

# Annual Report

FY2015

October 1, 2014 – September 30, 2015



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**Assistance in Building Afghanistan by Developing Enterprises (ABADE)  
Program**

Leader with Associate Cooperative Agreement No. EEM-A-00-04-00002-00

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

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FY2015

October 1, 2014 – September 30, 2015

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## Table of Contents

List of Acronyms.....	<b>v</b>
<b>1 Project Overview .....</b>	<b>1</b>
1.1 Current Activities .....	1
<b>2 Executive Summary .....</b>	<b>2</b>
2.1 Summary of Results .....	2
2.2 Constraints and Critical Issues.....	9
<b>3 Activity Implementation .....</b>	<b>10</b>
3.1 Key Activities Accomplished during the Quarter.....	10
3.2 Planned Activities for the Next Reporting Period .....	35
<b>4 Lessons Learned .....</b>	<b>36</b>
<b>5 Collaboration .....</b>	<b>37</b>
5.1 Links with Relevant GIRoA Ministries .....	38
5.2 Links with Other Donor Agencies .....	39
5.3 Links with Other USAID Projects/Other Organizations.....	40
<b>6 Management and Administrative Issues .....</b>	<b>41</b>
6.1 Personnel .....	41
6.2 USAID/ABADE Property.....	43
<b>7 Success Stories .....</b>	<b>44</b>
<b>8 Annexes .....</b>	<b>47</b>
Annex 1: New PPAs in Q4 of FY2015 .....	47
Annex 2: Status of Active PPA Procurements .....	67

## List of Acronyms

ABADE:	Assistance in Building Afghanistan by Developing Enterprises	FAIDA:	Financial Access for Investing in the Development of Afghanistan
ACCI:	Afghanistan Chamber of Commerce and Industries	GDA:	Global Development Alliance
ACD:	Afghanistan Customs Department	GIRoA:	Government of the Islamic Republic of Afghanistan
ADF:	Agricultural Development Fund	GIZ:	Deutsche Gesellschaft für Internationale Zusammenarbeit
AISA:	Afghanistan Investment Support Agency	ICT:	Information and communications technology
AOR:	Agreement Officer's Representative	IDEA-NEW:	Incentives Driving Economic Alternatives for the North, East, and West
AREU:	Afghanistan Renewable Energy Union	IESC:	International Executive Service Corps
ASI:	Adam Smith International	IT:	Information technology
ASM:	Artisanal and small-scale mining	LOP:	Life of project
ASMED:	Afghanistan Small and Medium Enterprise Development	M&E:	Monitoring and evaluation
ATAR:	Afghanistan Trade and Revenue Project	MEO:	Mission Environmental Officer
AWDP:	Afghanistan Workforce Development Program	MEP:	M&E plan
AWLE:	Afghan Women's Leadership in the Economy	MFA:	Ministry of Foreign Affairs
BCU:	Balkh Craft Union	MIDAS:	Mining Investment and Development for Afghan Sustainability
CCN:	Cooperating country national	MoCI:	Ministry of Commerce and Industries
DBA:	Doing business as	MoF:	Ministry of Finance
DCOP:	Deputy Chief of Party	MoMP:	Ministry of Mines and Petroleum
DFID:	UK Department for International Development	MoPW:	Ministry of Public Works
EMMP:	Environmental mitigation and monitoring plan	MoWA:	Ministry of Women's Affairs
ERF:	Environmental review form	MUDA:	Ministry of Urban Development Affairs
ERR:	Environmental review report	NGO:	Nongovernmental organization
		NMD:	New Market Development
		PLSO:	Partner Liaison Security Office

PPA:	Public-private alliance
RADP:	Regional Agricultural Development Program
SEDEP:	Sustainable Economic Development and Employment Promotion
SHAHAR:	Strong Hubs for Afghan Hope and Resilience
SME:	Small and medium-sized enterprise
TOT:	Training of trainers
UNDP:	United Nations Development Programme
USAID:	United States Agency for International Development
VEGA:	Volunteers for Economic Growth Alliance
WSME:	Women's small and medium enterprise



*New power tools and equipment allow the craftsmen of Enayatullah (Asefi Carpentry Workshop) more time for value-enhancing artistic touches on decorated wooden furniture, the company's core product.*

# 1 Project Overview

Assistance in Building Afghanistan by Developing Enterprises (ABADE) works with the private sector to strengthen its productivity and help enterprises sustain growth and create jobs. ABADE's objectives are to increase domestic and foreign investment, stimulate employment and improve sales of Afghan products. ABADE's public-private alliances with small and medium-sized enterprises (SMEs) help reduce the risks involved in business expansion. The project coordinates with other USAID programs to improve the business enabling environment, develop a skilled workforce and facilitate access to finance.

## 1.1 Current Activities

**SME alliances:** Capital is provided to existing SMEs or business alliances through a competitive application process. Afghan business partners must invest at least twice USAID's contribution in various manufacturing sectors. ABADE's investment in a medical-grade cotton production line for a manufacturer of hospital equipment is an example of an SME alliance.

**Innovation public-private alliances (PPAs):** USAID aims to stimulate innovation by providing capital for new business ideas through a competitive application process. Afghan business partners must invest an amount at least equal to the USAID contribution. ABADE's investment in the production of high-quality compost using thousands of imported worms – the first use of this approach in Afghanistan – is an example of an innovation PPA.

**Technical assistance and business advisory services:** ABADE provides technical assistance and business advice to SMEs, sub-award recipients and other key stakeholders in accounting, marketing, access to finance, achieving quality standards and how to use specialized production machinery. Special focus is placed on women entrepreneurs and ABADE's PPA partners.

**Business enabling environment:** ABADE works with the Ministry of Commerce and Industries (MoCI) to improve Afghanistan's business climate by addressing regulatory and procedural barriers that affect a private enterprise's ability to compete. The program works with businesses and government to create five-year, industry-specific action plans for sectors such as marble, gemstones and jewelry production, construction materials, carpets and women-owned small and medium enterprises. ABADE has also begun assisting stakeholders with the implementation of priority initiatives identified in action plans.

## 2 Executive Summary

This report summarizes accomplishments in ABADE's three programmatic components (PPAs, technical assistance and business advisory services and business enabling environment) for FY2015, covering the period between October 1, 2014, and September 30, 2015. This report also presents the accomplishments of Q4 FY2015.

### 2.1 Summary of Results

#### 2.1.1 Component 1: Public-Private Alliances (PPAs)

ABADE formed a total of 256 PPAs as of the end of FY2015, with a total investment value of \$206.6 million. Of these 256 PPAs, 185 are under implementation and 71 have been completed. During the reporting period, ABADE created 160 investment partnerships (47 signed in the last quarter of FY2015) and closed out 69 PPAs (25 accomplished in the last quarter of FY2015).

During the reporting period, ABADE transferred the right, title and interest of equipment to 32 PPA partners, including equipment for 13 PPA partners turned over in the last quarter of FY2015. The equipment had a total worth of \$687,589.

ABADE received approval for customs duties exemption for equipment procured by the program for PPA partners. Approval was granted during the ministerial council chaired by Afghanistan President Ashraf Ghani on September 2, 2015. This action effectively resolved the long-standing problem of importing equipment on behalf of PPA partners.

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

ABADE sparked investment interest from medium-sized enterprises by raising the award threshold from \$25,000 to \$250,000 and raising the maximum award amount to \$1,000,000 for innovation PPAs. The higher threshold allowed ABADE to focus on larger SMEs able to undertake substantial capital business upgrades. These investments have a greater impact on production and job creation than smaller investments.

ABADE strategically targeted medium-sized enterprises that were planning to make new investments, including industries promoted by the MoCI as priority investment areas, such as carpets, marble, gemstones and jewelry, construction materials, agribusiness and women's enterprises.

ABADE conducted a host of technical assistance and training activities for program partners and industry stakeholders, as well as high-value skills training for women, reaching a total of 829 individuals. ABADE also undertook 35 initiatives that provided alternative workplace models for

women, bringing the cumulative total to 46, which is 15 percent higher than the program’s LOP target of 40 alternative workplace models.

As a result of ABADE’s technical assistance and training activities, 136 SMEs (2.5 times more than ABADE anticipated in its M&E plan) improved their management practices this year through the introduction of new systems such as business plans, accounting and financial reporting systems, food safety systems and information management systems into their businesses.

### 2.1.3 Component 3: Business Enabling Environment

In FY2015, ABADE completed two additional action plans (for the gemstones and jewelry and construction materials sectors) as a result of a collaborative endeavor among the MoCI and other concerned government ministries, primary stakeholders, donor organizations and ABADE. The completion of the two action plans satisfied ABADE’s LOP target of six action plans accepted by the MoCI.

ABADE successfully solved the problem of the lack of market access and made significant inroads in addressing the exorbitant transportation costs,<sup>1</sup> two of the most

<sup>1</sup>ABADE successfully negotiated a discount of up to 50 percent on airfreight for carpets from Afghanistan to Europe and North America with Turkish Airlines. While the Memorandum of Agreement between Turkish

### Completed Investment Partnership

*Mazatoo Food Industry Company began as a distributor of Iranian-made sweets. After encountering problems related to importation, the owners decided to establish their own candy factory. The company soon became one of the most well-known candy producers in Kabul.*

*Mazatoo is one of ABADE’s investment partnerships completed in the last quarter of FY2015. ABADE provided the company with machinery to modernize their production processes, including a cooling tunnel, a coal heater, a toffee cooker, a wrapping machine, a packing machine and a compressor. Mazatoo contributed their existing production line and invested in other new equipment.*

*According to Ms. Zakia Roshan, Administrative Manager of Mazatoo Food Industry Company, the PPA partnership enabled the company to increase their production level by 20 percent, for a total production of 1.5 tons of candies per day. With higher yield, Mazatoo was able to expand its market in eight provinces.*

*“ABADE helped us not just with machinery but also in improving our operational and management capacity,” says Mr. Roshan. The company participated in training conducted by ABADE, including sessions on food safety and hygiene, marketing management and double-entry accounting.*

*Mazatoo expects to create a total of 33 new direct jobs, and of the 11 positions reserved for women, nine have already been filled.*



*Mazatoo’s investment partnership with ABADE resulted in improved product quality and higher production levels.*

pressing constraints identified in the Carpet Sector Action Plan. ABADE also addressed the knowledge gap in government licensing and business regulatory requirements, which was named one of the primary concerns in the WSME sector.

ABADE worked with the MoCI to maintain an SME information portal, AfghanEnterprise.com, to report on the status of SME Action Plan implementation and coordinate stakeholder efforts to remove priority constraints.

Overall, Year 3 saw the full fruition of program efforts, made more efficient and strategic by the learning gained from the previous two years of implementation. The striking results achieved were due to a combination of hard work, the skill and experience of local and expatriate staff members, enhanced PPA development systems and procedures and strong support from USAID. ABADE's performance indicator results (included in the next section) illustrate the program's impact on the development of small and medium-sized enterprises in Afghanistan. Year 3 results have been achieved on nearly all of the indicators, in many cases twofold or more.

For seven of ABADE's 13 indicators, results have surpassed LOP targets. These results include the new indicator tracking the number of beneficiaries resulting from innovation PPAs (252 percent of the LOP target). With USAID's approval to expand the definition of innovation alliances and the subsequent creation of a sub-category for private social sector enterprises, ABADE reclassified several existing innovation PPAs and calculated future beneficiaries. Other indicators that have surpassed ABADE LOP targets include the number of firms that have improved their management practices (113 percent of the LOP target) and the number of firms investing in improved technologies (125 percent of the LOP target).

ABADE is also on track to achieve the remaining LOP targets, with only the number of jobs created lagging behind. This deficit is primarily due to significant delays in the delivery of machinery and equipment for PPAs due to the customs issue, with the general sluggish condition of the economy contributing as well. Without the aforementioned deliveries of equipment, PPA partners could not begin hiring new employees as part of their contribution. Since the customs issue has been solved, the detained shipments are beginning to be released and delivered to the PPA partners, and ABADE is confident that Year 4 will see a substantial increase in the number of new jobs created.

#### 2.1.4 Changes to the Cooperative Agreement

Significant changes to the ABADE Cooperative Agreement were incorporated into Modification No. 5, which was approved by USAID on August 11, 2015. These modifications positively

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Airlines and the Afghanistan Carpet Association (represented by the MoCI) has yet to be signed, carpet traders have already begun to enjoy reduced rates of \$2.60/kg for shipments to Europe and \$3.60/kg for shipments to the United States, with further discounts on larger shipments.

impacted ABADE's operations and programming during the last quarter of FY2015. Salient points of this modification include the following:

- Edits to the substantial involvement clause
- Elimination of the position of Grants Manager from the list of key personnel
- Modification of the definition of an innovation PPA to include assistance to private social sector enterprises as well as nontraditional business approaches
- Removal of the provision that sub-awards have a target distribution based on sub-award amount
- Allowance of women's participation in SME alliance sub-awards with 1:1 leverage instead of the minimum 1:2
- Removal of indicators and targets named and/or listed in the cooperative agreement that are already included in the M&E plan (MEP) to be submitted and approved separately

Following the agreement modification, the MEP was submitted to the AOR and approved on September 19, 2015. The revised MEP contained two new indicators and modified targets, as previously agreed upon with USAID, to conform to the changes in the program and activities.

### **New Indicators**

ABADE was previously unable to form PPAs with private social sector enterprises such as medical clinics and facilities and educational institutions, as these enterprises could not meet ABADE's minimum job creation requirement. To be able to qualify for ABADE support, an enterprise has to be able to create jobs proportionate to the investment contribution of USAID/ABADE. For example, a medical clinic investing in a diagnostic imaging machine costing \$50,000 would be able to create at most two direct jobs (for machine operators/technicians). Similarly, an investment in the education sector would require



*Mohammadi Mirtamani Chicken Feed Production Company in Hirat now supplies quality feed to poultry farms in the Western region.*

a substantial contribution from USAID/ABADE but would create only a few direct jobs.<sup>2</sup> In both cases, however, the direct beneficiaries – patients and students – would be numerous.

The Cooperative Agreement modification enables ABADE to support private social sector enterprises by classifying these partnerships as a sub-category of innovation alliances. Instead of using the number of direct jobs created as the results indicator, ABADE tracks the number of direct beneficiaries resulting from these investments.

The second new indicator, number of business constraints addressed, tracks the impact of ABADE’s Component 3 activities on the implementation of the six action plans for priority sectors accepted by the MoCI in the first three years of the program. The action plans describe the principal problems faced by businesses in these industries, priority actions that are needed to remove constraints, the roles and responsibilities of different stakeholder groups, sources of financial and technical support and detailed implementation plans.

ABADE’s original results indicators only covered the development of the six action plans. In response to compelling requests from the MoCI and the private sector, ABADE decided to go further than its original scope and initiated efforts to address some of the top constraints identified in the action plans. This indicator was thus added to ABADE’s performance indicators.

In FY2015, ABADE began to address some of the constraints identified in the Carpet Action Plan and the WSME Action Plan. In the succeeding fiscal year, ABADE will continue its efforts to address the priority problems identified in the Carpet Action Plan and will start working on two constraints identified in the Construction Materials Action Plan.

### **Adjustment of Targets**

Additional changes to ABADE’s Monitoring and Evaluation Plan include adjustments of the targets for some of the indicators.

Based on the experience and learning gained from the first two years of program implementation, ABADE’s targets for number of PPAs created were reduced from 365 to 260 for SME PPAs and from 41 to 25 for innovation PPAs. At the inception of the ABADE program, the targets were proposed based on the experiences of the USAID/Afghanistan Small and Medium Enterprise Development (ASMED) Global Development Alliances (GDA) program.<sup>3</sup> The ASMED model, however, foresaw a higher number of small alliances and micro-alliances than what the ABADE team went on to experience in the generation of PPAs in the program’s first two years.

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<sup>2</sup> In ABADE’s experience, an investment of \$50,000 in machinery in a production enterprise would result in the creation of 50 or more direct jobs.

<sup>3</sup> GDAs are USAID’s model for public-private partnerships to help improve social and economic conditions in developing countries and deepen USAID’s development impact.

Furthermore, in the third year of the program, ABADE focused on larger alliances with medium-sized enterprises, which are generally better organized, have higher sustainability potential and provide a larger employment base than smaller enterprises. Ultimately, this will mean a reduction in the total number of PPAs. The lower numbers will enable ABADE to focus on higher quality and more sustainable alliances instead of attempting to achieve a large number of alliances.

The target for job creation has also been reduced, from 46,000 to 15,000, due to several factors. The cost-benefit analysis undertaken when the ABADE program was designed based job creation projection on a \$60 million fund for direct equity investments to SMEs, but the final ABADE budget earmarked only \$41.5 million. A smaller investment fund means lower job creation potential: 38,000 direct and indirect jobs instead of 46,000. Furthermore, the cost-benefit analysis used a methodology that assumed ABADE would count both direct and indirect jobs.

Norms for calculating the number of indirect jobs created as a result of directly employing one person differ greatly by sector. For example, in the marble processing and recycling industries, one direct job has the effect of creating five to 10 indirect jobs, whereas in a manufacturing business importing all inputs, one direct job creates only 0.1 indirect jobs. In the food processing industry, indirect job creation can vary widely. For example, one company may be buying inputs from producers that already grow and sell produce, while another may be contract farming to increase the production of inputs and in the process creating many indirect jobs.

Because of the complexity of calculating indirect jobs, ABADE counts only direct jobs, a much higher standard for measuring employment creation than counting both direct and indirect jobs as assumed by the cost-benefit analysis.

Finally, at program inception, it was assumed that jobs would be created one to two years after the initial capital investments were made and that the implementation would start as early as the first six months of the program. Due to various delays – especially those related to the importation of equipment/machinery and the long delay in resolving the customs clearance issues – ABADE expects that the majority of PPAs will be completed only toward the end of the program. This means that the real increases in job creation will not be captured before the program end date. It is expected that the full impact of USAID’s investment will not be seen until one to two years after the end date of ABADE.

ABADE’s performance indicators are summarized in the following table.

