and Component 1 began the procurement of equipment.

The Technical, Administrative and Management Information System (TAMIS), the information system used by ABADE, continued to be an efficient tool for tracking, creating developing and managing PPAs and updating reports on PPAs and other activities. The capital investment specification form used for developing PPA budgets was integrated into TAMIS and helped improve equipment cost estimates and also shortened PPA development time. Strengthening the Component 1 workforce with an International Procurement Manager, Grants Manager and an International Procurement Specialist enabled ABADE to keep up with the challenges of implementing 104 active PPAs over the life of the program thus far.

As in the previous year, ABADE had the advantage of possessing a pool of qualified volunteers to provide assistance in complicated industry-specific fields. Volunteers remotely evaluated the business plans of Maisam Steel Mill (PPA-A019) for the installation of a laboratory and establishment of continuous cast steel fabrication operations and of Clean World Recycling Industrial Company (PPA-B004) for the establishment of a used tire and plastic recycling facility. The work was split between

## Building on earlier gains



*Global Gas owner Sayed Noman (right) receives a receipt from an ABADE staff member for equipment delivered to the company on September 17, such as the underground bulk storage tanks behind them.*

Global Gas was supported by the USAID/ASMED project in establishing the first Liquid Petroleum Gas (LPG) conversion workshop and filling station in Jalalabad. The company is investing in establishing two more filling stations and conversion workshops through a partnership with ABADE.

“Once again, USAID is helping our company grow in ways that would not be possible on our own. A few years ago, ASMED helped us to establish an LPG conversion and filling station business. Since then, we opened several branches in different provinces. In our partnership with ABADE now, we are aiming to serve more drivers with the more environmentally friendly LPG motor fuel,” says Sayed Noman, owner of Global Auto Gas.

two experts per procurement because of the diverse and intricate nature of the new projects. Another volunteer focused on evaluating the procurements that included filtration units, among other procurements.

The project received valuable support from remote expert consultants on the production of packaging products and textiles, agribusiness procurement and shoe manufacturing. ABADE also engaged remote PPA development specialists and an environmental review and compliance specialist to support the development of PPAs.

## 2.1.2 Component 2: Technical Assistance and Business Advisory Services

In Year 2, ABADE received a total of 614 concept notes from the four programmatic regions of ABADE (Kabul, Hirat, Mazari Sharif and Jalalabad); submission of the concept note (CN) is the first step in the PPA application process. From the concept notes received this year, as of September 30, ABADE has developed and submitted to USAID 136 PPA applications. Of these applications, 102 were approved by USAID as PPAs; the rest were either rejected or are pending approval by USAID. Of the 102 PPAs USAID approved in Year 2, 94 became active PPAs, of which one was completed. The remaining eight USAID-approved PPAs need the partners' signatures to become active PPAs.<sup>1</sup>



*Alzahra Fitness Sports Club is establishing a third gym in Kabul with ABADE's support.*

Within ABADE's investment portfolio, new PPAs include 93 active and one completed PPA, for a total investment commitment of \$74.8 million – \$9.9 million in direct equipment contributions from USAID and \$64.9 in partner investments, or a ratio of 1:6.5, which is far beyond the minimum targeted contribution ratio of 1:2.

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<sup>1</sup> Several applications were approved by USAID on the last day of Fiscal Year 2014, and partners could not be reached on the same day for their signatures.

The substantial improvement in the generation of new investment partnerships this year was the result of several factors: redirecting ABADE's approach to focus on the development of PPA applications, which meant targeting the right companies and improving the process for soliciting information from SMEs, improving the quality of concept notes and fostering strategic partnerships and collaboration with government and private sector business organizations and associations, which has proven to be a reliable channel for gaining new applications.



*Kardan Balkh Industrial Production Company is a manufacturer of low-voltage electrical panel boards and power control applications. In partnership with ABADE, the company will expand its manufacturing line to include higher quality panel housing boxes for the electrical switchboards as well as cabinet racks for computer network servers, file cabinets and metal washers.*

Throughout the year, ABADE continued to provide technical assistance to partner SMEs, PPA applicants and other business entities and organizations. Training courses in food safety, hygiene, business planning and management, finance and accounting, marketing and branding were conducted to improve the beneficiary-organizations' management and operational capabilities. The training was facilitated by Afghan business development service (BDS) providers with established track records in capacity building. Three high-value skills<sup>2</sup> training courses in basic outreach and marketing and ICT/website development were delivered to 30 women, and an additional 19 women were trained in computer-aided design (CAD), increasing their likelihood of gaining employment or establishing their own enterprises to supply outsourced services.

In late October 2013, analysis was completed on two surveys done in Year 1 of ABADE: a nationwide mapping and inventory of business development services and the supply and demand survey of SMEs. In Year 3, Component 2 plans to engage an Afghan company to develop a website directory of BDS providers to be maintained by an association of BDS providers. The directory will allow previous clients to give a rating on

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<sup>2</sup> ABADE's definition of high-value skills includes nontraditional and marketable skills in different areas of information and communication technology (web design, computer-aided design and software development), engineering, business systems (bookkeeping and accounting), advertising and similar skills currently in high demand.

the services rendered by the BDS and support the marketing efforts of these companies in selling essential business support services.

### 2.1.3 Component 3: Business Enabling Environment

Component 3 supports 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.



*Vegetable packing at Tak Dana*

In this reporting period, Component 3's principal activities involved a major effort in public-private dialogue, helping the MoCI implement Afghanistan's SME Development Strategy by engaging industry stakeholders in cooperative efforts to identify the principal problems faced by SMEs in priority industry sectors and the actions that need to be taken to remove constraints and promote growth.

During Year 2, ABADE focused on the following four areas: developing action plans, implementing action plans, strengthening information and communications channels and providing technical support to AISA.

## 2.2 Constraints and Critical Issues

The majority of constraints in program implementation in Year 2 were related to the PPA development process, although ABADE also experienced difficulty with the import of equipment and providing assistance under Component 3. These issues are discussed below.

### **Lengthy PPA application process**

The lengthy application process for PPAs – the time between the submission of a concept note, receipt of USAID approval on applications and actual implementation, including procurement of capital equipment and the start of operations – was the most common complaint cited by SMEs and ABADE partner organizations. The application cycle includes several steps, within which several actions must be completed before which implementation can begin. ABADE undertook a thorough review of the whole

process and simplified the process as much as possible, improving the overall flow and eliminating programmatic bottlenecks where possible.

There were two major causes of delay outside the control of the program: obtaining vetting eligibility notices for PPA applicants and vendors, and obtaining AO approval of PPA applications. The lengthy turnaround for vetting of applicants delays submission of applications to USAID, and in the implementation stage, vetting of both local and international vendors for impacts procurements. Some of these approval and vetting requests remained stagnant for as many as six months. The average USAID PPA approval time was 32 days, with the longest being 198 days; the average vetting period was 69 days, with the longest being 159 days. However, during the second half of the year, changes in the USAID vetting procedure were implemented, and the process then began to move more quickly; toward the end of the year, the USAID approval process also accelerated.

### **Identifying the correct equipment**

The provision of capital equipment is a crucial element in the implementation of PPA activities. One of the objectives of ABADE's investment partnerships is to upgrade the

## **Jobs for youths**



*Ahmad Sahil, owner of Ansari Brothers Silo, hopes to stem youth migration by providing jobs at home.*

“The best thing about the PPA program is the requirement on creating new jobs for youths. In Mazar, most young people dream of going to Pakistan or Iran to look for employment. Since they are going there illegally, their future there is more uncertain than here,” says Ahmad Sahil, owner of Ansari Brothers Silo.

Mazari Sharif-based Ansari Brothers Silo has partnered with ABADE in establishing a flour mill. This venture will create 109 direct jobs for machine operators, skilled and unskilled workers and sales and marketing staff. Forty indirect jobs are expected to be created for farmers, sales representatives, truck drivers and bakery workers. Ansari Brothers plans to open sales offices in four Northern provinces (Mazari Sharif in Balkh, Shibirghan in Jawzjan, Sari Pul City in Sari Pul and Andkhoy in Faryab) once the flour mill is operational.

business operations of SME partners, thereby increasing productivity. ABADE supports this by providing them with modern equipment that utilizes technology appropriate for Afghanistan. However, most of Afghanistan's SMEs do not have the knowledge and awareness of enough options to accurately assess and identify the equipment suitable for their business expansion goals. Less experienced small businesses often request equipment based on its appearance, not taking into consideration, for example, the fact that gas fueled ovens for bakeries might be a better investment than electric ones if electricity supply is unreliable. Mistakes in equipment specifications cause serious delays in the procurement process because they often mean having to restart the long and laborious process from the beginning.



*A Mazari Sharif regional manager explains how businesses can avail themselves of investment partnership opportunities with ABADE at a meeting of the Mazar Women's Business Association in July 2014.*

The incidence of erroneous equipment specifications has been reduced by adding experienced technical staff to ABADE's procurement team, strengthening initial review of equipment specifications, and engaging industry experts working remotely to assist in developing equipment specifications for complex or unusual types of equipment.

### **Importation of equipment**

One long-standing issue has been gaining the approval of the Afghanistan government for the duty free importation of equipment for PPA partners. As an example, ABADE procured 2,000 point-of-sale terminals for PPA partner Refah Technology Company (PPA-A005), and the shipment arrived in the country in mid-June 2014. Despite repeated negotiations with the Ministry of Finance, Customs Department and the Ministry of Foreign Affairs (MoFA), the government stood firm on its decision to impose taxes on the imported goods. ABADE involved a USAID legal advisor in the talks with the Customs Department, and USAID was involved in negotiating with both the MoFA and the Customs Department, requesting that the government abide by the provisions of the Strategic Objective Grant Agreement between the GIRoA and the USA.

As of the date of this report submission, USAID has accepted the Customs Department's determination that ABADE PPA partners should pay customs duties on USAID funded equipment upon disposition to the partner. This requirement was not anticipated in development of investment budgets, and will increase the investment costs of many of

the PPAs. ABADE will need to restructure PPA budgets and do agreement modifications on the affected alliances in order to ensure that investments can be completed.

### **Support for the MoCI in the implementation of action plans**

As activities shift from updating action plans to supporting the Ministry and other government agencies and stakeholders in the implementation of the action plans, the most critical constraint faced by ABADE in its role as a support resource for the MoCI is the difficulty in securing funding and technical support from donor projects or other sources to help implement high-priority activities in a timely fashion. ABADE works through the private sector to implement PPAs which provide solutions to some of the indicated priority constraints; however, since ABADE is not set up to provide direct technical assistance to ministries and government agencies, it is working with the MoCI to reach out to donor organizations for funding commitments to support the implementation of key activities.

## 3 Activity Implementation

### 3.1 Key Activities Accomplished During the Quarter

The following sections expand upon the performance of ABADE's technical components during Fiscal Year 2014 (October 1, 2013 – September 30, 2014).

The table showing ABADE's progress toward meeting the program indicators is found in Annex 1.

#### 3.1.1 Component 1: Public-Private Alliances

##### *Implementation of SME and Innovation Alliances*

##### **Completed PPAs**

Three PPA activities were completed and closed out in Year 2, infusing the economy with over \$220,000 in new investments. The SME partners provided a combined 80% of the investments; the rest was provided by ABADE in the form of materials and equipment. These PPAs were the Green Organic Agriculture Production Company in Kabul, Chipsi Fast Food Restaurant in Hirat and the Asma Handicrafts Company in Mazari Sharif.



*USAID monitoring, gender and OEGL officers engage in dialogue with PPA partners at the ABADE office on July 2, 2014, to evaluate the relevance of the support and training they have received.*

##### *Green Organic Agriculture Production Company (PPA-B001) set up a*

vermicomposting facility to produce organic fertilizer, the first business venture of its kind in Afghanistan. In addition to producing and selling vermicompost fertilizer, this woman-owned and operated company also promotes organic farming and the use of bio-fertilizers in Afghanistan. Green Organic is now selling vermicompost fertilizer produced on its new 4,000 m<sup>2</sup> farm and in the original 500 m<sup>2</sup> composting facility. ABADE provided the company with composting worms and the equipment necessary to undertake the activity. The USAID-funded IDEA-NEW project also assisted the company by providing vermiculture training and constructing composting beds.

*Chipsi Fast Food Restaurant (PPA-A012)* realized its goal of establishing a second Chipsi fast-food restaurant in Hirat on April 22, 2014. Chipsi is the first fast-food restaurant to open a branch in Hirat. The company's vice president is a woman. ABADE provided various kitchen appliances and furniture for the dining area. Chipsi was responsible for establishing the restaurant and procuring all other machinery and equipment.



*Green Organic has started selling vermicompost fertilizer.*

*Asma Handicrafts Company (PPA-A034)*, a woman-owned tailoring microenterprise established in 2010, which has successfully expanded its apparel production line. The company produces tailor-fitted Afghan-style outfits for men and women, has secured a contract to supply uniforms to the Ibn-e-Sina High School in Mazari Sharif and plans to begin supplying other schools with uniforms. ABADE provided Asma Handicrafts with high-speed electric sewing machines, overlock machines, electric irons, embroidery machines and a button cover machine.



*Female professionals enjoy dining at the new Chipsi fast-food restaurant in Hirat City because of its good food, courteous service and bright ambiance. ABADE supported Chipsi in establishing the new branch.*

### **Implementation of active PPAs**

During Year 2, ABADE accelerated the implementation of all active PPAs. In the PPA agreements, both ABADE and the partner SME agree on their respective contributions prior to implementing the new investment. PPA partners are generally responsible for preparing the physical structures which are necessary for the new business activity, and ABADE contributes new machinery and technical support. ABADE ensures that the workplace and installations are ready before the new equipment is delivered.

As of the end of the reporting period, ABADE had procured 34 different pieces of machinery and equipment with a total value of \$3,768,490 for 24 PPA partners, and 70 pieces of machinery and equipment for 62 PPA partners were in the procurement process. Whenever possible, equipment and materials are purchased from local suppliers. This year, ABADE procured assorted machinery and equipment totaling \$416,261 from local suppliers. International purchases, however, typically account for the bulk of all procurements.

