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# AFGHANISTAN SMALL AND MEDIUM ENTERPRISE DEVELOPMENT (ASMED)

**ANNUAL REPORT 2007**

Annual Report 2007

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**ANNUAL REPORT 2007**

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## **DISCLAIMER**

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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# ABBREVIATIONS

ABA	Afghan Builder's Association
ACCI	Afghanistan Chamber of Commerce and Industries
ACEG	Afghan Carpet Exporter's Guild
AEADC	Afghan Eastern Agriculture Development Company
AIBM	Afghan Institute of Business Management
AIB	Afghan International Bank
AISA	Afghanistan Investment Support Agency
ARFC	Afghanistan Rural Finance Center
AICC	Afghanistan International Chamber of Commerce
ASMED	Afghanistan Small and Medium Enterprise Development
AWBC	Afghan Women's Business Council
AWBF	Afghan Women Business Federation
AWDIHA	Afghan Women Designs and Innovation for Handicrafts Association
BDS	Business Development Services
BIC	Business Information Center
BSP	Business Service Providers
EDP	Enterprise Development Project team of the Aga Khan Foundation
GDA	Global Development Alliance
IITF	India International Trade Fair
MDG	Marketplace Development Grant
MAIL	Ministry of Agriculture, Irrigation & Livestock
MOU	Memorandum of Understanding
NGO	Non-governmental Organization
PMP	Performance Monitoring Plan
PRT	Provincial Reconstruction Team
SAARC	South Asian Association for Regional Cooperation
SBHUAW	Social and Business Handicraft Union of Afghan Women
SME	Small and Medium Enterprise
STTA	Short-term Technical Advisor
VARA	Volunteer Association for Rehabilitation of Afghanistan
VTA	Vocational Training Association
WBC	Women's Business Center

# MISSION STATEMENT

ASMED is a three-year development assistance program providing technical assistance and financial support to the very important small and medium enterprise (SME) sector and the organizations that support SMEs throughout Afghanistan. ASMED's activities have national reach – headquartered in Kabul, there are also three regional offices in Herat, Nangarhar, and Balkh, and partner activities in Helmand, Kandahar and Badakshan.

With an overarching goal to increase opportunities for trade, employment, and investment in Afghanistan, ASMED's activities fall into five main components, as detailed below. The success of the project will be measured by the indicators described under each component.

## **Gathering, analyzing and disseminating Afghanistan market information on 12 sectors;**

- Leading to 1275 SMEs that will have added value and or diversified into higher value products or services in response to market demand, and a 72% increase in sales of participating SME in targeted sectors.

## **Developing 135 strong business services providers;**

- Resulting in the support of 6,000 businesses.
- Leading to the creation of 800 new SMEs and 20,000 jobs.
- Helping 30 SMEs access bank loans/equity and 3,500 firms invest in improved technology.

## **Strengthening and increasing the numbers of business associations:**

- Resulting in the establishment of 295 business associations in target provinces, 4,500 new members in business associations, and an 146% increase in membership of project-supported associations.
- Reaching and supporting 225 existing business associations in targeted provinces.

## **Creating public-private sector alliances;**

- Bringing about 37 private-public partnerships (GDAs) that will leverage \$5.4 USD.

## **Building the capacity of an Afghan private sector workforce:**

- By creating 900 internship opportunities in Kabul and elsewhere and placing 450 participants in the Professional Learning Mentorship Program.

The following pages provide highlights and details of the ASMED project's work over the last year in these component areas. The narrative touches on some of the events that occurred during the year while the tables summarize all the activities.

# EXECUTIVE SUMMARY

The first year of the Afghanistan Small and Medium Enterprise Development (ASMED) project was an impressive one. ASMED now has activities in 20 out of 34 Afghan provinces with regional offices operating in the North, East, West, Central and South of the country. ASMED met or exceeded 13 out of 17 performance indicators in 2007, including the creation of over 3,000 jobs. Almost 200 new enterprises were created in 2007, with ASMED facilitating loan approvals for 24 SMEs. Approximately 4,000 employees and business owners were trained in 2007, with 280 businesses adopting higher value-added products to their production schedule. Over 5,000 entrepreneurs joined 61 ASMED supported business associations in 2007, whose total membership now exceeds 100,000 people, including 22,000 Afghan women.

ASMED sponsored trade fairs that successfully linked Afghan entrepreneurs to external markets in 2007. The First Annual Kabul International Carpet Fair, attended by Secretary of Commerce Carlos Gutierrez, resulted in approximately \$4 million of sales contracts. Participants at the India International Trade Fair sold or secured contracts for over \$6 million, with dried fruits exporters re-establishing marketing relationships from 30 years ago. The Afghanistan Pavilion at the IITF beat-out China and Thailand for Best Design and Most Popular Pavilion.

Eight public-private partnerships were created in 2007 through our Global Development Alliance (GDA) program, attracting \$2.5 million of new domestic and foreign investment into Afghanistan. Among the partners are Nestle, Roshan (Telecom), and Etisalat (Telecom). These GDAs include 500 women-owned public call offices, a cardboard fruit box factory in Kandahar, a marble mine in Herat using blast-free technology for the first time in Afghanistan, a credit information service, a web-based remittance company, a woman owned and operated apparel factory, and the hiring of 400 disabled persons.

In order to improve commerce and deliver quick, tangible results to Afghans living in areas suffering from recent or ongoing conflict, ASMED created the Marketplace Development Grants (MDG) program. In partnership with Provincial Reconstruction Teams and the Afghan Builders Association, ASMED has approved 30 MDGs totaling approximately \$350,000. MDGs are usually \$10,000 projects designed to increase commercial activity and security in these difficult areas. Key projects include the electrification of the main commercial area in Sangin, Helmand, two projects in Farah province creating 30 market stalls along the Farah-Helmand border and the electrification of 600 households in villages along the Iranian-Afghan border, trash collection in Paktika, numerous woman-accessible marketplace latrines in the East, and a solar lighting project in Paktya.

ASMED also established the first Bachelor's of Business Administration program in the East in partnership with Nangarhar University. Previously, students wishing to study business in the East attended universities in Peshawar, Pakistan. Now, over 200 students annually can study business in-country. ASMED also facilitated the expansion of a private, for-profit business institute into Kunar, Nuristan and Laghman, all strategic provinces in the East. Over 145 recent graduates were trained in basic business and placed into professional internships around the country with companies such as Coca Cola, Roshan, Afghan Beverage Industries and business oriented government agencies such as the Afghanistan Investment Support Agency (AISA) and the Export Promotion Agency of Afghanistan (EPAA). Approximately 80% of the interns were hired full time by their host companies. Ninety young professionals are improving their business knowledge through ASMED's professional mentoring program.

This is just an overview of the successful and important projects implemented by ASMED in 2007. The pages below describe program activities and their impact in detail.

# MONITORING AND EVALUATION (M&E)

The ASMED project placed a great deal of energy designing and implementing a plan to track its efforts and progress over the past two quarters. The bulk of the work began with the arrival of an STTA from DAI's home office in July. The M&E team created a paper system that would assist in tracking the project's indicators as laid out in the Performance Management Plan (PMP). Then a team was brought in to begin gathering data on enterprises and associations the project has trained since the project's inception. This information was captured on registration forms used to collect basic data on organizations that ASMED assists. Registered partners were then surveyed to evaluate the impact of ASMED programming.

Table I below summarizes ASMED's progress towards 2007 targets and indicators.

**TABLE I: SUMMARY OF PROGRESS TOWARDS PMP INDICATORS**

PMP Indicator	2007 Target	2007 Actual	%	Life of Project Target	Total to date	%
<b>ACCESS TO MARKET INFORMATION</b>						
1.1 - Market assessments	8	9	113%	12	9	75%
1.2 - SMEs with added value (*)	150	283	189%	1,275	283	22%
1.3 - Percentage increase in sales by SMEs (*)	10%	n/a	0%	72%	n/a	0%
<b>BUSINESS DEVELOPMENT SERVICES</b>						
2.1 - Number of BDS providers	85	22	26%	135	22	16%
2.2 - Percentage increase in clients (*)	25%	21%	84%	181%	21%	12%
2.3 - Businesses supported by ASMED (*)	900	2,416	268%	6,000	2,416	40%
2.4 - New SMEs created (*)	150	191	127%	800	191	24%
2.5 - Jobs created (*)	2,000	3,204	160%	20,000	3,204	16%
2.6 - Bank loans/equity accessed (*)	10	24	240%	30	24	80%
2.7 - Investment in new technology (*)	800	277	35%	3,500	277	8%

PMP Indicator	2007 Target	2007 YTD	%	Project Target	Total to date	%
<b>ASSOCIATIONS</b>						
3.1 - Number of new associations created	40	42	105%	295	42	15%
3.2 - Number of existing associations supported	65	61	94%	225	61	27%
3.3 - Percentage increase in membership of new/existing associations	10%	5.4%	54%	146%	5.4%	4%
3.4 - Number of new members in new/existing associations	1,000	5,416	542%	4,500	5,416	120%
<b>GDA's</b>						
4.1 - Number of GDAs formed	8	8	100%	37	8	22%
4.2 - USD amount leveraged by GDA's	925k	\$2.5m	270%	5.4m	\$2.5	46%
<b>HUMAN CAPACITY</b>						
5.1 - Number of internships offered	100	145	145%	900	145	16%
5.2 - Number of participants in mentorship program (*)	50	90	180%	450	90	20%

**(\*) See Notes Below.**

**PMP Indicator 1.2 – SMEs with added value:** Out of 491 SMEs surveyed, 137 (28%) have added value and/or diversifies into higher value products and services in response to market demand. Extrapolating 28% of SMEs that have added value and/or diversified into higher value products and services to the 1,014 SMEs registered, gives an estimate of 283 SMEs.

**PMP Indicator 1.3 – Percentage increase in sales by SMEs:** As per the data collected, 426 SMEs have indicated their total annual sales for 2006. We do not have enough data to be able to contrast the percentage increase in sales.

**PMP Indicator 2.2 – Percentage increase in the number of clients:** Out of 17 BSPs interviewed, 12 (70%) indicated that the number of clients have changed since they started working with ASMED. The number increased totals 21%. **Data as of Third Quarter 2007.**

**PMP Indicator 2.1 – Number of BDS Providers:** Performance against this target is believed to be underreported. The number above includes Kabul only.

**PMP Indicator 2.3 – Business supported by ASMED:** ASMED activities account for 3,816 participants (SMEs, Associations and Observers). Since 5% of the participants were observers, they have been removed from the total number of participants. On average, 1.5 individuals participated in each activity, therefore 2,752 businesses were supported ( $3816 \times 0.05 = 191$ .  $3816 - 191 = 3625$ .  $3625 / 1.5 = 2416$ ). **Data as of Third Quarter 2007.**

**PMP Indicator 2.4 – SMEs created:** Out of 830 SMEs registered with ASMED, 191 (23%) indicated that ASMED helped them to start the enterprise. **Data as of Third Quarter 2007.**

**PMP Indicator 2.5 – Jobs created:** Out of 491 ASMED SMEs surveyed, 1,552 new jobs have been created in 2007 (3.16 jobs per SME). Applying this job creation average to the 1,014 registered SMEs indicates that 3,204 jobs have been added in 2007 by SMEs working with ASMED.

**PMP Indicator 2.6 – Bank loans/equity accessed:** Out of 185 SMEs surveyed, 9 (5%) indicated to have applied for a bank loan since they received services from a BSP. Out of 9 SMEs, 6 (67%) were able to receive the loan. Extrapolating 3% of SMEs that accessed bank loans to the 830 SMEs registered SMEs supported, gives an estimation of 24 SMEs. **Data as of Third Quarter 2007.**

**PMP Indicator 2.7 – SMEs with investment in new technologies:** Out of 491 SMEs surveyed, 134 (27%) indicated that they have begun using improved technologies since they received services from a BSP. Extrapolating 27% of SMEs that begun using improved technology to the 1,014 SMEs registered, gives an estimation of 277 SMEs.

# I<sup>ST</sup> QUARTER SUMMARY

During the First Quarter of 2007, the Afghanistan Small and Medium Enterprise Development project (ASMED) transitioned from its start-up phase to project implementation. In January, ASMED focused on mobilizing key personnel, setting up its offices and guesthouse, and designing the project's Performance Monitoring Plan (PMP). After moving into permanent office space the first week of February, ASMED staff focused on program design, baseline data gathering and meeting with key project stakeholders. February also witnessed the opening of the ASMED Jalalabad office, with Herat following in March. The site visits and stakeholder meetings that took place over these last two months in particular have laid the foundation of ASMED's future success.

## **COMPONENT 1: IMPROVE MARKET INFORMATION**

ASMED launched its in-depth market sector analysis with partner Altai Consulting. By the end of the quarter, research teams were active in every target region (Herat, Jalalabad, Kandahar, Helmand, Badakshan, Kabul and even Peshawar for gemstones). The market sector analysis first targeted dairy (milk and yoghurt), cashmere, industrial flour and bread, cakes and candies and finally, cashmere. Sector selection was purposefully designed not to replicate recent research in sectors that are certainly important to ASMED, namely carpets and marble.

## **COMPONENT 2: IMPROVE BUSINESS DEVELOPMENT AND MANAGEMENT SKILLS**

ASMED staff began work on the Business Development Services (BDS) component by identifying existing firms working in business skill development and consultancy. Although we initially expected a dearth of Afghan-owned, for-profit firms, we identified over 20 firms whose income originates mostly to business trainings. However encouraging, our initial survey work also highlighted that most firms are in need of technical assistance to improve training-materials and to acquire the capacity to train SMEs in more sophisticated business strategies and management skills. After the initial assessment and subsequent firm-level training, ASMED began to deliver much needed business trainings through these local business-consulting firms across Afghanistan. Despite the challenges of start-up and mobilization of key personnel, ASMED in the first quarter trained 200 SMEs through four local BDS firms. Trainings included association development, business plan writing and food safety training for processors and hospitality groups.

## **COMPONENT 3: STRENGTHEN BUSINESS ASSOCIATIONS**

During the first quarter of 2007, ASMED staff designed a grants module specifically designed to support new and growing business associations. Seed Grants of \$10,000 are intended to support nascent associations with formal registration, drafting of by-laws, establishing governance structures and membership fee structures. Development grants of \$25,000 are intended to assist young associations move beyond formation efforts towards the delivery of quality services to their membership. By helping young associations study the needs of their members, ASMED helps these groups offer a menu of services to its membership. Lastly, Advanced Association Grants assist firmly established business associations to increase non-dues income and strengthen public advocacy efforts. In March, ASMED conducted a month-long assessment of AICC to identify its strengths and weaknesses and to design how ASMED will

work with AICC over the next year. The key conclusion was that AICC is doing well overall, but needs to improve its management and financial systems and to deliver better services to its membership. The first order of business was to set a date for a general election (end of June) to select board members and a Chairman. AICC has not held an election in over two years.

## **COMPONENT 4: GLOBAL DEVELOPMENT ALLIANCES AND GRANTS**

Under USAID's Global Development Alliance (GDA) program, ASMED works to build public-private alliances that leverage both funding and expertise by engaging local and international partners in projects designed for a wider social or economic impact. An example of this is the Marble Industry Revitalization GDA, approved in March 2007. With its rugged, mountainous terrain, Afghanistan enjoys massive deposits of marble and granite, much of it of excellent quality. Until this ASMED program, marble in Afghanistan was exclusively blast-mined which results in 50-80% product loss. ASMED collaborated with a local mining firm to utilize state-of-the-art stone cutting and extraction equipment. The Afghan partner invested \$350,000 in new mining equipment, more than tripling ASMED's contribution. Further, the partner agreed to conduct marble mining best practices to mining operations in Nangahar and Helmand provinces, while the roads constructed through this partnership provided market access to over 5,000 farm families.

## **COMPONENT 5: HUMAN CAPACITY BUILDING**

ASMED reached agreement with Nangarhar University and the Afghanistan Institute of Business Management (AIBM) to provide 80 business internships for upcoming graduates of the Economics Faculty. Interns will be selected through an initial examination of interested students. After selection, interns will train with AIBM for three months on accounting, business management and marketing. After the three months, interns will be placed for six months with leading Afghan companies. Monthly performance reports from both interns and companies ensure that the internships are of the highest quality.

# ASMED START-UP ACTIVITIES & MEETINGS

## **START-UP**

The first quarter of 2007 was ASMED's first quarter in operation. The Senior Advisor for Business Development Services arrived on January 16 and the Senior Advisor for Alliances arrived in-country January 28. ASMED opened its offices February 10 in Shash Darak. Most of February involved start-up activities including hiring of local staff, installation of IT equipment, organization of the guesthouse and office, for example.

Another important part of the start-up process was the design and approval of the ASMED Performance Monitoring Plan (PMP). The ASMED PMP not only provides the framework to monitor activities and indicators per the contract, but also includes important EG indicators. The ASMED PMP (attached as Annex 1) will help ASMED staff track 22 different indicators of program success. The PMP also details how surveys are to be executed including the roles of partners and beneficiaries in reporting activities and impact.

In March, ASMED worked closely with the Voluntary Association for the Reconstruction of Afghanistan (VARA) to design program activities in the South. ASMED staff met with the Mayor of Kandahar, AISA, AICC and 30 nascent business associations. As a result of this work, ASMED's Helmand office was established and 12 staff members were training on program deliver. Another result of this start-up effort was the identification of a women's business association needing training and financial support.

The outputs and activities discussed below mainly occurred in March. As mentioned above, the infrastructure and trainings that took place in January and February have laid a solid foundation on which ASMED can build its program activities.

## QUARTER I- PROGRAM COMPONENT I:

# MARKET INFORMATION

### FIELD ACTIVITIES NATIONWIDE

Altai Consulting began the ASMED Sector Analysis in early February. The ASMED management team decided not to duplicate research efforts in target sectors. For example, both carpets and marble have been extensively studied very recently. Instead, Altai focused on high-potential but under-studied sectors including cashmere, gemstones, dairy (milk and yoghurt), cakes and candies, and industrial flower and bread. By the end of February, Altai had approximately 20 market researchers active in every target region, including Helmand and Peshawar (gemstones). ASMED instructed Altai to focus on sectors with high-SME development potential, with some comparative advantage in Afghanistan, with low capital investment and high-employment potential. Attached below is an example of the Sector Selection criteria used to target the first five sectors above.

