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## FINAL PERFORMANCE EVALUATION (MARCH – MAY 2015)

### AGRICULTURAL CREDIT ENHANCEMENT (ACE) PROGRAM

MAY 2015

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## **Activity Signature Page**

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**Team Leader: Margaret W. Mucheru-Karuri**

**Team Members: Johann Krebs and Abdul Bari Siddiqi**

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**Michael Lechner, Chief of Party**

**Waheed Ahmadi, Deputy Chief of Party**

Checchi and Company Consulting, Inc.

Kabul, Afghanistan

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## ACRONYMS

ADF	Agricultural Development Fund
ACE	Agricultural Credit Enhancement
ADB	Agricultural Development Bank
AMA	Afghanistan Microfinance Association
ANSOR	Afghanistan National Seed Organization
ASAP	Accelerating Sustainable Agriculture Project
CMU	Credit Management Unit
COR	Contracting Officer Representative
DAI	Development Alternatives Inc.
DAIL	Directorate of Agriculture, Irrigation and Livestock
FAIDA	Financial Access for Investing in the Development of Afghanistan
FAO	Food and Agricultural Organization
FGD	Focus Group Discussion
FI	Financial Intermediary
FMFB	First Microfinance Bank
GDP	Gross Domestic Product
IDEA-NEW	Incentives Driving Economic Alternatives for North, East and West
IIFC	Islamic Investment Finance and Cooperative
IP	Implementing Partner
GIRoA	Government of the Islamic Republic of Afghanistan
GWSA	Ghoryan Women’s Saffron Association
MAIL	Ministry of Agriculture, Irrigation and Livestock
MFI	Microfinance Institution
NBFI	Non-Banking Financial Intermediary
NFI	Non-Financial Intermediary
PAYWAND	Database developed with support from ACE
SME	Small- and Medium-Size Enterprise
SOW	Statement of Work
USAID	United States Agency for International Development
WOCCU	World Council of Credit Unions

## **I. EXECUTIVE SUMMARY**

### **1. PROJECT BACKGROUND**

Roughly 75% of the Afghan population depends on agriculture for their livelihood,<sup>1</sup> production that represents about 27% of the national Gross Domestic Product (GDP). Strengthening and bolstering the agriculture sector is therefore critical to economic expansion and poverty reduction in Afghanistan. However, commercial farmers, and smaller ones in particular, are constrained by weak production practices, poor access to markets, limited access to appropriate credit and financing, and the absence of long-term investments for commercial, market-oriented participation in the global economy.

The objective of USAID's Agricultural Credit Enhancement (ACE) project was to provide holistic support to advance agricultural modernization through financing, technical assistance, and policy reform, which would contribute to increased agricultural jobs, income, and Afghans' confidence in their government. The project contributes to USAID/Afghanistan Assistance Objective 5: "A Sustainable Thriving Agricultural Economy," and was implemented by Development Alternatives Inc. (DAI) between July 18, 2010 and February 25, 2015, at a cumulative total budget of \$150 million.

ACE activities fell under three complementary components: (1) the establishment and management of the Agriculture Development Fund (ADF) as an agriculture lending institution providing loans to financial and non-financial intermediaries and agribusinesses; (2) technical assistance in agriculture modernization and value chain development; and (3) support to the Ministry of Agriculture, Irrigation, and Livestock (MAIL) in coordinating donor agricultural-related initiatives and knowledge management for the agriculture sector.

### **2. EVALUATION QUESTIONS, DESIGN, METHODS, AND LIMITATIONS**

This performance evaluation was intended to answer the following questions:

1. To what extent has borrowers' uses of loans and grants contributed to the overall objective of the project? Have the loans contributed to promoting the modernization of agriculture, an increase in agricultural-related jobs, and/or increase in household income?
2. Has the approach and implementation of ADF's lending practices through non-financial intermediaries such as agricultural cooperatives, associations, and agribusinesses instead of just financial intermediaries been efficient?
3. How were women included across all components of the project, both in the establishment of the fund and the provision of loans to farmers and agribusinesses?

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<sup>1</sup> <http://www.usaid.gov/afghanistan/fact-sheets/agriculture>

4. How has the availability of agricultural credit improved as a result of ACE's activities? Consider prior existing sources of credit, both formal and informal.
5. How have ACE's interventions with participating intermediaries improved the profitability of their businesses and contributed to a sustainable and thriving agricultural economy?

#### a. Methodology and Limitations

The performance evaluation used a mix of qualitative and quantitative data collection to answer the five evaluation questions. The process started with a desk review of project documents, including implementation and Monitoring and Evaluation (M&E) reports. Focus group discussions (FGD) were used to assess opinions of the quality of ACE/ADF credit services and lending practices, and to identify areas of weaknesses and strengths in the credit system. Key informant interviews were held with former DAI/ACE staff, government and key institution officials, and beneficiaries to gather their views and opinions about the project, its successes and failures, and to share their recommendations on the future of ADF.

Direct observations of borrowers' businesses gave the evaluation team some perspective on the use of the loans, and the conditions of their operations. The evaluation team engaged 62 direct borrowers,<sup>2</sup> eight by way of individual interviews, and 54 through FGDs. The team held 11 end-borrower FGDs, in which 101 participants (79 men and 22 women) participated. A total of 66 key informants were interviewed, including 18 former DAI/ACE staff, 17 key institutions officials, 11 experts, and 20 other beneficiaries. The total number of persons surveyed by evaluation method and by province is given in the table below.

**Summary of Key Informants Interviewed and FGD held by Type and Province**

Province	Key Informants				FGDs		
	DAI/ACE staff	Government and Key Institution Officials	Experts	Beneficiaries	Total Key Informants	Direct Borrowers/ Intermediaries	End Borrowers
Balkh	3	4	0	0	7	17	24
Bamyan	1	1	0	3	5	11	16
Herat	3	5	0	6	14	14	35
Kabul	9	5	11	5	30	11	16
Nangarhar	2	2	0	6	10	9	10
<b>Total</b>	<b>18</b>	<b>17</b>	<b>11</b>	<b>20</b>	<b>66</b>	<b>62</b>	<b>101</b>

<sup>2</sup> ACE/ADF types of direct borrowers are: Financial Intermediaries (FIs), Non-Financial Intermediaries (NFI's) (Cooperatives, Associations and Producer Groups) and Agribusinesses

### **3. KEY FINDINGS**

#### **Modernization of Agriculture and Effects on Jobs and Income**

Results indicate that ACE contributed to modernizing agriculture through various forms of intermediaries and agribusinesses that delivered credit, either in cash or in-kind. Direct borrowers either utilized loan proceeds to satisfy their own working capital requirements, and/or invested in the modernization of their own operations/businesses. Of the 62 direct borrowers surveyed, 50% used the ACE loans themselves, 11% used the loans for on-lending, and 31% for both own and on-lending purposes. End borrowers received support from direct borrowers either in cash, in-kind, or both. End borrowers used the cash credit to procure on-and off-farm items, while the in-kind credit came in the form of farm inputs and machinery and equipment. Forty-five of the 62 direct borrowers reported creating a total of 18,263 new jobs. Of the 101 end-borrower households surveyed, 78 reported adding 1,651 new jobs; 80 earned more income; 71 reported higher profits; and 88 had increased farm yields.

#### **Efficiency of the Non-Financial Intermediaries (NFI) Approach**

At inception, ACE was intended to act as a wholesaler of credit to financial institutions (FIs), which would, in turn, on-lend funds to farmers and other agricultural value chain actors. Even with the availability of a \$15 million grant, the FIs were unwilling to intermediate ACE resources. Not only are the banks highly liquid, but they reduced their total lending over the ACE project implementation period from \$1.5 billion in 2010 to about \$882 million in 2014. In the absence of willing FIs, the non-financial intermediaries (NFIs) and agribusinesses model was scaled up to fill the gap. NFIs are already established, socially acceptable, and work in local communities. Agribusinesses are also already operating in the agricultural value chain as producers, processors, marketers, etc.

By working with NFIs, ACE was able to reach 33 of the 34 provinces of Afghanistan. The project approved 234 loans with a value of \$105 million, including 22 loans to 19 cooperatives, associations, and producer groups, with a total value of \$23,490,994; and 132 loans to agribusinesses, with a total value of \$ 64,082,205. A major constraint in working with NFIs is that they have low credit absorptive capacity compared to the FIs, and also lack credit and administrative skills.

#### **Inclusion of Women Across all Components of the Project**

ACE was designed without a gender strategy. Under Component 1, ACE could not force a gender-specific agenda on its partner FIs because these are independent institutions with their own operational policies. Also, credit is demand-driven, and access is determined by the borrowers' creditworthiness irrespective of gender. Component 2 of the project, however, could have provided some technical support to women-owned businesses that had the potential to graduate to ACE/ADF direct borrowers. Because the gender agenda was

introduced halfway through ACE's implementation (end of 2012), there was limited time for it to reach a large female population, either as direct and/or indirect borrowers.

By the end of ACE, only six women-owned/operated agribusinesses and one NFI had received direct loans in the sum of \$1.37 million. The evaluation team visited three of the seven entities. Of the 51 agricultural modernization grants awarded by ACE, only two were to women-owned organizations, both of which were visited by the evaluation team. The minimum lending limit of \$100,000 also virtually excluded women from direct participation in ACE/ADF borrowing, as women typically do not own businesses that can absorb this size of loan, nor do they own this value of assets that can be pledged as collateral.

The gender analysis conducted midway through ACE paved the way for a special women's loan product called *Zahra* that caters specifically to female farmers and agribusiness entrepreneurs who operate medium-scale enterprises, individually or in groups. A total of 779 women benefited from ACE through the various forms of intermediaries. This was a positive development, considering that no women had received agricultural loans prior to ADF. Another positive development has been the inclusion of women in the ADF High Council. The donor seat in the ADF credit committee currently held by USAID was initially filled by a woman, and currently the seat is occupied by a private-sector female professional.

### **Availability of Agricultural Credit under ACE**

In Afghanistan, informal credit channels are easily accessible, and offer *Sharia*-compliant loans. Informal credit can be in-kind, where borrowers such as farmers receive credit in the form of fertilizer, seeds, pesticides, farm machinery, equipment, etc., or in the form of cash from family members, friends, traders, and money lenders. Other sources of informal credit include government, NGO, and donor grants that inject massive cash in the economy, and in-kind support to satisfy the value chain demand for investment and working capital. Between 1954 until its liquidation in 2006, the Agricultural Development Bank (ADB) was the major source of agricultural credit in Afghanistan. Throughout the ACE project period of 2010-2014, commercial banking credit to the agricultural sector averaged about 2% of total credit, between \$10 and \$19 million each year. Most of this went to high-value agricultural activities, where the risk of default is low.

By its closure in February 2015, ACE had approved 234 loans with a value of \$105.9 million, of which \$60.7 million has been disbursed. Through ACE/ADF activities, FIs, agribusinesses, and NFIs now have access to agricultural credit at reasonable rates, ranging between 5% and 13%. Importantly, ACE was also able to open up access to agricultural credit to farmers with small holdings by directly benefitting 31,013 farmers, and another 158,357 farmers indirectly, in 33 of the 34 provinces of the country. For the first time, women farmers had access to agricultural credit either directly through ACE/ADF or through the special *Zahra* loan products designed for women.

## Business Profitability and Contribution to the Agricultural Economy

In terms of profitability, survey data obtained by the evaluation team indicates that of the 62 direct borrowers interviewed, 48 experienced growth in their business profitability ranging from 2% to 433% as a result of ACE/ADF loans. Seventeen agribusinesses reported at least a 50% increase in profitability, and six reported at least 100% growth. Fourteen NFIs reported a 50% growth in profits, and two reported a 100% increase in profitability. Agribusinesses surveyed had the widest spread in growth of profitability, ranging from 10% to 433%. Overall, eight direct borrowers (six agribusinesses and two NFIs) reported over 100% growth in profits. Seventy-one of the 101 end borrowers surveyed reported yield increases ranging from 30% to 100%, 80 reported that they made more money with the use of the loan, and 88 reported increased profitability with the use of ADF loan. More details are provided in Tables 11 and 12 of the main report.

### 4. RECOMMENDATIONS

Based on the findings of the ACE performance evaluation, the following are some of the key recommendations proposed:

	RECOMMENDED ACTION	BY
<b>MODERNIZATION OF AGRICULTURE AND EFFECTS ON JOBS AND INCOME</b>		
1	Grants should not be used where ADF can give loans, but be used to complement its work through capacity building and support.	ADF
2	Use grants as a one-off strategy to enable recipients' graduation to economic sustainability. Hence, avoid recycling grant recipients across USAID projects in order to broaden the scope of US government support and impact.	USAID / IPs
3	Explore and grow the range and capacity of intermediaries able to deliver credit in-cash or in-kind to the agricultural sector.	USAID/ ADF
<b>EFFICIENCY OF THE NFI APPROACH</b>		
1	To scale agricultural credit uptake, future US government efforts should support ADF in the identification of viable NFIs with capacity to intermediate agricultural credit effectively and on a large scale.	USAID/ MAIL/ ADF
2	Finalize the position and skills assessment exercise to determine if all of the DAI/ACE transitioned staff are required, and act accordingly.	ADF/M AIL
3	Intensify awareness campaigns to market ADF and the acceptability of <i>Sharia</i> -compliant loan products. Engage with religious leaders whose opinion is respected.	ADF
<b>INCLUSION OF WOMEN</b>		
1	Identify and support promising women-owned businesses and NFIs that support women in order to address any challenges and constraints they face and expand opportunities for women.	USAID/ ADF
2	As an affirmative action, adjust the minimum lending limit specifically for women from the current \$100,000 to a lower limit, as appropriate.	ADF

<b>3</b>	Consider the possibility of expanding the <i>Zahra</i> loan product to other microfinance institutions (MFIs), and opening it up to include women-operated businesses in other sectors.	<b>ADF</b>
<b>4</b>	Tap into the work of the MAIL Directorate of Home Economics as well as other women's organizations to identify more women for capacity building, and link them to financial services such as <i>Zahra</i> .	<b>USAID/ ADF</b>
<b>5</b>	As a way of empowering women, future support should be used to promote corporate social responsibility in agri-processing businesses that employ more women.	<b>USAID</b>
<b>AVAILABILITY OF AGRICULTURAL CREDIT</b>		
<b>1</b>	Embark on an aggressive awareness building campaign to further stimulate demand for agricultural credit.	<b>ADF/ MAIL</b>
<b>2</b>	Finalize the issues related to ADF's legal status with experts well-versed in Afghanistan's legal system, and its non-bank financial intermediary status as it relates to tax issues with partner FIs/MFIs.	<b>MAIL/ USAID</b>
<b>BUSINESS PROFITABILITY AND CONTRIBUTION TO THE AGRICULTURAL ECONOMY</b>		
<b>1</b>	Consider supporting more food safety trainings to encourage food producers, processors, and exporters to meet international standards.	<b>USAID</b>
<b>2</b>	Support Afghan businesses in general with trainings on how to handle international business transactions to safeguard their business interests	<b>USAID/ ADF</b>

## **II. INTRODUCTION**

### **1. PROJECT BACKGROUND**

Roughly 75% of the Afghan population depends on agriculture for their livelihood,<sup>3</sup> production that represents about 27% of the national Gross Domestic Product (GDP). Strengthening and bolstering the agriculture sector is therefore critical to economic expansion. However, commercial farmers, and smaller farmers in particular, are constrained by weak production practices, poor access to markets, a lack of appropriate credit and financing, and insufficient long-term investment necessary for commercial, market-oriented participation in the global economy.

The objectives of the USAID-funded Agricultural Credit Enhancement (ACE) project were to address these constraints by providing “holistic support to advance agricultural modernization through financing, technical assistance and policy reform, hence contributing to increased agricultural jobs, income, and Afghans’ confidence in their government.”<sup>4</sup> This would contribute to USAID/Afghanistan’s Assistance Objective 5: a sustainable thriving agricultural economy, through Intermediate Result (IR) 5.1: increased agricultural sector jobs and incomes as a result of US government assistance; and through Sub IR 5.1.2: increased commercial viability of small and medium farms and agribusinesses.

ACE was implemented by Development Alternatives Inc. (DAI) between July 18, 2010 and February 25, 2015, with a total budget of \$150 million, under three main complementary components: (1) the establishment and management of the Agriculture Development Fund (ADF) as an agriculture lending institution providing loans to financial and non-financial intermediaries and agribusinesses; (2) technical assistance in agriculture modernization and value chain development; and (3) support to the Ministry of Agriculture, Irrigation, and Livestock (MAIL) in coordinating donor agricultural-related initiatives and knowledge management for the agriculture sector.

### **2. EVALUATION PURPOSE**

The purpose of this performance evaluation is to provide an independent assessment of ACE’s progress towards its stated objectives, analyze its strengths and weaknesses, and provide recommendations to USAID/Afghanistan. The evaluation was also intended to provide clear guidance on the project’s successes, failures, and missed opportunities; highlight opportunities

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<sup>3</sup> <http://www.usaid.gov/afghanistan/fact-sheets/agriculture>

<sup>4</sup> Office of Agriculture (OAG) /Office of Program and Project Development (OPPD) Statement of work (SOW)

for improvement and lessons learned to benefit the donor community; and offer specific recommendations to inform project design for future activities (e.g., ACE-II).

### **3. EVALUATION QUESTIONS**

The key questions to be answered through this performance evaluation process are:

1. To what extent have borrowers' uses of loans and grants contributed to the overall objective of the project? Have the loans contributed to and promoted the modernization of agriculture, increased agricultural-related jobs, and/or increased household income?
2. Has the approach and implementation of ADF's lending practices through non-financial intermediaries such as agricultural cooperatives, associations, and agribusinesses instead of just financial intermediaries been efficient?
3. How were women included across all components of the project, both in the establishment of the fund and the provision of loans to farmers and agribusinesses?
4. How has the availability of agricultural credit improved as a result of ACE's activities? Consider prior existing sources of credit, both formal and informal.
5. How have ACE's interventions with participating intermediaries improved the profitability of their businesses and contributed to a sustainable and thriving agricultural economy?

### **4. METHODS AND LIMITATIONS**

#### **a. Methodology**

The ACE evaluation team used a mix of qualitative and quantitative data collection, and analysis approaches that facilitated wider consultations with project stakeholders and partners, to answer the five evaluation questions within the time allotted for the evaluation. The evaluation design also included a review of various sources of data/information, data collection instruments, and a preparation of a detailed work plan with timelines approved by USAID. A detailed description of the evaluation methodology is given in Annex 5 of the report.

*Desk Review:* The evaluation commenced with a desk review of project documents, including project operational and performance reports, impact assessments and previous evaluation reports, implementation work plans, quarterly and annual progress reports, and monitoring and evaluation (M&E) data and reports, as provided by USAID.

*Key Informant Interviews:* KIIs were held with former DAI/ACE staff, government and key institution officials, and project beneficiaries. A total of 66 individuals (59 men and 7 women) were interviewed. The evaluation team sought their views and opinions on the ACE project, its successes and failures, and any recommendations for future or similar USAID interventions. To

obtain clarification on some technical issues, the evaluation conducted interviews with experts, including at the ADF Sharia Board, the Bank Supervision Department at Da Afghanistan Bank (the Central Bank), the Afghanistan Microfinance Association (AMA), and others. Table 1 summarizes the type of key informants interviewed by province. A breakdown of key informants by gender is provided in Table 2 of Annex 5 of the report.

**Table 1: Key Informants Interviewed by Type of Institution and Province**

Province	Key Informants Interviewed				Total Key Informants
	DAI/ACE staff	Government and Key Institution Officials	Experts	Beneficiaries	
Balkh	3	4	0	0	7
Bamyan	1	1	0	3	5
Herat	3	5	0	6	14
Kabul	9	5	11	5	30
Nangarhar	2	2	0	6	10
<b>Total</b>	<b>18</b>	<b>17</b>	<b>11</b>	<b>20</b>	<b>66</b>

Source: Evaluation Questionnaires

*Focus Group Discussions:* FGDs were used to gather information from ACE/ADF direct borrowers classified as financial intermediaries (FIs), non-financial intermediaries (NFIs), and agribusinesses. FGDs were also used to survey and gather information from ACE/ADF indirect or end borrowers. Separate survey tools were used for each category of borrowers in the FGDs. The evaluation tools used in the FGD are included in Annex 6 of the report.

*Direct Observations:* The evaluation team visited selected ACE/ADF direct borrowers to give some perspective on how the borrowers utilized the ACE/ADF loans, and to observe the general condition of their businesses. The number of direct visits and FGDs by province is shown in the table below.

**Table 2: Total Persons Surveyed by Direct Visits, Type of Borrowers FGDs and Region**

Province(s)	Direct Visits	No. of Direct Borrowers FGDs Planned	No. of Direct Borrowers FGDs Achieved	No. of End Borrowers FGDs Planned	No. of End Borrowers FGDs Achieved
Balkh	7	4	2	4	1
Bamyan	2	1	1	2	2
Herat	7	2	2	2	3
Kabul	14	2	2	2	2
Nangarhar	3	1	1	2	3
<b>Grand Total</b>	<b>33</b>	<b>10</b>	<b>8</b>	<b>12</b>	<b>11</b>
<b>Total Participants</b>		<b>76</b>	<b>65</b>	<b>250-300</b>	<b>101</b>

Source: Evaluation Questionnaires

## **b. Evaluation Design, Data Collection, and Analysis Methods**

*Direct Borrowers Selection:* Initially, the evaluation team planned to meet 76 direct borrowers with active and closed accounts. A total of 62 direct borrowers were met, eight by way of direct

interviews and 54 through FGDs. These included 40 agribusinesses, one FI, and 21 NFIs. The first four FGDs were held in Kabul. Subsequent fieldwork was carried out in Nangarhar, Balkh, Herat, and Bamyán provinces. Overall, the rate of responses from ACE direct borrowers was good. Table 3 in Annex 5 shows the number of direct borrowers engaged through FGDs and individual interviews, by type of borrower, province, and gender.

*End-Borrower Selection:* Initially, the evaluation team planned to meet with 250-300 end borrowers, 50-60 in each target province. The evaluation team held 11 end-borrower FGDs with 101 participants (79 men and 22 women). Turnout for end borrowers was lower than anticipated for reasons given under the evaluation challenges and constraints section of the report. Table 4 in Annex 5 shows the composition of FGDs held with end borrowers, by province and gender.

*Modifications to the Evaluation Process:* After field work in Kabul and Nangarhar, the evaluation tools were modified to adapt the questions to the various business practices encountered. For example, nursery growers in Nangarhar count the number of trees or saplings owned or sold, while wheat farmers count *jeribs* of land. At the direct-borrowers level, the evaluation team decided to hold a joint FGDs for women and men to allow the women (especially the saffron NFIs in Herat) to learn from the experiences of male business owners.

*Data Analysis:* After data entry, the evaluation team processed and consolidated raw data into quantitative and qualitative information. Quantitative data was analyzed using Microsoft Excel pivot tables. These tools enabled evaluators to analyze descriptive statistics, such as the number of people surveyed, percentage of women, and number of respondents reporting a given problem or benefit. Throughout the analysis, the team members shared and compared notes taken during the interviews, and identified variations in information provided by different respondents. Data was disaggregated by the type of borrower, gender, and province.

### **c. Evaluation Constraints and Limitations**

The evaluation team faced several constraints, including issues related to security, which resulted in low turnout, especially of the end borrowers. In addition, the onset of cropping season made farmers reluctant to leave farms unattended to participate in FGDs. Long travel distances, especially for women who must be accompanied, also contributed to low turnout. Illiteracy, especially with end borrowers and women, made it difficult for them to complete the questionnaire without assistance. The evaluation team had to devise ways of working with such groups to ensure their input was captured. Respondents were sometimes reluctant to answer certain questions related to their financial status, such as questions on income and profitability.

### III. FINDINGS

#### 1. MODERNIZATION OF AGRICULTURE AND EFFECTS ON JOBS AND INCOME

##### a. Direct Borrowers' Reasons for Borrowing

At the close of the project in February 2015, ACE had disbursed through FIs, NFIs, and agribusinesses loans in the sum of \$60.7 million. Direct borrowers took loans for their own use, for on-lending,<sup>5</sup> and for their own use and partially for on-lending purposes. Thirty-one (50%) of the ACE/ADF borrowers took loans for their own use, seven for on-lending, and 19 for both purposes. Twenty-six of the 40 agribusinesses surveyed borrowed for their own use, while ten NFIs of the 21 surveyed applied their loan proceeds to both purposes. The single FI (OXUS Afghanistan) that responded to the evaluation questionnaire used its loan proceeds for on-lending in line with its normal business practices.

Whatever the specific reason for borrowing, ACE/ADF loan proceeds were used to modernize agriculture. A summary of direct borrowers' responses to the question on the reasons for borrowing from ACE are captured in Table 3. Detailed analysis of how the direct borrowers applied their loans is given in Annex 5-B, Table 1.

**Table 3: Reasons for ACE Loans by Types of Direct Borrowers**

Type of Borrowers	On-lending	Own Use	Both	None Responsive	Grand Total
Agribusiness	3	26	9	2	40
Non-Financial Intermediaries	3	5	10	3	21
Financial Intermediaries	1	-	-	-	1
<b>Totals</b>	<b>7</b>	<b>31</b>	<b>19</b>	<b>5</b>	<b>62</b>
<b>%</b>	<b>11</b>	<b>50</b>	<b>31</b>	<b>8</b>	<b>100</b>

Source: Evaluation Questionnaires

##### b. Direct Borrowers' Uses of Loan Proceeds to Modernize

The NFIs indicated a numbers of ways in which they used their loans from ACE to modernize agriculture. Examples included building a chicken farm and feed-processing facility; procuring improved seeds and fertilizer; purchasing raw materials for carpet weaving and food processing and packaging; buying solar panel systems; and on-lending to farmers. The agribusinesses, on the other hand, used the loans to procure machinery and equipment; for working capital purposes, including purchase of raw materials from farmers; procurement of inputs to supply to

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<sup>5</sup> intermediating in the financial sector

farmers, etc. The ACE/ADF partner FIs used the loans for on-lending to their clients. Annex 5-B, Table 2 lists the various ways in which surveyed NFIs and agribusiness borrowers used the ACE loans, by type of borrower and province.

### c. Direct Borrowers' Uses of Grants

By the closure ACE, 51 agricultural modernization grants valued at \$2,376,584 had been approved for a select number of clients to improve production and/or processing and address marketing weaknesses in their enterprises. ACE viewed the support as a risk management tool to enhance the capacity of the enterprises to generate cash flows to repay ACE/ADF loans. Twenty-two of the 62 direct borrowers surveyed confirmed having received grants, totaling \$563,067, under the agricultural modernization window. Table 4 displays the number of modernization grant recipients by type of borrower and province.

**Table 4: ACE Grant Recipients by Type of Borrower and Province**

Type of Intermediary	Balkh	Herat	Kabul	Nagarhar	Bamyan	Total
Agribusinesses	3	6	5	3	-	17
Non-Financial Intermediaries	1	2	1	1	-	5
Financial Intermediaries	-	-	-	-	-	-
<b>Total</b>	<b>4</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>0</b>	<b>22</b>

*Source: Evaluation Questionnaires*

Seventeen agribusinesses and five NFIs received grants, with most of the recipients being in Herat. Bamyan, with the highest number of NFIs (11) cooperatives, did not receive any form of grant. The ACE/ADF grant award criteria states that grants would be awarded in situations where the investment was necessary for the company or organizations to succeed and the client did not have the resources to finance the investment on his/her own. Grants were used to purchase different items, including: solar panel systems, advertisements, a hatchery for a poultry farm, a shelling and sorting machine for a nut association, a storage room, among other things.

A more detailed list of items financed through grants is shown in Annex 5-B, Table 3. Some of the investments listed can conceivably generate income streams that can be used to repay a loan. As such, some of these investments could have been funded through an ACE/ADF loan rather than a grant. Grants are suitable to address those aspects of business that do not compete with ADF's core business of lending, but that complement its work through capacity building.

The evaluation team observed high expectations for grant support among the FGD participants, even among those with well-established businesses. Each loan recipient interviewed seemed to expect some form of grant. The evaluation team also interviewed several individuals and businesses that had received more than one grant through USAID projects. Because of the easy availability of grants, these businesses tended to focus on continuing donor support rather than

future sustainability. In Herat, the evaluation team visited a client who had been promised a grant to procure a cooling rug for his cold room, but was able to do it using his own resources when the grant failed to come through. In Mazar-i-Sharif the evaluation team visited a tomato company that had been awarded a grant to procure a branding machine. By the time the machine arrived three years later, the proposed technology was obsolete, and the machine was never used.

#### **d. End-Borrowers' Reasons for Borrowing**

The ACE final report indicates that the project reached 31,013 farmers/households, who received loans through the various intermediation mechanisms. Table 3 shows that seven intermediaries on-lent their loan proceeds, and 19 intermediaries on-lent part of their loan proceeds from ACE. Feedback from end borrowers shows that some received loans in the form of cash, others in-kind (seeds, fertilizers, pesticides, etc.), while others received both cash and in-kind loans to modernize their operations. The table below shows how the 101 end borrowers surveyed received credit from ACE direct borrowers.

**Table 5: Forms in Which End Borrowers Received Credit from Direct Borrowers**

Type of Loan Received	Provinces					Grand Total
	Balkh	Bamyan	Herat	Kabul	Nangarhar	
Received Cash	8	3	20	11	10	52
Received in-Kind	10	0	11	5	0	26
In Cash and in-Kind	6	13	4	0	0	23
<b>Total</b>	<b>24</b>	<b>16</b>	<b>35</b>	<b>16</b>	<b>10</b>	<b>101</b>

*Source: Evaluation Questionnaires*

The form in which the end borrowers received the loans depended on the business relationship between the lender and the recipient. Most of the NFIs surveyed provide their members with loans in form of farm inputs, but also cash to bridge their needs in the lean season. Agribusinesses such as edible oil companies provide credit in the form of cotton inputs to their out growers, while saffron agribusinesses and NFIs pay their suppliers in advance. Javed Afghan sold threshing machines on credit to farmer cooperatives.

#### **e. End-Borrowers' Uses of Credit from Direct Borrowers**

End borrowers who received credit in cash used the proceeds to purchase a wide range of on- and off-farm items to meet the needs of their households. These included fertilizers, seeds, hens, cotton and strings, solar water pumps, medicines, items for shops such as soap, tree samplings, and tractors. One borrower in Nangarhar procured motorbike tools to start a workshop for her son. Some end borrowers paid off existing loans, and others used the proceeds to pay rents.

The in-kind credit to end borrowers came in the form of fertilizer, seeds, pesticides, water pumps, vaccines, chicks and chicken feed, solar panels and pipes, improved wheat and cotton

seeds, cucumber seeds, animal fertilizer, saffron corms (seed), improved potato seeds, plastic bags, watermelon seeds, etc. Annex 5-B, Tables 4a, b, c detail how end borrowers used credit received in-kind and cash from ACE/ADF direct borrowers to modernize their operations.

#### f. Contribution of ACE Loans in Modernizing Agriculture

*Direct Borrowers* – Twelve of the 21 NFIs and 18 of the 40 agribusinesses surveyed reported that the ACE loans helped them modernize their operations. Table 6 presents a summary of how the different types of borrowers responded to the question on modernization, by province. More NFIs in Bamyan confirmed having modernized their operations than NFIs in other provinces, as did more agribusinesses in Balkh, followed by Herat. Modernization here is determined by how borrowers used their loan proceeds, as shown in Annex 5-B, Tables 2, 3, and 4, including to purchase improved farm inputs, new machinery and equipment to modernize production, etc.

**Table 6: Summary of Direct Borrowers' Uses of ACE Loans to Modernize**

Province	Non-Financial Intermediaries				Agribusinesses				FIs	Total
	Moder-nization	Working Capital	Both	Non-Responsive	Moder-nization	Working Capital	Both	Non-Responsive		
Balkh	1	-	-	2	7	6	-	1	-	17
Bamyan	10	-	-	2	-	-	-	-	-	12
Herat	1	-	2	-	6	1	3	1	-	14
Kabul	-	-	-	1	4	3	2	-	1	11
Nangarhar	-	2	-	-	1	5	-	-	-	8
<b>Total</b>	<b>12</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>18</b>	<b>15</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>62</b>

Source: Evaluation Questionnaires

*End borrowers* – Five female end borrowers out of 22 surveyed, and 16 men out of 79, confirmed they had purchased new machinery for modernizing their business operations. In Mazar-i-Sharif, farmers who had received water pumps through one of the agribusinesses said they now have more irrigation capacity, but lack knowledge on how to improve and diversify production. They said government-supported extension services through MAIL do not reach them. To modernize their operations, farmers will require extension service support either through the intermediaries with which they work, linkages with agricultural extension services offered by MAIL/DAIL, and through partnerships offered by research and institutions of higher learning.

Some borrowers and intermediaries, especially NFIs, lacked a good understanding of their business before loans were approved. A failed poultry farmer in Nangarhar claimed he only received a week of training from ACE before the loan was approved. He used the loan to procure chicken feed that turned out to be contaminated, killing all his and other out-grower farmers' stocks.

### g. Increases in Agricultural-Related Jobs and/or Household Income

*At the Direct Borrowers Level:* Out of the 62 direct borrowers surveyed, 45 reported they created more jobs with the ACE/ADF loan. These 45 beneficiaries generated 18,263 new jobs (10,469 for men and 7,311 for women). In Bamyan, the female employment numbers grew from 2 to 71 (97% increase), and that of men reduced from 55 to 22 (a 60% decline). In Kabul, the increased employment figure of 10,952 is driven by Uddin Wardak Wool Washing, which recorded 8,000 new jobs as a result of the ACE/ADF loans. The organization explained that they purchase wool from local communities, and then add value by passing it to local households for spinning into yarn. The two processes are both labor-intensive. Each person receiving wool is counted as a job. Table 7 captures the employment situation before and after the ACE/ADF loans for the 45 direct borrowers that responded to the question on employment creation.

**Table 7: Numbers of Jobs Created by Direct Borrowers**

Provinces	No. of Respondents	Male Before ACE	Male After ACE	Total Increase in Male Jobs	Female Before ACE	Female After ACE	Increase in Female Jobs	Total New Jobs Created
Balkh	9	233	405	172	17	40	23	428
Bamyan	10	55	22	-33	2	73	71	93
Herat	13	88	225	137	130	295	165	390
Kabul	7	38	10152	10114	6	7057	7051	17203
Nangarhar	6	69	148	79	0	1	1	149
<b>Grand Total</b>	<b>45</b>	<b>483</b>	<b>10952</b>	<b>10469</b>	<b>155</b>	<b>7466</b>	<b>7311</b>	<b>18263</b>

Source: Evaluation Questionnaires

*At the End-Borrowers Level:* Of the 101 end-borrower households surveyed, 78 reported adding 1,651 new jobs with ACE support. Farming operations are seasonal, and labor-intensive in-season for saffron, potato, wheat, livestock for wool collection, pistachio collection, and dried fruit processing, etc. Table 8 displays the number of male and female jobs created by the 78 end-borrowers who responded to the evaluation question on the number of new jobs created with ACE/ADF loans. As the evaluation question did not specify the period of reporting, the high number of jobs reported by respondents could be interpreted as the position at peak season.

**Table 8: Numbers of Jobs Created by End Borrowers (n=78)**

Province	Male	Female	Total
Balkh	339	80	419
Bamyan	200	9	209
Herat	128	179	307
Kabul	127	547	674
Nangarhar	33	9	42
<b>Grand Total</b>	<b>827</b>	<b>824</b>	<b>1651</b>

Source: Evaluation Questionnaires

## h. Increases in Household Income

Of the 101 households surveyed, 71 reported increased agricultural yields, 80 made more income, and 88 households reported increased profitability. Another measure of increased benefits is the beneficiaries' willingness to borrow again. Of the 22 women interviewed, 15 said they would like to borrow again; of the 79 men surveyed, 50 indicated they are willing to borrow again. Asked if the farmers' overall family welfare and status had improved, 71 of the 76 men and 21 of 22 women said yes.

**Table 9: End Borrowers Responses on Increased Yield, Income, and Profitability**

Evaluations Questions	Balkh	Banyan	Herat	Kabul	Nangarhar	No. of Respondents
<b>Farmers with Increased Yield</b>	<b>16</b>	<b>16</b>	<b>24</b>	<b>13</b>	<b>2</b>	<b>71</b>
<b>Farmers with Increased Income:</b>						
Female	0	0	11	1	1	13
Male	21	15	16	10	5	67
<b>Total</b>	<b>21</b>	<b>15</b>	<b>27</b>	<b>11</b>	<b>6</b>	<b>80</b>
<b>Farmers with Higher Profitability:</b>						
Female	0	0	15	1	1	17
Male	22	16	17	10	6	71
<b>Total</b>	<b>22</b>	<b>16</b>	<b>32</b>	<b>11</b>	<b>7</b>	<b>88</b>

Source: Evaluation Questionnaires

## 2. EFFICIENCY OF THE NFI APPROACH

### a. Implementation through NFIs and Agribusinesses

ACE, and subsequently the ADF, was designed to act as a wholesaler of credit to financial institutions (FIs), which would, in turn, on-lend these funds to farmers and other value chain actors in the agricultural sector. For the ADF to function effectively as a wholesaler of credit, the project needed a critical mass of FIs with the capacity and willingness to borrow. FIs would have provided ACE with established structures, including a ready client base, experience, and national outreach through their branch networks. As it turned out, FIs were unwilling to borrow from ACE. According to Da Afghanistan Bank (the Central Bank), commercial banks in Afghanistan are highly liquid and can mobilize resources at rates lower than the 5% offered by ACE.

In the absence of FIs willing to intermediate agricultural credit, ACE had to change from being a wholesaler to being both a wholesaler and a retailer of credit. Working directly with NFIs (associations and cooperatives) and agribusinesses enabled ACE to intermediate in the agricultural sector by delivering loans to borrowers with the capacity to absorb a minimum of \$100,000. By the time of its closure, ACE/ADF had approved 22 loans to 19 cooperatives, associations, and producer groups with a total value of \$23,490,994, of which \$12,952,164 (55%) had been disbursed.

The benefit of working with NFIs is that they are already established, socially acceptable, and work with local communities, where people knew each other well. NFIs also have already-established business practice of giving seeds, fertilizer, and cash advances to their members that ACE/ADF could access. NFIs like the Mazar-i-Sharif's Bakhtar Livestock Cooperative, which services 930 members, have good outreach, This cooperative received a loan of \$14 million, which it on-lent to 400 male and 33 female members.

As commercial entities, agribusinesses, on the other hand, are already engaged in a variety of ways with their clients in the agricultural value chain (as producers, processors, marketers, etc.). Although most of them are stand-alone entities, they connect producers to markets, provide farmers access to essential inputs, and some undertake other business transactions. Agribusinesses provide support to farmers either in cash or in-kind or both. By 2015, ACE had granted 132 agribusinesses loans with a total value of \$64,082,205, of which \$43,625,678 (68%) had been disbursed.

Although the NFIs and agribusinesses did not offer the same efficiency that FIs would have, in an environment devoid of agricultural credit, they were a good alternative through which farmers and other value chain players in the agricultural sector could access much-needed credit. By being proactive, ACE/ADF was able to open up, test, and, through a high recovery rate, demonstrate efficiency in working with these alternative agricultural credit delivery mechanisms. Most important, working with NFIs and agribusinesses enabled the project to serve small-scale farmers and agricultural sector segments considered risky by FIs.

## **b. Challenges and Constraints of Lending through NFIs and Agribusinesses**

*Low Credit Absorptive Capacity:* Unlike commercial banks that are able to absorb large borrowings, NFIs and agribusinesses have a lower credit absorption capacity. For ACE/ADF to reach its lending targets, it had to work with many more NFIs than it would have FIs. ADF's current minimum limit of \$100,000 is beyond the reach of many NFIs and agribusinesses, and ADF is considering lowering it to \$50,000. While this would open up opportunities for smaller organizations to qualify, it may also result in increased administrative load and costs, and ADF may have to raise interest rates.

*Lack of Credit Administrative Skills:* Unlike banks, NFIs and agribusinesses lack the capacity to administer credit. ACE was forced to work closely with them to upgrade their technical and managerial skills to ensure the viability of their agricultural enterprises and their ability to administer credit. The Credit Management Units (CMUs) system was an innovative way of building the knowledge and capacity of NFIs to administer loans to members/end borrowers. Although ACE designed CMUs as a tool to ensure adherence to best practices and full repayment of the ADF loans, maintaining them should be considered, especially in case of repeat clients like the Afghanistan National Seed Organizations (ANSOR). One way of doing that is to

ensure that counterpart staff from the borrowing organizations is attached to the CMU to understudy the professionals employed over the loan period. Some organizations like the Herat Women's Empowerment Social Association succeeded in transitioning former CMU staff into their organization, hence retaining the administrative skills developed.

*Lack of Information/Data:* Unlike FIs that are regulated by the Central Bank and have financial records available, most businesses in Afghanistan do not maintain proper financial and other business-related records. This makes it challenging for ACE/ADF to analyze and determine the credit risk associated with their enterprises. ACE not only conducted credit analyses of its borrowers, but also provided crucial business and technical advisory services. Borrowers also received advice on production improvements and issues related to environment and hygiene. The cost of providing such advisory support was borne entirely by the project.

*NFIs' Collateral Challenges:* FIs are well-established and have assets they can pledge as collateral for ACE/ADF loans. ACE encountered challenges in lending to cooperatives and associations because some of them do not have collective assets that could be pledged as security for the loans. In Mazar-i-Sharif, the evaluation team learned that some of the organizations used titles belonging to key people within the cooperative/association to secure their facilities with ADF. The problem with this solution is that the person securing the debt on behalf of the cooperative can appropriate the loan or the bulk of it for his/her own use, and can also control and dictate which of the cooperative's members receives loans.

*Internal Cooperatives Management Issues:* A study on cooperatives in Africa found they are susceptible to being hijacked by a few powerful individuals and to political interference.<sup>6</sup> They can also be very undemocratic, with the same individuals being re-elected to certain positions. One NFI in Herat had re-elected the same chairperson for 15 years. According to information on the ACIDI/VOCA website on cooperatives and associations,<sup>7</sup> in some developing and transitional countries, cooperatives have also faced serious challenges due to mismanagement and misappropriations of members' funds.

In Herat, the evaluation team met with a poultry cooperative that had no members as out-growers or customers. This client had the benefit of borrowing at the rate of 5.5%, compared to the 8%-13% it would pay as an agribusiness. The evaluation team noted that in Bamyan ACE/ADF evolved a verification working arrangement through MAIL/DAIL to identify viable cooperatives and determine their status. There, cooperative officials are checked and cleared of any criminal practices by the police before ACE/ADF approves loans to them.

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<sup>6</sup> Cooperatives for African Development: Lessons from Experience, by Fredrick O. Wanyama

<sup>7</sup> <http://acdivoca.org/our-approach/cross-cutting-approaches/cooperative-and-association-development?>

*Large Structure Adopted from ACE:* As strictly a wholesaler, ACE would have established a small fund management structure. Working with NFIs and agribusinesses directly, however, required ACE to conduct more due diligence. Consequently, ACE had to develop an in-house capacity to seek out organizations, assess their creditworthiness, and determine their credit absorption capacity before lending to them. By its closure, ACE transitioned 63 former staff members to ADF as full-time employees. ADF has adopted a large structure from ACE and a large wage bill for an institution in its nascent stage. This will prove a big challenge as ADF strives for sustainability in the future.

### **3. INCLUSION OF WOMEN**

#### **a. Inclusion of Women Across all Components of the Project**

*Component 1:* Component 1 required ACE to create ADF as a wholesaler of credit. ADF could not force a gender agenda on its direct borrowers because credit is demand-driven, and access is based on the applicant's creditworthiness irrespective of gender. Given the well-documented challenges faced by Afghan women, ACE designers should have built into the project design a strategy to deliver credit to Afghan women. The gender analysis carried out in February 2012 paved the way for the establishment of a special financial product line, called *Zahra*, administered by OXUS Afghanistan. *Zahra* caters specifically to female farmers and agribusiness entrepreneurs who operate medium-scale enterprises, individually or in groups. Because the imperative to include women was introduced halfway into ACE's implementation, there was limited time to reach a large female population. The minimum lending limit of \$100,000 also virtually excluded women-owned organizations from directly participating in ACE/ADF borrowing.