Table 1 – ABADE Performance Indicators

MEP Ind	PERFORMANCE INDICATOR <i>(source of information)</i>	Q4 2015 July–September 2015			ABADE Year 3 (FY 2015)			LIFE OF PROJECT Totals		
		Target	Total	%	Target	Total	%	LOP Target	Total	%
<b>I. Tier I Indicators</b>										
1	<b>500 SMEs supported with ABADE assistance</b> <i>(SME registration forms)</i>	48	59	124%	190	241	127%	500	360	72%
2	<b>150 private sector firms that have improved management practices as a result of ABADE assistance</b> <i>(SME registration forms and survey forms)</i>	14	44	320%	55	136	247%	150	169	113%
3	<b>200 firms receiving ABADE assistance to invest in improved technologies</b> <i>(SME registration forms)</i>	21	43	202%	85	145	171%	200	250	125%
4	<b>260 public-private alliances formed as a result of ABADE assistance</b> <i>(SME PPA agreements)</i>	40	46	116%	159	149	94%	260	235	90%
5	<b>25 innovation public-private alliances formed</b> <i>(Innovation PPA Agreements)</i>	3	1	36%	11	11	100%	25	21	84%
6	<b>USD 180 million in private-public sector alliances established</b> <i>(Innovation and SME PPA agreements)</i>	\$ 23,000,000	\$57,276,011	249%	\$92,000,000	\$117,831,953	128%	\$180,000,000	\$206,617,885	115%
7	<b>20% increase in sales by public-private alliance SMEs</b> <i>(SME registration forms and survey forms)</i>	5%	82%	1640%	16%	82%	513%	20%	82%	410%
8	<b>40 initiatives that provide alternative workplace models for women</b> <i>(Initiative registration forms)</i>	4	7	165%	17	35	206%	40	46	115%
9	<b>200 women trained in “high value” skills</b> <i>(Graduate registration forms)</i>	30	67	223%	65	133	205%	200	192	96%
10	<b>6 action plans accepted by the MOCI</b> <i>(Action plan acceptance forms)</i>	1	1	100%	2	2	100%	6	6	100%
11	<b>4 Business Constraints addressed</b> <i>(Constraint addressed forms)</i>	2	2	100%	2	2	100%	4	2	50%
<b>II. Tier II Indicators</b>										
A	<b>15,000 Full-Time Equivalent Jobs Created</b> <i>(SME registration forms and survey forms)</i>	1,500	639	43%	6,000	2,598	43%	15,000	3,898	26%
B	<b>80,000 Beneficiaries</b> <i>(Beneficiary forms)</i>	40,000	201,389	503%	40,000	201,389	503%	80,000	201,389	252%

## 2.2 Constraints and Critical Issues

The following constraints and critical issues were encountered by ABADE in FY2015.

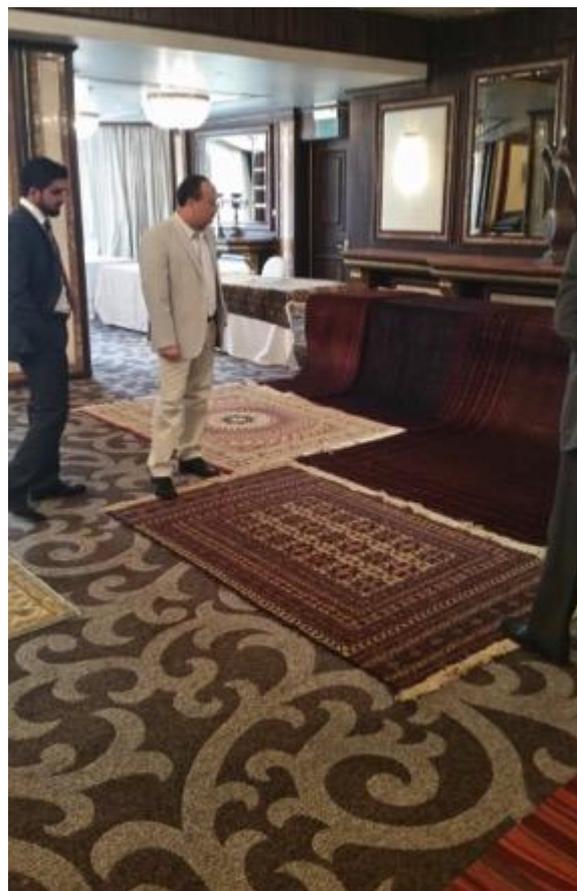
The issue of customs clearance for internationally procured equipment persisted throughout the year, with goods stuck at Karzai International Airport and the Karachi Port in Pakistan for five months on average, not including the nine-month delay of a shipment of electronic payment machines at the Karzai International Airport. These delays caused unbudgeted demurrage and detention charges. ABADE negotiated relentlessly and followed up with the applicable government agencies, primarily the Afghanistan Customs Department (ACD), the Ministry of Finance (MoF), the Ministry of Foreign Affairs (MFA) and ministries with regulatory functions. USAID played a major role in resolving the issue, with the U.S. Ambassador, the USAID Mission Director, the USAID Regional Legal Office and the USAID Technical Office being the primary drivers on their side. On September 2, 2015, the issue was resolved during a ministerial council meeting chaired by President Ashraf Ghani. During the meeting, the council approved tax exemption for ABADE-procured equipment, including tax exemptions for the ABADE partners receiving the equipment. The minutes of the meeting were disseminated to the MFA Protocol Department and the MoF/ACD. Based on this directive, shipments being held at various points of entry will begin to clear customs within the next quarter.

Delays in PPA implementation have been an overriding concern since the beginning of the program, and many of the delays were beyond ABADE's control. One major delay stems from the lengthy and complicated process of re-registering companies with the Afghanistan Investment Support Agency (AISA). ABADE requires that all SME partners have updated business licenses, and once a PPA's business registration has lapsed, all activities relating to that PPA are suspended. This creates an obstacle when procurement has already commenced and the equipment is in transit, as the shipment can no longer be suspended. The change in management at AISA when the new government assumed power exacerbated the already slow process of annual license renewal.



*A plastic recycling machine and a plastic bag production machine, equipment contributed by ABADE to Heray Ansar Plastic Manufacturing Company, being unloaded in Hirat*

The industry working group meetings organized by the MoCI (with technical support from ABADE) have proved to be a useful means of engaging private sector stakeholders, donor programs and GIROA ministries in cooperative efforts to remove the constraints affecting SMEs in priority industry sectors. However, during the latter half of Year 3, delays in forming the new government made it difficult to conduct working group meetings on a regular basis. Convening the working groups requires the approval of the MoCI Deputy Minister for Private Sector and Industry, who resigned during the ministry revamp; thus, all formal meetings were put on hold. In order to fill the vacuum, ABADE continued its regular coordination meetings with the officials and staff of the MoCI SME Directorate who remained with the ministry and initiated two sales expo and training activities that were lined up earlier under ABADE’s Carpet Sector Market Access Initiative. Moving forward, the MoCI will need to resume their normal working group meeting schedule and redouble their efforts to engage government and private sector stakeholders in support of the implementation of the SME action plans. ABADE has already met with the newly inaugurated Deputy Minister for Private Sector and Industry to start planning three working group meetings to be held in October and November, those for the marble sector, construction materials sector and in women in business sector. In Year 4, ABADE will continue to support the MoCI in building on the progress already achieved in this area.



*Afghan producers established contacts with 18 international buyers and brought home \$60,000 in on the spot sales, and future orders exceeded \$4 million during the Afghanistan Carpet Expo in Dubai in September 2015.*

## 3 Activity Implementation

### 3.1 Key Activities Accomplished during the Quarter

ABADE achieved many of its LOP targets and exceeded over half of them.

Out of the target 500 SMEs to be supported, 241 were given assistance in FY2015, bringing the total accomplishment to 360 SMEs supported (72 percent of the LOP target). Support includes

the provision of equipment and technical assistance and training to PPA partner SMEs and non-partner SMEs.

In FY2015, with ABADE’s assistance, 136 private sector firms improved their management practices through the introduction of new practices and systems. Training was provided in



*Sahib Zaman Carpet Manufacturer Company’s wool spinning project has created alternative workplaces for women workers, who bring the portable spinning wheels to their homes.*

business planning and management, accounting and financial reporting systems, food safety, and information management systems, bringing the total of number of firms supported to 169, or 115 percent of the target number of 150 firms.

ABADE exceeded the target for the number of firms that received ABADE assistance to invest in improved technologies by 25 percent. Through the end of FY2015, 145 firms were assisted,

bringing the total number of firms that received support from ABADE to 250.

ABADE’s PPA partners have experienced tremendous increases in sales, largely because of their improved technology, enhanced operational and management practices and increased productivity. ABADE’s LOP target for increased sales is 20 percent. In FY2015, the verified sales increase of PPA partners was 82 percent, or four times the expected increase.

In FY2015, 133 women, or 205 percent of the target for Year 3, received high-value skills training that will enable them to find employment, improve their current positions with their employers, provide services from their homes or start their own businesses. The training courses provided were nail technician training, ultrasound technician training, QuickBooks training and materials testing lab training.

### 3.1.1 Component 1: Public-Private Alliances

Component 1 is responsible for the implementation of approved and signed PPAs. There are two sub-components: SME alliances and innovation alliances. SME alliances work with existing productive SMEs, consortia or joint ventures to mitigate business expansion risks, encourage private investment for business growth and job creation and expand markets for alliances. Innovation alliances stimulate private sector–led development and investment through innovation-focused activities.

To date, ABADE has invested in 256 partnerships with the private sector. These partnerships comprise 235 SME alliances and 21 innovation alliances.

The following table presents ABADE’s overall PPA portfolio, demonstrating results from the start of program implementation to date, as well as accomplishments during the reporting period covering Year 3 of ABADE implementation (FY2015) and Q4 of FY2015.

**Table 2 – ABADE PPA Portfolio as of FY2015**

ABADE PPA Portfolio	Number of PPAs	ABADE Contribution	Partner Contribution	Total Investment
<b>Overall results</b>				
<b>Total PPAs</b>	256	\$26,536,876.00	\$180,115,539.00	\$206,617,885.00
USAID/PPA partner leverage ratio		1:6.78		
<b>PPA category</b>				
SME PPAs	235	\$23,188,697.00	\$159,878,576.00	\$183,058,488.00
Innovation PPAs	21	\$3,348,179.00	\$20,236,963.00	\$23,559,397.00
<b>PPA status</b>				
Active PPAs	185	\$25,102,921.00	\$169,498,781.00	\$194,567,172.00
Completed/closed-out PPAs	71	\$1,433,955.00	\$10,616,758.00	\$12,050,713.00
<b>ABADE Y3 (FY2015)</b>				
PPAs formed in Y3	160	\$14,290,547.00	\$103,542,143.00	\$117,831,953.00
PPAs formed in Q4 FY2015	47	\$7,204,726.00	\$50,071,285.00	\$57,276,011.00
PPAs completed in Y3	69	\$1,388,450.00	\$10,475,498.00	\$11,863,948.00
PPAs completed in Q4 FY2015	25	\$428,750.00	\$3,919,535.00	\$4,348,285.00

## Implementation of SME and Innovation Alliances

### Completed PPAs

Twenty-two investment partnerships were completed and closed out in the fourth quarter of FY2015. During FY2015, ABADE closed 69 investment partnerships, with a value of \$11.86 million. ABADE provided the 69 completed PPAs with the primary equipment necessary to undertake their expansion plans, amounting to \$1.39 million in investments. The SME partners contributed their existing resources and invested in new machinery, for an approximate value of \$10.47 million in investments.

A PPA is considered complete when the deliverables of both parties – ABADE and the PPA partner – as stipulated in the PPA agreement have been delivered or complied with. Generally, ABADE provides the primary equipment and other machinery required to undertake the PPA activity, and depending on the assessed need of the partner and the type of venture being pursued, ABADE also provides personal safety equipment and training in management, technology, hygiene and food safety and capacity building to make the business sustainable. The



*Najeeba Detergents Production Company is a woman-owned enterprise based in Hirat, created specifically to provide employment to disadvantaged women. ABADE supported Najeeba's expansion project by contributing a laundry bar soap production line.*

PPA partner commits its existing resources that are needed to operationalize the new project and may provide other equipment. Typically, the partner is responsible for site preparation to ensure the equipment is properly and safely installed, for training its staff to operate the new machinery, and for implementing upgrades to facilities. ABADE conducts periodic monitoring to ensure structures are built to standard and the other commitments of the PPA partner are on track. PPA partners in the food manufacturing sector are closely monitored for compliance with ABADE's food safety recommendations, and industries

with the potential to significantly impact the environment are monitored to ensure implementation of an environmental mitigation plan. Compliance with basic food safety requirements and environmental mitigation measures is a precondition for the delivery of equipment committed by ABADE.

The partnerships completed and closed out in the fourth quarter were a diverse mix of businesses, including food manufacturing, agribusiness, carpet production, construction materials production, metal fabrication, car repair, clothing and furnishings, grooming services, shoemaking, carpentry, digital printing and equipment repair.

Of the completed partnerships, Mohammadi Mirtamani, a poultry feed production plant in Hirat, stands out because it will have a wide-reaching impact on the region. The project will fill a critical market niche through the production of reasonably priced, high-quality poultry feed for poultry farms in Hirat and nearby provinces. This investment will also minimize the need for imports from other countries and create approximately 24 full-time jobs and 75 indirect jobs.

In Kabul, the Mazatoo Food Industry Company raised its production level when it expanded and installed modern confectionery machinery. At full production capacity, Mazatoo expects to create full-time employment for 33 factory and sales workers, many of them women, and 60 indirect jobs for sales and distribution agents, raw material suppliers and transportation operators.

In Jalalabad, Najeeba Detergents Production Company experienced higher productivity when it automated its soap-making process. Women currently make up 30 percent of this woman-

owned enterprise's workforce, and 20 full-time jobs will be added once production has been ramped up.

The expansion of Gul Agha's shoemaking workshop in Mazari Sharif and Fahim's metal workshop in Jawzjan has added to the growth of small enterprises in the Northern region, where seven partnerships were completed and closed out in the last quarter of 2015.

The following table presents the number of PPAs closed out in FY2015 and during Q4 of the program year.

**Table 3 – Closed-out PPAs**

Province	Number of PPAs		ABADE Contributions		Partner Contributions		Total Investment	
	Q4	Y3	Q4	Y3	Q4	Y3	Q4	Y3
Balkh	8	17	\$21,891	\$96,005	\$125,014	\$703,270	\$146,905	\$799,275
Hirat	5	14	\$147,861	\$326,422	\$1,353,157	\$2,477,635	\$1,501,018	\$2,804,057
Kabul	1	5	\$1,706	\$7,893	\$53,700	\$148,964	\$55,406	\$156,857
Nangarhar	7	21	\$211,091	\$732,555	\$1,920,446	\$4,344,991	\$2,131,537	\$5,077,546
Jawzjan	4	11	\$46,201	\$215,704	\$467,218	\$2,755,728	\$513,419	\$2,971,432
Samangan		1		\$9,871		\$44,910		\$54,781
<b>Total</b>	<b>25</b>	<b>69</b>	<b>\$428,750</b>	<b>\$1,388,450</b>	<b>\$3,919,535</b>	<b>\$10,475,498</b>	<b>\$4,348,285</b>	<b>\$11,863,948</b>
Percent contributed (Y3)			12 percent		88 percent			
Leverage ratio			7.54					

With the completion of 71 PPAs from the start of the project to date, ABADE has begun turning over the titles to the equipment to PPA partners. During FY2015, ABADE issued 32 equipment transfer agreements, with 13 of them issued in the last quarter. The transfer of equipment is usually done three to six months after the PPA has been closed out to give the partners ample time to observe the performance of the machinery. Before the transfer is effected, the ABADE team conducts monitoring and physical inspection of the machinery to ascertain it is in active use and good condition. The transfer agreement effectively transposes ABADE's right, title and interest in the property and physical possession of the materials and equipment purchased by ABADE as its contribution to the investment partnership. By accepting the transfer agreement, the partner agrees to continue to use the property for purposes consistent with the objectives of the PPA and not to resell it. He or she further agrees to take steps to register and record the property in compliance with government regulations and to ensure the safety and maintenance of the property.

Along with monitoring job creation and sales of closed-out PPAs, ABADE will continue to check on the status of the equipment that has been turned over to the partners and, on an as-needed basis, will provide referrals or information on equipment maintenance services and providers.

## Active PPAs

At the end of Year 3, 185 PPAs were under implementation. This number includes all PPAs that are still active.

As the economic center of the country, Kabul has the highest concentration of PPAs. In addition to ongoing investments in the Western, Northern and Eastern regions, ABADE is also supporting three important projects in Kandahar Province, despite the high level of insecurity in the area. These three projects have the potential to positively influence the area's economy and are engaged in agribusiness/food manufacturing and construction materials production.



*Chenaran Wood Industry Company completed its furniture production facility expansion project in July 2015.*

ABADE is also close to completing three of the very first partnerships that it formed, including Jade Glass in Mazari Sharif, New Mobarak Manufacturing Company in Hirat and Bozurge Afghan Ltd. in Kabul.

At the end of the fourth quarter of FY2015, Jade Glass received ABADE's support, consisting of tempering line equipment and an expert consultant to support the plant setup. Jade Glass was responsible for all other infrastructure, machinery and equipment and vehicles

necessary for this large venture. Jade Glass is the first integrated flat glass processing and manufacturing facility in the country. The factory will meet the demand for high-quality, affordable tempered and processed glass and will create an estimated 182 direct jobs for technical, skilled and unskilled workers from Balkh Province and 432 indirect related positions. Production is expected to begin in the first quarter of calendar year 2016.

ABADE delivered a UV varnish coating machine and a box-gluing machine to New Mobarak Manufacturing Company in Hirat in support of the establishment of a color packaging printing line. In addition, two smaller pieces of equipment are expected to be delivered in the following quarter, which will complete the required machinery for the new printing line. Installation of the machinery and staff training are in progress. As its contribution to the partnership, New Mobarak invested in land, administrative buildings, a hangar and workshop, box printing, letterpress and lamination and plastic-wrapping machines, a car, forklifts and trucks. New Mobarak is a leading manufacturer of tissue paper products and the first and only domestic producer of sanitary napkins. ABADE's investment will address the high cost and design challenges associated with the importation of retail box packaging. Once the investment is

complete, New Mobarak will add 32 full-time employees to its workforce and create 200 indirect jobs for sales distributors and other workers.