### *PPAs in Year 2*

Ninety-four new investment partnerships became active PPAs between October 1, 2013, and September 30, 2014, of which one was completed. ABADE's total investment portfolio to date includes 102 active and three completed PPAs, with a total combined investment of \$85.4 million. More than 85% of the total investment was contributed by the PPA partners.

The following tables provide details of the PPA portfolio as of the end of Year 2.

PPA Status	Year 1	Year 2	Total
Active PPAs	9	93	102
Completed/closed out	2	1	3
Canceled	(2)	0	(2)
Total	11	94	105

Demographic Distribution of Active and Completed PPAs	Year 1	Year 2	Total
Kabul	7	24	31
Hirat	2	30	32
Mazari Sharif		30	30
Jalalabad	1	9	10
Kandahar	1	1	2
Total	11	94	105

Investments from Active and Completed PPAs	Year 1 (USD)	Year 2 (USD)	Total (USD)
USAID (ABADE) contribution	2,841,136	9,897,857	12,738,993
Partner contribution	7,753,675	64,894,268	72,647,943
Total	10,594,811	74,792,125	85,386,936

Annex 2 shows a list of PPAs signed in Year 2. The profiles of PPAs only include active PPAs in Quarter 4 of Fiscal Year 2014 (July 1 – September 30, 2014), as past quarterly reports already covered the profiles of the agreements that were signed and active in those periods.

### 3.1.2 Component 2: Technical Assistance and Business Advisory Services

ABADE provides technical assistance to prospective SMEs and innovation alliance partners, specifically in the development of concept notes and PPA applications, improving applicants' management capabilities and providing demand-driven technical assistance and activities and training. Component 2 also ensures that women and youth are prioritized and included in PPA development and technical services, fostering an innovative business environment that expands the role of women and youth in business.



*PPA specialists coach PPA applicants in preparing concept notes during an outreach event conducted in coordination with MoCI in February 2014 in Kabul.*

Component 2's services are divided into pre-award and post-award services. Pre-award services assist prospective alliance partners in the development of their applications for partnerships, while post-award services include technical support for the PPAs.

Major accomplishments over Year 2 (October 1, 2013 – September 30, 2014) are presented below.

#### *Development of SME and Innovation Alliances*

##### **PPA development**

ABADE received a steady stream of concept notes from prospective SME partners submitted to the Kabul office and gathered by the regional offices in Hirat, Mazari Sharif and Jalalabad. In Year 2, ABADE received a total of 614 concept notes. Of the notes received, 179 (or 29%) were rejected outright for being out of the scope of the program; the rest were further evaluated against PPA criteria and were either developed into applications or rejected for failing to meet certain conditions.

Because the concentration of businesses is in the country’s capital, over one-half of the CNs (313) were generated in Kabul, although a good number of CNs this year came from Mazar (152, or 25%) and Hirat (119, or 19%), and a few from Jalalabad (30, or 9%). The ABADE satellite office in Jalalabad, which opened this year, is manned by two local professionals and supported by the ABADE main office in Kabul.



*Mohammad Asif: “As marketing manager of Refah Technology Company, I always have to update my knowledge. The marketing and brand management training taught me a lot of new skills.”*

This year, a total of 102 applications were approved as PPAs by USAID.<sup>3</sup> These applications developed as follows:

Applications approved by USAID in Year 2	102
Became active PPAs (one completed)	94
Awaiting partner’s signature to become active PPAs (these will be counted as PPAs in the succeeding period)	8

Several of the eight USAID-approved PPAs were received by ABADE on the last day of September and could not be signed by the partners on the same day. As of September 30, 24 applications were pending with the AO and five with the AOR. These applications are in the final stage of the process and are expected to become active PPAs in early Year 3.

### **Outreach activities**

ABADE conducted a variety of presentations and outreach activities to promote the PPA program and increase prospective SME applicants’ interest in availing themselves of the opportunities offered by ABADE. The Mazari Sharif team expanded its outreach to other northern provinces, including Jawzjan, Samangan, Baghlan, Kunduz, Takhar and Badakhshan. The Hirat team intensified its collaboration with government economic institutions, business organizations, industrial unions and other donor-funded economic-sector projects, including AISA, ACCI, the Hirat Chamber of Commerce and

<sup>3</sup> A USAID-approved PPA reaches “active” status when the agreement is signed by the authorized representatives of both parties: the SME and ABADE.

Industries, the Hirat Industrial Union, GIZ-NMD and other USAID implementing partners.



*USAID Mission Director William Hammink (left) and Indian Ambassador H.E. Amar Sinha (right) visit the ABADE booth at the India-Afghanistan Innovation Partnership Fair on December 4 and 5, 2013.*

ABADE's major outreach activities for the year are presented below:

- Participation in business events organized by FAIDA, such as the A2F exhibition October 29 to 31, 2013, the first India-Afghanistan Innovation Partnership Fair on December 4 and 5, 2013, and the second India-Afghanistan Innovation Partnership Fair on March 4 and 5, 2014. As a result, up to 1,000 business representatives were reached, and many concept notes were received.
- Concept note writing workshops held February 24 to 25, 2014, in Kabul, jointly conducted by ABADE and MoCI for 87 business leaders, including 50 women; March 13, 2014, conducted by the Hirat regional office together with the Khadijatul Kobra Women Business Center for 40 women-owned businesses; in Balkh Province, conducted by the Mazari Sharif regional office in coordination with the Provincial Council, the DoWA and the Balkh Chamber of Commerce and Industry for 20 women entrepreneurs; and in Hirat for 15 SMEs referred by IDEA-NEW.

- Both the Hirat and Mazari Sharif regional offices collaborated with the New Market Development (NMD) project through applicant referrals. In Kabul, ABADE continued to partner with women’s vocational centers in an effort to increase the number of quality PPAs and explore alternative workplace ideas for women.



*Afghan business owners used to maintaining their financial records based on cash transactions learn the intricacies of double-entry accounting to improve their financial management skills.*

- Outreach missions to provinces and districts outside of the main city of Hirat and in the provinces of Balkh, Jawzjan, Samangan, Baghlan, Kunduz, Takhar and Badakhshan, broadening the geographic reach of ABADE.



*Hafizullah (left), owner of Khesrawy Leather and Handicraft Industries, banter with Afghan policemen who are buying belts and holsters at his store. This popular leather company is upgrading its showroom and buying modern equipment through an investment partnership with ABADE.*

- Presented investment partnership opportunities to women entrepreneurs organized by the Balkh Chamber of Commerce and Industry and 45 visiting entrepreneurs from Hirat, in coordination with the Hirat Chamber of Commerce and Industry and the NMD project.

- Regular consultations with FAIDA, FINCA International, ACE/ADF, NMD and microfinance institutions in regions that have been proven to be good sources of potential PPA applicants.

The above activities have resulted in several high-quality applications.

## *Technical Assistance for Sub-Award Recipients and Program Stakeholders*

ABADE conducted training courses to improve SMEs' operational and management capabilities, focusing on technical business issues including market entry, production, access to finance, profitability, achievement of quality standards, double-entry accounting and marketing and branding. The following training courses were conducted:



*Young professionals graduate from the computer-aided design training program in January 2014.*

### **Double-entry bookkeeping training**

ABADE implemented a comprehensive double-entry bookkeeping training program.<sup>4</sup> Although the coursework only required elementary mathematics, the double-entry method proved very confusing for many first time users including PPA participants. This confusion stems from the fact that Afghanistan remains a traditional cash economy and most businesses are only familiar with single-entry bookkeeping. The most significant outcome of the training was that participants realized the double-entry method will generate reconcilable balance sheets with statements of cash flow and income and loss. Of the 12 PPA participants, 11 passed the course and received certificates of completion from ABADE.

### **Marketing and brand management training**

A comprehensive marketing and brand management training course was conducted to teach PPA partners proven marketing and brand management techniques through lectures and case studies. Of the 12 PPA representatives who participated, 10 passed the course and received certificates from ABADE.

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<sup>4</sup> Double-entry bookkeeping is an accounting method of balancing a business' books. For every journal entry credit (recorded under the company's equity side), there is an equal journal entry debit (recorded under the company's assets side). All credit and debit entries are categorized using a chart of accounts.

### Business training

Two training sessions were conducted for 15 enterprises in various industries such as marble, gemstones, construction materials, carpets and food processing. One training session covered general business planning. Trainees prepared a strengths-weaknesses-opportunities-threats analysis of their own business. The other training session focused on marketing, promotion, product distribution, financial management and reporting.

### QuickBooks training

To address deficiencies in the financial management skills of partner SMEs, ABADE developed a QuickBooks training and implementation support program for 15 beneficiaries. The training consisted of 20 days of instruction and was divided into two separate phases: first, a five-day classroom-based course on how to use the QuickBooks software, followed by 15 days of in-house support to develop a system tailored to the needs of each company. In total, 12 of the 15 businesses have completed the training.

### Citation at new job



*Her new skills in QuickBooks landed Masooma a permanent job.*

Masooma Rezai was one of 15 participants in the QuickBooks training conducted by ABADE in February 2014. The training was given to five of ABADE's investment partners in order to address the deficiencies noted in their financial management skills. Masooma worked as a volunteer with PPA partner Payame Noor and was happy to be selected for the training. Despite having a degree, she had not been successful in finding a salaried position.

With constant practice, Masooma became an expert in QuickBooks and in a couple of months was able to find employment as an accountant/computer operator with an Afghan newspaper, Rasana Daily. "My current employer is very happy with my work and has honored me with an appreciation letter! I would like to thank ABADE because the training gave practical and useful learning. I also want to thank our trainer, who was strict but made sure we were learned."

### Business planning and implementation training

To prepare alliance partners for the changes that will take place in their businesses as a result of ABADE assistance, the project developed a business planning and implementation training program. This program, offered to 15 selected enterprises, was divided into three phases: general business planning issues, marketing and financial management and in-house assistance to develop a three-year business plan. Eleven participants submitted their business plans to ABADE.

### Dairy sector needs assessment

In order to provide effective support to the Hirat Ice Cream and Dairy Company, ABADE looked into two separate but related issues affecting the company. First, there are cash flow problems stemming from the economic recession and the stoppage of production due to technical problems. The second challenge relates to the distribution issues arising from the company's inability to maintain product quality in the distribution of frozen goods. Further, the company is in the process of restructuring its debt with Afghan Growth Finance (AGF) and has been delaying payments to creditors in an effort to increase cash on hand for next season's production.

### Increasing sales



*A young girl enjoys browsing the interactive books produced by Payame Noor.*

“We wanted to provide books for children written by Afghan authors that echo Afghan values. With ABADE’s support we succeeded in publishing our first batch of books. ABADE provided us with the latest design software, IT equipment, cameras and printers. As a result of better design and printing quality, organizations like UN and government ministries have started ordering books from us. Our printing business has increased in sales because of better printing quality,” says Jan Ali Saberi, owner of Payame Noor.

Payame Noor launched an innovative project in designing and printing children’s books. The books are also meant to supplement classroom learning.

ABADE plans to provide technical assistance to Hirat Ice Cream and in general expand its assistance throughout the dairy sector. A dairy and ice cream production and distribution expert will be hired as a short-term consultant. The expert will provide guidance on the production, distribution and management aspects of the business.

### *Demand-Driven Technical Assistance*

#### **Implementation assistance**

ABADE delivered implementation assistance to five Afghan SMEs in Kabul. The training involved two days of business plan development, two days of food processing and enterprise-specific issues and an additional six days of in-house assistance to individual companies to improve their business processes.

#### **Management and implementation**

A management and implementation training activity was conducted for 15 enterprises across a wide range of sectors in Mazari Sharif, Kabul and Hirat. The training was implemented in three phases: the first phase focused on general business planning and ABADE business planning guidelines, the second phase provided training in marketing, promotion, distribution and financial management and the third phase covered in-house assistance to prepare business plans with three-year financial projections.

#### **Food safety and hygiene training**

ABADE also focused on food safety, a key area for technical assistance given the sizable proportion of food-related PPA applications already approved and in the pipeline. Food safety standards are particularly weak in Afghanistan, as even basic concepts of good management practice (GMP) are not widely known. To begin addressing these issues, ABADE recruited a food safety expert to train SMEs in the food-processing sector to comply with management principles of food safety and implement food safety plans. This initial field assignment was conducted over two weeks and involved the following principal activities:



*Changes at the Faranges Bakery in Mazari Sharif are visible everywhere, including employees' working clothes, after the food safety and hygiene training conducted by ABADE.*

- Visits to a number of food-processing facilities operated by PPA partners or potential partners to assess the current capacity to apply food safety standards.
- The development of a food safety checklist to be utilized in conjunction with the standard pre-award survey which will be applied to all applicants in the food sector.

In collaboration with the Business Innovation Hub (BIH), located at the AUAF, ABADE laid the groundwork for the recruitment of potential food safety trainers to kick-start the nascent food safety inspection industry.



*ABADE AOR and USAID program monitors speak with the managers of Jade Glass in Mazari Sharif.*

Of the 29 trainees who began the course, seven highly proficient Afghan youth, two of them women, successfully completed the training of trainers program on food safety. Under the supervision of the international consultant, the graduates themselves conducted the training offered to numerous food manufacturing companies in Kabul, Mazari Sharif, Jalalabad and Hirat.

### *Gender Issues, Women and Youth in Business*

Guided by the Gender Strategic Action Plan developed in Year 1, ABADE prepared a training package for female entrepreneurs and business owners, building their capacity to navigate the business world. The following training sessions have been completed:

- On November 17, 2013, nine Afghan women business owners and managers finished a 45-day basic outreach and marketing skills training program. The training included 21 days of lectures and practical exercises and 24 days of video production exercises. The final outputs of the training were promotional videos that could be utilized as both social media and broadcast television promotional content.
- On December 25, 2013, ABADE initiated a computer-aided design (CAD) training program that targeted designers, women working in the architecture, engineering and construction industries and young professionals seeking to obtain the requisite computer literacy to work in these sectors. Nineteen

women participated in this training program, which continued through January 15, 2014.

- On December 31, 2013, 21 Afghan women graduated from ABADE’s website development training program, a 15-day course designed to provide trainees with skills in website design and maintenance.