A positive development since the gender analysis in 2012 has been the inclusion of women in the ADF High Council. The donor seat in the ADF credit committee currently held by USAID was initially filled by a woman, and currently the seat occupied by the private-sector finance expert is filled by a female professional. As far as staffing is concerned, however, the evaluation team did not meet any senior female former DAI/ACE staff, or a senior female staff member from the current crop of staff at ADF.

*Component 2:* Component 2 focused on providing technical assistance in agricultural modernization and value chain development. This component could have been used to identify and support more women-owned organizations through grants to give them skills to access loans directly. Over the life of ACE, the project undertook 211 pre-approval technical assessments and 133 post-disbursement technical reviews under this component. Of the 51 agricultural modernization grants awarded, only two were to women-owned organizations.

*Component 3:* ACE worked through MAIL's Directorate of Home Economics and the Office of the Deputy Minister of Agriculture to coordinate USAID's implementing partners' gender projects. In terms of capacity building, 161 (25%) of the 647 MAIL staff who received training sponsored by ACE were women. According to the farmers surveyed by the evaluation team, MAIL is not present on the ground, and is not providing services to farmers with small land holdings, whether male or female. Women farmers and traders can, however, benefit from the on-line PAYWAND database developed with support from ACE and hosted by MAIL. The Home Economics Directorate is also active in forming and supporting female cooperatives with capacity building; at the time of the evaluation, 64 female cooperatives were active, with membership varying from 11-100 members.

#### **b. Provision of Loans to Female Farmers and Agribusiness Owners**

*ADF:* As of February 2015, when ACE officially ended, it had approved only seven direct loans to six female-owned/-operated agribusinesses and to one NFI, all totaling \$1.37 million. Another loan is to a microfinance institution (MFI), OXUS Afghanistan, which gives loans to women. Women constitute only 2.7% of the ADF loan portfolio. By maintaining the high threshold of \$100,000 for all borrowers, ACE/ADF missed the opportunity to include more female borrowers in the project.

The key challenges preventing women from accessing ACE/ADF loans are: 1) women do not own businesses that can absorb loans that meet the \$100,000 minimum threshold under ACE; 2) Afghan women do not own assets that can be pledged as collateral, and those who do cannot pledge them without permission of male family members; 3) women are typically more risk-averse than men; 4) women lack the skills and confidence to apply for loans; and 5) women have little access to information on opportunities to borrow. When women have succeeded in borrowing, they at times tend to be a front for their husbands or male relatives, prompting ACE/ADF to closely monitor women-owned/-operated enterprises.

*Cooperatives, Associations, and Agribusinesses:* Since women do not own land, their participation in farm-related activities is indirect, either as providers of labor within the family unit or as hired labor. Women-owned intermediaries like Ghoryan Saffron Company, Afghan Woman Saffron Association, and Herat Saffron Woman's Association have 202 direct beneficiaries to whom they on-lend. To safeguard their resources, these women-owned NFIs need more training on how to manage the on-lending arrangements with their out growers/suppliers, how to assess farmers' ability to repay, and how to determine the amount of credit to advance them. Another challenge the evaluation team noted is that these associations do not seem to be genuine cooperatives/associations, as they are controlled by one principal agent/owner, who seems to have more rights of ownership than the rest of the members.

Microfinance Institutions: The evaluation team was informed that 30% of all OXUS Afghanistan's clients are women, and 206 direct clients had received loans under the *Zahra* project.<sup>8</sup> OXUS Afghanistan received an ADF challenge grant of \$300,000 (\$199,457 disbursed) to support the organization in the rolling out the *Zahra* product, including the establishment of an additional branch, which the evaluation team learned is already operational. Unfortunately, because women are indirect recipients of ADF loans through these intermediaries, they pay much higher interest rates than ADF's direct borrowers. OXUS charges women a rate of 1.5% per month.

In Mazar-i-Sharif, the evaluation team was told that *Zahra* has been so successful that OXUS is considering opening it up to men borrowers. ACE's strength in advancing gender equity lies in the creation of the *Zahra* loan product. The danger of opening it up to men is that women risk being sidelined. According to the Afghanistan Microfinance Association (AMA), the *Zahra* model has been well-received and is proving to be very popular with small-scale female farmers and agribusinesses. AMA suggested that the *Zahra* model be replicated to other willing NFIs in its network of 14 NFIs.

One lesson learned with the success of the *Zahra* product is that specialized operations, products, and distribution mechanisms are required to reach and retain certain target groups like women. In Afghanistan, adaptations of financial products are needed to comply with local culture and to gain acceptance by both male and female members of society.

### **c. Women as Employees of Agribusinesses**

The evaluation team observed during visits to borrower sites that women are actively engaged in food processing agribusinesses. Women are involved in dairy, biscuits and confectionaries, saffron, and dry fruits and nuts processing, in addition to in weaving and textiles. A good example is Herat Ice Cream, whose workforce is 70% women. Apparently, food processors prefer working with women because they are perceived to be cleaner, more careful, punctual, and have less absenteeism. Hiring women is also cheaper than hiring men. Any future US government support targeting agri-processing would inherently benefit women, as beneficiaries to the employment generated. ACE provided support to agri-businesses that employ women; for example, it helped the Gulgula Carpet Weavers Cooperative establish a daycare.

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<sup>8</sup> ACE Final Report Feb. 2015, p 57

#### **4. AVAILABILITY OF AGRICULTURAL CREDIT**

##### **a. Prior Sources of Informal Credit**

Informal sources of credit or finance are part of the Afghan way of life. Most of these are based on business relationships and built on trust and commitment as a way of managing risk and reducing transaction costs. Often, these relationships are initiated through referrals by family members, friends, religious leaders, and business associates, who are crucial in maintaining the relationship and ensuring repayment. These informal systems are preferred by many farmers and businesses, who find applying for a loan at a formal financial institution a daunting task. Most of these informal channels also offer them *Sharia*-based facilities with which they are familiar.

Informal credit can be in-kind, where a recipient such as a farmer receives credit in the form of fertilizer, seeds, pesticides, farm machinery and equipment, etc. from input suppliers, storekeepers, traders, and processors. Such advances are recovered at harvest and repaid either in the form of cash or produce. The in-cash credit is received from family members, friends, traders, and money lenders. Investment capital comes from business owners, family, and friends. In FGDs participants could not state the cost of such borrowings. Unsubstantiated sources, however, indicate that informal money lenders charge exorbitant interest rates as high as 140% per annum.

Other sources of informal credit include the government, NGOs, and donor grants that inject massive cash and in-kind support into the economy to satisfy the value chain demand for investment and working capital. The ACE-approved challenge and innovation grants totaling \$3,578,665 are a form of informal credit used to support the modernization of the agricultural sector value chains. Effectively, all forms of grants provided by USAID projects are informal sources of credits entering the economy.

##### **b. Prior Sources of Formal Agricultural Credit**

From 1954 until its liquidation in 2006, the Agricultural Development Bank (ADB) was the major source of agricultural credit in Afghanistan. At its peak, it is estimated that the bank had over 100,000 accounts and a network of branches across the country serving all levels of farmers and agribusinesses. Total credit in the banking sector declined from \$1.55 billion to \$831 million over the ACE project period of 2010-2014. Agricultural credit remained low throughout the period, averaging about 2% of total credit. Table 10 shows commercial banks' lending to the agricultural sector over the five years that ACE was in operation.

**Table 10: Commercial Bank Loans to Agricultural Sector (in \$ million)**

Types of Loans	Dec.2010	Dec.2011	Dec.2012	Dec.2013	Dec.2014
Agriculture Loans	10	14	22	22	19
All other Loans	1,551.71	761.05	787.63	881.18	811.99
Total Loans	1,562	775	809	903	831
Agriculture Loans % age of total loans	0.67	1.80	2.66	2.38	2.34

Source: Da Afghanistan Bank

Other sources of formal agricultural credit include USAID projects, such as the \$60.5 million World Council of Credit Unions (WOCCU), which created 30 credit unions and distributed loans worth \$21 million to approximately 8,000 farmers and other small- and medium-scale business owners. Of the 62 direct borrowers surveyed by the evaluation, only five confirmed having borrowed prior to the ACE project.

### c. Improvement in the Availability of Agricultural Credit

At the time of this evaluation, ADF seems to be the major provider of formal agricultural credit in the country. By maintaining a 95% recovery rate, ACE/ADF has had a demonstrative effect, with the evaluation team receiving word that more FIs/MFIs are now expressing interest in working with ADF. As of September 2014, AMA-MFI members had 168,809 (40%) of their total borrowers in the agricultural sector. By its closure, the ACE project had approved 234 loans with a total value of \$105.9 million, of which \$60.7 million has been disbursed. The project has directly benefited 31,013 farmers and another 158,357 farmers indirectly, and was operational in 33 of the 34 provinces of the country. Through ACE/ADF activities, MFIs, agribusiness, NFIs, and small-scale farmers now have access to agricultural credit at reasonable rates (5-13%), lower than what is offered by commercial banks or availed through the informal money-lending channels.

### d. Challenges and Constraints to the Availability of Agricultural Credit:

*Low Demand for Formal Credit:* Formal agricultural credit has been lacking in the Afghan financial market since the demise of the ADB. Most people are accustomed to using informal credit channels, and according to WOCCU the majority of the Afghan people are unbanked. Low demand for credit is also associated with lack of access, as there are not enough institutions providing credit; and where credit is available, it is often expensive. Low levels of education also make people fearful of the application process at formal institutions. Although ACE was an attempt to offer Afghans access to affordable loans compliant with Islamic law, stimulating real demand remains a challenge. The results of earlier campaigns by ACE do not seem to have generated the intended effect, given the size of ACE/ADF portfolio in places like Nangarhar, which had only 11 borrowers. Most loans during the ACE's early implementation stage seem to have been supply-driven.

*ADF's Legal Status:* ADF operates as a non-bank financial intermediary (NBFI) established in 2012 under a Presidential Decree, guided by a set of bylaws approved by the Cabinet of Ministers, and governed by the High Council. At the time of the evaluation, the legal status of ADF was still being debated. Related to its legal status is determination if ACE/ADF is liable to pay taxes or not. The evaluation team learned that one of ADF's partners was accused of failing to pay withholding tax on interest paid to ADF, which delayed issuance of its license. Some of the 19 loans valued at \$2,378,640, categorized as written-off, were contracted during the earlier period of ACE before its current legal status was established. Disbursing loans without registering its legal status was not a good practice, as it left the project exposed to default with no recourse.

*Registration of Collateral:* In all regions visited, the evaluation team heard challenges that ACE/ADF borrowers face in the process of registering titles to secure loans. In Herat, the evaluation team found that less than 5% of the property owners had *Sharia* titles. A long and expensive title registration process discourages many from borrowing, limiting the ability of ACE/ADF to generate new loans and to disburse. Many key informants interviewed by the evaluation team suggested that ADF should explore alternative ways of securing loans to sidestep the long and expensive title registration process. The USAID-funded Financial Access for Investment in the Development of Afghanistan (FAIDA) project has been working on developing alternative types of collateral, including registering "chattels mortgage" on machinery and equipment, which can be explored further.

*Sharia-Compliant versus Conventional Loans:* The evaluation team found that most *Sharia* borrowers prefer to receive their loans in-kind, in adherence with *Sharia* practices. Most borrowers interviewed were of the view that the ACE/ADF *Sharia* loans were not fully *Sharia*-compliant because they charged interest. Consequently, some respondents indicated they would not borrow from ADF again. This poses a big challenge in the application of *Sharia* loan products. The evaluation team met with two members of the ADF *Sharia* Board, who affirmed that the ACE/ADF *Sharia* loan products were verified by top scholars and were genuinely *Sharia*-compliant. The issue according to them is that every Islamic school of thought has its own interpretation of what was a *Sharia* loan product should look like.

*Loan Agreements Not Well Understood:* Some of the respondents to the evaluation questionnaires did not know the type of loan they had contracted with ACE/ADF. Some borrowers interviewed claimed that the loan agreements they had signed with ACE/ADF were in English, hence they did not understand the contents, especially on issues of interest and Islamic lending.

*Staff Orientation Challenges:* Although the former DAI/ACE staff underwent a lot of training in preparation for the transition to ADF, some staff, especially in the regions, still seem to be operating under the project mode. This is especially true in the use of grants as a way of bringing in new business. There is need to re-orient the thinking of former DAI/ACE staff about ADF's role and future as a market-oriented, commercial entity striving for profitability and sustainability. Developing a good market-driven credit culture will make ADF attractive to prospective investors.

*Dealing with Defaulters:* The evaluation team noted a deliberate refusal by some defaulters to pay ACE/ADF loans. A wool factory owner in Mazar-i-Sharif claimed he is not ready to pay the balance of \$500,000 on the ACE loan, as his business closed due to the import of cheap sub-standard wool yarn from neighboring countries. An edible oil factory owner, also in Mazar-i-Sharif, claimed he is unable to repay ACE because of the effects of a drought in 2014.

## 5. BUSINESS PROFITABILITY AND CONTRIBUTION TO THE AGRICULTURAL ECONOMY

### a. Improvement in the Profitability of ACE/ADF Borrowers

Of the 62 direct borrowers surveyed, 48 mentioned increases in profits ranging between 2% and 433%, due to the ACE/ADF loan. Of the 17 borrowers surveyed in Balkh, only five responded to the profitability question, while in Bamyan all 12 responded. Herat borrowers reported an average of 5% to 7% profit increases, even for large companies. Overall, eight direct borrowers (six agribusinesses and two NFIs) reported 100% increase in profits. Kabul respondents indicated steady business success, with 18% to 200% increase in profits. Agribusinesses reported the largest variability in profitability, with Javed Afghanistan Wheat Threshers recording the highest growth in profitability, 433%. Table 11 shows profitability as reported by the 62 ACE/ADF direct borrowers by type of borrower and region.

**Table 11: Direct Borrowers' Percent Increase in Profits**

Type of Borrower	0-10%	10-25%	25 -50%	50-75%	100% +	No Response	Total
Agribusiness	6	7	4	3	6	14	40
Financial Intermediary	0	0	0	0	0	1	1
Non-financial Intermediary	2	2	10	4	2	1	21
<b>Total</b>	<b>8</b>	<b>9</b>	<b>14</b>	<b>7</b>	<b>8</b>	<b>16</b>	<b>62</b>

*Sources: Evaluation Questionnaires*

### b. Contribution to a Sustainable and Thriving Agricultural Economy

ACE's greatest contribution to a thriving agricultural economy has been making a sustainable source of affordable credit available to the agricultural sector. In the absence of FIs willing to lend to the sector, NFIs and some agribusinesses who worked with ACE supported farmers with

loans, either in cash or in-kind, to produce crops and goods destined for the local and/or export markets. ACE support has enabled agribusinesses and farmers to venture into niche markets offered by saffron, cucumber, tomato packaging, corn production, honey, etc. In cases where produce was refined, additional value chain gains benefited local and export markets. This held true for wheat, tomato, oil seeds, cotton, and dried fruit and nut production.

Thousands of small-scale farmers received quality inputs that enabled them to increase outputs, either by cultivating more land or introducing new crops. Out of 101 end borrowers surveyed, the majority (71) reported yield increases ranging from 30% to 100%. Eighty end borrowers said that they made more income and 88 agreed their business became more profitable after receiving the loan. Looking at the results of these three questions from the end-borrowers survey shows a positive upward trend in the general improvement in welfare of the respondents. Table 13 shows that small-scale farmers, of the 101 end borrowers surveyed, reported increased yields, incomes, and profitability of their farming activities, by region.

**Table 12: Effect of ACE/ADF Loans to End Borrowers by Yield, Income, and Profitability**

<b>Evaluation Questions</b>	<b>Balkh</b>	<b>Bamyan</b>	<b>Herat</b>	<b>Kabul</b>	<b>Nangarhar</b>	<b>Total Respondents</b>
<b>Farmers with Increased Yield</b>	16	16	24	13	2	71
<b>Farmers with More Income</b>	21	15	27	11	6	80
<b>Farmers with Higher Profitability</b>	22	16	32	11	7	88

Source: Evaluation Questionnaires

### **C. Issues and Challenges to a sustainable and thriving agricultural economy:**

*Dumping of Cheap, Low-Quality Goods:* Despite the above-cited successes, ACE/ADF borrowers have to deal with business malpractices from unregulated market forces in and outside Afghanistan. Borrowers cited instances of forces outside Afghanistan closely monitoring Afghanistan’s agribusiness production cycles and subsequently dumping cheap goods, resulting in heavy financial losses to Afghan producers. Industries affected include poultry, livestock, wheat, cotton, oil-seeds, fruit and vegetables, wool for carpet manufacturing, and dairy products. During a visit to one of the wheat mills, the evaluation team was informed that, at the time, six of the seven wheat flour mills in Kabul were closed due to an influx of cheap wheat flour from a neighboring country. Even the saffron sector is not spared from the dumping of low-quality produce from neighboring countries.

*Low Quality and Untimely Availability of Farm Inputs:* The evaluation team was informed that at times rogue elements artificially limit the import of good-quality, critical inputs in order to supply low-quality substitutes to unsuspecting farmers. Poultry farmers in all provinces visited seem to be hit the hardest by the import of poor-quality poultry inputs. Informants at MAIL reported that laws controlling imports exist, but the ministry lacks the capacity to enforce them.

*Marketing Challenges:* The evaluation team noted the need for proper marketing plans and strategies among some of the ACE/ADF borrowers. At Rabia Mariam Handcrafts, the team was informed that the company has no market for its silk scarfs with the departure of the expatriate community. The dairy production side of Nangarhar Training Centre business has faced a similar fate. Sadeq Hamid Badghisi Ltd is selling bulk to India at low prices for further cleaning, and then repackaging the dry food and nuts to export at higher prices.

*Export Standards & Standardization:* The evaluation team observed during visits to some companies that they did not conform to Hazardous Analysis of Critical Control Points (HACCP), and do not meet the strict hygienic conditions demanded by international buyers. Consequently, Afghan produce in foreign markets has to undergo additional processing. The evaluation team observed bulk packaging of Afghan saffron sold to foreign buyers, who then refine, repackage, and sell it under their own internationally-registered brand names. This represents a missed business opportunity for Afghan suppliers.

*Lack of Extension Services:* Agricultural field extension was demanded by farmers interviewed throughout the regions visited. Farmers indicated they do not receive agricultural know-how through MAIL/DAIL channels. Occasionally, farmers receive crop-specific field extension through private agribusiness operators who subcontract farmers on specific crops. Some crops are “newly” introduced to farmers who have not cultivated them before, e.g., corn. Lack of proper extension services prevents farmers from achieving high yields and sales, and consequently their ability to repay loans.

*Timeliness of ACE Loan Release:* The evaluation questionnaire asked participants to indicate the amount of time it took to receive the ACE/ADF loan. The majority of the end borrowers, 56 of the 101, received their loans within one month of application. The direct borrowers’ process, however, seems to take long, and ranges from one month to two years. Partly, this is related to the long process for the borrower to complete collateral documents. The cyclical nature of agriculture makes timeliness of loan release critical to the success of the farming enterprise being undertaken.

#### **IV. CONCLUSIONS**

The ACE project successfully revived the formal agricultural credit market in Afghanistan, which had been dormant since the demise of the Agricultural Development Bank in 2006. The project was able to overcome obstacles arising from a lack of formal financial intermediaries willing to retail credit to the agricultural value chain. Through non-financial intermediaries such as associations and agribusinesses, ACE rolled out credit worth \$105.9 million, directly to 31,013 farmers and indirectly to another 158,357 farmers, in 33 of the 34 provinces of the country. ACE achieved a 95% plus recovery rate.

By taking on the challenge, ACE has had a demonstrative effect on FIs in Afghanistan, as seen by number of microfinance institutions venturing into agricultural credit over the past three years. ACE was also successful in embracing and overcoming cultural and religious challenges to credit by developing *Sharia*-compliant loan products, and products specifically targeting women in Afghanistan, namely *Zahra*.

Working directly with NFIs and agribusinesses instead of wholesaling credit through FIs was associated with challenges, but it also forced ACE to devise mechanisms for upgrading these organizations and making them more efficient. Rural households now have access to agricultural credit, which has contributed to increased productivity, higher incomes, and the modernization of farming operations. However, constraints related to weak production practices; poor access to markets; lack of law enforcement against counterfeit and/or substandard inputs and unlawful cross-border dumping; the absence of long-term investments; and challenges to commercial and market-oriented participation in the global economy remain

The future viability of ADF also rests on how its legal status is defined, as either an independent fund or a governmental entity. Additionally, future USAID interventions need to be harmonized to avoid competing with and undermining clientele willingness to look beyond grants. Grants are suitable to address those aspects that do not compete with ADF’s core business of lending. In addition, future cooperation is needed for the ADF to look beyond ACE activities and to be streamlined along private enterprise best practices, working for profit and sustainability while lending to agricultural sector.

## V. RECOMMENDATIONS

Based on the findings of the ACE performance evaluation, the following recommendations are proposed:

	<b>RECOMMENDED ACTION</b>	<b>BY</b>
	<b>MODERNIZATION OF AGRICULTURE AND EFFECTS ON JOBS AND INCOME</b>	
<b>1</b>	Consider disengaging the grant support component from ADF’s core loaning business to avoid creating confusion amongst its clients. (Chap. III, Section E)	<b>ADF/ MAIL</b>
<b>2</b>	Grants should not be used where ADF can give loans, but be used to complement its work through capacity support. (Chap. III, Section E )	<b>ADF</b>
<b>3</b>	Use grants as a one-off strategy to enable the recipient graduate towards economic sustainability. Hence, avoid recycling grant recipients across USAID projects in order to broaden the scope of US government support and impact. (Chap. III, Section. E)	<b>USAID/ IPS</b>

<b>4</b>	Where grants support is provided, ensure their timely delivery to maximize their utility and benefit to the recipient. (Chap. III, Section. E)	<b>ADF</b>
<b>5</b>	Provide farmers, as requested, with extension services to modernize their agricultural enterprises. (Chap. III, Section F)	<b>MAIL</b>
<b>6</b>	As part of its due diligence and to ensure the success of its lending, ADF may wish to ensure that borrowers are well-versed and experienced in the business in which they are engaged. (Chap. III, Section F)	<b>ADF</b>
<b>7</b>	Explore and grow the range and capacity of intermediaries able to deliver credit in-cash or in-kind to the agricultural sector.	<b>USAID/ ADF</b>
<b>8</b>	Create sustainability in the effect of the Credit Management Units' capacity building by attaching counterpart staff from within the organization to manage future repeat borrowings.	<b>ADF</b>
<b>EFFICIENCY OF THE NFI APPROACH</b>		
<b>1</b>	To scale agricultural credit uptake, future US government efforts should support ADF in the identification of viable NFIs with capacity to intermediate agricultural credit effectively and on a large scale.	<b>USAID/ MAIL/ ADF</b>
<b>2</b>	For now, ADF may be better off remaining at the \$100,000 limit and exploring opportunities of working with more financial intermediaries to wholesale credit.	<b>ADF</b>
<b>3</b>	Consider contracting out auxiliary services offered to borrowers or entering into some kind of cost-sharing arrangement with borrowers by way of a direct fee or as part of the loan (e.g., service fee).	<b>ADF</b>
<b>4</b>	Finalize the position and skills assessment exercise to determine if all the DAI/ACE transitioned staff are required and act accordingly.	<b>ADF/M AIL</b>
<b>5</b>	Explore the diversity of culturally- and religiously-acceptable loan mechanisms and design appropriate loan products for the future.	<b>ADF</b>
<b>6</b>	Intensify awareness campaigns to market ADF and the acceptability of <i>Sharia</i> -compliant loan products. Engage with religious leaders whose opinion is respected.	<b>ADF</b>
<b>INCLUSION OF WOMEN</b>		
<b>1</b>	Identify and support promising women-owned businesses and NFIs that support women in order address any challenges and constraints they face and expand opportunities for women.	<b>USAID/ ADF</b>
<b>2</b>	As an affirmative action, adjust the minimum lending limit specifically for women from the current \$100,000 to a lower limit, as appropriate.	<b>ADF</b>
<b>3</b>	Consider the possibility of expanding the <i>Zahra</i> loan product to other MFIs, and opening it up to include women-operated businesses in other sectors.	<b>ADF</b>
<b>4</b>	Tap into the work of the MAIL Directorate of Home Economics as well as other women's organizations to identify more women for capacity building and link them to financial services such as <i>Zahra</i>	<b>USAID/ ADF</b>

<b>5</b>	As a way of empowering women, use future support to promote corporate social responsibility in agri-processing businesses that employ more women.	<b>USAID</b>
<b>AVAILABILITY OF AGRICULTURAL CREDIT</b>		
<b>1</b>	Set the pace in agricultural credit innovations and demonstrate to FIs in Afghanistan that they can build a viable and profitable portfolio working with the agricultural value chain.	<b>ADF</b>
<b>2</b>	Embark on an aggressive awareness-building campaign to further stimulate demand for agricultural credit.	<b>ADF/ MAIL</b>
<b>3</b>	Finalize the issues related to ADF's legal status with experts well-versed with the Afghanistan legal system and its non-banking financial intermediary status as it relates to tax issues with partner FIs/MFIs.	<b>MAIL/ USAID</b>
<b>4</b>	Where there is deliberate default on loans, blacklist defaulting borrowers, and deny them all opportunities to benefit from other donor projects in future.	<b>USAID, ADF &amp; MAIL</b>
<b>5</b>	As the owners of ADF, MAIL should use its authority in ensuring that loan default is minimized.	<b>MAIL</b>
<b>BUSINESS PROFITABILITY AND CONTRIBUTION TO THE AGRICULTURAL ECONOMY</b>		
<b>2</b>	Train and sensitize farmers on the need to select and use good-quality inputs as a way of dealing with influx of low-quality inputs from neighboring countries.	<b>MAIL</b>
<b>3</b>	Ensure loans are released in a timely manner, taking into consideration the cyclical nature of agriculture production.	<b>ADF</b>
<b>4</b>	Consider supporting more food safety trainings to encourage food producers, processors and exporters to meet international standards.	<b>USAID</b>
<b>5</b>	Support Afghan businesses with trainings on how to handle international business transactions to safeguard their business interests.	<b>USAID/ ADF</b>

## VI. ANNEXES

### 1. SCOPE OF WORK

**Office of Agriculture (OAG)  
OFFICE OF PROGRAM AND PROJECT DEVELOPMENT (OPPD)**

**STATEMENT OF WORK:  
PERFORMANCE EVALUATION**

**Agriculture Credit Enhancement (ACE)**

**Task Order No, EDH-I-14-05-00004-00**

#### I. PROGRAM INFORMATION

<b>Program/Project Name:</b>	Agriculture Credit Enhancement (ACE)
<b>Contractor:</b>	Development Alternatives, Inc. (DAI)
<b>Contract #:</b>	Task Order No. EDH-I-14-05-00004-00
<b>Total Estimated Cost:</b>	
<b>Life of Program/Project:</b>	July 2010 – January 2015
<b>Active Provinces:</b>	Nationwide
<b>Mission Development Objective (DO):</b>	DO1: Sustainable, Agricultural-led Economic Growth Expanded
<b>Linkage to Standard Program Structure (SPS):</b>	4.5.2 Agriculture Sector Capacity
<b>Required?</b>	Required - large project
<b>Public or Internal:</b>	Public

#### II. INTRODUCTION

USAID/Afghanistan's Office of Agriculture (OAG) intends to conduct a performance evaluation, as defined by USAID's Evaluation Policy<sup>9</sup>, of the Agriculture Credit

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<sup>9</sup>USAID Evaluation Policy, January 2011. The evaluation team will reference USAID's definition of "Performance Evaluation" contained in the Evaluation Policy (<http://www.usaid.gov/evaluation>) to ensure a common understanding of USAID's expectations. The evaluation team will be familiar with and follow the Evaluation Policy to conduct an objective performance evaluation.

Enhancement (ACE) Program, implemented by the Development Alternatives, Inc. (DAI). ACE is tasked to establish and manage the Agriculture Development Fund (ADF) a lending institution working closely with the Ministry of Agriculture, Irrigation, and Livestock (MAIL) to lend to financial and non-financial intermediaries and agribusinesses in agriculture. The project started on July 18, 2010 and is scheduled to conclude on Jan 15, 2015. ACE/ADF has a cumulative budget of \$150 million. It is anticipated that a follow-on activity, ACE-II, will be initiated and serve to further assist MAIL in the transition of the ADF into an independent agriculture finance institution and support the ADF in developing and implementing innovative strategies to engage more Afghan financial intermediaries in agricultural lending.

USAID's Evaluation Policy encourages independent external evaluation to increase accountability and to inform program management, development strategy, and resource allocation. In keeping with this aim, this evaluation will be conducted to review and evaluate the performance of the USAID-funded ACE project activities. The evaluation will focus on assessing the program's performance between 2010 and now, in achieving its program goal, objectives, and results.

### **III. BACKGROUND**

The agriculture sector is a main sector in Afghanistan, contributing 20 percent to the licit GDP and employing roughly three-quarters of the population. The Government of the Islamic Republic of Afghanistan (GIRoA) and donor agencies alike recognize that strengthening and bolstering the agriculture sector is critical to economic expansion and poverty reduction in the country. Moreover, for the agricultural sector to thrive, it is dependent in part on the success of a critical target group of small commercial farmers (1-30 hectares).

Small commercial farmers are constrained by, amongst others, a lack of credit, weak production practices and poor access to markets. Each of these constraints must be addressed collectively since the provision of credit alone will not be sufficient to access new market opportunities. USAID/Afghanistan therefore designed the ACE program in order to provide a holistic approach to these challenges.

USAID's Office of Agriculture launched the ACE program in July 2010, in line with the USAID/Afghanistan country strategy to promote long-term agricultural development and alternative livelihoods for farmers that will lead to "a sustainable, thriving agricultural economy". The program focuses on three complementary components: (1) the establishment and management of the agriculture development fund (ADF) as an agriculture lending institution providing loans to financial and non-financial intermediaries and agribusinesses; (2) technical assistance in agriculture modernization and value chain development; and (3) support to the Ministry of Agriculture, Irrigation and Livestock (MAIL) in coordinating donor agricultural-related initiatives and knowledge management for the agriculture sector. Through these activities, ACE aims to increase agricultural sector jobs, agricultural productivity by increasing farmer's access

to inputs, and income generation by increasing linkages between farmers, agribusinesses, markets, and credit and trade corridors.

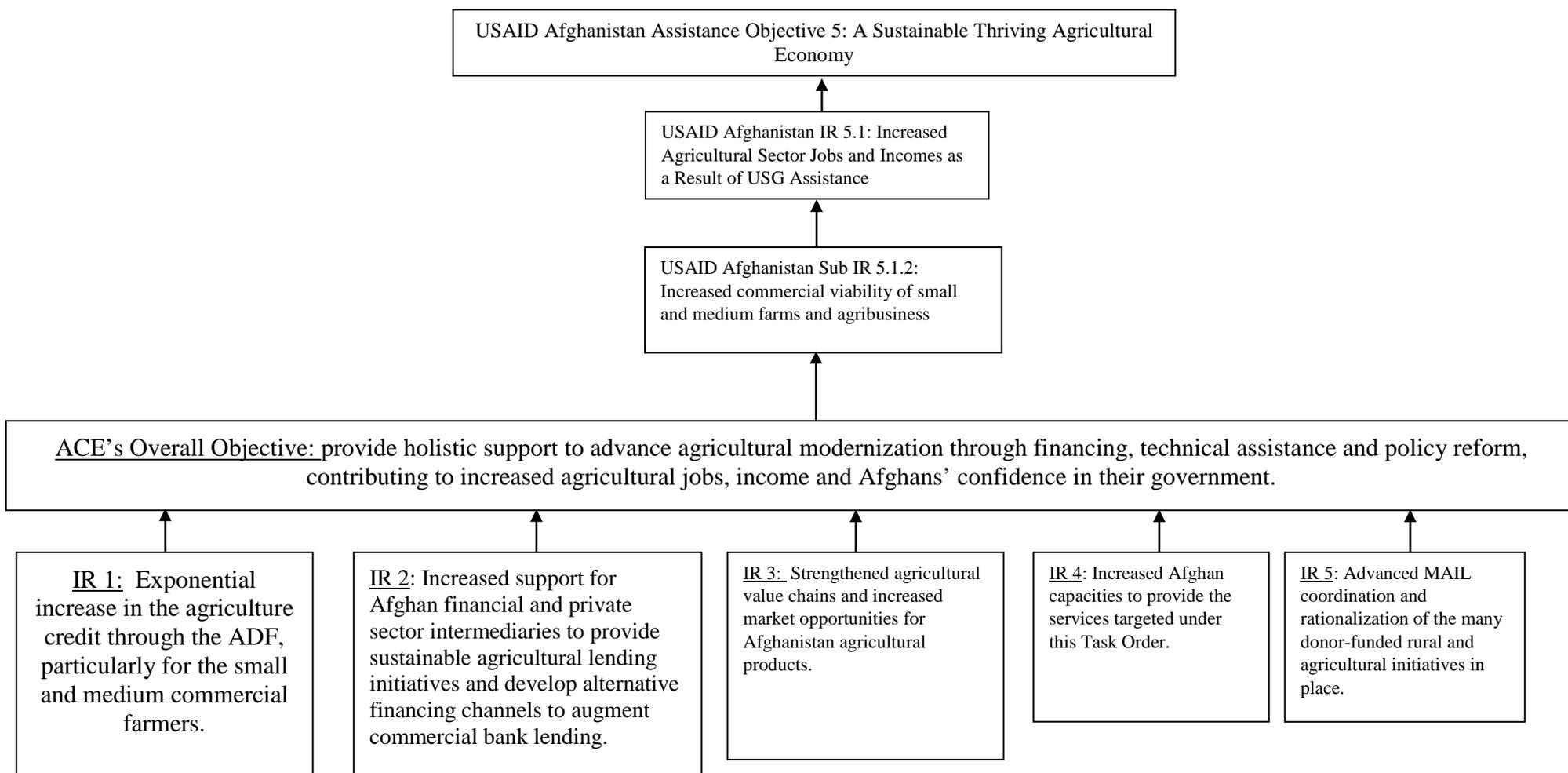
ACE has reported the following key accomplishments:

- Maintained a loan portfolio of \$101.2 million in approved loans, of which \$55.8 million was disbursed to over 29,000 direct farmers, with a default rate of 3.58 percent.
- Established the High Council as the highest decision making body of the ADF – the High Council is fully functional and is providing strategic guidance to the institution.
- Working to build female clientele. With technical support from ACE, ADF has thus far provided commercial loans to eight women-owned enterprises worth over \$1.8 million in Herat, Kabul, Balkh, Takhar, and Bamyan provinces. The Zahra program is a Sharia compliant financial product catering for female farmers and agribusiness entrepreneurs.
- ACE launched the Knowledge Management Facility-PAYWAND system, an agricultural data repository that provides timely information on agricultural commodity prices and markets within and outside Afghanistan and trade flows of agricultural and reports on agricultural markets prepared by various sources. PAYWAND has been transitioned to MAIL. To ensure the sustainability of the PAYWAND operations and prepare for the transition, ACE trained MAIL/MIS staff in database management, data analysis, report writing and agricultural data collection and organized a field visit to Ghana where MAIL key personnel had the opportunity to gain insight on other advanced market information systems in Africa.

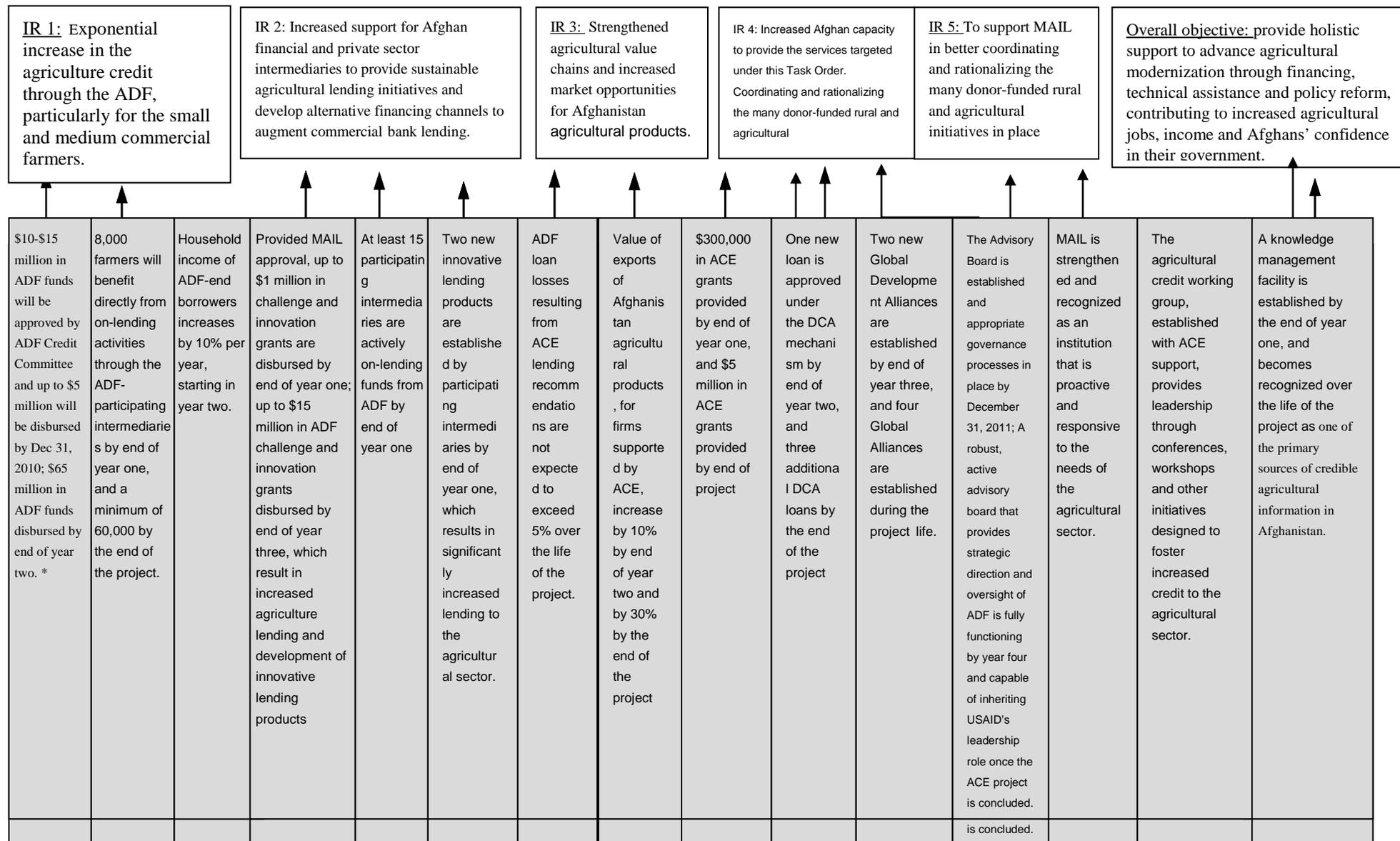
#### **IV. PROJECT GOALS AND OBJECTIVES**

ACE and ADF aims to facilitate rapid disbursement of loans along the agricultural value chain, build the capacity of formal and informal financial intermediaries to deliver agricultural credit to farmers, contribute to the development of a high-value agricultural sector, and build confidence in the government’s legitimacy, thereby enhancing overall stability in Afghan society (see figure 1 ACE Results Framework and figure 2 Intermediary results). The overall objective is to provide holistic support to advance agricultural modernization through financing, technical assistance, and policy reform, contributing to increased agricultural jobs, income and Afghans confidence in their government.

**Figure 1: ACE Results Framework**



**Figure 2: Intermediate Results (IRs)**





## **V. PURPOSE OF THE EVALUATION**

The purpose of this Performance Evaluation is to provide an independent assessment of ACE's progress towards its stated objectives with a view to obtaining key lessons and providing specific recommendations that will inform the project design for future phases (ACE-II). The evaluation will provide important feedback on strengths and weaknesses of the project, actionable items for USAID, as well as lessons learned for the donor community and GIRA. Future programming will have similar goals as ACE, though changes in loan size, target population, geography, and other variables may change. This evaluation should provide clear guidance on successes, failures, or missed opportunities which could provide opportunities for improvement. Specific attention should be given to implementation methodology, borrowing population, loan size, and sustainability of results.

## **VI. EVALUATION QUESTIONS**

The following questions are listed in the order of priority:

6. To what extent have the borrowers' uses of the loans and grants contributed to the overall objective of the project, having the loans contributing and promoting the modernization of agriculture, increasing agricultural-related jobs and/or increasing household income?
7. Has the approach and implementation of ADF's lending practices through non-financial intermediaries such as agricultural cooperatives, associations and agribusinesses, instead of just financial intermediaries been efficient?
8. How has the program managed to include women across all components of the project, both in the establishment of the fund and the provision of loans to farmers and agribusinesses?
9. How has the availability of agricultural credit improved as a result of ACE's activities? Consider prior existing sources of credit, both formal and informal.
10. How has ACE's interventions with participating intermediaries improved the profitability of their businesses and contributed to a sustainable and thriving agricultural economy?

## **VII. EVALUATION METHODOLOGY**

The evaluation team will be responsible for developing an evaluation methodology that includes a mix of qualitative and quantitative data collection and analysis approaches. The methodology will be presented as part of the draft work plan as outlined in the deliverables below and included in the final report. The evaluation team will have available for their analysis a variety of program implementation documents, and reports. Methodology strengths and weaknesses should be identified as well as measures taken to address those weaknesses. Evaluation questions should be addressed geographically and gender disaggregated where possible. Geographic differences in successes and failures should be noted. The evaluation design and methodology will be critically evaluated against the 'purpose of the evaluation' – most importantly its ability to provide actionable guidance to USAID for current and future programming.

The suggested methodology might include partner and key stakeholder interviews, focus group discussions, expert consultations, surveys/questionnaires and direct observation. The design and methodology should not be finalized until the team has an opportunity to gather detailed information and discuss final issues with USAID. The selection of the design and data collection methods must be a function of the type of evaluation and the level of statistical and quantitative data confidence needed.

Suggested data collection and analysis methods are given below. The evaluation team should suggest methods which most rigorously and effectively answer the evaluation questions, given the time and budget constraints set forth in this SOW. The final evaluation design and methodology must be approved by USAID/Afghanistan prior to the start of the evaluation.

**Table: Evaluation Design Methodology**

<b>Questions</b>	<b><i>Suggested Data Sources</i></b>	<b><i>Suggested Data Collection Methods</i></b>	<b>Data Analysis Methods</b>
<b>1.</b> To what extent have the borrowers' uses of the loans and grants contributed to the overall objective of the project (e.g. have the loans contributed to the modernization of agriculture, increasingly agricultural jobs and/or increasing household income)?	Project documents, project stakeholders and staff, experts' knowledge	Key informant interviews (project staff, government official, other stakeholders), Focus group discussions, expert interviews	TBD by evaluation team  Disaggregation by sex, location
<b>2.</b> Has the approach and implementation of ADF lending practices (i.e. through non-financial intermediaries such as agricultural cooperatives, associations and agribusinesses, instead of just financial intermediaries) been efficient?	Project documents, Project staff and stakeholders	Key informant interviews (project staff, government officials, other stakeholders), expert interviews	TBD by evaluation team  Disaggregation by location
<b>3.</b> How has the program managed to include women across all components of the project, both in the establishment of the fund and the provision of loans to farmers and agribusinesses?	Project documents, Project staff and stakeholders	Key informant interviews (project staff, stakeholders), focus group discussions	TBD by evaluation team  Disaggregation by location
<b>4.</b> How has the availability of agricultural credit improved as a result of ACE activities? Consider prior existing sources of credit, both formal and informal	Project documents, project staff, beneficiaries	Desk review, key informant interviews (project staff, experts, other	TBD by evaluation team  Disaggregation by location

		stakeholders)	
5. How has ACE's interventions with participating intermediaries improved the profitability of their businesses and contributed to a sustainable and thriving agricultural economy?	Staff, Stakeholders, experts	Key informant interviews (project staff, stakeholders), expert interviews	TBD by evaluation team

## VIII. EXISTING PERFORMANCE INFORMATION SOURCES

The Contracting Officer Representative (COR) will assist the evaluation team to identify the existence and availability of relevant performance information sources, such as performance monitoring systems and/or previous evaluation reports. A summary of the type of data available, the timeframe, and an indication of their quality and reliability will be provided by the COR to help the evaluation team to build on what is already available. A list of potential documents and data for the evaluators to review is presented below.