*Industrial baking equipment contributed by ABADE to Hasina Food Production Company enables the company to increase and standardize its production line.*

ABADE ordered a pine nut production line for Bozurge Afghan Ltd., and it is now ready for shipment from the manufacturer. Finding the appropriate equipment for the Afghan pine nut proved to be so difficult that ABADE and Bozurge agreed to order custom-fabricated machinery. Bozurge Afghan and its partner have built a warehouse and offices, installed cold storage, a laboratory and a wastewater system, procured the fixtures necessary for the new operations and hired

consultants to guide the company in operating the new machinery. Upon completion, this investment will create an estimated 1,000 direct jobs among skilled and unskilled factory workers, traders and farmers.

The geographic distribution of PPAs under implementation as of the end of FY2015 is broken down in the following table.

**Table 4 – Geographic Distribution of Active PPAs**

Province	Number of PPAs	ABADE Contribution (USD)	Partner Contribution (USD)	Total Investment
Kabul	65	\$12,342,937.00	\$90,026,664.00	\$102,341,756.00
Hirat	47	\$4,527,775.00	\$32,467,692.00	\$36,995,467.00
Balkh	36	\$4,015,668.00	\$26,045,668.00	\$30,060,599.00
Nangarhar	30	\$2,948,192.00	\$13,352,836.00	\$16,295,740.00
Kandahar	3	\$950,216.00	\$5,643,160.00	\$6,593,376.00
Baghlan	1	\$53,183.00	\$594,871.00	\$648,054.00
Kunduz	1	\$78,000.00	\$501,320.00	\$579,320.00
Badghis	1	\$143,950.00	\$342,230.00	\$485,520.00
Jawzjan	1	\$43,000.00	\$524,340.00	\$567,340.00
<b>Total</b>	<b>185</b>	<b>\$25,102,921.00</b>	<b>\$169,498,781.00</b>	<b>\$194,567,172.00</b>

### New PPAs

The recently concluded program year had the highest number of PPAs created so far, with Kabul having the most for both the year and the quarter. During Year 3, 160 new PPAs were created,

of which 47 were developed in the last quarter of FY2015. The partners contributed \$7.25 for every \$1 spent by ABADE.

**Table 5 – New PPAs**

Province	Number of PPAs		ABADE Contributions		Partner Contributions		Total Investment	
	Q4	Y3	Q4	Y3	Q4	Y3	Q4	Y3
Kabul	21	58	\$3,837,993	\$7,247,437	\$27,842,076	\$56,418,519	\$31,680,069	\$63,665,956
Hirat	13	32	\$1,448,213	\$2,625,870	\$11,692,925	\$19,526,830	\$13,141,138	\$22,152,700
Nangarhar	7	32	\$827,045	\$2,181,353	\$3,499,899	\$11,382,443	\$4,326,944	\$13,563,796
Balkh	5	32	\$1,013,475	\$1,864,430	\$6,535,065	\$13,512,296	\$7,548,540	\$15,375,989
Jawzjan		3		\$4,274		\$90,864		\$95,138
Kunduz	1	1	\$78,000	\$78,000	\$501,320	\$501,320	\$579,320	\$579,320
Kandahar		1		\$236,000		\$1,515,000		\$1,751,000
Baghlan		1		\$53,183		\$594,871		\$648,054
<b>Total</b>	<b>47</b>	<b>160</b>	<b>\$7,204,726</b>	<b>\$14,290,547</b>	<b>\$50,071,285</b>	<b>\$103,542,143</b>	<b>\$57,276,011</b>	<b>\$117,831,953</b>
Leverage ratio (FY2015)			1:7.25					

High-value PPAs formed this quarter include Arman Ice Cream in Kabul, Afghan Samsorsabawon Ltd. in Mazari Sharif, Omid Rahimi Clay Brick Industrial Production Company in Hirat and Sami Ibrahim Rice Processing and Packaging Company in Jalalabad. These four investments have the potential to create over 1,000 new direct jobs.

Annex 1 contains a list of PPAs created in the fourth quarter along with their profiles.

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

Component 2 is responsible for developing investment partnerships with SMEs, providing technical support and training to PPA partners and other SMEs and delivering high-value skills training to women. High-value skills are defined as technical skills that will enable women to advance in nontraditional sectors or a gainful trade or occupation that provides flexible work hours and work locations.

#### Development of SME and Innovation Alliances

During the project's life span, ABADE will form 260 SME PPAs and 25 innovation PPAs. In this reporting period, 149 SME PPAs and 11 innovation PPAs were created, bringing the cumulative total from the start of the project to the end of the reporting period to 235 SME PPAs and 21

innovation PPAs. At this juncture, ABADE has attained 90 percent of its target for SME PPAs and 84 percent of its target for innovation PPAs.<sup>4</sup>

During the third year of implementation, ABADE shifted its PPA development and selection strategy. ABADE's first two years focused on encouraging investments among small and women-led enterprises. However, in the third year, efforts were concentrated on supporting medium-sized enterprises, as they have greater potential for sustainability and direct and indirect job creation. In support of this strategy, ABADE also revised the range of award amounts. In Year 3, both SME and innovation alliances had access to the same award amounts: a minimum of \$250,000 and a maximum of \$1,000,000 in ABADE investment. Although the campaign focused on engaging medium-sized SMEs, several PPAs with micro- and small enterprises whose applications were submitted before the new award threshold came into effect were approved this year.

To reach LOP PPA targets, the ABADE team turned to its partners, including the MoCI and the Ministry of Women's Affairs (MoWA), chambers of commerce, industry groups and associations, women's business unions, private financial institutions, USAID implementing partners and other development organizations. In addition to these coordination efforts, the PPA team also geographically targeted businesses operating in the industrial zones of Kabul, Hirat, Mazari Sharif and Jalalabad.

In addition to contacting businesses in urban centers, the Mazari Sharif PPA team regularly conducted outreach activities in the provinces of Jawzjan and Samangan.

ABADE's partnership with the MoCI in the development of priority industry areas was consequential in reaching high-value Afghan SMEs. In the latter half of FY2015, applications were submitted from the priority industries targeted by Component 3, including carpets, agribusiness, marble, women's enterprises and construction materials.

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

Activities under the technical assistance for sub-award recipients and program stakeholders subsection included technical assistance designed to improve the operational and management

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<sup>4</sup>An additional 15 SME PPA applications and five innovation PPA applications were awaiting review and approval by USAID as of the end of the reporting period.

capabilities of PPA partners and other SMEs, specifically in addressing business constraints such



*Computer networking training in Hirat*

as market entry, profitability and achievement of quality standards.

Demand-driven technical assistance and services are designed to develop skills and competencies and are directed at the MoCI's focus industry sectors, including marble, gemstones, carpets, construction materials and food processing. Technical assistance and training are likewise provided to enterprises outside of the focus

industry sectors, including non-PPA SMEs who request industry-specific consultancy services and skills training.

In FY2015, ABADE's PPA partners received compulsory technical assistance and training in certain aspects of management and operations in which they were deficient. As standard procedure, ABADE conducts a thorough assessment of the business, noting areas where training or technical assistance are crucial for the success of the new project. The assessment uncovered that the majority of PPA applicants were still using single-entry or cash-basis accounting, which is good for determining cash inflow but is insufficient for keeping track of a company's financial standing. Because of the widespread knowledge gap among PPA partners in using generally accepted financial systems, ABADE made financial management training compulsory for PPA partners. Two financial management training sessions are regularly conducted, including training in double-entry accounting and QuickBooks. This training is also commonly requested by and conducted for non-PPA SMEs who learn about it from ABADE partners or from ABADE's social media page.

Other PPA partners who are upgrading or modernizing their operations have expressed the need to be trained in operating the new equipment. This technical training is either provided by ABADE or directly funded by the PPA partner as part of their investment contribution.

Industry-specific training in carpet market development, nail technology, tattoo hygiene, ultrasound, wool washing and dyeing and training-of-trainers (TOT) for business service providers was also provided in FY2015.

Training in food safety and hygiene is mandatory for all PPAs in the food-manufacturing sector. Prospective PPA partners are required to comply with minimum food safety standards before

their applications are finalized. Once an application has been approved, ABADE’s food safety specialists conduct a physical check of the company premises for compliance before the equipment is delivered.

During the reporting period, Kama Green Agricultural Company, located in Jalalabad, approached ABADE for help in establishing an essential oil extraction and herbal processing plant. One of ABADE’s food safety specialists conducted an assessment of the company and found that there were no hygiene and food safety measures in place. The owner of the company welcomed assistance and implemented the recommendations, and the company now has designated hand-washing areas, cleaning and sanitation procedures and personal protective equipment for workers, who have also been trained in food hygiene procedures.



*Obaidullah Reedy, ABADE Food Safety Trainer, conducts an orientation on the basic food safety measures required to be undertaken by Kama Green Agricultural Company.*

A computer networking training program for 20 participants from Hirat was started during the fourth quarter of FY2015 and will be finished in the next quarter. Preparations are being finalized for a medical laboratory technician training program that will be conducted in the next quarter for 50 women from Kabul to upgrade their skills in performing routine and specialized medical tests.

As shown in Table 6, in FY2015, ABADE trained a total of 829 individuals. Of this total, 40 percent were women. The 12 courses offered included business registration for women entrepreneurs, business licensing for women SMEs, carpet market access, double-entry accounting, QuickBooks, marketing and brand management, nail technician training, materials testing, tattoo hygiene, TOT for business service providers, ultrasound training and wool washing and dyeing.

**Table 6 – Technical Assistance/Training Activities**

Training Activity	Province	Start Date	End Date	Number of Trainees	Number of Males	Number of Females
Double-entry accounting	Kabul	23/11/14	12/06/14	24	19	5
Marketing and brand management (for non-PPA SMEs)	Kabul	25/11/14	12/02/14	22	16	6
Nail technician training	Kabul	04/01/15	14/05/15	21	0	21
TOT training for business service providers	Kabul	06/01/15	06/01/15	7	6	1

Training Activity	Province	Start Date	End Date	Number of Trainees	Number of Males	Number of Females
Tattoo hygiene	Hirat	17/02/15	17/02/15	8	0	8
	Balkh	19/02/15	19/02/15	10	0	10
Double-entry accounting	Balkh	22/02/15	26/02/15	27	22	5
	Hirat	22/02/15	26/02/15	28	19	9
Marketing and sales management	Hirat	28/02/15	03/08/15	13	8	5
	Balkh	28/02/15	03/05/15	16	10	6
	Nangarhar	28/02/15	03/04/15	25	24	1
Carpet market access	Balkh	17/03/15	18/03/15	24	24	0
Nail technician training (held in Kabul for Hirat participants)	Hirat	07/04/15	07/12/15	37	0	37
Wool washing and dyeing (clothes and fabric)	Nangarhar	13/04/15	13/04/15	21	21	0
Wool washing and dyeing (carpet yarn)	Balkh	15/04/15	15/04/15	55	26	29
Second round double-entry accounting	Hirat	18/04/15	22/04/15	28	20	8
Wool washing and dyeing (carpet yarn)	Hirat	20/04/15	20/04/15	47	31	16
Second round double- entry accounting	Balkh	04/05/15	23/04/15	25	23	2
Business registration for women	Kabul	17/05/15	19/05/15	22	0	22
TOT for business services providers	Hirat	26/05/15	26/05/15	18	15	3
	Balkh	31/05/15	31/05/15	14	12	2
Ultrasound training	Kabul	02/06/15	06/09/15	24	0	24
Carpet market access	Balkh	14/06/15	14/06/15	16	16	0
Materials testing	Kabul	15/06/15	07/09/15	19	0	19
Carpet market access	Kabul	16/06/15	16/06/15	21	20	1
QuickBooks (held in Kabul for Hirat participants)	Hirat	06/07/15	14/06/15	17	9	8
QuickBooks (held in Kabul for Jalalabad participants)	Jalalabad	06/07/15	06/11/15	18	13	5
QuickBooks	Kabul	06/07/15	14/06/15	17	10	7
Third round double-entry accounting	Kabul	07/07/15	14/07/15	25	24	1
QuickBooks	Balkh	26/07/15	08/04/15	15	9	6
Double-entry accounting	Nangarhar	03/08/15	03/12/15	27	26	1
Second round QuickBooks	Balkh	23/08/15	31/08/15	14	8	6
Carpet market access	Kabul	03/09/15	03/10/15	20	18	2
Business licensing for women SMEs	Kabul	05/10/15	05/12/15	27	0	27
Second round double-entry accounting	Nangarhar	04/12/15	16/04/15	26	26	0
Wool washing and dyeing (Carpet yarn dyeing)	Nangarhar	04/12/15	04/12/15	51	19	32
<b>Total</b>				<b>829</b>	<b>494</b>	<b>335</b>

## Gender Issues and Women and Youth in Business

ABADE ensures that women and youth (defined as individuals between 16 and 25 years of age) are provided equitable access to the investment partnerships and technical training offered by the program. ABADE provides two branches of support: investment partnerships and high-value skills training.

### Investment Partnerships

To date, 88 PPAs of the 258 investment partnerships created have responded to gender, youth or pro-poor concerns. PPAs in this category are further classified as woman-owned or managed, having a staff composed of more than 30 percent women and conducting an activity directed at women or youth. In Year 3, 43 new PPAs addressed gender, youth or pro-poor concerns. Of these partnerships, 37 had a staff made up of at least 30 percent women and 22 were owned or managed by a woman.

The majority of gender-focused PPAs are clustered in traditional industries such as garments and textiles, food processing, wool spinning/carpet weaving, personal grooming services and beauty parlor operations. However, several of ABADE's female partners have ventured into nontraditional industries such as development of e-payment solutions (Refah Technology Company), pharmaceuticals (Sun Pharma), vermicomposting (Green Organic Agriculture Production Company), vehicle services (Kaweyan Vehicle Rental Services) and industrial composting (Malika and Refa Environmental Solutions).

ABADE committed almost \$3 million to support the projects of the 43 gender and youth-related PPAs in Year 3 alone. The partners also invested nearly \$18 million into existing resources and new equipment.

**Table 7 – Year 3 Partnerships Addressing Gender, Youth, Pro-Poor Growth and Other Cross-Cutting Issues**

Number of PPAs	ABADE Contribution	Partner Contribution	Total Investment
43	\$2,941,527.00	\$17,969,117.00	\$20,910,644.00

### High-Value Skills Training for Women

ABADE's high-value skills training is designed to enhance women's employability and prepare them for entry into high-skill employment sectors, some of which have been traditionally dominated by men. In FY2015, ABADE conducted technical training in professional areas such as accounting, ICT, medical technologies, beauty services and specialized sectors such as mining and construction.

A list of the high-value skills training conducted in FY2015 is presented in Table 8. In addition, a Hirat-based computer networking training course for 20 female participants was started in the fourth quarter of FY2015 and will be completed in the next quarter.

**Table 8 – High-Value Skills Training in FY2015**

High-Value Skills Training	Location	Start Date	End Date	Women Trained
Materials testing lab training	Kabul	6/15/2015	7/9/2015	19
Nail technician training	Kabul	3/28/2015	5/14/2015	21
	Hirat	7/4/2015	7/12/2015	37
QuickBooks training	Jalalabad	6/7/2015	6/11/2015	6
	Kabul	6/7/2015	6/14/2015	7
	Mazari Sharif	7/26/2015	8/4/2015	6
	Mazari Sharif	8/23/2015	8/31/2015	5
	Hirat	6/7/2015	6/14/2015	8
Ultrasound technician training	Kabul	2/16/2015	6/9/2015	24
<b>Total</b>				<b>133</b>

The nail technician trainings were both conducted for a total of 80 hours. At the request of the participants the training in Hirat was fast-tracked and was conducted over eight days while the training in Kabul was spread over a period of one and a half months, with classes held for two to four hours per day.

### Environmental Compliance

ABADE’s partners are subject to strict environmental compliance requirements via an Initial Environmental Examination (IEE tracking number OAPA-12-May-Afg-0033) and IEE Amendment 1 (tracking number OAPA-13-Jan-Afg-0010). The ABAD Environmental Management Plan has been adapted from the template provided in the IEE and includes instructions for use of the Environmental Review Form (ERF), including the supplement to the ERF for Natural Resources Activities, the Environmental Review Report (ERR) and the Environmental Mitigation and Monitoring Plan (EMMP).

Pursuant to the approved ABAD environmental manual of April 2013 and the Bureau Environmental Officer/Office of Afghanistan and Pakistan Affairs (BEO/OAPA) Memo for the Record on the Approval of Streamlined Environmental Compliance Process under the Negative Determination with Conditions Threshold Decision, dated August 13, 2013, USAID



*Ms. Halima Mosavoi, one of the materials testing training participants, tests the structural strength of construction materials during a laboratory activity.*

AOR and Mission Environmental Officer (MEO) prior approval is not required for ABADE to start implementation of the relevant activity. However, the AOR and the MEO reserve the right to stop any activity if they are not satisfied with the quality of the submitted ERF/ERR and EMMP or if the monitoring and supervision indicates inadequate and/or unsatisfactory implementation of the approved environmental mitigation and monitoring measures.

ABADE’s Environment Compliance Team is composed of a senior environmental engineer and an environmental engineer who are both stationed in Kabul but cover the whole program area. They are supported by an expatriate environmental consultant who periodically works in the country and is available for remote consultation. The regional offices in Hirat and Mazari Sharif each have an engineer/environmental officer who helps conduct environmental assessments and periodic monitoring.

Environmental assessment happens during the initial stage of the application process when ABADE conducts a pre-award site survey of the SME applicant’s business premises, after which an ERF and an ERR are created.