ABADE also stepped up its efforts to develop women-owned or women-focused PPAs with meetings held at various women-focused governmental and non-governmental organizations. The purpose of these meetings was to establish contacts with a broad collection of individual businesses and business networks so that suitable applicants could be identified, assessed and guided through the application process. The gender team intensified efforts to reach out to women-owned or managed enterprises, not only in Kabul but also in the western and northern provinces. Through these efforts, the team was able to increase the number of concept notes from women and

## A better teacher



*Ms. Leeda Karimi feels she is a better teacher and mentor with the knowledge she gained from training.*

“For the past two years, I work as the head of the Computer Science Department of Afghan Institute of Technology. I attended ABADE’s ICT/Web Development training because I wanted to update my skills and stay current in this fast-evolving field. That 20-day intensive training was really useful. For example, I always had a difficult time with coding but this training taught me different platforms and frameworks. I think I became a better teacher, not just to my students, but also to the teachers that I supervise. The Director of AIT has in fact given me three letters of appreciation, as I could successfully manage 10 teachers and over 300 students of computer science as the head of this department.”

Ms. Karimi was one of the participants of the training conducted by ABADE to develop among young Afghan women high-value skills that will make them competitive in today’s technology-dominated market. Twenty-one young female professionals participated in the training.

youth significantly. In Year 2 over 100 concept notes were received from women entrepreneurs and 18 were received from youths.

In response to a USAID request, ABADE organized a meeting for USAID representatives and women entrepreneurs on January 9, 2013 at the ABADE office. The objective of the meeting was to assess the employment and business environment for Afghan women and solicit ideas from participants.



*A business representative presents top issues faced by women entrepreneurs at the Women SME national conference in August 2014.*

ABADE also participated in the Afghan Women's Economic Forum on February 17 and 18, 2014, at the Women's Center/AUAF. On August 11, 2014, ABADE attended the National Conference for Women in Business as a panel member. This event was organized by the MoCI, with other attendees including the Ministry of Women's Affairs, the US Embassy, FAIDA, UN Women, AUAF, GIZ and the Asia Foundation. The purpose of the event was to encourage women entrepreneurs to play a more active role in Afghanistan's economic development by providing them with information on what services are available to them.

### *BDS Capacity Building*

In the previous year, ABADE conducted, via an Afghan subcontractor, a nationwide mapping and inventory of available consulting services, identifying existing business development service (BDS) providers, and profiling their activities and experience. The activity also resulted in the preparation of profiles of BDS providers currently registered and contracted by various donor programs and institutional clients. In late October 2013, the supply and demand survey and survey analysis was completed, with 511 BDS providers and 226 SMEs surveyed and assessed.

The second stage of the BDS survey involved an analysis of the survey findings and results, which presented an updated, reliable picture of BDS supply and demand, along with a prioritization of the identified needs of both BDS providers and SMEs.

The BDS sector in Afghanistan is still in its nascent stage, and most service providers have been utilized by the local business community through donor-funded projects.

One such entity that is trying to establish itself is the Business Innovation Hub (BIH), an organization established by the Task Force for Business Stability and Operations (TFBSO) through funds from the U.S. Department of Defense. ABADE collaborated with BIH in the organization of the food safety training program. A PPA has also been developed and approved by an internal technical committee to be submitted to USAID as soon as the planned modification allows innovation alliances to be based not only on jobs created but also beneficiaries. BIH will target 1,000 women and youth entrepreneurs for business training.

### *Environmental Compliance*

Environmental compliance for the ABADE Program is subject to the requirements of the ABADE Initial Environmental Examination (IEE tracking number OAPA-12-May-Afg-0033) and IEE Amendment 1 (tracking number OAPA-13-Jan-Afg-0010).<sup>5</sup> The ABADE Environmental Management Plan has been adapted from the template provided in the IEE and includes instructions for use of the Environmental Review Form (ERF), including the Supplement to the ERF for Natural Resources Activities, the Environmental Review Report (ERR) and the Environmental Mitigation and Monitoring Plan (EMMP).



*Environmental mitigation measures were developed for Mir Taimani, a chicken slaughterhouse in Hirat that is planning to produce poultry feed in partnership with ABADE.*

Pursuant to the approved ABADE environmental manual of April 2013 and the Bureau Environmental Officer/Office of Afghanistan and Pakistan Affairs (BEO/OAPA) Memo for the Record on the Approval of Streamlined Environmental Compliance Process under the Negative Determination with Conditions Threshold Decision, dated August 13, 2013, USAID AOR and Mission Environmental Officer (MEO) prior approval is not required for ABADE to start implementation of the relevant activity. However, the AOR and the MEO reserve the right to stop any activity if not satisfied with the quality of the submitted ERF/ERR and

<sup>5</sup> The ABADE IEE and IEE Amendment 1 can be accessed online at <http://gemini.info.usaid.gov/egat/envcomp/search.php>.

EMMP or if the monitoring and supervision indicates inadequate and/or unsatisfactory implementation of the approved environmental mitigation and monitoring measures.

During Quarter 4, ERFs/ERRs have been generated for 65 PPA applications. A negative determination was made for 18 of the projects reviewed this quarter, wherein environmental conditions were included in the contract and no environmental mitigation and monitoring plan was required because of the very low risk determination. To date, 47 total projects have been assigned a negative determination.

For the remaining 47 projects screened this quarter a negative determination with conditions was made, and an EMMP was generated to describe the conditions and mitigation measures required during the implementation of the PPA. Of the total 140 PPAs processed to date under this recommended determination, environmental monitoring and evaluation is ongoing for 23 PPAs that are in the advanced stages of implementation and/or have received prerequisite training during an initial stage of the application process.

Additional environmental activities during the quarter included a concentrated assessment and training assignment conducted by an international textile expert with participation of the ABADE environmental engineering staff that took place across three regions and included site visits to ABADE PPA partner sites. The textile expert trained ABADE engineers responsible for supporting environmental compliance in

### 3.1.3 Component 3: Business Enabling Environment

ABADE Component 3 supports efforts to improve 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. In the past year, a principal activity involved helping the MoCI implement Afghanistan's SME Development Strategy by engaging industry stakeholders in collective efforts to identify the principal problems that SMEs in priority industry sectors are facing and actions that need to be taken to remove constraints and promote growth.

During Year 2, Component 3's key activities focused on the following four areas:

#### **Developing action plans**

During the first two years of the ABADE program, the Component 3 team produced updated versions of the SME action plans for four of the priority sectors highlighted in the SME Development Strategy, including carpets, agribusiness, marble and women's

SMEs. In addition, ABADE began work on two additional action plans which will be completed during in the first quarter of Year 3: one for the gemstones and jewelry sector, and one for the construction materials sector.<sup>6</sup>

### Implementing action plans

An important part of the process of developing and implementing these action plans has been helping the MoCI develop regular, institutionalized procedures for engaging private sector firms and other stakeholders in efforts to identify the major problems that SMEs in these priority sectors face and undertaking activities to solve these problems. ABADE helped the MoCI organize industry working groups and task forces and conduct meetings and events that included substantial participation by private sector companies and associations plus other GIROA ministries and donor projects.



*Industry stakeholders are consulted through public-private dialogues to prepare priority industry action plans.*

### Improving stakeholder communications

ABADE has helped the MoCI develop an information and communication system featuring a web portal ([AfghanEnterprise.com](http://AfghanEnterprise.com)) that will be used to inform stakeholders of the status of efforts to implement the action plans, report on activities currently underway or being planned and provide updates on progress and accomplishments. It will also provide channels for stakeholders to provide feedback and share information on activities supported through other programs that are addressing the problems highlighted in the action plans. The web portal recently received USAID approval and will be officially launched during the next set of working group meetings in October 2014.

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<sup>6</sup> Although ABADE planned to complete the gemstones and jewelry sector action plan in Year 2, security conditions in Kabul during the run-up to and aftermath of the presidential elections made it impossible to complete the data collection and meetings necessary to produce the final version of the document this year.

## Supporting AISA

ABADE continued to help AISA develop a communications and media strategy and a client tracking system to enable them to promote Afghanistan more effectively as an investment destination and increase foreign direct investments in targeted industry sectors.

### *Support the Development and Implementation of the MoCI's SME Strategy and Action Plans*

#### Completed Action Plans

Two action plans were completed by the Component 3 team and approved by the MoCI during Year 2: one for the marble sector and one for WSMEs.

#### **Marble sector action plan**

A final version of the marble sector action plan was completed and submitted to the MoCI for their review and approval on March 25, 2014. The

final version of the plan was approved on March 31, 2014. Some of the principal issues addressed in this action plan included the following:



*Marble slabs are cut to standard sizes at a marble processing company in Hirat.*

- Increasing the supply of marble stones to processing companies by developing more streamlined licensing procedures for new quarry operators and identifying existing licensed quarries that are not meeting local processor demands.
- Establishing training centers and investing in skills training on cutting, polishing and resource and waste management to improve the quality of Afghan marble for export.
- Improving supply and reducing the costs of electricity and water through government lobbying; improving transportation and logistics by renegotiating more favorable terms of existing bilateral transport agreements and negotiating with freight forwarders and shipping companies to obtain more favorable rates.

### WSME action plan

In January 2014, ABADE engaged a three-person consultant team (two expatriates and one LN) to help the MoCI develop a new action plan to support the development of women-led SMEs. The priority issues addressed in the WSME action plan include the following:

- Problems faced by women entrepreneurs in developing appropriate channels for marketing their products
- Understanding and complying with registration, taxation and other regulatory requirements
- Accessing finance, dealing with social constraints and accessing practical market-oriented training and business development services

The final version of the WSME action plan, which incorporated findings and recommendations gathered from numerous business roundtables conducted with women-owned businesses and other stakeholders, was completed on March 25, 2014, and submitted to the MoCI for their review and approval. The final version of the plan was approved on March 31, 2014.

### Women's voices heard



*Guljan Zamarai, head of the Afghan Women's Business Federation*

“As the head of the Afghanistan Women's Business Federation (AWBF), I eagerly participated in the meetings and dialogues in the drafting of the Women Small and Medium Enterprises action. I have seen what we discussed actually appeared in the action plan. Our voices are heard loud and clear. As we begin to implement the plan, the officers of AWBF make sure to attend the meetings because these also enable us to network with other groups.”

AWBF is one of the largest women's groups in Afghanistan and is an active participant in the country's economic development.

## Work on Additional Action Plans

In addition to completing the action plans for the marble sector and WSMEs, in Year 2 ABADE began work on two additional action plans: one for the gemstones and jewelry sector and one for the construction materials sector. These two action plans will be completed during the first quarter of Year 3.

### **The Gemstones and Jewelry Sector Action Plan**

The ABADE Component 3 team, with support from a highly experienced gemstones and jewelry consultant, developed an initial draft of the action plan for the gemstones and jewelry sector. Prior to the arrival of the international consultant, the SME development directorate of the MoCI, with support from ABADE, conducted an initial gemstones working group meeting on March 17, 2014, to begin the process of engaging stakeholders in the development of the updated action plan.

The action plan was developed with inputs from a variety of stakeholders involved in the gemstones and jewelry sector, including government agencies (the MoCI and the MoMP), donor projects and NGOs (MIDAS, ASI, Turquoise Mountain, Future Brilliance) and private sector participants engaged in mining activities, gemstone trading, gem cutting and jewelry design and production. Subsequent meetings were held with the MoCI and the MoMP to discuss the current status of efforts to develop simplified procedures for licensing artisanal mining operations and reducing royalty rates to levels that are competitive with the rates charged in neighboring countries.



*Lapis lazuli necklace produced by Turquoise Mountain.*

### **The Construction Materials Action Plan**

During the final quarter of Year 2, ABADE began conducting background research on the construction materials sector in Afghanistan as part of the preparation for developing the construction materials action plan. During the first quarter of Year 3, ABADE plans to field a two-person team – one expat STTA consultant and one LN staff member – to prepare this action plan, which will focus on the key constraints facing

participants in this sector and the priority actions needed to remove these constraints and take advantage of emerging growth opportunities.

### Developing an SME Information and Communication System to Support Action Plan Implementation

In order to assist the MoCI's efforts to implement the SME action plans, ABADE helped design and implement a web-based information system for communicating with stakeholders and reporting on the status of action plan implementation. An international consultant was engaged to help the MoCI develop updated content for their section of the official MoCI website as well as a template and initial edition of a MoCI newsletter that will be distributed electronically to industry stakeholders. In addition, ABADE produced the initial site design and content for an SME web portal

([AfghanEnterprise.com](http://AfghanEnterprise.com)) that will serve, along with the newsletter, as a principal channel for communicating with industry stakeholders on the status of action plan implementation and the results that are being achieved.

### Private sector–led planning



*“The agribusiness action plan is drafted by the players in the agribusiness sector themselves,” says Javid Qaem, director general of the Ministry of Agriculture, Irrigation, and Livestock (MAIL).*

“It’s worthy to mention the collaborative efforts to develop the Agribusiness Action Plan. I believe that those who are directly involved in the trade should be the ones to point out what their main problems are and how these problems can be solved. This Agribusiness Action Plan that we have completed and started to implement was drafted through a series of dialogues with all sectors involved in the industry; it is not a plan dictated by the government or donor agencies,” commented Javid Qaem, director general of MAIL, during an agribusiness task force meeting.

ABADE supported the MoCI and MAIL in drafting the Agribusiness Action Plan, which was completed in 2013 and is now being implemented.

The website design and branding was approved by USAID on September 16, 2014. It will be officially launched during the next round of working group meetings in the second and third weeks of October 2014.

### *Mobilize and Support Private Sector Stakeholders to Identify and Remove Legal, Regulatory and Administrative Barriers*

A basic premise of the ABADE program is that Afghan entrepreneurs – both men and women – who operate small businesses are an important force for progress in Afghanistan. Consequently, we have consistently endeavored to engage SME stakeholders in efforts to identify and solve problems that are constraining the growth of their business operations and the livelihood opportunities that they generate.