SECTOR SELECTION - EXAMPLE																	
	Size of internal market	Current prod. capacity	Comp. adv.	Pot. for growth	Potential for SME	Value adding activity	Labor intensiv.	Social dimension	Afgh. resources	Instit. support	Low capital invest.	Low human capital	Low need for tech.	Access to market	Cost of transp.	Env. impact	No dupl. of current effort
Cashmere	○	◐	●	●	●	◐	●	●	●	◐	●	●	●	◐	◐	◐	●
<b>Opportunities</b>									<b>Threats</b>								
<ul style="list-style-type: none"> <li>‡ Existing production representing as much as 10% of the world production of raw cashmere</li> <li>‡ Mongolian success story</li> <li>‡ Could benefit as much as 25% of the rural population in the northwest</li> <li>‡ Comparative advantage with low production costs</li> </ul>									<ul style="list-style-type: none"> <li>‡ Absence of market linkages, power of Chinese and Iranian middlemen</li> <li>‡ Anthrax</li> </ul>								

Also as part of the ASMED market information efforts, we hired a Market Information Specialist. His first task was to catalog all of the major market studies that have been conducted over the past five years. This library of market research will soon be available on ASMED's Made In Afghanistan trade and investment portal and also to AICC members via its P-Tac contract assistance program. Further, the Market Information Specialist purchased a license for the Personal Computer Trade Analysis System (PCTAS), an extensive trade-related database maintained by the UN. This system will also be made available to Afghan SMEs through partner associations.

## **QUARTER I - PROGRAM COMPONENT 2:**

# **BUSINESS DEVELOPMENT AND MANAGEMENT SKILLS**

### **FIELD ACTIVITIES - NATIONWIDE**

ASMED conducted a rapid BDS appraisal to identify local, for-profit, business development service firms capable of delivering important trainings to Afghan SMEs. Key trainings included:

- Basic accounting
- Entrepreneurship and starting a new business
- Business plan writing
- Marketing strategy
- Export promotion
- Business management

Twenty potential partners were identified including firms like the Kabul Group, Kaweyan Group, Biz-Solutions, Afghan Globe Consultancy, Afghan CNN, Flag International, and more. By evaluating each group's strengths and weaknesses, ASMED designed firm-level training to address the critical needs of the BDS sector. ASMED then contracted with many of these firms to conduct trainings across the country.

### **FIELD ACTIVITIES - KABUL**

The following training sessions occurred:

- Association development strategy for the Carpet Exporters Guild;
- Food Safety training for 55 hospitality and restaurant SMEs.

### **FIELD ACTIVITIES – EAST**

The following training sessions/workshops occurred:

- Twenty-six women and one man were trained in food safety,
- Business plan writing for 35 SMEs through the AICC. One key issue facing the SME community is the lack of access to finance. By training SMEs on how to present their business ideas to financial institutions, these SMEs are acquiring important capital to improve productivity and to increase employment. By using the AICC to conduct these trainings, ASMED is able to strengthen the AICC's service delivery and help increase membership.

Further, the ASMED supported Jalalabad BDC launched its first printing of a monthly business Journal.

### **FIELD ACTIVITIES – WEST**

After a fire destroyed 99 carpet shops at the Fazli Carpet Bazaar in Herat, ASMED agreed with the Government of Afghanistan to support the reconstruction and development of those firms affected by fire. While the Government of Afghanistan supported physical reconstruction

through grants and loans, ASMED trained the shop owners on basic cash management, accounting and marketing. Of the 99 shops affected by the fire, ASMED trained 64 (this was reported in April). In order to effectively deliver the training and to support a new business service firm, ASMED hired the Afghanistan Institute of Business Management (AIBM) to conduct the trainings. This is a good example of leveraging ASMED funding and efforts – finding ways to utilize and support the private sector business service community that in turn better train individual SMEs. The rapid response of ASMED to the Fazli accident demonstrates ASMED’s commitment to the Afghan business community. This effort was very well received by the Government of Afghanistan and the Herati business community in general.

Also in the West, ASMED and AICC trained 28 (five woman-owned) on business plan writing.

## **FIELD ACTIVITIES – SOUTH**

In late March, the ASMED Association Specialist spent one week in Kandahar to accomplish the following tasks:

- Establish a 20-woman business association, the first ever in Kandahar;
- Train 30 small businesses on how to prepare business plans, apply for loans and to understand the loan process;
- Work with VARA on immediate ASMED action plan for the South;
- Met with 29 small business associations needing technical assistance.

## QUARTER I - PROGRAM COMPONENT 3:

# BUSINESS ASSOCIATIONS

### FIELD ACTIVITIES - NATIONWIDE

In March 2007, ASMED conducted a month-long assessment of the Afghanistan International Chamber of Commerce (AICC). While the AICC has improved over its first three years of existence, ASMED's primary goal in association development in the first quarter was to identify areas where the AICC can improve and then provide the technical and financial assistance to effect positive change. The assessment focused on: governance, membership development, public advocacy and business services provision in addition to designing an action plan for strengthening and improving the AICC.

The analyses included extensive interviews with various levels of AICC-related internal and external stakeholders on the national level, focus group research, and the careful review of key management and operations documents.

On a governance level, the AICC was found to be at the stage of having completed its organizing stage in its life cycle and it is currently operating within the longer-term operational stages. Many of the recommendations provided in this report offer solutions to strengthen AICC's current stage leading to its entry into the next phase of its development.

At the outset, it was clearly found that the AICC needs to install clear operational systems including best practices systems and procedures manuals, coordinated work plan development, monitoring and evaluation systems in order to enhance transparency, efficiency, documentation and monitoring. In addition, it was clear the AICC has not matured to its supposed position within an organization's current stage of an operational cycle and that it still lacks a clear set of corporate values that are needed to re-direct its operation and create the envisioned strategic operation that will be necessary for long-term survival. These steps will also enable the AICC to build a new culture, one that is aimed to help them become a sustainable, self-funded organization. Moreover, various levels of capacity building programs are needed for the AICC board, its committees and the executive staff in order to allow the AICC to cope with the coming challenges and requirements for the organization to continue to grow. Additionally, the AICC media center scope of work needs to be reviewed to include AICC public relations activities and for it to be used to enhance the required publicity and re-branding efforts of the chamber.

On the public advocacy level, the AICC is not offering enough attention or putting enough effort into this important aspect of its mandate. A review has not shown any real planned previous activities in that regard with the local business community or related public stakeholders. The AICC needs to immediately engage in developing its understanding of the importance of the legal and regulatory environment and provide inputs as required by circumstances and the needs of its membership. The AICC is to begin an education activity based introduction to the advocacy topic leading to the development of a full public advocacy program as one of its main program components (this is not really clear). This will assist in building and strengthening the AICC's position as a representative of the local private sector interests and give it more power to make what is needed a private sector driven effort.

On the membership development level, the AICC needs to re-organize its complete approach to this issue in light of a rising NGO competition for members as well as to address the remedies for turning around the provided indicators which show a decreasing interest in the AICC, demonstrated by the decreasing number of new members and low membership dues payment ratios. ASMED recommended that the AICC build its membership philosophy on business development services provision driven by local private sector needs. The current business development services need to be updated with a major redesign of the activities to become programmatic rather than activity based. Upon re-designing this component, the AICC needs to re-build its promotional strategy to include the newly targeted segments as well as the direct and indirect branding developed as the AICC values and mission.

Moreover, regarding financial stability, the AICC has two major areas that need to be reorganized in a systematic way. The first area is concerned with funding sustainability for the organization and a programmed effort to organize it to be an effective component of AICC activities. The second is concerned with current financial and budgeting issues including control, reporting, expenditure, audit and systems. The current AICC financial operation can only be described as a very basic accounting based “system”. The recommended actions are designed to help the AICC understand the financial implications of their current stage within the organization’s life cycle. These recommendations include actions in building a financial based working system for the operation, installing auditing functions, and tackling long term funding efforts in a programmatic and shared responsibility approach.

Overall, ASMED found the AICC to be currently moving toward a new and very critical stage in its cycle of development. The upcoming actions will require a new approach in handling the AICC direction, management, operation, and measurement issues. The AICC will need to re-evaluate its position and sustainability potential according to the needs of its members and to generate support for its public advocacy programs and funding sustainability. The AICC must be managed in a more responsive and effective manner to insure that it is seen as a visionary and institutional governance role model. The recommended programs and activities in this report are aimed at showing AICC what needs to be done on a systematic and urgent basis and in conjunction with their history and status as well as the upcoming role in the private sector the challenges it faces.

## QUARTER I - PROGRAM COMPONENT 4:

# GLOBAL DEVELOPMENT ALLIANCES AND GRANTS

## FIELD ACTIVITIES – NATIONWIDE

With the Senior Advisor for Alliances only arriving January 28th, most of the first quarter of 2007 was spent on program design, project reconnaissance, and conducting initial discussions for future alliances. Despite the newness of the GDA Component, however, ASMED was able to identify, research, and receive approval for the Marble Industry Revitalization GDA. With its rugged, mountainous terrain, Afghanistan enjoys massive deposits of marble and granite, much of it of excellent quality. Until this ASMED program, marble in Afghanistan was exclusively blast-mined which results in 50-80% product loss. ASMED collaborated with a local mining firm to utilize state-of-the-art stone cutting and extraction equipment. The Afghan partner invested \$350,000 in new mining equipment, more than tripling ASMED's contribution. Further, the partner agreed to conduct marble mining best practices to mining operations in Nangahar and Helmand provinces, while the roads constructed through this partnership provided market access to over 5,000 farm-families.

Other alliance related activities included:

- Statement of Interest to the Turquoise Mountain Foundation (TMF). ASMED established a strategic partnership with the TMF to provide business training and technical assistance to its 150 artisans working in woodcarving, pottery and calligraphy.
- Exploratory discussions with Habib Gulzar, Chairman of the local Coca Cola bottling company. Possible GDA opportunities focus on improving the "Coca Cola" value-chain including distribution, recycling, establishing regional bottlers, and possibly a PED plant to provide the Afghan bottling industry as a whole a reliable and affordable supply of PED products for individual customization.
- Exploratory discussions with Hamidzay Brothers Afghan Saffron processing company. Afghan Saffron is currently the largest buyer of saffron in the country and has secured sales contracts with US and German buyers. Afghan Saffron needs to improve its packaging and cleaning technology in order to meet growing international demand for its saffron product.

## GRANTS

The ASMED Grants Manual was approved in late February. After approval, ASMED's grant team designed four different grants programs. First, Afghan business associations can receive three levels of support. The Association Seed Grant at \$10,000 helps new or informal associations register with the Ministry of Justice, to design its governance structure and hold elections and to design and implement services to its members. The Association Development Grant for \$25,000 supports the development of services to association members while improving financial sustainability. Lastly, the Association Advanced Grant at \$50,000 is designed to help Associations deliver business services directly, to improve and formalize public advocacy efforts, and to support trade missions and industry roundtables. Other grant programs include an

“Open” grants program to support both US and non-US non-governmental organizations (NGOs) and in limited instances private firms that address key bottlenecks in a given value chain. Intern grants will allow those who successfully complete ASMED business internships the opportunity to start their own business with small grants. A similar grant program was designed to support ex-combatants in partnership with DIAG.

The most important development for ASMED’s grants program in the first quarter of 2007 was the design and approval of a new Marketplace Development Grants (MDG) program. The MDG program is designed to provide rapid-response to marketplaces and district centers recently affected by conflict. ASMED coordinates closely with PRTs to prioritize needs and to identify potential projects. Grants are up to \$10,000 each and are intended to fund market stalls, drainage systems, latrines, trash collectors, or anything that improves the appearance and function of a marketplace. Another important aspect of the MDG program is the role of the Afghan Builder’s Association. ASMED partnered with ABA in March to help execute this program as the ABA is able to operate in difficult environments and has expertise in cost estimation and construction execution. ABA earns a fee for every cost estimation completed, and ASMED chooses first from among ABA contractors to award contracts. This helps ABA increase its visibility and to increase its memberships while earning valuable income for association operations and service delivery. The MDG program will deliver 50 grants totaling \$500,000 this year.

## **QUARTER I - PROGRAM COMPONENT 5:**

# **CAPACITY BUILDING**

### **FIELD ACTIVITIES – NATIONAL**

ASMED reached agreement with Nangarhar University and the Afghanistan Institute of Business Management (AIBM) to provide 80 business internships for upcoming graduates of the Economics Faculty. Interns will be selected through an initial examination of interested students. After selection, interns will train with AIBM for three months on accounting, business management and marketing. After the three months, interns will be placed for six months with leading Afghan companies. Monthly performance reports from both interns and companies ensures that the internships are of the highest quality.

# 2<sup>ND</sup> QUARTER SUMMARY

This second quarter was a significant time for the Afghanistan Small and Medium Enterprise Development project (ASMED) with the occurrence and in fact implementation of many key start-up activities in both the regional and partner offices, as well as a range of program activities conducted throughout the country. Start up activities continued to play a focus in the first month of the quarter with the Jalalabad office formal opening, and the throughout the period in the Kandahar and Badakshan partner offices. The ramping up of activities in Kandahar and Helmand continued in the period and the start-up in June of Badakshan activities will accelerate ASMED program activity in the northern region in the months and years to come. The technical focus for the quarter was on the Business Development Services component – nearly 2,000 individuals and businesses attended training sessions or seminars provided by ASMED in five regions: Kabul, Herat, Nangarhar, Kandahar, and Badakshan.

During the quarter, the Marketplace Development Grant program was initiated with the first grants successfully placed in the Eastern Region of the country. Several projects were initiated which will lead to significant impacts over the life of ASMED. Specifically, the Base of the Pyramid program, the SME sectoral analysis, and the Made in Afghanistan campaign were all implemented in this quarter. Activities in each of ASMED's programmatic components are numerous, but several are worth highlighting:

**Market Information Component:** The final stages of a country-wide sector survey took place with the final report presented on the 5<sup>th</sup> of May.

**Business Development Services Component:** A Business Provider Survey was completed to determine the future capacity building needs of business service providers throughout the country. The outstanding conclusions of the survey are that significant demand exists currently for high-quality Business Development Services (BDS) and an observable demand exists for the current supply of BDS at its present quality. The most salient conclusion is that the private sector is still largely unfamiliar with the concept of paying their own hard-earned money for consulting services in any form.

**Associations Component:** Of the more significant trainings for the period were those geared towards women business owners who are members of the Afghan Women's Business Council and the newly formed Women's Business Association in Kandahar.

**Global Development Alliances/Grants:** The Base of the Pyramid (BOP) study was completed and several key opportunities for activities in public-private partnerships in this very important initiative were put in place. Also, the grants program moved into high gear in the



YOUSAF SAQIB/ASMED

**ABOVE:** Women of the AWBC learn MS Word, Excel and basic Internet skills like checking e-mail.

quarter after the grants guidelines were approved and the project moved quickly to award its first grants, including the initial Marketplace Development Grant (MDG) which was awarded to Paktya Province in partnership with the Gardez-PRT. The placement and training of two engineers to operate from the Lashkar Gar office in Helmand Province will also see the MDG activities in the southern region.

**Building Human Capacity Component:** The ASMED internship program is up and running with half of the years' intake in training and preparing for placement in August. Close to 400 final year students participated in the exams to become one of the 120 chosen to be in the first phase of the program.

**Outreach efforts:** The project also initiated its first major trade outreach program with the sponsorship of the Domotex Trade Show carpet manufacturers contingent in Dubai. In addition, during this period a partnership was initiated with the U.S. contracting Command and joint activities were held in Jalalabad initially focusing on the services and construction work provided to the military bases.

#### **Implementation Overview – 2<sup>nd</sup> Quarter 2007:**

In early April the official grand opening of the ASMED Nangarhar province office was the most visible start-up activity. Included in the more than 50 audience members were representatives from the regional and local government, members of the private sector, representatives from USAID, and individuals from other donor organizations.

During the period the ASMED Southern Partner VARA began a series of activities and trainings to integrate the methodology into the difficult environment of Kandahar and Helmand Provinces. In the North, the Aga Khan Foundation began its ASMED outreach program and in June conducted a full range of activities oriented towards the ASMED objectives.

In the West the activities paralleled those in the rest of the country with extensive training of SMEs and the formation of several associations, as well as the issuance of the first grant.



AJMAL SAHIL/ASMED

**ABOVE: Mr. Lal Agha Kakar, the Mayor of Jalalabad, cuts the ribbon at the ASMED Jalalabad office opening ceremony.**

## QUARTER 2 - PROGRAM COMPONENT 1:

# MARKET INFORMATION

### FIELD ACTIVITIES NATIONWIDE

Tatiana Dudka, STTA expert for design of the *Made in Afghanistan* campaign was mobilized and commenced with the design of the process. It will be built around a web portal and will incorporate all of the other “Made in” campaigns into the process.

Altai Consulting delivered their findings and recommendations for six-sectors including milk and yogurt, cashmere, industrial flour, gemstones, industrial bread and cakes and candies. While these are all important sectors, other sectors likely to be more important to ASMED activities were not studied so as not to duplicate analysis already recently conducted by others. For example, recent and extensive studies exist in carpet, marble, and dried fruit and nuts.

Phase II of Altai’s sector analysis will be focused towards the Base of the Pyramid (BoP). Working closely with ASMED’s BOP expert, Altai and the ASMED market information team identified several sectors to be studied that have high potential for development projects benefiting Afghanistan’s “poorest of the poor.” Phase II sectors include renewable energy, edible oils, metalworking, and retail distribution. Secondary sectors include the packaging industry, pharmaceutical distribution, construction services and transport. ASMED is already active in the packaging industry, construction services and transport sectors. These important sectors have been relegated to a lower-priority position for study and analysis as the program already has some understanding of each. The primary sectors reflect those sectors that may have potential, but that have been understudied thus far by the development community.

The Badakshan team conducted a pre-test of the market information survey in the Yamgan district,

Two BDS providers with an agriculture focus were brought into Kabul from Badakshan to link them with information sources and input suppliers.

## QUARTER 2- PROGRAM COMPONENT 2:

# BUSINESS DEVELOPMENT & MANAGEMENT SKILLS

## FIELD ACTIVITIES – NATIONWIDE

### Concept and Approach

The objective of the business development and management services was to create a core BDS structure in the country. While working towards this objective, discussions took place with various stakeholders on what approach should be taken to achieve maximum traction. Considering the specialized and varied needs of the Afghan SME community, the following points were arrived at and discussed in detail below:

- Sector based business support
- Large array of training programs according to the business needs of the SME
- Development a pool of local BDS providers
- Establishment of market linkages for Afghan SMEs
- Development of sustainable business information center

### Sector Based Business Development Services

Considering the trade, employment and economic opportunities, ASMED has initially focused on a few sectors like carpet, dry fruits, marble and gemstone. The initial challenge was to develop and strengthen the business and trade support services for these sectors.