### Environmental Monitoring of a PPA

*In Mazari Sharif, Hamid Saadat Nonalcoholic Beverages and Mineral Water Production Company, a progressive mineral water bottling company, sought to add additional bottled beverages to its product line and modernize its production line. ABADE ran two water tests: each time, the water used for the company’s water product was contaminated, indicating that the groundwater source itself was contaminated and that the company’s filtration system was not working properly.*

*ABADE also looked at the condition of the plant and facilities and recommended replacement of the ventilation system, repair or replacement of damaged doors and windows, replacement of the wellhead and filter and improvements in the plant layout to separate*



*Sediment cartridge filters (1 micron) installed at the factory for fine filtration*

*the production area from the general use area. The company was thankful to receive expert advice on how to improve the condition of the plant and mitigate the impact of its operations on the environment, and implemented all recommendations.*

After the alliance has been approved and implementation started, environmental monitoring entails the process of confirming that PPA partners are successfully implementing the environmental mitigation measures detailed in the ERR.

Monitoring is conducted through site visits performed by ABADE environmental engineers and serves to identify potential problems or changing conditions that may necessitate modifications or additional mitigation measures.

Furthermore, monitoring allows ABADE engineers to provide technical and engineering support as well as guidance and enforcement of mitigation measures. All findings and photo documentation from site

visits are recorded in an EMMP that is submitted to USAID upon satisfactory completion of the mitigation measures.

For less complex PPA projects, for example, the procurement of sewing machines for a small-scale tailor (PPA-A050 Artizana Garment Manufacturing Company), monitoring may be satisfactorily completed after one or two site visits over the course of several months, wherein the partner is observed utilizing recommended personal protective equipment for site workers or maintaining satisfactory waste collection and staging procedures.

For more complex projects, monitoring may extend for a year or more and may include longer-term product testing, refining key operational processes or conducting research and developing training materials relevant to the partner's activities. Examples of more complex projects include the food waste-composting project (PPA-B005 Malika and Refa Environmental Solutions) at Bagram Air Field, where the ABADE environmental specialist is working closely with the partner to identify through a process of experimentation, testing, and analysis the composting recipes that will produce a high-quality and marketable fertilizer product. Another example is the ABADE pine nut project (PPA-A002 Agri Food Trade BV & Bozurg Afghan J.V Nut Processing Company) for which ABADE is assembling a team of subject matter experts to participate in a technical working group and generate a sustainable use strategy for the chilgoza pine trees in eastern Afghanistan.

During Q4 FY2015, ERFs/ERRs have been generated for 43 PPA applications. A negative determination was made for six of the projects reviewed this quarter, wherein environmental conditions were included in the contract and no environmental mitigation and monitoring plan was required because of the very low risk determination. For the remaining 37 projects screened this quarter, a negative determination with conditions was made and an EMMP was generated to describe the conditions and mitigation measures required during implementation of the PPA. Of the 256 total projects that have an approved ERF/ERR, environmental compliance requirements were completed for 35 projects. Currently, environmental monitoring and evaluation is ongoing for 81 PPAs that are in the advanced stages of implementation and/or have received prerequisite training during the initial stage of the application process.

As a component of the health and safety measures included in EMMPs, concerned partners are assisted with the procurement of personal protective equipment and general safety equipment such as fire extinguishers and first-aid kits. To date, a total of 103 PPAs have received the required safety equipment, including personalized training on safe use and maintenance of the equipment provided.



*Workers from Malika and Refa Environmental Solutions separate the recyclable portions of waste gathered from the Bagram Air Field.*

To date, ABADE has contributed to the construction of 41 septic tanks, 23 water recycling systems and five water/wastewater treatment systems, has facilitated laboratory analysis of 19 potable water samples and has procured personal protective equipment for 73 partner enterprises. ABADE also designed training and disseminated information to targeted partners on anthrax guidance, food safety and hygiene, chemical safety and personal protective equipment and safety equipment use and maintenance.

“Green” business concepts supported through the ABADE program include food waste composting, vermicomposting, paper and plastic recycling, solar power initiatives and micro-hydro power infrastructure.

### 3.1.3 Component 3: Business Enabling Environment

Activities carried out under this component are designed to improve the business enabling environment for SMEs by identifying key impediments and working with stakeholders to remove legal, regulatory, administrative and related barriers to business development. The primary focus of Component 3 is to identify and remove constraints that inhibit the growth prospects of small and medium-sized enterprises operating in the priority industry sectors highlighted in the GIRoA’s National Private Sector Development Strategy and the MoCI’s SME Development Strategy.

#### Developing Action Plans

During the first two years of the program, ABADE produced updated versions of the SME action plans for four of the priority sectors highlighted in the MoCI SME Development Strategy,



*The Afghan Carpet Expo in Kabul highlighted ABADE’s Carpet Sector Market Access Initiative, which was launched in March 2015. It connected Afghan carpet producers directly with international traders.*

including carpets, agribusiness and marble, while it produced a new action plan for a new sector, that of the women-owned SMEs.

During Year 3, ABADE completed the final versions of action plans for two additional industry sectors: gemstones and jewelry and construction materials. With the completion of these two final work plans, ABADE met the performance targets included in the ABADE MEP.

Originally developed by the MoCI, the action plans are the government’s blueprint for developing the priority industry

sectors, including the four sectors mentioned above as well as the gemstones and jewelry and construction materials sectors. The updated action plans describe the priority tasks to be accomplished, the roles and responsibilities of different stakeholder groups, sources of financial and technical support, detailed implementation plans, expected deliverables and milestones and performance indicators.

The action plans are a product of exhaustive and inclusive consultations with the businesses that make up each industry sector. These primary stakeholders were involved from the first day of developing the action plans: the participants provided relevant information on the status of the industry, identified the most serious barriers that hinder industry growth and, together with government agencies and donor organizations, came up with solutions to overcome these barriers. For each of the primary problems identified, a working group was organized to comprehensively discuss the details of the plan.

ABADE provided extensive technical support to the MoCI in the development process. ABADE engaged international experts to lead the work in developing the action plans and integrating

### Completed Investment Partnership

*Kabul Automatic Mosaic Production was established by Mr. Ghulam Reza in 2012 to supply construction companies with mosaic tiles. The business was profitable due to the construction boom in Kabul, but the company's production capacity was limited by its outdated equipment, which could only make one kind of mosaic design. Mr. Reza knew he needed to upgrade his equipment in order to take advantage of the high demand for mosaic tiles.*

*When he heard of the investment partnership offered by USAID's ABADE program in October 2014, Mr. Reza lost no time in applying for a partnership. Because of his good business standing and solid business plan, the application was approved. One year later, on September 22, 2015, his mosaic tile construction project was completed.*

*During the course of this investment, ABADE contributed a mini concrete mixer, one vibrating table and the molds for the interlocking and decorative pavers, while Kabul Mosaic constructed a production workshop and procured a vibrating table and wood panels for curing the tiles.*

*"Our sales volume has increased by 31% – from 400,000 to 1,300,000 tiles a month – and our sales shot up by as much as 40%. This increase is the result of the production line provided by ABADE, which is mostly mechanized and quick and is capable of making 17 different kinds of tile designs," Mr. Reza revealed.*

*After the installation of the production line, Mr. Reza said he won two contracts, one for a 30,000 m<sup>2</sup> mosaic sidewalk in Kabul and one for a 2,400 m mosaic sidewalk in Bamyan province. Kabul Mosaic has increased its workforce from 32 to 50 and has hired 50 temporary workers.*



*Kabul Mosaic workers produce tiles using ABADE-contributed equipment*

into the plan the inputs from the various consultations, working group sessions, surveys and interviews with industry players. In addition, ABADE’s Component 3 staff worked closely with the MoCI in managing the consultative assemblies and working group meetings, while also developing the capacity of the MoCI staff to work with private sector stakeholders to develop and implement effective industry action plans.

## The Gemstones and Jewelry Sector Action Plan

ABADE developed an updated action plan for the gemstones and jewelry sector, which was approved by the MoCI on February 25, 2015. This action plan was produced with inputs from a variety of stakeholders from the gemstones and jewelry sector, including government agencies, NGOs and private sector participants engaged in mining activities, gemstone trading, gem cutting and jewelry design and production. Additional meetings were held with the MoCI and

the MoMP to discuss the status of efforts to develop simplified procedures for licensing artisanal mining operations and reduce royalty rates to levels competitive with the rates charged in neighboring countries.

The top three priority constraints identified through consultations with industry stakeholders during the development of this action plan were as follows:

### Upstream mining operations:

- Reform artisanal mining policies, regulations and administrative procedures
- Implement legal and regulatory reforms and formalize ASM operations
- Improve the availability of technical, logistical and business services to support the development of ASM operations

### Downstream mining operations:

- Provide training and technical assistance in gemstone cutting and polishing and jewelry production
- Improve access to gemstone inspection, appraisal and certification services

### Participant’s Impressions of ABADE’s Carpet Market Access Initiative

*Akber Rahman from Rahman Qul Arsari Ltd., a producer who participated in the Afghan Carpet Market Access mini-expo in Kabul, stated, “I never dreamt of having international connections directly from Afghanistan, let alone having sales to, and production orders from North America. Can you imagine how many people will have food through my sales and production?” As a result of the contacts he made during the first phase of the ABADE market access activity, Akber Rahmand has already sold over \$40,000 in carpets and expects his orders from this event to exceed \$150,000 by spring, once all of the weaving is completed. In the future, he hopes to get more referral sales so he can continue to grow his business and keep more people employed.*



Carpet Expo in Kabul in March 2015

- Provide access to business development services to improve production, financial management, marketing and other business operations

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

The final version of the Construction Materials Action Plan, which incorporates findings and recommendations gathered during the business roundtables conducted during Year 3, was completed in May 2015 and approved by the MoCI on July 22, 2015. This is another sector for which the MoCI did not have a developed action plan; the plan was newly developed this year with extensive technical assistance from ABADE, including the provision of an international expert to lead the work and integrate into the plan the inputs from various consultations, working group sessions, surveys and interviews with industry players.

The top three development priorities identified by industry stakeholders and listed in the action plan for the construction materials sector included the following:

- Procurement policy, laws, regulations and procedures: develop revised procurement regulations to encourage increased use of locally produced construction materials.
- Human capacity development: design programs and curricula to support vocational training and skills development in the manufacturing of new construction materials.
- SME construction materials manufacturing capacity building: provide information and training to support the adoption of new production technologies and the introduction of new construction materials.

### **ABADE Support for Action Plan Implementation**

In Year 3, ABADE set out to improve the business enabling environment for SMEs in Afghanistan through the identification of key impediments and by working with stakeholders to remove legal, regulatory and administrative-related barriers to business development and economic growth.

Following the completion of the final two action plans, ABADE focused on the resolution of two of the principal constraints hindering the development of the carpet sector, specifically, high international transportation costs and the lack of direct access to international buyers. In addition, a simple solution was developed to address the delays associated with business registration and tax clearance, as noted in the WSME Action Plan.

In FY2015, USAID approved ABADE's proposal to add a new indicator, "Business constraints addressed." Four business constraints identified in the MoCI's priority sectors action plans are to be addressed during the latter half of the program. During the reporting period, two business constraints were addressed; at least two more will be responded to during the final implementation year of ABADE.

## Addressing Carpet Sector Constraints

To address the problem of international market access for carpet sector firms, ABADE worked closely with Afghan carpet sector producers and associations to design and implement the Carpet Sector Market Access Initiative. This initiative will reduce shipping costs and enable Afghan carpet dealers to expand direct business relationships with international buyers, including helping companies adopt best design, production, marketing and logistics practices to enable them to produce and sell carpets that meet buyer requirements for design, color, size, pricing, overall quality and delivery time and costs.

The three-phase activity focused on delivering practical training to carpet manufacturers. The content of the training focused on the types of carpet designs that are sought after by the North American and European markets. The activity also focused on negotiations with airfreight companies serving the Afghanistan market in order to obtain concessionary rates for carpet shipments to markets in Europe, North America and other parts of the world.

The results of this activity are summarized at the end of this section.

## Addressing Constraints Facing WSMEs

One of the priority problems faced by women entrepreneurs in starting and managing their businesses is compliance with government requirements for business registration, renewing business registrations (including obtaining tax clearances), closing inactive businesses and locating information about the different types of licenses offered by organizations in Afghanistan.

During Year 3, ABADE implemented a new activity specifically designed to provide information and training to WSMEs to help them understand business registration requirements and meet compliance requirements. The activity resulted in the following:

### Participant's Impressions of ABADE's Carpet Market Access Initiative

*A participant, Mr. Abdul Fareed of Afghan Arts Carpets, said, "I have been in this business for the last 20 years. However, it was only through this event that I learned how and am convinced now to change the way I do business. After this program I will change the whole vision and mission of my company. This conference and the training sessions taught me what I need to do to change the sizes, colors, and designs of my carpets and make other adjustments in the way I manage my production and marketing operations to better meet the requirements of the buyers."*



*Afghan producers learn about the quality, design and colors favored by Western buyers during carpet market access training in March 2015.*

- A survey of women business owners was conducted to gather details of the specific challenges faced by women entrepreneurs in dealing with business registration requirements; the results of this survey were used to prepare informational and training materials that addressed these problems.
- A detailed Business Registration Guidebook and Business Registration Fact Sheet were produced and will be printed in English, Dari, and Pashto.
- Two sessions of a three-day training program were conducted for 45 women entrepreneurs, providing detailed instructions on the steps women entrepreneurs need to take to comply with registration requirements for different types of enterprises.
- TOT sessions were conducted in Kabul, Mazari Sharif and Hirat for 30 business service providers to help build local capacity to provide ongoing training and advisory services for women entrepreneurs.

Once the Business Registration Guidebook has been approved by USAID, ABADE will provide 200 copies of the Dari version and 30 copies of the English version to the MoCI SME Directorate for distribution to WSMEs, specifically targeting the next WSME Sector Working Group Meeting, which is scheduled for the end of October 2015.

## **Mobilizing Stakeholders to Implement Action Plans**

An important part of the process for developing and implementing these action plans has included helping the MoCI to develop regular, institutionalized procedures for engaging private sector firms and other stakeholders in identification of the major constraints faced by SMEs in the priority sectors and in undertaking activities to solve these challenges. ABADE also assisted the MoCI in organizing industry working groups and task forces and conducting meetings and events that included substantial participation by private sector companies and associations plus other GIROA ministries and donor projects.

The basic premise of the ABADE program is that Afghan small business entrepreneurs – both men and women – are an important force for progress in Afghanistan. Consequently, ABADE has consistently endeavored to engage SME stakeholders in efforts to identify and solve problems that constrain growth.

ABADE, in collaboration with the MoCI, has taken a bottom-up approach to drafting the action plans, providing private sector stakeholders with regular opportunities to meet with and present their views to government decision makers in business roundtables, working group meetings, conferences and other events. After reaching agreements on action plan recommendations and priority actions and developing updated versions of the action plans, ABADE has focused on engaging industry stakeholders in continuing, active efforts to work with relevant institutions.

### **Coordinating Action Plan Implementation with Other Donors**

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

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

### **Participant's Impressions of ABADE's Carpet Market Access Initiative**

*As one of the participants in the Afghanistan Carpet Expo in Dubai, Mr. Rasool Kazimi, president of Allah Daad Kazimi Company, noted, "This was a very rare opportunity for us. It is difficult for us to meet and discuss business deals with international buyers in other places. The only place we can see them is at the Domotex show in Germany, which is very difficult and expensive to attend, plus in Domotex we are competing with the rest of the world. But at the ABADE event, we had the unique opportunity to meet these customers and didn't have to compete with carpet sellers of other countries who enjoy the subsidies of their governments."*



*Afghan Carpet Expo in Dubai in September 2015.*

## ***ABADE's Carpet Market Access Initiative***

### **Overcoming Barriers to International Markets for Afghan Carpets**

For centuries, Afghanistan has been recognized as a global leader in carpet production, but years of war and political instability have damaged the country's carpet weaving industry and produced barriers that have cut Afghan producers off from international markets. Security problems over the past three decades have forced Afghan carpet dealers to rely on Pakistani companies to manage critical value chain functions, including finishing carpets, finding buyers and selling and shipping carpets to overseas buyers. Although investments in cut and wash facilities in Afghanistan have somewhat reduced the need to finish carpets in Pakistan, Afghan companies continue to face problems developing direct business relationships with overseas customers and shipping carpets directly to international buyers without relying on Pakistani middlemen.



*Haji Qandel Bey Carpet Factory in Kabul carries a wide selection of Afghan carpets.*

### **The Carpet Sector Market Access Initiative**

To help enable the sale and shipment of carpets directly to international buyers, this past year the ABADE program worked with participants in the carpet sector to conduct the Carpet Sector Market Access Initiative. This initiative was carried out over a seven-month period, from March through September 2015.

## **Program Highlights**

In March 2015, ABADE recruited an international carpet consultant and four carpet buyers from Europe and North America to help conduct training sessions and business meetings with 50 Afghan carpet traders in Kabul and Mazari Sharif.

The training sessions enabled local carpet producers to get direct feedback on the marketability of their products, including guidance on buyer requirements for product designs, colors, sizes, prices, and delivery. The buyer-seller meetings, which included a mini carpet expo at the conclusion of the activities in Kabul, provided opportunities for buyers and sellers to get to know each other and negotiate initial sales agreements.

These meetings resulted in over \$25,000 in spot sales from the international traders and individual buyers as well as \$110,000 in confirmed orders and over \$500,000 in future orders.

In June 2015, as part of the second phase of the market access activity, the ABADE team successfully negotiated an agreement with Turkish Airlines to provide reduced airfreight rates for direct shipments to the 265 destinations currently served by its cargo division. These new rates, which are up to 50 percent lower than previous costs for airfreight shipments, mark a significant step in overcoming one of the most important problems facing Afghan carpet exporters: the high cost of shipping carpets directly to overseas customers. Even though the new rates are already being implemented, the official signing of a Memorandum of Understanding is expected in the next quarter.

The third phase of the market access activity focused on assisting Afghan carpet exporters establish new business partnerships with international buyers from Europe and North America by conducting a 2½ day Afghanistan Carpet Expo in Dubai from September 11 – 13, 2015. This event brought together a group of 18 international carpet buyers from Europe and North America and 27 Afghan carpet exporters. The show was judged by its participants to be highly successful networking event that resulted in immediate sales totaling approximately \$60,000 and future orders exceeding \$4 million.