ABADE, in collaboration with the MoCI, has taken a bottom-up approach to drafting the action plans, providing private sector stakeholders with regular opportunities to meet with and present their views to government decision makers in business roundtables, working group meetings, conferences and other events. After reaching agreement on action plan recommendations and priority actions and developing updated versions of the action plans, ABADE has focused on engaging industry stakeholders in continuing, active efforts to work with relevant government ministries, donor programs and other resource groups to implement the priority activities included in these action plans. This has involved working closely with the MoCI and other relevant GIROA ministries (including MAIL, MOMP and MOWA) to organize working groups and task forces with substantial participation by SME business leaders, business organizations, donor programs and other resource groups. During Year 2, ABADE has cooperated with the MoCI to conduct regular working group and task force meetings (see Section 4.1). These meetings have helped to promote increased levels of public-private dialogue and improve working relationships between private and public sector leaders and decision makers.

## Coordinating Action Plan Implementation with Other Donors

A variety of donor programs currently support private sector development initiatives in the priority industry sectors for which action plans have been developed. Typically, however, there is very little coordination or even regular exchanges of information among these different programs. Consequently, opportunities for combining resources to better address business development problems in priority SME sectors are lost.

ABADE has attempted to address this problem by actively reaching out to other donor organizations and programs to establish cooperative relationships to address action plan priorities or at least exchange information about what individual programs are doing to help promote SME development in these targeted sectors. In addition, ABADE has taken initial steps to encourage regular information sharing through the [AfghanEnterprise.com](http://AfghanEnterprise.com) web portal. It is expected that these activities will lead to improved coordination and cooperation among various donor programs in addressing the problems and priorities included in the SME action plans.

### Opportunities for women



*Sherin Gul*

Sherin Gul has been producing quality custom dresses for over 20 years. Her success thus far has depended on the quality of her work and her ability to produce custom designs to the specifications of her customers in a timely manner. She now wants to expand her lone operation to at least a 10-person shop and a dedicated workshop for the production of dresses, men's suits and school and office uniforms. ABADE is providing support to actualize her expansion plans.

"The ABADE employees helped me with the concept notes and the application. They said they want women to have a stronger role in the business sector of Afghanistan. I'm really thankful for their help."

## ABADE Support for Action Plan Implementation

As action plans have been completed, ABADE has begun to focus its efforts on using ABADE resources to address selected action plan priorities, preferably in partnership with the MoCI and other donor programs or stakeholder organizations.

### *Institutional Support to AISA to Improve the Effectiveness of Afghanistan's Investment Promotion Programs*

During Year 2, ABADE provided the services of a veteran Investment Promotion Specialist to help the AISA develop an investment promotion marketing plan, sample presentations and marketing materials for use in their investor communications efforts and business missions. As part of this assistance, the consultant conducted several in-house training programs for AISA's investment promotion department staff on investment promotion marketing techniques and best practices.

In addition, the consultant helped the AISA implement a more effective system for recording and tracking investor inquiries. This process involved assessing the AISA's current systems and procedures for tracking investor inquiries and included an evaluation of staff responsibilities and roles, existing procedures and systems for collecting data on inquiries and providing follow-up services or support, reporting methods and the overall effectiveness of the current system. Based on the assessment results, the consultant constructed a customer relationship management (CRM)/investor tracking system using Microsoft Access, cleaned and reformatted existing AISA contact data and entered it into the CRM system. He also conducted two training sessions for AISA staff on the use and maintenance of the system. In addition, the consultant developed a CRM system users' manual and system maintenance manual.

## 3.2 Planned Activities for the Next Reporting Period

In the coming year, ABADE will seek a revision to the cooperative agreement and will negotiate with USAID to adjust the following performance targets:

- Tier I indicators:
  - Public-private alliances formed as a result of ABADE assistance
  - Innovation PPAs formed
  - \$180 million in private-public sector alliances formed

- Tier II indicator: full-time equivalent jobs created

The requested adjustments will be informed by learning gained over the past two years of project implementation and the altered conditions on the ground from the time the program was conceptualized to the present. The new targets proposed will be more realistic and will pose achievable challenges to ABADE resources and program staff.

Demand for technical assistance will increase in the coming year as more SME partners begin implementing their PPA activities. Technical and management training will be provided to assist partners as they face expansion and modernization challenges. Additional staff will be recruited as implementation managers in ABADE regional offices.

ABADE will complete two additional action plans in the coming year – one for the gemstones and jewelry sector and one for the construction materials sector. With four of the action plans now complete and accepted by the MoCI, ABADE will shift its focus to supporting the implementation of these completed action plans, with the specific aim to successfully address a minimum of two of the priority constraints included in the SME action plans. ABADE will help the MoCI implement an effective information and communication system to support SME development programs and coordinate stakeholder inputs to implement the SME action plans. It will also continue to provide technical support to the AISA to help them provide effective investment promotion and business registration services.

## 4 Lessons Learned

Valuable learning was gleaned from the implementation of the PPA partnerships in Year 2.

It became clear that creating partnerships with microenterprises was not possible, as their levels of capital, management and operational capacity and capacity for growth (and therefore sustainability) are limited. Since ABADE's PPA program has a leverage requirement, targeting small-to-medium enterprises rather than microenterprises will achieve better results. The PPA team determined that



*An ABADE Hirat regional manager (left) gives a briefing on ABADE's investment partnership program during the USAID West Implementing Partners Meeting in July 2014.*

it is ideal to receive pre-approval for the PPA from the AOR before commencing the initial steps of the application process (such as the pre-award site survey and meeting with the PPA applicant) in order to avoid wasted time and effort should the application be rejected by USAID.

The importance of maintaining open communication with clients cannot be overemphasized. Because PPA applications undergo multiple processes and takes substantial time to complete – from submission of the concept note to approval and signing of the PPA to implementation – periodically informing clients of the status of their applications has helped improve client relationships. In ABADE's work with developing industry action plans, improving communication among stakeholders is a key requirement for improving coordination and cooperation. Frequent face-to-face meetings and effective electronic communications are essential.

Acting on feedback from clients, including government partners and financial institutions, that completing the concept notes posed a challenge to applicants, the PPA teams made it a policy to provide all applicants with both English and Dari versions of the document. Concept note writing workshops were organized, and individual applicant mentoring was undertaken by the PPA team. These measures resulted in a higher number of more substantial concept notes submitted by SMEs.

Recognizing the importance of engaging stakeholders in action plan development and implementation, ABADE has consistently followed an approach of developing and implementing action plans that involves substantial participation from private sector stakeholders. This bottom-up approach provides a means of identifying business constraints and opportunities from the perspective of the SMEs that deal with these challenges on a day-to-day basis. Furthermore, providing opportunities for private sector stakeholders to present their problems and ideas to government decision makers through formal channels, such as business roundtables, working group and task force meetings and other consultative sessions, helps create a cooperative environment that makes it possible for private sector leaders and government officials to work together more effectively to solve problems and promote SME development.

Coordinating inputs from a diverse array of stakeholders to implement action plans requires time and effort to identify stakeholders willing and able to help develop solutions to the priority problems included in the action plans, develop cooperative working relationships and maintain these relationships long enough to achieve observable progress in accomplishing action plan objectives.

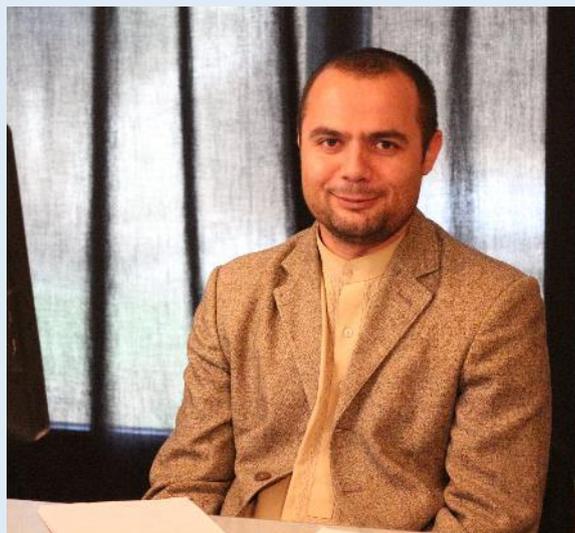
## 5 Collaboration

As part of the program’s strategy to broaden the network of organizations for SME referrals, the ABADE technical components and regional offices strengthened working relationships with Afghanistan government ministries, donor agencies and other USAID projects. Virtually all of ABADE’s outreach activities, mentioned in part in Section 3.1.2, were done in collaboration with GIROA agencies and other organizations. These activities will not be repeated here.

In developing and implementing the PPAs, collaboration often happens in an informal and unofficial setting, as the ABADE staff members have already established a good rapport with key contacts from the organizations with which they work.

The success of ABADE’s work with the MoCI to support their efforts to implement their SME Development Strategy depended on strong collaboration with different government ministries, development organizations and implementing partners, including stakeholder groups. ABADE has cultivated strong relationships with the MoCI and other GIROA ministries, particularly MAIL (for the agribusiness action plan), the MoMP (for the marble sector and gemstones and jewelry action plans), MoWA (for the WSME action plan) and the EPPA (for export promotion activities for all priority

### Relevant training



*Abdul Wadood Haziq, marketing manager of the Royal Advertisement Company*

“ABADE invited us to two important training programs in September, the double-entry accounting and marketing and brand management training. The marketing training was informative and relevant for my job. It was good that our trainer was an Afghan expert because he knows the business realities in the country and what the Afghan consumers want. I am glad we were invited to the training even if our company is not a PPA partner.”

sectors). In addition, ABADE has continued to work with the AISA to help them formulate and implement an effective investment marketing strategy.

The following tables show ABADE’s formal collaboration activities with government ministries, other development organizations and USAID implementing partners.

## 5.1 Links with Relevant GIROA Ministries

Collaboration Activity	Date	Organization	Key Highlights
Coordination meeting	January 5, 2014	AISA regional director in Mazari Sharif	Received program updates, discussed strengthening the coordination mechanism and received the updated list of companies
Agribusiness action plan conference	January 22, 2014	MoCI, MAIL	Discussed major problems related to food processing and packaging, government policies and quality standards, transportation and logistics and access to finance
Gemstones sector roundtable	March 16, 2014	MoCI, MoMP	Reviewed the current status of the gemstones sector in Afghanistan and discussed plans for developing the gemstones sector action plan
Carpet sector task force meeting	March 24, 2014	MoCI	Organized task forces to develop plans for addressing market access and transportation problems
Coordination with Hirat ACCI	April 14, 2014	ACCI – Hirat	Improved coordination and collaboration between ABADE and the ACCI in Hirat
Collaboration meeting	May 2014	Balkh Crafts Union	Discussed coordination and how to reach out to small SMEs
Agribusiness action plan task force meeting	May 21, 2014	MoCI, MAIL	Reviewed the priority problems included in the agribusiness action plan; selected team leaders and deputy team leaders for seven task forces in food processing, packaging, marketing, transportation and finance
Second gemstones working meeting	June 3, 2014	MoCI, MoMP	Agreed on the highest priority problem to be

			resolved: simplifying procedures for licensing artisanal miners
Meeting with the AISA in Hirat	June 7, 2014	AISA – Hirat	Gained a better understanding of the business licensing process
Meeting with the municipality of Hirat City	June 10, 2014	Hirat Municipality	Gained a better understanding of the business licensing process
WSME action plan presentation/conference	June 12, 2014	MoCI, MoWA	Ten task forces created; members identified; agreement established to create a web-based portal as an online database
Joint WSME and agribusiness working group meeting	June 25, 2014	MoCI, MAIL	Discussed principal constraints facing WSMEs: access to marketing facilities and compliance with government business registration and tax requirements
Coordination meeting	June 2014	Balkh Agriculture Department, Director	Discussed agribusiness opportunities in the area.
Coordination meeting	July 2014	Balkh CCI Deputy RM	Improved coordination and collaboration between ABADE and the Balkh CCI
Coordination meeting	August 2014	Balkh Economy Department	Attended the private sector meeting, which included a presentation by ABADE
WSEM national conference and third working group meeting	August 11, 2014	MoCI, MoWA	Presented the final version of the WSME action plan; discussed priority problems and activities
Collaboration meeting	September 10, 2014	MRRD/AREDP	Improved coordination between ABADE and the AREDP

## 5.2 Links with Other Donor Agencies

Collaboration Activity	Date	Organization	Key Highlights
Industry action plans	Periodic meetings	GIZ-NMD	Cost-shared funding to help implement business development activities included in the industry action plans
Gemstones action plan	Periodic meetings	DFID-ASI	Simplifying procedures for registering small gemstone miners and reducing royalty rates to more competitive levels
WSME action plan	Periodic meetings	The Asia Foundation	Cooperation to implement training programs for WSMEs
Coordination meeting	January 20, 2014	GIZ/NMD	Improve coordination between two projects
Outreach event	April 16, 2014	NMD, with ACCI	Presentation of investment opportunities to 45 business representatives
Introductory meeting	April 22, 2014	NOMADES (Swiss Company)	Discussed and identified opportunities for future cooperation and partnerships with relevant stakeholders; seeking possible joint ventures with ABADE partners

## 5.3 Links with Other USAID Projects/Other Organizations

Collaboration Activity	Date	Organization	Key Highlights
Implementation of agribusiness action plan	Periodic meetings	ACE, FAIDA, CHAMP, IDEA-NEW, CTAP	Support from each organization in implementing the action plan
Implementation of marble sector action plan	Periodic meetings	MIDAS, Marble Center of Excellence	Support from each organization in implementing the action plan
Implementation of gemstones action plan	Periodic meetings	MIDAS	Finding areas where project work plans address action plan priorities
Implementation of agribusiness action plan	Periodic meetings	ACE, FAIDA, CHAMPS, IDEA-NEW	Finding areas where project work plans address action plan priorities
Implementation of marble sector action plan	Periodic meetings	MIDAS, Marble Center of Excellence	Finding areas where project work plans address action plan priorities
Meeting with UNIDO	April 24, 2014	UNIDO (United Nation Industrial Development organization)	Explored ways of cooperation; support to focus on linking SMEs with local and international markets; focus on rebel returnees
USAID IP meeting	June 17, 2014	USAID IPs	Challenges and concerns of IPs in terms of monitoring and coordination with governmental organizations
Coordination meeting	June 25, 2014	ADF, NMD, FAIDA, USAID-Hirat OEGGI and OAg representatives	Improve coordination and collaboration among the mentioned entities and have monthly meetings (last Wednesday of each month)
Economic growth agencies coordination meeting	June, July, August and September 2014	USAID, ABADE, FAIDA, ATAR, ADF, GIZ-NMD, HIU, and AISA	Monthly USAID economic growth IP meeting; improving coordination among partners
Coordination meeting	September 15, 2014	Hirat Industrial Union office	Presentation of ABADE PPA program; clarification on the duration of the application process to address feedback from clients on long delays
USAID monitoring meetings, visits	2014, multiple times	USAID, ABADE, CHECCHI	Monitoring meetings with partners and site visits as follows: Kabul – March, May, June, July and September; Hirat – December, February, May, August and September; Mazari Sharif – April, August and twice in September.