The BDS component team has helped the carpet sector to develop a strategy to promote Afghan carpets. The Afghan Carpet Exporters Guild organized a seminar entitled “Promoting Carpet from Afghanistan – Opportunities and Challenges” which was attended by more than 150 major carpet producers and marketers and the Minister of Commerce. The seminar highlighted the problems faced by the manufacturers and traders. It also suggested the need to participate in major international trade shows since Afghan carpets are mostly sold as Pakistani or Iranian carpets. ASMED supported the Afghan Carpet Exporters Guild participation in Domotex, Dubai, a carpet and flooring trade show, as part the of the business support to this sector. ASMED has also agreed to assist the Guild to organize an Afghan pavilion in Domotex, Germany and in Atlanta, GA. ASMED support will also be extended to organize an international trade show in carpet to be held in Kabul in the month of September. Additionally,



NICOLE KEHLER/ASMED

**ABOVE: Members of the Afghan Carpet Exporters Guild attend the Domotex Carpet and Flooring Trade Show in Dubai.**

an export readiness program initiated has been planned in August, with the help of Aid to Artisans. This will assist 40 SMEs in exporting their carpets to the USA.

Dry fruits is the second largest commodity of the Afghan export basket. This sector has strong potential to move up the value chain. ASMED has assisted this sector to articulate the export logistics problems faced by the dry fruit exporters. The project is also assisting this sector in establishing marketing linkages. Afghanistan used to export more than 70% of the production to India, which was the traditional market for dry fruits. This market was lost in the course of last twenty five years. Large scale participation in the IITF is scheduled to help establish the lost market linkages.

### **Training Programs**

ASMED surveyed a cross section of SMEs and business associations to identify their training needs. It was found that different types of training programs are needed to cater to the varying needs of the SMEs. Business planning, accounting, marketing, general management, SME banking and finance, and export marketing were identified as immediate needs and have been the focus of much of the training effort to date. Specialized training programs like food safety, cooking and catering have also been provided.

### **Development of Local BDS Providers**

There is a strong need to develop a pool of local BDS providers who can render effective training and other business support services to the SME community. Considering this, work with the local trainers began to build their capacity. During the first quarter, 11 private BDS providers were developed and a number of them went on to train SMEs in business planning, accounting, SME management, and association development. Out of the 11 private BDS providers, one was a woman-owned agency.

### **Establishing Market Linkages for Afghan SMEs:**

The major challenge for BDS providers is to help SMEs establish market linkages. After surveying a number of SMEs and board members of various business associations, it became apparent that the participation/organization of trades shows was key to establishing these linkages. Therefore, the following trade shows have been identified as possible future activities:

- Kabul Carpet Fair - September 2-4, 2007
- Dubai Marble Show - September 10-12, 2007
- Handicraft show in October
- India International Trade Fair (IITF) - November 17-30
- Made in Afghanistan show in India - December
- Domotex, Germany - January 13-16, 2008
- Atlanta carpet show – January, 2008

### **Developing Sustainable Business Information Center (BIC):**

During the first quarter, the BDS component evaluated the possibility of having sustainable business information centers. After discussion with several business associations, it was felt that direct involvement of associations or SMEs in the running of the BICs was extremely important. Therefore, ASMED is supporting the business development center (BDC) in Jalalabad, where business associations are members of the BDC. It also acts as an incubator for small business associations. Another business information center at the Afghan Carpet Exporters Guild has also been planned. It will provide access to market information to carpet producers and marketers.

## **FIELD ACTIVITIES - KABUL**

A three-day accounting techniques for the Afghan Builder's Association (ABA) and other existing SMEs was held. The 21 participants learned how to prepare a profit and loss account and read a balance sheet.

A basic computer training program for members of the Afghan Women Business Council (AWBC)

continued for 15 days. At the end of the training the 20 participants learned to use MS word, Excel sheet and internet/email.

A two-week course was organized in cooperation with AIREs regarding SME lending. It was geared towards newly hired loan officers of both the

Afghanistan International Bank (AIB) and First Microfinance Bank (FMFB). It was co-sponsored by the Afghan Credit Support Program (ACSP/DEG) and MISFA. The ultimate objective of the training program - to make participants become acquainted with all phases of the lending process - was successfully achieved. There were a total of 40 participants.



**ABOVE: Participants of training program on SME lending for newly hired loan officers.**

## FIELD ACTIVITIES – EAST

Over 100 property dealers in Nangarhar province attended a one-day workshop. The workshop served as a forum to assist property dealers to understand current governmental laws and regulations in terms of property ownership.

Fuel Station Owners training was conducted in which participants were briefed by different government line directorates regarding government law and regulations for the fuel business in the country. As a result of this workshop, many problems between fuel station owners and government line authorities were solved. One-hundred and sixty (160) participants attended.

During a beekeeping training and workshop, participants were briefed on beekeeping and their various diseases by technical and professional trainers. Over 170 people participated.

Over 180 participants attended the National Traders Agents Association training in which they were briefed by the custom authorities about the rules and procedure and payment fees of the custom's house.

The AICC conducted a one-day training for fish producers. During the workshop 160 fish producers were briefed on different methodologies and techniques of fish production, the size of the fish ponds, and other issues related to business and marketing etc. At the end of the training workshop the producers elected a president for the newly established association of fish producers.

A three day workshop with ALP/E was held to assist the carpet industry planning in the region. Thirty (30) SME participants attended the workshop to establish the coordination mechanism for carpets in the region.

## FIELD ACTIVITIES – WEST

Sixty-four (64) individuals from the Fazli Carpet Market were trained in basic accounting principles. Training will be followed up with a more intensive and advanced accounting training for 10 individuals in the near future.

A training workshop on business planning took place for the 35 members of the Herat Industrial Union.

Held a training program in Herat for thirty women entrepreneurs on small business planning. Enterprises represented included food processing, carpet weaving, embroidery and tailoring

## FIELD ACTIVITIES – SOUTH

Business plan writing for existing SMEs and potential entrepreneurs was held for 35 participants. They learned how to write a business plan and prepare a loan application.

Dry Fruits Association in Kandahar attended the trainings in accounting and proposal writing. Thirty (30) individuals participated in each.

## FIELD ACTIVITIES – NORTH

A two-day seminar was held in Jurm for local silk producers giving training in costing product and marketing.

The Badakshan team provided the equipment and start-up technical and managerial support for equipping two business centers in Baharak and Jurm to be operated by women entrepreneurs.

Three potential BDS providers visited Mazar-I-Sharif and Takhar where they were linked with product suppliers to revive the agriculture supply chain in Badakshan and allow the BDS firms to develop the services for the new clientele in the region.

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**TABLE 2: SUMMARY OF BDS TRAININGS AND SEMINARS IN SECOND QUARTER**

Province	Number of Attendees	Types of Attendees	Type of Training
Kabul	72	AWBC	Income Tax Laws
Kabul	20	Different Banks of Afghanistan	Basic Computer Training
Kabul	35	Different Banks of Afghanistan	Basic Banking
Kabul	30	Various SMEs	SME Banking
Kabul	200	Volunteers	Economic Infrastructure
Kabul	95	Various SMEs	Conducting a Chamber Election
Kabul	55	AWBC	Food Safety
Kabul	35	Various SMEs	Business Plan Writing
Kabul	20	ABA	Business Plan Writing
Kabul	21	AIB	Accounting

Kabul	20	AWBC	SME Lending
Kabul	20	Various SMEs	Basic Computer Training
Kabul	25	Fuel Station Owners	SME Management
Nangarhar	160	Bee Keepers Association	Government Law Regulation for Fuel Business
Nangarhar	170	National Traders Agents Association	Bee Keeping and various diseases
Nangarhar	180	Various SMEs	Rules and Procedures of custom house
Nangarhar	30	Fish Producers Association	Business Plan Writing
Nangarhar	160	Various SMEs	Fish Producing
Nangarhar	27	Various SMEs	Food Safety
Nangarhar	35	AICC	Business Plan Writing
Herat	30	AICC	Business Planning
Herat	30	Various SMEs	Basic Management
Herat	30	BaMSA	Marketing for SMEs
Herat	30	Various SMEs	Business Planning
Herat	37	Various SMEs	Business Planning
Herat	40	Various SMEs	Accounting
Herat	45	Fazli Carpet Bazaar	Business Development
Herat	64	Various SMEs	Basic Cash Management, Accounting, and Marketing
Herat	28	Various SMEs	Business Plan Writing
Herat	20	Dry Fruits Association	Planning
Kandahar	30	Dry Fruits Association & Kandahar Industries Association	Accounting
Kandahar	30	Various SMEs	Proposal Writing
Kandahar	30	2 existing Seed Multiplier Associations	Business Planning
Badakshan	29	3 private-sector agriculture input-suppliers	Business Management
Badakshan	3	40 farmers	Business Management
Badakshan	40	Poultry farmers	Fruit Drying
Badakshan	16	Various SMEs	Business Management
Badakshan	3	Various SMEs	Business Management
<b>Total</b>	<b>1,945</b>		

## QUARTER 2 - PROGRAM COMPONENT 3:

# BUSINESS ASSOCIATIONS

### FIELD ACTIVITIES - KABUL

ASMED worked with the AICC on a number of initiatives, including:

- Designing the procedures and establishing the methodology for conducting a transparent election for the AICC, during which 95 volunteers were trained on how to conduct a chamber election. The volunteers were trained on how to a) distribute the ballots, b) guide the voters and c) streamline the election process of AICC General Assembly.
- Sponsoring a round table discussion on Security and Anti-corruption. Participants numbered approximately 300 with leaders of the discussion being the Minister of Commerce and Industry, the Attorney General, Deputy Minister of the Interior and the Chief of the CID.
- Presenting a report to the AICC on the road to the future sustainability for the organization.

The project organized a seminar on Economic Infrastructure. The program was attended by more than 80 members. The seminar highlighted the major problems faced by the private sector in carrying out their business operations in Afghanistan.

Over 140 carpet producers and traders attended a seminar on “Promoting Afghan Carpets – Opportunities and Challenges.” It was organized with the support of the Afghan Carpet Exporters Guild. The Minister of Commerce and Minister of Social Welfare, Government of Afghanistan were present and took part in the deliberations.

A roundtable on banking was organized. The Governor of the Central Bank addressed the participants and highlighted the prospect of this sector in Afghanistan. The event was attended by 162 participants.

The Business Association team organized a roundtable entitled “Promoting Dry Fruits from Afghanistan – Opportunities and Challenges” as a part of the technical assistance to Kandahar Dry Fruits Association and other Dry Fruits Associations based in Kabul. Dry Fruits Association members raised their problems and issues before the Commerce Minister of Afghanistan, the Commercial Counselor of the Indian Embassy and the Commercial Attaché of the Pakistan Embassy. The event was attended by 253 participants



NICOLE KEHLER/ASMED

**ABOVE:** The crowd listens to a speaker at a seminar on Afghan carpet promotion.

### FIELD ACTIVITIES – EAST

The following new associations were organized and registered: Carpenter’s Association, Fuel Station Owners Association, Beauty Salon Association, Bee Keepers Association, and the Confectionary Association. Additionally, a Bee Keepers Association was established and a new president was nominated. By-laws will soon be finalized.

ASMED hosted and oversaw the process to elect a president for the Beauty Salon Association.

Kaweyan Consulting (an ASMED contracted BDS provider) conducted board governance training for the BDC board.

In coordination with the Business Agents Association (250 members in import/export) met with and convinced Customs House to provide space for the association and ASMED will provide technical assistance from this location to association members.

## FIELD ACTIVITIES – WEST

US-ARC: US-ARS in consultation with Kabul has agreed to set up the Women Co-operative Centre in Herat as an association. This is the first co-operative in Herat to provide BDS facilities to trade groups that will be trained in marketing, export promotion and entrepreneurial skills for artesian products to be exported to the USA. ASMED performed a field visit to the centre in Herat where the trade groups will be trained.

## FIELD ACTIVITIES – SOUTH

Organized and registered (with the Ministry of Justice) the Kandahar Business Women Association.

Assisted the Southwest Builders Association in Kandahar to register with the Ministry of Justice.

## FIELD ACTIVITIES – NORTH

Fifteen poultry farmers from Baharak, Wardoj, Yomgan and Ishkashim participated in a ten-day exposure visit to Kabul-based poultry farms and were linked with local suppliers for input as well as the national poultry association.

A one day counseling and training session on business management and marketing was held for the honey producers' business association.

Twenty-five commercial scale poultry farmers from five districts initiated the formation of a business association. The project is assisting them in developing by-laws, doing the registration and developing the operating methodology.



**ABOVE: Members of the first Business Women's Association in Kandahar.**

**TABLE 3: SUMMARY OF TRAININGS AND SEMINARS FOR BUSINESS ASSOCIATIONS IN SECOND QUARTER**

<b>Province</b>	<b>Number of Attendees</b>	<b>Types of Attendees</b>	<b>Type of Training</b>
Kabul	300	Various SMEs	Discussion on Security and Anti-corruption
Kabul	80	Various SMEs	Economic Infrastructure Seminar
Kabul	140	Carpet Producers & Traders	Seminar on Promoting Afghan Carpets- Opportunities and Challenges
Kabul	162	Various SMEs	Banking
Kabul	253	Dry Fruits Associations	Promoting Dry Fruits from Afghanistan
Badakshan	7	Silk Production Center	Installation of production technologies, basic inputs, marketing, business management training
<b>Total</b>	<b>942</b>		

## QUARTER 2 - PROGRAM COMPONENT 4:

# GLOBAL DEVELOPMENT ALLIANCES GDA & GRANTS

### GDA FIELD ACTIVITIES - NATIONWIDE

An MOU was signed for a proposed GDA with Turquoise Mountain Foundation and Standard Chartered Bank.

David Elliott, an STTA, completed his Base of the Pyramid (BOP) assessment on Afghanistan. The BOP assessment accomplished three objectives:

- **Assessed markets and opportunities:** Estimates were made for the size and openness of different market sectors and assessments were made of specific opportunities that could be developed with local and international partners.
- **Prioritized Opportunities:** Opportunities were prioritized according to ASMED GDA criteria such as the potential for impact, availability of implementing partners, etc.
- **Develop strategy:** A strategy and roadmap were developed for each targeted opportunity.

Mr. Elliott identified six targeted sectors: food and agriculture; energy; housing, water and sanitation; health; finance; and telecom/IT. In addition to identifying opportunities in each of these areas, he also identified potential GDA partners for each.

### GDA FIELD ACTIVITIES

The first GDA-partnership was finalized between Mir Construction Company Ltd. and ASMED to begin the process of rehabilitating the marble industry in Afghanistan, starting in Herat province. The objective of the program is to build a profitable and competitive marble extraction industry in Afghanistan. Part of ASMED's GDA-contribution involves the co-financing of road-building equipment that will allow Mir Construction Company Ltd. to build the road and secure permanent access to the mine. After completion of the road, the purchased equipment will serve for extraction and transportation purposes at the mine. In addition to that, ASMED will support the mobilization and deployment of an international marble mining expert that will provide the company with training in sophisticated and state-of-the-art marble extraction methods, in order



**ABOVE:** An example of the type of box the new cardboard corrugation plant in Kandahar will produce.

to have Mir Construction Company pass on this knowledge to other marble miners in Afghanistan, such as those in Nangarhar province.

The second GDA-Partnership joins the following partners: Dried Fruit Export Association of Kandahar (DFEAK), FAF Development, and ASMED. It aims to set up a hardboard corrugation plant in the province of Kandahar. The factory will be used by all the DFEAK members to package their products in order to increase the members'/producers' international market share and allow them to export their products to various neighboring countries (Pakistan, India, Russia, UAE). ASMED will partly fund the cardboard producing equipment, whereas FAF Development will provide technical assistance for how to use the machines, and additional training in marketing/sales. The above mentioned contributions and technical support will allow DFEAK to significantly reduce packaging costs (from \$2 to \$1 per unit), increasing packaging quality and reducing the total shipping bill, while generating sales so significant that the business will create profit within its second full year of operations. ASMED has already been contacted by other Fruit Associations throughout the country for potentially replicating this effort/activity in other provinces - in particular in Nangarhar and Herat - which is a clear indicator for the high demand of in-country produced fruitboxes.

## **APPROVED GRANTS**

### **Kabul**

Afghan Carpet Exporters Guild received a grant to perform the following activities: arrange workshops/seminars for members on carpet exporting specific issues (challenges etc.); upgrade their main office (Internet connection, set up a proper filing system, develop a website, etc.).

Peace Dividend Trust (PDT), an international NGO that has been instrumental in linking Afghan businesses to large contracts, has received an open grant. It will allow PDT to pursue their important operations until a large grant from CIDA will be approved in August.

### **East**

Marketplace Development Grants (MDG) for three districts in Nangarhar province. The mayor of Nangarhar requested construction of a small wholesale market in the Rodat and Ghanikhel districts, and the construction of four public latrines, a water well, and a septic tank near a key marketplace in Khogiani District.

The Association Incubator grant will go towards the renovation of the Agriculture Directorate building. ASMED and the Directorate of Agriculture, Nangarhar Province, will identify six associations who will set up office in the incubator after the renovation is complete.

The Sabwoon Feed Mill grant supports the development of the first feed mill in the eastern region. The feed mill will help ALP/E and ASMED create 400 new poultry farms as well as provide feed to 300 existing farms and offer import substitution of 50% of the product from Pakistan.

### **North**

Balkh Livestock Development Union (BLDU) received an open grant to allow them to start operations during the month of June. ASMED is co-financing the purchase of a generator and the mobilization of Indian technicians that will train the Union on how to operate the plant. ASMED is planning to work with this Union over the coming years to improve their business knowledge and economic performance.