## 3.2 Planned Activities for the Next Reporting Period

Modifications to the ABADE Cooperative Agreement will have a significant impact on program implementation, in particular the following:

- Modifying the definition of an innovation PPA to include assistance to private social sector enterprises as well as nontraditional business approaches
- Allowing women's participation in SME alliance sub-awards with 1:1 leverage instead of the minimum 1:2

The above changes are expected to increase the number of innovation PPAs and the number of high-value investment partnerships with woman-owned or woman-managed enterprises.

The following specific activities will be undertaken in the first quarter of FY 2016:

- During the fourth year of program implementation, Components 1 and 2 will be merged. Under Component 2, the role of PPA development has been reduced and a greater emphasis placed on technical assistance to PPAs under implementation, while Component 1's main function of implementing PPAs will intensify. Component 2's staff will be needed to assist with the management of the 185 PPAs currently under implementation as well as to implement and manage the new PPAs, including those that will be submitted to USAID for approval by the end of the first quarter of Year 4.
- ABADE's focus will be directed toward the completion and closing out of PPAs in Kabul, the regional offices in Hirat and Mazari Sharif and the satellite office in Jalalabad.
- Component 3 will focus on addressing at least two of the priority constraints in the action plans for the construction materials and marble sectors and on supporting the MoCI's efforts to conduct working group and task force meetings on a regular basis.
- ABADE will continue to support MoCI efforts to conduct working group and task force meetings and engage private sector firms and other stakeholders in efforts to develop solutions to some of the other priority constraints in the action plan. To facilitate this initiative, the portal AfghanEnterprise.com will be used and will be transferred to the MoCI in Year 4.

## 4 Lessons Learned

Crucial lessons were learned as ABADE focused its efforts on developing partnerships with mid-sized enterprises, implementing PPAs, closing out completed investments and addressing the top priority constraints identified in the MoCI's sector action plans, including the following:

- The cost of offloading equipment from the shipper, which was not previously identified as an item of expense, is now included in the shipping cost. This expense was not included in either the partner's or ABADE's contribution. Depending on the size of the machinery, offloading costs can be significant, and the receivers (PPA partners) complained about this unbudgeted expense.
- PPAs encourage businesses to adopt new technologies as a means of increasing productivity and efficiency. A major cause of delay in the procurement of equipment for partners was selecting the appropriate machinery for the project. The selection of equipment is done jointly by the PPA partner and the ABADE PPA specialist, and ABADE will not start procurement without the partner's agreement. In many instances, however, the partner changes his or her preference and requests changes in the type of machinery or specifications mid-course. If partners stand firm on the new preference, ABADE has to start the lengthy process of procurement all over again. As a mechanism for reducing this occurrence, PPA teams conducted regular meetings with partners to facilitate better understanding of the processes involved in procurement. Regular communication also assures PPA partners that their concerns are being addressed and makes them aware that some processes take time to complete and crucial changes in equipment will result in long delays.
- Recognizing the importance of engaging stakeholders in action plan development and implementation, ABADE has consistently followed an approach that involves substantial participation from private sector stakeholders. This bottom-up approach provides a means of identifying business constraints and opportunities from the perspective of the SMEs that deal with these challenges on a day-to-day basis. Furthermore, providing opportunities for private sector stakeholders to present their problems and ideas to government decision makers through formal channels such as business roundtables, working group and task force meetings and other consultative sessions helps create a cooperative environment that enables private sector leaders and government officials to work together more effectively to solve problems and promote SME development.
- Coordinating inputs from a diverse array of stakeholders to implement action plans requires time and effort to identify stakeholders willing and able to help develop solutions to the

priority problems included in the action plans, develop cooperative working relationships and maintain these relationships long enough to achieve observable progress in accomplishing action plan objectives. During the course of ABADE’s work with the MoCI and industry stakeholders to develop and implement the sector action plans, it has become obvious that improving communication among stakeholders is a key requirement for improving coordination and cooperation. Frequent face-to-face meetings and effective electronic communications are essential. Consequently, a continuing priority will be placed on supporting efforts by the MoCI and the various industry working groups to conduct working group and task force meetings on a regular basis and supplement these meetings with regular reporting of results using online channels such as ABADE.org and AfghanEnterprise.com.

## 5 Collaboration

The success of ABADE’s work in developing and implementing PPA alliances and supporting the MoCI in implementing their SME development strategy depended on strong collaboration with different government ministries, development organizations and implementing partners, including stakeholder groups at the national and regional levels.

In developing PPA alliances, the regional centers of Hirat, Mazari Sharif and Jalalabad closely collaborate with the regional

offices of the MoCI, the MoWA and AISA, the Office of the Governor, the provincial Department of Economy, chambers of commerce, industrial unions and financial institutions, including USAID implementing partners and other donor-funded projects operating at the regional level.

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



*Hirat Governor Hon. Mohammad Asif Rahimi lauded USAID’s support in developing the business sector in Hirat during a PPA ceremony in August 2015.*

## 5.1 Links with Relevant GIRoA Ministries

Table 9 – Collaboration with GIRoA Ministries

Collaboration Activity	Date	Organization	Key Highlights
Carpet Conference Phase 3	Periodic meetings	MoCI	Worked with MoCI director of SMEs and minister to get their support for the Carpet Sector Market Access Initiative, including the Afghanistan Carpet Expo in Dubai, training sessions in Kabul and Mazari Sharif and discussions with airline companies to develop agreements for lower airfreight rates for carpet shipments to international customers.
Familiarization visit to PPA partner Jade Glass Company	July 28, 2015	Balkh provincial government and Balkh departments of agriculture and economy	The named provincial government offices vowed to lobby with the local power station to provide stable electricity to the plant and to facilitate meeting with the MoMP to discuss issues affecting the plant.
Negotiations between the MoCI, the Afghanistan Carpet Association and Turkish Airlines on reduced shipping rates for carpet exports	Throughout July and August 2015	MoCI and ABADE	Worked with carpet associations, the MoCI and Turkish Airlines to reduce the shipping rates of exports by 30 percent to 50 percent.
Conference on job opportunities for new graduates in Mazari Sharif	August 2, 2015	Balkh Chamber of Commerce and the University Support and Workforce Development Program	Established better coordination between private companies and universities in Mazari Sharif to help new graduates find employment.
Training and meeting to prepare carpet companies to attend the Afghanistan Carpet Expo in Dubai	August 2015	Chamber of Commerce and Industries in Mazari Sharif	Worked with ACCI Mazar to meet with all carpet companies and smaller associations in the Northern provinces to secure their participation in the Afghanistan Carpet Expo in Dubai.
Gemstones Action Plan	Periodic meetings	MoCI and MoMP	Facilitated cooperation between the MoCI and the MoMP to revise existing royalty rates for the gemstones sector.
Marble Action Plan	Periodic meetings	MoCI and MoMP	Facilitated cooperation between the MoCI and the MoMP to revise existing procurement procedures for quarries.

Collaboration Activity	Date	Organization	Key Highlights
Construction Materials Action Plan	Periodic meetings	MoCI, Ministry of Public Works (MoPW) and Ministry of Urban Development Affairs (MUDA)	Helped coordinate efforts by the MoCI, the MoPW and the MUDA to develop and implement the construction sector action plan.

## 5.2 Links with Other Donor Agencies

Table 10 – Collaboration with Donor Agencies

Collaboration Activity	Date	Organization	Key Highlights
Gemstones Action Plan	Periodic meetings	DFID-ASI	Simplified procedures for registering small gemstone miners and reducing royalty rates to more competitive levels.
WSME Action Plan	Periodic meetings	The Asia Foundation	Worked to implement training programs for WSMEs.
Technical review of carpet weaving standards	July 9, 2015	GoodWeave	Reviewed the weaving standards provided by GoodWeave and provided feedback.
PPA ceremony	July 27, 2015	Balkh Craft Union (BCU), ABADE and PPA partners	BCU initiated a ceremony to mark the full delivery to three PPA partners who are members of the union: Bashir Ahmad (DBA Sidiqi Shoes), Gul Agha (DBA Ferdawsi Shoemaking) and Farid Ahmad (DBA Jahan Numa Shoes).
Implementation of the Carpet Action Plan	Various times	GIZ	Coordinated activities to implement the action plan; introduced carpet companies to NMD/GIZ to apply for funds to attend international exhibitions.
Workshop to assess project documents	August 26, 2015	UNDP-ABADE	Supported the UNDP's pre-assessment to run a project with the Ministry of Rural Reconstruction and Development called Local Economy Development for Afghanistan.
Renewable energy roadshow	September 30, 2015	Afghanistan Renewable Energy Union (AREU)	Supported the AREU in conducting a roadshow on renewable energy.

## 5.3 Links with Other USAID Projects/Other Organizations

Table 11 – Collaboration with Implementing Partners and Other Organizations

Collaboration Activity	Date	Organization	Key Highlights
Implementation of the Gemstones Action Plan	Periodic meetings	GIZ and DFID	Found areas where project work plans address action plan priorities.
	Periodic meetings	Turquoise Mountain	Gained support from Turquoise Mountain in designing training courses for gemstone and jewelry processors.
Implementation of the Marble Sector Action Plan	Periodic meetings	MIDAS and the Marble Center of Excellence, Marmaristan	Gained support from each organization in implementing the action plan and designing training courses.
Implementation of the WSME Action Plan	Various times	ATAR	Provided a brief introduction of the action plan and explained which parts will be implemented by ABADE and which parts they can work to implement.
Implementation of the Construction Materials Action Plan	Period meetings	Afghanistan Investment Support Agency (AISA)	Gained support from AISA in implementing the construction materials sector action plan.
USAID implementing partners meeting	Monthly	ABADE, FAIDA, ATAR, ADF, GIZ-NMD, Checchi, AISA/Economic Growth and Agriculture representatives of USAID Hirat, RADP and AWDP	Improved coordination and collaboration among USAID projects under the Economic Growth Office and government and private sector partners in the region. Planned exposure visits to PPAs.
Coordination/introductory meeting	July 9, 2015	USAID/RADP	Introduced each project's activities and identified areas of collaboration.
Poultry exhibition in Mazari Sharif	August 3, 2015	GIZ/SEDEP and the Balkh Chamber of Commerce	Identified challenges and opportunities for the poultry industry in Balkh province.
Workshop on challenges and opportunities for the cotton, dairy, wheat and poultry sectors in the Northern region	August 12, 2015	UN International Labour Organization and the Balkh Agriculture Dept.	Identified employment opportunities for workers in the selected sectors.
Meeting with PROMOTE senior regional manager	August 31, 2015	USAID/PROMOTE	Reviewed ABADE performance in the Western region.

## 6 Management and Administrative Issues

Due to security developments in the city of Kabul in the early part of FY2015, USAID's PLSO strongly recommended that ABADE consider relocating its operations base. At the beginning of the second quarter, IESC/ABADE moved from Darulaman Road to a new location at the Q Kabul Hotel located at Taimany Wat, Sabequa Square, Airport and Continental 40M Road. In the new location, ABADE's offices and expatriate accommodations are located in the same compound. Due to its close proximity to a Quick Reaction Force that could serve as a safe haven in the event of an emergency, the Q Kabul Hotel is considerably more secure than ABADE's original location.

In order to service Afghanistan's business hubs in the Northern and Western regions, ABADE maintains regional operations in Hirat and Mazari Sharif. In Year 3, ABADE modified the subcontract with Afghanistan Financial Services, which is providing, maintaining and securing the ABADE regional offices and premises in Hirat and Mazari Sharif. Due to security developments in the city of Hirat, the ABADE regional office relocated to Behzad Street, Hirat City. The regional office in Mazari Sharif continued to operate from its original location.

During Year 3, ABADE opened a satellite office in Jalalabad, the capital city of Nangarhar Province. Jalalabad is host to a number of small and medium-sized businesses, and ABADE engaged with qualified SMEs that were planning to expand their businesses. The office in Jalalabad is supervised by the ABADE Kabul Office and is manned by three local professionals. The satellite office shared space with the DAI/IDEA-NEW project until September 6, 2015. Currently, the satellite office is operating from a secure hotel in Jalalabad City, but in late October 2015, it will again move and co-locate with other USAID-funded projects (AWLE and SHAHAR).

In order to ramp up ABADE's procurement capacity and to cope with the volume of work resulting from the PPA implementation surge in Year 3, cooperating country nationals (CCNs) working in the Operations Department were assigned to assist with in-country PPA-related procurements. This measure accelerated the local procurement process and built the capacity of ABADE's existing procurement staff.

### 6.1 Personnel

Changes in personnel levels were considered due to the significantly different operational requirements of the new location. At the Q Kabul Hotel, ABADE no longer requires most of the support staff. Therefore, the employment agreements of 17 personnel were terminated on January 31, 2015.

## Expatriate Staff

Three main factors occasioned the change in the level of effort of expatriate professionals in Year 3: a response to USAID's directive of reducing the number of expatriates, especially in mature projects; the new demands of the program, which, toward its final year, required more Afghan implementation staff who can freely work with PPA partners in the community; and the security situation in Afghanistan, which necessitated a lower level of exposure to foreign workers. Therefore, ABADE slowly shifted the composition of the team and began transitioning the responsibilities of international staff to CCNs. The realignment was planned carefully to avoid negative impact on program implementation. The expatriate staff transition in Year 3 was as follows:

- Mr. Ramin Jabbari, Component 2 Team Leader, demobilized in March 2015. This position was transitioned to a CCN, Ulfat Yousafzai, who received support from other senior team members.
- Mr. Valeri Tkeshelashvili, ABADE International Program Manager, left the program on July 11, 2015. ABADE DCoP-Operations took over Valeri's responsibilities as the International Procurement Team Leader.
- Mr. Hale Youngblood and Mr. Matthew Labonville, business analysts, left on August 22, 2015. The ABADE DCoP-Technical took over their responsibilities related to PPA application review and submission, as well as program implementation.
- Ms. Michelle Morgan, Senior Technical Advisor, demobilized in July 2015 and joined the newly started USAID/AWLE program.
- Ms. Charito Cruspero, ABADE's Communications and Public Outreach Manager, departed on August 29, 2015, and her responsibilities were delegated to Ms. Aleksandra Andraković, Director of M&E and IT.
- Mr. Alan Saffery, DCoP-Technical, accepted a new job offer and left ABADE on September 22, 2015. His position will be filled by a CCN. Recruitment for a new DCOP-Technical is underway and will be finalized by the first week of October. Taking into account USAID's key personnel approval, the estimated start date of the new DCOP-Technical before the end of October 2015. ABADE's CoP and DCoP-Operations are performing the responsibilities of the post until a new appointee is engaged.
- Risto Ričliev, ABADE Grants Manager, left the program at the end of September 2015. In accordance with the ABADE CA Modification #5, the Grants Manager position is no longer classified as a key personnel position in the ABADE program. Therefore, this vacated post will not be filled. The duties and responsibilities of the Grants Manager were distributed

among ABADE staff, specifically the COP, DCoP-Operations, Director of Contracts and Compliance and the PPA Implementation Administrator.

In order to clear up the backlogs in program implementation brought about by customs detention of imported equipment, two expatriates joined ABADE:

- In early May 2015, Ms. Katherine Hill joined ABADE as PPA Implementation Administrator. Before joining the field team, Ms. Hill was working as an IESC/ABADE Program Associate. Her familiarity with IESC/ABADE policies and procedures and her skill set makes her a valuable member of the team. Her position at the IESC Headquarters was filled by Ms. Sharon Chang.
- Mr. Geremie Hopkins joined ABADE as Senior Procurement Advisor and is supporting Component 1 and Component 2 on all procurement-related matters.

### **National Staff**

As mentioned previously, the employment of 17 support staff members was discontinued, as their services were no longer needed in the new office premises at the Q Kabul Hotel. Realignments also occurred within the technical components, with some employees assuming new positions or being reassigned to other departments. A few employees left the program for other opportunities.

During the reporting period, several Afghan professionals joined ABADE. Two qualified junior staff joined the International Procurement team, one new member joined the M&E team and the Operations team hired one person to help with local PPA procurement. In addition, Component 1 added three senior members to its team: a PPA coordinator and two implementation managers, one for Mazari Sharif and one for Jalalabad.

There have been no other significant changes to the overall organizational structure of ABADE. All transfers and new recruitments occurring during the year have been completed in accordance with the ABADE Personnel Policy Manual.

## **6.2 USAID/ABADE Property**

When ABADE relocated to the Q Kabul Hotel, some furnishings and office furniture were no longer needed because the hotel was fully equipped. ABADE provided the surplus property to other USAID-funded projects and companies providing general support services to ABADE. The disposition was completed in accordance with ABADE's Cooperative Agreement and was coordinated with the USAID Property Unit. In addition, some vehicles were no longer needed and were returned to USAID.

The details of the disposition property can be found in the annual inventory report submitted together with this report.

## 7 Success Stories

During FY2015, USAID published on its website 16 success stories of ABADE investment partnerships and technical assistance services. These stories are listed in the following table.