- a) Statement of Work and Modifications
- b) Work Plan
- c) Quarterly Reports
- d) Annual Reports
- e) PMP and other M&E documents
- f) Project performance data
- g) Project-generated assessments
- h) Relevant external evaluations from other sources (e.g., other donors)
- i) GIRoA performance data (if available)

## IX. EVALUATION TEAM COMPOSITION

USAID/Afghanistan recommends that the evaluation team consist of an expatriate team leader, and one expatriate technical specialist. one Afghan consultant are also required. The team leader will be responsible for coordinating with USAID and should have expert credentials in evaluation design and methods, as well as a Master's degree or PhD in agricultural value chain development, international development, or a related discipline. The team leader must also have strong team management skills, excellent written and spoken English skills and preferably have experience with USAID evaluations and with working in Afghanistan.

The expatriate technical specialist should possess at least a Master's degree in agriculture, international development or related discipline. Preferably, s/he should have experience in agricultural credit and agribusiness management. Afghan expert should have experience with monitoring and evaluation and agribusiness background and be proficient in English and Dari or Pashto. A statement of potential bias or conflict of interest (or lack thereof) is required of each team member. All team members should be familiar with USAID Evaluation Policy.

## **X. CAPACITY BUILDING OF LOCAL NATIONALS IN EVALUATION**

SUPPORT II continues to build the capacity of local national consultants to expert levels. It does this by identifying a number of elite-level national consultants and engaging them regularly in evaluations for their sector of expertise. In addition, as can be seen in the LOE tables above, the local national is involved at every stage of the evaluation and in equal proportions to the foreign nationals. Team Leader time is specifically set aside for the mentoring of the local national consultant. The profiles of the local nationals below are indicative of the candidates being considered for SUPPORT II. Both of whom may eventually have the capacity to lead evaluation teams.

Dr. K. is a qualified Afghan Consultant in agriculture, and has worked on a previous SUPPORT II project where he was highly recommended by his supervisors. Inviting him to be part of future SUPPORT II projects, further develops his capacity in his sector of expertise.

Mr. S., has managed the monitoring of more than USD100m of small grants for a national donor, including the development of evaluation reports. Therefore, he is a qualified Afghan who will benefit from working on SUPPORT II evaluations, enhancing his overall M&E capacity in the finance and micro-credit space.

SUPPORT II will also, in this evaluation, improve the capacity of M&E professionals in the Government of the Islamic Republic of Afghanistan. SUPPORT II will integrate into the team, up to two Ministry of the Economy M&E Specialists deemed qualified to job-shadow selected evaluation team members at the appropriate stages of the evaluation.

## **XI. EVALUATION SCHEDULE**

The estimated time period for undertaking this evaluation with a team of 2 consultants. The team leader will have 71 working days and technical specialist have 69 working days, of which at least 67 days for team leader and 65 days for technical specialist should be spent in Afghanistan. The ideal arrival time is beginning February, 2015, however, the arrival date will be finalized between USAID and the organization conducting the evaluation. The project also have one Afghan consultant who is going to be employed for 59 days.

The evaluation team is required to work six days a week. The team is expected to travel to selected provinces in each region where program activities are being implemented, namely Kabul, Nangarhar, Mazar, Herat and Bamyan if the weather allows. At least 20 percent of the consultants' time will be spent outside Kabul to conduct interviews with municipal officials, project staff, government officials, and the public. The evaluation team will prepare an exit briefing and presentation of the findings, which it will be delivered to USAID staff before the consultants depart Afghanistan.

**Table: Sample Level of Effort (LOE) in Days**

<i>Activity</i>	<b>Expat Team Leader</b>	<b>Technical specialist (Expat)</b>	<b>National consultant</b>	<b>Total Days</b>
Document review, work plan, draft questions, data analysis plan, suggested list of interviewees, finalized questions for the survey	5	5	5	15
Travel to/from Afghanistan	4	4		8
Capacity building	2			2
In-briefing with USAID	1	1	1	3
Preparation of work plan	2	2	2	6
Interviews in Kabul	10	10	10	30
Interviews or survey work in provinces	22	22	22	66
Mid-term briefing and interim meetings with USAID	2	2	2	6
Data analysis, preliminary report and presentation preparation	10	10	10	30
Initial draft evaluation report	6	6	6	18
Final exit presentation to USAID (with PowerPoint presentation and draft evaluation report)	1	1	1	3
Final evaluation report	6	6		12
One-page briefer preparation and translation				
<b>Totals</b>	<b>71</b>	<b>69</b>	<b>59</b>	<b>199</b>

**ACE Illustrative Level of Effort (LOE) in days**

<b>Position</b>	<b>Prep</b>	<b>Travel</b>	<b>In-Country</b>	<b>Report Finalization</b>	<b>Total LOE</b>
Expat Team Leader	5	4	56	6	71
Expat Ag Specialist	5	4	54	6	69
Afghan National Consultant	5		54		59
SUPPORT II Focal point	-	-	-	-	-
<b>Totals</b>	<b>15</b>	<b>8</b>	<b>164</b>	<b>12</b>	<b>199</b>

Note: SUPPPORT II will provide assistance and translation as back up to the team. SUPPORT II will also provide an Afghan female staff member when required to interview women beneficiaries.

## **XII. USAID MANAGEMENT**

Checchi/SUPPORT-II will identify and hire the evaluation team, pending the COR's concurrence and CO approval, assist in facilitating the work plan, and arrange meetings with key stakeholders identified prior to the initiation of the fieldwork. The evaluation team will organize other meetings as identified during the course of the evaluation, in consultation with Checchi/SUPPORT-II and USAID/ Afghanistan. Checchi/SUPPORT-II is responsible for all logistical support required for the evaluation team, including arranging accommodation, security, office space, computers, Internet access, printing, communication, and transportation.

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## **XIII. DELIVERABLES AND REPORTING REQUIREMENTS**

The following deliverables and timeframe for reporting are expected for this evaluation:

- 1. In-briefing:** Within *48 hours* of arrival in Kabul, the Evaluation Team, will have an in-briefing with the OPPD M&E unit and the OAG Team for introductions and to discuss the team's understanding of the assignment, initial assumptions, evaluation questions, methodology, and work plan, and/or to adjust the SOW, if necessary.
- 2. Evaluation Work Plan:** Within *4 business days* following the in-briefing, the Evaluation Team Leader shall provide a detailed initial work plan to OPPD's M&E unit and the OAG Team. The initial work plan will include: (a) the overall evaluation design, including the proposed methodology, data collection and analysis plan, and data collection instruments; (b) a list of the team members and their primary contact details while in-country, including the e-mail address and mobile phone number for the team leader; and (c) the team's proposed schedule for the evaluation. The OAG Team will then review the draft work plan and provide comments within *2 days* of receiving it. Consolidated comments will be returned to the evaluation team via the SUPPORT II COR. Once the evaluation team receives the consolidated comments on the initial work plan, they are expected to return with a revised work plan within *1 day*. The revised work plan shall include the list of sites to be visited.
- 3. Mid-term Briefing and Interim Meetings:** The evaluation team is expected to hold a mid-term briefing with USAID/OAG on the status of the assessment including potential

challenges and emerging opportunities. The team will also provide DAI with periodic briefings and feedback on the team's findings, as agreed upon during the in-briefing. If desired or necessary, weekly briefings with the ACE COR (by phone) can be arranged.

- 4. PowerPoint and Final Exit Presentation:** The evaluation team is expected to hold a final exit presentation to discuss the summary of findings and recommendations to USAID. This presentation will be scheduled as agreed upon during the in-briefing. Presentation slides should not exceed 18 in total.

**Draft Evaluation Report:** The draft evaluation report should be consistent with the guidance provided in Section XIII: "Final Report Format." The report will address each of the issues and questions identified in the SOW and any other factors the team considers to have a bearing on the objectives of the evaluation. **The submission date** for the draft evaluation report will be decided upon during the mid-term or exit briefing and submitted to OPPD's M&E unit by Checchi. Once the initial draft evaluation report is submitted, USAID's M&E unit and OAG Team will have **10 calendar days** in which to review and comment on the initial draft, after which point OPPD's M&E unit will submit the consolidated comments to Checchi.

- 5. Final Evaluation Report:** The evaluation team will be asked to take no more than **5 days** to respond/incorporate the final comments from the OAG Team and OPPD M&E unit. The Evaluation Team Leader will then submit the final report to OPPD. All evaluation data and records will be submitted in full and should be in electronic form in easily readable format; organized and documented for use by those not fully familiar with the project or evaluation; and owned by USAID.

**Briefer:** The evaluation team will be asked to prepare a one- to two-page briefer on key qualitative and quantitative findings and conclusions relative to the evaluation questions for each municipality that is included in the evaluation's scope—to be given to the appropriate municipal government, provincial government, and/or GIROA representative(s), so that they have the opportunity to review evaluation findings and share them with the larger community. Each briefer shall be translated in Dari and/or Pashto. Each briefer will be reviewed by the OPPD M&E unit and the responsible technical office prior to distribution.

#### **XIV. FINAL REPORT FORMAT**

The final evaluation report should be no more than 25 pages in length, not including annexes. It should be written in English, using Times New Roman 12 point font, 1.15 line spacing, and be consistent with USAID branding policy. The report should be structured as follows:

1. Title Page
2. Table of Contents
3. List of any acronyms, tables and/or figures
4. Acknowledgements or Preface (optional)
5. Executive Summary (**3-5 pages**)

6. Introduction
  - a. Description of the project evaluated, including goal and expected results
  - b. Brief statement on purpose of the evaluation, plus a list of the evaluation questions
  - c. Description of the methods used in the evaluation (such as desk/document review, interviews, site visits, surveys, etc.), the rationale and location for field visits (if any), and a description of the numbers and types of respondents
  - d. Limitations to the evaluation, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.)
7. Findings
  - a. Describe findings, focusing on each of the evaluation questions and providing **gender disaggregation** where appropriate.
  - b. Evaluation findings should be presented as analyzed facts, evidence, and data and not based on anecdotes, hearsay, or the compilation of people's opinions.
8. Conclusions
  - a. Conclusions are value statements drawn from the data gathered during the evaluation process
9. Recommendations
  - a. Recommendations should be actionable, practical and specific statements for existing programming and for the design and performance of future programming.
  - b. Each recommendation should be supported by a specific set of findings.
  - c. Include recommended future objectives and types of activities based on **lessons learned**.
10. Annexes
  - a. Evaluation Scope of Work
  - b. Methodology description (include **any pertinent** details not captured in the report)
  - c. Copies of **all** survey instruments and questionnaires
  - d. List of critical and key documents reviewed
  - e. Schedule of Meetings and sources of information (If confidentiality is a concern, the team should discuss and agree upon an approach with USAID)
  - f. Notes from key stakeholder interviews, focus group discussions and other meetings, including a list of individuals interviewed.
  - g. Statement of differences (if applicable)]

## **XV. REPORTING GUIDELINES**

The evaluation report should represent a thoughtful, well-researched and well-organized effort to objectively evaluate the validity of the project's hypothesis and the effectiveness of the project. Evaluation reports shall address all evaluation questions included in the statement of work and be written in highly professional English, free of grammatical and typographical error, and with professional formatting.

Any modifications to the statement of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology, or timeline need to be agreed upon in writing by the SUPPORT II COR

## 2. WORK PLAN

**Office of Agriculture (OAG)**

**OFFICE OF PROGRAM AND PROJECT DEVELOPMENT (OPPD)**

**STATEMENT OF WORK:  
PERFORMANCE EVALUATION**

**Agriculture Credit Enhancement (ACE)**

**Task Order No, EDH-I-14-05-00004-00**

### **XVI. PROGRAM INFORMATION**

<b>Program/Project Name:</b>	Agriculture Credit Enhancement (ACE)
<b>Contractor:</b>	Development Alternatives, Inc. (DAI)
<b>Contract #:</b>	Task Order No. EDH-I-14-05-00004-00
<b>Total Estimated Cost:</b>	
<b>Life of Program/Project:</b>	July 2010 – January 2015
<b>Active Provinces:</b>	Nationwide
<b>Mission Development Objective (DO):</b>	DO1: Sustainable, Agricultural-led Economic Growth Expanded
<b>Linkage to Standard Program Structure (SPS):</b>	4.5.2 Agriculture Sector Capacity
<b>Required?</b>	Required - large project
<b>Public or Internal:</b>	Public

### **XVII. INTRODUCTION**

USAID/Afghanistan's Office of Agriculture (OAG) intends to conduct a performance evaluation, as defined by USAID's Evaluation Policy<sup>10</sup>, of the Agriculture Credit Enhancement (ACE) Program, implemented by the Development Alternatives, Inc. (DAI). ACE is tasked to establish and manage the Agriculture Development Fund (ADF) a lending institution working closely with the Ministry of Agriculture, Irrigation, and Livestock (MAIL) to lend to financial and non-financial intermediaries and agribusinesses in agriculture. The project started on July 18, 2010 and is scheduled to conclude on Jan 15, 2015. ACE/ADF has a cumulative budget of \$150 million. It is anticipated that a follow-on activity, ACE-II, will be initiated and serve to further assist MAIL in the transition of the ADF into an independent agriculture finance institution and

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<sup>10</sup>USAID Evaluation Policy, January 2011. The evaluation team will reference USAID's definition of "Performance Evaluation" contained in the Evaluation Policy (<http://www.usaid.gov/evaluation>) to ensure a common understanding of USAID's expectations. The evaluation team will be familiar with and follow the Evaluation Policy to conduct an objective performance evaluation.

support the ADF in developing and implementing innovative strategies to engage more Afghan financial intermediaries in agricultural lending.

USAID's Evaluation Policy encourages independent external evaluation to increase accountability and to inform program management, development strategy, and resource allocation. In keeping with this aim, this evaluation will be conducted to review and evaluate the performance of the USAID-funded ACE project activities. The evaluation will focus on assessing the program's performance between 2010 and now, in achieving its program goal, objectives, and results.

## **XVIII. BACKGROUND**

The agriculture sector is a main sector in Afghanistan, contributing 20 percent to the licit GDP and employing roughly three-quarters of the population. The Government of the Islamic Republic of Afghanistan (GIROA) and donor agencies alike recognize that strengthening and bolstering the agriculture sector is critical to economic expansion and poverty reduction in the country. Moreover, for the agricultural sector to thrive, it is dependent in part on the success of a critical target group of small commercial farmers (1-30 hectares).

Small commercial farmers are constrained by, amongst others, a lack of credit, weak production practices and poor access to markets. Each of these constraints must be addressed collectively since the provision of credit alone will not be sufficient to access new market opportunities. USAID/Afghanistan therefore designed the ACE program in order to provide a holistic approach to these challenges.

USAID's Office of Agriculture launched the ACE program in July 2010, in line with the USAID/Afghanistan country strategy to promote long-term agricultural development and alternative livelihoods for farmers that will lead to "a sustainable, thriving agricultural economy". The program focuses on three complementary components: (1) the establishment and management of the agriculture development fund (ADF) as an agriculture lending institution providing loans to financial and non-financial intermediaries and agribusinesses; (2) technical assistance in agriculture modernization and value chain development; and (3) support to the Ministry of Agriculture, Irrigation and Livestock (MAIL) in coordinating donor agricultural-related initiatives and knowledge management for the agriculture sector. Through these activities, ACE aims to increase agricultural sector jobs, agricultural productivity by increasing farmer's access to inputs, and income generation by increasing linkages between farmers, agribusinesses, markets, and credit and trade corridors.

ACE has reported the following key accomplishments:

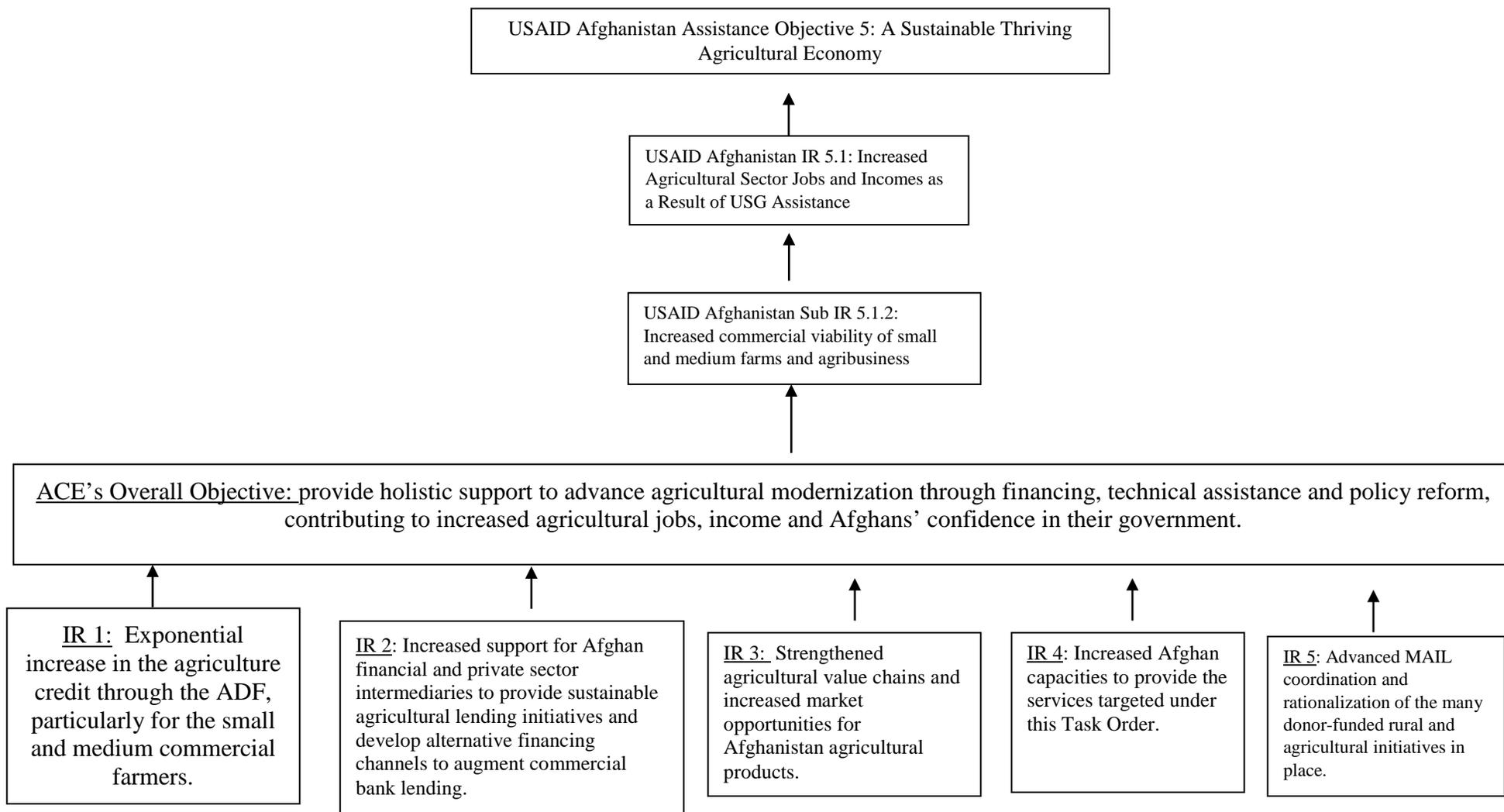
- Maintained a loan portfolio of \$101.2 million in approved loans, of which \$55.8 million was disbursed to over 29,000 direct farmers, with a default rate of 3.58 percent.
- Established the High Council as the highest decision making body of the ADF – the High Council is fully functional and is providing strategic guidance to the institution.

- Working to build female clientele. With technical support from ACE, ADF has thus far provided commercial loans to eight women-owned enterprises worth over \$1.8 million in Herat, Kabul, Balkh, Takhar, and Bamyan provinces. The Zahra program is a Sharia compliant financial product catering for female farmers and agribusiness entrepreneurs.
- ACE launched the Knowledge Management Facility-PAYWAND system, an agricultural data repository that provides timely information on agricultural commodity prices and markets within and outside Afghanistan and trade flows of agricultural and reports on agricultural markets prepared by various sources. PAYWAND has been transitioned to MAIL. To ensure the sustainability of the PAYWAND operations and prepare for the transition, ACE trained MAIL/MIS staff in database management, data analysis, report writing and agricultural data collection and organized a field visit to Ghana where MAIL key personnel had the opportunity to gain insight on other advanced market information systems in Africa.

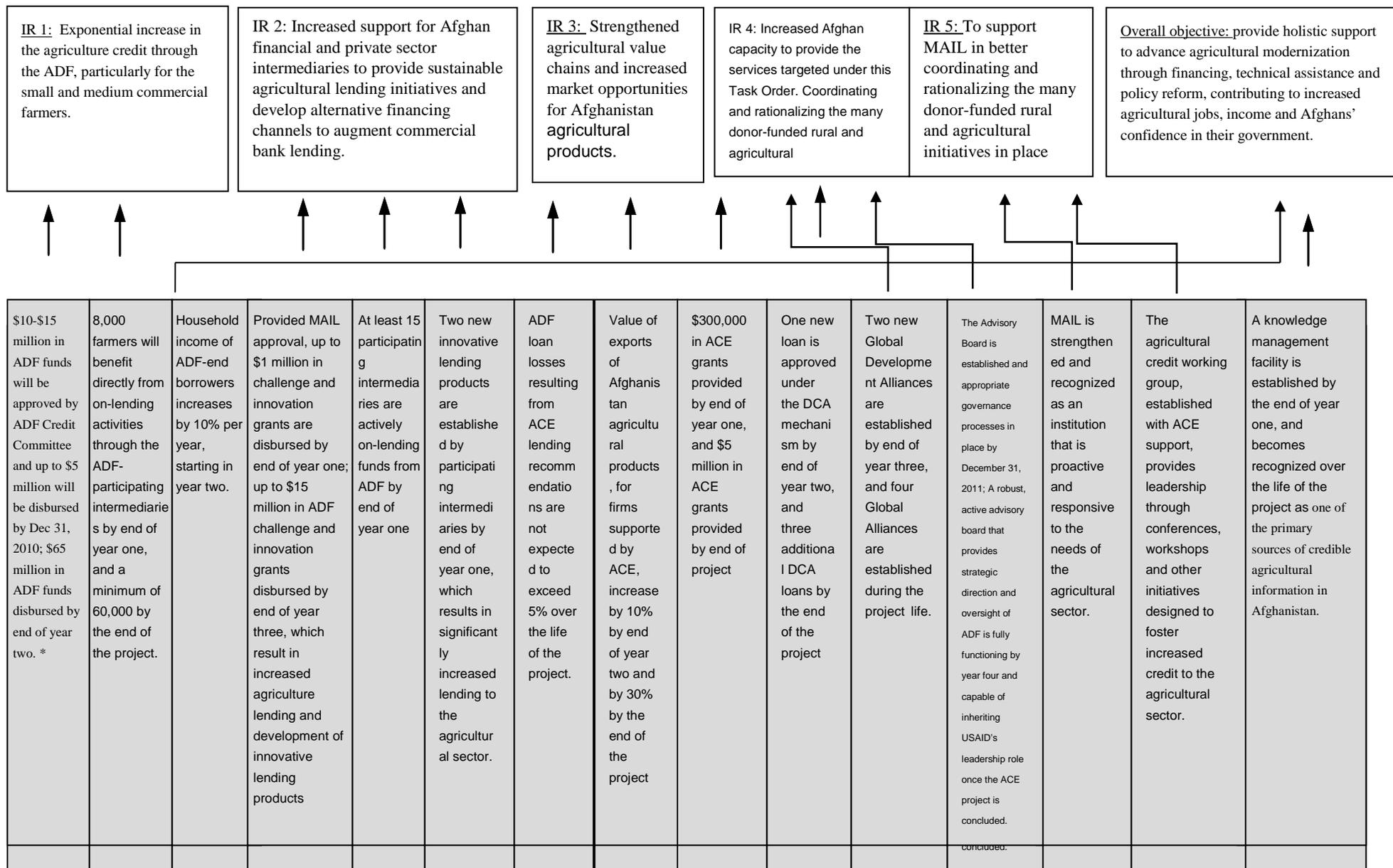
## **XIX. PROJECT GOALS AND OBJECTIVES**

ACE and ADF aims to facilitate rapid disbursement of loans along the agricultural value chain, build the capacity of formal and informal financial intermediaries to deliver agricultural credit to farmers, contribute to the development of a high-value agricultural sector, and build confidence in the government's legitimacy, thereby enhancing overall stability in Afghan society (see figure 1 ACE Results Framework and figure 2 Intermediary results). The overall objective is to provide holistic support to advance agricultural modernization through financing, technical assistance, and policy reform, contributing to increased agricultural jobs, income and Afghans confidence in their government.

**Figure 1: ACE Results Framework**



**Figure 2: Intermediate Results (IRs)**





## **XX. PURPOSE OF THE EVALUATION**

The purpose of this Performance Evaluation is to provide an independent assessment of ACE's progress towards its stated objectives with a view to obtaining key lessons and providing specific recommendations that will inform the project design for future phases (ACE-II). The evaluation will provide important feedback on strengths and weaknesses of the project, actionable items for USAID, as well as lessons learned for the donor community and GIRA. Future programming will have similar goals as ACE, though changes in loan size, target population, geography, and other variables may change. This evaluation should provide clear guidance on successes, failures, or missed opportunities which could provide opportunities for improvement. Specific attention should be given to implementation methodology, borrowing population, loan size, and sustainability of results.

## **XXI. EVALUATION QUESTIONS**

The following questions are listed in the order of priority:

11. To what extent have the borrowers' uses of the loans and grants contributed to the overall objective of the project, having the loans contributing and promoting the modernization of agriculture, increasing agricultural-related jobs and/or increasing household income?
12. Has the approach and implementation of ADF's lending practices through non-financial intermediaries such as agricultural cooperatives, associations and agribusinesses, instead of just financial intermediaries been efficient?
13. How has the program managed to include women across all components of the project, both in the establishment of the fund and the provision of loans to farmers and agribusinesses?
14. How has the availability of agricultural credit improved as a result of ACE's activities? Consider prior existing sources of credit, both formal and informal.
15. How has ACE's interventions with participating intermediaries improved the profitability of their businesses and contributed to a sustainable and thriving agricultural economy?

## **XXII. EVALUATION METHODOLOGY**

The evaluation team will be responsible for developing an evaluation methodology that includes a mix of qualitative and quantitative data collection and analysis approaches. The methodology will be presented as part of the draft work plan as outlined in the deliverables below and included in the final report. The evaluation team will have available for their analysis a variety of program implementation documents, and reports. Methodology strengths and weaknesses should be identified as well as measures taken to address those weaknesses. Evaluation questions should be addressed geographically and gender disaggregated where possible. Geographic differences in successes and failures should be noted. The evaluation design and methodology will be critically evaluated against the 'purpose of the evaluation' – most importantly its ability to provide actionable guidance to USAID for current and future programming.

The suggested methodology might include partner and key stakeholder interviews, focus group discussions, expert consultations, surveys/questionnaires and direct observation. The design and methodology should not be finalized until the team has an opportunity to gather detailed information and discuss final issues with USAID. The selection of the design and

data collection methods must be a function of the type of evaluation and the level of statistical and quantitative data confidence needed.

Suggested data collection and analysis methods are given below. The evaluation team should suggest methods which most rigorously and effectively answer the evaluation questions, given the time and budget constraints set forth in this SOW. The final evaluation design and methodology must be approved by USAID/Afghanistan prior to the start of the evaluation.

**Table: Evaluation Design Methodology**

<b>Questions</b>	<b>Suggested Data Sources</b>	<b>Suggested Data Collection Methods</b>	<b>Data Analysis Methods</b>
<b>1.</b> To what extent have the borrowers' uses of the loans and grants contributed to the overall objective of the project (e.g. have the loans contributed to the modernization of agriculture, increasingly agricultural jobs and/or increasing household income)?	Project documents, project stakeholders and staff, experts' knowledge	Key informant interviews (project staff, government official, other stakeholders), Focus group discussions, expert interviews	TBD by evaluation team  Disaggregation by sex, location
<b>2</b> Has the approach and implementation of ADF lending practices (i.e. through non-financial intermediaries such as agricultural cooperatives, associations and agribusinesses, instead of just financial intermediaries) been efficient?	Project documents, Project staff and stakeholders	Key informant interviews (project staff, government officials, other stakeholders), expert interviews	TBD by evaluation team  Disaggregation by location
<b>3.</b> How has the program managed to include women across all components of the project, both in the establishment of the fund and the provision of loans to farmers and agribusinesses?	Project documents, Project staff and stakeholders	Key informant interviews (project staff, stakeholders), focus group discussions	TBD by evaluation team  Disaggregation by location
<b>4.</b> How has the availability of agricultural credit improved as a result of ACE activities? Consider prior existing sources of credit, both formal and informal	Project documents, project staff, beneficiaries	Desk review, key informant interviews (project staff, experts, other stakeholders)	TBD by evaluation team  Disaggregation by location
<b>5.</b> How has ACE's interventions with participating intermediaries improved the profitability of their businesses and contributed to a sustainable and thriving agricultural economy?	Staff, Stakeholders, experts	Key informant interviews (project staff, stakeholders), expert interviews	TBD by evaluation team

### **XXIII. EXISTING PERFORMANCE INFORMATION SOURCES**

The Contracting Officer Representative (COR) will assist the evaluation team to identify the existence and availability of relevant performance information sources, such as performance monitoring systems and/or previous evaluation reports. A summary of the type of data available, the timeframe, and an indication of their quality and reliability will be provided by the COR to help the evaluation team to build on what is already available. A list of potential documents and data for the evaluators to review is presented below.

- j) Statement of Work and Modifications
- k) Work Plan
- l) Quarterly Reports
- m) Annual Reports
- n) PMP and other M&E documents
- o) Project performance data
- p) Project-generated assessments
- q) Relevant external evaluations from other sources (e.g., other donors)
- r) GIROA performance data (if available)

### **XXIV. EVALUATION TEAM COMPOSITION**

USAID/Afghanistan recommends that the evaluation team consist of an expatriate team leader, and one expatriate technical specialist. one Afghan consultant are also required.

The team leader will be responsible for coordinating with USAID and should have expert credentials in evaluation design and methods, as well as a Master's degree or PhD in agricultural value chain development, international development, or a related discipline. The team leader must also have strong team management skills, excellent written and spoken English skills and preferably have experience with USAID evaluations and with working in Afghanistan.

The expatriate technical specialist should possess at least a Master's degree in agriculture, international development or related discipline. Preferably, s/he should have experience in agricultural credit and agribusiness management. Afghan expert should have experience with monitoring and evaluation and agribusiness background and be proficient in English and Dari or Pashto. A statement of potential bias or conflict of interest (or lack thereof) is required of each team member. All team members should be familiar with USAID Evaluation Policy.

### **XXV. CAPACITY BUILDING OF LOCAL NATIONALS IN EVALUATION**

SUPPORT II continues to build the capacity of local national consultants to expert levels. It does this by identifying a number of elite-level national consultants and engaging them regularly in evaluations for their sector of expertise. In addition, as can be seen in the LOE tables above, the local national is involved at every stage of the evaluation and in equal proportions to the foreign nationals. Team Leader time is specifically set aside for the mentoring of the local national consultant. The profiles of the local nationals below are indicative of the candidates being considered for SUPPORT II. Both of whom may eventually have the capacity to lead evaluation teams.

Dr. K. is a qualified Afghan Consultant in agriculture, and has worked on a previous SUPPORT II project where he was highly recommended by his supervisors. Inviting him to

be part of future SUPPORT II projects, further develops his capacity in his sector of expertise.

Mr. S., has managed the monitoring of more than USD100m of small grants for a national donor, including the development of evaluation reports. Therefore, he is a qualified Afghan who will benefit from working on SUPPORT II evaluations, enhancing his overall M&E capacity in the finance and micro-credit space.

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**Mid-term Briefing and Interim Meetings:** The evaluation team is expected to hold a mid-term briefing with USAID/OAG on the status of the assessment including potential challenges and emerging opportunities. The team will also provide DAI with periodic briefings and feedback on the team's findings, as agreed upon during the in-briefing. If desired or necessary, weekly briefings with the ACE COR (by phone) can be arranged.

**PowerPoint and Final Exit Presentation:** The evaluation team is expected to hold a final exit presentation to discuss the summary of findings and recommendations to USAID. This presentation will be scheduled as agreed upon during the in-briefing. Presentation slides should not exceed 18 in total.

**Draft Evaluation Report:** The draft evaluation report should be consistent with the guidance provided in Section XIII: "Final Report Format." The report will address each of the issues and questions identified in the SOW and any other factors the team considers to have a bearing on the objectives of the evaluation. **The submission date** for the draft evaluation report will be decided upon during the mid-term or exit briefing and submitted to OPPD's M&E unit by Checchi. Once the initial draft evaluation report is submitted, USAID's M&E unit and OAG Team will have *10 calendar days* in which to review and comment on the initial draft, after which point OPPD's M&E unit will submit the consolidated comments to Checchi.

**Final Evaluation Report:** The evaluation team will be asked to take no more than *5 days* to respond/incorporate the final comments from the OAG Team and OPPD M&E unit. The Evaluation Team Leader will then submit the final report to OPPD. All evaluation data and records will be submitted in full and should be in electronic form in easily readable format; organized and documented for use by those not fully familiar with the project or evaluation; and owned by USAID.

**Briefer:** The evaluation team will be asked to prepare a one- to two-page briefer on key qualitative and quantitative findings and conclusions relative to the evaluation questions for each municipality that is included in the evaluation’s scope—to be given to the appropriate municipal government, provincial government, and/or GIRoA representative(s), so that they have the opportunity to review evaluation findings and share them with the larger community. Each briefer shall be translated in Dari and/or Pashto. Each briefer will be reviewed by the OPPD M&E unit and the responsible technical office prior to distribution.

## **XXIX. FINAL REPORT FORMAT**

The final evaluation report should be no more than 25 pages in length, not including annexes. It should be written in English, using Times New Roman 12 point font, 1.15 line spacing, and be consistent with USAID branding policy. The report should be structured as follows:

1. Title Page
2. Table of Contents
3. List of any acronyms, tables and/or figures
4. Acknowledgements or Preface (optional)
5. Executive Summary (**3-5 pages**)
6. Introduction
  - a. Description of the project evaluated, including goal and expected results
  - b. Brief statement on purpose of the evaluation, plus a list of the evaluation questions
  - c. Description of the methods used in the evaluation (such as desk/document review, interviews, site visits, surveys, etc.), the rationale and location for field visits (if any), and a description of the numbers and types of respondents
  - d. Limitations to the evaluation, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.)
7. Findings
  - a. Describe findings, focusing on each of the evaluation questions and providing **gender disaggregation** where appropriate.
  - b. Evaluation findings should be presented as analyzed facts, evidence, and data and not based on anecdotes, hearsay, or the compilation of people’s opinions.
8. Conclusions
  - a. Conclusions are value statements drawn from the data gathered during the evaluation process
9. Recommendations
  - a. Recommendations should be actionable, practical and specific statements for existing programming and for the design and performance of future programming.
  - b. Each recommendation should be supported by a specific set of findings.
  - c. Include recommended future objectives and types of activities based on **lessons learned**.
10. Annexes
  - a. Evaluation Scope of Work
  - b. Methodology description (include **any pertinent** details not captured in the report)
  - h. Copies of **all** survey instruments and questionnaires

- i. List of critical and key documents reviewed
- j. Schedule of Meetings and sources of information (If confidentiality is a concern, the team should discuss and agree upon an approach with USAID)
- k. Notes from key stakeholder interviews, focus group discussions and other meetings, including a list of individuals interviewed.
- l. Statement of differences (if applicable)]

### **XXX. REPORTING GUIDELINES**

The evaluation report should represent a thoughtful, well-researched and well-organized effort to objectively evaluate the validity of the project's hypothesis and the effectiveness of the project. Evaluation reports shall address all evaluation questions included in the statement of work and be written in highly professional English, free of grammatical and typographical error, and with professional formatting.

Any modifications to the statement of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology, or timeline need to be agreed upon in writing by the SUPPORT II COR.

### 3. BIBLIOGRAPHY OF DOCUMENTS REVIEWED

1. ACE ANNUAL REPORT FY2011
2. ACE ANNUAL REPORT FY2012
3. ACE ANNUAL REPORT FY2013
4. ACE ANNUAL REPORT FY2014
5. ACE QUARTERLY REPORTs Year1-Year4
6. ACE Gender Analysis
7. ACE ADF Impact Assessment
8. ADF CREDIT MANAGEMENT UNITS
9. ADF Shariah Loan Manual
10. ACE Annual Work Plans
11. ACE ADF Monitoring reports
12. ACE PMPs
13. ACE Grant and Loan Trackers

#### Sources of Information

[http://en.wikipedia.org/wiki/Porter\\_five\\_forces\\_analysis](http://en.wikipedia.org/wiki/Porter_five_forces_analysis)

[http://en.wikipedia.org/wiki/SWOT\\_analysis](http://en.wikipedia.org/wiki/SWOT_analysis)

<http://www.strategicmanagementinsight.com/tools/pest-pestel-analysis.html>

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Afghanistan, Wikipedia - [www.wikipedia.org/wiki/Afghanistan](http://www.wikipedia.org/wiki/Afghanistan)

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Microfinance faces hurdles in Afghanistan - <http://www.reuters.com/article/2010/12/28/us-afghanistan-microfinance-idUSTRE6BR0CO20101228>

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Drying off the dairy cow: <http://www.lely.com/en/farming-tips/drying-off-the-dairy-cow>

The Seed Industry in Afghanistan -  
[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Seed%20Industry%20in%20Afghanistan\\_Kabul\\_Afghanistan\\_8-12-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Seed%20Industry%20in%20Afghanistan_Kabul_Afghanistan_8-12-2012.pdf)

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Javed Afghan Wheat Threshers - <http://www.nmdasmeda.org/javedafghan.html>

Seasons Honey: <http://aredp-mrrd.gov.af/?page=sucess-story-expand-my-business&lang=en#>

Nangrahar Afghan Agricultural Training Center: <http://www.kabullist.com/nangarhar-afghan-agriculture-training-center-357.html> and  
<http://afghanistan.buildingmarkets.org/taxonomy/term/1379/www.dfid.gov.uk?page=5>

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[http://pdf.usaid.gov/pdf\\_docs/pa00k2km.pdf](http://pdf.usaid.gov/pdf_docs/pa00k2km.pdf)

[http://acdivoca.org/sites/default/files/attach/legacy/site/Lookup/ACE-ANNUAL-REPORT-FY2012\\_web/\\$file/ACE-ANNUAL-REPORT-FY2012\\_web.pdf](http://acdivoca.org/sites/default/files/attach/legacy/site/Lookup/ACE-ANNUAL-REPORT-FY2012_web/$file/ACE-ANNUAL-REPORT-FY2012_web.pdf)

[http://www.nmdasmeda.org/downloads/JBD023\\_RFQ%20TV%20Broadcasting.pdf](http://www.nmdasmeda.org/downloads/JBD023_RFQ%20TV%20Broadcasting.pdf)

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#### 4. SCHEDULE OF MEETINGS

##### Key Informant Meetings

#	Date	Name	Position	Organization	Province	Phone	E-mail
1	16-Mar-15	Joel Carter	Director	Agriculture Development Fund ADF	Kabul		joel_carter@adf-af.org
2	16-Mar-15	Eamal Arman	Director Of Technical Services	Agriculture Development Fund ADF	Kabul	93799851636	eamal_arman@adf-af.org
3	16-Mar-15	Ilhamuddin Foolad	Senior Manager for Value Chain Support	Agriculture Development Fund ADF	Kabul	93700484130	ilhamuddin_foolad@adf-af.org
4	16-Mar-15	Salahuddin Matani	Director Business Development	Agriculture Development Fund ADF	Kabul	93796147994	salahuddin_matani@adf-af.org
5	16-Mar-15	Sardar Nizam UI Mulk Jalala	Director Of Finance	Agriculture Development Fund ADF	Kabul	93797514664	nizam_jalala@adf-af.org
6	16-Mar-15	Wafiullah Dehzad	Director Of Internal Audit	Agriculture Development Fund ADF	Kabul	93799300527	wafiullah_dehzad@adf-af.org
7	16-Mar-15	Maroof Zafer	Derector of	Afghan Social Poutry & animals Farmers Assoc (ASPAFA)	Kabul	799320827	afghanfarmer@gmail.com
8	17-Mar-15	Nazumiddin Amiry	CFO	Oxus	Kabul	791710116	<a href="mailto:nazamudin.amiry@oxusaf.org">nazamudin.amiry@oxusaf.org</a>
9	17-Mar-15	Mohibullah Enayat	Head of Operations	Oxus	Kabul	791710107	<a href="mailto:mohibullah@oxusaf.org">mohibullah@oxusaf.org</a>
10	17-Mar-15	Najibullah Samim	Executive Director	Afghanistan Microfinance	Kabul	799308876	<a href="mailto:najib.samim@ama.org.af">najib.samim@ama.org.af</a>

				Association			
11	17-Mar-15	Fahim Nami	Comunicatation Manager	Afghanistan Microfinance Association	Kabul	729191912	<a href="mailto:fahm.niami@ama.org.af">fahm.niami@ama.org.af</a>
12	17-Mar-15	Siadajan Abdiani	President	Afghanistan National Seed Organization	Kabul	700601824	<a href="mailto:saidajanattiq.abdiani@gmail.com">saidajanattiq.abdiani@gmail.com</a>
13	17-Mar-15	Mohammad Jafar	CMU Manager	Afghanistan National Seed Organization	Kabul	700601824	<a href="mailto:jafar.ansor@gmail.com">jafar.ansor@gmail.com</a>
14	19-Mar-15	Khalid Sarwari	Director Of Risk and Credit	Agriculture Development Fund ADF	Kabul	795739628	<a href="mailto:khalid_sarwari@adf-af.org">khalid_sarwari@adf-af.org</a>
15	21-Mar-15	Rabia Maryam	President	Rabia Maryam Handicrafts Company	Kabul	794383572	<a href="mailto:rrm_hcompany@yahoo.com">rrm_hcompany@yahoo.com</a>
16	21-Mar-15	Manzoor Ahmad Roudwal	CEO	Season Honey	Kabul	777612199	<a href="mailto:season.honey@gmail.com">season.honey@gmail.com</a>
17	21-Mar-15	Rohullah Darwesh	Lending officer	Agriculture Development Fund ADF	Kabul	78417862	<a href="mailto:rohullah.darwesh@adf-af.org">rohullah.darwesh@adf-af.org</a>
18	23-Mar-15	Matullah Faeq	Director General Finacial Supervision Dep	Da Afghanistan Bank	Kabul	781533877	<a href="mailto:faeq@yahoo.com">faeq@yahoo.com</a>
19	24-Mar-15	Saad Malook Shirzad	Regional Supervisor-East	Agriculture Development Fund ADF	Nangarhar	0799299186/	<a href="mailto:SaadMalook_Sherzad@adf-af.org/">SaadMalook_Sherzad@adf-af.org/</a>
20	24-Mar-15	Rahmat Shah	Lending officer-East	Agriculture Development Fund ADF	Nangarhar	787 605 899	<a href="mailto:Rahmat_Shah@adf-af.org">Rahmat_Shah@adf-af.org</a>
21	25-Mar-15	Abdul Sabor	Regional Opretional Manager	IIFC Group-Nangarhar	Nangarhar		