## 6 Management and Administrative Issues

ABADE maintains regional operations in Hirat and Mazari Sharif in order to service Afghanistan's business hubs in the northern and western regions. In Year 2, ABADE modified the subcontract with Afghanistan Financial Services (AFS), which is providing, maintaining and securing the regional offices and premises of ABADE in Hirat and Mazari Sharif.

There were two significant changes in the management and operations of the ABADE regional offices: the transfer of the Hirat regional office to its new location at Behzad Street, Hirat City, and the appointment of a new regional manager for the regional office in Mazari Sharif.

ABADE opened a satellite office in Jalalabad, the capital city of the Nangarhar Province. Jalalabad is host to a number of small- and medium-scale businesses, and ABADE intends to engage with qualified SMEs planning to expand their businesses. The office in Jalalabad is supervised by ABADE's Kabul office and is manned by two local professionals. The satellite office shares space with IDEA-NEW, ensuring good coordination with this USAID program.

In order to ramp up ABADE's procurement capacity and to cope with the volume of work resulting from the PPA implementation surge in Year 2, cooperating country nationals (CCNs) working in the operations department were assigned to assist with in-country PPA-related procurements. This measure accelerated the local procurement process and built the capacity of ABADE's existing procurement staff.

### 6.1 Personnel

Twenty new CCN employees were hired or replaced in Year 2 of the ABADE program: of these new employees, 11 were fielded in Kabul, five in Hirat and two each in Mazari Sharif and Jalalabad.

ABADE also filled several expatriate positions in Year 2, among them the Deputy Chief of Party – Technical, an International Procurement Manager, the Component 2 Team Leader, a Contracts and Compliance Director, an International Procurement Specialist, two Business Analysts and a Grants Manager. To facilitate the completion of contractual deliverables, the Senior Technical Adviser previously working in an STTA capacity was moved to an LTTA role.

Mr. Alan Saffery, ABADE DCOP – Technical, joined ABADE in February 2014; Mr. Valeri Tkeshelashvili, ABADE international procurement manager, joined ABADE in April 2014; Mr. Ramin Jabbari, Component 2 team leader, joined ABADE in June 2014; Mr. Keith Marsland, contracts and compliance officer, and Mr. Roelof Smith, international procurement specialist, joined ABADE in July 2014; Mr. Matthew Labonville and Mr. Hale Youngblood, both business analysts, joined ABADE in August 2014; Mr. Risto Ricliev, grants manager, was hired in September 2014 and Ms. Michelle Morgan, senior technical advisor, assumed a long-term position in March 2014.

## 6.2 Risk Management

In April 2014, ABADE developed a contingency plan with the support of the USAID AOR to ensure the safety of CCN, third country nationals (TCN) and expatriate staff during a potentially turbulent period related to Afghanistan’s presidential election. The plan, which included expatriate and TCN international travel and reduced regional and national office staffing during the election period, was approved by the ABADE AOR on February 20, 2014. Expatriate and TCN staff were requested to use one of their regular annual leave allowances during the elections period. Four staff members used this period to visit the home office and work on coordination and documentation issues, as well as work remotely.

Security concerns brought about by the unresolved result of the Presidential elections persisted throughout the latter part of the fiscal year. ABADE staff in Kabul and the regional offices carried out the usual functions, taking precautions as necessary.

The existing contract with the risk management company, Pilgrims Group Limited, was terminated because of the company’s limited operational capability; USAID was informed of the reasons for termination. IESC then published an RFP for risk management consultancy (RMC) services, and a contract was subsequently awarded to Nakheel Risk Management Consultancy on June 1, 2014, after a fair and transparent competition. The new RMC group continued to be supported by the Afghan Public Protection Force (APPF), whose contract continued, and a renewal amendment was effected in February 2014 with USAID’s approval.

## 7 Success Stories

ABADE has written 10 snapshots in Year 2 to capture successes of PPA activities, technical assistance and support to the MoCI in improving Afghanistan's business environment. The first five snapshots have been published on the USAID's Facebook page, the next three have been submitted to USAID but have yet to be published and the last two are for submission.

The snapshots on the following pages were produced in the last quarter of the reporting period; earlier stories were printed in previous quarterly reports and will not be included here.

The tenth snapshot (International Firms Bolster Cashmere Industry) pertains to ASMED's work in developing the cashmere industry. Notable accomplishments that stemmed from the crucial support of the project happened after its project life, and these accomplishments have not been reported. Further, ABADE is considering more involvement with cashmere SMEs in Year 3, and publishing this snapshot will put into perspective USAID's support in developing the cashmere industry.

### Snapshots in Year 2

1. Composting: a Squiggly New Venture
2. Rolling Out Red Carpet for Exports
3. A New Chapter for Afghan Publishing
4. Expansion on the Menu for Afghan Entrepreneur
5. New Roles in Media for Afghan Women
6. Food Safety Training
7. Empowering Women Through Entrepreneurship
8. Beyond the Basement and the Bazaar
9. Stakeholder Inputs Improve Business Action Plans
10. Partnering to Expand the Cashmere Industry

## New Roles in Media for Afghan Women



**USAID** | **AFGHANISTAN**  
FROM THE AMERICAN PEOPLE

### SNAPSHOT

## New Roles in Media for Afghan Women

**A media company in Afghanistan is growing by producing projects that center on women.**



(Photo: USAID/ABADE/Zia Roshandel)

*The all-woman team at Pardaz includes a writer and narrator, videographer/photographer, lighting technician, set and costume designer and sound mixer.*

***New equipment helped Pardaz Advertisement and Media Services double the size of its staff. An all-woman team now produces projects about and for women.***

U.S. Agency for International Development  
[www.usaid.gov](http://www.usaid.gov)

When Ahmad Zia Roshandel saw the need for an all-woman team to cover stories about women in Mazar-e Sharif, the largest city in northern Afghanistan, he didn't imagine his own small media company could fill the gap. Pardaz Advertisement and Media Services was doing well, but Roshandel couldn't afford to double his workforce and resources.

However, with help from USAID's Assistance in Building Afghanistan by Developing Enterprises (ABADE) program, that is exactly what Roshandel was able to do. ABADE enabled Roshandel to purchase new cameras, sound and lighting equipment and other materials for an expansion. He also hired five new women employees.

In the conservative city of Mazar-e Sharif, the all-women team at Pardaz interviews, photographs and films female subjects and also covers women-only events. New employee Ghezal Jan Osmani says, "Pardaz paved the way for me to realize my professional goal of being a writer and photographer. It is fulfilling to be doing my dream job and be part of an all-women video production team."

Pardaz was also able to refurbish a four-room studio to accommodate the new staff, including a writer and narrator, videographer/photographer, lighting technician, set and costume designer and sound mixer.

With women in each of these key roles, Roshandel can take on new business. "I used to have a staff of six working in a small two-room studio. Now I have 12 workers who work in much bigger studios using modern equipment," he said. "I am able to accept more projects and produce a variety of video commercials and in-depth documentaries that center on women."

## Beyond the Basement and the Bazaar



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### SNAPSHOT

## Beyond the Basement and the Bazaar

**An Afghan ready-to-wear business collars a major contract for school uniforms.**



Photo: USAID/ABADE/Asmi Nematizada

*Sewers at Asma Handicrafts no longer need to work long hours to keep up with large orders, thanks to the acquisition of high-speed electric sewing machines and other equipment that reduces manual labor.*

**Asma Handicraft's production rose from 52 to 130 sets of school uniforms per month, and from 80 to 180 ready-to-wear garments per month.**

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Since Farishta Samsuddin founded ready-to-wear clothing company Asma Handicrafts in her basement in 2010, inadequate resources were a familiar challenge. But when the company secured an exclusive contract to provide uniforms for a secondary school in Mazari Sharif, Samsuddin knew she needed help.

"My team and I worked double time to fulfill the contract, but it wasn't sustainable. I knew we couldn't be panicking every day. I needed high-speed sewing machines, electric tailoring equipment and more experienced sewers - and I needed them quickly, so I could deliver orders on time and maintain good quality. The banks were asking for collateral that was three times the value of the loan," Samsuddin said.

Despite Samsuddin's practical experience in design and sewing, and the success of Asma Handicrafts as a maker of traditional garments sold in bazaars, she found herself unable to get a loan to support the work on the contract she had already won.

Samsuddin heard about the USAID-funded Assistance in Building Afghanistan by Developing Enterprises (ABADE) program, and applied for a partnership. ABADE supports small enterprises that have viable business ideas by providing machinery and equipment.

Through ABADE, Samsuddin quickly received 15 industrial-grade electric sewing machines, two embroidery machines and other tailoring equipment. She also hired another 10 experienced female sewers.

As a result, the company's production rose from 52 to 130 sets of school uniforms per month, and from 80 to 180 ready-to-wear garments per month.

"On my own, I could probably reach this level in five years, but USAID gave me this golden opportunity to accomplish this expansion in three months. Now that the production side of the business is in good shape, I can devote my time to marketing and getting more uniform contracts," Samsuddin said.

## Stakeholder Inputs Improve Business Action Plans



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**AFGHANISTAN**

### SNAPSHOT

## Stakeholder Inputs Improve Business Action Plans

**Public-private consultations validate plans for developing Afghanistan's priority industries.**



Photo: USAID/ABADE/Nasir Ahmad

*Women debate what problems and corresponding actions should be included in the Women Small and Medium Enterprises action plan.*

**Consultations with industry stakeholders provide essential insights into priority business sectors—helping MoCI draft the most effective action plans and identify priority actions.**

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To improve the business enabling environment in Afghanistan, the Ministry of Commerce and Industries (MoCI) is soliciting stakeholder input on action plans for priority business sectors.

By involving industry players directly, MoCI and its funding partner, USAID-funded Assistance in Building Afghanistan by Developing Enterprises (ABADE), hope to realize more robust and actionable plans.

In 2013 and 2014, action plans were completed for the agri-business, carpet, marble, and women small and medium enterprise sectors. Plans for the gemstones and construction materials sectors are underway.

MoCI conducted wide-scale consultations with industry players to draft these action plans. The consultations—including business roundtables, working group meetings, conferences and other events—provided private sector stakeholders with regular opportunities to meet with and present their views to government decision-makers.

"The consultations have allowed our members to become more involved in drafting policies and action plans and reaching other donor programs," says Guljan Zamarai, Head of the Afghan Business Women's Federation (AWBF), one of the biggest and most active women's groups in the country. "The government is getting a good reading of the sentiments of the private sector, because the workers and business owners themselves are being consulted."

Now that four action plans for the priority sectors are complete, MoCI and ABADE are turning their attention to connecting the industry stakeholders with government ministries, donor programs and other resource groups that can help them implement the plans.

## Partnering to Expand the Cashmere Industry



**USAID | AFGHANISTAN**  
FROM THE AMERICAN PEOPLE

### SNAPSHOT

## Partnering to Expand the Cashmere Industry

**International companies are helping to develop the value chain in Afghanistan's cashmere industry.**



Photo: CashFibres/David Lee

*Processing the cashmere inside the country eliminates at least two levels of so-called middlemen, thereby bringing bigger incomes to herders, because fewer people share in the profits.*

***"When we started the cashmere processing plant in 2011, we went around to the villages asking herders if they would like to sell their cashmere. Now, they knock at our door," says David Lee, Director of CashFibres.***

U.S. Agency for International Development  
[www.usaid.gov](http://www.usaid.gov)

Afghanistan is the world's third largest cashmere producer, but a strategy to engage international companies in the country's cashmere industry is helping to realize its full potential.

In 2008, USAID partnered with the Afghanistan Ministry of Agriculture to launch a strategic campaign to develop the cashmere value chain. The campaign aimed to raise awareness of the value of cashmere among Afghan herders and engage international companies in Afghanistan's cashmere industry.

Cashmere Fibres (CashFibres), a UK company, was tapped to assist in the campaign. After the campaign, the Ministry of Commerce and Industries and the USAID / Afghanistan Small and Medium Enterprise Development (ASMED) project supported a CashFibres collaboration with Traitex, a world leader in fiber processing, to introduce cashmere processing in Afghanistan.

As a result of this support, CashFibres and Traitex established the country's first cashmere processing plant in Hirat in 2011. An old factory was converted into a state-of-the-art, temperature-controlled and dehumidified facility. More than \$3 million in additional investments enabled installation, in 2014, of two custom-built dehairing machines that can process up to 3 metric tons of cashmere each week.

David Lee, Director of CashFibres, emphasizes the value of processing: "Processed cashmere sells for three times as much as unprocessed fiber. Processing it in Afghanistan captures more of the income for herders and cashmere workers."

Efforts are also underway to improve Afghanistan's cashmere fiber by improving the stock of the Afghan goat. The US Department of Defense-Task Force for Business and Stability Operations (TFBSO) has partnered with the Afghan Cashmere Manufacturers Association (ACMA) to run a goat-breeding farm in Hirat. CashFibres and Traitex are ACMA members and are working with ACMA to expand their work with Afghan herders.

Integrated efforts like these, involving local groups and international companies, are helping achieve the full potential of Afghanistan's cashmere industry.