**TABLE 5: SUMMARY OF GRANTS TO DATE**

<b>Grant Type</b>	<b>Region</b>	<b>Grant Name</b>	<b>US\$ Amount</b>	<b>Current Status</b>
Association - Advanced	Central	NICTAA, Kabul	\$50,100	Awaiting USAID Approval
Association - Advanced	East	Association Incubator	\$16,000	Complete
Association - Advanced	Central	Afghanistan Builders Association	\$50,000	Ongoing
Association - Development	Central	Afghanistan Marble & Granite Association	\$25,300	Ongoing
Association - Development	North	AGCA	\$24,750	Ready for submission to USAID
Association - Development	Central	TWARA	\$24,660	Ready for submission to USAID
Association - Development	Central	Carpet Exporter's Guild	\$24,925	Ongoing
Association - Development	East	National Union of Craftsmen/ Traders Class Association	\$19,900	Ongoing
Association - Development	Central/ West	Afghanistan Int. Freight Forwarders Assoc.	\$25,200	Ongoing
Association - Seed	West	Herat Carpet Dealers and Producers Association	\$10,000	Ready for submission to USAID
Association - Seed	East	Honey Bee keepers Association	\$8,835	Ready for submission to USAID
Association - Seed	South/West	South West Builders Association	\$10,000	Ongoing/implementation
Association - Seed	West	Herat Gardner's Association	\$25,000	Ongoing
MDG	South	Sangin-Helmand-MDG- Electrification	\$14,000	Complete
MDG	East	Small Wholesale Market Construction-Khewa District-Nangarhar	\$9,095	Ready for submission to USAID
MDG	East	Small Wholesale Market Construction-Pachir Agam District-Nangarhar	\$9,313	Ready for submission to USAID
MDG	South	Chamkani	\$10,000	Ongoing
MDG	East	Latrine	\$10,000	Ongoing
MDG	East	Market Stalls	\$9,232	Ongoing
MDG	East	Market Stalls	\$10,000	Ongoing
MDG	South-East	GAGA-Gardez	\$13,000	Ongoing
MDG	East	Assadabad Latrine	\$9,964	Ongoing
MDG	East	Mehterlam Latrine	\$9,940	Ongoing
MDG	South	Sangin 2 -Watertruck, Helmand Province	\$10,000	Ongoing
Open	National	Peace Dividend Trust (PDT)	\$100,000	Complete
Open	East	Shariyar Plastic Recycling Project	\$65,000	Ready for submission to USAID

Open	National	AICC	\$200,000	Ongoing
Open	East	Feed Mill	\$62,000	Ongoing
Open	North	Balk Livestock Development Union	\$57,500	Ongoing
<b>Total (pending and approved)</b>			<b>\$1,547,758</b>	

## QUARTER 2 - PROGRAM COMPONENT 5:

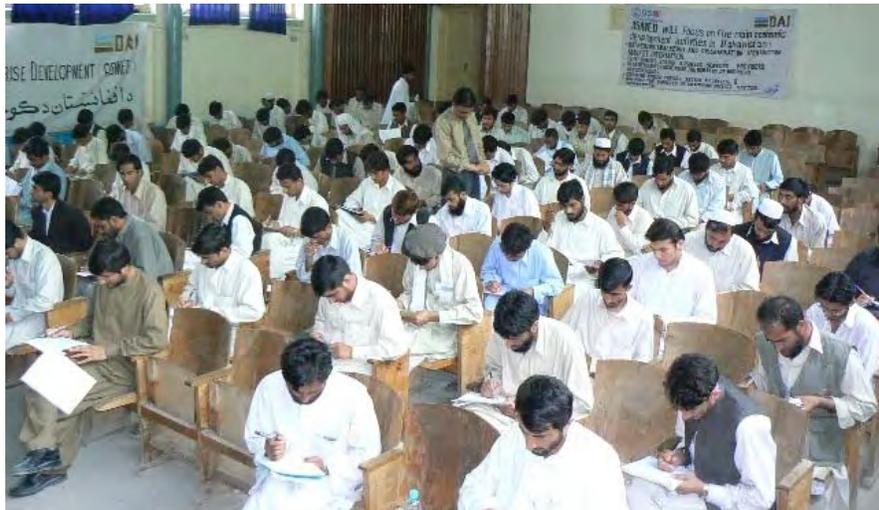
# CAPACITY BUILDING

### FIELD ACTIVITIES - KABUL

The internship program was initiated through Kabul University with 200+ students sitting for the qualifying examination for placement in the internship program. Eighty students were selected and will be trained in July and August by AIBM for placement in organizations beginning in September. An internship commencement ceremony, attended by over 150 people, was held at Kabul University to mark the start of the program.

### FIELD ACTIVITIES - EAST

Qualifying exams were held at Nangarhar University for positions in the ASMED internship program. Approximately 150 students competed for the 40 intern slots. The training of the interns by AIBM commenced and the students will begin their assignments in August.



AJMAL SAHIL/ASMED

**ABOVE: Over 150 Nangarhar University students take the qualifying exam to participate in the internship program. The top 40 students will be selected.**

### FIELD ACTIVITIES - NORTH

The first eight interns have been identified and will be receiving the preparatory training over the next two months for placement in the region.

# 3<sup>RD</sup> QUARTER SUMMARY

The Afghanistan Small and Medium Enterprise Development (ASMED) project gained considerable momentum in the Third Quarter 2007 as the project continued to expand and diversify innovative private sector programming. With activities in 12 provinces, ASMED provided assistance to Afghan businesses across the country in multiple sectors. In addition to the five key components summarized below, ASMED worked closely with Provincial Reconstruction Teams to improve District Center marketplaces, linked Afghan carpet and marble manufacturers to international buyers via trade shows, established an enterprise start-up program for ex-combatants and expanded public-private partnerships to focus on the poorest segments of Afghan society. New corporate partnerships include Nestle, Roshan and Etisalat. Over 2,700 individuals from SMEs and associations were trained throughout the country in subjects as diverse as basic ledger accounting to professional business plans used to access finance. ASMED also worked with 30 business associations to improve their sustainability and service provision to members, while starting 12 new business associations. Hundreds of business interns were trained and placed with leading Afghan corporations. The momentum gained in the Third Quarter has positioned ASMED as a key facilitator for licit private sector growth in Afghanistan, a role likely to expand in the coming years of the program.

## **Market Information**

Altai Consulting continued its research on high-potential sectors including renewable energy, retail distribution, edible oil manufacture and metalworking on behalf of ASMED. The findings, conclusions and recommendations from this effort will be made available in the Fourth Quarter 2007. ASMED work in market information in the Third Quarter focused primarily on trade shows linking producers to important market opportunities. The first annual International Carpet Fair in Kabul led to \$4 million in sales while establishing important business contacts with carpet buyers in Europe and the US. Participants in the Dubai Marble Show learned how to market better their products while also visiting an Emerati cutting and polishing factory. While orders for Afghan marble were limited, a number of marble traders plan to visit production sites in Afghanistan in the coming months to explore importing marble from trade show participants.

## **Business Development and Management Skills**

Over 45 trainings took place in the Third Quarter 2007, with 1,600 Afghans learning how to improve accounting techniques, create bankable business plans, develop more effective marketing strategies and employ improved production techniques for better quality and production efficiency. Approximately 15 different locally owned consulting firms conducted trainings on behalf of ASMED, while improving their own service offering and expanding their private sector clientele.

## **Association Development**

ASMED provided technical assistance to 30 business associations across the country in the Third Quarter. Assistance focused on good governance and association management, improving membership services and improved financial sustainability. Twelve new business associations were established this quarter, including a Coppersmiths Association in Nangarhar and a women's Embroidery Association in Kandahar. Other new associations included furniture making, regional carpet manufacturer associations and a women's shopkeeper association in Kabul.

## **Global Development Alliances and Grants**

Two significant GDAs were established in the Third Quarter 2007. First, ASMED and Nestle agreed to partner to develop the dairy sector in Northern Afghanistan. Initial stages include research and due diligence in support of potential milk collection centers and possibly a dairy processing facility. Direct investment is expected in the First Quarter of 2008. Next, ASMED and Roshan have agreed to establish 500 women-owned public call offices (PCOs) nationwide. PCOs provide income for three to four women

per call office while increasing access to affordable telecommunications for the rural poor. At least 1,500 jobs for women will be created through this public-private partnership.

Twenty-two new grants were approved by ASMED and USAID in the Third Quarter 2007 totaling \$605,000. A few examples of grantees include a plastic recycling factory in Nangarhar, small but important wholesale markets in the East, the Afghanistan Builders Association, the Afghanistan Bankers Association, and a furniture manufacturing association in Kabul.

### **Human Capacity Development**

ASMED has now trained and placed 132 interns in leading Afghan businesses in Kabul, Nangarhar and Badakshan. Of the 40 interns in Nangarhar, 20 have been offered full-time employment with their host businesses.

## QUARTER 3 - PROGRAM COMPONENT 1:

# MARKET INFORMATION

### Market Linkages

During the third quarter, the Market Information team worked to establish market linkages for SMEs engaged in the carpet, dry fruit, and marble sectors, in particular. At the end of August, ASMED co-organized the First International Carpet Fair in Kabul. One-hundred and ten vendors exhibited their Afghan-made carpet at the show and generated approximately \$4 million in new business. To support the event, ASMED facilitated the visit of a delegation made up of 11 carpet buyers from the United States, and the attendance of the Secretary of Commerce, Carlos Gutierrez (see photo at right). The buyers proceeded to buy \$1.6 million worth of carpets.

In addition to the carpet show, ASMED joined efforts with USAID's Alternative Livelihoods Project- Eastern Region (ALP/E) to host the second annual Jalalabad Regional Agro-Industrial Trade Fair. The two day event brought over 12,500 visitors, including over 90 produce buyers from other regions of Afghanistan, Pakistan, India, Turkey, Tajikistan and Uzbekistan. There were 143 exhibitors including input suppliers, farmers, processors, traders and service providers. ASMED brought 76 regional and international buyers to the fair and hosted three round table discussions to facilitate matchmaking opportunities. Round table topics included carpets, marble and agribusiness.

In September, ASMED sent 11 Afghan marble producers to Dubai to participate in a Marble Showcase. The British Geological Survey and the Export Promotion Agency of Afghanistan (EPAA) also participated. In addition to attending the trade show, the businessmen visited Carara, a Dubai-based marble trading and polishing company, which expressed its interest in buying marble from all 11 of the Afghan producers.

Additional activities to increase market linkages included two ASMED-sponsored trade delegations. The first trip in sent 12 business owners to Turkey. In August, a second delegation of 13 business owners went to China. The impacts of these trips is still being assessed.

### Surveys

Altai Consulting presented their interim findings for Phase II of their sector survey in August. It includes research on the following sectors: renewable energy, edible oils, metal working and retail distribution. Their final report will be presented in October.

In early 2007, ASMED hosted a round table discussion on honey production. The round table led to commissioning the Agriculture Development Associations of Afghanistan (ADAA) to conduct a comprehensive honey producers' survey for eastern region (Nangarhar, Laghman, Kunar, Nuristan) in order to identify gaps, needs and solution for empowering regional honey producers to further develop the sector. The study was completed in September 2007. Major findings: 530 honey producers (53 traders) produce 314,000 kilogram of honey per year. The average retail price per kilogram across all four provinces is \$3.30. Average annual income for a honey producer is \$300. Opportunities for ASMED assistance:

- Technical training to increase production;



AIMAL RAHIMZAI/ASMED

**ABOVE: U.S. Secretary of Commerce Carlos Gutierrez cuts the ribbon to inaugurate the First Afghanistan Carpet Fair in Kabul, August 26, 2007.**

- Processing facility; and
- Marketing of eastern region honey to the rest of Afghanistan and Pakistan.

## **UPCOMING FOR NEXT QUARTER**

Participation/organization of the following trade shows was identified for the next quarter to establish marketing linkages for the SMEs.

- Organizing a handicraft show in October for the local handicraft sector
- India International Trade Fair (IITF) from November 14-27, 2007 for all product categories
- Made in Afghanistan Show in India in December for all product categories
- Domotex, Germany from January 11-13, 2007 for the carpet sector
- Las Vegas Floor Coverings in January 29-Feb1, 2008

## QUARTER 3 - PROGRAM COMPONENT 2:

# BUSINESS DEVELOPMENT SERVICES

The Business Development Services (BDS) team focused their efforts on the following major activities during the months of July, August, and September of 2007:

### **Developing a Business Information Center (BIC)**

ASMED initiated the development and installment of the first business information center (BIC) for the carpet sector at the Afghan Carpet Exporter's Guild in Kabul. It will provide market access and information, as well as disseminate design information, to Afghan carpet producers. The computer and trade database have already been procured, and a design bank was developed by one of ASMED's short-term technical advisors (STTA). A website is under construction and will soon be ready. Roughly 500 major carpet producers will directly benefit from this BIC.

### **Providing Export Readiness**

There is great potential for Afghanistan to increase its exports of goods such as carpet, dry fruits and marble. The BDS team has focused their technical assistance on these sectors and has established market linkages to ensure an increase in exporting these goods. Since an export culture is not prevalent among Afghan SMEs, ASMED launched an export readiness program. The first of these programs was launched September 3-5, 2007 for the carpet sector. Aid to Artisans provided the training to 35 carpet producers in Kabul. Similar training for the other sectors is planned for the next quarter.

Participation in international trade shows is an important activity that increases exports from the country. As was described in the Market Information chapter, ASMED organized/supported the participation in three international trade shows so far, and will support additional shows in the next quarter. To ensure the vendors get the most out of their involvement in

the events, the BDS component organized a training program for the participants on selling techniques and marketing skills at trade fairs.

### **Developing Afghan Business Service Providers (BSPs)**

There is a strong need to develop the pool of local BSPs who can render effective training and other business support services to the SME community. With this in mind, ASMED's BDS team started working with local trainers to build their capacity. During this quarter, 15 private BDS providers received training of trainers courses in topics such as Business Planning, accounting, SME management and association development.



**ABOVE: Carpet producers examine colors and designs in the Export Readiness training provided by Aid to Artisans.**

### **Launching the First Eastern Region Bachelor's of Business Administration**

Three decades of war and lack of investment in Afghanistan's educational system has left the higher public educational system deficient and unable to train the new generation of business leaders. Until now, a Bachelor's of Business Administration degree has not been offered in the Eastern Region by a publicly funded institution. There are private training institutions and universities that offer BBA degrees, however, these institutions are not accredited with the Ministry of Higher Education. Additionally these institutions are prohibitively expensive for the average Afghan. As a result, many Afghans travel to Peshawar, Pakistan to attend Preston University to obtain this degree. This causes undue hardship on the students and their families.

In September 2007 ASMED, Nangarhar University and AIBM launched the first BBA program in the Eastern Region with 76 students enrolling in the 2-year program. AIBM is teaching the first semester course. In order to build the program for the long haul, ASMED will work with AIBM and Nangarhar University to develop a business curriculum that will be accredited with the Ministry of Higher Education and recognized nation-wide as a leading business degree program. The Ministry is committed to funding the program after the two-year pilot.

### **Offering a Large Array of Training Programs**

During the quarter under review, the ASMED project developed and rolled out on a pilot basis a comprehensive program of "Business Start-up Training and post-training extensive mentoring/counseling support" to ex-commandants from Disbanded Illegally Armed Groups (DIAG). The objective of the program, titled "Enterprise for Peace Program (EPP)" is to facilitate the reintegration of the ex-commandants by enabling them to start and manage viable small to medium sized enterprises.

To start with, an in-depth analysis of the training and support needs of the target group was carried out. Based on this analysis, the scope and contents of the following sequential interventions were designed:

- A 10-days intensive training program aimed at sensitizing the participants to the competencies needed to start viable medium sized businesses; enabling them to develop a viable business idea, and a viable/workable business plan for it; development of detailed action plans for commercialization of the chosen viable business idea, and compilation of all relevant data for preparation of viable/workable business plan
- Followed by continuous on-site mentoring/counseling and practical assistance for a period of one year by business advisors/counselors through trained field monitors focused on the completion of Action Plans; preparation of realistic, achievable and bankable business plans; negotiation of loan financing and preparation of relevant documentation; completing all business-start up activities according to the plan; continuous monitoring of the business start-up and post-start-up actions through field monitors; and in-business assistance post-start up period of 6-9 months in the day-to-day running of business.

A carefully selected group of eleven Business Advisors/Counselors was trained in quality delivery of the designed training and on-site support services. From amongst this trained group, six business advisors/counselors were accredited to provide the designed training and assistance to target group. In addition, five field monitors were trained to coordinate the on-site assistance to the target group participants by the business advisors/counselors.

A pilot batch of 22 ex-commandants willing to undergo the designed training and committed to starting viable businesses received the initial intensive 10-days training and by the end of the training, all participants developed comprehensive action plans for the development of viable business ideas and compilation of all field data required for the preparation of bankable business plans for the same.

By the end of the quarter, one participant ex-commandant had made substantial progress in the preparation of business plan for his chosen viable business idea, while the remainder participant ex-commandants had made reasonable progress in completing initial parts of their Action Plans.

The progress of the pilot batch is being monitored carefully. The project will undertake during October/November preliminary evaluation of the progress made by participants and based on that evaluation, the program will be fine-tuned. Two more pilot batches of 20 participants each will receive similar assistance starting in the first quarter of 2008.

Table 2 provides an overview of the other various training programs organized in the third quarter.

**TABLE 1: SUMMARY OF BDS TRAININGS AND SEMINARS IN 3<sup>RD</sup> QUARTER**

Province	# of Attendees	Types of Attendees	Type of Training	Date
Badakshan	20	Five Honey Business Producing Associations	Business Management	7/1
Badakshan	2	Seed Growers Association	Surveys in the fruits & Vegetable Markets	7/1
Badakshan	15	Various SMEs	Micro-Hydroelectric plant maintenance	9/1
Herat	20	Various SMEs	Business Planning	6/30-7/2
Herat	30	Various SMEs	Accounting	7/1
Herat	45	Various SMEs	Sorting and Packaging	7/1-7/9
Herat	29	Various SMEs	Accounting	7/15-7/19
Herat	40	Various SMEs	Roles & Regulation of transportation in Afghanistan	7/3
Herat	29	Various SMEs	Accounting	7/15
Herat	13	Fazli Carpet Market	Accounting	7/28-11/12
Herat	40	Various SMEs	Communication Training Workshop	7/28-7/31
Herat	50	Various SMEs	Effective factors on project selection	7/30-8/1
Herat	48	Various SMEs	Business Management	8/5-8/7
Herat	40	Various SMEs	Sorting and Packaging	8/14-8/16
Herat	35	Various SMEs	Marketing for SMEs	8/26-8/28
Kabul	20	AWBC	Computer	6/30-7/14
Kabul	25	Various SMEs	Business Management	6/30-7/2
Kabul	21	AWBC	Computer	7/15-7/30
Kabul	32	Afghan Bankers Association	Accounting	7/18-7/28
Kabul	50	WWODA	Computer	7/20-8/5
Kabul	20	AWBC	Computer	7/21-8/7
Kabul	17	Turquoise Mountain Foundation	Business Planning	7/23-7/24
Kabul	35	Various SMEs	Business Management	7/28-7/30
Kabul	11	Ex-Combatants	Employment for Peace	7/31-8/9
Kabul	9	Marble Group	Marketing for SMEs	8/11-8/15

Province	# of Attendees	Types of Attendees	Type of Training	Date
Kabul	8	Women Entrepreneurs Organization	Marketing for SMEs	8/11-8/15
Kabul	23	Afghan Banking Association	Banking	8/11-8/15
Kabul	40	ABA	Banking	8/14-8/15
Kabul	25	Ex-Combatants	Business Planning	8/14-8/23
Kabul	26	NEC	Time management, team building & effective communication	8/20-8/26
Kabul	9	Marble Group	Business Management	8/20-8/23
Kabul	7	Carpet Exporters Guild	Carpet Design	8/23-8/24
Kabul	120	Carpet Guild Members	Carpet Guild Workshop	8/27
Kabul	35	Carpet Producers	Export Readiness	9/3-9/6
Kabul	28	Accessibility Association for Afghan Disabled	Computer	9/4-9/19
Kabul	12	Craftsmen & Traders Union	Marketing for SMEs	9/8
Kabul	30	Various SMEs	General system preference	9/10
Kabul	21	Women Entrepreneurs	Business Planning	9/15-9/17
Kabul	26	Various SMEs	Association Management	9/15-9/17
Kabul	20	Various SMEs	Effective meeting management	9/19
Kabul	25	Various SMEs	Business Management	9/22-9/24
Kabul	29	Various SMEs	Constructive feedback	9/22-9/23
Kabul	10	Afghan Carpet Exporters Guild	Advertising Management	9/22
Kabul	21	Development Consol of Afghan Women	Business Planning	9/22-9/24
Kabul	25	Various SMEs	Association development	9/25-9/27
Nangarhar	223	Various SMEs	Banking	7/18
Nangarhar	120	Various SMEs	BDS Awareness	8/22
Nangarhar	20	Various SMEs	Office Management	9/8
<b>Total</b>	<b>1,599 Participants</b>			

## QUARTER 3 - PROGRAM COMPONENT 3:

# BUSINESS ASSOCIATIONS

More than 30 business associations were assisted by ASMED's Business Association team during the third quarter of 2007. The focus of the component team over the past three months was to strengthen existing associations so they could become the advocates of their respective SME communities. Two of the biggest associations, the Afghanistan International Chamber of Commerce and the Afghan Chamber of Commerce and Industries met with ASMED staff either together or separately regarding the steps for the merger of these two organizations and implementation of the Chambers law. A press conference is planned for October to announce the merger and new leadership.