22	29-Mar-15	Said Arhamullah	Cotton buyer	Nangarhar Edible Oil Processing Cooperative	Nangarhar	799022803	
23	29-Mar-15	Mohammad Shafiq	Cotton buyer	Nangarhar Edible Oil Processing Cooperative	Nangarhar	788218821	
24	29-Mar-15	Zarabgul	Cotton buyer	Nangarhar Edible Oil Processing Cooperative	Nangarhar	778362078	
25	29-Mar-15	Naqeebullah	Cotton buyer	Nangarhar Edible Oil Processing Cooperative	Nangarhar	700607047	
26	29-Mar-15	Shahzada	Cotton buyer	Nangarhar Edible Oil Processing Cooperative	Nangarhar	778436360	
27	29-Mar-15	Rokhan	Cotton buyer	Nangarhar Edible Oil Processing Cooperative	Nangarhar	705151763	
28	29-Mar-15	Hamidullah Nazar	DAIL Director Nangarhar	DAIL-Nangarhar	Nangarhar	2799568513	<a href="mailto:hamidullahnazar1@gmail.com">hamidullahnazar1@gmail.com</a>
29	1-Apr-15	Jamshid Karimi	Regional Supervisor-west	Agriculture Development Fund ADF	Herat	786322776	<a href="mailto:Jamshid_Karimi@adf-af.org">Jamshid_Karimi@adf-af.org</a>
30	1-Apr-15	Feroz Alokozai	Lending officer	Agriculture Development Fund ADF	Herat		
31	1-Apr-15	Abdul Rahman Haqdost	Value Chain	Agriculture Development Fund ADF	Herat		
32	1-Apr-15	Ahmad Shakib Shayan	Branch Manager	Oxus-Herat	Herat	791710179	-
33	1-Apr-15	Amanullah	Deputy Branch Manager	Oxus-Herat	Herat	729074694	-
34	1-Apr-15	Hatam Saeedi	President	Rawnaq Agricultural	Herat	799330899	-

				and Livestock Cooperative			
35	1-Apr-15	Noorulhaq Faizai	Finance Manager	Herat Ice Cream	Herat	799214415	<a href="mailto:finance@heraticcream.com">finance@heraticcream.com</a>
36	1-Apr-15	Hassan Aliabadi	Marketing Manager	Herat Ice Cream	Herat	780124813	<a href="mailto:aliabadi12@yahoo.com">aliabadi12@yahoo.com</a>
37	1-Apr-15	Ali Osta	Planning Manager	Herat Ice Cream	Herat	--	--
38	5-Apr-15	Malaka Rahmati	Saffron-Farmer	Afghan Women Saffron Growers' Association/Ghoryan Women Saffron Association	Herat	799121736	
39	5-Apr-15	Bahar Haidari	Saffron-Farmer	Afghan Women Saffron Growers' Association/Ghoryan Women Saffron Association	Herat	--	
40	5-Apr-15	Faqir Bayangar	DAIL Director Herat	DAIL-Herat	Herat	791464646	<a href="mailto:faqir.baingar@mail.gov.af">faqir.baingar@mail.gov.af</a>
41	5-Apr-15	Khalil Ahmad Atayee	General Manager of Planninf	DAIL-Herat	Herat	--	<a href="mailto:Khalid.atayee@mail.gov.af">Khalid.atayee@mail.gov.af</a>
42	5-Apr-15	Kabeer Sharifi	DAIL Advisor Herat	DAIL-Herat	Herat	799827177	--
43	9-Apr-15	Zabiullah Hayat	Credit Manager & Islamic Finance Specailist	Agriculture Development Fund ADF	Kabul	799125453	<a href="mailto:zabiullah_hayat@adf-af.org">zabiullah_hayat@adf-af.org</a>
44	9-Apr-15	Qarib ur Rahman Labib	Sharia Board Member	Agriculture Development Fund ADF	Kabul	765258445	<a href="mailto:qariblabib@gmail.com">qariblabib@gmail.com</a>
45	9-Apr-15	Abdul Qader Ulfat	Sharia Board Member	Agriculture Development Fund ADF	Kabul	772030890	<a href="mailto:ulfat1@gmail.com">ulfat1@gmail.com</a>
46	9-Apr-15	Ahmad Fahim Safi	M&E Manager	Agriculture Development Fund ADF	Kabul	799335023	<a href="mailto:ahmadfahim_safi@adf.org">ahmadfahim_safi@adf.org</a>

47	11-Apr-15	Dr. Jawid Khyabani	Regional Supervisor-North	Agriculture Development Fund ADF	Balkh	700528282	<a href="mailto:JawedAhmad_Khiabani@adf-af.org/">JawedAhmad_Khiabani@adf-af.org/</a>
48	11-Apr-15	Nasratuallh	Lending Advisor	Agriculture Development Fund ADF	Balkh	/0799123451	Nasratullah_Sarabi@adf-af.org
49	11-Apr-15	Gul Rahman Karimzoy	Regional Value Chain Specialist	Agriculture Development Fund ADF	Balkh	777899836	<a href="mailto:gulrahman_karimzoy@adf-af.org">gulrahman_karimzoy@adf-af.org</a>
50	11-Apr-15	Mohammad Kateb Shams	DAIL Director Balkh	DAIL -Balkh	Balkh		
51	11-Apr-15	Mohammad Ashraf Afzali	North Regional Manager	Oxus- Mazar	Balkh	791710329	<a href="mailto:ashraf.afzali@oxusaf.org">ashraf.afzali@oxusaf.org</a>
52	11-Apr-15	Mohammad Mustaf	Lending officer	Oxus- Mazar	Balkh	-	-
53	11-Apr-15	Sultan Mahmood	Regional Supervisor	IIFC Group-Balkh	Balkh	799888131	
54	22-Apr-15	Rahimullah	Kamail Cooperative Member	Kamail Cooperative	Bamyan	772418166	-
55	22-Apr-15	Abdul Razaq	Kamail Cooperative Member	Kamail Cooperative	Bamyan	772246685	-
56	22-Apr-15	Mohammad Ali	Kamail Cooperative Member	Kamail Cooperative	Bamyan	77703578	-
57	22-Apr-15	Malak	Kamail Cooperative Member	Kamail Cooperative	Bamyan	777291620	-
58	23-Apr-15	Ghulam Hosain Mohammadi	Regional Supervisor-Bamyan	Agriculture Development Fund ADF	Bamyan	777872926	<a href="mailto:GhulamHussain_Muhammadi@adf-af.org">GhulamHussain_Muhammadi@adf-af.org</a>
59	23-Apr-15	Qurban Ali Haqjo	Director of Cooperatives	DAIL-Bamyan	Bamyan		-
60	27-Apr-15	Mir Amanudin	Deputy Minister	MAIL	Kabul	707899870	<a href="mailto:mir.haidari@mail.gov.af">mir.haidari@mail.gov.af</a>

		Haidary	for Agriculture and Livestock				
61	27-Apr-15	Nazira Rahman	Director of Home Economics	MAIL	Kabul		
62	27-Apr-15	Mahboba	Project Manager of Strengthening the role of women in Agriculture development	MAIL	Kabul		
63	15-Mar-15	Massod Faizi	DAI HR operations	DAI	Kabul	791-998-560	
64	15-Mar-15	Mohammad Shafiq	operations	DAI	Kabul	703049650	Mohammad_Shafiq@dai.com
65	15-Mar-15	Alison Tyler	Country Recruitment Manager	DAI	Kabul		alison_tyler@dai.com
66	15-Mar-15	Julia Powell Grossman	Project Manager	DAI	Kabul		<a href="mailto:Julia_Grossman@dai.com">Julia_Grossman@dai.com</a>
67	15-Mar-15	Juan M.Estrada-Valle	Senior Agriculture Development Advisor	DAI	Kabul		

## End Borrowers Meetings

S.#	Date	Name	Occupation	Lending Institution	Gender	District	Province(s)	Contact Number. 1
1	23-Mar-15	Abdul Ghani	Apple Orchard Farmer	Takana Sefla Brothers Co. Ltd	Male	Jelreez	Kabul	--
2	23-Mar-15	Zubaidullah	Apple Orchard Farmer	Takana Sefla Brothers Co. Ltd	Male	Jelreez	Kabul	--
3	23-Mar-15	Mohammad Rasul	Apple Orchard Farmer	Takana Sefla Brothers Co. Ltd	Male	Jelreez	Kabul	--
4	23-Mar-15	Mirwais	Apple Orchard Farmer	Takana Sefla Brothers Co. Ltd	Male	Jelreez	Kabul	--
5	23-Mar-15	Abdul Wali	Apple Orchard Farmer	Takana Sefla Brothers Co. Ltd	Male	Jelreez	Kabul	--
6	23-Mar-15	Faridullah	Apple Orchard Farmer	Takana Sefla Brothers Co. Ltd	Male	Jelreez	Kabul	--
7	23-Mar-15	Ahmad Zia	Poultry Farmer	ASPFA	Male	N/A	Kabul	--
8	23-Mar-15	Abdul Khliq	Poultry Farmer	ASPFA	Male	N/A	Kabul	--
9	23-Mar-15	Nooria	Poultry Farmer	ASPFA	Female	N/A	Kabul	--
10	23-Mar-15	Laila	Poultry Farmer	ASPFA	Female	N/A	Kabul	--

11	23-Mar-15	Sahar	Poultry Farmer	ASPFA	Female	N/A	Kabul	–
12	23-Mar-15	Mohammad Naser	Farmer	ANSOR	Male	N/A	Kabul	–
13	23-Mar-15	Toryalai	Farmer	ANSOR	Male	N/A	Kabul	–
14	23-Mar-15	Baser Ahmad	Farmer	ANSOR	Male	N/A	Kabul	–
15	23-Mar-15	Jamil	Farmer	ANSOR	Male	N/A	Kabul	–
16	23-Mar-15	Abdul Masower	Farmer	ANSOR	Male	N/A	Kabul	–
17	28-Mar-15	Liaquatullah	Nursery Grower	NNGA	Male	Kama	Nangarhar	–
18	28-Mar-15	Jan Agha	Nursery Grower	NNGA	Male	Batikot	Nangarhar	–
19	28-Mar-15	Isa Jan Abdiani	Nursery Grower	NNGA	Male	Behsod	Nangarhar	–
20	28-Mar-15	Faridullah	Nursery Grower	NNGA	Male	Behsod	Nangarhar	–
21	28-Mar-15	Moina	Nursery Grower	NNGA	Female	Roodaat	Nangarhar	–
22	28-Mar-15	Roya	Farmer	IIFC Group-Nangarhar	Female	Jalalabad	Nangarhar	–

23	29-Mar-15	Jamila	Service Provider	IIFC Group-Nangarhar	Female	Khogyani	Nangarhar	-
24	29-Mar-15	Mohammad Bahir	Farmer	IIFC Group-Nangarhar	Male	Jalalabad	Nangarhar	-
25	29-Mar-15	Bilal Ahmad	Farmer	IIFC Group-Nangarhar	Male	Jalalabad	Nangarhar	-
26	29-Mar-15	Faqir Jan	ShopKeeper	IIFC Group-Nangarhar	Male	Behsod	Nangarhar	-
27	4-Apr-15	Mahboba	Group Leader	HEWSA	Female	Angeel	Herat	787161852
28	4-Apr-15	Freshta	Group Leader	HEWSA	Female	Pashton Zarghon	Herat	798823318
29	4-Apr-15	Madina	Group Leader	HEWSA	Female	Angeel	Herat	797320184
30	4-Apr-15	Amina	Group Leader	HEWSA	Female	Ghoryan	Herat	793909312
31	5-Apr-15	Mohammad Adil	Farmer	Tanin Herat Industrial Food Company	Male	Angeel	Herat	792606982
32	5-Apr-15	Sharafudin	Farmer	Tanin Herat	Male	Angeel	Herat	799691191
33	5-Apr-15	Mulla Juma Gul	Farmer	Tanin Herat	Male	Angeel	Herat	786600232
34	5-Apr-15	Najibullah	Farmer	Tanin Herat	Male	Angeel	Herat	794236311
35	5-Apr-15	Waheed Ahmad Khan	Farmer	Tanin Herat	Male	Angeel	Herat	796143537

36	5-Apr-15	Abdul Satar	Farmer	Azimyan Macaroni	Male	Gozara	Herat	786409284
37	5-Apr-15	Haji Nasrudin	Farmer	Azimyan Macaroni	Male	Gozara	Herat	789787218
38	5-Apr-15	Fazal Ahamd	Farmer	Azimyan Macaroni	Male	Gozara	Herat	785128844
39	5-Apr-15	Shir Gul	Farmer	Azimyan Macaroni	Male	Gozara	Herat	787667368
40	5-Apr-15	Abdul Qayum	Farmer	Azimyan Macaroni	Male	Gozara	Herat	708068131
41	5-Apr-15	Tahera	Private Business	Oxus-Herat	Female	Herat	Herat	798455450
42	5-Apr-15	Hafaza	Saffrom-Farmer	Afghan Women Saffron Growers' Association/Ghoryan Women Saffron Association	Female	Pashton Zarghon	Herat	703513415
43	5-Apr-15	Shahnaz Mohamadi	Saffrom-Farmer	Afghan Women Saffron Growers' Association/Ghoryan Women Saffron Association	Female	Pashton Zarghon	Herat	799161429

44	5-Apr-15	Shahzada	Saffrom-Farmer	Afghan Women Saffron Growers' Association/Ghoryan Women Saffron Association	Female	Ghoryan	Herat	-
45	5-Apr-15	Sima Barekzai	Tailor	Oxus-Herat	Female	Angeel	Herat	792523430
46	5-Apr-15	Maryam Jafari	Beauty Salon	Oxus-Herat	Female	Herat	Herat	792853510
47	5-Apr-15	Najiba Karimi	Tailor	Oxus-Herat	Female	Gozara	Herat	798729951
48	5-Apr-15	Azita Salim Shahi	President of Azada Saffron Growers' Association	Ariana Saffron	Female	Pashton Zarghon	Herat	793623441
49	5-Apr-15	Kaoki Haidari	Member of Azada Saffron Growers' Association	Ariana Saffron	Female	Pashton Zarghon	Herat	-
50	5-Apr-15	Radia Qurbani	Member of Azada Saffron Growers' Association	Ariana Saffron	Female	Pashton Zarghon	Herat	-
51	5-Apr-15	Kator Haidary	Member of Azada Saffron Growers' Association	Ariana Saffron	Female	Pashton Zarghon	Herat	-
52	5-Apr-15	Niama Azizi	Member of Azada Saffron Growers' Association	Ariana Saffron	Female	Pashton Zarghon	Herat	-
53	5-Apr-15	Said Abdul Naib	Farmer	Herat Ice Cream	Male	Pashton Zarghon	Herat	793621383

54	5-Apr-15	Said Shoaib	Farmer	Herat Ice Cream	Male	Pashton Zarghon	Herat	797356218
55	5-Apr-15	Saadudin	Farmer	Herat Ice Cream	Male	Pashton Zarghon	Herat	791938130
56	5-Apr-15	Noor Ahmad	Farmer	Herat Ice Cream	Male	Pashton Zarghon	Herat	792734675
57	5-Apr-15	Saidi Gul	Farmer	Herat Ice Cream	Male	Pashton Zarghon	Herat	729103351
58	5-Apr-15	Farid Ahamd	Farmer	Herat Ice Cream	Male	Gozara	Herat	797636261
59	5-Apr-15	Hamed	Farmer	Herat Ice Cream	Male	Gozara	Herat	795663450
60	5-Apr-15	Abdul Satar	Farmer	Herat Ice Cream	Male	Gozara	Herat	799802737
61	5-Apr-15	Abdul Reza	Farmer	Herat Ice Cream	Male	Gozara	Herat	707744661
62	13-Apr-15	Mohammad Qasem	Farmer	Qarizada Tomato Paste Company	Male	Khulom	Balkh	0797-388122
63	13-Apr-15	Abdul Ghias	Farmer	Qarizada Tomato Paste Company	Male	Nahere Shahi	Balkh	-
64	13-Apr-15	Niaz Mohammad	Farmer	Qarizada Tomato Paste Company	Male	Balkh	Balkh	0776-165941

65	13-Apr-15	Zabihullah	Farmer	Aziz Farid Cotton Processing Company	Male	Balkh	Balkh	786171947
66	13-Apr-15	Abdul Majid	Farmer	Aziz Farid Cotton Processing Company	Male	Balkh	Balkh	782250764
67	13-Apr-15	Mohammad Qasem	Farmer	Aziz Farid Cotton Processing Company	Male	Balkh	Balkh	775315292
68	13-Apr-15	Abdullah	Farmer	Aziz Farid Cotton Processing Company	Male	Balkh	Balkh	-
69	13-Apr-15	Qari Din Mohammad	Cooperative Member	Bakhtar Agriculture and Livestock Secondary Cooperative	Male	Dawlatabad	Balkh	750511608
70	13-Apr-15	Mohammad Hashim	Cooperative Member	Bakhtar Agriculture and Livestock Secondary Cooperative	Male	Dawlatabad	Balkh	799882034
71	13-Apr-15	Haji Abdul Satar	Cooperative Member	Bakhtar Agriculture and Livestock Secondary Cooperative	Male	Dawlatabad	Balkh	796704875

72	13-Apr-15	Habibullah	Cooperative Member	Bakhtar Agriculture and Livestock Secondary Cooperative	Male	Dawlatabad	Balkh	770881459
73	13-Apr-15	Ghulam Abass	Farmer	Momen Khan Ag Input	Male	Chamtal	Balkh	772285994
74	13-Apr-15	Mohammad Zahir	Farmer	Momen Khan Ag Input	Male	Dehdadi	Balkh	796202875
75	13-Apr-15	Mirza Mohammad	Farmer	Momen Khan Ag Input	Male	Chamtal	Balkh	798944131
76	13-Apr-15	Amir Mohammad	Farmer	Momen Khan Ag Input	Male	Chamtal	Balkh	799737744
77	13-Apr-15	Abdul Hanan	Poultry Farmer	Taje Telayee Development Poultry Farm Cooperative	Male	Mazar	Balkh	785425704
78	13-Apr-15	Hesaamudin	Poultry Farmer	Taje Telayee Development Poultry Farm Cooperative	Male	Mazar	Balkh	774030408
79	13-Apr-15	Haji Mohammad Hashim	Farmer	Omid Khurshid Noor Ltd	Male	Khulom	Balkh	796282653
80	13-Apr-15	Haji Abdul Ghani	Farmer	Omid Khurshid Noor Ltd	Male	Dehdadi	Balkh	777351718

81	13-Apr-15	Haji Mohammad Yaseen	Farmer	Omid Khurshid Noor Ltd	Male	Dehdadi	Balkh	700515105
82	13-Apr-15	Gulabudin	Farmer	Omid Khurshid Noor Ltd	Male	Dawlatabad	Balkh	781501416
83	13-Apr-15	Mohammad Ismail	Private Business	Islamic Investment and Finance Cooperatives Group (IIFC Group)	Male	Mazar	Balkh	796766737
84	13-Apr-15	Said Arif	Photographer	Islamic Investment and Finance Cooperatives Group (IIFC Group)	Male	Mazar	Balkh	774919278
85	13-Apr-15	Khairudin	Teacher	Islamic Investment and Finance Cooperatives Group (IIFC Group)	Male	Mazar	Balkh	777654943
86	22-Apr-15	Abdul Rahman	Cooperative Member	Tawoon	Male	Bamyan	Bamyan	797563329
87	22-Apr-15	Mohammad Reza	Cooperative Member	Tawoon	Male	Bamyan	Bamyan	771224760
88	22-Apr-15	Haji Ali	Cooperative Member	Irfaaq	Male	Bamyan	Bamyan	778351344
89	22-Apr-15	Mohammad Nabi	Cooperative Member	Irfaaq	Male	Bamyan	Bamyan	77873605
90	22-Apr-15	Sultan Hosain	Cooperative Member	Sunbol	Male	Bamyan	Bamyan	778842766
91	22-Apr-15	Mohammad Nabi	Cooperative Member	Second Adalat	Male	Bamyan	Bamyan	779835166

92	22-Apr-15	Haji Qasem	Cooperative Member	Second Adalat	Male	Bamyan	Bamyan	771425881
93	22-Apr-15	Zahir Hosain	Cooperative Member	Sedaqat	Male	Bamyan	Bamyan	789590088
94	22-Apr-15	Abdul Qayum	Cooperative Member	Second Adalat	Male	Bamyan	Bamyan	771701475
95	22-Apr-15	Sefat Ali	Cooperative Member	Sedaqat	Male	Bamyan	Bamyan	788350133
96	22-Apr-15	Khan Ali	Cooperative Member	Istiqlal	Male	Bamyan	Bamyan	779520259
97	22-Apr-15	Mohammad Tahir	Cooperative Member	Second Adalat	Male	Bamyan	Bamyan	76568512
98	22-Apr-15	Faqir Mohammad	Cooperative Member	Shahe Mardan	Male	Bamyan	Bamyan	799062096
99	22-Apr-15	Khoda Dad	Cooperative Member	Shahe Mardan	Male	Bamyan	Bamyan	776636721
100	22-Apr-15	Mohammad Hassan	Cooperative Member	Shahe Mardan	Male	Bamyan	Bamyan	774997658
101	22-Apr-15	Mohammad Nader	Cooperative Member	Falah	Male	Bamyan	Bamyan	776240065

## Agribusinesses and Non-Financial Intermediaries Meetings

S. #	Date	Name	Organization	Province	Group/Indv.	Contact Number 1	Contact Number. 2	Email
1	16-Mar-15	Sajaduddin Abdiani	ANSOR, Afghanistan National Seed Organization	Kabul	Individual	0700-601824		<a href="mailto:saidajanattiq.abdiani@gmail.com">saidajanattiq.abdiani@gmail.com</a>
2	17-Mar-15	Ghulam Maroof (Zafar)	Afghanistan Social Poultry & Animal Farmer Association (ASPFA)	Kabul	Individual	0799-320827	0799-206089	<a href="mailto:afghanfarmer@gmail.com">afghanfarmer@gmail.com</a>
3	17-Mar-15		OXUS Afghanistan - Zahra	Kabul	Individual			
4	18-Mar-15	Mussa Salehi	Salahe Dekundiwal Brothers Agro Productions and Services Company	Kabul	Group	0789-131852	0773-030669	<a href="mailto:daikondiwalsalehi2015@gmail.com">daikondiwalsalehi2015@gmail.com</a>
5	18-Mar-15	Mohammad Zekria Haidary	Dehqan Roz	Kabul	Group	0772-024443	0776-906090	<a href="mailto:zakria_haidary@yahoo.com">zakria_haidary@yahoo.com</a>
6	18-Mar-15	Bashir Ahmad Khan	Islamic Investment and Finance Cooperatives Group (IIFC)	Kabul	Group	0729-888100		<a href="mailto:naqibullah.helal@iifcgroup.com">naqibullah.helal@iifcgroup.com</a>

			Group), WOCCU Project					
7	18-Mar-15	Shomaya Rezaie	Fine Food Factory	Kabul	Group	775528316		<a href="mailto:fine_food@gmail.com">fine_food@gmail.com</a>
8	18-Mar-15	Haji Khan Mohammad	Uddin Wardak Wool Washing & Carpet Co.	Kabul	Group	777856905	0788-000069	
9	18-Mar-15	Sardar Mohammad	Raqib Plastic Packaging Complex	Kabul	Group	0799-761646		
10	18-Mar-15	Haji Aminullah	Takana Sefla Brothers Co. Ltd	Kabul	Group	0700-488670	0789-278682	<a href="mailto:takana.sfla@yahoo.com">takana.sfla@yahoo.com</a>
11	18-Mar-15	Abdul Mateen/Abdul Hameed	Bakhtar Flour Mill Pvt Ltd.	Kabul	Group	0700-280983	0799-333912	<a href="mailto:info@bakhtarflourmail.com">info@bakhtarflourmail.com</a>
12	18-Mar-15	Mohammad Yunus	Qurbankhail Mawlana Yaqoob Charkhi Brothers Company Ltd	Kabul	Group	020-2101467	0700-284623	
13	18-Mar-15	Ahmad Sair	Sahil Aminzada Cattle and Agricultural Company Ltd	Kabul	Group	781150096		<a href="mailto:sahelaminzada_saca@yahoo.com">sahelaminzada_saca@yahoo.com</a>
14	24-Mar-15	M. Riduanullah	Nangarhar Nursery Growers' Association (NNGA)	Nangarhar	Individual	0775-450552	0785-214047	
15	25-Mar-15	Haji Tor Malang	Javid Afghan Wheat Thresher Company	Nangarhar	Individual	0799-331914	0700-606570	

16	25-Mar-15	Sherzad Azizi	Afghan Rice Processing Mill	Nangarhar	Group	0774-235817	0775-826768	
17	25-Mar-15	Mohammad Qaseem	Nangarhar Edible Oil Processing Cooperative	Nangarhar	Individual	0799-210600		
18	25-Mar-15	Ahmad Zaki Fazli	Nangarhar Afghan Training Center (NATC) Company	Nangarhar	Group	0773-319395	0786-664150	
19	26-Mar-15	Ashoqullah	Season Honey Processing Factory	Nangarhar	Individual	777603681	786383438	
20	26-Mar-15	Shereen Jan	Sayel Chips Company	Nangarhar	Group	0788-272841	0775-656186	
21	26-Mar-15	Stana Gul	Stana Gul Poultry Farm	Nangarhar	Individual	0797-090745	0783-105062	
22	26-Mar-15	Mohammad Naeem	Silab Sohail Technic & Production Co	Nangarhar	Group	0700-607312		
23	2-Apr-15	Noorulhaq Faizai	Herat Ice Cream	Herat	Individual	799214415	40330062	<a href="mailto:finance@heraticcream.com">finance@heraticcream.com</a>
24	2-Apr-15	Hatam Saeedi	Rawnaq Agricultural and Livestock	Herat	Individual	0795-119527	0799-330899	

			Cooperative					
25	4-Apr-15	Mohammad Mohsen	Tanin Herat Industrial Food Company	Herat	Group	729294422		
26	4-Apr-15	Ahmad Shah Habib Zadah	Sudais Saud Trading Co	Herat	Group	040-251110	0799-875187	
27	4-Apr-15	Maryam Jami ul Ahmadi	Herat Empowered Women Social Association (HEWSA)	Herat	Group	040-220455	0798-709172	
28	4-Apr-15	Seema Ghoryani	Afghan Women Saffron Growers' Association/Ghoryan Women Saffron Association	Herat	Group	0799-361730	0703-188020	
29	4-Apr-15	Haji Mohammad Khan	Farah Gostar Ltd	Herat	Group	040-220258	0799-354314	<a href="mailto:faragostarsoltani@gmail.com">faragostarsoltani@gmail.com</a>

30	4-Apr-15	Nangalai Amin	Azimyan Macaroni, Biscuit, and Salty Snack Producing Company	Herat	Group	799508536	0794-154511	<a href="mailto:amin.naeem@gmail.com">amin.naeem@gmail.com</a>
31	4-Apr-15	Jalil Ahmad Yousefi	Morvarid Food Industries	Herat	Group	799298402		<a href="mailto:production@marvaridfood.com">production@marvaridfood.com</a>
32	4-Apr-15	Abdul Muqani	Sadeq Hamid Badghisi Ltd	Herat	Group	0796-010680		
33	4-Apr-15	Haji Shah Mahmood	Kamel Dairy Production Company	Herat	Group	0795-530190		
34	4-Apr-15	Mohammad Qasem	Gholami Brothers Ltd	Herat	Group	040-234158	0700-403024	
35	4-Apr-15	Engineer Bashir Ahmad Rashidi	Ariana Saffron Cultivation, Processing, and Packaging Company	Herat	Group	040-444681	0788-031060	
36	4-Apr-15	Fazal Ahmad	Zeyarat Jah Ltd	Herat	Group	0799-491913		

37	12-Apr-15	Emamuddin Khan	Sanaizada Edible Oil Extraction	Balkh	Group	0700-510492		<a href="mailto:sanaizadaoil@yahoo.com">sanaizadaoil@yahoo.com</a>
38	12-Apr-15	Mir Dawood	Sayed Jamal Flour Mill	Balkh	Group	729888131		
39	12-Apr-15	Sayed Arif Qarizada	Qarizada Tomato Paste Company	Balkh	Group	799407235	786302723	
40	12-Apr-15	Khoja Mohammad Sidiq	Taje Telayee Development Poultry Farm Cooperative	Balkh	Group	0799-355656		
41	12-Apr-15	Rabia Maryam	Rabia Mariam Handicraft Company (RMHC)	Balkh	Individual	0794-383572		
42	12-Apr-15	Momen Khan	Momen Khan Ag Input	Balkh	Group	0799-269991	0779-440448	
43	12-Apr-15	Haji Sayed Ghulam Hussain	Jawid Kohnawardan Ltd	Balkh	Group	0799-404621	0799-188075	
44	12-Apr-15	Sayed Rahmat Shah	Mustafa Jamal Flour Mill	Balkh	Group	0799-375055	0777-375055	
45	12-Apr-15	Abdul Salam Sarir	Aziz Farid Cotton Processing Company	Balkh	Group	794990008		<a href="mailto:salamsarir@gmail.com">salamsarir@gmail.com</a>

46	12-Apr-15	Haji Ezatullah	Bidak Sharif Brothers Carpet Yarn Production Company	Balkh	Group	0799-373069	0795-070099	
47	12-Apr-15	Atta Mohammad	Meran Gozargah Cold Storage Service Company	Balkh	Group	700500329		
48	12-Apr-15	Mohammad Ramin	Shir Poor Sultani Flour Mill	Balkh	Group	796915546		
49	12-Apr-15	Nasaratullah	Omid Khurshid Noor Ltd	Balkh	Group	793505772		
50	12-Apr-15	Abdul Fataah	Bakhtar Agriculture and Livestock Secondary Cooperative	Balkh	Group	0798-276877	0797-721120	
51	12-Apr-15	Haji Abdul Hakeem	Haji Baba Agricultural Cooperative	Balkh	Group	0799-434243	0774-403690	
52	12-Apr-15	Hassan Karimi	Armin Food Production Company	Balkh	Group	0774-403070		
53	12-Apr-15	Esmatullah	Esmatullah Hameedi Industrial Oil Production Co	Balkh	Group	0775-151531		

54	12-Apr-15	Mohammad Ismail Zahiri	Sarmid Khurshid	Balkh	Group	774007000		
55	22-Apr-15	Bismillah	Shahemardan Bamyar	Bamyar	Group	0798-903912		
56	22-Apr-15	Mukhtar	Ghulghula Ag. and Livestock Co-op	Bamyar	Group	0775-174448	0795-007944	
57	22-Apr-15	Habibullah	Tawoon Cooperatives	Bamyar	Group	772394685		
58	22-Apr-15	Said Dawod	Irfaaq Cooperatives	Bamyar	Group	774083252		
59	22-Apr-15	Haji Hosain	Second Adaalat Cooperatives	Bamyar	Group	776801644		
60	22-Apr-15	Khaden Hosain	Sedaqat Cooperatives	Bamyar	Group	788546045		
61	22-Apr-15	Asadullah	Istiqlal Cooperatives	Bamyar	Group	779309853		
62	22-Apr-15	Ewaz	Almas Cooperatives	Bamyar	Group	773343337		
63	22-Apr-	Haji Ghulam	Sahar	Bamyar	Group	775470423		

	15	Hosain	Cooperatives					
64	22-Apr-15	Baqer	Baharan Cooperatives	Bamyan	Group	777251846		
65	22-Apr-15	Haji Safder	Zulfiqaar Cooperatives	Bamyan	Group	797171630		

## 5. DETAILED EXPLANATION OF METHODOLOGY

### A. Evaluation Methodology:

The two international evaluators arrived in the country on 5th and 6th of March 2015, and were joined by one Afghanistan national consultant. An in-briefing was held with USAID (OPPD, M&E unit, and OAG team) on March 8th, 2015, for an introduction, and to discuss the evaluations teams understanding of the assignment, initial assumptions, evaluation questions, and timelines. The team sought clarification, and the proposed amendments to the SOW were agreed upon including, reporting frequency with "Implementing Partner (IP)", who were already out of the country. USAID emphasized the need for the evaluation to conduct an independent assessment on the performance of the ACE program, and to avoid replication of data, and information already known, and contained in the ACE- M &E reports.

The ACE Performance Evaluation team used a mix of qualitative and quantitative data collection and analysis approaches, to facilitate a wider consultation with project stakeholders and partners, and provide the team with the data and information required to respond to the five evaluation questions. The evaluation methods used as agreed in the approved work plan are each analyzed in table 1 - Annex V below:

**Table 1 - Annex V: Work Plan Proposed Evaluation Methodology by Evaluation Question**

Questions	Desk Review	KI Interviews	FGDs & Questionnaires	Expert Interviews
1. To what extent have the borrowers' uses of the loans and grants contributed to the overall objective of the project (e.g. have the loans contributed to the modernization of agriculture, increasingly agricultural jobs, and/or increasing household income)?	√	√	√	√
2. Has the approach and implementation of ADF lending practices (e.g., through non-financial intermediaries such as agricultural cooperatives, associations, and agribusinesses, instead of just financial intermediaries) been efficient?	√	√	√	√
3. How has the program managed to include women across all components of the project, both in the establishment of the fund and the provision of loans to farmers and agribusinesses?	√	√	√	
4. How has the availability of agricultural credit improved as a result of ACE activities? Consider prior existing sources of credit, both formal and informal.	√	√	√	

<p>5. How has ACE’s interventions with participating intermediaries improved the profitability of their businesses and contributed to a sustainable and thriving agricultural economy?</p>	√	√	√	
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**Desk Review:** The desk review process involved an examination of a variety of project implementation documents, reports, and M&E data provided by the USAID Contracting Officer Representative (COR) office, and the ACE/ADF Head Office. These included the USAID Evaluation Policy, the ACE Performance Evaluation Statement of Work (SOW), ACE project Quarterly Reports, Annual Reports including the ACE-Final Report, Mid-term Evaluation and Impact Assessment Reports, the Performance Management Plan (PMP), Monitoring and Evaluation Data on the ACE loan portfolio etc. Overall, all relevant offices concerned ensured that the evaluation had a good supply of project related information to facilitate the review process. The ADF Head Office and the regional office were equally helpful in providing data and information and facilitate mobilization of direct and indirect borrowers to the FGD. The review of such documents enabled the evaluation to determine if the expected results were met, and to distinguish the substantive design issues from the key implementation and/or managements. The ACE/ADF data spreadsheets enabled the evaluation to track the performance of the programs by type of borrowers, type of loans, regional spread, amounts committed and disbursed and such other information needed to fully understand the performance of ACE from inception to its closure on 25 February 2015.

**Key Informants Interviews:** Key informants meetings were held with a wide range of individuals and organizations. These included: the Deputy Minister at the Ministry of Agriculture, Irrigation, and Livestock (MAIL), Directors of the Department of Agriculture Irrigation and Livestock (DAIL) in the provinces, MAIL Directorate of Home Economics, Director Financial Supervision Department at Da Afghanistan Bank (Central Bank), Chief Executive Officers and senior staff at OXUS Afghanistan, Islamic Investment Finance Cooperative Group (IIFC), and the Afghanistan Micro Finance Association (AMA). The evaluation team also met representatives from OXUS and IIFC Group in Jalalabad, Herat, and Mazar. Key informants interviews were open, and guided by a set of loosely structures questions on program related issues. The process allowed the discussion to flow in a freely for a good exchange of information on their views and opinions about the program, its successes and failure and to share recommendation on the future of the ADF. As far as the ACE project staff is concerned, the evaluation met with former DAI/ACE now ADF staff at Head Quarter (HQ) and the regions, as well as, the ADF Sharia Board. The discussions with ACE/ADF staff were guided by the questionnaire tool developed. The team however felt that the tool was restrictive, and opted for an open discussion that would enable the staff to freely share their opinions, and experience with the ACE project. The evaluation also meets with one defaulter in Nagarhar. In total, the evaluation met with 66 key informants ( 7 Male and 59 Female). Also included among the Key informants five staff of Nangarhar Edible Oils Cooperative, who attended the FGD Table 2 and Annex V - gives breakdown of key informants interviewed by province and gender

**Table 2- Annex V: Number of Key Informants Interviewed by Provinces and Gender**

Province	Female	Male	Grand Total
Balkh	-	7	7
Bamyan	-	5	5
Heart	2	12	14
Kabul	5	25	30
Nangarhar		10	10
<b>Grand Total</b>	<b>7</b>	<b>59</b>	<b>66</b>

Source: ACE Evaluation Tools

**Focus Group Discussions (FGD) & Questionnaires:** Focus Groups Discussions (FGD) were used as a way of gathering information from ACE direct borrowers (Intermediaries), the FI's, the NFI's and agribusinesses, and also the ACE's indirect/end-borrowers. In the FGD, the evaluation used a set of very broad questions to guide the conversations, but also allowed for a free discussion. This was followed by break-up session during which each participant was asked to fill out a questionnaire/tool. The evaluation tools were structured around the Key Evaluation questions, aimed at providing information on type of borrowers, loan sizes, funded activities, duration of loans etc. In the FGD, the ACE evaluation team emphasized confidentiality, and that it was the ACE program that was being evaluated, although the ADF was part of ACE. It was stated to all attendees that the objective of the evaluation was to give everybody a voice through a questionnaire, and after that focus group discussions were held for verbalization of issues. The aim of the focus group discussions was to let respondents discuss ideas beyond the questionnaire, and provide the team and participants broader perspective of the issues beyond what had been covered by questionnaire. Initially for intermediaries, the plan was to separate the women and the men. As the number of women direct borrowers turned to be small, the evaluation opted to put the women in the same group with the men. This also gave the women the opportunity to participate in a bigger discussion with the male business owners, and to benefit from their contributions. Out of all FGDs conducted, only one direct borrower refused to speak with the ACE evaluation team, claiming he had not been given enough time to consider the evaluation questions. Both the intermediary and end-users/borrowers questionnaire were modified after the Kabul and Nagarhar experience, to make the questions more relevant to the various business practices. The evaluation tools used in FGD are given in **ANNEX VI - Data Collection Survey Instrument**

Overall the FGD gave the evaluators insights into the different ACE/client loan issues, which greatly complemented the data, and information from the key informants, and other sources. The evaluation was able to assess the quality of ACE/ADF services, lending practices, areas of weaknesses and strengths in the credit system, and where improvements were needed. By listening to the exchanges in the FGD on issues such as the compliance of the Sharia loan products to Islamic laws, the evaluation team was able to gauge and better understand: i) the social, cultural and religious issues that ACE encountered during implementation; ii) if ACE intervention had transformed the agricultural sector through credit delivery to Afghan farmers; iii) the challenges that the agribusinesses and NFI experienced in the course of the implementing the credit; and iv) key lessons learned and recommendations on how future ADF credit can be improved to function better.

**Expert Interviews** was sought from personality with specialization in certain fields affecting the program such as the development of Sharia loan products, and Da Afghanistan Bank for their views concerning the future of ADF and other specialized institutions in the area of microfinance.

**Direct Observations/ Site visits:** was not part of the evaluation methods proposed in the work plan due to security issues. Site visits were made to some selected direct borrowers in the five provinces. In each region, the team endeavored to meet with women-owned agribusinesses, as well as, and women end-borrowers to determine if the project had succeeded in including women across all components of the project, especially in the provision of loans to women/women farmers. Visited women owned enterprises were Rabia Mariam Handcrafts, Fine Foods and Herat Empowerment Women Social Associations). Other consideration used in selecting intermediaries for site visits included loan sizes, number of loans received (repeat clients), business diversity, outreach to end-borrowers, distances within the city, and had to be located in secure area. As the active MFI's were only two, the evaluation decided to visit them individually at their Head Quarters in Kabul, and in the respective branches in the regions. The evaluation also decided to visit directly large NFI's such as Afghanistan Social Poultry & Animal Farmers Associations (ASPFAFA) and the Association of Afghanistan National Seed Organization (ANSOR).

## **B. Evaluation Design, Data Collection and Analysis Methods:**

### **B.1 ACE Direct Borrowers Selection Process:**

As at the end of the ACE project, the project had a total of 234 loan accounts, and 181 direct borrowers. The evaluation included in its sample all the active, and closed accounts as provided in the ACE/ADF Loan Tracker and other databases.. Time allowing, the evaluation also planned to meet some clients whose loans had been written off, as a way of understanding some of the challenges that loan payees had encountered. The evaluation tools were developed and testing of the same started in Kabul. The evaluation team subsequent travelled to the selected provinces in each of the region where ACE project activities were implemented including: Nangarhar, Balkh, Herat and Bamyan. ACE/ADF regional offices in these locations assisted the evaluation in mobilizing the direct borrowers. For security reasons, the evaluation team opted to meet with participants at the hotel residence where they were accommodated. This is because these locations were well secure, and also minimized the team's movement.

Initially the evaluation team intended to invite 76 direct borrowers with active and closed ACE/ADF lending accounts to the FGD. Eventually, the evaluation managed to survey 62 borrowers, 8 by way of direct interviews, and 54 through focus group gatherings. In the FGD, the evaluation team split the intermediaries participants by type of loan (Sharia and Conventional), and by type of borrowers (FI's/ NFI's / and Agribusinesses). This was to enable the participants to speak the same language to each other as their borrowing instruments were the same. The evaluation also did not want to expose and/or embarrassment conventional borrowers considering that payment of interest is considered "*haram*" under Islamic law. In the FGD, the evaluation used a set of very broad questions to guide the conversations, but also allowed for a free discussion. This was followed by break-up session during which each participant was asked to fill out a questionnaire/tool. Initially for intermediaries, the plan was to separate the women and the men. The number of direct borrowers FGD held by type of borrower and province are shown in table 3 - Annex V.