# Annexes

## Annex 1 – ABADE Progress Toward Indicators: Quarter 4, FY 2014

PMP Ind	PERFORMANCE INDICATOR <i>(source of information)</i>	Qtr 04 14 July - September 2014			Cumulative Year 2014			LIFE OF PROJECT Totals		
		Target	Ttl	%	Target	Ttl	%	LOP Target	Ttl	%
<b>I. Tier I Indicators</b>										
1	<b>500 SMEs supported with ABADE assistance</b> <i>(SME Reg Forms)</i>	40	59	148%	180	110	61%	500	124	25%
2	<b>150 private sector firms that have improved management practices as a result of ABADE assistance</b> <i>(SME Reg forms and survey forms)</i>	10	13	130%	45	34	76%	150	34	23%
3	<b>150 firms receiving ABADE assistance to invest in improved technologies</b> <i>(SME Reg forms)</i>	10	59	590%	45	89	198%	150	112	75%
4	<b>365 public-private alliances formed as a result of ABADE assistance</b> <i>(SME PPA Agreements)</i>	40	49	123%	160	85	53%	365	93	25%
5	<b>41 Innovation public-private alliances formed</b> <i>(Innovation PPA Agreements)</i>	5	5	100%	20	9	45%	41	12	29%
6	<b>USD 180 million in private-public sector alliances established</b> <i>(Innovation and SME PPA Agreements)</i>	\$22,500,000	\$ 28,308,493	126%	\$90,000,000	\$ 74,792,125	83%	\$180,000,000	\$ 85,386,936	47%
7	<b>20% increase in sales by Public-Private Alliance SMEs</b> <i>(SME Registration and Survey forms)</i>	3%	59%	1967%	12%	59%	492%	20%	59%	295%
8	<b>40 initiatives that provide alternative workplace models for women</b> <i>(Initiative registration forms)</i>	5	7	140%	12	11	92%	40	11	28%
9	<b>200 women trained in "high value" skills</b> <i>(Graduate registration forms)</i>	2	3	150%	55	62	113%	200	62	31%
10	<b>6 action plans accepted by the MOCI</b> <i>(Action plan acceptance forms)</i>	0	0	N/A	2	2	100%	6	4	67%
<b>II. Tier II Indicators</b>										
A	<b>46,000 Full-Time Equivalent Jobs Created</b> <i>(SME Registration and Survey forms)</i>	1,500	1,169	78%	12,000	2,180	18%	46,000	2,457	5%

Note: By September 30, 2014, an additional 28 SME alliance applications and one innovation alliance application had been completed and submitted to USAID for approval, totaling \$12,912,636 in joint investment. With these applications, and the 8 USAID-approved applications, the indicator 4 result would be 127 PPAs formed, and the indicator 5 result would be 14 innovation PPAs formed for the life of the project. The total LOP value of investment through PPAs, the indicator 6 result, would be \$113,590,150.

## Annex 2 – Profile of PPAs Signed in Quarter 4, FY 2014

Fifty-four investment partnerships were developed and in active status in Quarter 4, FY 2014. PPAs created in the first three quarters of FY 2014 were included in the accomplishment reports in those reporting periods and will not be repeated here.

The full list of PPAs in Year 2 is submitted separately in Annex 4.

1. **Kardan Sheet Metal Housing Production (PPA-A049).** Kardan was established in 2008 in Mazari Sharif and is the only producer of high-quality low-voltage panel boards in the northern region of Afghanistan. Under this PPA, Kardan intends to upgrade its metal-working facilities to allow increased production and improved quality of its panel board products and to introduce two new product lines. The proposed expansion of the manufacturing line at Kardan will allow the company to produce higher-quality panel housing boxes for the electrical switchboards, cabinet racks for computer network servers, file cabinets and metal washers. ABADE will procure a computer numerical control (CNC) punching machine, a CNC hydraulic press and table and a hydraulic swing-beam shear. Kardan will procure a variety of machinery, tools and equipment and will train new staff in operating the machines. Kardan will recruit 13 women to work in the administrative, design and packing sections. Approximately 40 positions will be created for youth to work on the new machines in the production area.
2. **Artizana Garment Production Facility Expansion (PPA-A050).** Artizana Garment Manufacturing Company (Artizana) is an established producer of women’s dresses and pants in Kabul. The company would like to expand its current business by producing a better range and quality of products at higher volumes. ABADE will contribute new sewing machinery and transportation to the company’s production facility, while Artizana will contribute a new generator as well as its existing machinery, current offices and production space. At least 30% of Artizana’s employees are women. Up to 21 direct jobs will be created by this investment, and poor women will be targeted for employment.
3. **Mahmoud Star Steel Mill Rebar Production (PPA-A051).** This PPA will support the installation of production equipment for the manufacture of reinforcing bar (rebar), angle iron, flats and T-iron construction materials in an existing steel mill and will enable an upgrade of the mill’s emission control systems. Mahmoud Star Steel Mill, located in Kabul, processes scrap steel into steel billet using an electric induction furnace and open cast molds; however, the company is not currently capable of roller milling the billets into construction products. Through the PPA, the company will improve upon local construction material production quality standards to compete with imported products and reduce the cost of these materials for local construction

companies. ABADE will pay for three-fourths of the cost of emission control units, procure a rolling mill, a reheating furnace, new electric cabling, workshop machinery, and a crane. The company will invest in a new power transformer, cooling beds, water tanks, and pay for one-fourth of the cost of the emission control units. This investment will result in the creation of 250 direct jobs and 100 indirect jobs.

4. **Shamshad Plastic Rain Boot Production (PPA-A052).** Shamshad Plastic has been operating in Mazari Sharif since 1991 and currently produces dual-color plastic shoes, sandals and galoshes at their existing factory in the Shadian Industrial Park. This PPA will provide new machines and molds to enable the company to compete with imported products by expanding its production line to include high-quality dual-color rain boots. Under the agreement, ABADE will procure the necessary injection mold production line and molds. Shamshad Plastic will be responsible for employee training. This investment will lead to the creation of 58 direct jobs and 89 indirect jobs. At least 30% of the company's employees will be women.
5. **Setara Fitness Gymnasium Expansion (PPA-A053).** Setara Body Fitness (Setara Fitness), operating in Mazari Sharif since 2013, provides a safe, secure and comfortable gym for women. The company plans to expand their business by obtaining new equipment to support more clients and hiring professional fitness trainers to offer classes and individualized services. ABADE will supply the required new equipment; Setara Fitness will be responsible for the installation of the equipment and the recruitment of staff. Setara Fitness is female-managed and at least 30% of employees are women. This investment will result in the creation of 16 direct jobs and five indirect jobs.
6. **Liaqat Metal Fabrication Shop Expansion (PPA-A054).** Liaqat (Mohammad Hussain Metal Smith Shop) has been in operation in Balkh since 2011 and currently fabricates customized windows, doors, fences, gates and other metal products for residential and commercial customers. Through the PPA, Mr. Liaqat will expand operations to improve the quality of the metal products and increase product diversity and overall output to meet strong local demand. ABADE will contribute an angle grinder, an electric cutter, an arc welding machine, a bench drilling machine, a belt-driven air compressor and manual round steel shears. Liaqat will contribute its existing machinery and hire new employees. Three direct jobs and one indirect job will be created through this investment.
7. **Heray Paper Printed Non-Woven Bag Production (PPA-A055).** Heray Paper and Non-Woven Bag Production Company (Heray Paper) was established in 2011 to produce plain, non-woven fabric bags in its production facility in the Hirat Industrial Park. Through this PPA, the company will invest in an offset printing machine, which will enable them to print customers' designs and logos onto the bags, increasing both value

and demand. ABADE will supply the offset printer and Heray Paper will install and train the staff in the use of the new equipment. This investment will result in the creation of 12 direct jobs and two indirect jobs. At least 30% of the company's employees are women.

8. **Roya e Geti Beauty Salon Expansion (PPA-A056).** Ms. Shakila, the female owner of a Hirat-based sole proprietorship doing business under the name Roya e Geti Beauty Salon (Roya e Geti), aims to expand her existing business by adding modern equipment to her salon, which would enable her to offer services in line with today's fashions and expand her customer base. ABADE will procure body and facial massage equipment, hair washing equipment, barber chairs for children, a facial treatment bed, hairstyling chairs and a hair dryer and steamer. In addition to her existing equipment and location, Ms. Shakila will provide lighting, a hair dryer, a work table, a barber chair and floor coverings. At least 30% of the company's current employees are women. This investment will result in the creation of an additional six direct jobs and three indirect jobs.
9. **Etamad Handicrafts Garment Production Facility Expansion (PPA-A057).** Etamad Handicrafts Company (Etamad Handicrafts) is a micro-enterprise that currently produces knitted clothing for children and adults. Since it was founded in 2004, the company has grown to employ seven workers (six of whom work seasonally) and now produces over 100 garments a month from its small production facility in a shared house in Mazari Sharif. To enable expansion of current production and the introduction of two new products, ABADE will provide new manual knitting machines and electric sewing machines. The company, in addition to its existing land, facilities and equipment, will be responsible for the installation of equipment and training on the new machines. The company is owned or managed by a woman, and at least 30% of the employees are women. This investment will result in the creation of an additional eight direct jobs and two indirect jobs.
10. **Asre Nawin Women's Event Photography and Video Production (PPA-A058).** Asre Nawin Photography and Filming (Asre Nawin) is a woman-owned and managed photography and video production company in Mazari Sharif that provides photography services, photo processing, reprinting and small-scale video recording services. The PPA will support the expansion of operations to include female staff to capture behind-the-scenes photography and video for special events, especially segregated events where male photographers and videographers are not permitted. ABADE will provide professional-quality cameras and a photo printer, while Asre Nawin will invest in a computer monitor, a hard drive, and sound equipment in addition to their existing infrastructure. At least 30% of the company's employees are women. This

investment will result in the creation of an additional six direct jobs and three indirect jobs.

11. **Heray Ansar Plastic Bag Production (PPA-A059).** Heray Ansar Plastic Manufacturing Company (Heray Ansar) manufactures plastic bags from domestic plastic waste and imported plastic pellets. The ABADE investment will more than double the company's output of plastic bags and increase its ability to process waste plastic in-house. ABADE will contribute a plastic recycling machine and a plastic bag production machine to be installed in a new warehouse facility in Hirat City. Heray Ansar will provide the new warehouse in addition to contributing its existing infrastructure and land. Heray Ansar will also provide two packaging machines and training of employees. This investment will result in the creation of 120 direct jobs and 10 indirect jobs.
12. **Asiapharma Medical Cotton Production (PPA-A060).** Asiapharma Syringe and Medical Equipment Production Company (Asiapharma), located in Hirat, plans to diversify its business by manufacturing medical-grade cotton products for distribution in the Afghan market and eventually in the wider Central Asian and Chinese markets. This investment will be implemented through a joint partnership between Asiapharma and Baoying County Fukang Medical Appliance Co. Ltd. (Fukang), an established Chinese manufacturer of medical cotton processing machinery and products. It will also leverage financial support (in the form of a grant) from the Afghanistan Business Innovation Fund (ABIF), funded by the UK Department for International Development. ABADE will contribute cotton processing and cotton forming machinery; Fukang will support new building construction and provide training on Fukang-sourced machinery; the ABIF grant will fund a boiler and connectors as well as support the construction of the factory and infrastructure; and Asiapharma, in addition to contributing its existing land, will cover new operational costs and provide all additional machinery as well as installation and training on all non-Fukang equipment. As a result of this investment, 277 direct jobs and 300 indirect jobs will be created.
13. **Tahira Beauty Parlor Modernization and Expansion (PPA-A061).** Tahira (DBA Aroos Darya Beauty Parlor) is a successful female-owned beauty parlor that has recently opened a second branch in Hirat City. In partnership with ABADE, Tahira will invest in staff training and new equipment to expand capacity and diversify the services offered at the second branch. The cornerstone of Tahira's success to date has been a high standard of customer service coupled with the owner's knowledge of modern trends and beautician techniques learned abroad. Tahira will purchase waxing equipment for hair removal and a television to entertain customers. Tahira will also recruit and train new employees and will prepare the Aroos Darya 2 branch for receiving new equipment. ABADE will procure the specialized beauty parlor equipment required for the salon to offer more modern facial cleansing and hair removal treatments as well as

nail and eyelash styling. Five new jobs – four direct and one indirect – will be created by this investment.

14. **Hami Nama Expansion of Advertising and Film Production (PPA-A062).** Hami Nama Advertising Company (Hami Nama) will invest in new equipment and staff to produce more sophisticated advertising clips, short and long films and animations. This woman-owned company has established a reputation in Hirat for creative advertising. ABADE will provide high-definition video and photography equipment (and the equipment's transport), which will allow Hami Nama to differentiate its product in a market where competitors still use old equipment and produce traditional-style advertisements. Hami Nama will invest in the recruitment and training of new staff (primarily youth), a new laptop and the refurbishment of their studio in addition to providing their existing infrastructure and equipment. Thirteen direct jobs and two indirect jobs will be created by this investment.
15. **Meran Guzargah Cold Storage Facility Upgrade (PPA-A063).** Meran Guzargah Cold Storage Services Company (Meran Guzargah) was established in Balkh in 2010 as a fruit and vegetable wholesaler. Currently, the company procures fresh fruit and vegetables from farmers and traders in the northern and central provinces of Afghanistan, stores the products for up to eight months in three cold storage units and then sells them for higher prices during the off-season. To increase supply to regional markets, the company will invest in improving both the quality and range of its products by introducing new automated fresh fruit and vegetable grading and packaging machinery to replace the manual processing methods currently in use. ABADE will procure an automatic fruit grading machine and an automatic vegetable tray packing machine. This investment will result in the creation of 33 direct jobs and 10 indirect jobs.
16. **Afghan Rice Processing Mill Expansion (PPA-A064).** This PPA will support the expansion of an existing rice processing mill in Jalalabad, Nangarhar province. The Afghan Rice Processing Mill (Afghan Rice) has been operating in eastern Afghanistan since 2011. The company currently processes rice; however, it lacks several components of the processing line that would allow it to expand its operation and produce a higher-quality end product suitable for export. ABADE will assist with the purchase of a paddy storage silo, including elevators and conveyors, and will provide color sorters, rice polishers and de-stoners. The Afghanistan Business Innovation Fund (ABIF) has contributed a paddy parboiler and a paddy dryer. Afghan Rice will contribute a portion of the cost of the paddy storage silo, new land for the silo, foundation work and preliminary construction for the silo in addition to providing its existing land, building, machinery, vehicles and infrastructure. Afghan Rice will also be responsible for all recruitment and training of new staff. This investment will create 277 direct jobs and 100 indirect jobs.