**Table 12 – Success Stories Published in FY2015**

Story Number	Title	PPA/Activity
1.	Fitness Clubs Help Afghan Women Stay Healthy and Safe	Alzahra Fitness Club (Kabul)
2.	From Basement to the Big Bazaar	Asma Handicrafts (Mazari Sharif)
3.	Afghanistan Tanks up on Eco-Friendly Fuel	Global Auto Gas (Kabul)
4.	Housekeeping Is a Serious Business in Afghanistan	Shahre Safa Cleaning Services Co. (Kabul)
5.	Afghan Printer Upgrades Technology to Stay Competitive in Digital Age	Suratgar Printing Press (Mazari Sharif)
6.	Afghan Ice Factory Makes a Cool Profit from the Heat	Badghis Ice Factory (Badghis)
7.	New Equipment Raises Earnings at Afghan Metalworking Business	Maroof Metal (Jawzjan)
8.	Training Helped Her Find a Real Job	QuickBooks Training (Kabul)
9.	Internet Services Revive Women’s Café	Jeela, DBA Bahar Restaurant (Hirat)
10.	Food Safety Placed on Front Burner in Afghanistan	Food Safety Training (Kabul, Mazari Sharif)
11.	Yarn Spins Five Times Faster with New Wheels	Ali Sahil String Making and Carpet Weaving Company (Jalalabad)
12.	Casting a Wider Net for Afghan Carpet Sales	Trade Show - Afghan Carpet Market Access Initiative (Kabul)
13.	Afghan Company Computerizes Embroidery, Expands Production	Samangan Women’s Handicrafts Co (Samangan)
14.	Afghan Sisters Take to the Business of Fashion	Wonderland Women Clothing Production Co (Kabul)
15.	Large-Format Advertising Advances Afghan Printing Business	Zarnegar Printing Press (Mazari Sharif)
16.	Production Doubles for Popular Afghan Snack	Sail Food Co. (Jalalabad)

Three success stories (listed below) were submitted to USAID and have not yet been published. The unpublished story of Sahib Zaman’s successful PPA implementation is included at the end of this section.

- Ultrasound Training (ultrasound training activity)

- New Equipment Cuts Limits on Creative Team (Hami Nama)
- From Dependent Importer to Self-Reliant Supplier (Sahib Zaman Carpet Manufacturer Company)

All success stories published on the USAID website were likewise reported on the USAID/Afghanistan Facebook page. In addition to the success stories, USAID/Afghanistan also published photos and captions of the following ABADE activities on its Facebook page:

- Maisam Steel
- Setara Fitness Center
- Asre Nawin Photography
- Liaqat Metal Smith Shop
- Microenterprises in Mazar (PPA ceremony)
- Investment partnerships in Hirat (PPA ceremony in February 2015)
- Investment partnerships in Hirat (PPA ceremony in August 2015)
- ABADE activities – Show & Tell presentation at USAID
- Ultrasound training
- Petrography training



## SNAPSHOT

### From Dependent Importer to Self-Reliant Supplier

**An investment allows a carpetmaker to produce its own yarn and create 500 jobs for women.**



*Tahira (foreground) and other new workers train to use the new spinning wheels. After two days of training, they take the spinning wheel to their homes to work, an arrangement favored by the women.*

Photo: USAID/ABADE/Sayed Nawaz

***“The best thing about our partnership with ABADE is that we will feel the benefits of their support for a long time,” said Ghulam Abas.***

Sher Hussain and Ghulam Abas are finally capitalizing on the steady growth in international demand for Afghan carpets.

After founding Sahib Zaman Carpet Manufacturer Company in Kabul in 2008, they found their success hampered by the poor availability of wool yarn. Unable to invest in more spinning machines to employ more spinners, Sahib Zaman had no choice but to rely on costly, low-quality wool yarn imported from Pakistan.

In May 2014, the company heard about the Assistance in Building Afghanistan by Developing Enterprises (ABADE) program, funded by USAID. The program helps qualified existing enterprises undertake business expansions. Sahib Zaman created a strong application and expansion plan, and was approved for a partnership. By mid-2015, the company had received 400 manual spinning machines. It bought an additional 100 spinning machines as its contribution to the partnership.

Mr. Abas said that in the first two months of using the new machines, they were able to produce more wool yarn than needed.

“Our production was almost one half more than what we use, so we sell the surplus yarn to other carpet companies. Imagine! From being importers, we are actually suppliers now.”

As of July 2015, the company had trained and hired 390 additional female spinners. It is common in Afghanistan for female spinners to work at home on a contract basis, earning income while balancing other household roles. This arrangement is popular with the women. Sahib Zaman will continue recruiting new workers until the full target of 500 new workers is met.

ABADE is four-year project that started in October 2012. It supports over 200 small and medium enterprises in 10 provinces across Afghanistan to realize their business expansion plans.

## 8 Annexes

### Annex 1: New PPAs in Q4 of FY2015

Table 13 – PPAs Signed in Q4, FY2015

PPA Number	Activity	Organization	Province
A210	Accounting Training Services Expansion	Fanoos Accounting Services Co.	Kabul
A211	Lathe Services Expansion	Mohammad Anwar (DBA Mohammad Anwar Engineering Workshop)	Kabul
A212	Wood Handicrafts Workshop Expansion	Mansoor Armaghan Handicraft	Kabul
A213	Metalwork Services Expansion	Shair Malang	Nangarhar
A214	Hydrographic Printing	Talash Asia Production Company	Hirat
A215	Bitumen Waterproofing Membrane Production Expansion	Gostaresh Sharq Construction Materials Production Company	Hirat
A216	Clay Brick Production Modernization	Omid Rahimi Clay Brick Industrial Production Company	Hirat
A217	Carpet Production	Paiman Atlas Group	Kabul
A218	Printing House Expansion	Sareh Graphics	Kabul
A219	Sport Balls Production	Muska Ball and Leather Production Company Limited	Kabul
A220	Sausage Production Expansion	Taza Products	Kabul
A221	High-End Garment Factory Modernization	Barg Garment Production Company	Kabul
A222	Ice Cream and Ice Pop Production Expansion	Arman Ice Cream	Kabul
A223	Metalworking Workshop Expansion	Agha Gul (DBA Haji Malim Engineering Workshop)	Kabul
A224	Toilet Paper Production	Stern Logistic Services	Kabul
A225	Car Repair Workshop Expansion	Sulaiman Khel (DBA Afghan Aryub Engineering and Technical Workshop)	Kabul
A227	Jam and Pickle Packaging Modernization	Mir Hafiz Industrial Pickle Production Company	Hirat
A228	Jewelry Workshop Expansion	Zainab Habiba Handicrafts Production Company	Balkh
A229	Shoe Workshop Expansion	Mohammad Qadir (DBA Mohtabar Shoes Manufacturing Company)	Hirat
A230	Carpentry Workshop Expansion	Baacha (DBA Fazlullah Carpentry)	Nangarhar
A231	Sesame Seed Processing Expansion	Toos Karokhi Sesame Cleaning Industrial Company	Hirat
A232	Flour Mill Expansion	Amiri Flour Mill Company	Kunduz
A233	Injection Molding Production Expansion	Kabul Nobel Plastic Tools Company	Kabul
A234	Electronic Payment System Expansion	Boloro Afghanistan	Kabul

PPA Number	Activity	Organization	Province
A235	Fuel Pump Repairs and Servicing	Said Waisuddin (DBA Mirwais Test Diesel Pump Laboratory)	Kabul
A236	Marble Tile Production Expansion	Nagin Bahrami Brothers Stone Cutting Company	Hirat
A237	Mosaic Tile Production Expansion	Marmar Sadaf Mosaic Making Company	Hirat
A238	Jewelry Workshop Expansion	Noor Jewelry Services Company	Kabul
A239	Rice Processing Mill Expansion	Sami Ibrahim Rice Processing and Packaging Company	Nangarhar
A240	Yarn and Fabric Production	Ariana-e-Balkh Industrial Production Company	Balkh
A241	Tannery Expansion	Keya Tannery Industries	Kabul
A242	Furniture Workshop Expansion	Galim Furniture Industrial Company	Hirat
A243	Metal Workshop Expansion	Sohail Morid Metal Industries Company	Hirat
A244	Concrete Masonry Unit Production	Nangarhar Amiri Construction and Construction Laboratory	Nangarhar
A245	Metal Fabrication Workshop Expansion	Gul Khetab Steel Engineering Company	Nangarhar
A246	Carpet Weaving Expansion	Jamila Sadaat Vocational Learning Company	Nangarhar
A247	Granite Processing	Sang Sazan-e-Marmar Company	Kabul
A248	Marble Producer Expansion	Gholghola Group of Companies (Stone Industry)	Kabul
A249	Steel Mill Expansion	Khan Engineering Limited	Kabul
A250	Marble Slab Processing Line Expansion	Afghan Morvarid Stone Mining Company	Hirat
A251	Toilet Soap Manufacturing	Afghan Samsorsabawon Ltd	Balkh
A252	Steel Pipe/Tube Production Expansion	Nawid Mazar Profile Industrial Production Company	Balkh
A253	Production of Leather Footwear	Asif Ali (DBA Pamir Shoes Company)	Balkh
A255	Marble Tile Production Expansion	Sadaf Nagin Attarpour Marble Processing Industrial Company	Hirat
A256	Peanut and Pine Nut Processing	Ajmal Rahmani Dry Fruits Processing Company	Nangarhar
A257	Polyethylene Pipe Production Expansion	Abrizan Polyethylene Production Industrial Company	Hirat
B023	Cellular Lightweight Concrete (CLC) Production	Shams-Un-Nahar Construction Company	Kabul

## **Profiles of PPAs Signed in Quarter 4, FY2015**

### **1. Accounting Training Services Expansion – Fanoos Accounting Services Co. (PPA-A210)**

Fanoos Accounting Services Co. (Fanoos Accounting), established in 2011, provides software-based accounting training to individuals and accounting software implementation and customization for small and medium-size businesses in Kabul. The company is expanding its client base and training services by modernizing its classroom with new equipment. ABADE will contribute classroom furniture and 10 laptop computers for the practical accounting software (QuickBooks) classes. Fanoos Accounting has committed all of its existing assets and will contribute additional new furniture and software. The company currently employs five individuals and will be hiring six more as part of this investment. The company will be responsible for training the new staff members and for all aspects of managing the expanded business, including administration, finance, operations, sales and marketing.

### **2. Lathe Services Expansion – Mohammad Anwar (DBA Mohammad Anwar Engineering Workshop) (PPA-A211)**

Mohammad Anwar (DBA Mohammad Anwar Engineering Workshop) founded his Kabul-based business six years ago and provides metalworking, car repair and lathe services to individuals and business owners. Due to growing demand for his services, Mohammad Anwar is investing in a range of new equipment, enabling him to hire an additional nine new staff members. ABADE will contribute a 12-foot lathe and a hydraulic press for repairing large vehicles and will cover the costs to transport the new equipment. Mohammad Anwar has committed all of his existing assets and will pay for new small tools and the costs associated with wiring and installation. He will hire and train all nine new employees and will be responsible for all aspects of managing the expanded business, including administration, finance, operations, sales and marketing.

### **3. Wood Handicrafts Workshop Expansion – Mansoor Armaghan Handicraft (PPA-A212)**

Mansoor Armaghan Handicraft (Armaghan Handicraft) is a small, Kabul-based workshop specializing in handmade decorative woodwork. Founded by a Turquoise Mountain Institute graduate, the company is known for its ornate jali products or delicate woodwork. To meet increasing demand and gain the ability to fulfill international orders, the company is expanding its capacity through investment in modern woodworking equipment and tools.

ABADE will contribute a miter saw, biscuit joiner, orbital sander, mini belt sander, handheld router, band saw, portable miter saw, lightweight table saw, cordless hand drill, hand grinder/polisher, dual-speed hand drill and jigsaw. Armaghan Handicraft will contribute its existing assets, which consist primarily of hand tools and woodworking equipment, and will newly invest in a generator. The investment will create five jobs and more than double the company's net income.

#### **4. Metalwork Services Expansion – Shair Malang (PPA-A213)**

Shair Malang is a sole proprietor who has been offering metalworking services in Jalalabad since 1975. His business currently offers a wide variety of quality metalworking services and produces microturbines for hydroelectric power generation. Through this investment, Shair Malang will expand his production capacity and offer a wider range of services.

ABADE will contribute a lathe machine and will cover the costs associated with transporting the machine from Pakistan to Jalalabad. Shair Malang will contribute a hydraulic press. This investment will create seven new direct jobs.

#### **5. Hydrographic Printing – Talash Asia Production Company (PPA-A214)**

Talash Asia Production Company (Talash Asia) has been producing hubcaps in Hirat since 2011 and currently employs 19 individuals in addition to the president and vice president. The company is investing in equipment that will allow them to increase their current capacity as well as produce hubcaps with more sophisticated and varied designs. ABADE will contribute to this investment by acquiring a transfer printing machine, a water washing conveyor, a tunnel drying oven and a spray booth and will cover the costs to transport this equipment. Talash Asia will invest in a mold injection machine and hubcap molds and frames and will fund the installation of all new equipment. An estimated 31 direct jobs will be created.

#### **6. Bitumen Waterproofing Membrane Production Expansion – Gostaresh Sharq Construction Materials Production Company (PPA-A215)**

Gostaresh Sharq Construction Materials Production Company (Gostaresh Sharq) sells bitumen waterproofing membrane (BWM) products and installation services to wholesalers, individuals, organizations and construction companies. Currently, Gostaresh Sharq rents a BWM production line from another local business; this PPA will enable the company to establish its own BWM production line.

ABADE will contribute the production line and cover associated equipment transportation costs. In addition to its existing assets, Gostaresh Sharq will contribute vehicles, a production hangar, an administrative building, laboratory equipment, a stone grinding machine, a water recycling system and a fire extinguishing system and will fund the installation of all new equipment. This investment will enable the enterprise to lower its prices and production costs, improve quality, increase output, establish a new sales office and hire 112 new employees.

#### **7. Clay Brick Production Modernization – Omid Rahimi Clay Brick Industrial Production Company (PPA-A216)**

Omid Rahimi Clay Brick Industrial Production Company (Omid Rahimi) is a Hirat-based, AISA-registered company that produces pressed clay bricks made from local materials. This investment will increase the company's production capacity, improve product quality and enable expansion of the product line.

ABADE will contribute a modern vacuum brick production line and cover the costs of transporting the new equipment. Omid Rahimi will contribute existing capital items, a large production hangar (1,000 m<sup>2</sup>), an on-site office, a kiln, a connection to three-phase power, a water supply system, trailers, trucks, molds and a loader and will cover training and installation costs. The company will also be responsible for hiring and training new staff and for all aspects of managing the new business. This investment will create 326 direct and 10 indirect jobs.

#### **8. Carpet Production – Paiman Atlas Group (PPA-A217)**

Paiman Atlas Group (PAG) is the joint venture of six Afghan carpet makers. The group will increase the quality and quantity of their carpets by bringing weavers and designers from different locations to one centralized site with modernized systems. The new site will be operated almost entirely by women and will include a child care center and a literacy program.

ABADE will contribute design software, computers, digital graphic tablets, color inkjet plotters, a hank yarn dyeing machine, weaving tools, a wastewater treatment plant and equipment transportation. PAG will contribute its existing assets and a new facilities building, computers, digital graphic tablets, a steam boiler for the dyeing machine and space and supplies for the child care and literacy programs. An estimated 755 direct and 1,000 indirect jobs will be created.

### **9. Printing House Expansion – Sareh Graphics (PPA-A218)**

Sareh Graphics is an independent printing house established in Kabul City in 2006. As the business has grown, so have the demands of its customers for a greater variety of higher quality products. The company has also been receiving larger and larger orders as it has built a name for itself in the Kabul market. To meet this increasing demand, the company is investing in equipment, hiring additional employees and expanding into a new production house.

ABADE will contribute a portion of the cost of a new color digital press printer and cover the associated transportation costs. Sareh Graphics will contribute the remaining cost of the printer, two Heidelberg presses, an automatic binding machine and a folding and gathering machine. This investment will result in the creation of 62 jobs.

### **10. Sport Balls Production – Muska Ball and Leather Production Company Limited (PPA-A219)**

Muska Ball and Leather Production Company Limited (Muska Ball) began producing quality handmade leather sport balls, purses and wallets in Kabul City in 2004. Aziza Mohmand, the company's founder and president, has identified several opportunities to expand the business both domestically and internationally and will take advantage of these opportunities with this investment.

ABADE will contribute the equipment necessary for preparing, laminating, cutting and sewing leather and synthetic materials and assembling the materials into sport balls ready for shipment. Muska Ball will contribute new land, construct a facility to house the new operations, obtain the technical assistance required to install the new equipment and provide worker training. Forty-six direct jobs will be created.

### **11. Sausage Production Expansion – Taza Products (PPA-A220)**

Taza Products is an AISA-licensed company established in 2008 in the Pul-e-Charkhi Industrial Park in Kabul City. Taza Products produces high-quality ready-to-eat meat products such as frankfurters, chicken sausages, beef and chicken salami, baked meatloaf, smoked chicken breast and chicken burgers at their modern and hygienic facility. Market demand for their products currently outpaces the company's ability to produce. To meet this demand, the company is obtaining new equipment to enable increased production.

ABADE will contribute a vacuum sausage filler, an automatic sausage peeler and a bowl cutter mixer, as well as transportation for this equipment. Taza Products will contribute

a new building and three new refrigerated trucks and will pay for any training required to operate the new equipment. Fifty-one direct jobs will be created.

#### **12. High-End Garment Factory Modernization – Barg Garment Production Company (PPA-A221)**

Barg Garment Production Company (Barg Garment) has been producing suits in Kabul since 2006. Demand has steadily increased, outpacing the company’s ability to produce. With this investment, Barg Garment will expand their capacity to meet existing demand as well as take larger corporate orders they would previously have been unable to fulfill.

ABADE will contribute a variety of sewing machines and tailoring equipment. Barg Garment will contribute the remaining necessary tailoring equipment, including a lockstitch sleeve setting machine with multi-programming, a lockstitch post-bed machine, a double chain stitch machine, two high-speed overlock/safety stitch machines, a stitch machine, an automatic welting machine, a trousers topper press machine and a single leg pressing machine. The company will also hire a technical expert to train new staff. Thirty-two direct jobs will be created.

#### **13. Ice Cream and Ice Pop Production Expansion – Arman Ice Cream (PPA-A222)**

Arman Ice Cream, established in Kabul in 2010, produces dairy ice cream and fruit ice pops. In response to high demand for its products, the company is investing in new equipment to expand its overall capacity and begin offering new products and flavors.

ABADE will contribute a mixing and heating system, aging tanks and production lines and will fund the transportation of this equipment. Arman Ice Cream will contribute its existing assets and will newly invest in ice cream and ice pop line freezers, additional ice cream molds, refrigerated trucks, vending pushcarts and cold storage. Arman Ice Cream will also fund accommodation for visiting technical experts during equipment installation and setup. This investment will create 512 full-time equivalent jobs and will increase company sales by more than 30 percent.