**Table 3 - Annex V: Direct Borrowers FGD held, by Type of Borrower and by Province.**

Type of Borrower	Province(s)	Surveyed By FDG		Surveyed Individually		Total Participants
		Female	Male	Female	Male	
Agribusiness	Balkh	-	13	-	-	13
	Bamyan	-	1	-	-	1
	Herat	-	9	-	1	10
	Kabul	1	8	-	-	9
	Nangarhar	-	4	-	3	7
<b>Agribusiness Total</b>		<b>1</b>	<b>35</b>		<b>4</b>	<b>40</b>
Non-financial Intermediary	Balkh	-	4	-	-	4
	Bamyan	-	10	-	-	10
	Herat	2	1	-	1	4
	Kabul	-	-	-	1	1
	Nangarhar	-	-	-	2	2
<b>Non-financial Intermediary Total</b>		<b>2</b>	<b>15</b>		<b>4</b>	<b>21</b>
Financial Intermediary	Kabul	-	1	-	-	1
<b>Grand Total</b>		<b>3</b>	<b>51</b>		<b>8</b>	<b>62</b>

Type of Borrower	Province(s)	Surveyed By FDG		Surveyed Individually		Total Participants
		Female	Male	Female	Male	
Agribusiness	Balkh	-	13	-	-	13
	Bamyan	-	1	-	-	1
	Herat	-	9	-	1	10
	Kabul	1	8	-	-	9
	Nangarhar	-	4	-	3	7
<b>Agribusiness Total</b>		<b>1</b>	<b>35</b>		<b>4</b>	<b>40</b>
Non-financial Intermediary	Balkh	-	4	-	-	4
	Bamyan	-	10	-	-	10
	Herat	2	1	-	1	4
	Kabul	-	-	-	1	1
	Nangarhar	-	-	-	2	2
<b>Non-financial Intermediary Total</b>		<b>2</b>	<b>15</b>		<b>4</b>	<b>21</b>
Financial Intermediary	Kabul	-	1	-	-	1
<b>Grand Total</b>		<b>3</b>	<b>51</b>		<b>8</b>	<b>62</b>

Source: ACE Evaluation Tools

**B.2 End-Borrower Selection Process:** Identification of end borrowers was done with the help of the intermediaries. Initially the evaluation team had targeted to meet with 250-300 end borrowers, 50-60 in each Province. FGD for end borrower meetings were conducted in the same way as for intermediaries. Initial, the plan was to hold separate FGD, one for end borrowers receiving Sharia compliant loans, and another for those receiving support from conventional loan borrowers. Since the end borrowers are not prevue to information on their principal's loan products/types, the evaluation decided to just put all end borrowers in one FGD meetings. In total, the evaluation team managed to survey 101 end borrowers, 79 were male and 22 were female. The turnout of end borrowers was much lower than anticipated for reasons cited under the evaluation challenges and constraints. Break down of the end borrowers surveyed through the FGD's by gender and province is given in table 3

**Table 4 - Annex V: Indirect/End-Borrowers FGD held, by Province and Gender.**

Province(s)	No. of FGD Planned	No. of FGD Achieved	Total Female Participants	Total Male Participants	Total Participants
Balkh	4	1	-	24	24
Bamyan	2	2	-	16	16
Herat	2	3	16	19	35
Kabul	2	2	3	13	16
Nangarhar	2	3	3	7	10
<b>Total</b>	<b>12</b>	<b>11</b>	<b>22</b>	<b>79</b>	<b>101</b>

Source: ACE Evaluation Tools

### B.3 Data Analysis:

Once fieldwork was completed data collected was brought to Kabul. Subsequent data quality check, cleaning and data entry was done in Kabul. After finishing data entry the evaluation team processed and consolidated raw data into quantitative and qualitative data. Quantitative data was analyzed using Excel pivot tables. These tools enabled evaluators to evaluate descriptive statistics (such as to number of people surveyed, percentage of females, and number of respondents reporting a given problem or benefit) and more advanced analytical exercises such as correlations between geographic regions and success rates. Throughout the analysis, each team member shared and compared notes taken during the interviews. Team members identified variations of information provided by different respondents. The data is stored both on soft and hard copies were applicable. Data has been segregated by type of borrower, gender and provinces

### B.4 Evaluation Constraints and Limitation:

- **Security Considerations:** Resulting in low turnout especially of the end borrowers. In Nangarhar and in Herat some agribusinesses did not want to be associated with USAID institution for their own security, while others felt that if end borrowers get to know that they had borrowed from a USAID project, they would refuse to repay their loans. Some of the intermediaries that had borrowed under the conventional loan system paying interest, did not want to expose themselves to end-borrowers. The evaluation had hoped that OXUS and IIFC Group would both mobilize more women. Unfortunately they were not able to citing security and cultural constraints inhibited female end borrowers to attend the FGDs.
- **Fear of Non-payments:** Some intermediaries feared that if the end borrowers knew that the money passed to them was borrowed from USG project, there will be no willingness to repay the loan. Some of those that had borrowed under the conventional loan system paying interest feared to be condemned for not following Islamic Sharia laws.
- **Cropping Seasons:** The onset of the cropping season was a challenge to get farmers attending meetings.
- **Travel distances** are cited as reason farmers were reluctant to come to meetings. This being true, since farmers mainly live in rural areas found it challenging to visit city centers. The evaluation team encouraged end borrower to participate on meetings by providing **transportation money, Afs 500**. In addition refreshments and lunch for two groups were

provided, but no other allowances have been paid. No promises had been made either prior or during meetings.

- **Low Turnout out Women:** The turnout of women participants was lower than expected, due to security concerns, and social and travel distance issues. For example the turnout for female end borrowers in Balkh was zero, because of a security threat in the area and according to the intermediary the families did allow women to travel. Still the evaluation team was able to meet one female direct borrower in Balkh.
- **Challenges with evaluation Questionnaire:** There was a tendency among respondents to under-report answers and alters replies responses to approximations as to what they perceive was safe to reveal. The ACE evaluation team conducted interviews at settings where respondents felt comfortable and established links between the interviewers and interviewees. Where the respondents could not read and write, the evaluation team developed a system of assisting them by numbering the respondents and pooling their results on one questionnaire filled out by a member of the evaluation teams. It was noted that the participants were hesitate in responding to questions dealing with profit and loss, interest rates, and opinion about the ACE/ADF. As the program was launched in of 2010, some respondents encountered difficulties recalling some information. The evaluation has noted that there are some differences between clients surveyed in FGD questionnaires and clients surveyed through direct interviews. Questionnaires filled in through direct interviews by members of the evaluation team had more accurate and comprehensive data for analysis. Overall, the results obtained are representing opinions of surveyed respondents who had experience with the ACE/ADF program.

**ANNEX 5:B**

**DETAILED TABLE DESCRIPTIONS**

**Table 1: Reasons for ACE Loans by Types of Direct Borrowers**

**Evaluation Question: Did you receive the money from ADF for your own use or Onward lending purposes?**

	<b>On-lending</b>	<b>Own Use</b>	<b>Both</b>	<b>None Responsive</b>	<b>Grand Total</b>
<b>Balkh</b>	<b>2</b>	<b>9</b>	<b>6</b>		<b>17</b>
Agribusiness	2	7	5		14
Non-financial Intermediary		2	1		3
<b>Bamyan</b>	<b>2</b>	<b>2</b>	<b>6</b>	<b>2</b>	<b>12</b>
Non-financial Intermediary	2	2	6	2	12
<b>Herat</b>	<b>2</b>	<b>8</b>	<b>3</b>	<b>1</b>	<b>14</b>
Agribusiness	1	7	2	1	11
Non-financial Intermediary	1	1	1		3
<b>Kabul</b>	<b>1</b>	<b>8</b>		<b>2</b>	<b>11</b>
Agribusiness		8		1	9
Financial Intermediary	1				1
Non-financial Intermediary				1	1
<b>Nangarhar</b>		<b>4</b>	<b>4</b>		<b>8</b>
Agribusiness		4	2		6
Non-financial Intermediary			2		2
<b>Grand Total</b>	<b>7</b>	<b>31</b>	<b>19</b>		<b>62</b>

**Source: ACE Evaluation Tools**

**Table 2- Uses ACE Loans by Type of Borrower and by Province**

<b>Balkh</b>	<b>17</b>
<b>Non-financial Intermediary</b>	<b>1</b>
Construction of chicken farm and processing food items of chickens (M)	1
<b>Agribusiness</b>	<b>15</b>
For procurement of raw materials for factory and for farmers (M)	1
For production of spaghetti (WC)	1
Purchase of cotton (WC)	1
Procured fruits (WC)	1
New production of farming, Promotion of products and procurement of machinery (M)	1
Processing of products (M)	1
Procured wool for yarning (WC)	1
Procurement of goods (WC)	1
Procurement of wheat from farmers (WC)	1
Tractor and thresher (M)	1
Procurement of Machinery (M)	3
(None Responsive)	1
<b>Non-financial Intermediary</b>	<b>2</b>
(Non-Responsive )	2
<b>NFIs: M =1 , Non-responsive = 2</b>	
<b>Agribusinesses: Summary: WC = 6 M = 7 No-responsive = 1</b>	
<b>Bamyan</b>	<b>12</b>
<b>Non-financial Intermediary</b>	<b>12</b>
Agriculture purpose ( M)	1
Carpet Weaving and purchasing raw materials (WC)	1
On-lending to farmers (M)	1
For onward lending / product processing (M)	1
Improved and quality agriculture seeds (M)	1
improved seeds and fertilizer (M)	1
improving agriculture products quality (M)	1
purchased Potato and wheat seed (M)	1
Purchased Potatoes seeds (M)	1
The loan was distributed to formers to buy improved seeds and good quality fertilizer in order to improve the products (M)	1
(None Responsive)	2
<b>Summary: M= 10 Non-responsive=2</b>	
<b>Herat</b>	<b>14</b>
<b>Agribusiness</b>	<b>11</b>
Buying Agricultural Items, processing and exporting ( M)	1
Machinery, efficiency of variety and Milk (M)	1
(None Responsive)	1
Packaging and exporting saffron (M)	1
Processing the products and cash payment in advance to formers. (M)(WC)	1
Production (WC)	1
Purchased Equipment / Solar water pumps were given to formers (M)	1
Purchased raw materials (corn and wheat) from formers (WC) (M)	1
Purchasing agriculture materials and building the company (WC) (M)	1
Purchasing Agriculture products, Process and packaging (M)	1
Purchasing Agriculture products, processing and exporting (M)	1
<b>Non-financial Intermediary</b>	<b>3</b>
50% of the loans were distributed to others and we spend the money on fruit processing, vegetable and packaging food products (M) (WC)	1
Business growths Saffron Process and marketing (M)	1
We spent 3800000 Afs to construct building and the rest we used for chicks and food(M) (WC)	1
<b>Agribusinesses: Summary: M = 6 M &amp; WC = 3 WC = 1 Non-responsive = 1</b>	
<b>NFI's Summary: Summary: M= 1 M &amp; WC=2</b>	

<b>Kabul</b>	<b>11</b>
<b>Agribusiness</b>	<b>9</b>
Buying Machinery (M)	1
Buying Machinery for disposable food and dairy containers. (M)	1
Buying the Wool from Nomad after processing we are giving the wool to house hold for making carpets (WC)	1
Buying Wheat (WC)	1
Products (WC)	1
Provided agriculture and vet tools from different countries(M)	1
first in march when they start the season, than in the middle we pay them some amount for their expenses and we pay the last installment once we sold the fruit. (WC) (M)	1
We bought tools and raw materials (WC) (M)	1
With the money we bought incubator (M)	1
<b>Financial Intermediary</b>	<b>1</b>
On-lending	1
<b>Non-financial Intermediary</b>	<b>1</b>
(None Responsive)	1
<b>Nangarhar</b>	<b>8</b>
<b>Agribusiness</b>	<b>6</b>
Bought Honey (WC)	1
Buildings (M)	1
Food for poultry (WC)	1
For Business (WC)	1
Processing wheat, rice and corn (WC)	1
To expand our work and livestock program. Processing livestock productions. (WC)	1
<b>Non-financial Intermediary</b>	<b>2</b>
Cotton, seed oil and raw cotton production (WC)	1
Lending the money to farmers (WC)	1
<b>Grand Total</b>	<b>62</b>
<b>Summary: Agribusinesses: WC = 5 M = 1</b>	
<b>NFI: WC = 2</b>	

**M=Modernizations      WC=Working Capital Purposes**

**Table 3- Uses ACE Grants by Type of Recipien**

<b>Province and Type of Intermediary</b>	<b>No. of Intermediary</b>	<b>Sum of Grants</b>
<b>Balkh</b>	<b>4</b>	<b>47500</b>
<b>Agribusiness</b>	<b>3</b>	<b>34000</b>
For office	1	24000
Not answered	1	10000
Safety kit	1	0
<b>Non-financial Intermediary</b>	<b>1</b>	<b>13500</b>
62 solar panels system for chicken farm	1	13500
<b>Herat</b>	<b>8</b>	<b>248067</b>
<b>Agribusiness</b>	<b>6</b>	<b>141500</b>
Advertisement and introducing better products to the people through TV and other social media. Also purchased better machinery for better quality of our work.	1	24000
Machinery and building storage	1	39500
Machinery, Equipment and Pallets	1	25000
Not answered	3	53000
<b>Non-financial Intermediary</b>	<b>2</b>	<b>106567</b>
8 Cooler, 4 Heater, Cage 70, 8 exhaust, Mug 330, Food dish- 330	1	16567
to improve quality of the products and marketing	1	90000
<b>Kabul</b>	<b>6</b>	<b>185000</b>
<b>Agribusiness</b>	<b>5</b>	<b>151000</b>
3000 empty boxes, one compressor and advertisements by TV	1	23000
For buying fruit (Apricot and Apple) and exporting them to India and Pakistan	1	10000
Not answered	1	35000
Renovation of the packaging area, metal farms and boxes	1	60000
The grant was received for technical services and it to some extent it solved our problems in website development, printing, uniform for workers and shelves.	1	23000
<b>Non-financial Intermediary</b>	<b>1</b>	<b>34000</b>
Stock and chicks	1	34000
<b>Nangarhar</b>	<b>4</b>	<b>82500</b>
<b>Agribusiness</b>	<b>3</b>	<b>48500</b>
Marketing	1	6500
Purchasing machineries	1	34000
To buy batteries and solar	1	8000
<b>Non-financial Intermediary</b>	<b>1</b>	<b>34000</b>
Advertisements, Packing Beans, Water Polisher	1	34000
<b>Grand Total</b>	<b>22</b>	<b>\$563067</b>

**Table 4 a- End-Borrowers Uses of Credit from ACE/ADF Direct Borrowers to Modernize**

<b>Uses of Loan In-kind</b>	<b>Province</b>			<b>Grand Total</b>
	<b>Balkh</b>	<b>Herat</b>	<b>Kabul</b>	
<b>In-kind</b>	<b>10</b>	<b>11</b>	<b>5</b>	<b>26</b>
Animal fertilizer, chemical fertilizer and saffron seeds		1		1
Animals Foods			1	1
Corn, fertilizer, drugs		1		1
Cucumber seeds and chemical materials which we sold them in market		1		1
Cucumber seeds and chemical materials		1		1
Fertilizer	2			2
Fertilizer, seeds and pesticides	1			1
Fertilizer, wheat and watermelon	1			1
NA	1	3	1	5
poultry seeds, vaccine,			1	1
They give us Cucumber seeds and material and then we sell them in bazaar		1		1
Vaccine, chicken, seeds			2	2
Water Pump	2			2
Water Pump, Solar Panel and Pipe	1			1
Wheat and fertilizer	2			2
white and black fertilizer 2 pockets of each		1		1
white and black fertilizer 2 pockets of each, Seeds, drugs		1		1
white and black fertilizer, drugs and iron fertilizer		1		1
<b>Grand Total</b>	<b>10</b>	<b>11</b>	<b>5</b>	<b>26</b>

**Table 4 b- End-Borrowers Uses of Credit from ACE/ADF Direct Borrowers to Modernize**

Uses of Loan In Cash	Provinces					Grand Total
	Balkh	Bamyan	Herat	Kabul	Nangarhar	
Animal fertilizer, chemical fertilizer and saffron seeds			1			1
Bought fruits, Vegetables and raw material			1			1
Bought Hens, Seeds, Food and medicine for hens				1		1
Bought raw-material to process Foods such as fruits and vegetables			1			1
Bought Seeds				1		1
Chemical fertilizer, Machines, saffron seeds and etc			3			3
Chicken Farm	1					1
Construction materials for chicken farm	1					1
Cotton and Strings			1			1
Fertilizer					1	1
Fertilizer, potato we solved our problem		1				1
fertilizer, seeds		2				2
Fertilizer, water pump, seeds and medicine	1					1
Home and Orchard expenses				6		6
I bought goods for shop					1	1
I bought saffron seeds			1			1
I bought saffron seeds and cultivate it in half Jerib of land			1			1
In the 1st and 2nd time we imported strings from Iran, the 3rd time we imported line and string from Iran and sold them all and now we are working on our house			1			1
Items for shop and digital camera	1					1
Manure, water pump, medicines and repaying loan	1					1
NA	1		4	3	1	9
Procurement of items for shop	1					1

Procurement of wheat, maize and barley	1					1
raw material			1			1
Saffron			2			2
Seed, goods, Fertilizer, sapless					1	1
Seeds and Fertilizer					1	1
Seeds and raw-material			1			1
Soap, dishes washing liquid and cloths washing liquid					1	1
To buy cows and daily expenses			1			1
To buy saffron			1			1
Trees, Labor, rent, tractor rent					1	1
web, seeds, Labor					1	1
Zarang Motor-bike tools and made a workshop for my son					1	1
<b>Grand Total</b>	<b>8</b>	<b>3</b>	<b>20</b>	<b>11</b>	<b>9</b>	<b>51</b>

**Table 4 c- End-Borrowers Uses of Credit from ACE/ADF Direct Borrowers to Modernize**

<b>Gender</b>	<b>Balkh</b>	<b>Bamyan</b>	<b>Herat</b>	<b>Kabul</b>	<b>Nangarhar</b>	<b>Grand Total</b>
<b>Female</b>			<b>16</b>	<b>3</b>	<b>3</b>	<b>22</b>
Beauty Salon tools			1			1
NA			11	3	3	17
Packing and drying machines			2			2
Saffron Drying machine			1			1
Tailoring machines and materials			1			1
<b>Male</b>	<b>24</b>	<b>16</b>	<b>19</b>	<b>13</b>	<b>7</b>	<b>79</b>
Digital Camera	1					1
Drying machine			1			1
Haven't bought anything yet		1				1
I already had the machines			2			2
NA	18	15	14	8	7	62
Seeds cleaning machine, tractor and seed-scatter machine				1		1
Shovel, pickaxe and etc			2			2
Solar Panel, Water Pump, Pipe and Electric Wire	1					1
Spray machine				2		2
Tractor				1		1
Water Pump	3			1		4
Water Pump, fertilizer and plough	1					1
<b>Grand Total</b>	<b>24</b>	<b>16</b>	<b>35</b>	<b>16</b>	<b>10</b>	<b>101</b>



## 6. DATA COLLECTION INSTRUMENTS

### Central Bank/Financial SECTOR DISCUSSION - QUESTIONAIRES

#### AGRICULTURAL CREDIT ENHANCEMENT (ace) PROGRAM

### Central Bank/Financial Sector discussion - QUESTIONAIRES

The information provided during this interview will be treated as highly confidential and is collected for evaluation purposes only. Evaluators are only interested in analysis of collective feedback and not individual respondent information.

1. What are your views on ADF lending approach of using non-financial intermediaries instead of financial institutions to intermediate in agriculture sector.
2. Do you consider the approach efficient and sustainable in the long term, for replication?
3. Has the ADF facilities improved availability of agriculture credit in the country?
4. Where does the availability of agricultural credit stand today, both formal and informal, as compared to the period before ADF
5. As central bank of Afghanistan, how would you want see future similar program to ADF structured?

Annex VI-2: GENERAL Focus Group

### **General Agribusiness and None-Financial Institutions Intermediaries Focus Group questionnaire**

The information provided during this interview will be treated as highly confidential and is collected for evaluation purposes only. Evaluator is only interested in analysis of collective feedback and not individual respondent information.

<b>Interviewer</b>		
<b>Location</b>		
<b>Date and Time</b>		
<b>Number of Participants</b>	<b>Male</b>	<b>Female</b>
1. Why should other organization seek for loan from the ADF?		
2. Please share with us some of the constraints/challenges that you have encountered or observed in loaning to women?		
3. In your view, how much has agricultural credit in Afghanistan improved as a result of ADF initiative?		
4. What do you make of ADF's practices of Lending through Financial Intermediaries, instead of just Non-financial -intermediaries like yourselves.		
5. In general how has ACE's /ADF's interventions contributed to improve farm, profitability, livelihoods and also social, and community status of the costumers?		

**AGRICULTURAL CREDIT ENHANCEMENT PROGRAM (ACE)  
AGRICULTURAL DEVELOPMENT FUND (ADF)**

**General Agribusiness and Non-Financial Institutions (Intermediaries) Questionnaire**

The information provided during this interview will be treated as highly confidential and is collected for evaluation purposes only. The purpose of this evaluation is simply to gain a better understanding of the ACE/ADF program. Therefore, we ask you to feel at ease and to provide us with frank and honest answers without fearing any disclosure. The evaluator is only interested in analysis of collective feedback and not individual respondent information.

**BASIC INFORMATION:**

Province	Gender Type	Interview Date
	<input type="checkbox"/> Male / <input type="checkbox"/> Female	

**1. What is the nature of your business?**

<b>For Agribusinesses</b>		
No	Please choose most appropriate from below With X	
1	<b>Agribusiness (food processor )</b>	
2	Agricultural Input supplier (chemical tools)	
3	Commodity Buyers	
4	<b>Agricultural service Provider</b>	
5	Other	

<b>For None Financial Institution</b>		
No	Please choose most appropriate from below With X	
1	Agricultural- Association	
2	Agricultural Cooperative	
3	<b>Development organization</b>	
4	Other	

2. Year of establishment ( )

3. How many members or and staff does your organization have?

Members      Male (    )    Females (    )  
 Workers      Male (    )    Females (    )

**4. How did you learn about ADF Activity**

(Please Select the Following)

Though ADF Staff	<input type="checkbox"/>
Family member	<input type="checkbox"/>
Friend	<input type="checkbox"/>
Community elder	<input type="checkbox"/>
Radio & TV	<input type="checkbox"/>
NGOs	<input type="checkbox"/>
Posters	<input type="checkbox"/>
Billboards	<input type="checkbox"/>
Other	<input type="checkbox"/>

**Uses of the Loans and Grants**

**5. Are you a beneficiary of an ADF (agricultural development fund) Loan and /or a Grant?**

Loan  Grant  Both

**If both complete sections A & B, if Loan only go to (section B)**

**A. Grant:**

A.1 How many ACE/ADF grants have you received?

A.2 How much ACE/ADF Grant did you receive? 1st.....2nd.....

A.3 For what purpose did you receive the ACE/ADF grant? Explain

.....  
 .....

A.4 did the grant help you to improve your business? Yes (    ) No (    )

If yes, what changes it brings to your organization.....  
 .....

A.5 did you hire more people as a result of the grant? Yes (    ) No(    )

If yes how many?

A.6 Did you improve sales/profitability of your business with the grant: Yes (    ) No (    )

A.7 did you receive training and other forms of capacity building with the ACE/ADF grant? Training? Yes (    ) No (    )

A.8 How useful was the training?: (1) not useful (2) useful (3) very useful (4) Not answered

**B. Loan:**

B.1 How much loan did you receive from the ACE/ADF? (\$                    )

B.2 what type of loan was it? Conventional (    ) Sharia (    )

(Please Select the Following)

Conventional Loan	<input type="checkbox"/>
Sharia Types:	
Ijara	

Murahaba	<input type="checkbox"/>
Qard Hassana	<input type="checkbox"/>
Salam	<input type="checkbox"/>
Wakala	<input type="checkbox"/>
Other	<input type="checkbox"/>

B.3 when did you get the loan? \_\_ Y M\_ (if applicable)\_\_\_\_\_

**B.4** How long did it take for your to receive the requested Loan (# Months )

**B.5** Was the loan received on time? Yes  No

B.6 did you receive the money from ADF for your own use or Onward lending purposes?  
Own use  onward lending  **both**

**If for Onward lending got to section E:**

**C. Promoting the modernization of agriculture, increasing agricultural-related jobs and/or increasing household income, profitability improved**

C.1 how did you use the loan? \_\_\_\_\_

For example: Product Processing, Technical Services, Trading Businesses, Animal Breeding, and Crop Production Others ( )

C.2 Have the activities that you selected improved your business income? (1) Yes (2) No

If Yes how much, Income before ( ) income after the reception the loan ( )

C.3 Has your business become more profitable with use of the loan? Yes  No

If Yes what was your profitability before the loan ( ) and after the loan ( )

C.4 Did you employ more people after you received the loan? Yes  No

If yes how many employees before ADF Male ( ) Female ( ) after ADF ( Male ( ) Female ( ) )?

D. ADF's lending practices

D.1 Did you provided any security/collateral for the loan Yes  No   
If yes, what did you use to secure the loan?

D.2 If Conventional loan, how much interest did you pay back to ADF? ( %)

D.3 What is/was the repayment period on your loan? .....

D.4 Have you repaid the loan that you have received? Yes ( ) No ( )

D.5 Were you able to repay the loan back in time? Yes ( ) No ( )  
If no explain why:

D.6 **if repaid:** are you willing to borrow loans from the ACE/ADF again in the future? (1) Very willing to (2) Willing to (3) Medium willing to (4) Unwilling to (5) Very unwilling to (6) Not answered

**E. ACE/ADF LOANS FOR On- lending**

E.1 How much of the proceeds from the ACE/ADF loan did you on- lend to others? (

E.2 what type of loan did you give with the ACE/ADF loan? Conventional ( ) Sharia ( )

(Please Select the Following)

Ijara	<input type="checkbox"/>
Murahaba	<input type="checkbox"/>
Qard Hassana	<input type="checkbox"/>
Salam	<input type="checkbox"/>
Wakala	<input type="checkbox"/>
Other	<input type="checkbox"/>

- E.3 If Conventional how much interest do you charge your borrowers ( )
- E.4 Do you give loans in : 1) Kind ( ) or 2) Cash ( ) or Both ( )
- E.5 How many male ( ) and Female ( ) Borrowers do you have?
- E.6 If Conventional, What are your onward lending terms and conditions? (# Months )

C.2.1 Repayment period (Months.....)

C.2.3 Security /Collateral (.....)

- E.7 Did you lend only 1. Members of your Association/Cooperative ( ) or also to None members ( ) or Both ?( )

E.8 How did the borrowers use the loan? For example: Product Processing, Technical Services, Trading Businesses, Animal Breeding, and Crop Production Others

E.9 What is your loan recovery rate from on-lending? (.....%)

E.10 Has the on-lending business been profitable for you? Yes ( ) No ( )

E.11 By what proportion has your business grown as a result of the ACE/ADF Loans/Grants ( %)

E.12 Would you recommend ADF services to other similar organizations? Yes ( ) No ( )

E.13 How is your opinion can ADF Improve it services in future?

**F, Has the program managed to include women through loans to farmers and agribusinesses?**

F.1 Do you have women borrowers in your organization? Yes ( ) No ( )

If Yes, how many women? (.....)

F.2, does your organization have a different approach for ensuring women's participation?

Yes ( ) No ( )

If yes please explain the difference.

.....  
 .....  
 .....

F.3 Do women know about the ACE/ADF program in your area? if yes how did they find out

F.4 Are women able to access loans like the men? Yes ( ) No ( )

If No, why? .....

F.5 Do women repay their loans on time in your organization? Yes ( ) No. ( )

F.6 Tell us about the constraints and challenges to engaging women in the program getting and repayment (Intermediaries and End borrowers)?

.....  
 .....  
 .....  
 .....

F.7 what security /collateral do women give to secure their loans?

.....  
 .....

**G. Availability of agricultural credit before and now**

G.1 Has you or your organization received an agricultural loan before? Yes ( ) No ( )

If yes, what was the source? .....



2.4 How did you learn about the loan/Services/Facility?

Family member		Radio/TV	
Friends		Cell phone advertisement	
Village elders (Chief of etc)		Woman Social groups	
News papers		NGOs catering for woman economics	
Others			

2.5 If Cash what kind of loan did you get?

Qard hassanah		Murabaha	
Salam		Ijara	
Wakala		Wakala	
Loan/credit conventional		Loan/credit conventional	
Others:		Was it a group loan/credit	

2.6 Did you pay any charges or t interest on this loan? ( % )

2.7 Did you pay any other charges on the loan: **Yes ( )** **No ( )**

**Give examples:**

.....

2.8 Did you provide any security to get the loan? **Yes ( )** **No ( )**

**If yes, what type of security did you give? e.g., Land, machinery etc.....**

.....

2.09 Have you ever received loans from other sources before If Yes, what was the source of the other loans.....

.....

2.10 How many Loans in all have you received from your current lender?

.....

2.11 What was the loan repayment period on your current Loan?

.....

2.12 How did you repay the loan? Cash ( ) in-kind ( ) both: ( )

**3. Efficiency in Loan Delivery:**

**3.1** How long did it take from when you apply for the loan/facility/inputs to when you received?

1 month ( ) 2months ( ) 3 months ( ) 4 months ( ) 5 months ( )  
More than 6 months ( ) more than 1 year ( )

**3.2** Was the loan/facility received on time? Yes: ( ) No: ( )

**3.3** Did you receive any form of training from your loan/service/input provider Yes: ( ) No: ( )

If Yes, what kind of training?

.....

If No, would you like to be trained?

Yes: ( ) No: ( )

**4:1 Has borrowers' uses of loans contributed modernization of agriculture**

**a** Did you receive the loan in Cash or in-kind? Cash ( ) Kind ( ) or Both ( )

**b** If in Kind, tell us what you received: e.g agrochemicals, fertilizer, animal medicine, or other items,

.....

.....

.....

.....

**c** If Cash, what did you buy with the loan?.....

.....

.....

**d** Did you buy any farm machinery and/or equipment? Yes: ( ) No: ( )

Mention them: .....

**f.** What new Practices have you Introduced in your business, with the loan?

.....

**4.2 Increasing agricultural-related jobs**

a Since you received the loan have you hired more people? Yes ( ) No ( )

If yes how many more people have you hire? Male ( ) Female ( )

**4.3 Increasing household income & Sustainable Agricultural Economy:**

a. Were you able to cultivate/produce more with the loan? Yes ( ) No. ( )

If Yes, what were you cultivating/producing before? ( ) and now with the loan ( )

b. Has your yield/production increased? Yes ( ) No ( )  
If yes by what proportion: 10% -20 % ( ) 30%-40% ( ) 50% ( ) 50-75 % ( )  
100% ( )

More than 100% ( )

b. Are you now making more money from than before: Yes ( ) No ( )

c. Is your business more profitable with the loan than before? Yes ( ) No ( )

If Not: What is the problem?

Explain.....  
.....

d. Has your families overall welfare improved? Yes ( ) No ( )

How?

Explain.....  
.....

e. Has your social standing in the community improved? Yes ( ) No ( )  
How?

.....

f. Would you recommend others to take loans/facility or not? I will ( ) I will not ( )

g. What is the source of your loan repayments?

5. What were the prior sources of credit to the farmer both formal and informal were before ACE. Has the ADF facility improved availability of loans to farmers?

5.1 Have you borrowed for agriculture before the current loan/facility? Yes: ( ) No: ( )

- 5.2 If yes to above, what was the source of your loan?  
 Association ( ) Bank ( ) Cooperative ( ) Agribusiness ( )  
 Money Lenders ( )
- 5.3 What were the interest rate and/or charges on that loan? Interest rate ( )  
 Other charges: .....
- 5.4 How do you compare the current loan / facility to other sources?  
 Very Good ( ) Good ( ) Medium ( ) Bad ( ) Very Bad ( )
- 5.5 Would you like to take another loan/facility in future? Yes: ( ) No: ( )

**6. Inclusion of women in the provision of loans as end farmers  
 (This section relates to women borrowers)**

6.1 As a women borrower, did you encounter any problems in getting obtaining the loan/facility? Yes: ( ) No: ( )

If yes, please tell us some of the challenges you encountered.....  
 .....  
 .....  
 .....

6.2 Did you receive the amount of loan/facility that you applied for? Yes: ( ) No: ( )

If not, tell us what you applied for.....Received:  
 .....

6.3 How did you use the money from the loans? .....  
 .....

6.4 Did you feel you were treated well by the loan/facility provider? Yes: ( ) No: ( )

If not, what was the problem?  
 .....  
 .....

6.5 How would you like the loan/facility service to be changed to better serve your needs as a woman? .....

6.6 Would you prefer female personnel handling your loan process? Yes: ( ) No: ( )

7 Recommendation

7.1 In your view, how can your loan provider improve their services, to better serve your needs and that of other farmers in general?

7.2 How can the Government of Afghanistan increase its role and better serve the needs of the farmers in Afghanistan?

8 Overalls Rating of the Loan Facility:

Very Good ( ) Good: ( ) Average ( ) Bad ( ) Very Bad ( )

**END THANK YOU**

Annex VI-5: MAIL Staff Interview

**AGRICULTURAL CREDIT ENHANCEMENT (ace) PROGRAM  
MAIL Staff Interview**

**Discussion - QUESTIONNAIRES**

The information provided during this interview will be treated as highly confidential and is collected for evaluation purposes only. Evaluators are only interested in analysis of collective feedback and not individual respondent information.

Name:	
Contact:	
Email:	
Position:	
Date:	

1. How is MAIL safeguarding the quality agriculture inputs, which eventually affect farm yields and productivity, affecting farmer's profitability and ability to borrow and repay loans?
2. What do you think of ADF lending practices of using agribusiness, none financial institution instead of normal financial institution?
3. How is MAIL integrating the role of women in Agriculture production / modernization sector?
4. In your opinion has the ADF intervention resulted in increased agriculture credit loan and modernization of the sector? How do consider the current situation state of affair with period prior to ADF?

- One of the program objectives is for a sustainable agriculture development. Considering what the ACE program has done so far, and the ADF approach, will they contribute to a sustainable and thriving agriculture economy?

Annex VI-6: DAI ACE/ ADF Staff Interview

**DAI ACE/ ADF Staff Interview**

The information provided during this interview will be treated as highly confidential and is collected for evaluation purposes only. Evaluators are only interested in analysis of collective feedback and not individual respondent information.

Name:	
Contact:	
Email:	
Position:	
Date:	

- What were/is your key responsibilities with ACE?

.....  
 ...  
 .....

- Tell us about the program strategic objectives?

.....  
 ...  
 .....

- What were the main challenges during your assignment?

.....  
 ...  
 .....

- What were the strangest points of the program please tell us about some key areas?

.....  
 ...  
 .....

- What were the weakest points of the program please tell us about some key areas?

.....  
 ...  
 .....

6. What is your opinion about women's involvement in the program?

.....  
...  
.....  
...

7. From your prospective tell us about changes that ADF is bringing in the life of the farmers?

.....  
...  
.....  
...

8. Can you give an example of the activities that should have not been implemented under this program? And why?

.....  
...  
.....  
...

9. What are the areas you see as room for improvement in the future for the similar programs?

.....  
...  
.....  
...

Annex VI-7: QUESTIONNAIRE FOR FINANCIAL INTERMEDIARIES

**QUESTIONNAIRE FOR FINANCIAL INTERMEDIARIES**

**This protocol is for the purpose of conducting an independent assessment of the Agricultural Credit Enhancement Program (ACE) funded by USAID. The information gathered by way of this questionnaire will be used for that purpose only.**

**1. Type of Organization .....Date:**

.....

1a. Region .....

1b. Name and position of person responding/completing this questionnaire

.....  
...  
.....  
.....

1c. Address:

.....  
E-mail address (if any)

.....  
Telephone Number  
.....

**2. How Many Loans do you have with ADF? Indicate Amount and Type:**

	Type	Amount
1		
2		
3		

**3. Did you receive any form of grants, and if you did, what was the amount and purpose?**

Grant Amount: .....

Purpose:  
.....  
.....  
.....

**4. What prompted your organization to seek for loans from the ADF? Please explain**

.....  
.....  
.....  
.....

**5. Did you provide any form of collateral and/or guarantee for the loan taken from ADF Facility?**

YES                       NO

If Yes Please indicate the value of collateral security provided.....

**6. Please indicate the number of time you have received loan from ADF Facility**

ONCE                       TWICE

**7. Who initiated the loan process?**

ADF                       Yourselves

If you did, how did you learn about the ADF Program:  
.....  
.....  
.....  
.....

**8) How long did ADF take to approve and disbursed the loan to you**

1-2 months       3-4 months       5 and over months

9) Are you satisfied with ADF Lending Practices, Terms and Conditions?

YES

NO

If Not, Please indicate what aspects you are not happy with?

.....  
 .....  
 .....  
 .....

10) What sectors do you operate in? In order of priority and size of your lending portfolio:

AGRICULTURE	
CONSTRUCTION	
EDUCATION	
ENERGY	
FISHERIES AND AQUACULTURE	
INFO & COMMUNICATION	
TRADE/ COMMERCE	
TRANSPORT	
OTHER SERVICES:	

11) How much of your total lending in % is to the agricultural sector?  
 .....%

12) What proportion of your lending overall is to women.....%?

13) What proportion of your lending to agriculture is to women?  
 .....%

14) Please share with us some of the constraints/challenges that you have encountered in  
 Loaning to women and women owned enterprise?

.....  
 .....  
 .....  
 .....  
 .....

15) How has the ADF Facility affected the growth of your business?

**a) Sales?**

Higher or more than 50%	Higher by 10 -40 %	Same level	Lower than 10-40%	Lower by more than 50%
Please specify.....				

**b) Profitability?**

Higher by more than 50%	Higher by 10-40 %	Same level	Lower than 10-40%	Lower by more than 50%
Please specify.....				

**c) Job creation: How many New Jobs have been created as a result of the ADF LOAN?**

No. of Female Jobs: ..... Number of Male Jobs: .....  
 How many of these are Junior: Female: ..... Male: .....  
 How many are senior Positions: Female: ..... Male: .....

**16) Have you received an agricultural support loan from sources before ADF?**

YES  NO

a. If Yes, what was the source:

.....  
 .....

b. How Long did the loan process take:.....

c. What was the interest rate:

.....

**17) In your view, how much has agricultural credit in Afghanistan improved as a result of ADF initiative?**

.....  
 .....  
 .....

**18) What do you make of ADF's practices of Lending through Non-Financial Intermediaries such as Agricultural Cooperatives, associations and agribusiness, instead of just financial intermediaries like yourselves?**

.....  
 .....  
 .....

**19). would you consider borrowing again from ADF Facility**

**20) If you do? What would like them to do different?**

.....  
.....  
.....  
.....  
.....

**21). Do you have any specific recommendation or suggestion to make to ADF in terms of**

15. a Loan processing time:

.....  
.....  
.....

15.b: Collateral requirement:

.....  
.....  
.....

15.c: In supporting women oriented or /and manage business:

.....  
.....  
.....

15.c: Interest Rates and Improving Profitability of your organizations:

.....  
.....  
.....

15.d: On building a sustainable and thriving agricultural economy for Afghanistan

.....  
.....  
.....

**THANK YOU**

## 2. DETAILED MEETING NOTES

### 16/3/2015 KABUL AFGHANISTAN

#### KEY FINDINGS:

##### ADF Kabul Head Office visit:

- Financial intermediaries lack of interest in ADF
  - Were very Liquid
  - USAID had lots of rules and regulations to be fulfilled
  - FIs were not active lending to farmers
  - FIs did not want to bear the risk of lending to farmers
  - FIs had easier sectors to deal with like construction
  - Farmers lacked security
  
- ADF considering lowering the minimum loan amount from USD100,000 to USD50,000 to attract smaller intermediaries
- ADF has increased default time from 180 days to 540 days to accommodate agricultural cycles and allow borrowers mobilize repayment
- ADF provides training and Technical advice for loan holders to increase sustainability
- Due to USAID vetting delays, ADF has delinked grants from loans to avoid delaying loan disbursement
- Evaluation learnt that Commercial loans are available to farmers through local informal money lenders for as high as 140% interest rates.
- ADF does not have a gender unit or strategy as their focus is client development irrespective of gender - ACE had a strategy
- ADF is an independent non-bank entity
- ADF had been operating very independently and there has been very little interference from the Board.
- With ADF now smallholder farmers have access to agric loans which was not the case before
- Challenge is that borrowers are unable to come up with collateral which has resulted in several loans being cancelled.
- Deed transfer process is very long and cannot work within the loan process period
- No legal system to allow lenders to attach collateral to loans. No title deeds available. Land Sharia documents.
- **Urfi Kabala** Traditional/common law land transfer system.
- **Sharia Law**
- ADF lends to NFI @ 9% and to Agribusinesses 12 %
- ADF would like ACE 2 to consider establishing a Loan Collecting Agency that will serve the financial sector at large.
- ADF is also exploring more products in future such trade financing

- In future ADF will not count borrowers more than once for reporting to USAID. It is one borrowers with multiple loans
- The future of ADF is to evolve into a development bank
- For sustainability, ADF continues to look for investors to improve its operational capital -
- ADF to launch a Capital Campaign
- DANIDA was reducing its footprints in Afghanistan and were willing to injected USD28m into DFID project Cardef

17/3/2015

OXUS Kabul Head office MFI:

Findings:

- Oxus minimum lending is 3000 afs, loans accessible even to lowly income borrowers
- 30% of their loan activities is geared towards women
- They don't have an agricultural specific loan product but loan to value chain players along the value chain
- Requested ADF for a grant of USD300,000 to finance branch opening
- Grant money used to support establishment of the Bymyan branch bring total branch network to 13.
- Did not receive grant money equivalent to 2.1 afs which they utilized in capacity building to purchase equipment, pay salaries, operational costs training but were time barred by USAID.
- Axos loans are to players along the agric. value chain who utilise the loans and repay back quickly
- Since introduction of Zahala Sharia loan products, the demand for loans has increased
- Zahara they received 7.5 afs from ADF and they contributed 12.5 afs.
- Oxus does not have a Sharia Board so they do not have Shari products under their own funds
- Oxus gives loans at the rate 1.5% per month flat or compounded interest rates for initial loans. Rates decrease each follow-up cycle
- For the Zahara oxus has female credit officers who market the product to women in the market and deal with women on a one-to-one basis
- Oxus also provides loans using the group loan method for their own funds
- For farmers they first ensured that the farmer had other alternative sources of income from purely farming taht they can use to repay the loan
- Oxus lends to both men and women
- 

AMA (Afghan MFI Association)

- A service provider to its 14 members who include, 7 mfis, 1 bank (first microfinance bank), community based savings promoting institutions and SME lenders
- Community SCPI work in very remote areas

- 170,000 borrowers of which 25% are in the agricultural sector
- AMA has done conferences in Parwan province where participants requested that the Zahara product be expanded to the region
- Hence there is need to involve more players in providing loans under the Zahara product to serve other regions where Oxus is not represented and also to expand outreach to more women.
- AMA also mentioned that they needed more coordination with ADF to be able to strategize on support to the agricultural sector. ADF staff in the regions also need to get more involved in what AMA members are doing in the provinces
- MFIs are operating in 19 of the 24 provinces. All started conventional and are now introducing sharia products.
- AMA has been conducting workshops for women entrepreneurs in all provinces funded under USAID where Sharia products were introduced.
- At the workshops they make women aware of the availability of sharia products has improved women's access to finance
- They then introduce the women to member MFIs where they can be given loans.
- Recommendation: Expand the Zahra product to other MFI to since demand is high and to provide outreach to regions where Oxus is not represented

#### ANSOR Head Office Kabul

- ANSOR works through Seed Enterprises which are owned by farmers and traders
- The seed enterprises were supported by FAO who have since finished the project
- High recovery rate 98%
- ANSOR signs individual contracts with Seed Enterprises who receive the money
- ANSOR does not buy seed processing machines, he bought seeds.
- ANSOR is paying only 10% premium on the seeds from farmers. Q. is this enough to compensate the farmer for the hard labor that goes into buying and cleaning seeds.
- Evaluation of seed enterprises into strong, medium and weak. The strong have processing machines. 50% are strong for producing standard regular outputs others don't.
- The ADF loan proceeds were distributed to 56 private seed enterprises that have provides some form of collateral which includes a guarantor and a registered company.
- The challenges faced by them are the process of registered collateral.
- ANSOR borrows from ADF at 5% and on lends to Seed Enterprises at 6%. The one % margin does not cushion ANSOR from loses that may occur from non-repayment and enough return to cover operational costs.
- Having local seeds produced locally adds to food security, reduces imports and contributed to a thriving economy.

#### Grant:

- ANSORs grant USD232,000 of which USD120,000 has been utilized. ANSOR contribution to the grant was 10% - \$23,200

- The grant is tied to performance of the loan which as at the time of the evaluation had a balance of about USD70,000 remaining.
- The grant was used to establish the Credit Management Unit in ANSOR comprising of 3 persons
- ANSOR has not received any grant since September 2014 due to the balance on loan still outstanding.
- The stale mate is causing problems to ANSOR as the grant was used to cover operational costs, rents, salaries for the CMU staff that have not been paid since last year.
- ANSOR has an issue of sustainability. The institution is depend on donor funding and ADF loans. No built in mechanism for generating own revenues in a addition to membership fees which does not amount to much.

Issues to raise with ADF:

- What is the issue with Oxus grant issue
- ANSOR Grant issue

**17/3/2015** Afghanistan Microfinance Association (AMA): ADF has high demand for additional Zahra clients and needs to branch out to other MIFs that cater for Females in other locations currently served through OXUS.

- ACE2 should also target Female awareness campaigns and capacity building tools versus GRANTS of freebies handouts.
- ADF: LOAN DEFAULTS most loan defaults stem from early ACE/ADF activities 2011-2012 when ACE/ADF were learning themselves how to gauge loan business clients. Overall loan Rate is 5% or below.
- ADF Bamyan intervention: Split Bamyan clients into 3 sub sectors that serve 55coopertives with 1742 end borrowers. Sub sector cooperatives at time pay defaulted loans from other sectors so loan business continues, but will than take upon themself collection of defaulter.
- Bamyan: Farmers that use NPK (S) etc. (artificial fertilizers obtain up to 50% more yield.