In addition, the team worked to identify and form new associations to render effective and meaningful services to new and emerging SMEs. ASMED provided technical assistance to associations primarily in the following areas:

### Membership Development

Over a dozen associations were assisted in membership development during this quarter. Nine associations were assisted to organize membership development campaigns and three associations were assisted to design brochures to attract new members. Associations were also encouraged to send circulars to their members outlining member activities. Six associations were also assisted to develop different promotional materials like banners and newsletters.

### Policy Advocacy

Nine associations were trained in policy advocacy. ASMED assisted the Afghan Carpet Exporters Guild (ACEG) to organize a seminar on 'Promoting Afghan Carpet – Opportunities and Challenges' as part of policy advocacy for the carpet sector. The seminar had a remarkable turn out in two provinces ASMED does not normally reach – with 230 carpet producers attending the seminar in Kunduz province, and 300 in Jawzjan province. The ACEG also prepared an export strategy to promote afghan carpet. The Kandahar Dry Fruit Association prepared an advocacy paper on the problems facing the dry fruit community as they attempt to export their products to India thru Pakistan. To further the discussion, ASMED organized an open forum with Minister of Commerce - GOA, the Indian Embassy and the Pakistan Embassy to discuss the problem. The Afghanistan International Chamber of Commerce was also assisted to organize a series of seminars and open forums as part of its policy advocacy efforts.



NICOLE KEHLER/ASMED

**ABOVE: A member of the Nangarhar Handicraft Producers Association makes a school uniform.**

### Association Development

The women who founded the Nangarhar Handicraft Producers Association (NHPA) had a common purpose: to create job opportunities through the production of Afghan handicrafts. This association now has 310 members throughout the eastern region (120 in Nangarhar, 100 in Kunar and 90 in Laghman) and improves women's ability to contribute to private sector development. ASMED provided a development grant to the association for the purpose of training 50 women on the production of girls' school uniforms. The grant also provided materials for the women to produce up to 5,000 uniforms in the first year. To date, the association has produced nearly 2,000 uniforms.

In Jurm District, Badakshan Province, the capacity of the district seed producers' association to enhance the enterprises of its members was expanded through a series

of interventions. Ten members participated in a training course in marketing, labeling and packaging techniques, and were linked to traders in Kabul, Mazar, Takhar and Kunduz. Two members were conducting market surveys in the fruits and vegetable markets of Takhar and Kunduz. The project supplied the association with a seed cleaning machine and packaging so its members can provide a higher quality product to the market. In addition, the project supported the construction of association-operated storage facilities for potato and onion harvests. Prior to this intervention, members' produce was sold at the time of harvest (when prices are at their lowest); members can now take advantage of higher off-season prices.

Twelve associations were formed during the quarter. See Table 3 below for details.

**TABLE 3: SUMMARY OF NEW BUSINESS ASSOCIATIONS ESTABLISHED IN THE 3<sup>RD</sup> QUARTER**

<b>Province</b>	<b>Name of Association</b>
Herat	Women Association
Herat	SME Women Association
Herat	Proficient Women Association
Herat	Turkmen Carpet Association
Herat	Zinda jan Women Association
Herat	Herat Carpet Traders and Producers Association (Fazli Market)
Kabul	Afghan Furniture Companies Association
Kabul	Women Shopkeepers Association
Kabul	Afghanistan Leather Sticher Association
Kandahar	Embroidery Association
Nangarhar	Coppersmith Association
Paktya	Gardez Apple Growers Association

### **Computerization/ICT**

Ten training programs were organized and more than 200 members from a number of associations were trained in basic and advanced computer skills. As a result, five associations have computerized their member databases and two associations are using software to invoice membership dues.

### **Newsletter Publishing**

The ACEG developed its first newsletter in August, 2007. Additionally, the AICC published a new edition of its newsletter, and others will do the same in the near future.

### **Institution/Capacity Building**

ASMED developed a presentation entitled "Association Management and Development" in English and Dari aimed to introduce best practices in association governance. The training materials cover four modules: Association Planning, Strategic Planning, Board Leadership and Public Policy Advocacy. These four modules were shared with the leadership of eight associations during the quarter. Association members were also trained in different topics like business planning, accounting, marketing, advertising, exporting, and SME management.

ASMED also developed prototype bylaws for business associations. This tool has helped many new associations as they craft their own bylaws.

The following table is a detailed list of capacity building activities geared towards associations during the third quarter.

**TABLE 3: SUMMARY OF TRAININGS, SEMINARS AND ACTIVITIES FOR BUSINESS ASSOCIATIONS IN 3<sup>RD</sup> QUARTER**

Province	Number of Attendees	Type of Attendees	Type of Activity
Badakshan	15	Poultry Farmers	Exposure Visit – 10 day visit to Kabul-based commercial poultry farms
Badakshan	22	Honey bee farmers	Exposure Visit – met with three associations in Kabul
Badakshan	4	Local entrepreneurs	Exposure Visit – Local entrepreneurs from Fayzabad including Cumin wholesalers, cookies and candy makers visiting similar businesses in Kabul, Takhar and Kunduz
Badakshan	10	Jurm & Yamgan Seed Multipliers Associations	Exposure Visit – visiting Kabul, Mazar, Takhar and Kunduz to explore strategies for building their capacity and operation
Badakshan	15	Ishkashem Potato Growers Association	Exposure Visit – visiting Kabul, Mazar, Takhar and Kunduz to explore strategies for building their capacity and operation
Jawzjan	303	Members of Afghan Carpet Exporters Guild	Promoting Afghan Carpet – Opportunities and Challenges'
Kabul	15	Entrepreneur Women Support Association	Training – association management & gender issues
Kunduz	150	Afghan Carpet Exporters Guild	Seminar – focusing on the new services developed by the association
Kunduz	229	Members of Afghan Carpet Exporters Guild	Promoting Afghan Carpet – Opportunities and Challenges'
Nangarhar	191	Pharmacist Association	Seminar – pharmacy issues
Nangarhar	200	ABA	ABA election
<b>Total</b>	<b>1,154</b>		

## QUARTER 3 - PROGRAM COMPONENT 4:

# GLOBAL DEVELOPMENT ALLIANCES & GRANTS

## APPROVED/ONGOING GDAS

### *Development and Empowerment of the Afghan Dairy Sector*

Partner: Nestle Pakistan Ltd.

At the end of June 2007, ASMED/USAID approached Nestle Pakistan in order to evaluate Nestle's potential interest in partnering with ASMED/USAID to develop the Afghan dairy sector. In July 2007, ASMED organized a field mission with Nestle's Senior Management Team to the Afghan provinces of Kabul, Kunduz, Balkh and Baghlan, to evaluate the potential for dairy development in the North. Nestle send a follow-up technical team to confirm the initial findings that northern Afghanistan represents a tremendous opportunity. Nestle considers Northern Afghanistan to be one of the largest undeveloped milk sheds in Central Asia.

The GDA allows ASMED and Nestle the opportunity to identify specific interventions to develop the sector, including:

- Improved forage production and animal nutrition
- Improved veterinary services
- Establishment of milk collection centers and chilling stations
- Creation of a state-of-the-art dairy processing facility

This GDA clearly demonstrates the strength of public-private cooperation, with both partners leverage financial and technical resources to achieve a common goal. This GDA is only the beginning of a very promising partnership that could potentially generate thousands of jobs and increased incomes for Afghan farmers. ASMED continues to facilitate market and financial due diligence teams from Nestle, which is expected to lead to direct investment in early 2008.

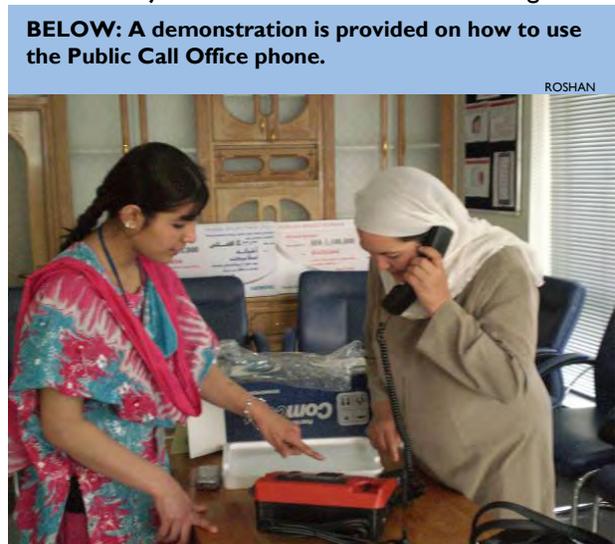
### **Women's Public Call Office (PCO)**

Partner: Roshan Telecom Development Company  
In Afghanistan a significant opportunity exists to combine the successful PCO business model with social outreach to empower women in communities to run small four-person Women's-PCOs (W-PCOs). By setting-up a minimum of 500 W-PCOs run by three-four person teams, this GDA will create at least 1,500 direct jobs, and accelerate the benefits of cell phone access to tens of thousands of people that don't have access today.



ASMED

**ABOVE: The team from Nestle Pakistan, USAID, and ASMED visit a dairy farm in Kunduz.**



ROSHAN

**BELOW: A demonstration is provided on how to use the Public Call Office phone.**

The W-PCO program has been developed by Roshan's Social Programs Department, to enable women to earn a sustainable income by owning and operating a PCO-business. Women may operate their PCO business anywhere they choose and are responsible for finding a suitable location to operate their business: a shop within a marketplace (bazaar), beauty parlor or a women's center.

The cost of the PCO package is over AFA 25,000 (\$500) but the women pay only AFA 10,000 (\$200), with Roshan effectively providing a subsidy of \$300 per kit.

In addition, W-PCO owners are able to buy discounted air time units from Roshan at favorable rates, enabling the PCO to repay a micro-finance loan of \$200 over ten months while earning an income which can range from \$20-50 per person for the four-person team.

### ***Marble Industry Rehabilitation (pilot in Herat)***

ASMED organized and provided a two-week training program in small and medium business management and marketing/advertising for representatives and employees of four marble extracting companies in Afghanistan. All the participating companies are members of the Afghanistan Marble Association. In total, 15 trainees learned about the basics of SME management and marketing and have benefited considerably from this training program.

## **UPCOMING GDA OPPORTUNITIES**

### ***Afghan Remittances - Tofa.com (Gift.com) (Base of the Pyramid Project)***

Partners: Digistan (Afghan IT Company), Afghanistan Demain

This GDA will support the creation of a new Afghan remittances portal (private sector company) called Tofa.com (English: Gift), to be jointly owned by Digistan, an Afghan IT service provider, and Afghanistan Demain, a French NGO that provides shelter and vocational training for homeless youth.

Through innovative marketing and stimulating diaspora transfers, the company will create new opportunities for Afghan SMEs, generate cultural value, and help to train and integrate dozens of unskilled homeless young people. Providing a combination of high customer service and a suite of quality services, the company will build a trusted brand name and expand its purchasing and delivery services across Afghanistan. The company will also be a model for e-commerce in the country and be poised to benefit from the expanded potential created by the launch of mobile-commerce and transaction services by the major telecom operators.

### ***Distribution and sales of GSM top-up cards using disabled workforce (BoP Project)***

In May 2006 Etisalat, of the United Arab Emirates, signed an agreement with Afghan authorities to operate a GSM network across Afghanistan and become the fourth GSM operator in the country. This GDA will support the launch in Afghanistan of a national distribution network for Etisalat SIM and top up cards working exclusively with the disabled and developing an awareness, training and employment campaign that will create hundreds of jobs for double amputees confined to wheelchairs.

## **BASE OF THE PYRAMID ACTIVITIES**

Following the June 2007 Afghanistan Base of the Pyramid (BOP) Assessment, a year long project was initiated by ASMED to develop promising BOP Global Development Alliances (GDAs). The second BOP Development Mission was undertaken in August and early September and work on a number of initiatives is now ongoing.

Following the Mission to Kabul the BOP Short-term Technical Advisor David Elliot attended the 2007 Base of the Pyramid Conference in Michigan and made an informal presentation on the approach being taken by ASMED to interested conference participants. He then met with the USAID/DAI GDA team in Washington and numerous useful connections were made with other BOP projects and potential resources which are being explored, including conversations with the authors of *The Fortune at the Bottom of the Pyramid*. Both expressed a willingness to support the development of BOP initiatives in Afghanistan and discussions will proceed with the University of Michigan, Davidson Institute, to look at organizing a

visit to Kabul in conjunction with a televised workshop/BOP forum co-sponsored by existing and new GDA partners.

Work is also proceeding on a pipeline of about a dozen potential GDA partnerships that will respond to unmet needs of different BOP markets for energy, food, sanitation and healthcare, see project tracking lit below. Collectively these initiatives should help build a deeper societal understanding and awareness of the role and potential for civil society and the private sector to work together to tackle pressing social problems, from housing and sanitation to food security, health-care and energy provision. Establishing multi-partner projects that foster recognition and support for Social Entrepreneurship will also ensure that ASMED's funds are multiplied over and over again as innovative solutions and business models are copied by other SMEs, donor programs and NGOs.

The following table provides an overview of grants to date for the ASMED project.

**TABLE 5: SUMMARY OF GRANTS TO DATE**

<b>Grant Type</b>	<b>Region</b>	<b>Grant Name</b>	<b>US\$ Amount</b>	<b>Current Status</b>
Association - Advanced	Central	NICTAA, Kabul	\$30,100	Ongoing
Association - Advanced	Central	Afghanistan Builders Association	\$50,000	Ongoing
Association - Advanced	East	Association Incubator	\$16,000	Completed
Association - Development	Center	Afghanistan Bankers Association	\$25,000	Ongoing
Association - Development	Central	Carpet Exporter's Guild	\$24,950	Ongoing
Association - Development	Central	Afghanistan Marble & Granite Association	\$25,300	Completed
Association - Development	Central/ West	Afghanistan Int. Freight Forwarders Assoc.	\$25,200	Ongoing
Association - Development	East	Eastern Region Fruit Growers Association	\$10,461	Ongoing
Association - Development	East	National Union of Craftsmen/ Traders Class Association	\$19,900	Ongoing
Association - Seed	Central	Afghanistan Furniture Companies Association	\$9,960	Ongoing
Association - Seed	East	Spin Ghar Poultry Association	\$8,761	Ongoing
Association - Seed	East	Honey Beekeepers Assoc.	\$8,835	Ongoing
Association - Seed	East	ADAA-Nangarhar	\$8,986	Ongoing
Association - Seed	East	Nangarhar Handicrafts Producers Association	\$11,500	Ongoing
Association - Seed	South/West	South West Builders Association	\$10,000	Completed
Association - Seed	West	Herat Carpet Dealers and Producers Association	\$10,000	Ongoing
Association - Seed	West	Herat Gardner's Association	\$25,000	Ongoing
Association – Seed	Central	Entrepreneur Women	\$9,850	Ongoing

		Support Association		
Association – Seed	Central	Afghan Women Design & Innovation for Handicrafts Association	\$9,925	Ongoing
Association – Seed	Central	SBHUA-Kabul	\$9,940	Ongoing
Association – Seed	East	Fish Producers Association	\$9,036	Ongoing
Association – Seed	South-East	Gardez Apple Growers Association/PRT	\$9,900	Ongoing
Association – Seed	West	Zenda Jan Women Association (ZWA)	\$9,120	Ongoing
MDG	East	Market Stalls	\$8,959	Completed
MDG	East	Small Wholesale Market Construction-Khewa District-Nangarhar	\$9,095	Ongoing
MDG	East	Market Stalls	\$9,232	Completed
MDG	East	Small Wholesale Market Construction-Pachir Agam District-Nangarhar	\$9,313	Ongoing
MDG	East	Torkhan Latrine	\$9,852	Ongoing
MDG	East	Mehterlam Latrine	\$9,940	Completed
MDG	East	Assadabad Latrine	\$9,964	Ongoing
MDG	East	Khogyani Latrine	\$10,157	Ongoing
MDG	South	Chamkani	\$10,000	Completed
MDG	South	Sangin 2 -Watertruck, Helmand Province	\$12,000	Completed
MDG	South	Sangin-Helmand-MDG-Electrification	\$14,000	Completed
MDG	South-East	GAGA-Gardez	\$13,000	Completed
Open	Central	Turquoise Mountain Foundation (TMF)	\$250,000	Ongoing
Open	East	Sabawoon Poultry Feed Mill	\$62,000	Completed
Open	East	Shariyar Plastic Recycling Project	\$65,000	Ongoing
Open	National	Peace Dividend Trust (PDT)	\$100,000	Completed
Open	National	AICC	\$200,000	Ongoing
Open	North	Balk Livestock Development Union	\$57,500	Ongoing
Open	West	Shewan Bazaar Construction	\$30,800	Ongoing
<b>TOTAL</b>			<b>\$1,268,536.00</b>	

## **COMPLETED GRANTS AND IMPACT**

### ***Afghanistan Marble and Granite Association (AMGA)-Kabul***

This grant supported development activities of the AMGA, such as arranging trainings, workshops in different provinces and the purchase of office equipment for its newly established regional offices.