#### **14. Metalworking Workshop Expansion – Agha Gul (DBA Haji Malim Engineering Workshop) (PPA-A223)**

Agha Gul (DBA Haji Malim Engineering Workshop) is a Kabul-based vehicle repair workshop with a strong reputation in the local market. To meet high demand for automotive repair and rebuilt engine parts, Mr. Agha Gul is investing in new equipment that will enable his workshop to accept more work and larger jobs.

ABADE will contribute to the cost of a crankshaft grinding machine and will fund the transportation of this equipment. Mr. Agha Gul will also contribute to the cost of the new crankshaft grinding machine and has committed his existing assets, including an existing crankshaft grinding machine, boring machines, a cylinder polishing machine, lathes, a head facing machine, drilling machines, a press machine and a crank rod cutting and repairing machine. This investment will create nine direct jobs.

#### **15. Toilet Paper Production – Stern Logistic Services (PPA-A224)**

Stern Logistic Services (Stern Logistic) is a woman-owned company founded in 2005. The company provides commercial janitorial service, portable latrine rental and industrial cleaning service to local and international organizations in the Kabul area. With this investment, the company is launching a combined recycled toilet paper production line and waste management operation.

ABADE will contribute a portion of the toilet and tissue paper production plant and will fund transportation of the equipment. In addition to its existing assets, Stern Logistic will contribute a portion of the toilet and tissue paper production plant and will newly invest in land, facilities buildings, foundation construction, a delivery truck and installation and technical assistance. The investment will create 79 direct full-time jobs and will more than triple the company's net income.

#### **16. Car Repair Workshop Expansion – Sulaiman Khel (DBA Afghan Aryub Engineering and Technical Workshop) (PPA-A225)**

Sulaiman Khel (DBA Afghan Aryub Engineering and Technical Workshop) is a Kabul-based business providing metalworking, car repair and lathe services to individuals and businesses. To meet growing demand, Sulaiman Khel is investing in new lathe and press equipment that will enable a greater volume of service.

ABADE will contribute a drill press, a hydraulic press, a brake disc and drum lathe and a metalworking lathe. Sulaiman Khel will commit all of his existing assets and will pay for new small tools, installation and wiring. Sulaiman Khel will be responsible for hiring and training new employees as well as for all aspects of managing the expanded business, including administration, finance, operations, sales and marketing. This investment will increase sales and will require the hiring of six additional full-time employees.

### **17. Jam and Pickle Packaging Modernization – Mir Hafiz Industrial Pickle Production Company (PPA-A227)**

Mir Hafiz Industrial Pickle Production Company (Mir Hafiz) produces pickles, vinegar and jams in plastic containers. To meet growing demand, Mir Hafiz is investing in equipment upgrades that will enable the company to increase production, blow its own bottles and provide logistics.

ABADE will contribute a stretch blow molding machine, an air compressor, a conveyor belt and an industrial ink jet printer, plus transportation costs for the new equipment. Mir Hafiz will commit its existing assets, pay for construction to extend its production hangar, and contribute a new generator, a vegetable slicing machine, molds for plastic containers, three motorcycles and installation costs for all new equipment. Mir Hafiz will also be responsible for hiring and training the required 29 new staff and for all aspects of managing the expanded business.

### **18. Jewelry Workshop Expansion – Zainab Habiba Handicrafts Production Company (PPA-A228)**

Zainab Habiba Handicrafts Production Company (Zainab Habiba) was established by Ms. Zainab in 2013 in response to increasing demand for products produced through Zainab Handmade Graver Jewelry, an association that provides jewelry design and literacy training to Dawlatabad-area women. Zainab Habiba is investing in new equipment to enable increased production and improved product quality.

ABADE will contribute a wire rolling machine, a jewelry press machine, a jewelry drum polishing machine, a jewelry lathe machine, an air compressor, a polishing/grinding machine and a pneumatic chisel. Zainab Habiba will contribute its existing assets and will newly invest in a large melting mold, draw plates, a bangle mandrel and bangle sizer, doming punch blocks and equipment transportation and installation. This investment will create eight new jobs and more than double the company's sales.

### **19. Shoe Workshop Expansion – Mohammad Qadir (DBA Mohtabar Shoes Manufacturing Company) (PPA-A229)**

Mohammad Qadir (DBA Mohtabar Shoes Manufacturing Company) has been producing shoes for women and girls in Hirat since 2012 and currently employs six full-time staff. Mohammad Qadir plans to increase output, improve the quality of the shoes he currently makes and begin producing men's shoes.

ABADE will contribute a sole molding and press machine, a sanding machine, single and double needle sewing machines, an automatic thermo-cementing and folding machine, a skiving machine and transportation costs for the new equipment. Mohammad Qadir will commit all of his existing assets as well as a three-wheel motorcycle, a generator, 10 working tables and two air conditioners. He will also be responsible for hiring and training six new staff and managing all aspects of the expanded business, including administration, finance, operations, sales and marketing.

#### **20. Carpentry Workshop Expansion – Baacha (DBA Fazlullah Carpentry) (PPA-A230)**

Baacha (DBA Fazlullah Carpentry) is a sole proprietorship that has been offering wooden lathe services to Jalalabad-area customers for over 20 years. There is a strong market for Mr. Baacha's work, which includes output such as wooden posts and sofa legs, but his business currently lacks the production capacity to meet demand. Mr. Baacha is investing in equipment that will increase capacity, improve quality and enable the production of kitchen cupboards, which are in high demand locally.

ABADE will procure seven wood lathes, a wood planer and a band saw. Mr. Baacha will commit all of his existing assets, purchase a new generator and hire and train all new staff. The investment will more than double the business' net income and will create seven full-time jobs.

#### **21. Sesame Seed Processing Expansion – Toos Karokhi Sesame Cleaning Industrial Company (PPA-A231)**

Established in 2000, Toos Karokhi Sesame Cleaning Industrial Company (Toos Karokhi) is a Hirat-based sesame seed processor selling to domestic and foreign markets. In response to increasing demand, Toos Karokhi is investing in equipment upgrades to increase production volume and launch new processing techniques and products.

ABADE will contribute sesame seed cleaning, dehulling and roasting equipment and will fund the cost of its transportation. Toos Karokhi will newly invest in trucks, a production hangar extension, sesame seed washing pools, a generator, a new office building, office equipment and installation and training. Toos Karokhi will also contribute existing assets, including land, a production hangar, an electrical transformer, a sesame seed cleaning line and a warehouse and sales office. The investment will create 103 jobs and more than quadruple company sales.

## **22. Flour Mill Expansion – Amiri Flour Mill Company (PPA-A232)**

Amiri Flour Mill Company (Amiri Flour) is a Kunduz-based producer of bread flour and bran. Local demand for milled wheat products is very high, with large quantities of imported commodities making up for a lack of domestic production. Amiri Flour plans to meet more of this demand by investing in new equipment that will allow it to increase its existing output and expand its product range.

ABADE will contribute a new 40-ton capacity flour mill processing line and will fund the transportation of this equipment. Amiri Flour will contribute its existing assets and additionally invest in a hangar expansion, the construction of two wheat pools, electrical infrastructure upgrades and equipment installation and training costs. This investment will create 54 jobs and increase company sales more than sixfold.

## **23. Expansion of Injection Molding Production – Kabul Nobel Plastic Tools Company (PPA-A233)**

Established in 2012, Kabul Nobel Plastic Tools Company (Kabul Nobel) supplies local wholesalers and traders with plastic tables and chairs produced in its factory facility. Due to high demand for injection molded products and excess capacity on its injection molder, the company plans to invest in additional molds and other equipment to expand its offerings to include washing machines and toilet water tanks and to expand its distribution to sell directly to consumers via sales points.

ABADE will contribute molds for plastic washing machine and toilet tank parts and will fund the transportation of this equipment. Kabul Nobel will contribute its existing assets and will newly invest in molds for ventilation fans, trash bins and kitchen chairs, vehicles and technical assistance. This investment will create 187 jobs.

## **24. Electronic Payment System Expansion – Boloro Afghanistan Company (PPA-A234)**

Boloro Afghanistan is a mobile telecommunication airtime credit distributor. The company buys airtime in bulk from mobile network providers and resells it to regional wholesalers, who in turn sell it to local retailers, who in turn sell it to individual consumers. Boloro Afghanistan is investing in a kiosk network to enable it to sell airtime directly to consumers. These cash-accepting electronic kiosks will enable consumers to top up their mobile phones with credit from a variety of carriers and will also offer basic bill pay services.

ABADE is contributing 25 kiosks and funding their transportation. Boloro Afghanistan is investing in 50 kiosks, kiosk installation, office equipment and computers, software

installation and five vehicles. The company is also contributing its existing assets. The investment will create 48 direct jobs.

**25. Fuel Pump Repairs and Servicing – Said Waisuddin (DBA Mirwais Test Diesel Pump Laboratory) (PPA-A235)**

Said Waisuddin (DBA Mirwais Test Diesel Pump Laboratory) is a Kabul-based sole proprietor providing diesel fuel pump repair services for small vehicles. Said Waisuddin is investing in equipment that will enable him to meet the growing demand for large vehicle diesel pump repairs.

ABADE is contributing a new fuel pump test bench with the capacity to repair diesel pumps for large vehicles, plus equipment transportation costs. Said Waisuddin is contributing all of his existing assets as well as a compressor, small tools and accessories and the wiring and installation associated with the investment. Said Waisuddin will also be responsible for training new staff members. This investment will create 11 direct jobs.

**26. Marble Tile Production Expansion – Nagin Bahrami Brothers Stone Cutting Company (PPA-A236)**

Nagin Bahrami Brothers Stone Cutting Company (Nagin Bahrami) is a Hirat-based marble processor founded in 2011. The company currently produces a range of marble tiles and other marble construction products. Nagin Bahrami is expanding its current marble processing facilities to enable the processing of larger sizes of marble tiles.

ABADE is contributing a portion of the cost of a horizontal splitting machine plus transportation costs for the equipment. Nagin Bahrami is contributing all of its existing assets and covering the remaining portion of the cost of the horizontal splitting machine as well as its installation costs and the costs of setting up a new sales center in Kabul. Nagin Bahrami will also be responsible for training new employees. This investment will create 27 direct jobs and three indirect jobs.

**27. Mosaic Tile Production Expansion – Marmar Sadaf Mosaic Making Company (PPA-A237)**

Marmar Sadaf Mosaic Making Company (Marmar Sadaf) is a Hirat-based company that produces mosaic floor tiles. Established in 2008, the business currently employs 20 full-time staff. Marmar Sadaf is upgrading its outdated mosaic polisher in order to increase production and improve product quality.

ABADE is contributing a new mosaic polisher and covering the costs of transporting this equipment to Hirat. Marmar Sadaf is contributing all of its existing assets, constructing a new hangar and paying for the installation of the new polisher. Marmar Sadaf will also be responsible for training all new staff. This investment will create 25 direct jobs and three indirect jobs.

#### **28. Jewelry Workshop Expansion – Noor Jewelry Services Company (PPA-A238)**

Noor Jewelry Services is a Kabul-based company producing high-end jewelry, including rings, bracelets, necklaces, belts and other items made from gold, silver and precious and semiprecious stones. The company was established in 1992 by Javid Noor and Sayeed Karim. Products are sold domestically and abroad, including the US and Europe. Due to high demand for its products, Noor Jewelry is investing in equipment to increase production capacity and improve quality.

ABADE is contributing a full range of modern jewelry production equipment. Noor Jewelry is contributing all of its existing assets as well as a new generator. Noor Jewelry will also be responsible for hiring and training all new staff. This investment will create 15 direct jobs and two indirect jobs.

#### **29. Rice Processing Mill Expansion – Sami Ibrahim Rice Processing and Packaging Company (PPA-A239)**

Jalalabad-based company Sami Ibrahim owns 10,000 m<sup>2</sup> of land where it currently produces four types of rice using traditional milling processes. Due to increasing demand and market competition, Sami Ibrahim is investing in new equipment that will improve and increase its production and enable it to process polished sella rice in three different quality grades.

ABADE is contributing a portion of the cost of a rice cooking (steaming) and drying unit, a paddy husking and rice processing unit and a color sorter and is funding the transportation of this equipment. Sami Ibrahim is contributing its existing assets, the remaining portion of the cost of the cooking and drying unit, training costs and a new building for processing. This investment will create 112 direct jobs and 30 indirect jobs.

#### **30. Yarn and Fabric Production – Ariana-e-Balkh Industrial Production Company (PPA-A240)**

Mazari Sharif-based cotton processor Ariana-e-Balkh Industrial Production Company separates locally sourced raw cotton into seed and cotton for sale in local markets. The

company is investing in additional machinery and facilities to develop cotton yarn and fabric production lines.

ABADE is contributing a cotton bale opener, a chamber cotton mixer, a card machine, a flyer frame machine, a ring frame machine, a roving frame, an autoconer, a yarn conditioning machine and a lea strength tester machine and is funding the transportation of this equipment. Ariana-e-Balkh is contributing its existing assets, investing in a generator, a warping machine, rapier looms, a fabric dyeing machine and office equipment and funding all equipment installation and training. This investment will create 95 direct jobs and 10 indirect jobs.

### **31. Tannery Expansion – Keya Tannery Industries (PPA-A241)**

Keya Tannery Industries is a Kabul-based industrial animal hide processor. The company currently outputs partially processed sheep hides, which still must be sold in foreign markets in order to be fully processed into leather. The company is investing in additional machinery and facilities to enable in-house output of fully processed leather using domestically sourced hides.

ABADE is contributing splitting, fleshing, sammying and setting-out machines and is funding the transportation of this equipment. Keya Tannery is investing in a water well with a water pump and piping, an elevated water tank, an electrical generator and two drum machines. Additionally, the company will contribute its existing assets, including multiple buildings, computers and furnishings, a wastewater treatment plant and existing leather processing machinery. This investment will create 91 direct jobs and 15 indirect jobs.

### **32. Furniture Workshop Expansion – Galim Furniture Industrial Company (PPA-A242)**

Galim Furniture Industrial is Hirat-based manufacturer and supplier of wood and medium-density fiberboard (MDF) products, including furniture, cabinets and doors. The company experiences strong demand for its products but currently does not have the capacity to perform edge banding on its MDF products and instead must outsource this process. The company is investing in additional equipment that will enable edge banding in-house, thus increasing output capacity, quality and gross margins.

ABADE is contributing an edge banding machine and delivery of this equipment. Galim Furniture is investing in a large generator and will contribute its existing assets, including electric woodworking machinery, an MDF cutting table, sewing machines, painting equipment, a small generator, carpentry hand tools, office furniture and an electrical transformer. The investment will create five direct full-time jobs.

### **33. Metal Workshop Expansion – Sohail Morid Metal Industries Company (PPA-A243)**

Hirat-based Sohail Morid Metal Industries Company fabricates a range of metal products and sells to the domestic Afghan market. Due to strong demand, Sohail Morid is expanding production to include new metal products and to increase the output and quality of its current products.

ABADE is contributing a hydraulic guillotine shearing machine and a hydraulic CNC press brake and is funding the transportation of this equipment. Sohail Morid is investing in an additional production hangar and furnishings for its new Mazari Sharif sales office. Additionally, Sohail Morid is contributing its existing assets, including land, an office building, a production hangar, a painting facility, a shop and warehouse, water and electrical systems, vehicles, machines, a manual crane and miscellaneous tools. This investment will create 83 direct jobs and six indirect jobs.

### **34. Concrete Masonry Unit Production – Nangarhar Amiri Construction and Construction Laboratory (PPA-A244)**

Nangarhar Amiri Construction and Construction Laboratory provides concrete construction services to other construction companies as well as to governmental organizations and foreign armed forces. Due to the growing demand for lightweight concrete blocks, Nangarhar Amiri is expanding its capacity through investment in additional production and installation equipment.

ABADE is contributing a foam concrete mixing line and large and small block molds. Nangarhar Amiri is investing in small block molds and a skim coat machine as well as contributing its existing assets, which include land, a building, a foam concrete mixing line, block molds, a concrete plant, vehicles, small mixers, formwork, scaffolding and water tankers. This investment will create 122 direct jobs and 10 indirect jobs.

### **35. Metal Fabrication Workshop Expansion – Gul Khetab Steel Engineering Company (PPA-A245)**

Gul Khetab Steel Engineering Company is a Jalalabad-based steel fabrication workshop producing various types of steel products, including steel doors and gates, window frames, pillars, fuel and water tanks, channels and cable trays, and providing miscellaneous custom metalworking services. To better serve its customers, Gul Khetab Steel is investing in new equipment so that it can increase the quantity and quality of its current production.

ABADE is contributing cold rolling embossing machines, pipe bender machines, pipe embossing machines, a steel plate rolling machine and a door embossing press and is funding the transportation of this equipment. Gul Khetab Steel is contributing its existing assets as well as investing in punching machines and a hydraulic press brake machine. This investment will create 95 direct jobs.

**36. Carpet Weaving Expansion – Jamila Sadaat Vocational Learning Company (PPA-A246)**

Jamila Sadaat Vocational Learning Company is a woman-owned and managed carpet manufacturing company based in Jalalabad. The business employs 100 staff and produces and sells handmade semifinished carpets to local traders who finish (cut and wash) the carpets and sell them for export to foreign markets. Jamila Sadaat is expanding its production through an investment in new weaving equipment.

ABADE is contributing 110 carpet weaving looms. Jamila Sadaat is committing all of its existing assets as well as paying for a truck, small tools for carpet weaving and all transport and installation costs for the looms. This investment will create 412 direct jobs and 10 indirect jobs.

**37. Granite Processing – Sang Sazan-e-Marmar Company (PPA-A247)**

Sang Sazan-e-Marmar Company is Kabul-based producer of granite tiles. The business is investing in equipment upgrades to enable enhanced output.

ABADE is taking part in the investment through procurement and transportation of an 80-blade gang saw. The company is investing in a horizontal splitting machine, a slab polishing machine, a truck and installation of all new equipment. This investment will create 92 direct jobs and 20 indirect jobs.