17. **Zarnegar Printing Press Expansion of Services (PPA-A065).** Zarnegar Printing Press (Zarnegar) is a Mazari Sharif–based printing company that currently prints a range of items, including leaflets and other branded stationary (invoices, letterheads, prescription pads, etc.) for local businesses and organizations. In order to expand its range of products, the company intends to invest in a large-format solvent color printer, which will enable the production of outdoor billboards, banners, posters, decals/stickers, and window films. ABADE will contribute the large-format solvent color printer, while Zarnegar will be fully responsible for the implementation of the investment, including transportation, installation and operation of the new equipment. Zarnegar will also buy two new computers and will contribute its existing printing equipment and shop space. Ten direct and two indirect jobs will be created by this investment.
18. **Chenaran Wood Expansion of Production Facility (PPA-A066).** Chenaran Wood Industry Company (Chenaran Wood) was established in Hirat in May 2013 and currently manufactures custom wooden wall panels and doors. The company wishes to expand into producing a wider range of products made from medium-density fiberboard (MDF). Finished products constructed of MDF are significantly cheaper to manufacture than finished solid wood products; however, to make finished products from MDF, the company must first invest in new equipment. The new equipment will enable the manufacture of finished products with edge banding covering the exposed sides of the MDF boards, thereby increasing the product’s durability and giving it the appearance of a solid, more costly material. ABADE will contribute an automatic edge banding machine. In addition to their existing infrastructure, Chenaran Wood will contribute a new facility, a sliding table saw, a generator, and employee training. This investment will result in the creation of 18 direct jobs and five indirect jobs.
19. **Ahmad Jahed Doughnut Bakery Expansion (PPA-A067).** Ahmad Jahed (DBA Shokrana Food Production), located in Hirat City, currently produces doughnuts and oat bread for the local market and is planning to invest in shop upgrades and equipment to increase doughnut output and quality. ABADE will provide a doughnut-processing line. Ahmad Jahed will refurbish and expand his shop and procure 60 new pushcarts and two new motorbikes for mobile sales. He will also contribute his existing mobile sales motorbike and bakery production equipment. This investment will result in the creation of 22 direct jobs and six indirect jobs.
20. **Khesrawy Leather Product Expansion (PPA-A068).** Khesrawy Leather and Handicraft Industries (Khesrawy Leather) is renowned in the markets of Kabul City for producing quality leather items, including bags, belts, shoes, purses, wallets, hats and bracelets. The company’s sole owner, Hafizullah, has been producing and selling leather goods for over 20 years since taking over the business from his father, who started the company

in 1954. This investment will allow Khesrawy Leather to more than double their sales to meet market demand. ABADE will provide an industrial sewing machine, a leather embossing machine, a leather stitcher and a CNC leather cutting machine. Khesrawy Leather will invest in significant upgrades to their existing showroom. Thirteen direct jobs and one indirect job will be created by this investment.

21. **Almalika Honey Product Quality Improvement (PPA-A069).** Almalika Honey is a Nangarhar-based company that filters and bottles honey from local beekeepers and sells it to local shops. The company undertook a market survey to determine why Afghans currently prefer to buy imported honey. The results indicated that customers perceive local honey to be unsanitary and find that it becomes overly thick at cold temperatures. The low quality is the result of manual processing. This PPA will enable the company to upgrade its equipment to improve the quality of its product. ABADE will provide a honey-processing line, including a honey refractometer, an extractor, storage tanks and a bottling machine. Almalika Honey will provide a new processing building with electrical hookups, a computer for record keeping and its existing honey-processing equipment and infrastructure. This investment will create eight new direct jobs (two for women and six for youth) and approximately 15 indirect jobs.
22. **Navin Sanat Stone Crushing Machinery Production (PPA-A070).** Navin Sanat is a Kabul-based manufacturer of steel manhole covers. Through this PPA, the company will invest in establishing a new facility to produce industrial stone crushers. Navin Sanat will be responsible for constructing the new manufacturing facility, procuring an optical emission spectrometer for testing the composition of the metal, transporting and installing new equipment and hiring and training new staff. The company will hire an expert to supervise installation of the new equipment, train staff and oversee the installation and start-up of the new operations. ABADE will make an in-kind contribution of an induction furnace, a lathe, a heavy-duty milling machine and a radial arm drill press. This investment will create 57 new direct jobs, many of them for youths, and 25 indirect jobs.
23. **Sherin Gul Specialty Tailoring Expansion (PPA-A072).** Sherin Gul (DBA Shirzad Production) has been producing quality custom dresses for over 20 years, first in Iran and more recently in Hirat City. With this investment, Sherin Gul will expand her current operations with equipment for 10 additional tailors and a dedicated location for production. The expansion will enable Sherin Gul to hire production workers to meet demand and become more competitive in the market by offering men's suits, school and professional uniforms and higher-quality dresses. Sherin Gul will contribute an electrical transformer, new electrical wiring for the site, a fabric cutting table, electric scissors and five ironing tables. ABADE will provide 10 sewing machines, five zigzag machines, five steam irons, one buttonhole machine and a fire extinguisher. This

project will create 14 direct jobs, 10 of which will be for women, and approximately two indirect full-time equivalent jobs in the transportation and supply of raw materials.

24. **Farid Ahmad MDF Furniture Production (PPA-A073).** Farid Ahmad (DBA Farid MDF Industry) manufactures medium density fiberboard (MDF) furniture in Hirat. Through this PPA, he will expand his current business by purchasing new equipment to produce higher-quality furniture and supply MDF cutting and edge banding services to similar businesses in Hirat. Farid Ahmad will prepare a 100 m<sup>2</sup> workshop and purchase a 20 kW generator and miscellaneous tools. He will also open a showroom in rented space in Hirat City once production has increased. ABADE will procure an edge banding machine, a precision panel saw and personal protection equipment. This investment will create 14 direct jobs. Farid Ahmad will recruit and train these new employees, the majority of whom will be youths working in production, assembly and sales positions. The investment will also create three indirect jobs in transportation, loading and unloading.
25. **Kanishka Metal Metalworking Expansion (PPA-A074).** Kanishka Metal, located in Shibirghan, Jawzjan, produces different types of metal products, including doors, windows and stairs. The company intends to improve the quality of its products and expand production to meet significant local demand for high-quality metal doors, windows and stairs. Currently, the company outsources metal-bending processes. This is extremely time-consuming, as it involves extensive travel and dependence on competitors. With this investment, the company will be able to perform metal-bending in-house, reducing time and resource expenditures. The new machines will also enable the company to improve product designs and increase sales. ABADE will contribute machines for cutting, bending, drilling and painting metal. Kanishka Metal will purchase a new welding machine. The investment will create six new direct jobs in production and two indirect jobs in the transportation of raw materials and finished products. All new jobs will be filled by youths.
26. **SWHC Household Linen and Bedding Production (PPA-A075).** Samangan Women Handicrafts Company (SWHC) produces bedsheets, quilts, couch covers, pillowcases, embroidery and other handicraft products. SWHC is staffed by young women from Aybak City in Samangan. Currently, 90% of the type of products SWHC produces are imported into Afghanistan. SWHC requires more advanced equipment in order to increase production capacity and improve the quality of its products to compete with imports. ABADE will contribute a computerized embroidery machine, a 90-stitch electric sewing machine, an overlock machine and a single-needle sewing machine for curtain tailoring. This investment is specifically focused on hiring women. Ten new direct jobs and two indirect jobs for transport providers will be created. All new employees will be women.

27. **Afghan Red Gold Dried Fruit Production Expansion (PPA-A076).** Afghanistan Red Gold Saffron Company (Afghan Red Gold) is a successful saffron processing and export company located in Hirat. The company will invest in a fruit-drying operation to begin exporting dried melon, apricot and apple to international markets. Afghan Red Gold will prepare additional space for this production line, install cold storage and put in place a washing and decontamination tank. The company will also buy a fruit-cutting machine, conveyor belts, weighing and packaging machines and stainless steel tables, trays and small utensils. ABADE will procure a hot air fruit dryer and worker safety equipment. The investment will create 32 new jobs, approximately half of which will be for women in fruit handling and processing and quality control positions. An additional five full-time equivalent indirect jobs will be created in sourcing, purchasing, and transportation.
28. **Morvarid Dried Fruit, Nut and Seed Processing Facility Upgrades (PPA-A077).** Morvarid Food Industries (Morvarid) operates out of a facility in the Hirat Industrial Park, packaging and distributing dried fruit, nuts, saffron and pulses to markets within Afghanistan as well as in Asia, Europe and the US. Under this PPA, Morvarid will upgrade existing processing lines with the purchase of five new pieces of equipment. The company will also procure part of the new integrated raisin-processing line. ABADE will contribute other necessary equipment. The investment will create 97 direct jobs (49 in the processing facility and 48 among commission-based raisin collectors). Of the new positions in the processing facility, 28 have been reserved exclusively for women. The company estimates that the increased capacity for processing locally sourced fruit and nuts will create an additional 100 indirect jobs.
29. **Ali Sahil Wool Spinning (PPA-A078).** Ali Sahil String Making and Carpet Weaving Company (Ali Sahil) makes yarn from wool with manual spinning wheel machines. The company's all-female production team works at the company facility or out of their own homes. There is great demand for high-quality yarn in Afghanistan's carpet weaving industry. Through this investment, Ali Sahil will increase the supply of high-quality domestically produced yarn and provide women an opportunity to enter the workforce and support their families financially. Ali Sahil will expand yarn production through the use of new solar-powered electromechanical spinning machines. The company will purchase an additional vehicle and will hire and train 200 additional workers (100 roving workers and 100 spinning workers). ABADE will procure 115 electromechanical wool spinning machines and 115 solar-power cells and rechargeable batteries to power them. All 200 of the new jobs created will be for women.
30. **Afghan Turk Arched PVC Window and Door Manufacturing (PPA-A079).** Afghan Turk PVC and Aluminum Windows and Doors Production Company (Afghan Turk) is located in the Shibirghan municipality in Jawzjan and has been fabricating customized PVC

doors and windows for residential and commercial customers since 2007. The company has identified that a significant proportion of local demand is for custom-built frames with arches or other curved frames. Currently, few companies are able to provide these types of custom designs. The company plans to expand their operations and increase the quality of their products to meet this demand. ABADE will contribute PVC door and window production machines and safety equipment. Afghan Turk will contribute its existing equipment and will be responsible for new construction on-site. This investment will create 16 new direct jobs and an estimated four new indirect jobs among transportation companies. Eleven of the 16 new direct positions will be designated for youths.

31. **Maroof Metal Fabrication Expansion (PPA-A080).** Maroof (DBA Maroof Metal) established his small metalworking shop in Shibirghan in 2002 and currently manufactures metal doors, metal window frames, metal fencing and corrugated steel panels. Maroof will increase production of some of his current products and introduce metal staircases and ladders to his product portfolio by investing in a range of new metalworking tools and employing an additional three employees. Under this PPA, Maroof will purchase a new concrete hammer drill. ABADE will procure six metalworking tools and personal protective equipment for new and existing staff. Through this investment, Maroof will create three new direct jobs. One indirect full-time equivalent job will also be created.
32. **Alem Tab Marble Tile and Stone Aggregate Production (PPA-A081).** Alem Tab Construction and Road Paving Company (Alem Tab) was established in 2003 and currently produces a range of construction and landscaping materials (marble gravels, marble chips, etc.) manufactured from waste marble off-cuts sourced from local industrial marble factories. This PPA will enable the company to expand its product range by investing in new equipment to produce irregular marble tiles and stone aggregate. ABADE will procure a hydraulic splitting machine with side blades, a cone stone crusher and personal protective equipment. Alem Tab will be responsible for constructing a new hangar at the Hirat Industrial Park, fitting out their sales office in Hirat and transporting all equipment. This investment will create 34 direct jobs and an estimated five indirect full-time equivalent jobs. The company intends to employ at least three women and many youths.
33. **Najeeba Soap Production Expansion (PPA-A082).** Najeeba Detergents Production Company (Najeeba) is a laundry soap bar production company located in Jalalabad. The company already has a solid position in the market; through this PPA, it will be able to increase revenue by producing specialty soaps to compete with imports and other high-end products. The company currently produces laundry soap bars manually from locally procured raw materials. Investment in equipment modernization will increase

production and improve the quality of the soap bars. Najeeba will purchase a new generator and pay an instructor to train staff in the use of the new equipment. ABADE will procure a laundry bar soap production line. Najeeba is a woman-owned enterprise created specifically to provide employment to disadvantaged women. This investment will result in the creation of 20 new direct jobs. An additional two full-time equivalent indirect jobs will be created among wholesalers, transportation companies and retailers.

34. **Ansari Brothers Flour Mill Establishment (PPA-A083).** This PPA with Ansari Brothers Silo (Ansari Brothers) will support the establishment of a flour mill for processing wheat grown in the northern region of Afghanistan. The company will also open sales offices in four northern provinces. ABADE will contribute a complete flour mill machine to be installed at a recently acquired site near the Gor-e-Mar Industrial Park in Mazari Sharif. In addition to providing their existing land and vehicle, Ansari Brothers will invest in the construction of a new mill hangar, offices and a storage hangar, two additional vehicles and additional equipment and infrastructure. This investment will create 109 direct jobs. Of these new positions, 70 will be created specifically for youth and 15 will be filled by women. The project is also expected to create 40 indirect jobs.
35. **Selab Sohail Agricultural Machinery and Tools Production (PPA-A084).** Selab Sohail Technical and Production Company (Selab Sohail) has been manufacturing small-scale agricultural implements for 30 years. The company will invest in metalworking equipment that will enable them to expand current production and also make parts that have previously been outsourced to Pakistani workshops. This investment will support the eastern region's small-scale agricultural producers by making locally manufactured equipment more readily available to them. The equipment will be of good quality, and spare parts and repairs will be available. Prices will remain competitive with imported equipment. ABADE will purchase a metalworking lathe, a metalworking plane and a milling machine, while Selab Sohail will purchase a bending machine (hydraulic press). This investment will create 30 new direct jobs in the factory and five new indirect jobs in sales and distribution. Selab Sohail anticipates that most of the new employees hired will be youths.
36. **Season Honey Processing and Packaging Expansion (PPA-A085).** To meet current high levels of demand for small packets of honey, Season Honey Processing and Packaging Company (Season Honey) will invest in packaging machines to produce small single- and multiple-serving containers of honey to be sold to guesthouses, hotels, airlines, schools and other educational institutions. Season Honey will provide a generator and cover the costs of production training. ABADE will provide a honey concentrator, a preheating tank, a honey filling machine, an automatic jar labeling machine, a conveying machine and connection tubes. This investment will create 30 direct jobs and an additional 18

indirect jobs for beekeepers, carpenters, metal workers, wax frame makers and shop workers. Half of the new direct jobs will be for women. The company will also employ youths wherever possible.