**18/3/2015 FOCUS GROUP DISCUSSIONS / WEDNESDAY - 9.00 AM SESSION**

- Total participants 8
- 7 provide loans in kind
- 1 the Islamic .....gives loans in Cash
- Participants requested for longer loan repayment period to allow them time to invest loan proceeds before they start repayment.
- One participant Fine Foods Co (female owner) was informed the evaluation that the piece of machinery they were to procure with the loan from Pakistan had not arrives. Yet already, they had already repaid one installment. She requested for more time.

**18/3/2015** Financial Institutions FIs lend in form of conventional loans, at commercial rates of 13% upward (Flour Mill had loan at 13%, but switched to ADF to 8%, similar to Agribusiness input supplier)

19/3/2015

## ADF

- 1) ACE2 should be geared to empower ADF staff as well and not only end clients clients
  - a. ACE2 should do away with grants and free money handouts to end clients and should concentrate on capacity building issues that address human skills not hardware.
- 2) ACE2 should only act in an advisory capacity to ADF
- 3) ADF (personnel) is now a NONE FINANCIAL INTERNMEDIARY under MAIL, and will remain that way for time being.
  - a. ADF might in future evolve into the new Afghan Agricultural Development Bank. But currently abstains from being a bank for time being.
- 4) ACE/ADF: intended at beginning of activity (2011-2012) for assisting agricultural smallholders to obtain loans to recruit local financial institutions -banks (LFI) for administering lending scheme for lending to small scale farmers, but found that LFI were unwilling, incapable and not responding to offers.
- 5) ADF interest rates (5-8% per annum) compare well with Agha Khan Foundation that charges from 18-25%
- 6) FIs had no interest in Sharia loans to agricultural sector.
  - a. Thus new innovative approaches had to be found. They are as ff: administer loans to small scale farmers through None Financial Intermediaries (coops, associations), and local agribusiness players (also camouflaged as cooperatives-Durukshan cooperative belongs to NOOR Bros of HRT which is a private Agribusiness input supplier that heavily benefitted under USAID-ASAP-creating AG-DEPOT retail shops through USAID \$)
- 7) ACE/ADF minimal loan limit currently stands at \$100,000. Thus onward lenders subsequently distribute and pass on those initial loans with interest to end borrowers at various Interest rates.
- 8) New loan products other than CONVENTIONAL LOANS were needed for serving agric-small holders. Subsequently Sharia lending products have been developed. (19/3/2013 ADF says that 75-80% of loans passed to end borrowers are Sharia based.
- 9) ACE/ADF created Credit Management Units (mini ADFs) that are embedded into local None Financial Institutions for support purposes.
  - a. Credit Management Units (CMUs) “teach”, coach and monitor NFIs activities in lending practices-capacity building with aim for sustainability-avoid major pit falls in lending game
  - b. CMUs are not taking final decisions as to who gets loans, but advice on best business practices instead
  - c. So what did go wrong with ANSOR when ANSOR only charged 1% more interest to clients?
  - d. Solution: ADF might assess ANSORs books as to who in ANSOR received loans. Did ANSORs board members receive lion share of loans at 6% (and of course paid back in time), while minor amounts of loan capital was passed to outstations? If yes than we have a conflict of interest that is now threatening ANSORs existence.

- e. Providing cheap loans of 6% to already to well to do board members must not be a USAID policy!
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  - 14) ADF 19/3 ADF Technical Team provides intermediaries stewardship programs similar to private agribusiness enterprises with information based on current events.
    - a. Scientific agricultural know how
    - b. Marketing options
    - c. Input supply assistance (as in the Bamyan potato case where ADF went as far as sourcing for cheaper priced inputs and assisted in distribution of fertilizers, and seeds), or machinery
    - d. ADF- Bamyan intermediaries operate like other agribusiness schemes that provide farmers with vital inputs in kind and some cash upfront for potential harvest. Pricing of produce to be supplied occurs at harvest time since price fluctuations are the norm. =No forward sales at fixed forward pricing takes place at farm gate.
    - e. ADF has limited options in assisting in clients when clients choose purchasing inputs from Pakistan, L/C is future tool with SGS type inspections for safeguarding buyers interests.
  - 15) 19/3/2015 ADF Does provide stewardship to end borrowers.
    - a. ADF does empower end borrowers-farmers with technical advice
    - b. Technical advice to farmers needs to be tailored according to findings of farmer-real-world conditions. Example: How is extension material disseminated? What kind of know how is provided at what time and in under what format, by whom are key issues to be addressed.
    - c. If credit/loan holders are mainly illiterate than approach of presenting material changes from written into pictogram format. While still leaving a simple written explanation on same pamphlet so others who might be literate might also re-explain issues at later dates.
    - d. Timing of presenting material is crucial on success of uptake. Present points of relevancy to clientele at on-start of season and during season while leaving out of season visits.
    - e. Include personnel safety measures of handling agro-inputs in educating farmers.
    - f. Extension personnel must gain trust of clientele through ongoing visits and being there with clients when “emergencies” occur.
      - i. Successful agribusiness experience proves that one time visits and extension presentations do not serve clients, they only confuse clients even further.
      - ii. ADF/MAIL needs to come to terms on how to further empower its intermediaries on how to reach end borrowers with valid constructive relevant agric-value chain information (agric-production/agric-produce quality control/agric-finance management).

- iii. Solutions: USAID through ACE2-ADF/MAIL, and other USAID implementers, to create a mini key agricultural extension service know-how data bank quartered at head office that models itself after USA Land Grant University models, like the University of Florida, where extension material is created and disseminated according to needs of clientele.
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16) **ADF-19/3/2015:** On loan default levels: ADF differentiates clients into

- a. Willing to pay back but due to circumstances are unable currently (ASPAPA who got stuck with MAIL feed contract)
- b. Unwilling or intentionally stalling for paying back
  - i. All above decisions are based on diligent market and customer research for keeping good clientele in business
  - ii. ADF is not in the business of confiscating assets of defaulters, and concentrates on keeping loan holders prosperous.

17) ADF 19/3/2015 : is structuring loans to seasonal issues of clients, for accommodating with marketing of goods

18) ADF asks clients to pay monthly payments as indicator of clientele having positive cash flow- functions as indicator to financial sustainability of business receiving loan.

19) ADF created Zahra loan product for Female clients with OXUS as main implementer

20) Different USAID interventions on same locations and dates need coordination and streamlining on approach when reaching clients for capacity building programs.

- a. 19/3/2015 ADF: during a capacity building event clients came and complained why should we listen to you when at the same time on same location another USAID program conducting their program pays per diem and hands out cash money for accommodation, when you provide nothing like that?
- b. Do we have to buy audiences and out pay (compete with) other USAID intervention capacity building programs so we have an audience to record that does not care about content of capacity building program but rather cares of immediate petite cash and fringe benefits?
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very well for in HERAT, Mazar and Kundus attendees made efforts to attend events.)

- e. USAID has to send signal to implementers for stopping hand out policy by decree.
  - f. USAID has to send signal to implementers that holding capacity building functions on same dates are counterproductive and lead to unnecessary friction amongst implementers and target clientele
- 21) ADF clients must compete against dumping prices from Pakistan that sell below cost of production because of surplus dumping policies for long term marketing strategies of products that are partially subsidized.
- 22) 19/3/2015 Afghanistan Social Poultry Association Farming Association (ASPAFA), and FoG (Agribusiness input supplier, and Flourmill enterprise) and 19/3 ADF statements on same subject confirms observations on Conventional versus Sharia loans differentiations as ff: The higher educated and better to do business operators prefer conventional loans. Concurrently conventional loan holders seem to have a better grip on business practices and know their markets well. Also it seems that ACE lion-share of \$s loaned was passed to the already well to do sector.

#### Additional Findings 19/3/2015

- 23) As to: Limitations to the evaluation, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.)
- a. ACE Evaluation Team has No permanent female gender counter partner
- 24) As to: Describe findings, focusing on each of the evaluation questions and providing gender disaggregation where appropriate.
- a. As per performance DATA FY 2014, pg. 51-52 Results: Woman participation etc.
    - 1. Value of finance accessed through lending (of total budget) 1.78%
    - 2. Values of loans disbursed of total budget) 2.3%
    - 3. ADF has no gender strategy in place (currently no gender dept.)
    - 4. ACE had no gender department at inception of program, it was added later on (thus limited depth of scope at planning stage)
    - 5. OXUS does cater to 30% of loan disbursement budget to F
    - 6. According to OXUS: If more ADF funds pass to OXUS more F borrowers are to be reached!
- 25) As to: Analysis of borrowers uses of grants, gender disaggregated
- a. ACE/ADF Report FY 2014: Number of participating Intermediaries and private intermediaries on private lending funds 4%
  - b. ACE/ADF Report FY 2014: Number of individuals benefiting from financial agreement (of total F participants) 2.68%
- 26) Loans & Grants contribution to modernization of agric.
- a. Yes for ANSOR for it adds to high value crops in value chain by producing seeds therefore reducing imports and adds increase long-term food security. While Macro economically they contribute to retention of hard currency.
  - b. Agric input Trader: Yes for ADF credit at 8% enabled him to import high quality inputs and pass on with profits to MAIL and others.

- c. YES for flourmill enterprise: for he bought from 30 farmers prior to ADF line of credit and now through ADF loans he buys from over 100 farmers (and # growing) similar with retail stores selling his products
  - d. ACE/ADF Report FY 2014: Value of Challenge/Innovation and agric modernization grants (of total budget) 16.26%
  - e. ACE/ADF Report FY 2014: Value of Challenge/innovation (ADF) grants (of total budget) 1.9%
  - f. ACE/ADF Report FY 2014: Value of agricultural modernization ACE grants approved (of total grant budget) 22.6%
  - g. YES and NO according to ANSOR and OXUS for both orgs more people have been reached in modernizing their sectors. Both orgs mentioned that grants should not be linked to loans since some grant money is for operational use. On both occasions they footed out own money before grants or loans had been disbursed and then grant obligations had not been kept due to loan pay back issues
- 27) As per Increasing agricultural related jobs, gender disaggregated
- a. Net total increase in full time equivalent jobs created by USG sponsored agricultural activities (of total Females participants) 34.47%
  - b. Yes for ASPAFA for now Females also receive loans as small holders for agric activities.
  - c. YES for ADF: ditto
  - d. Yes according to OXUS, less prior to ADF activities (30% of clients are F)
  - e. Yes for ANSOR as well since woman are also part families that produce seed
- 28) As per increasing household incomes, gender disaggregated
- a. ADF does provide loans to Females agric-smallholder borrowers at reasonable rates while others (formal banking sector) in the past abstained and currently still do not.
  - b. Yes for ASPoultryAFA for through ADF loans up to 180 members received loans while prior only 10 members had loans
- 29) As per: Has the approach and implementation of ADF's lending practices through non-financial intermediaries such as agricultural cooperatives, associations and agribusinesses, instead of just financial intermediaries been efficient? Analysis of ADF's Lending practices through: financial intermediaries agricultural cooperatives, as associations and agribusinesses,
- a. Yes an NO for ANSOR and OXUS (for operational grants and loans are interlinked and cause problems when some parts of loans are still outstanding) ADF must redevelop lending products that reflect Afgh Agric conditions.
  - b. OXUS: ditto
  - c. Both, the Agribusiness input supplier, and the Flourmill conventional loan holders are successful in creating income etc. through loan activities at 8% instead of 13% as from commercial market for flourmill. Both enterprises could benefit more from loans if ADF would adapt closer to their needs.
  - d. YES according to OXUS more woman are reached and are getting positive results, 17/3/2015 Yes on OXUS since they changed to Sharia Zahra loan products (OXUS to provide general statement)
  - e. Yes for ANSOR for seed production also involves Females

- 30) How has the program managed to include women across all components of the project, both in the establishment of the fund and the provision of loans to farmers and agribusinesses?
- a. How were women involved by ADF in provision of loans to financial and non-financial intermediaries and agribusinesses
    - i. Findings: as of 19/3 ADF does not have a gender specific unit, ACE1 had it
- 31) How were women involved in provision of technical assistance in agriculture modernization and value chain development
- a. Not through ADF but possibly through ACE activities woman did receive tech assistance. ADF does
  - b. *Is there a female agric extension arm in place for catering to woman in agric? Through: a) MAIL b) Intermediaries YES/NO To what extent?*
  - c. ACE did some specific gender training through ACE female staff.
    - i. Resulting in Number of individuals trained by ACE/ADF in credit policy operations, value chain strengthening and market information systems: 25% as per ACE/ADF Annual FY 2014 Report
- d) ADF does provide training for grants and loan holders to be market oriented
- e) OXUS has given loans to Females related agric borrowers.
- 32) How were women involved in the support to MAIL to: coordinate donor agricultural-related initiatives and as recipients of providers of knowledge management for the agriculture sector
- a. MAIL is not even functioning at small holder field level catering to males and even to lesser extends to females, although they have a female directorate for Home Economics that deals with female Agriculture
- 33) *Are there woman in place to administer and guide MAIL policies to needs of female population of agric activities?*
- a. *No for MAIL has no present at field level ADF*
  - b. *For OXUS yes, for AMA yes, but AMA is only capacity building not lending out money (MFIS-linked to AMA) administer Female oriented Zahra-Sharia credits*
- 34) How were women involved in the establishment of the ADF Fund
- a. ACE at inception of ADF blueprints treated M/F equally, but during later stage of activity in 2012 started amending policy of how to cater for females separately
- 35) How did the ADF facility involve women in the provision of loans to farmers and agribusinesses?
- a. As per ADF Annual FY 2014 Report: 2.68% of loans disbursed to woman
  - b. ACE had gender capacity staff
  - c. ADF looks for clients not gender specific and has no gender strategy in place as of J. Carter, but intends to produce new business tools catering for gender specific loans.
  - d. YES on OXUS and AMA, Female access to credit has improved since AMA/OXUS conduct capacity building workshop for awareness of facility
- 36) How has ACE activities (ADF) improved availability of agricultural credit in the country?
- a. ADF (J CARTER) YES very much! For prior to ADF no formal bank dealt in Agric small holder sector in providing credits. Loans are available throughout Afgh but only through informal lenders that lent at exorbitant rates of up to 140%

- b. Very much since ADF intermediaries and OXUS/MFIs provide ADF loans to Females as to none before.
- 37) Assessment of the prior existing sources of credit, both formal and informal.
- a. There was no formal banking sector in place that was willing to deal with credit facilities catering to agricultural smallholders.
    - i. Due to risk factors and
    - ii. Missing of technical expertise (Technical assessment tools not present for evaluating agric issues)
    - iii. and why work under high risk factors if you can get business done with much less efforts in other sectors like construction or general business
- 38) *Was there credit to smallholders*
- a. *Yes (name it) informal sector lending at exorbitant rates*
  - b. *ADF's CEO J. Carter NO formal banks wanted to cater for smallholder agric loans (risk factor and no tech capacity for entering agric sector) Some private lenders provided credit at u 140% i..*
  - c. *No (why) at 140% interest rates not really viable*
  - d. *ADF AMA and OXUS report same as ADF that credit to small holders was basically none existing prior to ADF activities*
- 39) Has ACEs interventions improved the profitability of participating intermediaries businesses?
- a. Yes For OXUS since they employ a business model approach of charging 1.5% flat rate interest rate (compound interests)
  - b. NO For ANSOR since they only charged 6% interest rate per annum (5% to ADF +1% ANSOR) thus ANSOR is unable to absorb losses of even a merely 2%
  - c. ACE/ADF has missed a beat of transferring vital banking business skills to ANSOR before granting merit to their business plans. You cannot just give Loans/Grants to organizations without teaching them how to handle them in a businesslike manner.
  - d. ACE/ADF further linked ANSORs grant to loan recoveries (although grant was intended for operating business –collection of loans) recommendation is de-link grants from loans if grants are intended for operational costs.
  - e. However ANSORs operation of dishing out credits to its own board members at only 6% needs assessment on how much money in loans did pass to already well to businesses folks that sit at ANSORs board. Is USAID in the business of beefing up already well to do business folks rather than agricultural small holders is the question of dispute.
- 40) Has ACE's interventions through participating in intermediaries contributed to a sustainable and thriving agricultural economy
- a. ADF comments: J. Carter /: Yes for no other credit facilities to smallholder farmers existed prior to ACE/ADF intervention, Some loan providers
  - b. ADF yes to ADF/Lending practices to smallholders in Agric for no commercial Bank wanted to do it for risk factors and
  - c. Yes as to ASPAFA on ADF lending practices for prior to ADF 10 members benefited/borrowed from loans and through ADF/lending practices up to 180 members borrowed loans

19/3/2015

ADF

- 41) ACE2 should be geared to empower ADF staff as well and not only end clients
  - a. ACE2 should do away with grants and free money handouts to end clients and should concentrate on capacity building issues that address human skills not hardware.
- 42) ACE2 should only act in an advisory capacity to ADF
- 43) ADF (personnel) is now a none financial intermediary under MAIL, and will remain that way for time being.
  - a. ADF might in future evolve into the new Afghan Agricultural Development Bank. But currently abstains from being a bank for time being.
- 44) ACE/ADF: intended at beginning of activity (2011-2012) for assisting agricultural smallholders to obtain loans to recruit local financial institutions -banks (LFI) for administering lending scheme for lending to small scale farmers, but found that LFI were unwilling, incapable and not responding to offers.
- 45) Financial Institutions FIs lend in form of conventional loans, at commercial rates of 13% upward (18/3/2015 Flour Mill had loan at 13%, but switched to ADF to 8%, similar to Agribusiness input supplier)
- 46) ADF interest rates (5-8% per annum) compare well with Agha Khan Foundation that charges from 18-25%
- 47) FIs had no interest in Sharia loans to agricultural sector.
  - a. Thus new innovative approaches had to be found. They are as ff: administer loans to small scale farmers through None Financial Intermediaries (coops, associations), and local agribusiness players (also camouflaged as cooperatives-Durukshan cooperative belongs to NOOR Bros of HRT which is a private Agribusiness input supplier that heavily benefitted under USAID-ASAP-creating AG-DEPOT retail shops through USAID \$)
- 48) ACE/ADF minimal loan limit currently stands at \$100,000. Thus onward lenders subsequently distribute and pass on those initial loans with interest to end borrowers at various Interest rates.
- 49) New loan products other than CONVENTIONAL LOANS were needed for serving agric-small holders. Subsequently Sharia lending products have been developed. (19/3ADF says that 75-80% of loans passed to end borrowers are Sharia based.
- 50) ACE/ADF created Credit Management Units (mini ADFs) that are embedded into local None Financial Institutions for support purposes.
  - a. Credit Management Units (CMUs) “teach”, coach and monitor NFIs activities in lending practices-capacity building with aim for sustainability-avoid major pit falls in lending game
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- 59) ADF asks clients to pay monthly payments as indicator of clientele having positive cash flow- functions as indicator to financial sustainability of business receiving loan.
- 60) ADF created Zahra loan product for Female clients with OXUS as main implementer
- 61) AMA: ADF has high demand for additional Zahra clients and needs to branch out to other MIFs that cater for Females in other locations currently served through OXUS.
- 62) ACE2 should also target Female awareness campaigns and capacity building tools versus GRANTS of freebies handouts.
- 63) ADF: LOAN DEFAULTS most loan defaults stem from early ACE/ADF activities 2011-2012 when ACE/ADF were learning themselves how to gauge loan business clients. Overall loan Rate is 5% or below.
- 64) ADF Bamyam intervention: Split Bamyam clients into 3 sub sectors that serve 58coopertives with 1742 end borrowers. Sub sector cooperatives at time pay defaulted loans from other sectors so loan business continues, but will than take upon themself collection of defaulter.
- 65) Bamyam: Farmers that use NPK (S) etc. (artificial fertilizers obtain up to 50% more yield.
- 66) Different USAID interventions on same locations and dates need coordination and streamlining on approach when reaching clients for capacity building programs.
- a. 19/3 ADF: during a capacity building event clients came and complained why should we listen to you when at the same time on same location another USAID program conducting their program pays per diem and hands out cash money for accommodation, when you provide nothing like that?
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- 68) **24/3/2015-26/2015 ADF Jalalabad:** ADF JB currently has 15 direct clients. With no portfolio addressing gender disparity. Female are none existent.
- 69) ADF staff still thinks that grants (technical support-free money) are needed for attracting clients! Made it clear that grants have been the ACE1 style but are no longer valid for ADF. The future of ADF depends of no more dishing out grants.
- 70) ADF staff does understand that grants of the old style are not conducive for ADFs sustainability. Still they want ACE2 keep dishing out grants, for attracting clients that take out loans.
- 71) ADF JB charges various rates of interest. 5-6% for associations, coops, and up 12-16% for commercial small businesses pending on risk assessments done through ADF staff. The higher the risk the higher % charged.
- 72) At inception of ADF workshops (in liaison with government) were held plus direct clientele marketing was done to attract clients for taking out loans.
- 73) ADF to find gender clients through gender MFIs operating in JB-Nangahar Prov and make provisions for gender
- 74) Nangrahar Nursery association 2Managers interviewed in local languages. They get some inputs from Europe.
- 75) 25/3 ADF junior manger and Saad JB ADF- Boss does not want to get off the grant system (*there seems to be a trend indicating a principle agent problem*). For the future of ADF' sustainability grants (free-money) to clients have to end.
- 76) ADF JB has zero gender sensitive clients.
- 77) ADF JB staff looks for clients that have been well served under previous USAID interventions like CHAM, IDEANEW and others

- 78) USAID implementers and ADF need to look for new none recycled business clients in order to serve farmers.
- 79) ADF and well known Clients from former USAID interventions develop an unhealthy relationship based on USAID and other AID intervention practices that do not reflect sound business practices
- 80) ADF searching for clients faced issues of registering collaterals with relevant authorities for they were charging 5% of value on collaterals for registration. ADF per governmental decree was subsequently exempted.
- 81) ADF JB branch sustainability is not guaranteed since they only have 15 total clients and are still not working on commercial lending approaches, but rather focus on grants dish outs for enticement.
- 82) ADF operates a system of demanding different % value of collateral securities pending upon registration and of status and type of loan. Collaterals of 200% worth actual values are sought for unregistered (properties), 140% for “Sharia” and 120% for conventional loans.
- 83) ADF Rice mill client: ADF charges on future profit projections and collects installments with part of profits during growing cycle. Money paid servicing obligations stems from past earnings.
- 84) ADF has \$50mio on loans floating while \$32mio are paid back, totaling \$85mio
- 85) ADF claims default rate is still below 5%
- 86) Rice Miller had 100% recovery from farmers who were his out growers.
- 87) Rice Miller mentioned that ADF designed Sharia loan products that do not hold up to Sharia laws, Sharia product advisors were none Muslims from India. Entire sharia loans from ADF are not true Islamic. ADF made up their own stuff.
- 88) ADF: Edible Food Oil processor: Claims to have an ADF loan system based on profit and loss sharing.
- 89) He says he lost money but does not inform ADF, while still servicing loan commitments. Why does he still claim losses but des not declare them as per contract? He wants to keep the cheaper loan arrangements warm despite some business drawbacks. His cotton science contradicted real world issues encountered in Afgh.
- 90) OIL processor mentioned that loans run on too short time interval from receiving to paying back
- 91) Need long term policy reflecting crop and business cycles
- 92) ADF needs to research individual businesses deeper before handing loans
- 93) Time from launching application until loan pay out was 3 month
- 94) Islamic Investment and Finance Cooperative (Intermediary) is lending to woman but from before ADF time and not through ADF means. Does know OXUS but not yet incorporating ZAHRA in Nangrahar. For reaching out to larger populations enroll local Muslim Clergy, mass media
- 95) Islamic micro finance: Need an OXUS model for ZAHRA lending schemes
- 96) The coop has Islamic micro finance 30% of their clients as females, none ADF, totaling 15000 members, with 2500 as active borrowers
- 97) Jawed Afghan Thresher Comp doubled output from 200 to 400 machines per year through ADF loans, and provides loans in the form of machinery to clients (viz. wheat-\$3200, \$600 corn, \$1200rice). The grant business still occurs at that level as well, where \$120K was promised and \$64K paid out with the rest outstanding.
  - a. As per <http://www.nmdasmeda.org/javedafghan.html>
  - b. Through the USAID funded IDEA-NEW project, the company had already installed a new smelter for iron production. Building on this investment

support, the NMD business diagnostic identified the need to increase staff technical capabilities to utilize the smelter effectively. Training and instruction was provided in iron smelting techniques to six staff and international production standards were introduced.

- c. This represents another case of recycling old USAID recipients as clients for new USAID interventions.

There is a second machine manufacturer that was on our agribusiness recipient team  
(LOCAL NOTES?)

- 98) ACE2/ADF need advertising and explaining to public what sharia loans are and what they really mean.
- 99) AC2 on future ADF cooperation: USAID/ACE2 needs to redefine mission and doctrine statement for the sake of sustainability of ADF and its clients. Examples of mission statement and doctrine provided below
- 100) JB branch observation documents that: NO MORE grants for buying sprees, and free money for ADF clients is the future otherwise sustainability and credibility is at stake.
- 101) If grants as free giveaways are further part of ADF than the question to ADF is: What will be the future source of funding if USAID and other donors stop funding grants and additional loan capital?
- 102) ACE2/ADF future capacity building of ADF staff: ADFs current none commercial INGO thinking and handling of ADF business has to undergo reforms and has to evolve into commercial private enterprise thinking mode. The ones who are able to be commercially viable stay the others move on back to donor funded works for employment.
- 103) 26/3 FG (focus group) Agribusiness had no sub borrowers
- 104) Comments: lending period should be extended, from 18 months to 36 months
- 105) Potato chip producer: was unable to utilize Bamyan potatoes for chip production, had to sell them on KBL markets. Selection of Potatoes for chip production is needed. Need Identifying and negotiate with chip producers what are suitable potatoes so field plot trials etc. can establish verification what is really suitable under local conditions.
- 106) At on instance timing from loan application to dispersal took over one year.
- 107) Securing collaterals seems to be the festered with issues. Registering of property deeds (officially free) costs bribes at every point twice, first at time of initial registration as collateral and at second time when deregistering (freeing up) collateral
- 108) Deed will have to be processed at:
  - a. Court house,
  - b. Municipality,
  - c. District office,
  - d. Min of Finance and
  - e. Lands registration office
- 109) Suggestions: ADF and gove to agree on mechanism that bypasses above instances through a simplified approach where collaterals could be traded as contracts of selling in case of loan default.
- 110) ADF was witnessing at one point where client had to pay \$3000 under the table to officials for signing collaterals.

111) ADF provided loans to Nangrahar Agricultural Training Center for greenhouse constructions and dairy farming. The greenhouse operation seems to be prospering while the dairy operation seems to have marketing issues. He claims that gov should help them for selling their products (cheese, milk, yoghurt, and cow fodder). ADF needs readdressing his business plans before further loans are dispersed. At the same time grants have been promised, but not yet provided. AGAIN what is ADFs mission: dish out freebies forever, or empower clientele to be responsible? Please redefine ADFs mission statement and

a. As per <http://afghanistan.buildingmarkets.org/taxonomy/term/1379/www.dfid.gov.uk?page=5>

Represents another client receiving multiple donor and multiple USAID activities funded as partner. (ASMED IDEA-NEW, FAO, WFP etc)

112) Also ADF clients do not comprehend the word loan. MONEY costs MONEY no matter how we culturally coat it. ADF needs addressing awareness campaign that money costs money.

113) ADF: JB client claims that contracts for loan lending procedures are in English language only . Contracts must be administered in language of choice of borrowers. He signed without comprehending issues fully. No short cuts please.

114) ADF business borrower Season Honey: made \$40K profit (but \$25K are still floating as products on retail shelves)

115) Season Honey: had 250 beekeepers (famers) prior to ADF intervention but purchases from 600 beekeepers currently. Similar trend stands for retail shops selling his honey where 60 shops prior sold his goods and now over 100 shops have enlisted on selling his goods.

116) Season Honey had a good run with ADF loan and is advertising issues to other potential clients.

117) Suggestions for marketing include try to register some of your honey types with relevant authorities in USA/EUROPE as organic produce and with Max Havelaar for fair trade products.

118) As per <http://aredp-mrrd.gov.af/?page=success-story-expand-my-business&lang=en#> client represents another recycling of multiple donor and multiple USAID activities funded partner. (ASMED IDEA-NEW etc)

119) Regional difference: Nangrahar No single grant awarded to female activities = Future USAID interventions need special focus on woman programs at Identification and support process

120) Large number of ACE/ADF/JB clients are recycled from USAID funded activities (CHAMP, IDEANEW, ASMED, ABADE, ACE)

121) 26/3 As one Agribusiness Intermediary participant mentioned: Why do USAID projects not reach out widely on market place to source for working partners and only work with old ones. There is a need out there for more people to be reached. Yes we know that many business people have difficulties complying to USAID procedures –like business plans, or even literacy levels.

122) As per Nursery Grower Association of Nangarhr represents another client receiving multiple donor and multiple USAID activities funded as partner. (ASMED IDEA-NEW, and others <http://reliefweb.int/sites/reliefweb.int/files/resources/ToR%20%20Final%20project%20Evaluation%20Sept%202013.pdf>)

- 123) As per <http://aredp-mrrd.gov.af/index.php?page=sucess-story1&lang=en> Azizi Rice Mill represents another client receiving multiple donor and multiple USAID activities funded as partner. (ASMED/ACE)
- 124) As per <http://afghanag.ucdavis.edu/country-info/Province-agriculture-profiles/nangarhar/Nangarhar.pdf>, Nangrahar Edible Oil Processing corporation represents another client receiving multiple donor and multiple USAID activities funded as partner.
- 125) As per [www.ideanew.af/getpdf.php?f=201406/reports155.pdf](http://www.ideanew.af/getpdf.php?f=201406/reports155.pdf) Hamesha Bahar represents another client receiving multiple donor and multiple USAID activities funded as partner.
- 126) As per ADF [http://pdf.usaid.gov/pdf\\_docs/pa00k2k9.pdf](http://pdf.usaid.gov/pdf_docs/pa00k2k9.pdf), Stana Gul Poultry Farm they have a written off loan, but are mentioned of receiving support from other sources as well. <http://www.aisa.org.af/onlinedirectory/all.php>
- 127) As per <http://www.ideanew.af/?lang=en&pageID=72&nid=143> Eastern Region Fruit Growers Association represents another client receiving multiple donor and multiple USAID activities funded as partner (also multiple donor recipient).
- 128) 28/3/2015: HOW ARE NUMBERS OF END BENEFICIARIES DERIVED?
- 129) What are criteria for selecting loan holders (why not investigate local scenes for potential new faces and coach them for obtaining workable loans?)
- 130) Adaptation of methodology in respect to tools presented under ACE Evaluation Team Work plan is as ff.
- a. Questionnaires for end- borrowers had to be adapted to local conditions reflecting local concerns. Questions 2.6 and 4.3 needed readdressing to suit cultural sensitivity in order to obtain workable results.
    - i. Example: Q2.6 the word interest rate (or how much do you pay for your having money borrowed over a certain time period) is very sensitive since interest rates do not comply with Sharia issues.
    - ii. At the same Q4 measuring: Increasing household income & Sustainable Agricultural Economy, needs rewording at times for reflecting conditions clients encounter. Since not all end borrowers are farmers per say, or are farmers that use extensive land management practices, Q4 gets modified as need arises. Example: Some farmers are cultivating trees as saplings for sale and have no need for additional landmasses to enlarge their operations when upscaling operations.
  - b. The basic tool is workable but needs reflecting individualities encountered.
- 131) ADF funds forwarded to intermediaries are being loaned out at different rates example: ANSOR is forward lending at same base rate to certain clients (as they receive) 5% and Islamic Microfinance Institution is lending ADF money at rates of up to 16%.
- 132) 28/3/2015 ADF versus Stan Gul Poultry farming: Stan Gul mentioned that ADF dictated him terms of having to purchase feed inputs from one particular feed mill. Same feed mill sold inferior feed that subsequently killed chicks. Feed was distributed to out growers and all went bust. Thus out of a loan of 4,5mi Afs only 1.2mio Afs were paid back. Since when does ADF handle feed mill feed and is able to guarantee quality of feed when insisting on that particular feed mill as sole

supplier? Lenders are not supposed to be in the business of dictating from what store only I should have to purchase critical inputs.

- 133) 28/3/2015 The Afghan Agricultural Industry is run and manipulated by Pakistani business folks. Pakistani businesses are actively involved in hindering Afghanistan's agricultural sector to prosper. It functions from active sabotage by denying imports of critical imports at critical times to dumping of goods at below cost of productions when Afghan produce reaches markets. Stan Gul illustrated issues by high lighting plight of poultry industry: Pakistani business folks are monitoring daily exports of day old chicks (according to type) and will make sure that critical chicken feed tonnages do not reach Afgh. Concurrently same business folks ensure that when Afghan chicks reach markets they will than dump their chicks (for example broilers) at well below cost of production just to offset local business on future dealings

Key Findings as per March 29, 2015

- 134) 29/3/2015 ADF JB Boss says that ADF currently has two types of Sharia loan products out of 6 total products. Reason being local conditions prevails for serving only Wakala and Muhariba loans.

135) He confirmed that additional educational campaigns and advertisement at grass root levels should take place including local clergy members.

136) Concurrently there is a need of Islamic scholars on Islamic Banking procedures to visit farm gatherings and meetings (Shura) for explaining issues while quoting Islamic scriptures where appropriate. In places like Afghanistan where all activities are governed through religious guidance loan lenders and loan recipients (farmers) feel need of technical support in form of religious scholars that know Islamic Banking and scriptures for relating to issues that community feels acceptable.

137) ADF mentioned that one rule of ADF's policy on lending different types of loans is that whichever loan type (conventional and or Sharia) intermediaries chooses they will have to follow through. In other words if you select conventional loans than you must administer conventional types of forward lending procedures to end borrowers.

- a. The ADF/JB Field observations confirm that this is not the case-intermediaries hybridize and modernize approach to suit their needs

138) 29/3/201 ADF JB boss comments on defaulters: We are ready to proceed with legal procedures, while having kept protocol with legal procedures of serving clients 5 times with letters of demanding repayments. However he did not mention why some clients defaulted and whose real responsibility it really was.

- a. For Example Stan Gul Poultry Farms who was forced to comply with ADF demands of having to purchase inferior chicken feed from an ADF preselected feed mill where chicken feed provided killed chicks throughout the value chain (small holders lost their flock, small holders are in depth to Stan GUI for killer feed supplied through ADF and to top it up Feed mill is now out of business)

- b. Key Finding: Here is a case where ADF needs retooling and fine tuning its approach on operation in lending to intermediaries.

139) 29/3/2015 Jawed Afghan Wheat Threshers claim to have 12,000 end borrowers/beneficiaries: How do they arrive at such numbers when they produce 400-500 machines per year and ADF is functioning in JB barely for 4years? For Example: If Jawed Afghan Wheat Threshers received loans for the last 3years, then approximately 1200-1500 machines might have been produced and they count 80-100 end trade/borrowers/beneficiaries per machine sold. Those trade business clients

function as his “end borrowers” Until otherwise proven or disproven this looks like the way they present the word end borrowers to ADF.

- a. Jawed Afghan Wheat Thresher Co. of Jalalabad manufactures machinery and supplies the same to a nationwide network of their agents that sell them at mark ups. Those agents subsequently deliver machines to either individual farmers, coops, and/or associations, etc. under a time loan scheme agreement where recipients of goods must pay back at a later date. This represents a trade client relationship where no direct money for credit/loans with interest takes place. However, at end of day Jawed Afghan Wheat Thresher Co. of Jalalabad absorbs the final risk of potentially not receiving money for their goods.
- 140) As per AGRICULTURAL CREDIT ENHANCEMENT (ACE) PROGRAM QUARTERLY REPORT Q1 FY 2011, OCTOBER 1 – DECEMBER 31, 2010: also states that Javid Afghan Wheat Thresher Company had 1200 end beneficiaries (out of a \$300,000 loan he created 1200 end beneficiaries?)
- a. It looks like they are trade clients that benefit eventually from sales of wheat threshers, which does not imply they are end borrowers per say.
  - b. By supplying modernized threshing equipment, Jawed Afghan Wheat Thresher Co does modernization at the farm gate . This includes increased household incomes gained through the sale of higher value (i.e., refined or cleaned) commodities. Prior to the introduction of modernized wheat/rice/corn threshers farmers used unsanitary measures to produce threshed products.
- 141) 29/3/2015 Currently in Jalalabad Jawed Afghan Wheat threshers and Jalabad Afghan Rice Mill are avoiding the issue sending end borrowers to the Checchi Evaluation Team in order to avoid publication and disclosure of where funds originated. They learned the lesson that befell their other two compatriots who were sported on public medias that they received aid through USAID/ACE/ADF interventions (see below)
- 142) As per AGRICULTURAL CREDIT ENHANCEMENT (ACE) PROGRAM QUARTERLY REPORT Q1 FY 2011, OCTOBER 1 – DECEMBER 31, 2010:
- a. Two major clients of ACE/ADF in Nangrahar province have been well documented and celebrated as their success stories (Poultry (Stan Gul Poultry Farms), East Region, Fruit Grower Association –but are now under default and in court for not being able to repay loans. What did occur with those clients and their loans?
- 143) Advertising and publicizing holders of loans on TV, radio, and newspapers is not conducive for loan holders to be paid back by their end borrowers, since end borrowers are under the impression of free money floating about.
- 144) 30/3/2015 ACE evaluation team has not been able to meet substantial numbers of end-borrowers in Nangrahar region for reasons explained above.

- 145) As per AGRICULTURAL CREDIT ENHANCEMENT (ACE) PROGRAM QUARTERLY REPORT Q4 FY 2011 JULY 1 – SEPTEMBER 30, 2011: Quote: ACE delivered; the ADF is a standalone financial institution with a clearly defined governance structure, led by a High Council, and following airtight policies and procedures. Despite the fact that Afghan financial institutions had little interest in lending to the agricultural sector, the ADF has successfully provided loans to over 30,000 farm households and agribusinesses in 33 of Afghanistan's 34 provinces. Offering both conventional and Islamic financial products designed to meet borrowers' needs and business cycles, the ADF is changing the landscape of rural Afghanistan." Unquote
- a. Key findings in the field suggest that loans provided to over 30,000 farm households seem to include large numbers of normal trade business practice creditors.
  - b. Example: Seasons Honey supplies finished goods to stores (so called borrowers that put goods on shelf until sold), as is similar to WALMART USA where goods on shelf are being put there for sale until sold by producers or their agents.
- 146) 30/30/2015: On a similar note ADF client Nangrhar Edible Oil manufacture Co sent 6 sub-intermediary agents to Checchi Evaluation Team for discussions (they are trade store cotton buyers traders) in lieu of end-borrowers for information exchange.
- a. Nangrahar (JB) Edible Oil Co structures its business according to sub intermediaries who purchase raw seed cotton (cotton balls harvested at field level from farmers comprising seeds and lint) for ginning afterwards.
  - b. Same sub intermediaries provide limited credit services to farmers in need for buying critical inputs at various stage throughout cotton cultivation season.
  - c. Farmers receive cash for inputs and same sums are than deducted at harvest payments without added charges or interest.
  - d. Basically they make their money by buying cheap raw seed cotton and sell it at higher prices to Nangrahar (JB) Edible Oil Co.
  - e. Creating markets for cotton seeds for cotton oil processing markets, that where otherwise discarded as refuse when producing cotton lint fibers, represents modernization and provides additional income to stake holders that was otherwise denied.
  - f. Resulting for the Checchi ACE Evaluation team of not having clear cut end-borrowers as claimed.
  - g. These so called end borrowers are trade clients of and are sub-intermediaries of Nangrahar (JB) Edible Oil Co, who absorb risks involved.
  - h. One participant mentioned that: At one instance supply of seed cotton fell from 700,000kg/season to a mere 30,000kg/season, because Pakistan imposed severe taxation on lint originating from Afghanistan. Thus, lint exports from Afghan cotton cultivation were less profitable, so farmers sought alternative

incomes. Same intermediaries asked if Afghan government was able to take counter measures against such nice neighborhood practices.

- i. In addition low seed cotton pricing is also caused through current agricultural and presently used ginning practices resulting in raw seed cotton being of lower quality than could be achieved otherwise if sound modernized agricultural and ginning practices would be implemented (seed degradation through constant inbreeding, plant protection measures, harvesting time and measures, and outdated ginning equipment currently in use.

145) 30/3/2015 MEETING WITH DAIL

Mr Hameedullah Nazeer, Ag. Director - DAIL Nangarhar

There was no collaboration at the regional level between DAIL and DAI/ACE or even with the ADF initiative

All the region received was a letter from the Ministry introducing the project and the IP

The director advised that ADF needs to know more about its loan applicants, who they are, what they do and if they are really doing what they claim to be doing

DAIL ready to support ADF in ensuring that loan resources are used for the purpose intended

DAIL also works with a large number of Associations, Cooperatives and agribusinesses that would be interested in accessing support for ADF

Recommended that ADF should establish a Credit Committee at the regional level similar to the HQ Credit Committee. This would DAIL a role to play in ensuring that those given loans have the ability to repay

The Director raises issues with DAI and the staff that work on USAID projects as being the major cause of recycling of beneficiaries. DAI staff get close to certain groups of people and they are their first points of contact whenever new projects come about.

He also suggested that USAID future projects should consider helping businesses identify viable agricultural sector projects into which they can invest. According to him, people have lots of money but lack ways of identifying and analyzing investment opportunities. There is need to teach them how to invest in agriculture

Land: According to Director DAIL, there is shortage of farmable land in the region. Hence the need to put more land under irrigation which donors and USAID have put a hold on any more investment in irrigation

The district has 2-4 extension officers in each of the 22 districts

They have Farmers Field Schools and demonstration farms in each district supported by IDEANEW

On livestock, DAIL has a livestock officer working in the districts with goat and cattle farmers. The ministry is supporting artificial inseminations

The ministry is also supporting wheat farmers with wheat seed.

Many businesses require capacity building. ADF can Identify companies or institutions with training/consulting capacity and linking them with these businesses before engaging with them for loans. If they don't exist then this is a business opportunity for ADF that needs to be explored further

- 147) 30/3/2015 The Checchi ACE Evaluation Team observed that there is interference, and competition amongst several USAID funded activities for potential clients that are counterproductive.
- a. Stakeholders of different activities need communication and coordination on regional activities in order to avoid clashing and duplication of serving same clients again and again.
  - b. ADF JB boss gave example where they had been approached by a client to provide loans and grants for operating a business while IDEANEW prevented ADF from concluding business cycle by supplying free of charge all inputs (Carpet lady in JB area).
  - c. This is counterproductive for long term development of a free agricultural sector.
  - d. Above observation addressed operational structures under which various USAID and donors operate per macro structures of recycling clients that benefit from several activities concurrently. Avoiding duplication and overloading clients with various donor funded activities does not create a free self-sufficient independent agricultural sector.
- 148) Special Findings as indicators from Quarterly Reports 2010-2011:
- a. “as per agricultural credit enhancement (ace) program quarterly report q4 FY 201 July 20 - September 2010: “Collaboration with programs such as ASAP, IDEA-NEW and CHAMP have brought about numerous opportunities on which ACE is capitalizing to not only identify new clients, but support the efforts of other organizations implementing economic development programs in rural Afghanistan, etc. and on same document: ..... During the reporting period, the Value Chain team also met with USAID’s ASAP project and reviewed their Global Gap Training Program, looking at ways to integrate market development, compliance with food safety standards and credit provision. Other synergy sessions with donors and implementing partners related to value chains occurred with companies such as: Export Promotion Agency of Afghanistan (EPAA), GTZ, Accelerating Sustainable Agricultural Production project, Roots of Peace, Trade and Accession Facilitation for Afghanistan project (TAFA). The ACE team held a workshop in Kabul with 18 major Intermediaries to discuss impediments to value chain development and what they needed to expand their businesses or to further expand regional and national value chains. “
    - i. Findings: This is the crux of the argument presented above where competition amongst USAID implementers is unhealthy. What did they do besides exchanging clientele addresses and recycling same USAID and other donor’s clients?
- 149) as per agricultural credit enhancement (ace) program quarterly report q4 fy 2011, July 20 - September 2010:
- a. No there is no mentioning of FEMALE component as to receiving ACE/ADF loans credit facilities
- 150) As per agricultural credit enhancement (ace) program quarterly report q1 fy 2011, October 1 – December 31, 2010 also mentioned: Parwan Women Culture and

Agriculture Association (PWCA) is a registered association. PWCA submitted a loan application for \$491,892 to work with over 1,000 women farmers, but what happened to that loan and client later on?