Since the association had only newly been created, the ASMED grant considerably helped the Association to jump-start its activities. The ASMED grant enabled the association to hold workshops, seminars, publish brochures, travel to other provinces to seek opportunities of marble mining and also travel abroad to get experience in marble extraction and share information with international marble companies. In addition, the association has achieved the following:

- The near-term launch of its own newspaper, named “Marble”, containing activities, marketing, rights, control, financial and agreement sections. In addition to that, it will provide information about technical norms and standards.
- An increase in its membership from 69 to 102 members, through broadcasting its aims on TV, in newspapers.
- A well equipped and well-organized office which attracts other marble factory owners to become a member of the Association.
- Stronger internal control system and financial record keeping system, which will help in future to do a concrete planning for the development of marble mining and polishing business.
- Job creation by establishing regional offices throughout Afghanistan
- A close working relationship with its members in order to improve the quality of Afghan marble and to decrease the high amount of imported marble from Iran and Pakistan.

### ***South West Builder Association (SWBA)-Kandahar***

This grant has produced the following results:

- SWBA registered with the Ministry of Justice in Kabul and now has legal status.
- SWBA opened an operational office with IT equipment and furniture.
- Capacity building training has been provided to the staff and members of the Association which helped them to become more professional and knowledgeable in their daily activities (businesses).
- Workshop/Seminar was conducted for members and the general public in Kandahar. The members were informed about the achievements of SWBA, and given market information regarding demands for their products and services.
- The members have been linked with various different local markets.
- Significant increase took place in members products and incomes.
- Increase in membership of the Association.

### ***Marketplace Development Grant (MDG): Gardez Apple Grower’s Association (GAGA) Cold Storage Construction-Gardez***

This pilot project was designed to make apple growers familiar with how to store their apples after the harvesting season. The project construction was completed on September 30. The following objectives were achieved:

- The storage will be used by the members of GAGA to store their apples after harvest and hold them for re-sale until much later in the year.
- Storage capacity is approximately 32 metric tons of potatoes, or 25 metric tons of crated apples.
- Provides enough storage space for additional prospective members.
- The stored fruit could be sold at much higher prices during the winter.
- Excellent overall impact in the area, encouraging other apple growers to construct a similar type of cold storage unit.
- The storage was constructed deep enough to store fruits in the winter, allowing a good control of temperature.
- Excellent coordination with Provincial Reconstruction Team (PRT)-Gardez.



**ABOVE:** The entrance to the finalized storage facility.



**ABOVE:** Construction of the cold storage facility is underway.

**MDG: Sangin Bazar Electrification-Helmand Province**

The installation of lights in a remote district of Sangin had a vital impact on the Sangin Bazaar. The main outcomes of this MDG are as follows:

- This project extended the hours of the bazaar, encouraged more people displaced from fighting to return home, and undoubtedly led to an overall expansion of the bazaar.
- Number of direct beneficiaries: 600 (shopkeepers). Basically all of Sangin benefits from the electrification of the bazaar area.
- The shopkeepers can stay late in the evening due to lights installation.
- The security situation has improved significantly in the center of the district. In addition to the British forces, there are three patrol bases manned by Afghan National Army in the area. All benefit from lights while patrolling during the night.

**MDG: Chamkani-Waste Collection Truck-Paktya Province**

The Solid Waste Collection and Removal proposal targeted a remote, non-permissive border district of Paktya Province, Chamkani District, which was not often targeted by mainstream aid programming due to poor security situations. It had the following results:

- The MDG provided a quick, tangible and visual impact to the strategic community of Chernow and all of Chamkani District of the importance that the Government of Afghanistan (GoA) and the PRT play in the region and its magnet marketplace.
- The MDG directly improved sanitation within the marketplace; especially for the food market and the weekly live animal market.
- The MDG provided immediate reinforcement to the 800 registered, tax-paying businessmen of the bazaar and demonstrated that their payment of taxes directly resulted in improved municipal services rendered.

**BELOW:** The community works together to clean up the Chamkani marketplace.



- The MDG created the first attempt at a rapid-response community fire brigade.

**MDG: Rodat Market Stalls-Nangarhar Province**

The Tuesday Bazaar is held in an open area of Pewa village, Rodat district of Nangarhar province. The market is located on the site of the main road in the center of Rodat district where it is accessible from adjoining districts. The construction of permanent market stalls will make it easier for the vendors to set up their goods each week, and will offer better protection from the harsh weather elements.

**MDG: Ghani Khel Market Stalls-Nangarhar Province**

The Friday Bazaar is held in an open area of Ghanikhel district, the capital of Shinwar districts of Nangarhar province. The existing market is located on the site of the main road in the center of Ghanikhel district where it is accessible from adjoining 10 districts of Spinghar belt in eastern Jalalabad. The stalls provide protection from weather elements and reduce exposure to dust and contaminants, as produce was previously displayed on the ground in open-air markets.

**MDG: Mehterlam District Toilet Facility-Nangarhar Province**

Mehterlam city is the capital of Laghman province and is the central meeting and market place for Laghman province. The market place has around 2000 permanent vendors with market stalls and a number of temporary vendors who set up shop on Fridays (chicken bazaar). Marketplace latrines improve hygiene and sanitation of vegetable markets and provide for the first time toilet facilities for female patrons.

## ONGOING GRANTS

### Kabul

*Afghan Builders Association (ABA)* comprised of 114 companies as members will improve its office basic infrastructure, arrange seminars, trainings, develop a website, publications and arrange an important training of association management for its leadership.

*Afghan Banker Association (ABA)*, which is represented by senior managers of 15 members from state owned banks, local banks and branches of foreign banks will procure initial computer equipment, office furniture, photocopier, renovate its meeting room and conduct basic banking, management/marketing and law trainings.

*Social and Business Handicraft Union of Afghan Women (SBHUAW)* is comprised of housewives, business women and university students, all of whom have a small business. The SBHUAW will purchase some office equipment, conduct five ten-day trainings on business management including accounting, communication and micro finance subjects. In each training, 25 members of the association will be trained. All the activities will be coordinated by one person who will be elected as the head of the association.

*Turquoise Mountain Foundation (TMF)* was awarded an open grant to provide business training and technical assistance to the artisans currently perfecting their craft under TMF direction. The grant also provides for a new business association in Morad Khane, a historic section of Kabul's Old City. A business development center is also planned for Morad Khane.

*Entrepreneur Women Support Association (EWSA)* has 52-women members and consists of associations with different skills and professions such as carpet related activities, including trading, producing, and processing of carpets. They are also active in handicrafts and embroidery. The association was awarded a seed grant to setup an operational office, and to print brochures and pamphlets. In addition, training will be provided to the members of the association in accounting and management and to help them arrange a seminar for all members and stakeholders to make them aware of the general available opportunities.

*Afghanistan Furniture Companies Association (AFCA)* is an association with 12 members who run small companies. It was awarded with a grant in order to register the association, set up an operational office, and arrange accounting and management trainings for its members.

*Afghan Women Designs & Innovation for Handicrafts Association (AWDIHA)* is a 10-member association and was awarded a grant to establish an operational office by purchasing computer equipment and furniture, and to conduct association management, finance/accounting and marketing trainings. In addition to that, seminars will take place in order to inform all the members about the services of the association. The association has further plans to provide literacy and professional business classes for association members, printing banners, pamphlets and brochures.

### **West**

*Shewan Bazaar Construction.* The proposal was developed by the Shewan Community Development Council. The grant will be used to build a marketplace for 54 shops. The project is a collaboration between USAID and the Provincial Reconstruction Team for Farah Province.

### **South**

*MDG: Water Spreading Truck for Sangin Municipality, Helmand.* Another example of USAID-PRT cooperation, this project helps reduce dust in the marketplace while improving sanitation in the city's main bazaar area.

*Gardez Apple Grower Association.* The Association will establish an operational office through ASMED's grant support and conduct association management and professional trainings for its members to grow a good quality apple in their orchards.

### **East**

*MDG: Khewa Market Stalls.* Khewa district is a densely populated district in Nangarhar province, located on the main road to Kunar province 20 km northeast of Jalalabad city. The existing market facility is located on the site of the main road in the center of the district where, it is accessible from adjoining districts.

*MDG: Pachir & Agam Market Stalls.* Pachir & Agam district is one of the most remote districts of Nangarhar province, located 50 km south of Jalalabad city. The existing market facility is located on the site of the main road in the center of Pachir & Agam district and is accessible from adjoining districts.

*MDG: Torkham Toilet Facility.* Torkham is considered the gateway to Pakistan, located 75 km east of Jalalabad city. Torkham is a border town with a variety of businesses that cater to the transient people passing through. Due to the movement of people and trade, the area is fairly congested. Torkham bazaar is host to many travelers. The market place has 1,000 permanent vendors with market stalls and 600 temporary vendors in the areas.

## QUARTER 3 - PROGRAM COMPONENT 5:

# CAPACITY BUILDING

### FIELD ACTIVITIES - KABUL

Eighty-four interns entered the 3-month training session in accounting and management with the Afghanistan Institute for Business Management. The SMEs and NGOs that will take on the interns for three-months were interviewed and selected. Sixteen organizations will host interns, including Roshan Telecom Development Company, BRAC Afghanistan Bank, and the Export Promotion Agency of Afghanistan.

### FIELD ACTIVITIES – EAST

After completing their three-month training program, 40 interns were placed with local SMEs during this quarter. Twenty of the original 40 interns received permanent job offers from their sponsoring SME. This program proved to be a great success by providing young professionals with jobs they sought and SMEs with business talent that was necessary to grow their businesses. ASMED has the opportunity to increase the number of interns next year to 76 (which represents the number of students enrolled in ASMED's sponsored Bachelor's of Business Administration program). Our goal for the next intern class will be to increase the number of interns receiving permanent jobs, which can be accomplished by identifying SMEs that have the ability to hire interns on a permanent basis and by understanding the interns' career aspirations so that matchmaking is effective.

### FIELD ACTIVITIES – NORTH

Twenty-two graduates began internships with enterprises across the region. The economic sectors in which interns have been placed include: renewable energy, commercial poultry farming, honey production, vocational training, garment and textile manufacture and food processing. The interns have also completed intensive training courses in English language and computer skills.

## QUARTER 4- PROGRAM COMPONENT I:

# MARKET INFORMATION

### Market Linkages

#### *International*

ASMED sponsored an Afghan Pavilion at the India International Trade Fair (IITF) from November 14-27. Forty Afghan enterprises participated in the show, drawn from the carpet, dry-fruit, semi-precious stones and handicraft sectors. The show generated sales worth \$3.5 million and future business worth \$8 million. Two examples of the sales generated from the show include:

- From the Eastern Region, Afghan Eastern Agriculture Development Company (AEADC) signed two contracts totaling 11 tons of dried fruits and vegetables. Based on this success and the experience the company had at the Turkey trade show, the company took a \$50,000 loan from the Afghanistan Rural Finance Center (AFRC) to move its operations to a larger facility. In connection to this loan, the company requested ASMED assistance to acquire new equipment which will help increase the company's capacity from several hundred kilograms per day to one ton per day.
- A contract valued at \$550,000 was signed between the Indian company Shree Bharat International and CILAB SADAAT, based in Herat. CILAB SADAAT will supply 500 Kg of Afghan saffron in 2008, and Shree Bharat is also looking to purchase 200 Metric Tons of Afghan dry fruits (Raisins, Almonds, Walnuts and Pistachios) from Sobeh Omid Industrial Company. The Indian representatives will visit Herat to negotiate a contract for dry fruit and also analyze opportunities for joint venture and investment.

The Fashion Design Council of India (FDCI) in cooperation with South Asian Association for Regional Cooperation (SAARC) hosted a fashion event that took place in Delhi, India on the 7<sup>th</sup> of December. They invited two designers from all SAARC member nations to participate. This was a great opportunity for Afghanistan to showcase its culture and designs through fashion at an international fashion show. ASMED sponsored two famous designer companies of Afghanistan, Mina Sherzoy of AWWWSOM and Zarif/Zulaikha to participate in the event. There were about 300 audience members present from different SAARC countries, including top designers from India. Both designers received several orders from different designers including orders from Rita Kumar, India's top designer. Total dollar amount for the orders is just under \$10,000. One of India's top designers also expressed interest in an on-going partnership with AWWWSOM.



**ABOVE:** Fashions from AWWWSOM impress the audience at the Fashion Design Council of India.

ASMED sponsored two companies to attend one of the largest construction trade shows in the region, the Big 5 Dubai Trade Show. These companies were:

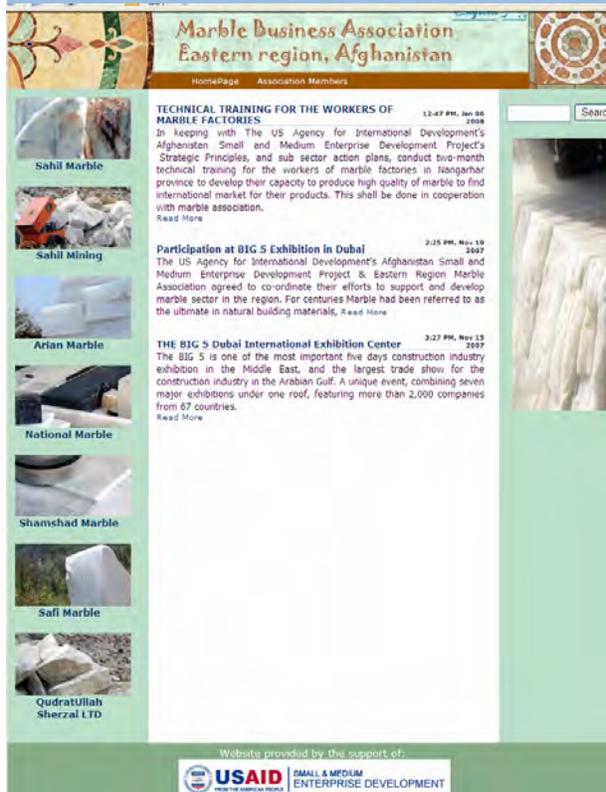
- National Marble Companies
- Sahil Marble - Sahil was able to capitalize on the trade show by meeting with dozens of potential buyers. The immediate benefit however was that the company was able to identify good quality marble processing equipment at competitive prices. The company met with half a dozen equipment suppliers and was able to negotiate prices that are about 30% less than what the Pakistani companies were offering. Since the trade show, Sahil Marble applied for an ARFC loan (\$200,000) and an ASMED grant. The ARFC loan has been approved and the company has started the procurement process.

ASMED supported 20 Afghan enterprises to participate in the South Asian Countries Commodity Trade Fair that was held in Beijing, China from Dec. 28 – Dec 30, 2007. Twenty Afghan traders from a variety of sectors including carpets, pomegranates, and stone handicrafts attended the show. China is a huge market for Afghanistan since that country has a large supply of raw material and semi finished products to offer China. ASMED's efforts were coordinated in tandem with the Export Promotion Agency of Afghanistan.

### Central

ASMED sponsored 18 exhibitors from Nangarhar, Herat, Badakshan, and Kabul provinces to participate in the AgFair in Kabul the end of October. The five entrepreneurs from the Eastern Region were Afghan Eastern Agriculture Development Company, Fruit Growers Association, Nangarhar Agri-Products Sellers Association, Afghanistan Women's Agriculture Association, and Nangarhar Zaitone. Two of the five firms received firm contracts as a result of the Ag Fair. AEADC received an order to sell 500 kg of dried fruit to a Kabul wholesaler and Nangarhar Zaitone received a contract to sell 9 tons of olive oil to Afghan Pak Traders. Of the six businesses that attended from Herat, Golchin Tomato Paste Company had particular

**BELOW: The home page of the Eastern Region Marble Association's website.**



success. They found several new customers in Kabul and will have discussions with people in Jalalabad about building another factory in the eastern region.

### East

XALAA Productions created a website for the Eastern Region Marble Association along with brochures for eight eastern region marble producers. Eastern region marble producers are making a great push to increase their capacity to export the region's finished marble. As part of this, the marble association signed an MOU with ASMED to implement a comprehensive plan to improve Afghan marble processing for exports of finished marble. Part of the plan required marble producers to improve their marketing capacity and to create linkages to marble importers. A website was created in order to help with international marketing efforts. The site can be found at <http://www.afghanimarble.com/>

### West

The province of Herat hosted a 4-day Agriculture Fair November 16 – 19, organized by

USAID/ASAP, Ministry of Agriculture, Irrigation and Livestock, and Afghan International Chamber of Commerce (AICC). ASMED sponsored six companies from Herat to attend and the Eastern Regional office sponsored five. Noted successes for the eastern region businesses:

- Sabawoon Feed Mill was able to make its first sales to Herat farmers and feed dealers from contacts made at this fair. Sabawoon is now sending several tons of feed to Herat monthly.
- A contract of 1000 m2 marble per meter was signed with Bradaran Mujadedee Marble Factory. A second contract was signed with Bradaran Mujadedee Marble Factory to provide teachers to Sahil Marble & Chips Factory in Jalalabad to train their laborers to use the new machinery.
- Javid Afghan Tractor & Machinery Production Co. (a producer of small farm equipment) sold one small tractor to a local company.

ASMED sponsored three Herat based companies from the Afghanistan International Freight Forwarders Companies Association to attend a transportation conference in Dubai.

### **North**

On the 29<sup>th</sup> – 30<sup>th</sup> October 2007, an estimated 5,000+ regional visitors attended the first Badakhshan Agricultural Fair, hosted by Afghanistan’s Ministry of Agriculture, Irrigation and Livestock (MAIL) and funded by the USAID. The fair was held in the newly restored National Olympic Committee Football Field in Faizabad, with space for 100 exhibitors representing government departments, private businesses, traders, NGOs, and business associations from all over Badakhshan province. The aim of the fair was to provide an opportunity for the wide-scale dissemination of new agricultural technologies and to create a forum for local farmers and entrepreneurs to form new market linkages. The Enterprise Development Project team (EDP) supported ten entrepreneurs and representatives of four associations that benefit from ASMED support to exhibit at the Fair. The participation of ASMED beneficiaries had the following three major impacts for the project in the region:

- Disseminating information about introduced technologies;
- Positive economic benefits for the exhibitors;
- Increased awareness of the benefits of association membership.

### **Surveys**

The EDP team completed a comprehensive market information survey in Faizabad, Baharak, Sheghnan, and Shohada districts, and began conducting the survey in Jurm, Ishkashim and Yomgan districts.

The EDP team have also completed a wool potential survey in Wakhan and Yomgan districts, and have begun conducting the survey in Jurm, Khosh and Ishkashim

The survey area is spread over a wide rural area which lacks infrastructure and travel is often impossible due to the weather. Consequently, the conduct of the two surveys is taking longer than anticipated.

## **UPCOMING FOR NEXT QUARTER**

Participation/organization of the following trade shows was identified for the next quarter to establish marketing linkages for SMEs:

- Domotex, Germany from January 11-13, 2007 for the carpet sector
- Las Vegas Floor Coverings in January 29-Feb 1, 2008

In the north, the comprehensive market information survey will be completed in the current districts and extended to cover other



**ABOVE: The Afghan Agriculture Minister, Mr. Obidullah Rahim, commented on the improved packaging introduced by ASMED at the Badakhshan AgFair.**

districts. The wool sub-sector survey will be completed in the target districts.