37. **Said Shafiq Furniture and Cabinetry Production (PPA-A088).** Said Shafiq (DBA Habib Sadat) manufactures medium-density fiberboard (MDF) furniture in Hirat City. He will invest in new facilities and equipment to expand his manufacturing capacity, produce higher quality furniture and supply MDF cutting and edge banding services to other businesses. Said Shafiq will prepare a 180 m<sup>2</sup> production hall and purchase a 26 kW generator, a computer and printer for making CAD schematics, a truck for hauling raw materials and new equipment and tools. ABADE will procure a precision panel saw and an automatic edge banding machine. Once the new production has started, Said Shafiq will also open a showroom in rented space in Hirat City. He will recruit and train 36 new employees, the majority of whom will be youths. The investment is expected to create an additional five indirect jobs.
38. **Khkoli Roh Afza Juice Processing Line Creation (PPA-A089).** Khkoli Roh Afza Food Materials Production Company (Khkoli Roh Afza), located in Nangarhar, produces jam, pickles, tomato paste and fruit juices. The company plans to improve sales by introducing 250 mL cartons of apple juice. The Afghan juice market is currently served largely by imports. Because Afghanistan produces large quantities of fruit domestically, there is an opportunity to produce high-quality fruit juice for the local market. The company plans to build facilities in Ghondi Village, Nangarhar, to house the new juice processing and packaging machinery. In addition to contributing its existing land and vehicles, a generator and a new building, Khkoli Roh Afza will invest in a refrigerated truck and an apple juice processing machine. ABADE will contribute an apple juice packaging machine. This investment will create 24 direct jobs.
39. **Cheshti Stamp Production Expansion (PPA-A090).** Cheshti Stamp and Metal Signboard Making Company (Cheshti Stamp) manufactures stamps, plaques, signboards and engravings sold through branch offices in Hirat, Mazari Sharif and Kabul. The company will expand production to include a wider range of products and increase the quality of its current offerings. Cheshti Stamp will invest in a laser welding machine and a sheet metal bending machine. ABADE will procure a laser cutting machine and a CNC engraving machine. This investment will create jobs for 30 people, including five additional production staff, seven graphic designers and marketing staff, and 14 employees to assemble the finished items and install the finished signboards and plaques at customers' premises. The company will create an additional 20 indirect jobs by encouraging the formation of new micro-enterprises that will outsource production work and engraving to Cheshti Stamp.

40. **Farshid Farshad Plastic Lids and Caps Production (PPA-A091).** Farshid Farshad Dustizadeh Detergent and Shampoo Production Company (Farshid Farshad) is an established producer of detergents and plastic containers in Hirat City. This investment will enable the company to increase production, expand its product range and begin producing plastic lids in-house for use in packaging its own detergents and to sell to other detergent manufacturers. Very few companies in Afghanistan are capable of producing plastic lids; almost all other similar businesses import them. This vertical integration will increase the company's competitiveness, create jobs and reduce reliance on imports. ABADE will contribute a plastic injection molding machine, while Farshid Farshad will purchase 10 different sets of molds for manufacturing the plastic lids. Farshid Farshad will also be responsible for equipment installation costs and staff training in the plastic injection molding process and the use of new financial management software. The investment will create 32 jobs.
41. **Ayeq Pishro Concrete Block Production (PPA-A092).** Ayeq Pishro Industrial Production Company (Ayeq Pishro) is a small company producing polystyrene construction blocks in Hirat. The owners' construction field experience has led them to identify an opportunity to produce lightweight concrete blocks for use in construction alongside their current products. Presently, lightweight concrete blocks are primarily imported from abroad at a premium price. For this investment, Ayeq Pishro will contribute the production line needed to mix, form, cure and cut the blocks, making it possible for the company to begin producing the blocks in-house. ABADE's contribution will be a forklift for moving raw materials and finished product around the factory and personal protection equipment for workers. This project will create 12 direct and three indirect jobs.
42. **Waheedullah Kamawal Laundry Bar Soap Production (PPA-A093).** Waheedullah Kamawal Edible Oil, Animal Feed and Soap Production Company (Waheedullah Kamawal), located in Jalalabad City in Nangarhar, plans to expand and automate its existing laundry soap bar manufacturing process. The company's current production is a manual process with limited output. Waheedullah Kamawal and ABADE will share the costs of procuring a laundry bar soap plant, which will make higher-quality soap bars in larger quantities. In addition, ABADE will provide worker safety gear and training. This investment will create 48 direct jobs in the first year. The majority of the new workers will be youths. The company plans to significantly increase production and will likely hire additional staff in the second year following investment. Five indirect jobs for people collecting and recycling used cooking oil will also be created.
43. **Khushnama Marble Slab Processing Line Modernization (PPA-A094).** Khushnama Stonecutter Company (Khushnama) currently purchases stone from several marble mining companies in the western region of Afghanistan and utilizes a block cutter to

size the incoming marble blocks for further processing into decorative sculptures, tiles, blocks and slabs that are sold to domestic and international markets. In order to expand its current marble production line and meet market demand for marble slabs cut to international standards, the company will invest in new marble processing technology. Khushnama will be responsible for the preparation of the factory site and the purchase of a new electrical transformer. ABADE will procure the horizontal splitting machine and cover associated operator training costs. This investment will create 54 direct jobs. Khushnama will target youth for the majority of these positions. The company estimates that an additional 15 indirect jobs will be created.

44. **Azimyan Fortified Animal Feed Production (PPA-A096).** Azimyan Spaghetti, Macaroni, Biscuit and Salt Salanty Production Company (Azimyan) will expand its current production to include fortified animal feed. This investment will reduce Afghanistan's dependency on low-quality imported feed, supply local farmers with high-quality feed at a lower cost and cultivate an improved corn farming industry to supply higher-quality raw ingredients for feed production. Through a partnership with the Afghanistan Business Innovation Fund (ABIF), Azimyan has completed investments in a new production building, feed-processing equipment, contract farmer training and product launch marketing materials. Azimyan will further invest in pallets, storage warehouses, office furniture and equipment, vehicles and feed formula development. ABADE will contribute a digital full-metal underground truck scale, a cold storage room, and worker safety equipment. Local farmers will be provided with improved corn seed and extensive training so that they can become contract suppliers for Azimyan. The investment will create 37 direct jobs and eight indirect jobs.
45. **Khaliq Bilal Furniture Production Facility Expansion (PPA-A097).** Khaliq Bilal Furniture Manufacturing Industrial Company (Khaliq Bilal) manufactures custom-made MDF cupboards in Mazari Sharif. The company began as an importer in 2003. This investment will provide Khaliq Bilal with the equipment required to reduce reliance on Chinese imports and greatly expand their product offerings to attract new customers. This will be accomplished by hiring additional skilled staff, expanding existing facilities and purchasing modern woodworking equipment. The company will construct the new building and purchase a CNC router and saw. ABADE will contribute specialized boring equipment and an edge banding machine. This investment will result in the creation of 39 direct jobs. Khaliq Bilal will hire two women to work in the upholstery and accessorizing section. The rest of the staff will be youth. Approximately 15 indirect jobs will be created for cushion makers, raw materials suppliers, commission-based sales agents and transporters.
46. **Qadir Naweed Water Borehole Drilling (PPA-A098).** Qadir Naweed Construction Company (Qadir Naweed) provides water well drilling and development services in

Jalalabad. The company establishes access to clean water for local residents, which helps prevent illness and the spread of disease. Qadir Naweed successfully offers these services in many locations; however, the equipment currently in use is not suitable for mountainous areas. This PPA will provide the company with the equipment it needs to extend well drilling services into remote areas that lack access to clean water. ABADE will contribute to the cost of a water well drilling rig and personal protective gear for workers. Qadir Naweed will share in the cost of the rig and will also invest in a truck, and drilling bits. The company will also contribute its existing assets, including office furniture and a vehicle. This investment will create 20 new direct jobs.

47. **Sadaf Sard Marble Processing Facility Establishment (PPA-A099).** Sadaf Sard Marble Processing Industrial Company (Sadaf Sard) will expand its marble processing line to produce quality marble and travertine slabs and tiles, both for export and as a processing service for other small domestic companies. Sadaf Sard will be the only processing center serving smaller quarries, stone processors and high-end construction companies that can produce slabs with accurate, consistent dimensions and high-quality polishing and finishing. The company will prepare a new production hall for this investment and will purchase new crane rails, a bridge cutter, hand polishing equipment and a vehicle for staff transport. Sadaf Sard and ABADE will share in the costs of procuring a 60-blade gang saw, and Sadaf Sard will cover the costs installation and training. As a result of this investment, Sadaf Sard will hire 105 new employees, primarily youths. The new production line is also expected to create approximately 100 indirect jobs.
48. **One Printing Offset Printing Services Expansion (PPA-A101).** One Printing, based in Hirat City, prints and produces a wide range of items, including advertising billboards, banners, printed fabrics, ceramics and pins. In order to expand its range of products to include posters, magazines, brochures and other branded stationary, the company intends, through this PPA, to invest in a four-color offset printer and related equipment (a die cutter, a UV dryer, a cellophane cover machine and a computer-to-plate lithographic plate printer). The company will procure the four smaller pieces of equipment. ABADE will procure the four-color offset printer. Through this investment, One Printing will directly create 18 new jobs, at least three of which will be for women. The company estimates that this investment will create an additional two indirect jobs among suppliers.
49. **Tavakkoli Carpet Production Expansion (PPA-A102).** This PPA will enable Tavakkoli Brothers Carpet Weaving Company (Tavakkoli) to install 20 new large-format carpet looms to produce carpets up to 60 m<sup>2</sup>. Such carpets are in demand in the international market, and very few weavers can produce hand-knotted carpets this large. The company will install the looms and spindles for yarn making and contribute its existing

assets and infrastructure. ABADE will contribute the new looms, a large-format color inkjet printer, a color flatbed scanner, carpet design software, a personal computer with a monitor and uninterruptible power supply and a voltage stabilizer. The investment will create 160 direct full-time jobs for carpet weavers and 176 part-time jobs for wool spinners. In addition, Tavakkoli will employ 28 full-time individuals in other positions. Ninety percent of the employees hired will be women and 10% will be youth. The investment will also create indirect jobs in the supply chain.

50. **Alzahra Fitness Sports (Club PPA-B008).** Alzahra Fitness, registered with the Afghanistan National Olympic Committee, is an established fitness center focused on women and youth. It has been owned and operated by Ms. Masuma since 2007 and currently provides training to members of Parliament as well as countless women and youth who take advantage of her facilities and services. This PPA will allow Alzahra Fitness to open a third branch and expand its current services to offer salon and spa services to current and new customers in Kabul and the surrounding area. Alzahra Fitness will contribute to renovations at the new premises, as well as training for new employees. ABADE will provide equipment for the new fitness center/salon/spa and Alzahra will contribute other equipment. Sixteen direct jobs will be created by this new investment.
51. **AOBS Handbag Production (PPA-B009).** Afghan Opportunities Business Services (AOBS) is a small, woman owned, sole proprietorship, which aims to provide work and employment for women. The company plans to establish in-house production and export high quality, designer leather and fabric handbags, to increase income and generate new employment. This will be accomplished through the production of modern designs, training in popular production techniques, the procurement of locally-sourced high quality materials, and leveraging the owner's international contacts in fashion and marketing. ABADE will provide five sewing machines, including tables, while AOBS will procure various tailoring machines and tools. Five on-site direct sewing positions will be created and two indirect home-based logo stitching and fabric cutting positions.
52. **Nawroz Shifa Shampoo Production (PPA-B010).** Nawroz Shifa Washing Material Production Company is a new business that intends to manufacture shampoo under its own brand for the Afghan domestic market and, eventually, for export to other central Asian states. The company will also establish a plastic bottle blow-molding line in the same facility to produce its own packaging (shampoo bottles) Under this PPA, ABADE will contribute a water filtration and demineralization unit, mixing tanks, a vacuum homogenizer, a bottle blow-molding machine, molds, a filling and capping machine, an inkjet code printer, and an automatic wrap-around labelling machine. Nawroz Shifa will construct new production and office buildings, raw material storage and finished goods

storage facilities, employee facilities, and a perimeter wall, including a generator and minivans for distribution. This activity will create 106 direct jobs in production and sales and around 20 indirect jobs among their suppliers and throughout its distribution chain.

53. **TTI Automotive Service and Training Center Establishment (PPA-B011).** Technical Training Inc. TTI is an Afghan registered company established in 2012 and a wholly owned subsidiary of the US-based company, TTI Global. Under this PPA, TTI will establish a multi-purpose automotive service/training center and central parts warehouse in a new facility in Kabul. Through this investment the company intends to create 17 new direct jobs and a further 300 indirect jobs as trainees who graduate from the training center establish their own businesses or join other local workshops. TTI and ABADE will each contribute to the cost of IT equipment, office furniture, refurbishment, safety equipment, international consultancy for two months, generator, crane, and a vehicle. In addition, ABADE will provide TTI with a standard mechanics equipment kit.
54. **SSCSC Professional Cleaning Services (PPA-B012).** Shahre Safa Cleaning Services Company (SSCSC) is a startup woman-owned cleaning services company, which plans to provide cleaning services to private households and businesses on a regular, on-call, or post-event basis. The company aims to provide standardized high-quality modern cleaning services in Kabul that customers can rely upon. As part of this investment SSCSC will provide two vans for transportation, a place of business and basic office equipment, as well as employ and arrange training as necessary for 19 new employees. SSCSC will also take responsibility for marketing the new business. ABADE provide modern industrial cleaning equipment and will assist in gaining access to training for new employees.

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