151) as per agricultural credit enhancement (ace) program quarterly report q2 fy quarterly report q2 f-y 2011 January 1 – march 31, 2011

152) No blue print structural adjustments are mentioned that gender sensitivity exist or occurred at lending process.

153) as per agricultural credit enhancement (ace) program quarterly report q3 fy 2011 april 1 – june 30, 2011: “ the delivery of credit services constitutes the core activity of the ace project.” does not address gender sensitivity issues female population of afghanistan faces at accessing credit/loan facilities for agricultural sector.

154) As per 2012 Annual Report Agricultural Credit enhancement (ACE) Program: By design ACE was conceived as a wholesale lender that would cater for the needs of commercial farmers which de facto excluded women as potential borrowers. Despite this limitation, ACE is making every possible effort to ensure that men and women entrepreneurs can benefit from ADF finance. ‘Zahra’ is the first Islamic financial product for women, which will soon be taken up by financial intermediaries....etc.”

155) As per: USAID country strategy for Afghanistan: <http://www.usaid.gov/afghanistan/country-strategy> Quote: .....sustainable agriculture-led economic growth expanded, gains in health, education, and the empowerment of women maintained and enhanced,... etc. Unquote

156) Thus it seems obvious that at inception of agricultural economic credit enhancement activities certain blue prints and strategies of empowering woman should be included, budgeted for followed through according to key strategies of USAID Afghanistan as per <http://www.usaid.gov/afghanistan/country-strategy> .

157) As per agricultural credit enhancement (ace) program quarterly report q4 fy 2011 July 1 – September 30, 2011: “women, although identified as a key subset of clientele during program design, proved to be unable and sometimes unwilling to apply for loans. major constraints included the fact that women do not own assets, and are therefore functionally excluded as borrowers, and that the majority of women are confined to work within residential compounds, unable to visit a financial institutions and apply for a loans”. .... “the project designed a financial product for women, zahra, which will be launched in the next few months. zahra is a sharia compliant financial product specifically for female agribusiness entrepreneurs already operating medium-scale enterprises, individually or in groups.”

a. This is the first mentioning of ACE recognizing and addressing gender needs concerning ADF’s activities.

158) As per Midterm impact evaluation November 2012, Quote: “At the end of October 2012, as this report was being edited, the government had not yet registered the ADF, however there were indications that the final approval was weeks away. For this reason, and for a period of over 2 years the ACE program assumed the

responsibility of providing credit to the agriculture sector, using a limited amount of off-budget resources and lacking the legal mechanisms to enforce loan contracts, “etc. Unquote

- a. Above mode of designing intervention blue prints illustrates priorities being set according to ease of quick fix results based matrixes that do not benefit the +/- 50% of disfranchised Afghans (woman)

159) As per agricultural credit enhancement (ace) program 2011 annual report quote: the ace program takes gender inclusion very seriously, rather than just as a token intervention, or a requirement by the client. It constitutes a commitment of the program to find ways to make agricultural credit accessible to women across Afghanistan. this is particularly challenging in that women generally do not have assets, or are unable to work outside the household and lack the necessary skills to manage businesses in an efficient manner” unquote

160) If above is the case than discrepancies of reporting have been noticed.

161) as per (agricultural credit enhancement (ace) program quarterly report **q3 FY 2011 April 1 – June 30, 2011**) the evaluation team noted that mail does take ownership of ADF issues since they have a seat as board member at ADF.

- a. Quote: MAIL will concur with the policies and procedures prepared by ACE and would adhere to them, allowing for a systematic loan approval process. Seven months following the submission of the policies and procedures MAIL has not approved them. The Ministry has also unilaterally rejected loans over \$7 million USD approved by ADF Credit Committee, thereby negatively affecting the ability of the project to meet its targets. Unquote
- b. On the other hand shifting blame to MAIL on ACE/ADF underperformance “thereby negatively affecting the ability of the project to meet its targets” seems inappropriate wording. According to USAID ACE/ADF blue prints MAIL is partner and is official owner of ADF. Subsequently MAIL took ownership of their commitment with ADF and did what MAIL thought was beneficial to ADF.

162) Above bears the question whether ACE/ADF did implement procedures for evaluating clients according to business merit or where loans/grants are passed on without a due diligent process of vetting out potential pitfalls?

163) 30/3/2015 Subsequently key findings indicated that during initiation period of ACE (not ADF) ACE commenced lending and granting out funds prior to legal registration of ADF, thus setting current results in motion of main defaulters of loans found in that none-legal period of ADF having no legal entity status of.

164) Concurrently there seems to be an absence of sound private enterprise business analysis tools applied during same period that scrutinized and vetted clients at beginning of ACE (ADF not yet legal entity) interventions –with Nangrahar Province Stana Gul, Eastern Fruit Growers Association serving as examples of how credit/loans did not do well.

- 165) 31/3/2-15 Key findings: Tools to be applied for vetting and avoiding business pit falls entails that each firm, sector, or type of intervention, donor, or recipient can be treated as independent entities that interact with each other.
- a. Think globally and act locally, for you are only as good and effective as your information permits. You must account for current globalization of migration flows and movement of goods and how these factors influence your work. Since Afghanistan has neighbors that strongly influence Afghanistan's economy (agricultural, industry, etc, and retail markets) those points are crucial in vetting out potential mishaps.
  - b. **Tools to be incorporated for analyzing private business include:** Porters Five Forces PESTLE Dynamical Analysis Enlarged, SWOT (SWOT enlarged), SBU -Strategic Business Analysis. Henceforth, an industry or a business analysis reveals different views of otherwise hidden information.

As per: agricultural credit enhancement (ace) program quarterly report **Q2 FY 2011 JANUARY 1 – MARCH 31, 2011**

- 166) “In January, ACE launched a new innovative lending product. This product is Murabahah (Sharia Compliant) for the agricultural sector and is being used for the first time in Afghanistan with three borrowers; Afghanistan Almond Industry Organization (AAIDO), Eastern Region Fruit Grower Association (EFGA), and Season Honey Processing and Packaging Company.”etc...
- a. **Key Finding:** According to an ADF Jalalabad intermediary client: The product Murabahah (Sharia Compliant) for the agricultural sector is not Sharia compliant.
- 167) As per agricultural credit enhancement (ace) program quarterly report **Q2 FY 2011 JANUARY 1 – MARCH 31, 2011** ” ACE supported the participation of AAIDO in the Dubai Gulf Food Exhibition in February and supported the Agricultural Fairs organized in Kabul and Nangarhar province for Farmers’ Day 2011, etc.”
- a. **Key findings:** Such activities must take into account that Afghan Almond industry (and similar produce producers) are unable to supply regular quantities at pre agreed quality standards to exporters (as was documented under Checchi ASAP 2012 evaluation)
- 168) “In the next quarter, ACE is planning two public events for the distribution of seeds and fertilizers to members of Eastern Region Fruit Growers Association in Jalalabad and Bamyan Potato Cooperatives. 438 Potato growers from Bamyan Province will receive an estimated 423 per jerib in seeds and fertilizers on credit, whereas 1,850 orchard farmers in Nangarhar province will receive an estimated \$250 worth of fertilizers on credit.”etc
- a. Future projections remain future projections and do not reflect current issues thus quarterly reports need reflecting on goals achieved and lessons learned from previous quarters.
- 169) 30/3/2015 ACE (not ADF) commenced lending and granting out funds prior to legal registration of ADF, thus setting current results in motion of main defaulters of loans found in that none-legal period of no legal entity status of ADF. Concurrently

there seems to be an absence of business analysis tools applied that scrutinized clients according to sound business practices at beginning of ACE (ADF not yet legal entity) interventions –with Nangrahar Province: Stana Gul, Eastern Fruit Growers Association serving as examples of how credit/loans did not do well. Tools to be applied for vetting and avoiding business pit entails that each firm, sector, or type of intervention, donor, or recipient can be treated as independent entities that interact with each other. Think globally and act locally, for you are only as good and effective as your information permits. You must account for current globalization of migration flows and movement of goods and how these factors influence your work. Therefore, an industry or a business analysis reveals different views of otherwise hidden information. Tools to be incorporated for analyzing private business include:, Porters Five Forces PESTLE Dynamical Analysis Enlarged, SWOT (SWOT enlarged), SBU -Strategic Business Analysis

- 170) 30/3/2015 as per agricultural credit enhancement (**ace**) **program final report – february 2015 the mission statement reads as follow:** ace will establish and manage the agricultural development fund; a wholesale lending institution under the ministry of agriculture, irrigation and livestock, making credit available to farmers and agribusiness entrepreneurs through a variety of intermediaries, in an unprecedented effort to revolutionize afghan agriculture.
- 171) Major Key Finding: ACE business procedures are not in accordance to its own self-imposed mission statement. In above mission statement there is no mentioning of handing out grants and rearing clients of an Agricultural Development Fund institution on a grant funded basis. Dishing out grants does not lend itself to a constructive approach of founding a future institution depends on its potential success on credit/lending practices.
- 172) 31/3/2015 Key field findings confirm that Current mechanism of dishing out grants smothers self-drive and willingness to succeed in a business environment under loan/credit activities. Several loan applicants from Jalalabad have bluntly mentioned that grants are the reason why they apply for loans with ADF.
- a. By the same token best example of dishing out grants is the HERAT Ice Cream factory that produces Ice Cream but asked for a grant for purchasing a cold store. As an ICE CREAM producer a functioning cold store unit represents a vital core requirement and is none negotiable. Under these circumstances a loan would have been more appropriate than a grant, for a loan will measure if HERAT ICE CREAM Factory is serious about their business. Same grant could have been utilized to educate dairy farmers and supplying small dairy producers with vital inputs, like fodder seeds, irrigation needs, veterinary medicine, hygienic and sanitary trainings and inputs.
- 173) 31/3/2015 use below for ADF Staff for getting away from Donor mentality
- 174) **Mission Statement, Company Doctrine, Principal Agent Problem**
- a. You must develop a reasonable workable strategy for developing a project or institutional (organizational) doctrine. Before developing a doctrine you must define your mission in form of a mission statement.

- b. Then align your doctrine alongside mission statement - what good is it to develop a statement of how you are going to do something when you don't even know what you are going to do?
- c. The doctrine must include the modus operandi of how you are going to achieve your mission. List all criteria that guide you in your pursuit of your mission and include all Positive aspects of the yes' and Negative aspects, of the no'.

**The Mission of** our project, or institution, is to supply the country's agricultural sector with appropriate technological inputs for sustainable self-generating agriculture (now we know what we want to do- THE MISSION STATEMENT).

**Mission Doctrine** Then the mission doctrine could be:

- d. That we (the project or institution of XYZ) employ principles of free business enterprise for our mode of action, in working and developing markets for agricultural inputs for monetary gain.
- e. That a sustainable agricultural sector in our target market is our objective.
- f. That includes conducting our own in-house research into needs of potential sectors and/or markets.
- g. That we consider all possible humanitarian and technical implications, which our products could have, or cause, before introducing and importing goods into target markets.
- h. That we shall not discriminate in any way against gender, religion, creed, or ethnicity while conducting our business.
- i. That our decisions, for introducing and importing material to our target markets, are in harmony with host culture and current prevailing laws and government.
- j. That we shall not make available any product that knowingly is below standard quality (the standard norm being the same as in Western Europe, Japan, or the USA whichever is highest and from which ever source the goods originate from will be applicable).
- k. That expatriate personnel of project, agency, or employer shall not be involved or take part in any domestic political activities of the host country.
- l. Those local personnel of project, agency or employer shall not be involved in any domestic political activities on behalf of project, agency, or employer.
- m. That project activities shall not foster, subsidize, condone, or in any way be part of activities that cause harm, or do damage the environment.
- n. The above demonstrates the "HOWs" with the "YES" and "NOs", of how we are going to pursue our mission- THE DOCTRINE.
- o. Design and align your physical projects alongside your mission statement and mission (project) doctrine.
  - i. Concurrently you must base your project design, aims, implementations, and outputs according to real world conditions reflecting receiver demands and environment. In addition, I must stress the point of using simple business tools for avoiding worst pitfalls.
  - ii. Be prepared for a "Trust Under Verification" approach, or you become just another paper tiger that siphons off inputs.

**Principal Agent Problem:** The principal-agent problem arises when managers pursue their own interests, who are pitted against overall company interests, thus not maximizing profits for the company (the principal).

- p. Short-term monetary bonus', with guarantees, awarded to executives motivates them to get started and keeps them focused on company

short-term goals. However, maximizing profits for short-term durations might be counterproductive to company long-term wellbeing. In order to “help” executives keeping long-term company perspective’s in mind, owners’ had to come up with “company-safeguard-incentives” for executives. Long-term bonuses, and guarantees, provide incentives for executives to look further than just quarterly returns, or contract duration terms. Why not make the company financial long term goals coincide with the agents’ financial long-term goals? As long as both parties have the same objectives- earn as much as possible for the long term – both parties are making out.

- q. Long-term company visions are key responsibilities of the principals. Everything else is a follow up to safeguard these visions.
  - r. The principal has the choice of setting up a monitoring system that keeps their agents in line, (some measurability of company achievements versus company expectations), or follow their agents blindly.
  - s. Either the principal understands the business, and is able to comprehend critical decisions done by his agents, or puts up with what agents provide. There will never be a fool prove system that guarantees absolute safety for the principal (preventing agents from having their own hidden agendas). Hiring and firing of agents that pursue their own interests, which are contradictory to company interests, should be part and parcel of any company.
  - t. More safeguards for keeping company long term perspectives in mind are the principal’s responsibility.
  - u. Let’s face it: Agents will do whatever they can do to get away with, in order to please themselves, and hopefully the principals. Thus the principal must spell out to agents clearly what are company short-term goals versus company long-term goals. For example: Firing key staff in order to save money on salary improves your short-term profits, but backfires on long term company objectives. Or conversely speaking, hiring additional staff when the company cannot afford to expand is also detrimental to company financial objectives of optimizing profits.
  - v. Since some company owners want to rely on agents for all the thinking and only want to harvest without involvement, agents find themselves at liberty, and are applying that liberty towards their own means. Thus, the principal has only to blame him/herself for possible mishaps caused by the “principal-agent problem”.
  - w. What works for one company in a specific industry might not work for another company in another industry. A company is only as good as its people that make up the company; that applies throughout the company personnel structure.
  - x.
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## Key Findings HERAT

- 175) 2/4/2015 KEY Gender Finding: Herat processing units like Ariana Saffron, Pamir dried fruits, HEART Ice cream Factory, Ghoriyani Saffron, Dried fruits and nuts, etc. are employing woman as majority of labor force, thus providing income through ADF sponsored activities.
- 176) 2/4/2015 OXUS HERAT put 4 female credit loan officers on staff with one of them catering for a newly created section for female group loans.
- a. OXUS reduces interest rates for repeat customers by 0.05% - first loan attracts a 1.50% monthly interest=18% annually, while second loan would attract a 1.45% monthly interest =17.4% annually and so on.
  - b. OXUS lends in Afs for Afs 15,000 at no collateral and for Afs 20,000 with collateral.
  - c. OXUS has 95%plus recovery rate.
  - d. OXUS arranged loan collateral guarantors from formerly being 3 people to two people. (40% are female) Also woman can stand as guarantor for woman.
  - e. Oxus further develops micro insurance for national disasters like flood and avalanches, and earth movements.
  - f. OXUS also adjusts policies if untimely death befalls sole bread winners.
- 177) 2/4/2015 Rawnaq Agricultural and Livestock Cooperative
- a. Staff: 12
  - b. Grant received : 861500 Afs
  - c. Grant use for : 5 coolers, 4 heaters, 70 cages, 8 Ventilator,330 feeder, 330 Drinkers
  - d. 4 people hired under the grant and all been male.
  - e. Loan:5200000 Afs The loan was conventional
  - f. Interest rate was 5.5
  - g. Took 6 months to secure the loan.
  - h. 3800000Afs were used for infrastructure
  - i. 1400000 was used to but chicks and food
  - j. The profit increased from400000 to 800000
  - k. Before the loan he had 7 people working now he has 12
  - l. Before the loan his form had 12000 chicks and now he has place for 24000 Chicks
  - m. He has not applied for any loan before ADF.
  - n. He contacted mail and introduced him to the department of cooperatives and they told him to apply for ADF loan.
- 178) 2/4/2015 Rawnaq Agricultural and Livestock Cooperative

- 179) Staff: 12, Grant received: 861500 Afs, Grant use for: 5 coolers, 4 heaters, 8 Ventilator, 330 feeder, 330 Drinkers, 4 people hired under the grant and all been male. Loan 5200000 Afghan the loan was conventional Interest rate was 5.5% Took 6 months to secure the loan. 3800000Afs were used for infrastructure 1400000 was used to buy chicks and food The profit increased from Afs 400000 to Afs 800000, Before the loan he had 7 people working now he has 12 Before the loan his farm had 12000 chicks and now he has place for 24000 Chicks, He has not applied for any loan before ADF. He contacted mail and introduced him to the department of cooperatives and they told him to apply for ADF loan.
- 180) Herat Ice-cream
- 181) Received two loans 300000 and 100000 The loan was conventional. Interest rate was 13% The first loan was used for milk collection The second loan was used buy new machine from Denmark The new machine works efficiently, has more verities. Their sales increased by 20% Their profit increased by 7% They hired 35 new workers after the loan 20 female and 15 male In total they have 210 production worker, 368 agencies and 4550 seller on the streets. The have 21 collection centers across Herat and 9 of them created after the ADF loan
- 182) HERAT -ADF Herat still wants grants as part of loan lending procedures. Thinks that without grants business people are not ready for loans.
- 183) ADF-HERAT lends at various rates, from 5.5% to up to 13% What determines such rate fluctuations?
- 184) All clients unanimously mentioned that loan durations need reflecting agricultural business cycles. In most cases intermediaries wanted loan time extensions.
- 185) 4/4/2015 Herat agribusiness proprietors who worked with ADF loans did modernize their operations significantly through purchasing machinery and providing high technical inputs to farmers
- a. Maccaroni chip factory Corn out growers, direct farm extension of introducing new crops to farmers with appropriate high tech inputs that were not present at those farms prior to ADF intervention
    - i. Concurrently he constructed a modern brand new chicken feed pellet production unit through private investments and some donor funding that will close critical gap and minimize inferior feed supplies for local poultry enterprises
  - b. Cucumber pickle production out growers, diito Maccaroni chip Factory
  - c. Heart ice Cream Factory-milk collection centers and new creamery production facilities
  - d. Solar Panel water pumps (hand water pumps versus solar water pumps, or in form of supplying water where there was no water prior thus taking more agricultural lands into cultivation cycles)
- 186) Herat agribusiness proprietors who worked with ADF loans contributed to increased farm household income, and job creation, and to a sustainable agricultural economy
- a. However all efforts are undermined and jeopardized through rouge business ventures from:
    - i. Either local business input suppliers (supplying fake counterfeit inputs)
    - ii. Neighboring countries dumping surplus and undermining availability of critical imports purposely in order to sabotage local emerging agribusiness entrepreneurs

- b. Thus current approach observed of agribusiness venturing for niche markets and orienting themselves internationally beyond immediate neighborhood borders for either sales, partnerships, and import/export activities is a way forward for breaking the chain of business interferences
    - i. Ex: clients in JB- mentioned that outsiders closely monitor Afghanistan's agribusiness production and then at harvest times dump goods at financial losses while concurrently artificially limit imports of critical production inputs (poultry, wheat, rice, cotton seeds for oil, fruit and vegetables, even dairy produce)
    - ii. Ex: clients in HERAT mentioned same trend occurs regularly at their international border
- 187) Herat: Past USAID interventions like creating of milk collection centers and encouraging dairy farmers to produce milk without connecting same to markets like Herat ICE CREAM FACTORY have not been successful since successful interventions were not market oriented.
- 188) ADF 4/4/2015 ADF/DAIL monthly meetings but no tangible information is provided, in order to prevent DAIL-MAIL potential interference.
- 189) ADF is under pressure to search for additional clients (threshold of \$100K prevents many smaller clients from reaching ADF facilities-ADF under pressure reevaluate threshold level for loan applications to \$50K)
- 190) ADF almost no direct woman borrowers due to prevailing local conditions of woman not being signatories of collaterals and in power of means of productions
- 191) ADF claims to have a marketing department active (but DAIL Dir. Says there is almost no visibility of ADF facilities on public display) for example: why are there no bill boards on public display advertising ADF facilities)
- 192) ADF Technical evaluation departments (tech-credit-gender) in need of clear guidelines as to what criteria apply for vetting customers for loans. Current vetting process provided on 5C base are not clear cut for business analysis (Capacity, Character, Collaterals, Conditions, Capital (Cash flow, Cultural)) tools .
- 193) ADF's efficiency levels of reaching clients for lending practices depends:
  - a. ADF's personnel capacity to switch from donor mode of thinking to business mode of operations
  - b. Business plan assessments of potential clients according to private enterprise viability tools reflecting clients real world conditions
  - c. Assessments of risk of private businesses to be utilized through standard business tools (Tools to be incorporated for analyzing private business include: Porters Five Forces PESTLE Dynamical Analysis Enlarged, SWOT (SWOT enlarged), SBU -Strategic Business Analysis. Thus an industry or a business analysis reveals different views of otherwise hidden information, anything else is wishful thinking.
- 194) ADF staff is currently unable to assess risk of potential agricultural business customers according to business tools as mentioned above.
- 195) 4/4/2015 ADF in need to clarify Sharia type lending practices (same comments and concerns as in Jalalabad)
- 196) ADF clients in HEART\_ mentioned ADF does not uphold contractual agreements under Sharia loans where Profit sharing is yes but Loss sharing is no
- 197) 4/4/2015 Agribusiness customer took out ADF loan for specified duration, but wanted to pay back 3months earlier and was refused to clear his loan obligations as he wanted. After lengthy struggles with ADF –one month delay) client was able to release himself from loan bondages from ADF. Such conduct of ADF runs

- counterproductive to best business practices and needs to be addressed in order to avoid such mishaps in future (Clientele trust is broken for amateurs are trying to be bankers)
- 198) Pistachio processor sends goods in bulk to India. Pistachios are collected by male family members but produce is processed by female family members. Example: currently 250 families in remote regions benefit from pistachio enterprise. He also lends out funds as per trade agreements with produce used for reimbursements at harvest -100% recovery rates.
    - a. Concurrently he employs woman for shelling pistachios
    - b. Has modernized his operations through purchase of machineries and gained social status for being able to fund out growers (collectors and processors)
  - 199) 4/4/2015- ADF forced grant holder (Sudais) to purchase machinery at +- \$2800 overpriced against his own sourcing information. Since when is ADF in business of sourcing for specialty equipment that only buyers and sellers know? (principal agent problems?)
  - 200) Cashmere seller (buyer from local markets selling to China) lost 50% on proposed revenue due to declining commodity prices (world market prices declined)
    - a. There is need for capacity building for Afghans when dealing with international clients (establishing predetermined pricing at FOB levels while SGS inspections verify pre-agreed quality standards and Letter of Credit as mode of payment)
    - b. Need understanding of International business rules and practices and for safeguarding own interests.
  - 201) Grants: HERAT food processing client was sold to idea (made believing) that grant payout was imminent and was advised purchasing of equipment from Turkey with 2/3rds of his own contribution as down payment, but never came through (ACE closed shop) so client's capital is tight down with equipment not being released until final 1/3<sup>rd</sup> of payment occurs. What is ADF doing? Is ADF promising clients grants which ADF cannot fulfill thus driving clients into financial distress? According to best business practices this does match up.
  - 202) 5/4/2015 DAIL (director of Ministry of Agraric) said there is only a cordial but none working relationship between ADF and DAIL-HERAT
  - 203) DAIL is unable to enforce mandate of protecting farmers from being supplied fake inputs-No mandate and power provided from top KBL MAIL and gov. Thus rouge business elements are able to cheat farmers by supplying fake counterfeit inputs.
  - 204) 5/4/2015 Dairy farmers mentioned that they get low prices from HICF (HERAT ICE CREAM FACTORY) due to glut from Iran at height of milk production season, concurrently HICF claims that they are able to purchase all milk supplied in HREAT region.
  - 205) HERAT Ice Cream has capacity for 25,000kg/per day but only purchases about 8-10,000kg, for powder milk reconstitution (from Subsidized European suppliers is cheaper)
  - 206) During Focus Group meeting: Herat dairy farmers claimed that they have a milk production capacity of 100,000kg /day at height of season.
  - 207) 5/4/2015 Herat Ice-cream
    - a. Received two loans 300000 and 1000000
    - b. The loan was conventional

- c. Interest rate was 13%
  - d. The first loan was used for milk collection
  - e. The second loan was used to buy new machine from Denmark
  - f. The new machine works efficiently, has more verities
  - g. Their sales increased by 20%
  - h. Their profit increased by 7%
  - i. They hired 35 new workers after the loan 20 female and 15 male
  - j. In total they have 210 production worker, 368 agencies and 4550 seller on the streets.
  - k. They have 21 collection centers across HERAT and 9 of them created after the ADF loan
  - l. They are modernizing production lines
  - m. Their Cold Chain is in Troubles for ICE CREAM arrives in troublesome conditions at far way destinations.
  - n. Are in need of cold chain advisors.
  - o. Are in need of Hygienic improvements otherwise sanitation is a time bomb in the making.
- 208) Ariana Saffron employs woman for cleaning and gaining saffron from collected saffron flowers (2\$-4\$/day pending how much they are able to clear),
- 209) Ariana Saffron provides inputs to farmers against harvest proceeds. A trade relationship where critical inputs reach farms against futures. proceeds
- 210) Ghoryani Sima Afghan Saffron Woman Association (changed her business name and got more loans)- (5/4/2015 Johann private sources confirmed She bought a house on ADF loan and pays back –so ADF is now in the real estate business? ADF is the know!) And still they keep providing her again with more loans!
- 211) Ms. Ghoriani claims to be unable to provide end-borrowers for interviews.
- 212) She has no direct end borrowers per say. She buys from out growers and processes and retails Saffron afterwards. At best it represents a trade relationship.
- 213) Farah Gostar trading Co. Provides Solar Panel Water Pumps at to remote villages at ADF interest rates. Is unable to supply end borrowers for interviews for regional security reasons not permitting CHECCHI ACE Evaluation personnel meeting clients at remote parts of Afghanistan where equipment is installed.
- 214) **HERAT Visits**
- a. 2/4/2015 ADF, DAIL visited us , HEART ICE CREAM
  - b. 3/4 /2015 OXUS
  - c. 6/4 /2015 ARIANA SAFFRON,
  - d. 6/4 /2015 GHULAMI Bro.,
  - e. 6/4 /2015 Azimyan Macaroni Biscuit Co
  - f. 3/4/2015 Afghan Saffran Woman Association
- 215) Focus groups held included farmers, agribusiness direct borrowers, agribusiness intermediaries, none financial intermediaries.
- 216) **KEY FINDINGS 8/4/2015 USAID mid term**

- 217) USAID is concerned that Afghan Gove wants to swallow ADF and make it into an Afghan Agric Development Bank -ADF is in danger of being looted soon via Afghan political elements
- 218) Grants to be disbursed for empowerments only not for assets, CMUs, woman workforce capacity, and workshops for educating on international business practices
- 219) USAID CoTR Ali was very defensive on grants, (and single person individual cooperative issues)
- 220) Told USAID most Cooperatives, Associations are weak not going to work due to local leadership issues (ex: ANSOR-monopolizing loans under buddy buddy system, HERAT Rownaq Poultry firm who wants to upscale even higher without having secured critical inputs for operations)
- 221) ADF (ANSOR customers wanted to clear loan but ANSOR leadership declined) They told members ADF declined it not ANSOR
- 222) HERAT client wanted to pay back 3months earlier but was refused, but after one month of arguing
- 223) SHARIA board meeting 9/4/2015
- 224) Feasibility Study of ADF prior to creation
- 225) Put the money to work lend it out (57% is loaned out)
- 226) Recommendation for ACE2: needs to look into baseline case study identifying woman entrepreneurs associations and cooperatives and connect them to ZAHRA or direct ADF lending products.
- 227) Key points for discussion: In House 11/4/2015
- 228) Kabul business visits:
- a) ADF to make appointments Thursday April 16, Fine Foods. Flower Mill
  - b) Bamyan duration changes:
  - c) DEPART: Sunday April 21, 2015 KBL-Bamyan
  - d) RETURN: Thursday April 23, 2015
- 230) MAZAR: Multiple Loans to clients that run concurrently- not closed and renewed, as in
- 231) MAZAR: Quarizada's Tomato paste factory RISK would be too unpredictable
- 232) KEY POINTS 11/4.2015 (MAZAR) 11/4/2015 ADF Mazar was on security lock down since 9/4/2015 –extreme security breaches still ADF Mazar manager contacted and succeeded in booking appointments with DAIL, OXUS, and Islamic Investments Finance Cooperative for same day and succeeded in booking additional appointments for Agribusiness intermediaries for 12/4/2015.
- 233) 11/4/2015 DAIL Mazar Director from old school wishing to have back the days from central planning and distributions where MAIL/DAIL purchases farm inputs in bulk distributes them against proceeds at harvests – He lamented that these were the good old days where DAIL/MAIL and the former Agricultural Bank of

- Afghanistan were the good guys helping farmers. (he gave no comments on: why they went out of business)
- 234) DAIL Dir: Current ACE-ADF lending Threshold level is too high for small scale farmers to benefit.
  - 235) DAIL Dir: Current ACE-ADF procedures on collateral commitments unfavorable to farmers (he gave no solution as to what ADF might do for staying safely in business: what kind of la, la land does he live in is my question)
  - 236) DAIL Dir.: Wants to revive old Mazar Fertilizer factory (supposedly they were supplying quality fertilizers at ½ the price of imported lower quality fertilizers (than why does that fertilizer plant not produce enough fertilizers for local demand?))
  - 237) DAIL Dir: Wanted to have a grip on farmers through registration of coops and associations and through subsequent controlling of who would receive agric related loans- Sorry to say it reeks after wanting to recreate to good old days were MAIL/DAIL was able to do???????)
  - 238) According to DAIL Dir. Coops/Associations have 15,000 farmers registered
  - 239) DAIL has weekly meetings amongst itself on what they intend to do.
  - 240) He gave example of seeds introduction according to ANSOR guidelines. Did not give clear information if DAIL/MAIL really cleans up seeds before onward transmission to farmers –DAIL claims that they have a phytosanitary laboratory that analyze seed quality before releasing them
  - 241) DAIL monitors seed inputs on quality only. (Monitor for what if nothing else takes place is a reasonable question?)
  - 242) Not much donor coordination amongst USAID and DAIL and others.
  - 243) MAIL/DAIL is only informed on what donors do, not on planning and implementing. Donors do not include DAIL/MAIL on issues they do.
  - 244) DAIL MAZAR is not impressed with current RADAP-NORTH-CHEMONICS 2015, and ex ASAP- CHEMONICS activities, for they erased a building after completion of ASAP.
  - 245) 11/4/2015 Mazar OXUS:
  - 246) Group loans works well but untested under Zahra product
  - 247) Zahra has female officials attending to female business
  - 248) Due to high demand of ZAHRA products OXUS is extending its operational radius for Zahra products from Mazar city limits 6km to 7km to 20km
  - 249) Other Business loans are at 1.75%
  - 250) 2300 members including 40% female
  - 251) RECOMMENDATION to independent ADF: open up Zahara loans also to none agric sector female small scale business operators, for cities and villages per say traditionally do not harbor many agriculturalists.
    - a. At the same time woman traditionally do not own means of production in relation to agricultural output.
    - b. ADF to ensure that females are in future not sidelined as OXUS starts lending to males as well under ZAHRA products, thus creating a parallel product similar to ZAHRA for males deems a more suitable solution than simply use Zahara loans for males.
  - 252) ISLAMIC FINANCIAL INVESTMENT COOPERATIVE: agricultural interest rates are set at 2% per month

- 253) Loan repayment structures along interest being paid at monthly intervals while principals are partly being paid back at quarterly installments
- 254) MAZAR: IIFC: Afghan farmers are the best as concerns on repayment issues-cultural obligations oblige them to keep up their end of the contract. Most Microfinance institutions fail because of their own making (procedures and employees). Commercial Banks simply do not know farmers and their business needs-that is why they shy away from doing business with farmers.
- 255) Out of total loans Agricultural loans in provinces vary from 35%- to 65%. There is high demand for loans
- 256) IIFC does group loans at higher levels of financing (say a tractor costs \$20,000) they contract it out to 10 or more farmers who all co sign deed until all is paid back while concurrently involving village elders and decision makers as collaterals.
- 257) They train loan officers on agricultural knowledge and value chain cycles
- 258) Loan officers know output potentials for crops per time duration per land masses, and thus will only lend out as high they deem fit for farmers survival – do not sink farmers into cycles of being in indebtedness

#### Mazar Focus Groups

- 259) 12/4/2015 Meeting on agribusiness intermediaries, 8men, (5older 3younger) business folks:
- 260) Some obstinacy amongst clients refusing to provide basic information.
- 261) Concerns: Loan time distributions came too late for utilizing loans (there is room for both sides to improve procedures of loan lending process so loans are disbursed on timely manner serving and optimizing agricultural crop cycles (seeding out to sales of produce)
- 262) Line of credit might be better options for some agribusiness operators than merely loans. Utilize credit facilities on need base and pay as needed
- 263) Concerns of rule of law on taxation of proceeds gained through loans exist and are confusing despite of presidential decree granting tax free exemption (currently one Mazar Agribusiness reports that 0.25% tax is levied on loan as tax at registration)
- 264) Recommendation: Since ADF is now an independent entity disconnected from ACE they need developing a mechanism of legally registering collaterals that are cost free to business who apply for loans.
- 265) Recommendation: ADF to clarify legal status as to what they are or not.
- 266) Momenkahn Agric input supplier: Need grants for agricultural distribution centers (like Ag-depots). So where are ex Chemonics ASAP-Ag-Depots today in regions outside Mazar?
- 267) At Mazar: Agricultural Modernization takes place in form of farmers receiving credits for tractors that cost up to \$20, 000, or supplying farmers with quality inputs like artificial fertilizers and agro-chemicals where no good quality inputs were supplied prior through local channels from open markets (By IIFC, and cotton oil plant confirmed) Thus MAIL and other Afghan government departments need improving regulatory and control services for intercepting agricultural contraband inputs of inferior quality that are disastrous to local economy
- 268) Mazar fertilizer Company? Who owns it and who operates it?
- 269) None Financial Intermediaries: 3 out of 5 came to meeting.
- 270) Issues: 2 out of three are ok,
- 271) Edible oil stills owes \$100,000 to ACE-ADF. He has plenty of money but does not want to pay \$100,000 to ADF.

- a. Was that an ACE or ADF loan? Now he wants from ADF a \$1,000,000 loan but without clearing first loan left over part of \$100,000. (at 12%),
  - b. Claims that last year's drought caused losses. Did not give concrete numbers.
- 272) Edible oil claims to have ultra-modern food oil-processing unit in place including bottling plant packing oil in 0.5ltr, 1.0ltr and 3.0ltr bottles.
- 273) Spent \$70,000 from \$200,000 loan on installing electricity to production plant and \$30,000, on farmers –so he claims.
- 274) Modernization takes place on grand scale through ADF assistance in getting clean oils onto local markets.
- 275) Claims to have 2,000 end beneficiaries growing oil seeds through inputs provided via his firm of which are 50% indirect female beneficiaries.
- 276) Claims to have done awareness campaign with farmers for supplying him oil seed crops.
- 277) Poultry and Livestock Coop bought solar panels for electricity supplies to operate a hatchery unit of 100,000 chicks.
- 278) MODERNIZATION takes place in form of being able to circumvent Gov power grid and Installment of modern hatchery unit. Chicks are subsequently supplied to poultry out growers.
- 279) Has its own feed mill that supplies 5kinds of feed (3types of feed for layers, and 2 type of feed for broilers)
- 280) Here is a semi-vertical integration of operation that further represents modernization.
- 281) Bahtar livestock Cooperative Beef-Dairy Cows (wheat growers) have 930 active members, 80female-850males and (400male borrowers-33female borrowers) 17 villages
- 282) Provide inputs directly to farmers (seeds, fertilizers, plant protection
- 283) Cultivate wheat under WFP contracts (last year 100mt-this year 300mt)
- 284) “CMUs are of good help but we will not take them on board after ACE-ADF leaves, for why pay \$2000 per month for people from Kabul when we can have our own people trained and being much cheaper.” The CMU personnel from KABUL were imposed on them although they requested folks from MAZAR to take up positions ADF refused. Thus CMU concept is unworkable if not incorporating local folks from areas where businesses are based.
- 285) RECOMMENDATION: USAID implementers to source for personnel locally if sustainability is sought.
- 286) Haji Sayed Ghulam Hussain Alavi- Jawid Kohnavardan Dry Fruit Limited: I received and then paid it back without even using that money for it came belated and I had no use for it any longer. We have farmers at Maidan Wardak province. We pre-pay the money to gardeners and let them grow plants for us. They give us the grown plants and we clean, wash over all, produce and pack it in packages of dry fruits. The loan was very less and was not very good. Our work starts on Aqrab (September) and we need that money at that time. We didn't receive the money at the specific time. We have accepted all these difficulties just to improve the farmers. Last year we bought walnuts in 700 Afs per Kilo and this year bought 1400 Afs per Kilo but with two reasons we had to accept it.
- 287) 12/42015 Mazar carpet manufacturer complains of cheap lower grade dumping of wool yarns from outside. He cannot sell his yarn for carpet making, since it is more expensive than cheap imports. Imported 10 containers 20footer of equipment but cannot stay in business for counterfeit imports destroy his markets.

- Concurrently weavers at remote locations do not comprehend impact of inferior yarn quality having on their final products. Weaving plastic contaminated yarns into carpets destroys quality, subsequently eliminating export potential for same products.
- 288) ACE-ADF loaned out to him funds under what business appraisal premises? (Did they do a sound business appraisals for making loan to work?), or was loan an ACE idea done prior to ADF legal status of having sound collaterals registered in place.
  - 289) Cotton out grower ditto Carpet maker – ACE-ADF loaned out against dropping cotton commodity world prices -so he has troubles selling his lint and seeds for profits. He claims he lost 25% of revenue on declining lint/seed prices. Where was ACE-ADF's business analysis observing dropping of cotton prices? It is no secret that there is a consumer product world recession, driving cotton world market prices down.
  - 290) For future ADF is in need of structuring loans according to cotton growing season if cotton growers are going to be ADF clients (6months to grow 1 month for supplying inputs 2months from harvesting-ginning-to marketing of lint and seeds-totaling 9months)
  - 291) Full repayment should reflect time of harvest time.
  - 292) Line of credit might be more suitable to him for he needs cash at onset of season and at harvest of cotton season-in the interim he does not need cash-loans.
  - 293) Solar pump supplier has 2.5years credit/loan –farmers pay back within 2years at 6months intervals.
  - 294) He claims that additional lands are now under cultivation since supplying solar panel pumps.
  - 295) By now 45 farmers received pumps valued @\$5000-\$6000 each, with demand being high for next round
  - 296) 13/4/ Tomato out growers
  - 297) Some modernization occurs while handling fertilizers
  - 298) Room for modernization improvements remain in form of teaching them improved Tomato cultivation methods that minimize soil contact with tomato leaves and fruits (put them on sticks or hang them up on wires in order to minimize soil contact for reducing disease incidents and obtaining higher yields per areas under same inputs.
  - 299) Recommendation: Future ADF grants can be channeled towards crop specific extension needs –educating agribusiness entrepreneur farmers -for improving cultivation know how at farm gates. (examples: Cotton, Saffron, Tomatoes, Corn, Cucumbers, Fruit Tree Orchards, Potatoes, Field Crop Seeds –Wheat, Rice, vegetables, Dairy, Poultry, etc)
  - 300) ADF future business and geographical diversifications are in need to account for security concerns and clientele demand on ground of what is workable under business point of views. Why go to places where you can not enforce rule of law, recover your loans, and endanger your personnel? Concentrate in geographical areas that are ready for development.
  - 301) 13/4/2015 Cotton processing plant: Farmers have modernized their operations with high tech knowledge in plant protection and cultivation methods since they work with cotton processing plant. However, there seems to be room for technological improvements in regard to plant protection of chemical application methodologies that apply where water is rare. Currently they use simple pneumatic knapsack sprayers that consume high volumes of water at applying chemicals for plant protection needs. As acreage under cultivation increases so does water for application

- need increase? Thus other forms for delivering insecticides at low volume of water are suitable and warrant feasibility appraisals. Afore mentioned technology is well adapted in arid cotton cultivation regions of West Africa and serve farmers well.
- 302) Recommendation: Future ADF grants to be utilized for capacity building at farm gate for specific crop cultivation/protection needs
  - 303) Bahtar livestock Coop: water is their critical limiting inputs needs.
  - 304) Some rich people have solar water pumps
  - 305) Coop was formed 8years ago but works better since last four years.
  - 306) Some modernization took place in form of coop supplying higher quality inputs for agricultural production.
  - 307) Will want to stay with coop for inputs are better than prior
  - 308) Cultivate wheat for income, but also have some cows (dairy and beef). Thus name of Bahtar Livestock Cooperative seems to be a livestock Cooperative on paper only, or has evolved from livestock farming into field crop farming while holding on to old naming.
  - 309) Recommendation: ADF to look into supplies of solar water pump long-term business loans at low interest rates.
  - 310) 3 farmers that received Solar pumps mentioned that MAIL/DAIL is not doing anything for farmers.
  - 311) Same farmers asked for capacity building means, educating them on agricultural know how.
  - 312) As of April 13, 2015 ACE Evaluation team has not encountered any ACE or ADF female employees that had been involved in dealing on gender issues as concerned to ACE-ADF activities (Kabul, Jalalabad, Herat, Mazar). Thus it is difficult to gauge if there was a female gender specific work unit at ACE-ADF dealing on loans as concerned to female recipients.
  - 313) On the hand OXUS and IIFC activities do not count towards a sound gender implementation policy since they were added to ACE-ADF activities as an afterthought rather than under a clear blue print scheme.
  - 314) 14/4/2015 Field visits: Mustafa Jamal Wheat Flour Mill Mazar: relatively high tech over 50 male only employee, Loan was for working capital of purchasing wheat from Afghan farmers.
  - 315) Qarizada Tomato paste Co.: Grant (\$14668) for equipment: Machine bought took 3years to deliver, by which time technology became obsolete, and not yet (4-2015) installed due engineer from manufactures not showing up for installment-(however machine is small, but loans are still all active: \$398,000, \$700000, \$102,000 At peak operation employs 20-30 Females and 50-60 males. Machine was procured without proper involvement of borrower and Cost of machine was paid up front before Chinese manufacture completed installation. Recommendation: Implementers must act professionally when importing equipment from overseas and involve clients along the way. Payment up front for equipment does not serve end client, for manufactures are at liberty afterwards
  - 316) Tomato cannery: A thorough Food safety inspection might be useful
  - 317) Rabia Mariam woman handicraft: received loans and grants from ACE-ADF, and other USAID interventions. Has serious marketing issues, in past sold to expats, but now no more, implying a lack of a workable marketing plan besides selling to expats, subsequently endangering repayment of loans.
  - 318) In the absence functional MAIL/DAIL agricultural extension services (feedback from farmers from all regions visited Nangrahar Jalalabad, Central Kabul, Western Region HERAT, Balkh Mazar, Bamyan verbally stated that MAIL/DAIL

- does not provide workable extension services) ADF clients in Agribusiness provide crop specific extension services to target farmers.
- 319) In lieu of ACE/ADF dealing in agriculture, ACE/ADF staff had to deal with various agribusiness value chains advising clients. Currently there is a need of sector specific experts dealing in value chain analysis for cotton, oil seeds, saffron, field crops (wheat, rice, corn), horticulture, fruit tree orchard, poultry, and other livestock like dairy/beef cows, goat and sheep, agribusiness food processing, domestic/international marketing and international business conduct.
  - 320) ADF sustainability depends that regional offices be staffed with professional bankers at decision making levels, while current staff under goes commercialization indoctrination.
  - 321) Bamyán Key Findings KEY FINDINGS 21-23/4/2015 Bamyán
  - 322) Q2 On 21/4/2015 Bamyán ADF manager met with ACE Evaluation team and discussed issues of mobilizing direct borrowers (intermediaries) and end borrowers for next day. Currently ADF Bamyán office caters to 55 active cooperatives including one carpet weaver cooperative. Q3 ADF Bamyán operation has no direct female borrowers.
  - 323) Recommendation ADF to actively search and provide loan lending products to female community and MFIs that can replicate Zahra program catering to female borrowers.
  - 324) MAIL brief ADF Bamyán manager mentioned that ADF consults DAIL on Cooperative and Association's vetting issues. However DAIL is powerless as to plant protection and agronomic issues. Farmers and cooperative heads mentioned that DAIL is not providing plant protection services but is involved in storage facility advice and screening of genetic material when introductions occur.
  - 325) Q1 ADF activities passed 2 grants to ADF Bamyán clientele. One grant was passed to a carpet weaver cooperative, and one grant was passed for exploring the potato marketing value chain for visiting Tajikistan potato cultivators. Bamyán potato growers took some Tajikistan seedlings for testing and commented that it looks promising introducing those kinds of potatoes into Afghanistan. Testing material consisted of about 5kg potatoes, but it will have minimal impact on Afghanistan's potato industry unless additional quantities of potatoes are acquired for replication and multiplication trials. Plant quarantine measures are needed before large scale introductions take place. The CHECCHI ACE Evaluation Team held focus group discussions where farmers voiced the need of "new" seedlings (fresh genetics), since they use same potatoes for seeds from 4-7 years and one variety up to 10 years. Sample crops presented look healthy and good.
  - 326) Q4 Two cooperatives, one in Bamyán-Punjab and one in Yakaulang have still outstanding loans, but are not under default according to ADF.
  - 327) Farmers are content with ADF credit facilities, and voiced that they will continue working with ADF in future. One cooperative member mentioned that inputs arrived to late during season. One farmer mentioned that his cooperative sent them bad fertilizers and weak seeds. Also chemicals sent to some farmers were of no good quality. According to ADF all loan facilities have been disbursed in time ahead of planting season. Thus it seems that some cooperative have internal issues for supplying inputs to farmers in time.
  - 328) Some potato varieties are prone to maggots. However potatoes can be treated through a naturally occurring plant ("ying"). The plant is soaked in water and water is applied via surface irrigation ditches to emerging plants, thus providing plant protection through none commercial chemical means.