**38. Marble Producer Expansion – Gholghola Group of Companies (Stone Industry) (PPA-A248)**

The Gholghola Group of Companies processes raw marble into decorative items and slabs for construction. Having identified a need in the domestic and international markets for higher quality slabs, the company is investing in equipment that will allow them to both increase production and cut and polish raw marble with greater precision.

ABADE is contributing a slab polishing machine and the required transportation for this equipment. Gholghola Group is contributing a new production hangar at their current site, a forklift, a gang saw, a truck, a bus for staff transportation and the costs

associated with installation. This investment will create 153 direct jobs and 25 indirect jobs.

#### **39. Steel Mill Expansion – Khan Engineering Limited (PPA-A249)**

Khan Engineering Limited produces a range of iron and steel products and provides galvanizing and lathe services. The company currently uses outdated technologies with limited capacities to process scrap steel into billets. In order to increase its output quality, its margins and its output quantity in the form of a new rebar product, Khan Engineering is investing in new machinery and facilities.

ABADE is contributing a continuous casting machine and a CCD spectrometer and is funding the transportation of this equipment. Khan Engineering is contributing its existing assets and investing in an additional hangar building, a rolling mill plant, an additional induction furnace, a cooling bed, billet molds, an electrical transformer, a maintenance workshop, a reheating furnace and all equipment installation and training. This investment will create 178 direct jobs.

#### **40. Marble Slab Processing Line Expansion – Afghan Morvarid Stone Mining Company (PPA-A250)**

Afghan Morvarid Stone Mining Company is a Hirat-based producer of marble tiles, slabs and small marble items. The company is procuring a modern marble gang saw to improve the quality and increase the volume of its production.

ABADE is contributing a minority portion of the cost of the new marble gang saw plus the costs associated with transporting the equipment to Hirat. Afghan Morvarid is committing all of its existing assets plus the remaining cost of the marble gang saw, foundation preparation and installation costs for the new equipment. This investment will create 73 direct jobs and eight indirect jobs.

#### **41. Toilet Soap Manufacturing – Afghan Samsorsabawon Ltd. (PPA-A251)**

Afghan Samsorsabawon Ltd. imports and distributes toilet soaps throughout Afghanistan from its headquarters in Mazari Sharif. The owners feel the time is right to start producing their own toilet soaps specifically targeted at the domestic market. With its extensive insight into the market, Afghan Samsorsabawon plans to replace its sale of imports with domestic production of comparable quality.

ABADE is contributing a portion of a toilet soap production line and is funding the transportation of this equipment. Afghan Samsorsabawon is contributing its existing land assets, investing in a portion of the production line, buildings, electrical and water

systems, trucks, a bus, office equipment, an air compressor and a generator and funding training and the installation of all equipment. This investment will create 174 direct jobs and 10 indirect jobs.

#### **42. Steel Pipe/Tube Production Expansion – Nawid Mazar Profile Industrial Production Company (PPA-A252)**

Nawid Mazar Profile Industrial Production Company imports round, rectangular and square steel pipes and tubes. To meet the high demand for these products in the Afghan market, the company procured a significant amount of metalworking equipment for installation at a new production facility. However, due to limited finances, Nawid Mazar was unable to procure the full range of equipment needed to completely substitute current imports.

ABADE is contributing to the investment through the procurement of a third steel pipe/tube production line. Nawid Mazar is completing the new production facility and installing the recently procured metalworking equipment. The company is also procuring a bus and an additional truck and will be responsible for all staff technical training and the establishment of five new sales centers. This investment will create 165 direct jobs.

#### **43. Production of Leather Footwear – Asif Ali (DBA Pamir Shoes Company) (PPA-A253)**

Asif Ali (DBA Pamir Shoes Company) is a Mazari Sharif-based company fabricating different types of footwear for individual customers as well as local retail and wholesale vendors. Asif Ali seeks to augment production capacity and improve quality while adding a new product (men's shoes) to meet strong local demand.

ABADE is contributing a hydraulic swing arm cutting press machine and the costs to transport this equipment. Asif is contributing all of his existing capital items plus a new sole pressing machine. Asif Ali will also be responsible for hiring and training four new staff members. This investment will create four direct jobs.

#### **44. Marble Tile Production Expansion – Sadaf Nagin Attarpour Marble Processing Industrial Company (PPA-A255)**

Sadaf Nagin Attarpour Marble Processing Industrial Company is a Hirat-based manufacturer of marble tiles. Sadaf Nagin seeks to invest in a new horizontal splitting machine to increase quality and production volume while also enabling the business to

produce the larger tiles demanded by the market. Business expansion will result the opportunity for Sadaf Nagin to move toward international sales.

ABADE is contributing to the cost of a new horizontal splitting machine and paying for transportation of the equipment. Sadaf Nagin is committing all of its existing assets to the investment and will share the cost of the splitting machine and pay in full for equipment installation costs. This investment will create 25 direct jobs and two indirect jobs.

#### **45. Peanut and Pine Nut Processing – Ajmal Rahmani Dry Fruits Processing Company (PPA-A256)**

Ajmal Rahmani Dry Fruits Processing Company is a Jalalabad-based processor of peanuts and pine nuts. Currently, the company manually sorts raw nuts and sells them in simple plastic bags in domestic and international markets. The company plans to improve its operational efficiency, product value and packaging quality through investment in additional equipment.

ABADE is contributing a nut drying machine, a nut sorting machine, a nut dehuller machine and a vertical bag packaging machine and will fund the transportation of this equipment. Ajmal Rahmani is investing in a nut blanching line, vehicles, a generator, a new production hangar, equipment installation and technical training. Additionally, Ajmal Rahmani is contributing its existing assets, including land, processing facilities, retail shops and small tools and equipment. This investment will create 43 direct jobs.

#### **46. Polyethylene Pipe Production Expansion – Abrizan Polyethylene Production Industrial Company (PPA-A257)**

Abrizan Polyethylene Production Industrial Company is a Hirat-based producer of polyethylene pipes used for water and wastewater conveyance systems as well as casing for fiber optic cables. The enterprise is investing in equipment to increase pipe production and establish a pipe-fitting and joint production line.

ABADE is contributing and delivering two injection molding machines and molds. Abrizan is investing in the construction of a new production hangar and an office building and is procuring a bus for staff transportation, a truck, a water tank, a generator, a granulator for used plastic and washing and drying machines. The company is also contributing \$40,000 toward the cost of the injection molding machines and taking responsibility for new equipment installation and staff technical training. This investment will create 110 direct jobs.

#### **47. Cellular Lightweight Concrete (CLC) Production – Shams-Un-Nahar Construction Company (PPA-B023)**

Shams-Un-Nahar Construction Company (Shams-Un-Nahar) is a Jalalabad-based provider of standard concrete construction services in and around Kabul. Many of the company's projects would be well-suited for the use of cellular lightweight concrete (CLC); therefore, the company is investing in an innovative CLC production and casting line to begin manufacturing a variety of CLC products.

ABADE will contribute CLC block molds, cover a portion of the new foam concrete production line and fund the transportation of this equipment. Shams-Un-Nahar will contribute existing assets and invest in land, the construction of new facilities, a forklift truck, a portion of the foam concrete production line, molds for CLC precast wall panels, molds for CLC hollow core floor panels and training provided by a foreign expert. This investment will create 90 new full-time jobs.

## Annex 2: Status of Active PPA Procurements

PPA Number	Shipment Details	Procurement Started	Source	Current Location	Number of Containers	Arrived at Road Border/ Port	Cleared Customs	Delivered to Partner	Comment
A002	Pine nut processing line (Partner responsible for shipment)	4-Dec-14	Spain	Factory					Partner responsible for shipment
A006	Washing liquid production machinery	19-Sep-14	China	Partner's site	1	29-Apr-15	13-Aug-15	24-Aug-15	
A007	Ball mill grinding line	1-Sep-14	China	Partner's site	5	15-Apr-15	22-Aug-15	14-Oct-15	
A011	Powder coating line	15-Sep-14	China	Partner's site	2	4-Apr-15	10-Aug-15	15-Aug-15	
A011	Automatic and electronic melting furnace, automatic electronic aging oven, sticking and packing machines, aluminum extrusion dies, billet pre-heater, profile cooling and stretching line	March-Sept 2014 (multiple POs)	China	Karachi	4	27-Jul-15			
A013	Combined corrugated cartons printing line with four-color flexo printer slotter die-cutter stacker	12-Aug-14	Taiwan	Partner's site	4	9-Apr-15	13-Aug-15	23-29-Aug-2015	
A014	Sanitary napkin machine	8-May-15	China	Factory	4				
A016	Refurbished Heidelberg printing press (partner responsible for shipment)	28-Mar-15	UK	Partner's site	2	25-Jun-15			Partner responsible for shipment
A016	UV machine	25-May-15	India	Factory					

PPA Number	Shipment Details	Procurement Started	Source	Current Location	Number of Containers	Arrived at Road Border/ Port	Cleared Customs	Delivered to Partner	Comment
A016	Cardboard box folding and gluing machine	29-Sep-15	Turkey	Factory					
A017	Horizontal flat glass tempering furnace	13-May-14	China	Partner's site	8	14-Apr-15	6-Jun-15	4-Aug-15	
A017	Glass processing equipment	14-Aug-14	China	Partner's site	6	30-Apr-15	27-May-15	4-Aug-15	
A019	Induction furnace for steel rebar production line	20-Feb-15	Pakistan	Lahore	2	15-Jun-15			
A019	Electric motors	9-Feb-15	China	Karachi	1	6-Jul-15			
A020	Rotary cup filling and sealing machine	5-Jul-15	China	Factory					
A021	Procurement of bottle filling, capping and labeling line	2-Sep-14	India	Karachi	1	28-Jul-15			
A022	Vegetable processing equipment	11-Dec-14	India	Factory	1				
A022, A003	Solar food dryer – two types for two PPAs	28-Aug-14	India	Partner's site	1	14-May-15	22-Aug-15	A003: 9-Sep-15	
A025, A030	Oil extruder, fruit processing line	28-Jul-14	India	Partner's site	2	23-Apr-15	22-Aug-15	2-Sep-2015 31-Aug-2015	
A028	Z type packing machine (partner responsible for shipment)	29-Dec-14	China	Partner's site	1	15-Jul-15	13-Aug-15	17-Aug-15	Partner responsible for shipment
A029, A031	PVC pipe production line, PVC pipe production line	28-Aug-14, 12-Sep-15	China	Karachi	3	20-May-15			
A036	Rain boot molding machine and molds	13-May-15	China	Factory	1				
A038	Baby diaper production line	26-Jan-15	China	Karachi	2	27-Jun-15			
A039	Pasta production line	13-Feb-15	Turkey	Factory					

PPA Number	Shipment Details	Procurement Started	Source	Current Location	Number of Containers	Arrived at Road Border/ Port	Cleared Customs	Delivered to Partner	Comment
A041	Biscuit production line (partner responsible for shipment)	8-Apr-15	UAE	Partner's site	4	15-May-15	15-May-15	9-Jun-15	Partner responsible for shipment
A045	Automatic extrusion machine for PVC profiles	1-Feb-15	Turkey	Partner's site	1	18-Aug-15	31-Aug-15	1-Sep-15	
A046	Toilet paper processing machines	14-Apr-15	China	Karachi	1	22-Sep-15			
A049	Machine tooling equipment	29-Sep-14	Turkey	Karachi	2	30-Jun-15			
A051	Rolling mill plant (dispatch 1)	20-Oct-14	India	Partner's site	2	15-Mar-15	13-Aug-15	27-Sep-15	
A051	Rolling mill plant (dispatch 2)	20-Oct-14	India	Partner's site	8	28-Apr-15	13-Aug-15	28-Aug-2015 4-Sep-2015	
A051	Rolling mill plant (dispatch 3)	20-Oct-14	India	Karachi	5	15-Jul-15			
A052	PVC rain boots and molds	31-Jan-15	China	Karachi	2	6-Jul-15			
A059	Film blowing machine	9-Dec-14	China	Partner's site	1	28-May-15	9-Jun-15	10-Jun-15	Partner responsible for shipment
A060	Medical cotton products production machinery	16-Dec-14	UAE	Partner's site	3	28-May-15	12-Aug-15	14-Aug-15	Partner responsible for shipment
A063	Vegetable tray packing	11-May-14	Pakistan	Partner's site	1	28-May-15		9-Aug-15	
A070	Induction melting furnace	12-Jan-15	India	Factory	3				
A071	Cashmere dehairing line	26-Apr-15	China	Karachi	4	11-Sep-15			
A076	Solar fruit driers	24-Apr-15	India	Factory					Partner responsible for shipment

PPA Number	Shipment Details	Procurement Started	Source	Current Location	Number of Containers	Arrived at Road Border/ Port	Cleared Customs	Delivered to Partner	Comment
A077	Dried fruit, nut and seed processing facility upgrades	27-Apr-15	China	Factory	3				
A081	Stone splitting machine	25-Mar-15	Italy	Factory					Partner responsible for shipment
A086	Automatic pet bottle blow molding machine	5-Jul-15	China	Factory					
A086	Shrink wrapping machine	17-May-15	China	Factory					
A086	Automatic isobaric "3-in-1" filling machine	29-Apr-15	China	Factory	1				
A087	Cotton baling press	14-Apr-15	Pakistan	Factory					Partner responsible for shipment
A089, A119, A042	Apple juice packing machine, pillow packing machine, bakery equipment	13-Jan-15	China	Partner's site	1	26-May-15	22-Aug-15	25-Aug-2015 6-Jun-2015 7-Jul-2015	
A091	Injection molding machine for plastic lids	8-Jan-15	China	Karachi	1	17-Sep-15			
A092 A101 A048	Consolidated shipment: forklift, four-color offset printing machine with air compressor, blow molding machine, air compressor, water chiller and air cold dryer	22-Sep-15	China	Partner's site	1	23-Apr-15	13-Aug-15	17-Sep-2015 15-Sep-2015 06-Sep-2015	
A094	Horizontal stone splitting machine	24-Mar-15	Turkey	Partner's site	1	13-Aug-15	27-Aug-2015	31-Aug-2015	Partner responsible for shipment
A095	80 blade gang saw	16-Sep-15	Turkey	Factory					

PPA Number	Shipment Details	Procurement Started	Source	Current Location	Number of Containers	Arrived at Road Border/ Port	Cleared Customs	Delivered to Partner	Comment
A097	Automatic edge banding machine and six-head drilling machine	16-Apr-15	China	Karachi	1	4-Jul-15			
A099	80 blade marble gang saw	18-Aug-15	Turkey	Factory					Partner responsible for shipment
A104	Bubble gum production line	2-Feb-15	Pakistan	Factory	1				
A105	Marble bridge block cutter and arm crane	4-Jul-15	Turkey	Karachi	1	25-Jul-15			
A107	Automatic bottling "3-in-1" water filling machine, pet bottle blowing machine with pet mold	17-Feb-15	China	Karachi	1	4-Jul-15			
A121	Garment production machine	31-May-15	UAE	UAE	0				Air shipment
A129	Cloth production equipment	22-Apr-15	Pakistan	Pakistan	1				
A137	Textile machinery	27-Mar-15	Pakistan	Partner's site	11	15-Aug-15	17-Oct-2015	20-Oct-15	
A139	Cheese puff production equipment	12-May-15	Afghanistan	Partner's site	1			17-Sep-15	
A140	Derrick crane	8-Apr-15	India	Factory	2				
A153	Metalworking machinery	26-May-15	Turkey	Factory					
A154	Wafer biscuit production line	12-May-15	Pakistan	Factory	2				
A165	Frying machine	20-Sep-15	Afghanistan	Factory					
A166	Bag packing machine	13-Jul-15	China	Factory	1				
A167	Automatic extruder	13-Jul-15	Afghanistan	Factory					
A171	Slanty production line	16-Sep-15	Afghanistan	Factory					
A177	Injection molding machine	6-Jun-15	China	Factory	1				

PPA Number	Shipment Details	Procurement Started	Source	Current Location	Number of Containers	Arrived at Road Border/ Port	Cleared Customs	Delivered to Partner	Comment
A185	3,000 L milk pasteurizer and homogenizer	13-Jul-15	Afghanistan	Factory					
A186	Plate-type pasteurizer, aseptic filling machine	16-Jun-15	China	Factory	1				
A186	Pomegranate juice production line	6-Nov-15	Slovenia	Factory	2				
A187	Cotton seed oil refinery	8-Nov-15	China	Factory					
A199	CNC spray booth	23-Aug-15	China	Factory					
A199	Boring machine	28-Jun-15	China	Factory					
A199, A055	Multi-drill machine, two-color offset printer, ATC CNC router	29-Jun-15	China	Factory	1				
A207	Woven plastic pellet making machine and weaving machines	15-Jul-15	Pakistan	Factory	1				
A209	Ice pop production	7-Jun-15	China	Factory					
A209	Plate freezer	7-Aug-15	Afghanistan	Factory					
A214	Hydrographic printing	3-Aug-15	China	Factory					
A218	Color digital press printer	18-Oct-15	Pakistan	Factory	1				
A232	Flour mill expansion equipment	14-Sep-15	China	Factory	1				
A236	Horizontal splitting machine	10-Nov-15	Turkey	Factory					
B004	Injection blow molding machine	5-Jul-15	India	Factory	1				
B004	Pet bottle washing line	9-Jul-14	China	Partner's site	2	9-Apr-15	10-Aug-15	16-Aug-15	
B004	Auxiliary equipment	29-Aug-15	UAE	Factory	1				
B005	Composting equipment, tractors	22-Sep-14	Canada	Partner's site	3	20-May-15	24-Aug-15	7-Sep-15	

PPA Number	Shipment Details	Procurement Started	Source	Current Location	Number of Containers	Arrived at Road Border/ Port	Cleared Customs	Delivered to Partner	Comment
B013	Laser raisin sorters	5-Jan-15	Belgium	Karachi	3	11-Jul-15			
B015	Portable and handheld XRF analyzers	13-May-15	UAE	Partner's site	0	16-Sep-15	21-Sep-15	22-Sep-15	Air shipment
B020	Core drilling machine	13-Jul-15	China	Karachi	1	11-Sep-15			

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