## QUARTER 2 - PROGRAM COMPONENT 2:

# BUSINESS DEVELOPMENT SERVICES

An impressive 1,909 participants attended ASMED-sponsored trainings throughout the country during the 4<sup>th</sup> quarter. For a complete list, see Table I at the end of this section.

### FIELD ACTIVITIES – EAST

In the 4<sup>th</sup> quarter, ASMED Eastern Region sponsored 24 training sessions of which 18 have been completed and 6 to be completed in the 1<sup>st</sup> quarter of 2008. The trainings were implemented by Afghan CNN, Khurasan University, the Marble Association and the Business Development Center. A variety of training programs were offered including business courses such as accounting, marketing, and management as well technical training such as marble processing. Training duration varied from one day trainings to 3 week training courses. In all, 444 entrepreneurs, potential entrepreneurs and teachers took advantage of the trainings offered.

The Afghan Institute of Business Management (AIBM) was established in 2006 with campuses in Kabul, Herat, Jalalabad and Mazar. It has more than 500 students enrolled in various business programs. Recognizing the need to provide business education in Laghman, Kunar and Nuristan, ASMED funded the expansion of business programs with AIBM to these provinces. AIBM is in the process of setting up their campus offices having already signed property leases in each province, ordered computer equipment and hired professors and instructors. The first class will take place in January 2008.

**BELOW:** One of the trainings in Nangarhar province during the quarter focused on marble processing.



### FIELD ACTIVITIES – WEST

Hamidzay Brothers Co and ASMED carried out an effective 8-week training program to improve the quality of saffron produced in various districts of Herat province. The Italian post-harvesting technique helped 300 saffron growers to produce a higher quality product meeting international standards. The farmers received post-harvesting kits and learned new methods of harvesting, processing and packaging. Project impacts:

- Farmers received \$440 per kilo last year
- Farmers received \$1,400 per kilo this year after the training
- Improved saffron quality that meets international standards
- Introduced Afghan saffron to new domestic and international markets



**ABOVE: Herat Regional Manager, John Stich, listens to the techniques of a saffron farmer.**

- Increased income level of saffron farmers
- Influenced farmers to cultivate saffron rather than other illicit products

## FIELD ACTIVITIES – NORTH

EDP continued to evaluate the efficacy of the project's interventions in the regional poultry sector by conducting site visits to ten (two female operated) commercial poultry farms in Baharak, Jurm, Shohada and Faizabad districts. In addition, these visits facilitated the farmers to discuss the issues they were facing. As a result, on the 25<sup>th</sup> – 26<sup>th</sup> November EDP conducted a series of one-day workshops with 24 regional poultry farmers to discuss winter poultry management systems and caution management for preventing epidemics of poultry diseases. In December the project also facilitated 12 poultry farmers to visit each other's farms to share best practices, enhancing the participant's individual awareness of poultry management practices.

The project conducted a series of meetings with two Faizabad based shoe-makers to discuss the problems and challenges for the establishment of related businesses in Badakhshan. As a result EDP has developed a business development assistance package to begin the establishment of a leather working centre in Faizabad. The establishment of ventures in new sectors outside of traditional, and consequently heavily saturated sectors, is vital for stimulating an entrepreneurial culture that capitalizes on regional potentials.

On 3<sup>rd</sup> December two female poultry farmers from Faizabad participated in an exposure visit to high performance poultry farms in Kabul. This visit introduced them to the practices, techniques and needs of other national market actors. The visit also exposed them to the operations of new technologies including poultry hatching and feed production, in order to increase the participants' knowledge of the commercial poultry sector. This intervention was conceived to provide participants who have demonstrated sufficient business potential with the technical knowledge to expand their operations, whilst demonstrating possibilities that are outside the limited outlook offered by the cultural and geographical isolation of women in Badakhshan. It is expected that this intervention will be instrumental in stimulating the participants to expand their respective ventures.

On 26<sup>th</sup> November and 16<sup>th</sup> of December, ASMED supported Business Service Providers (BSPs) conducted two training workshops for 30 female entrepreneurs from the Faizabad Women's Business Center (WBC). These training workshops addressed, and expanded, the individual marketing and selling capacities of the entrepreneurs. This intervention was considered important after the observation by EDP of the entrepreneurs' experiences of participating in sales events, such as the agricultural fair. The intervention aimed to increase the capacity of the entrepreneurs to expand sales and their market position in future events such as the Eid market.

The project continued to assist in the development of the Faizabad market place by supporting the construction of latrine facilities. This intervention was considered as the most essential step to start the process of developing the facilities at the Faizabad marketplace, which will encourage consumers to increase the number and duration of visits to the market place.

BSPs provided a range of services to a group of female entrepreneurs to facilitate them to establish a woman's soap making center. The services provided were based on similar support provided by the project to establish local WBCs, which included technical training, the provision of production

technologies, and workshops to explore marketing and sales techniques. It is expected that the centre will introduce products to the local market in the beginning of 2008.

EDP conducted a workshop with one female entrepreneur in Baharak to identify the support she requires in order to establish the first beauty salon in Badakhshan. As a result, EDP is preparing an assistance package to facilitate the establishment of a beauty parlour venture in 2008.

On 13<sup>th</sup> of December, ASMED supported BSPs to conduct two training workshops for 30 female entrepreneurs operating from the Baharak WBCs. These training workshops address, and expanded, the individual marketing and selling capacities of the entrepreneurs. This intervention was considered important after the observation of the entrepreneurs' experiences of participating in sales events, such as the agricultural fair. The intervention aimed to increase the capacity of the entrepreneurs to expand sales and their market position in future events such as the Eid market.

The project completed the construction of a storage facility for use by members of the Yomgan Seed Multipliers' Association. Before this intervention, all produce was sold at the time of harvest, when prices are at their lowest. The ability to store undamaged produce will increase the quality of the products and lengthen the time when produce can be sold, and therefore increase the profits from the sale of these products.

## PLANNED FOR NEXT QUARTER

ASMED conducted an assessment in Farah province December 24, 25 and 26. The BDS Specialist, Association Specialist and Gender Specialist met various stakeholders in Farah and identified areas of potential cooperation. Training will begin once weather conditions improve and PRT flights resume a normal schedule from Herat. Several BDS providers (BAMSA, AIBM, and Kabiri & Partners) have expressed interest in opening new offices in Farah.

ASMED will conduct further assessments in Ghor and Badghis to promote more program activities throughout the western region. A target of one training per week in Herat and two per month in the other regions is planned for 2008.

**TABLE I: SUMMARY OF BDS TRAININGS AND SEMINARS IN 4<sup>TH</sup> QUARTER**

Province	Participants	Types of Participants	Type of Training	Date(s)
Badakhshan	30	Fayzabad Women Business Center	Evaluating their efficiency and the problems they encountered	11/15
Badakhshan	15	Baharak Women Business Center	Evaluating their efficiency and the problems they encountered	11/15
Badakhshan	10	Honey Producers Assoc.	Product Marketing	12/6
Badakhshan	30	Baharak & Fayzabad Business Centers	Participation in Eid market	12/6
Badakhshan	10	Cumin Wholesalers	Product Marketing	12/9
Badakhshan	10	Seed Producers Association	Product Marketing	12/10
Badakhshan	10	Women Soap Making Center	Soap Making Techniques	12/10-12/11

Badakhshan	15	Poultry Farmers	Winter Poultry Mgmt.	12/11
Badakhshan	30	Baharak Women's Business Center	How to be a successful seller	12/13
Badakhshan	30	Fayzabad Women's Business Center	How to be a successful seller	12/16
Badakhshan	10	Soap Making Center	How to introduce a product (soap) to the market successfully	12/16
Badakhshan	22	Honey Producers Association	Follow up the provincial based association and registration process	12/16
Hirat	300	Afghan Saffron	Saffron Post Harvest	10/15-1/1
Hirat	40	Foundation for Justice & Advocacy of Women's Rights	Management and Business administration	10/27-10/29
Hirat	45	Various SMEs	Business Plan Writing	11/3-11/5
Hirat	40	Various Women SMEs	Marketing	11/4-11/8
Hirat	40	Fazli Market Dealers	Management & Association Formation	11/24-11/26
Hirat	18	Various SMEs	Common Mistakes in Entrepreneurship	12/2-12/6
Hirat	40	Zenda Jan Women's Association and other Associations based in Hirat	Association Formation and Management	12/15-12/17
Hirat	40	Various SMEs	Time Management	12/25-12/27
Hirat	45	Various SMEs	Time Management	12/25-12/27
Hirat	50	Various SMEs	Leadership	12/30-1/1
Kabul	10	Afghan Women Designs and Innovation for Handicrafts Association	Business Plan Writing	10/28-10/30
Kabul	30	Various Banks of Afghanistan	Basic Banking	10/29-11/2
Kabul	22	Afghan Bankers Association	Credit Risk Management	11/4-11/8
Kabul	20	Social and Business Handicraft Union of Afghan Women (SBHUAW)	Business Planning	11/10-11/20
Kabul	11	Nurses Association	Association Management	11/10-11/12
Kabul	50	SBHUAW	Business Plan	11/10-11/20
Kabul	50	SBHUAW	Accounting	11/10-11/20
Kabul	50	SBHUAW	Business Management	11/10-11/20
Kabul	25	Vocational Training Association (VTA)	Business Development Service	11/11-11/13
Kabul	25	VTA	Business Development Service	11/11-11/13

Kabul	25	Women Carpet Weavers Association	Business Plan Writing	11/13-11/15
Kabul	25	Vocational Training Association	Association Development	11/17-11/19
Kabul	25	Women Carpet Weavers Association	Association Management	11/20-11/22
Kabul	25	Various SMEs	SME Common mistakes	11/25-11/29
Kabul	12	Various SMEs	Human Resource Management	11/26-11/30
Kabul	12	Various SMEs	Microsoft Certified System Engineer	12/2-1/14
Kabul	25	Carpet Producers	Export Shipment	12/15-12/16
Kabul	25	Various SMEs	Business Plan and Marketing	12/24-1/10
Kabul	21	Training of Trainers	Procurement, Business Forms and Proposal Writing	12/24-1/10
Kabul	21	Chamber of Commerce and Industries	Training of Trainers	12/24-1/10
Kandahar	20	Various SMEs	SME Management	11/10-11/14
Kandahar	20	Various SMEs	Leadership	11/14-11/17
Kandahar	20	Various SMEs	Basic Computer	11/18-12/2
Laghman	30	N/A	Basic Management	10/24-10/30
Laghman	23	Various SMEs	Accounting	10/27-11/4
Laghman	28	Various SMEs	Business Management	11/6-11/14
Laghman	28	Various SMEs	Basic Marketing	11/17-11/23
Laghman	20	Various SMEs	Business Communication	11/28-12/8
Laghman	25	Various SMEs	Motivation and Delegation	12/8-12/13
Laghman	20	Various SMEs	Business Negotiation	12/15-12/26
Laghman	20	Various SMEs	Project Management	12/30-1/8
Nangarhar	12	N/A	Marble Technical Training	10/20-12/31
Nangarhar	30	N/A	Basic Management	11/4-11/13
Nangarhar	35	Various SMEs	Business Management	11/5-11/17
Nangarhar	10	Various SMEs	Internet Training	11/11-11/18
Nangarhar	10	Various SMEs	Internet Training	11/19-11/25
Nangarhar	12	Various SMEs	Marble Processing	11/26-12/11
Nangarhar	13	Various SMEs	Management Professional	11/26-12/9
Nangarhar	10	Various SMEs	Business Communication	11/26-12/0
Nangarhar	10	Various SMEs	Business Communication	12/3-12/29

Nangarhar	8	Various SMEs	Internet	12/4-12/11
Nangarhar	15	Various SMEs	Human Resource Management	12/11-1/12
Nangarhar	30	Various SMEs	Business Plan Development	12/12-12/30
Nangarhar	56	Various SMEs	Business Plan Development	12/12-1/2
Nangarhar	8	Various SMEs	Internet	12/25-1/5
Nangarhar	7	Various SMEs	Internet	12/30-1/6
<b>Total</b>	<b>1,909</b>			

## QUARTER 4 - PROGRAM COMPONENT 3:

# BUSINESS ASSOCIATIONS

### FIELD ACTIVITIES – CENTRAL

The ASMED gender specialist conducted a membership survey of the Afghan Women Business Federation (AWBF) to find gaps in the existing service providing mechanism. She also conducted a needs assessment and encouraged suggestions from members on areas for improvement. Currently AWBF has about 57 member associations and representatives from 12 member associations were contacted and interviewed in person. The major findings of this survey included:

- The level of member's satisfaction from the services provided by AWBF is very low.
- Only a specific group receives benefits from the services provided.
- AWBF's annual income from membership fee is very low since most of its members are paying only \$75 per year.

ASMED will work with the AWBF over the upcoming year to improve its services and client satisfaction.

The Afghanistan International Chamber of Commerce (AICC) and Afghanistan Chamber of Commerce and Industries (ACCI), the two biggest chambers in the country, decided to merge. The combined chamber will be able to advocate for the private sector strongly and in an unequivocal voice. ASMED facilitated the merger process and appointed a STTA to help the merger process. The official merger will take place in the month of March, 2008. ASMED and GTZ facilitated and brought the prominent members in one platform to discuss the merger. ASMED also assisted in developing the draft bylaws of the combined chamber. Progress as of date:

- Draft Chamber law was agreed by both AICC and ACCI
- MOU on merger between the two chambers was signed
- A committee comprising of members from both the chambers was formed to look after the merger process
- Task forces with 5/7 members were formed to look after specialized activities like employee structure, bylaws, etc.
- First draft of the bylaws of the combined chamber was prepared.

Association component developed and fine-tuned the training material on Association Management and Development. The component also developed two Training of Trainers to impart the training to the board members and senior members of different associations. The training materials were divided into four modules: Association Planning, Strategic Planning, Board Leadership and Public Policy advocacy. These modules have helped the association board and the secretariat to introduce the best practices in association governance. Five association boards were trained in association management during the quarter.

### FIELD ACTIVITIES – EAST

A woman's beauty parlor association was established in coordination of classes association. Eleven beauty parlors throughout Jalalabad city belong to the association, and a total of 33 women work in these beauty parlors.

The Nangarhar Cotton Sellers Association (NCSA) requested funding of \$15,800 to purchase cotton pressing (baling) and cotton rag recycling equipment as part of a project designed to enable the cotton gin operators to further develop the market for ginned cotton. The facility is owned by the NCSA. Currently the refined cotton is stuffed into plastic-web bags which are cumbersome and bulky resulting in very high shipping costs which prohibits cotton processors from participation in the premium cotton sales market. The pressing facility has a target production level of 720 MT per month, but the overall monthly production will vary due to the seasonal availability of cotton. The NCSA management is also planning to

install a rag cotton machine that produce rag cotton from the pieces of cloth which will be collected from the local tailors and embroidery shops on a regular basis. If demand exceeds that forecast, the NCSA will import pieces of cloth from other locations as well. Currently the rag cotton is purchased from Pakistan and is used in lower grade cotton products. The beneficiaries of the project are 10,000 cotton farmers, 350 gin owners, and 25 direct employees with many indirect employees operating in the value chain. The equipment has been ordered. We expect the company to start operations in January/February 2008.

The National Traders Agents Association (NTAA) has over 200 members of importers and exporters. The association coordinates closely with custom house officials to expedite the processing of import/export documentation and payment of custom taxes. In May 2007, ASMED sponsored a roundtable discussion to identify issues and opportunities to support traders. As a result, ASMED funded the creation of a training and meeting center for NTAA where members can hold regular meetings to discuss current trade and border issues. The project will also provide computers so that members can receive business training, export/import technical training and improve efficiency in managing their businesses. The facility is under construction and will be completed in February/March 2008.

## **FIELD ACTIVITIES – WEST**

Fazli Carpet Market - Office set up, registration and association training have been completed.

Zandajan Women's Association - Office set up, registration and association training have been completed.

Turkmen Carpet Association - \$10,000 seed grant approved for registration, office set up and training.

## **FIELD ACTIVITIES – NORTH**

To strengthen the capacity of the Badakhshan Chamber of Commerce (CoC) to facilitate regional business development, eight directors completed an exposure visit to functioning 'model' CoCs in Peshawar, Islamabad and Gilgit, Pakistan. This visit has been influential in helping the CoC develop its rationale for its continued operation and to explore strategies for building its capacity.

On 22 – 23rd of November EDP conducted a two-day workshop with 25 members of the Jurm, Baharak, Khosh and Shohada Honey Producers' Associations. The workshop covered issues such as bee management, precautionary systems to control the penetration of disease, and also the formation of a provincial wide association. The project facilitated the visit by a honeybee specialist from MAIL to participate in the workshop. On 17<sup>th</sup> of December 2007 EDP conducted a one-day follow up

workshop with 22 members of the four honey producers' associations to discuss their immediate requirements for forming a provincial based association. The information acquired from these sessions will assist the association formation strategy for 2008.



**ABOVE: The newly furnished office of the Zandajan Women's Association in Herat.**

On 6<sup>th</sup> of December 2007 EDP conducted a workshop with ten members of the Baharak Honey Producers' Association to discuss strategies for marketing their products in provinces outside of Badakhshan. It is expected that the association will take a lead in 2008 in marketing the 'Badakhshan Honey' brand in other provinces, increasing sales for its membership and securing the financial self-sufficiency of the association.

## **FIELD ACTIVITIES – SOUTH**

A women carpet weaving association was established in Kandahar. The new association then held an election to select members of the steering committee. Around 60 women participated and a director, deputy director, finance director and secretary were elected. Draft by-laws have been developed with the close help of the board of directors of the associations.

Met with the steering committee of the carpentry and embroidery association members regarding associations by-laws. A link has been established between the carpentry association and the Department of Education of Kandahar in case if they need any furniture, chairs, or tables.

Met with construction companies and brick makers regarding the establishment of new associations.

Registration process with the concerned ministries has been completed for the women handicraft association and is on-going for the carpentry association.

## QUARTER 4 - PROGRAM COMPONENT 4:

# GLOBAL DEVELOPMENT ALLIANCES & GRANTS

## ONGOING GDAS

The Women PCO project launch took place on 1<sup>st</sup> of November where more than 30 journalists from different news agencies attended a press conference. Local newspapers such as Anis and Hewad published article about the event where as Pajwak news agency published an article on their website. The news about the event was also broadcast on Tolo TV, ARIANA TV and Radio ARMAN. MoU has been signed with Relief International to implement the WPCO project in Nangarhar.

ASMED GDA Specialist visited Kandahar to verify equipment delivery for the Box Factory GDA with the Dry Fruit Export Association. The GDA Specialist was in Kandahar from November 25<sup>th</sup> to 28<sup>th</sup>. The trip verified that one container has arrived onsite (out of two total containers, the second container remains in Quetta, Pakistan due to security concerns about shipping from Quetta to the border of Kandahar).