- 329) Marketing of potatoes seems to be main concern for Bamyan farmers. Newly harvested crops arrive August September and are marketed off by October subsequent late marketing of crop translates into losing money due impassable snow covered roads. One cooperative misjudged its marketing window and waited too long for selling off crop, thus they are now stuck with last year's potatoes and have issues on loan repayments.
- 330) **REGIONAL DIFFERENCES Q1** Bamyan farmers' credit recovery activities are very successful for no grants have been passed with the exception of a marketing grant for visiting potato growers in Tajikistan. Also Bamyan ADF office organized cooperatives into three groups of North, Central, and South main units, which keep clients in line. ADF Bamyan manager did not mention need of grants for catering to potato farm activities. On the other hand ACE-Evaluation team realized a need for additional marketing and plant plasma replacement activities that can be funded under grants.
- 331) There are no CMUs active in Bamyan. Currently ADF's personnel absorb CMU's function in Bamyan.
- 332) **Recommendation** Future USG activities might be directed towards establishment and embedding of CMUs into Bamyan cooperatives. Bamyan ADF has no direct female borrowers.
- 333) **Recommendation** Future USG activities can be of utility to Bamyan potato cultivators on marketing strategies and replenishing seed banks from first class seed providers.
- 334) Q1 While Nangrahar Jalalabad ADF office thinks that grants are needed for attracting loans; they forget that exactly same grant activities are causing harm in willingness of loan repayments. The same ADF regional office also has very few direct clients, 11 direct clients, with no female direct borrowers. Nangrahar intermediaries seem to have the most attention of other USAID/donor interventions. But at the same time those grant recipients are most reluctant in accepting ideas that successful private enterprises are grant free enterprises. Creating artificial grant funded businesses provides no guarantee of business success after donor activities cease. An interesting question is why has Nangrahar ADF office only 11 direct clients, with most of those clients having participated on other USAID/Donor activities during a 4year ADF business intervention?
- 335) HERAT agribusiness and other intermediaries are business driven and comprehend utility of loan/credit facilities. They are ready to work without grants, but will accept grants even if unwarranted.
- 336) Q1 **Recommendation** Handing out grants to clients is no indicator that loan activities are going to be successful, as was demonstrated in the Bamyan ADF case where only two grants had been passed on.
- 337) **Recommendation** Field site visit on 23/4 to ADF office revealed that ADF Bamyan has implemented a spartanic approach in choosing facility, which in turn is highly recommendable for farmers and cooperative officials visiting them will not encounter pompous facilities. Similarly other ADF offices visited in Jalalabad, HERAT, and Mazar blend into local surrounding while keeping low profile. INGO implementers residing out of Kabul might need taking heed in learning how to blend into local surrounding not alienating clients.
- 338) Q5 Field site visit on 23/4 to Bamyan DAIL office revealed that DAIL Bamyan portfolio is working in a complimentary function to ADF activities. Main finding confirms that DAIL is involved in vetting process of cooperatives and cooperative leaders. As ADF receives requests from potential clients for loans (direct

borrowers, cooperatives, associations or businesses) ADF presents list of clients to DAIL. DAIL subsequently requests local authorities (police, and chamber of commerce) to cross examine names and businesses if there are any outstanding issues. While the police examines criminal records of key cooperatives/association officials and business people the chamber of commerce examines if there are outstanding tax or other unsolved financial issues; thus safe guarding ADF from choosing unknowingly unsound clients for loan activities. ADF's Bamyán manager confirms that teaming up with DAIL on selection of clients is beneficial to ADF operations. This unique clientele vetting process in Bamyán serves ADF well and needs replication to other ADF offices.

#### Additional Notes

Jalalabad: 26th March 2015

#### FGD with Agribusiness Intermediaries:

Present: Ah Zaki - NATC, Hajji M Naim - TC, Qari Subhanullah - SFPC

Meeting time: 1030 AM to 1130 AM

Participants: A Zaki from NATC (who has existing Nurseries, dairy farms with milk processing e.g milk, cheese, yogurt processing), Hajji M Naim (the director of Sylab Sahil company – has existing Thrashers Companies in JAA), Qari Subhanullah Sail Foods Produce Company (making Sail from Potatoes), and our Checchi colleagues A Bari Seddiqi, Kamal M&E specialist, Margaret TL, Johann kreb Agri Consultant and Brishna Shirzai Checchi M&E JAA.

Abdul Bari Seddiqi has welcomed the directors/ representatives from the above companies to our office and thanked them for their time and accepted our invitation for coming, than he introduced himself and other Checchi colleagues to them and requested them for short & round introduction.

After short introduction, he briefed them on the aim of today's meeting, and later Abdul Bari distributed them the questionnaire/ forms for filling, where prior filling the forms he ensured them that the information will remain confidential in the office and is collecting the info for evaluation only. When they filled out the forms then he received back. He then added about the purpose of this evaluation; to gain better understanding of the impacts of the program intervention, and requested them to answer the following questions, which help us to evaluate and knowing about the client access/ approaches to USAID's funding through ADF, what type/ nature of business they operate with constraint/ challenges they face(d), whether this help them/ and women and is beneficial and also the project contribute toward agri economic growth/ including farmers agribusiness and as well to receive their recommendations. So through such recommendations its efforts may be improved to better serve.

Kamal from Checchi asked the representatives - can you please confirm that whether you are those have received loan through ADF? They answered yes. Then Kamal begun/ and turned

face toward Qari Subhanullah and asked him the question that would you like to apply for the second round to get another loan through ADF?

Subhanullah answered, in such terms and condition No – because of getting higher % of interest from the recipients. So ADF told them at the beginning that in case of gain, if they have profit and good business running then (yes ADF will get 7% of interests) – otherwise in case of losses they wouldn't get interest from them or other clients.

Hajji Naim jumped and added that according to Islamic finance the % of interest shouldn't be the same for all – % of interest should be according to the loss and profit they gain, otherwise it is not affordable for all of us. He also added that even some of us are illiterate and cannot read and write English and prior to process the agreement we then need to fill 4 to 6 books/ forms and agreements, which are still in English version and they did not translate those in Pashtu or Dari and even we should fill those in English and then to handover them.

When asked them about type of loan they received? H Naim said, ours, loan is Wakala loan, on which shouldn't be any kind of interest – but ADF has taken interest from me too.

Abdul Bari asked him another question that your program and company is the same like JATC making thrashers/ machineries? The director of Saylab Sahil Thrasher Co said that (the business is the same), but I've more and different types of machineries then JATC e.g. wheat, maize, beans, rice and etc. Meantime, he again asked him another question that how you knew about the ADF loan system. The director said that ADF's representatives came themselves to our office and they briefed us about and then we knew/and applied for loan and granted with loan during 2013 (for the period of two years).

When Abdul Bari asked him the question whether ADF provide loan to everyone (owner of the companies)? Hajji Naim said, they give loan to everyone – even they don't ask/ or see that how many machineries or what resources they have – only they see the land ownership and other proved docs and etc. Qari Subhanullah jumped and said, ADF provide loan to those, when ADF understands they have resources, good financing and system in run.

Abdul Bari then briefed them that ADF should give loan to those owner of the companies, who started/ or have existing system in run and ADF satisfies that the loan contributes towards economy growth of the company or farmers or their business expand - then ADF should provide them a loan.

Hajji Naim and Subhanullah said, taking loan is difficult and taking longer process such as Municipality and court review including the financial directorate review process to obtain their approvals (it takes almost 6 months). It is worth mentioning here that getting approvals from the heads/ directors of the departments is not too easy to take – they ask bribes from us, otherwise to get their approval is impossible. Even though the court, they should stop/ and arrest others who take bribes – but themselves taking bribes from us prior to approve our docs.

Seddiqqi asked him question that which proper and easiest way you propose or suggesting – or the easy way you wish to get the loan through?

They answered that in every round, when we apply for loan, we shouldn't carry on or move with the same lengthy and difficult process. We accept that the first round would be a little bit difficult for ADF to understand/ or making sure that their clients have proved land ownership and other company certificates/ and to present support docs – once ADF became satisfied from the process, then for the second round they shouldn't ask us for the same process to take or repeatedly to present them the same docs. So the second round should be easiest and shorter process to apply and get loan.

Margarita again asked them that who get bribes from you? They said everyone from the above government departments and from A to Z.

Hajji Naim said that ADF is asking the land ownership and other necessary support docs from everyone to present them, where we sometimes need to sale our property and should have money available to run our business. So, from whom shall we ask for their land ownership docs and to present the docs to the court of law for further approval? So, everyone they don't have land ownership official docs – so their properties are in the name of their fathers, uncle or grandfathers and also if we request them to name your properties in our names – then what do they think, they definitely fear.

As ADF and their staffs get their service charges from the % of interest they take from us, so they should also help us while processing land ownership or other support docs through the Municipality, finance departments and as well as through the court of law.

A Zaki the director of (NATC) said: we are operational in 4 provinces in the center of Kabul, north and eastern region, where we have ongoing activities such as nurseries for vegetable, food and milk processing e.g. cheese, yogurt processing and etc. So, we have dairy forms “milky cows forms” and produce cattle feed for the milky cows and as well as having 34 greenhouses too.

As we plan/ and grow in our nurseries seasonal vegetable, fruit/ none fruit trees including flowers, orchard and forest trees – so most of our products in our nurseries are seasonal – when we request for loan in one season and due to delay in process we get the loan in other season, then definitely we have some losses. For example, I requested/ applied 2 years ago for loan to get through ADF but they didn't accept and then 12 month later I got the loan from ADF. So couple years ago we could find/ purchased good and adoptable varieties of cows and very much cheaper comparing to this year or during 2014. While in purchasing those we might have some loses – due to current situation, gradually phase outing international communities and shrinkage of financial support - as we do not have stable government not good governance and etc.

The same as my colleagues presented before that my property is in the name of my grandfather – then how can I present them my land ownership docs when I apply for loan to get through.

So I request you to consider our request and advice ADF to make the process easier and for the second round, there should be only an agreement extension between the clients who receive fund “as recipients” and ADF “would be enough”, which would take less time too.

He said, it is worth mentioning here; considering those all negative points in getting loan need to be improved, still this loan is beneficial through ADF and particularly help those who want to grow/ or expand their business particularly those have no money to run and keep continue their business. I can bring up example, through this loan we could increase our staff to double – so more employment and labor work opportunity created for the poor labors and also more land kept under the lease, where farmers also benefited through. But % of interest all together with installment we need pay/ or reimburse to ADF and getting bribes by government officials “is not according to our Islamic finance and sharia law”.

Margaret asked him that if they don’t get interests then how and from where ADF pay the staffs salaries and run their offices?

Abdul Bari also explained to know that if ADF gives all the money as loan/ or the fund they received to the clients/ or recipients, then how they run their offices and from where they pay the staff’s salaries.

So, recommending ADF services to other similar organizations – so similar access can be provided to us or either constructive competition can be created or ADF can improve it services in future.

A Zaki said that if ADF get % of interest from us, then instead they should extend the reimbursement plan/ paying back to them – making sure that their clients have gaining enough profit for which they get loan.

The company’s heads, our staff along and new hired staff and farmers who were involved in the process – were earning money and directly benefiting.

He added that women are also less or more involved direct/ and indirectly throughout the process: while they are used to support men and women headed households those have young adults at home are provided with opportunity and they work together with their men in rural communities – so they also benefiting. Where women knowing about the program we implement and benefit from men’s involvement through their increased income.

Seasons Honey Processing Factory

Director (Ashuqullah Khan)

Dated: from 1400 pm to 1450 pm

Participants: Ashuqullah Khan (the member of Season Honey Company), and our Checchi colleagues A Bari Seddiqi, Burhanussin Kamal ME specialist, Margaret TL, Johann kreb Agri Consultant and Brishna Shirzai Checchi M&E JAA.

Burhanuddin Kamal has welcomed the director of Season Honey Companies to our office and thanked him for his timing, then he introduced himself and other Checchi colleagues too.

Kamal briefed him on the aim of our today's meeting with him, and later he distributed him the questionnaire/ form for filling, where he ensured him that the information will remain confidential with us and such info can be used for evaluation purpose only. He then added that the info help us; to gain better understanding of the impacts of program intervention, and requested him to answer the questions - helping us to know about the client access/ approaches to loan through ADF, what type/ nature of business they operate with constraint/ challenges they face(d), whether this help them/ and women and is still beneficial and also to know that whether the project contribute toward agri economic growth/ including farmers and as well to receive their recommendations. So through such recommendations its efforts may be improved to better serve.

Mr. Ashuqullah also welcomed our colleagues from Kabul. He continuing added that his (SHC) established and is operation from 2008 in JAA. Before they had only 12 male staff members, but with this project/ loan through ADF - could hire (7 more) staffs - where total staff increased to 19. Meanwhile, up to date I paid two installments successfully on time with 7% of interest to ADF and have seen increased USD 40,000 "as profit in my company's capital".

When he was asked question that how did he learn about this loan through ADF? He said, he learned about the ADF loan programme through his personnel relationship he had with ADF colleagues - but very difficult proceed and presented the proved ownership docs after obtaining necessary approval to them , which took almost 4 month "very longer process". Finally at ends, he succeeds in getting USD 100,000 loan (kind of Term Loan) during 2013 from ADF (for the period of two years).

Johann asked him; do you buy honey locally or buying from Pakistan?

He answered that we conduct survey in the province/ districts/ and villages, where beekeeping forms are available "as a whole sale" – then we collect honey, then they put their company labels on and then sale it in the local or city market/ on shopkeepers.

When asked him another question that how much did you buy or from how many beekeeping forms?

Ashuqullah answered that before to get loan from ADF, I started my business with my personnel effort, where I had contract with 250 beekeeping forms and was providing honey to almost 70 to 80 shops in the city market and other provinces including capital Kabul.

But after loan received through ADF, he expanded his business and now they have contract with 350 beekeeping forms and providing honey to almost 150 shopkeepers in the city market, other provinces and abroad too.

When Seddiqi asked him about type of honey he collect/ produce or sale?

He explained, as in start summer mixed flower grow - so we can collect mixed flower's honey and in late summer only Shinshobi flowers grow, so pour Shinshobi honey is collected, which is very expensive rather than other kind of honey we sale.

Margaret asked him that would you like to continue your business "permanently/forever?"

He answered, yes - if there is Islamic kind of financial system not with higher % of interests.

Seddiqi said that no one will give you loan without interest for such longer period of time.

He answered, but not that much higher 7% of interests.

Margaret asked him, when you approached to get loan from ADF, did you know it is helpful and beneficial for you and your business?

He said, yes. As I have had the same business from many years running and was very much interested to expand my business to grow up.

Margaret asked him, when you took the loan from ADF and found it useful – did you tell others about?

He said, yes. And even others have seen and were witnessed of my program expansion/ grown up - where I was also exporting my product to India and France/ abroad and even my products/ honey became first among all other supplier's product produced. He continued that FYI, next week we would have exhibition show at the US Embassy in capital Kabul.

Johann asked him, if your businesses expand with increasing loan through ADF and contract 600 instead 300 beekeeping forms – then how much increase you would gain/ or expect "as profit" in your business?

He said that then I may provide honey to more than 300 shopkeepers and will definitely my income/ profit will be increased to double.

Johann asked another question that do you have Mountain's honey?

He said, yes. The Shinshobi honey I mentioned before is called "Mountain" honey.

Johann added that there is a company by the name of USDA (United States Dep. Of Agriculture) who see the forms to provide good quality of honey for export Shinshobi honey to abroad, which has very good market in US too. So he advised Season Honey Company's director to go to IDEA-New and ask them about. So they can help him in this regard to get additional loan too.

Johann has also additionally advised him that when you label on honey's bottles – then don't write season honey on Shinshobi honey – just write on it "Mountain honey", so in abroad people like it and buy it very expensive.

He added I accept that women are not involved as direct beneficiaries, but indirectly they are involved throughout the process: while they are used to support men in labeling and they

worked together with their men in rural communities. So women also benefiting from men's involvement through their increased income

The main challenges or problems they face(d):

Government should plant bearay trees in the region or country wide, so the honey which collected/ produced from bearay tree - is very expensive 1500 Rs/ per kg.

It is shorter term grant/ funding: suggesting that at least three to four years - with a longer term installment reimbursement plan".

Suggesting that if possible to decrease the higher % of interests from the clients

Lengthy/ difficult process in accessing to loan through ADF: they suggest to makes process easier to access and get such loan easily.

Lack of improved seeds/ and others or machineries availability within the country: so we import as always from abroad take long time.

28th March 2015.

Subject: Meeting with Essa Jan- Assistant Nangarhar Nursery Grow Association & the Company Finance M Azim, and Mrs Meena - dated: 28th March 2015.

Meeting time: 1030 AM to 1130 AM

Abdul Bari Seddiqi has welcomed the representatives from the above companies to our Checchi office and thanked them for their time and efforts, than he introduced himself and other Checchi colleagues to them and requested them for short & round introduction.

After an introduction, he briefed them on the objective of the meeting, and then distributed them the forms for filling. He also ensured them that this information will remain confidential here and will be used for evaluation only. So he received the filled forms and added that we have some questions to ask; to better know on the impacts of the program on beneficiaries/ or clients. He also added that answer to the bellow questions, help us to evaluate and knowing about the client access to loan through ADF, about the type/ nature of business they run with constraint/ challenges they face(d), whether this helpful or beneficial for them and women in contributing towards their and other farmers agri economic growth. So, we wish to have your recommendations and feedback in this regard, through such efforts may be improved to better serve.

Then Abdul Bari asked them, who did they know about ADF and its loan program?

Essa Jan answered that I was informed through my friends, they were in contact with ADF JAA – and then I approached to ADF JAA and have applied for Wakala Loan. So, I met their requirements and had handed over them the forms with other official docs of my land ownership and succeed to get loan after 4 months process during 2013. It is to mentioning that I've applied for 300,000 Afs but ADF paid him 100,000 Afs "as Wakala loan" only.

He added that it is too shorter term with enough delay in the process – so suggesting to be longer term

We plan/ grow seasonal vegetable, and fruit/ and non fruit trees in our nurseries – as mentioned above we received loan through ADF after 4 month summer, so we used the loan only with our unexpected for fruit trees only. So we had no losses but had no much profit as well from the loan we received. We are preparing to reimburse first installment with 7% according to the timeline to ADF.

Then colleagues turned faces towards Meena, who has returned 10 years ago from Pakistan to her home district of Rodat in Nangarhar province. She briefed us about her bereaved life story as following;

Her husband was addicted with heroin in Pakistan – so they have voluntarily repatriated from Pakistan to the home village, where they had a piece of land and old house. I've had 6 daughters only with a husband, where they needed food, medicines, clothing and their right was to access to education too, she said. So, she had no way and courage to do small kitchen gardening, with planting different kind/ varieties of vegetables e.g. tomatoes, onion, potatoes spongy guards, lady fingers/ okra and etc (without any trainings and with my own effort). Besides, they were using those vegetables for eating; also they used to sale - to have some income to support her family including daughters. When IDEA-NEW came to Rodat district, then they helped her/ provided a green house and also courage others to support her.

Furthermore, they provided her with improved seeds for vegetables and her agribusiness was gradually growing up/ and improved – so she worked for almost 7 years with IDEA-New.

More ever, when ADF opened the office, then IDEA-NEW introduced her to ADF for the further support, where she applied for such loan.

So, after taking process she could complete the land ownership docs and then filled forms, signed the agreement with ADF in JAA , who then provided her with (Afs 250,000 equal to \$5,000).

When asked question that how did you approach to loan program through ADF?

She said that I've applied for the loan, then ADF representative came and have seen my agribusiness, home and got the landownership docs - then they became satisfied and provided me with a loan “as mentioned above”

Margareta has asked her that what was the impact of the loan you received through ADF?

Besides, I and my family benefited throughout – also 50 farmer's families benefiting from such project's incomes. It is worth mentioning here that my four daughters have been also graduated from the Teacher Training Faculty, where they also help me with literacy and numeracy now.

Margareta asked her another question that would you like to apply for an another round of loan/ funding through ADF?

She said, yes

As mentioned above that I was in a very difficult situation, with no income and myself was working as a farmer on my forms – because of such support, now my 4 daughters have been graduated from TT faculty, where they help me with literacy and numeracy and other 50 farmers too.

Johann has asked a question from Essa khan that do you see positive impact in your business after receiving loan through ADF?

He said, it is good, but to be honest that different varieties of trees importing from Pakistan now a days, which are adoptable and cheaper than ours trees, which negatively impact on our business. When there are more and different kinds of trees in the market/ available, then there would be competition among us, where people/ farmers defiantly go for the lowest price trees.

Margareta asked him question, does it impact negatively on your business?

He said, yes. As mentioned above

Then Johann told him that you can convince people/ or farmers that the trees import from Pakistan are not adoptable varieties and difficulty grow here in Afghanistan and etc. He answered that we do it, but people they don't accept and they go for the cheaper prices in the market.

Then Margareta turned face, and asked Meena that did you see any difficulty while receiving from ADF?

She answered no. The only problem is with the process. Otherwise I evaluate the programme positively – my business grown up and no of farmers increased and more job opportunity created for the poor people and my daughters accessed to their rights “became on job” throughout this project.

Margareta then told her that if you benefited and found it helpful for you and your family, then would you courage other women to get such funding/ or loan?

She told yes – and even women in our village, they are witness and see my agribusiness growing up and see village farmers with income sources - they come and see my greenhouses and get some advises too.

Margareta continuing asked another question from her that how many years before to IDEA-NEW you were running your business.

One year before to get support from IDEA-NEW

Meena turned face and told to all that I'm not working for myself and my family - so I'm currently working for the society people & farmers and their economy to grow and at ends to root out poverty from the village/ district.

She added, when I'm planting potatoes then I graft tomatoes on the top - so the same bush produce tomatoes on the top and produce potatoes on the root "so one bush produces tow kind of vegetables).

Malaam Stanagull: Poultry Farmer with a store/ selling chicken feeds in Kama - on 28th March-15.

Meeting time: 1600 PM to 1700 PM

Abdul Bari Seddiqi has welcomed him to Checchi office and thanked him for his time and coming to the meeting, than he introduced himself and other Checchi colleagues to him and requested them for short & round introduction.

After introduction, he briefed the aim of today's meeting, and then distributed him the qs/forms for filling. He briefed him about the confidentiality of info, which will be used for evaluation. He collected the forms back and added we will ask some other bellow questions; to better know the impacts of the program on beneficiaries/ clients. Also answer to the bellow questions, help us to evaluate and knowing about client's access to loan, about type/ nature of business they run with constraint/ challenges they face(d), whether this helpful or beneficial for them and women in contributing towards their and other farmers agri economic growth. So, we wish to have your recommendations and feedback in this regard, through such efforts may be improved to better serve.

Then Abdul Bari asked him, how did he know about ADF and its loan program?

He answered that ADF representatives came themselves to his office and they have explained him the process and he then applied for the loan. Besides the loan they also granted him with; 10 batteries and 16 panel of solar system too.

So through such process after 5 to 6 months he succeed to receive "Wakala loan" of 15,000,000 Afs during 1391/ 2013- but still he paid only of 12,00,000 Afs of the loan together with the 7% of interest to ADF – during 1391.

So, after getting loan I could rehabilitate the poultry form and then purchased chickens and the solar system with batteries helped me to run tube well and pump water, he said.

In addition to the form/ and chickens at the poultry form he was also selling chicken's feed to. So, ADF provided me the contact no and advised me to purchase the chicken's feed that person. Then I also went through and made a mistake, where I accepted the guidance received from ADF colleagues and purchased a huge stock of chicken's feeds from that person and stored at my form's store.

So, then I informed the owners of poultry forms with such opportunity, if they need feeds for their chickens to buy it here – while after using/ eating feeds most of the chickens died, and no one was ready then to buy the feeds from me, he said.

Thus, I had no way and forced to make or expand my own poultry forms in Kama district – so at least to use those feeds in my forms, otherwise no one was willing to purchase feeds from my stock, he said.

He added that I'm a teacher, and cannot read and write in English – but ADF's forms, books and even agreements is in English and we don't understand what is in the agreement, which they sign on us. Also it is too lengthy to take the loan – I received his loan after 6 months.

Another point is that there is no trained person available within ADF to guide us about the medicines, to ensure chicken's feeds availability including fostering chickens and etc and when you share/ or hire Pakistani agent with you in your form, then you never face loses, but he is asking higher salary/ or profit, which is not affordable – if we hire/ or share them with us, when we buy the chickens then they provide us food for chickens too.

We just received one week basic training, how run the business and manage our business. So food issue is very important, when we don't have Pakistani's with us in our poultry forms, and chickens reach to 15 days, then they need (more food), we need even to make it double and we do not have enough food in the local market to purchase and also there is restriction on importing more chicken feeds from Pakistan and it is very difficult to import more food from – so most of our chickens then will die.

Margareta asked him that what the status of your business is.

He answered that my business is not growing up well and is not in good – but still I have 7 poultry forms.

Government has also built one shelter for him, which he used as chicken form - for poultry.

So, total of 28,00,000 Afs left to pay back to ADF in upcoming installments – and my land docs are with ADF – so I'm more than happy, if ADF take my land docs and land and they leave me free, he said.

He said that ours loan is Wakala loan, on which shouldn't be any kind of interest – but ADF has taken interest from me too. He added that taking loan is difficult and taking longer process such as Municipality and court review including the financial directorate review process to obtain their approvals (it takes almost 4 to 6 months). It is worth mentioning here that getting approvals from the heads/ directors of the departments is not too easy to take – so they ask bribes from us.

So, recommending that ADF services to other similar organizations – so similar access can be provided to us or others and ADF can improve it services in future.

The main challenges or problems they face(d):

There should be trained staff with ADF and also ADF should ensure us the chicken's food and medicines availability in the market.

Suggesting that at least the loan program to be three to four years longer term with reimbursement plan

Suggesting that if possible to make the second round of loan easier – not loss the seasonal and best opportunity

We requested for more, but ADF provided less loan.

Lack of improved seeds/ and others raw machineries availability within the country: so we import as always from abroad take long time.

30th March 2015.

Subject: Meeting with Sayed Elhamullah sale Manager, and other representatives from various districts of Nangarhar; Shahzada from Chaparhar, Rokhan from Khiwa, Zarab Gull from Ghanikhil, Shafiq from Surkhrod, Naqibullah from Barkaw, Rodat and Gerdai Ghaws – on dated: 30th March 2015.

Meeting time: 0945 AM to 1100 AM

Abdul Bari Seddiqi welcomed the sale manager and other representatives from various districts mentioned above to Checchi office and thanked them for their time and coming to this meeting, than he introduced himself and other Checchi colleagues to them too.

After an introduction, he briefed them on the objective of the meeting, and he also ensured them this information will remain confidential here and will be used for the evaluation. So he added that we have some questions to ask in order to know on the impacts of the program on beneficiaries, which help us to evaluate and knowing about access to loan/ or funding, about the type/ nature of business they run with constraint/ challenges they face(d), how they linked and contribute towards agri business, whether this is helpful or beneficial for them and also to know whether this contribute to women participation and other farmers agri economic growth. And what recommendations or feedback you have in this regard.

The first question asked them by Johann said that tell us generally how is your business going?

Elhamullah said, the business in progress. However, we all representatives/ agents are working together – particularly during harvest time, we go and collect cotton products from various district's farmers and then give it to M Qasim (who is the owner of cotton's seed oil processing), for further cleaning and oil processing.

Margareta asked, with how many farmers you are working - collecting their cottons/ or products and distribute seeds?

Naqibullah said that we are working closely with thousands farmers and we are in touch with them during the seeds distribution and cotton collection.

Margareta again asked, can you tell me the exact number of farmers, you are working with?

Elhamullah said, we cannot tell you the exact number of farmers – because, during the harvest time thousands of farmers bring up their product/ cotton for cleaning from seeds to us.

Johann asked, from where farmers bring the seeds for cotton cultivations?

Naqibullah said that actually we provide them cotton's seeds. However, when the farmers bring up cotton/ product for cleaning - then before to clean it, we talk with the farmers that how much seeds do they need for the cultivation?

So, we provide/ and sale the seeds (as per market rate) on them and then deduct clean cotton - at the value of seeds and other charges including labor works will also be deducted and then provide them that much seeds they need for.

Johann asked them, who then distributes the fertilizers to the farmers?

Elham answered that themselves (the farmers) buy the fertilizers from the local or city markets.

Johan asked, do you or the farmers change the seeds year by year or at least in each two to four years – or continue cultivating the same seeds and collecting the same quality of cotton during harvest time?

Rokhan said that in each year we change and distribute improved cotton's seeds to farmers to cultivate.

Johann also added that seeds should be changed in each three or at least once in five years, otherwise you will not be able to produce good quality of cotton for the agri land.

Naqib said, yes. But I remember that we bought the cotton's seeds couple of years ago from Takhar, which was looking small (but we were told by formers, it is good quality). So, when we distributed/ and cultivated the seeds, then found the quality of seeds was not good. So we had losses of Afs-100, 00,000 altogether.

Elham added that we try to import good quality of seeds from abroad – otherwise we may not be able to produce good quality of cotton, which may not have good market or demands.

Naqib said that you can help/ or guide ADF to provide us with good quality of cotton's seeds.

Abdul Bari answered that we are here just to evaluate the project impacts on beneficiaries and to know about the client access to loan, type/ nature of business they run with constraint/ challenges they face(d) and etc. So we cannot help you in this regard.

Naqib added that before we were producing good quality of cotton, which had the best demand and marketing with lot of profit. But now we cannot find good quality of seeds to distribute it to the farmers – is we can provide them with good quality of seeds, then they will collect the best quality of cotton. Also we do not have cloths bags to store our cleaned cotton - where storage of cotton in plastic bags impact negatively on the quality of cotton while after longer term storage.

For example, the price of one meter cotton cloths was produced from normal cotton in Pakistan was Pak Rs 80 and the price of one meter cotton cloth was producing from good quality of cotton in Afghanistan was Pak Rs-180. So the Pakistani suppliers have then sold their cotton cloths on Afghani suppliers in higher price on Pak Rs-120 – so they had lot of profit (Rs-40/ per meter). When Afghan suppliers bought it and sale it on Rs-120 + some transportation and labor charges – then our Afghani suppliers, who were selling cotton cloth on Rs-180 in the city market, were in competition and had very much loses and had no way – finally they also forced to sale it on Rs-120 (Rs-60/ per, meter).

Shafiq added that we do not have storage capacity and clothing bags to store our cotton, so its impact negatively on the quality of our cotton and then the price of cotton definitely go down in the local market.

Johann said that I'm agreeing with you – plastic bags are not good, which destroy the quality of cotton, where we have lesson learn from other countries too e.g. from Africa and others.

Johann asked another question that in how many colors you receive the cotton, from the farmers - for cleaning during harvest time?

Naqib said that the farmers bring up the cotton normally with two colors; in white and yellow colors only.

Johann asked why color of cotton is different.

Naqib said that the farmers bring up the cotton of different color because some farmers harvest in morning and some farmers harvest in afternoon.

Johann mentioned that this is not the case, but that insect damage at late stage of cotton ball development was the real cause. Bari showed farmers a picture of the insect being orange with black dots and asked them if that was the one they see on their farms.

All answered same that this was the insect (Dystercus- cotton stainer)

Johann asked that which kind of spray do you or the farmer use for the cotton when you need?

Shafiq said that we do not know the name of spray, but when there are diseases or face other problem in growing cotton then we go to the Agri medicine store in JAA and then we explain them - then they give us the spray “we know it actually from the type and color”.

Elham asked Johann that whether the climate has impact on the cotton or not?

Johann answered them yes, if you collect the cotton in the morning time, then the cotton would be wet. And it must be dry otherwise it starts to rot. And also when understand the cotton is grown up before two weeks and becoming bigger then weeding is must and then clean it from the grasses too.

Shafiq said that when is the better timing to spray or provide fertilizers to our cotton?

Johann said, when the cotton grown and cotton bushes becoming bigger than give or provide fertilizer, but not like you throw the fertilizer to wealth crops. So you just throw the fertilizer around the bush/ cotton

At ends Johann asked them that what do you need in moving forward/ and progressing your good business?

Naqib said; suggesting that ADF or other similar org to provide us technical support us and also to help us with cleaning and storing of clean cotton.

The main challenges or problems they face(d):

There should be trained person available within ADF or in other similar org to guide and support us about.

Suggesting kind of financial support or raw material availability in the local market with cheaper price to access for storing our cotton

There is lack of stores for storage – so ADF or similar org to grant companies or partners to construct proper stores with all essential facilities – making sure farmers access to.

Suggesting enough loan with a longer term reimbursement plan

Lack of improved seeds/ and others machineries (for oil processing), to be available within the country: so we import as always seeds from abroad, which take longer time and is difficult and go to other oil processing company and wait longer time.

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Farrukh:

The points have noted from 2/4/2015 Meeting. 2

The Machinery is bought from Denmark.

We are somehow unhappy of ADF because of their promise on giving us grant but then after three months of delay, telling us the grant request is rejected. That somehow disappointed us.

We are happy of the progress we have had since 2014. We had 12 collection centers and now it is increased to twenty collection centers.

Just to insure the milk are safe and clean and has no contamination on it, we have test section here and then the milk collectors are supposed to take our six month training before they start working with us.

The loan helped us on creating collection centers and added to the Ice cream carts. It made our business bigger.

The Entrance of the ADF Loan is much easier than private banks and we prefer to go with ADF rather than private banks for our future loans.

This year, we invested a huge amount of money on cold rooms and it has helped us on taking the Ice Creams for longer.

We have had 3% growth on our business comparing last year.

And had 7/8 % increased on our benefit comparing last year benefit.

We have distributions in 26 provinces and almost 35% of the employees in the factory are women which work in two shifts (AM and PM shifts)

The Minute for 1st meeting on Sunday 12 April 2015 Meeting- Mazar:

The program started at 9:00 am after a short introduction of the program and team members by Burhanuddin Kamal.

The participants filled the questionnaire at the first phase.

Abdulbari Siddiqi: Explained the structure and role for filling the questionnaire and informed them about confidentiality “You can write down all, including complains in the questionnaire. No one except us will read it. We will keep your identity secure and confidential.”

The participants were asking to take the questionnaire with them but then Bari Siddiqi explained that there is no need to take it to office and fill it. The information needed at the questionnaire is very general and we want you to just fill it.

Burhanuddin Kamal and Abdul Bari Siddiqi workd with each individual and helped them on filling their questionnaire.

Haji Sayed Ghulam Hussain Alavi- Jawid Kohnavardan Dry Fruit Limited:

It was a small loan which I received and then paid it back without even using that money. It was not that much to require answering three page questions. I have an export and import

company. Receiving this money took a long time however comparing to my business it was a very small loan. I had to provide a warrantee of a land which valued 1 million dollar to me for just 24,000 US Dollar which came very late and I couldn't even using it. Then all I could do was to repay the loan and its benefit from that money. Our work is very different. We should have money in a specific season and we hope ADF consider it next time otherwise giving loan for business improvement is useless.

We have farmers at Maidan Wardak province. We pre-pay the money to gardeners and let them grow plants for us. They give us the grown plants and we clean, wash over all, produce and pack it in packages of dry fruits. The loan was very less and was not very good. Our work starts on Aqrab and we need that money at that time. We didn't receive the money at the specific time. We have accepted all these difficulties just to improve the farmers. Last year we bought walnuts in 700 Afs per Kilo and this year bought 1400 Afs per Kilo but with two reasons we had to accept it. The first reason was that: We had seen demand on Iraq and Turkey and had to buy it even if it was expensive and might have met the loss. Second, we had to keep the farmers happy of ourselves and keep them as our always clients. Considering the two reasons we bought the Walnut when its price was almost doubled.

He then answered a question of what you need for improving your business. "All we need is the sesame machine. We currently have a machine which we use it now but it doesn't do the purification very good and we need a huge amount of money for hiring workers to just do the purification after it come out of machine. Buying a machine tooling with the purification system will cost 60 thousand dollars to be bought and taken to Afghanistan. We haven't that money currently and will be happy if ADF could support us in that case but off course at the time and not too late same as the loan they provided for us. I also want to buy a raisins cleaning machine too. Now we have to hire 60 to 80 women for cleaning the dry fruits each time and it is like a mess. He asked by Margaret whether he wants to retake loan and when? He said not yet. We need it on Aqrab (Afghan heliacal month). There are no dry and even wet fruits in the stock and farms right now. In response of the question about whether they want to take loan again or not; he answered "If they give us loan with less benefit and within longer term and also on time, sure I will take the loan for next times."

Margaret said: Repaying the money when not to be used it is the best way one could ever do. He pointed to Kohnawardan case and said: They should request for the loan four months earlier.

Abdulsalam Sarir- Aziz Farid Cotton Processing Company: I need a better machine for cleaning and also purification of the cotton. I want ADF to provide us bigger loan or if grant which is the best which help us buy machines. Right now, I have a very simple machine and am not happy of that at all. I can't buy the machine from here and if I import it from outside it costs very expensive for me but if I buy from Ministry of Agriculture It will be much cheaper and better. The machines to be imported by Ministry of Agriculture and to be sold to the businessmen will help us to have a good and tolled to what we need machine in a better price.

Sayed Mobashir-Frangis Food and Non Alcoholic Beverage Production Company: We received the loan. We bought machine and the machines arrived just today. I have the technicians waiting for me at the company. We have had taken the loan 6 months ago and have paid it at the time. The loan is fantastic.

Sayed Arif Qarizada- Qarizada Tomato paste Company: Gives loans to sub offices. He supposed to send the loan receivers on 13 April in the morning.

Said Rahmatshah- Mostafa Jamal Flour Mill Company: I will not fill the form because I was not informed in advance. However, evaluators explained that he doesn't need to take the questions this much serious but he refused to fill the form and left the session.

Mohammad Dawood- Ashraf Jamal Company: I have to issue to be raised. One is that; the money repaying time arrives so fast after the time you receive the loan. And second issue is that the bureaucracy for receiving loan is too difficult. Before this they were not asking for guarantee but now the process is taking time and until the process is done; the time for receiving money is passed too and you can't have the maximum use of that money as you planned and wanted. The process for me took four to five months. He answered the question of how do they work; "We have agricultures cooperatives. We give seeds, fertilizer and cash in advance to them. They receive money and distribute it among farmers. When we received their planet, they give back our money along with their goods for us. This year we just distributed money from our own company money because we didn't receive our requested loan at the time. We help farmers to grow plants and then buy their plants again. This was our second loan.

Let me tell you the story of my company. When registering my company, the court and AGO asked me to accept paying 2% tax for my company and I refused because I knew the role is saying that non-government companies should pay 0.25 percent tax to the government but the court was saying you should pay 2 percent tax to the government. After very long negotiations, he then asked by the court to take two portion of two percent and one portion for him and again he refused.

Margaret pointed to the corruption and explained that they have to separate the issues. ADF can't fix the corruption issues; it is because corruption is a national issue. Then in response of complains about the repayment term, she said: The Loan term are negotiated. They should have had negotiated on the term of the paying back the loan.

Momen Khan- Momen Khan Agriculture Input: They have given me the loan to be repaid within 18 months. At the first year of receiving the loan we can't use the loan very good because the benefit which is 8 percent is a lot. It takes 2 out of 3 portions of the money plus benefit at the first year and then just 6 months and the one portion of the money is remained. We can't do a lot with the one portion of the money. In business you can't expect a good result at the first year. The result of the things comes always later after we are done with the investment. In fact, ADF Money is like a fideism with the entrepreneur. (Lack of knowledge how loans work)

Margaret explained the cycle of repaying the money back. “The money repayment starts after the money is received by companies. Over all, making the loan repayment term longer increases the risk level high. If they make it longer then the time for repaying money is also very bad again. It will arrive when you have no money in hand and or distributed among farmers.

Margaret: Why don't you ask for credit? It is like taking money and paying for one year and paying just for what you have used. You use money based on contract and it is save. Those who have clients are good to use from lines of credit. It is normally for three years and by end of each year you just have the balance for your money and you don't have any negative balance. Then she asked about effectiveness of the loans:

Mohammad Dawoud- Ashraf Jamal Company: Off course money which is planned has effect on business. We also provide tractors for our farmers. We distribute ADF loan among farmers. We divided the ADF money with in some portions “One portion for framers, another for tooling the office, third for payments.”

Abdulsalam Sarir- Aziz Farid Cotton Processing Company: I would like to take this opportunity to thank the international programs and organizations for helping the agricultural companies and industries. We like to receive more money and buy oil processing and filtering machines. Right now, we have two types of machines which are very simple made in Pakistan and China machines but like to take better machines in future. Our work is with machines at all.

They asked by Youhan whether they are happy with ADF or not?

All agreed that they are happy of the loan. Momen Khan added: I have just one complain “This is our second loan but we have not received grant yet. They have promised to give me grant but I have not received it yet. The plan was that they give containers as distribution centers closer to the farmers to the company but then nothing is shown from their side. It is approved but then disappeared. You know the distribution centers help us to save money a little. Because, most of our farmers are in the field”

At the end, participants asked for introducing some of their clients for focus groups.

The first session of the morning wrapped up and the next round of the meeting in the morning started.

**Cecchi and Company Consulting, Inc.**

**Afghanistan SUPPORT-II Project**

**Kabul, Afghanistan**