GDA Specialist visited Mir Brothers Group office in Herat, from November 18<sup>th</sup> - 21<sup>st</sup>. It was verified that all the equipment purchased by ASMED under the GDA agreement has arrived in Herat.

Both of the consultants for Tarsian & Binkley arrived in Kabul. The machinery installation, operation and repair consultant completed his contracted work and the factory operations consultant continues his work as planned.

## APPROVED GDAS

Credit and Profile Verification "Etebar":

- Credit rating system for financial intermediaries and Central Bank
- Partners: Digistan (Afghanistan), USAID/ASMED, Onicra (India).

Social Entrepreneur "Media Communications Outreach":

- Social Entrepreneur media and communications outreach to hungry existing local business talent seizing existing opportunities in a way that increases awareness progress and motivates others to invest their talents, energy and capital
- Partners: Taimani.com (Afghanistan), USAID/ASMED, Ariana TV, Tolo TV, Arman FM Radio, Skoll Foundation/Schwab Foundation (USA)

## COMPLETED GRANTS

### Central

Project: Afghan Banks Association, Wazir Akbar Khan, Kabul:

Budget: \$25,000

Type of grant: Association Development Grant

- Renovation of office premises including one training hall.
- 15 temporary jobs created.
- 110 trainees received trainings in Marketing and Financial Services, Anti Money laundering Law, Basic Banking and Credit Risk Management.

Project: Social and Business Handicrafts Union of Afghan Women in Kabul:

Budget: \$9,940

Type of grant: Association Seed Grant

Purchase of basic office equipment including furniture and IT equipment.

- Three temporary jobs created for three trainers.
- 50 members of association received 5 trainings in accounting, business plan, administration, marketing and designing.
- Association published 1,000 brochures and 1,000 posters about the association's activities in order to disseminate information amongst members and as part of association members' development plan.

### East

Project: Assadabad, Kunar Toilet Facility.

Budget: \$9,964

Type of grant: MDG

- Assadabad, the capital of Kunar province, had a main bazaar area that was in need of toilet facilities. This is a convenience for both vendors and shoppers and improves both market efficiency but general enjoyment of the commercial.
- The toilet facility has a flush system with five toilets (110x140) cm, three are for men and two for women with a septic tank for waste products and a water tank for sanitation above the roof connected to the water pump.
- By the implementation of this project, the market place has been developed and the service has been provided for the residents of the district.
- Since more people are coming to the district Bazaar, the number of sellers and buyers are going to increase from time to time. And most of them will use the facility, so, it is a good income source for the municipality by some charging on the service.
- This project has created 13 temporary employment and about 500 men and 120 women will be benefited from toilet facility every day coming to bazaar.



**ABOVE: The mayor of Kunar helps to cut the ribbon on the new latrines in Assadabad.**

Project: Small Market Stall Construction in Khewa District of Nangarhar Province

Budget: \$9,095

Type of grant: MDG

- The small wholesale market is now comprised of 12 stalls of each 2.5m by 3m, and is divided into two blocks of six stalls which are separated by an open yard of 10m by 16.5m. The whole market is surrounded by a wall, which has a front gate.
- The implementation of this project has developed a marketplace for approximately 11,000 men and 1,500 women residents of the district since more people will attend the Bazaar.
- The municipality will generate income by renting the stalls to the sellers.
- The project created 22 temporary jobs, 12 permanent jobs and 150 one-day casual labor contracts.
- Previously the businesses had to set up their stalls on a daily basis and faced problems during inclement weather. Now they have better facilities so they spend less time on setup and to have more time to sell.

Project: Construction of Pachir & Agam district Small Wholesale Market

Budget: \$9,313

Type of grant: MDG

- The market has 12 stalls of 2.5m by 3m, in two blocks of six stalls with an open yard of 10m by 16.5m between the blocks surrounded by wall and front gate. This gives an organizational structure

to the market and also improves product quality, especially of agricultural goods, which increases customer satisfaction and general commercial activity.

- The Municipality will maintain the facility by charging a small fee.
- Previously the businesses had to set up their stalls on a daily basis and faced problems during inclement weather. Now they have better facilities so they spend less time on setup and to have more time to sell.
- This project created 20 temporary, 12 permanent and 130 Friday Bazaar employments. This market will benefit 10,200 individuals.

Project: Construction of Toilet facility in Mehtharlam City of Laghman Province.

Project budget: \$9,940

Type of grant: MDG

- The toilet facility has a flush system with five toilets, three for men and two for women with a septic tank for waste products and a water tank for sanitation.
- The municipality will generate income by renting the stalls to the sellers.
- Through construction of this project about 10 temporary jobs were created and 600 men and 150 women are estimated to be beneficiaries on a daily basis.

## West

Project: Herat Gardener Association (HGA), Herat City.

Budget: \$25,000

Type of grant: Association Development Grant

- Increased income of gardeners through the distribution of 2,000 crates.
- Built capacity of gardeners on sorting and packaging
- Established linkage with consumers in other provinces of Afghanistan to increase sales and income
- Number of members increased from 901 to 2000.
- Numbers of beneficiaries are 2000 association members.
- 10 booths were made and installed in different part of Heart City for selling Association products

## North

Project: Balkh Milk Processing Plant

Budget: \$57,697

Type of grant: Open

- ASMED contributed to a program to build and equip a new dairy processing plant for the BLDU in Shirabad village. The grant from ASMED covered approximately 10% of the equipment costs, the costs of having the Encon engineers to Mazar to install the equipment and train the operators, and the cost of purchasing a 60KVA generator to be used for running the plant. The construction of plant is complete and work started in September.
- This project has created jobs for 9 young dairy farmers (received training in dairy plant operation and employed by BLDU) and 650 women farmers (receive weekly cash milk price and cattle management training).



**ABOVE: A member of the Herat Gardener Association prepares to transport his dried fruit in the new crates.**

- This project will benefit 1,500 families. They will receive fresh milk and other dairy products. Six milk collectors and 17 dairy window shops will earn a commission through project.

### South

Project: Gardez Apple Grower Association Seed Grant, Paktya Province

Budget: \$9,900

Type of grant: Association Seed Grant

- Registered Association with Ministry of Justice in Kabul
- A functioning office is set up for Association
- IT equipment and furniture were purchased for Association
- 5 permanent jobs are created
- Capacity building training was conducted for 50 members of Association that how to take care of apples from beginning up to harvesting time and also spray pumps and trees cutting scissors were provided to members.

Project: Cold Storage Construction in Gardez, Paktya province

Budget: \$13,000

Type of grant: MDG

- Cold storage construction, this cold storage unit can hold approximately 25 MT of potatoes or 20 MT of crated apples
- 20 temporary jobs were created
- This cold storage facility will benefit around 80 members of Gardez Apples Growers Association
- At harvest, selection of quality apples destined for storage will take place and those quality apples will be quickly and carefully washed (to avoid unnecessary bruising), crated and then stored to reduce their temperature as quickly as possible
- 400 plastic crates were purchased in order to keep apples in the cold storage

The following tables provide an overview of grants to date, and grants approved during the 4<sup>th</sup> quarter, respectively, for the ASMED project.

**TABLE 2: SUMMARY OF GRANTS TO DATE**

Grant Type	Number of Projects	Total Grant Value	Status
Associations	30	\$455,348	23 active and 7 completed
MDGs	23	\$234,512	12 active and 11 completed
Enterprise	1	\$5,000	Active
Open	8	\$908,477	5 active and 3 completed
<b>TOTAL</b>	<b>62</b>	<b>\$1,603,337</b>	

**TABLE 3: APPROVED GRANTS IN THE 4<sup>TH</sup> QUARTER**

<b>Grant Type</b>	<b>Province</b>	<b>Grant Name</b>	<b>US\$ Amount</b>
Association -Development	Nangarhar	Nangarhar Cotton Sellers Association	\$15 800
Association -Development	Nangarhar	National Traders Agent Association	\$13 975
Association -Seed	Herat	Turkmen Carpet Weavers Association	\$10 000
Association -Seed	Helmand	Women handicrafts	\$8 450
Association -Seed	Helmand	Helmand Carpenters	\$9 370
Association -Seed	Logar	CASAL	\$10 000
Association-Seed	Kabul	World of Women Sales Services Association	\$10 000
Enterprise for Peace	Kabul	Hygienic Meat Co	\$5 000
MDG	Paktika	Solar Lights	\$20 000
MDG	Farah	Ken Bazaar Generator	\$8 430
MDG	Nangarhar	Jalalabad City Latrine	\$9 434
MDG	Helmand	Mechanic House Drainage	\$10 410
MDG	Farah	Gulistan Bazaar interior road improvement	\$3 000
MDG	Uruzgan	Tirin Kot Supermarket drainage	\$8 292
MDG	Paktika	Solar Lights	\$10 000
MDG	Paktika	Solar Lights	\$10 000
MDG	Kunar	Latrine, water Supply	\$9 434
MDG	Farah	Toilets, Street lights	\$10 000
MDG	Kunar	Latrine/drainage Construction	\$10 000
Open	Kabul	AWBF	\$142 890
<b>TOTAL</b>			<b>\$334,485</b>

## QUARTER 4 - PROGRAM COMPONENT 5: CAPACITY BUILDING

### FIELD ACTIVITIES - KABUL

Of the 83 interns that entered the internship program, 63 interns successfully completed the accounting and management training on October 1 that was given by AIBM.

Following the completion of the training program, over 100 students and host companies attended the internship training completion ceremony held at Kabul University on October, 6, 2007. Starting October 20<sup>th</sup>, 63 interns reported for their internship with leading Afghan businesses identified by ASMED.



**ABOVE:** An intern receives his certificate of completion after three months of training in accounting and management.

### FIELD ACTIVITIES – WEST

The Internship Coordinator from ASMED Kabul office visited Herat to help develop internship opportunities for Afghan students in the western region. A memorandum of understanding was signed with Herat University. Two-hundred and twenty (220) students from the Economics, Agriculture, and Computer Science faculties took the placement exam on November 13. The 70 students selected (25 of whom are women) are currently attending the pre-placement training course developed by AIBM (Afghan Institute of Business Management). ASMED is identifying qualified companies in Herat to employ the students during the three month internship. This program is the first of its kind in the western region; it is a great opportunity for the students to gain practical business experience.

### FIELD ACTIVITIES – NORTH

The project expanded its internship program to provide 25 local graduates experience of working in enterprise development in Badakhshan for three months. The placements were within development programs in the following sectors: renewable energy, commercial poultry, honey production, vocational training, textile production and food processing. To enhance the technical skills the interns had acquired at the end of their placements, the interns will receive intensive training courses in English language, and entrepreneurial and computer skills, and visit Kabul based enterprises in 2008. The project expects the interns to have then developed the required skills base to establish their own enterprises and/or find suitable employment in the region, with or without further support from the project.

There has been difficulty in finding suitable graduates that wish to remain in Badakhshan province. To ensure that the interns remain in the locality, they will be eligible for further project support to establish viable enterprises of their own. It is anticipated that this approach will not only encourage graduates to remain in the locality, but also increase the demand for internship placements.

## **PLANNED FOR NEXT QUARTER**

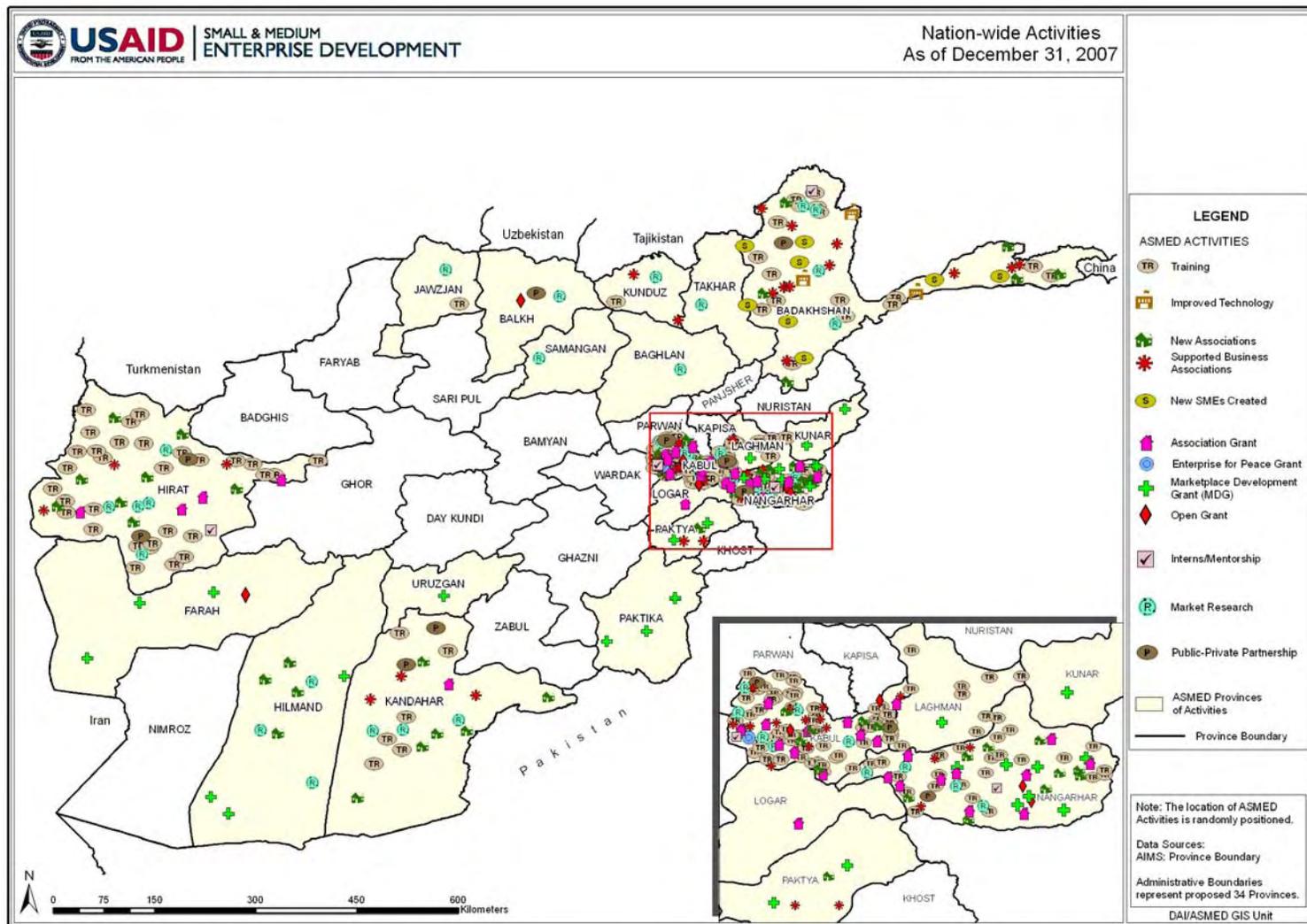
The Khurasan University Mentorship Program's aim will combine skills from both the academic community and the business community to collaboratively provide mentorship to 90 young students/professionals. Led by a dedicated team of professionals, Khurasan University of Modern Science in Afghanistan (KUMSA) was established in 2006 with a goal to help rebuild Afghanistan's educational system. As a private university, KUMSA is an independent, self-governing institute. KUMSA has partnered with Management Institute of Canada (MIC) to offer internationally recognized degree and diploma / certificate programs for both men and women. Taught by a highly qualified faculty with real-world experience, students receive management skills and knowledge needed to succeed in today's highly technical and fast-paced global marketplace.

As the implementing partner, KUMSA will identify a total of 90 business students/young professionals who are in the workforce or about to enter the work force to provide hands on mentoring. Three sets of 30 students/participants will each endure a 4 month mentorship program. Six faculty advisors will counsel 30 students to identify the students' career interests. Based on the student's interest, the faculty advisor identify SMEs where the student will put in practice the skills learned in the classroom. The faculty advisor and the SME business leader/owner will provide professional mentorship to the student during the 4 month work period. The mentorship will be hands on and intensive with the faculty advisor meeting with the participant and the SME on a weekly basis. The faculty advisor in close collaboration with the SME business leader will provide technical guidance to the participant regarding work related issues, what it means to be a professional and will provide counseling on career related issues.

ASMED met with AIBM and the Economics faculty of Herat University to discuss implementation of a Bachelor of Business Administration (BBA) program for the western region. Herat University is very interested to participate in this project. AIBM submitted a proposal and the target launch date in March 2008, pending ASMED COP and USAID approval.

ASMED will coordinate with other offices to plan a mentoring program. The target is to create 40 mentoring opportunities in 2008 in Herat.

# ACTIVITY MAP: PROJECT TO DATE



# ANNEX I: FINANCIALS

Below, the original contract value is compared to actual costs incurred as of December 31, 2007 by contract line item. Of the total \$36,829,007 contract value over 3 years, \$20,415,000 has been obligated.

**TABLE 5: COMPARISON OF BUDGET TO ACTUAL EXPENSES**

<b>Contract Line Item</b>	<b>Budget Amount</b>	<b>Inception to 12/31/2007</b>	<b>Remaining Amount</b>	<b>% of Budget Expended</b>
Salaries and Wages	3,360,877	784,594.71	2,521,870.75	24.96%
Fringe Benefits	537,737	204,518.10	318,092.95	40.85%
Travel	306,137	375,743.17	(133,610.06)	143.64%
Allowances	1,103,231	303,938.00	779,799.03	29.32%
Equipment (Procurement)	2,266,276	1,290,747.52	954,597.14	57.88%
ODC	6,122,877	3,132,168.83	2,772,647.30	54.72%
HO Overhead	2,035,076	443,354.48	1,558,975.49	23.39%
Grants	4,000,000	980,438.68	2,877,218.53	28.07%
Alliances	4,000,000	362,645.18	3,627,245.10	9.32%
SubAwards	8,343,638	2,153,489.76	5,380,944.38	36.51%
<b>Subtotal</b>	<b>32,076,849</b>	<b>10,031,638.43</b>	<b>20,657,780.61</b>	<b>35.60%</b>
G&A	2,554,902	823,664.62	1,618,033.29	36.67%
<b>Subtotal</b>	<b>34,630,751</b>	<b>10,855,303.05</b>	<b>22,275,813.90</b>	<b>35.66%</b>
Fixed Fee	2,118,256	691,240.51	1,332,005.11	37.12%
Grant Handling Cost	80,000	19,608.77	57,544.37	28.07%
<b>Total</b>	<b>36,829,007</b>	<b>11,566,152.33</b>	<b>23,665,363.38</b>	<b>35.74%</b>

**Total obligated: \$20,415,000.0**  
**Percent obligation spent: 64.48%**

**Afghanistan Small and Medium Enterprise Development**  
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